



18th November 2014

PRESS STATEMENT

COMPETITION AUTHORITY LEVELS THE PLAYING FIELD

Over the past few months, the Competition Authority (CA) has intervened in a number of cases of anti-competitive conduct. Through the CA's interventions, the market place in the supply of physiotherapy equipment and electrical hardware has been made more accessible for players that were hitherto denied entry.

In the first instance, the CA received a complaint about an alleged anti-competitive conduct by a certain local enterprise in the business of physiotherapy and massage that utilises the Ceragem equipment/technology. According to the complainant, the sole distributor of Ceragem equipment in Botswana had refused to supply the complainant with the equipment. The distributor was appointed by the principal supplier in South Africa.

The complainant had also desired to start a Cerahouse business for physiotherapy and massage using the modern technology of Ceragem. Unfortunately, the business intention was frustrated by the appointed distributor who refused to supply the complainant with Ceragem technology and equipment (refusal to deal). When the complainant's efforts were spurned, they approached the Authority for assistance.

The intervention by the CA led to the relaxation of supply rules whereupon the principal supplier in South Africa decided to directly supply the complainant with the Ceragem equipment and not through the agent in Botswana. The supply line is expected to be extended to other potential entrepreneurs as well.

After the Authority's intervention, the complainant provided feedback that their enterprise was able to buy the equipment at a competitive price and this allowed them to compete on equal footing (fair competition) with other service providers. Subject to the remedial action on the anti-competitive practice of 'refusal to deal' the complainant appreciated the correction of the market structure.

In light of the free entry into the physiotherapy and massaging market by a potential entrepreneur (and other future entrants), the CA decided to stop the inquiry and monitor the market going forward to ensure that structural barriers to entry are lifted to allow for free and fair competition.

On another separate matter of 'refusal to deal' or 'refusal to supply', a citizen owned electrical hardware company reported that a South African supplier refused to supply it with electrical hardware. The South African supplier had instructed the complainant to procure equipment through a local agent, apparently at higher prices.

After receiving the complaint, the Authority approached the supplier in South Africa to understand the basis of that supply decision. It was during that period of inquiry that the South African supplier withdrew its decision not to directly supply the complainant. The South African conglomerate has now agreed to supply this local electrical hardware outlet, which will enable it to competitively price its products; and this will come as a benefit to the consumers.

This is indeed was another huge success for the CA to have favourably intervened in the market place to ensure that there is fairness and removal of market strictures.