



BLUEHEARTS MANDATED NOT TO RETRENCH EMPLOYEES AMID WARBLER HOLDINGS ACQUISITION

Bluehearts (Pty) Ltd, solely owned by Mr. Ramachandran Ottapathu of the Choppies Group, has been mandated by the Competition Authority to ensure that there are no job losses associated with its acquisition of Warbler Holdings (Pty) Ltd. In its decision of 11th August 2016, the Authority said Bluehearts should retain the current employees of the target entity and ensure that there are no retrenchments of any employee associated with the merger commencing from the approval date.

This was one of the conditions set by the Authority over the acquisition of the entire shareholding of Warbler Holdings (Pty) Ltd by Bluehearts (Pty) Ltd. Warbler Holdings is a holding company for IT4Africa (Pty) Ltd, Goldtech (Pty) Ltd, Healthwest Africa (Pty) Ltd and Solid Logistics (Pty) Ltd, the target enterprises.

The Authority conditionally authorised the proposed transaction on grounds that the transaction was not likely to result in the prevention or substantial lessening of competition, or endanger the continuity of the services offered in the distribution of branded consumer electronics (do-



mestic and commercial) to resellers; the market structure in the distribution of branded consumer electronics (domestic and commercial) to resellers will not be altered as the acquiring entity will be inheriting the position of the target enterprise; and that no significant negative effect on public interest in Botswana was identified.

However, The Authority's analysis identified potential competition concerns

which could arise in the retailing of branded consumer electronics market, given that post-merger, the acquirer will be present in both the upstream and downstream markets, and as such potentially have the ability and incentive to foreclose players in the downstream market, particularly in instances where the merged entity is a sole distributor of the branded products, and where it enjoys a dominant position.

The other conditions given to Bluehearts were that it should continue to supply the same retailers that were previously supplied by Warbler Holdings on terms no less favourable to those offered by Warbler Holdings to the retailers, pre-merger. Furthermore, Bluehearts was told to submit within two weeks of the decision date, a detailed list of Warbler Holdings current customers and trading terms to the Authority. Additionally, for a period of five years from the implementation date, it should submit to the Authority a detailed report compiled by an independent consultant approved by the Authority,

To Page 2

IN THIS ISSUE

Bluehearts Mandated to Safeguard Jobs amid Warbler Holdings Acquisition Pages 1-2

The Interface between Fair Competition and Consumer Protection Page 2

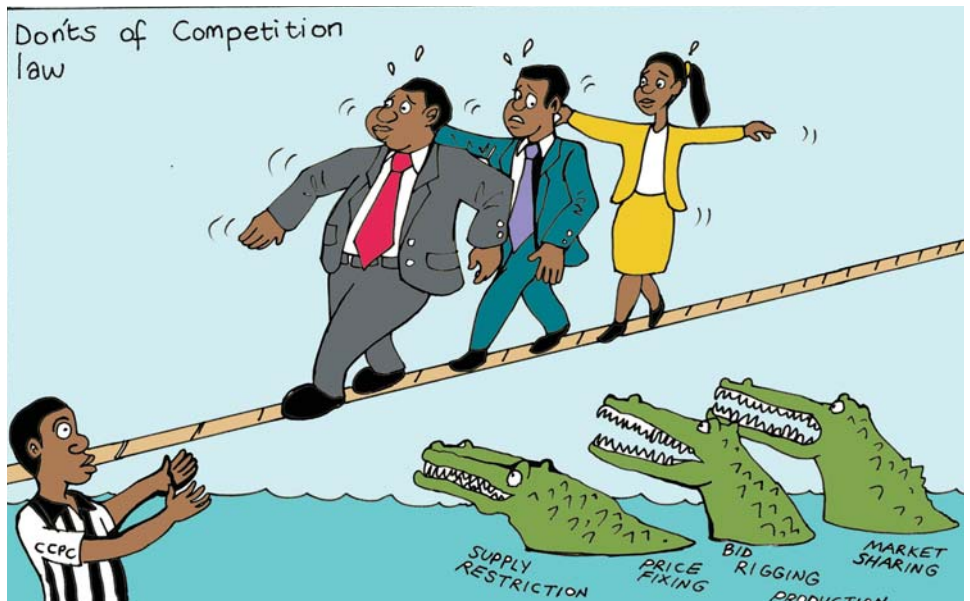
Competition can Boost African Markets and Alleviate Poverty Page 3

THE INTERFACE BETWEEN COMPETITION AND CONSUMER PROTECTION

The Competition Authority's prevention and redress of anti-competitive practices and conduct by firms creates a business friendly environment that encourages competition and efficient use of resources. This benefits consumers by promoting innovation, broadening choices for consumers, reducing prices, raising the quality of goods and services produced, and saving public funds through busting of cartels.

This was said by the Manager for Communications and Advocacy, Gladys Ramadi, in an address to students of Consumer Sciences at the University of Botswana on the role played by the Competition Authority in consumer protection.

Addressing the students on 23rd September, She said a fair and competitive business environment drives firms to be more efficient and to pass on the benefits of efficiency to consumers. "As products become cheaper and better, consumers buy more and the firms' turnover increases", becoming a win-win situation for all, Ramadi noted. She said competition increases a country's attractiveness as a business location, triggering national and foreign investments. Research by the World Bank has shown that



Source: ccpc.org.zm

countries with stronger competition frameworks have higher productivity rates and higher productivity growth; thus, competition and consumer protection play a direct and important role in promoting economic growth, and reducing poverty, Ramadi said.

Furthermore, she highlighted that consumers who know their rights are less likely to be abused by businesses through anti-competitive practices such as price-fixing

and excessive pricing. "Vigilant consumers contribute to creating a level playing field as businesses have to refrain from unfair business practices, thereby supporting a competitive and fair business environment, she said. Ramadi encouraged the students, as future entrepreneurs, to familiarise themselves with the Competition Act and to know their rights and responsibilities under the Act.

CA Mandates Bluehearts

From Page 1

indicating a list of its new and old customers and the trading terms.

Within 12 months from the decision date, Mr. Ottapathu is to divest his interests in Montrose Investments (Pty) Ltd, Callao (Pty) Ltd; Peardale (Pty) Ltd and Decolite (Pty) Ltd, all trading as RiteFurn; as well as divest from Mont Catering and Refrigeration. In addition, the Authority ordered that for a period of five years from the implementation date, Mr. Ottapathu should not either as a principal, agent, partner, representative, shareholder, director, employee, consultant, advisor, financier, or in other like or similar capacity, directly or indirectly be associated with, interested or engaged in any firm, business, company or other association of persons which carries on a business activity similar to the business carried on by the companies listed above.

In view of the fact that Mr. Ottapathu also has controlling interests in enterprises that deal with the retailing of branded

consumer electronics, Choppies Enterprises Ltd shall for a period of five years from the date of the decision, not enter the market for the retailing of branded consumer electronics currently traded by Warbler Holdings, for as long as Mr. Ottapathu has a stake in Choppies Enterprises.

However, in the event that Choppies Enterprises Ltd decides to enter this market, Mr. Ottapathu is to immediately notify the Authority of this intent, and the terms under which Choppies would be supplied by Bluehearts. For a period of five years from the decision date, Cotton Valley (Pty) Ltd t/a Office Berry shall also not trade in branded consumer electronics currently distributed by the merging parties, and will only trade in the sale of stationary, office equipment, computers and associated accessories as per the merging parties' undertaking.

In the event that Cotton Valley (Pty) Ltd decides to enter this market, Mr. Ottapathu is to immediately notify the Authority of this intent and the terms under which it would be supplied by Bluehearts.

The Competition Authority may at any time from the decision date, carry out an inspection within the concerned companies to confirm compliance by the merged entity with the set conditions. Any apparent breach by the merging parties will be dealt with in terms of section 64 of the Competition Act.

BOOSTING COMPETITION IN AFRICAN MARKETS CAN GROW ECONOMIES AND ALLEVIATE POVERTY

African countries can experience significant economic growth and poverty alleviation if competition in consumer markets and key sectors is increased. This is according to a report which was presented in Cape Town, South Africa, by the African Competition Forum (ACF) and the World Bank Group on 6th October.

The report entitled *Breaking Down Barriers: Unlocking Africa's Potential Through Vigorous Competition Policy* says tackling cartels and addressing regulations that limit competition in food markets can reduce the cost of basic foods by 10%, and that nearly half a million people in Kenya, South Africa and Zambia alone could be lifted out of poverty and households could save over US\$700 million a year.

The report says lack of competition impacts negatively on consumer welfare in the continent. In many cities staple food prices including white rice, white sugar, frozen chicken, bread, butter, flour, milk, potatoes and eggs are at least 24% higher than in the rest of the world, even after taking into account demand and transport costs.

While the report showcases the benefits of competition in particular sectors, it also highlights Africa's progress. Countries or regional blocs with competition laws jumped from 13 to 32 in the last 15 years.

"There have been a notable number of countries adopting competition laws in Africa, and this bodes well for growth and development. However, while the benefits of competition are already clearly observable in Africa, there is still considerable effort required to ensure effective implementation of competition laws and policies across the continent. Collaboration among competition authorities in Africa, bilaterally and through the Africa Competition Forum, and with development partners is key to facilitate capacity building of younger authorities, systematise information on



Rwanda Tea harvest

competition challenges and opportunities, and address cross-border competition issues that affect the region," noted Tembinkosi Bonakele, Chairperson of the African Competition Forum, and head of the South African Competition Commission.

The report says fundamental market reforms are critical for competitiveness and economic growth. Sub-Saharan and North African countries have relatively low levels of competition, with more than 70% of African countries ranking in the bottom half of countries globally on the perceived intensity of local competition, and the existence of fundamentals for market-based competition.

"Strengthened competition policy in Africa not only encourages sustainable

economic growth and competitiveness across the continent by creating firms and industries that are more productive, it directly impacts poverty by encouraging firms to deliver the best deals to consumers, particularly the poor, protecting them from paying higher prices for essential goods and services," said Anabel Gonzalez, Senior Director of the World Bank Group's Trade and Competitiveness Global Practice.

The report says if countries like Kenya, South Africa, Tanzania, Zambia and others were to reform their professional services markets, nearly half a percentage point in GDP growth could be generated through industries which use these services intensively.

Source: Competition Commission South Africa

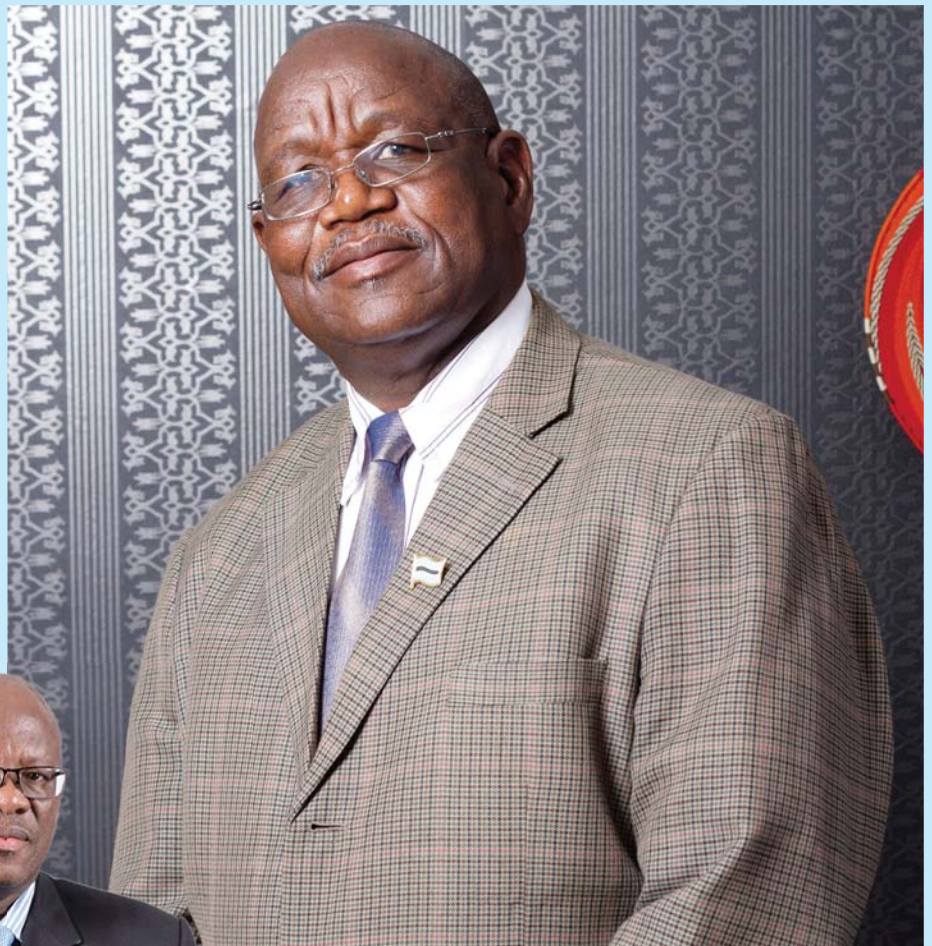
The Competition Commission Bids Farewell To Vice Chairperson Gaylard Kombani

The Competition Commission and the Competition Authority on 6th September officially bid farewell to Mr. Gaylard Kombani, the Founding Vice Chairperson of the Competition Commission, which is the adjudicative body, and Board of the Competition Authority.

Mr. Kombani was first appointed to the Commission in June 2010, and served diligently until the end of his contract in May 2013. Due to the value that he was bringing both to the Commission and the Authority, the Honourable Minister of Investment, Trade and Industry reappointed him to serve yet another term which ended in May 2016.

Speaking at the farewell ceremony, the Vice Chairperson of the Competition Commission, Ms. Thembisile Phuthego, said it was in recognition of Mr. Kombani's accumulated experience, insights and wisdom; much of it gained during his long and illustrious service as a public servant, that saw fellow Commissioners electing him to serve as the Vice Chairperson during his two terms of service in the Commission.

She noted that when the Authority started in 2011, there was a need for systems to be put in place, and Mr. Kombani was instrumental in ensuring that such support is provided.



The former Vice Chairperson of the Competition Commission Mr. Gaylard Kombani



Commissioner
Koonyatse
Tamasiga

“A lot of systems including policies and guidelines have been generated over the years for both the Commission and the Authority, and Mr. Kombani is one such individual who went beyond the call of duty to ensure that an active oversight is provided at all times, and his legacy would be felt for years to come”, the Vice Chairperson

observed.

Mr. Kombani was also commended for steering the Commission well during the times that he acted as Chairperson. “At the time when the Founding Chairperson of the Commission, Dr. Zein Kebonang left the Commission to join the High Court as Acting Judge, Mr. Kombani was on hand to hold the fort and he steered the ship to the delight of all including Commissioners and the shareholder” Phuthego said.

Meanwhile, the Commission also welcomed a new member of the Commission, Mr. Koonyatse Kenneth Tamasiga, who joined the Commission on 1st June 2016. Mr. Tamasiga currently serves as Internal Auditor at Botswana Railways in Mahalapye.

Good Hope Senior School Headmaster Mr. Terrence Seitiso and students receiving the donation of sanitary towels from the Competition Authority handed over by the Director of Mergers and Monopolies Ms. Magdeline Gabaraane



THE COMPETITION AUTHORITY EXTENDS A HELPING HAND

Adolescence is a transitional stage in life from childhood to adulthood—something worth celebrating. However, for most young girls, this phase often brings about challenges that push them out of school and social activities; making the celebration short-lived. These challenges are often underplayed, despite their effects being quite substantial. One particular challenge young girls face is the lack of sanitary towels during their monthly periods.

For many, buying sanitary towels is as easy as buying bread and milk, but this is not the case for hundreds of girls and women in Botswana. Many women and girls from disadvantaged families find themselves having to contend with the indignity of not having this basic necessity on a monthly basis.

If this lack of sanitary towels stifles women's dignity and confidence, imagine what it does to an adolescent! Young girls resort to missing school; using unhygienic alternatives to sanitary pads, such as newspapers, rags or even mattress stuffing. Doing this puts them at huge risk of infections.

Cognisant of the aforementioned, the Competition Authority, led by the Department of Mergers and Monopolies, embarked on ProjectPoise, an initiative aimed

at sensitising employees on the impact of the lack of sanitary towels on young women's education and livelihood. Authority staff thus bought sanitary towels towards the project in order to give young girls an opportunity to participate in daily activities and not feel ashamed or embarrassed due to lack of sanitary towels.

Because the basis of ProjectPoise was young school going girls, it was only fitting that a school be assisted and as such Good Hope Senior Secondary was identified as a beneficiary of this initiative. With a catchment area inclusive of students living in remote areas, the school has a number of orphaned and vulnerable children. It was in this regard that the Competition Authority chose Good Hope Senior as a ProjectPoise beneficiary. The boarding school is located about 120 kilometres from Gaborone, in the Southern part of the country and has over 1400 students, 888 of whom are girls. Competition Authority staff travelled to Good Hope Senior Secondary, and met with the school management and student representatives, and handed over the sanitary towels.

The Competition Authority has also assisted underprivileged families as part of its corporate social responsibility and employee engagement initiatives. In that regard,

the Authority, led by the Department of Legal and Enforcement, assisted an elderly man at Dibete in northern Botswana. The man who lives alone in a dilapidated shelter made from sticks and plastics was identified for assistance and staff donated groceries. The staff have also undertaken to help him build a house before the end of this year.

In another community engagement initiative spearheaded by the Department of Corporate Services, staff have adopted a needy family at Monwane in the Kweneng region. The mother, who was a registered destitute, died some years ago, leaving three children and seven grandchildren behind. The 33 year old eldest daughter now heads the family and is the sole provider with the little income she gets from piece jobs. Staff of the Department donated clothing, food stuff, toiletries, and household utensils including a water tank, buckets and bath tubs to the family. The staff is currently raising funds to assist with repairing the roof of the only hut that the entire family is currently sheltered in and to buy the family blankets, mattresses and utensils. The Department of Communications and Advocacy coordinated the donation of toiletries to Holy Cross Hospice in Gaborone.

Gorata Bessie Selelo

BCB: How long have you been an employee of the Competition Authority?

Gorata: I have been with the Authority from 1st May 2015.

BCB: Why did you apply for a position at the CA?

Gorata: My interest in competition issues prompted my move to the Competition Authority. As someone greatly interested in playing a positive role in the development of our economy, it was only fitting that I opt to be part of a team that advocates for the enforcement of competition law and policy; as well as inculcate a competition culture in society.

BCB: What is your role at the CA?

Gorata: I serve as an Analyst within the Mergers and Monopolies Department. My role is mainly aimed at implementing policies and strategies to facilitate enforcement of the Competition Act (which guides the mandate of the Authority) for the investigation, prevention, redress and removal of anti-competitive practices. Some of my key responsibilities include: Assessing notified mergers and acquisitions and making recommendations of appropriate decisions, applying competition law principles and tests in the assessment of anti-competitive effects of mergers, and monitoring the competition effects of mergers and monopolies, post authorisation by the Authority. I also represent the Authority's interests with external stakeholders such as government regulators, industry associations and key opinion leaders.

BCB: What did you do before joining the CA?

Gorata: Prior to the CA, I worked at Botswana Institute for Development Policy Analysis (BIDPA) as an Associate Researcher in the Microeconomics Unit. BIDPA is a think tank with the primary mandate of promoting and conducting research, analysis and publication on development policy issues of relevance to Botswana and the Southern African region. Through the Microeconomics Unit, BIDPA strives to identify ways in which Botswana's economic growth rates could be boosted, with a focus on growth, diversification and private sector efficiency and competitiveness issues.

BCB: What are your experiences at the Authority so far?

Gorata: I have been with the CA for 14 months now, and I must say I have enjoyed every minute of it! Though when I came I had relevant experience in market research and analysis, as well as evaluation of economic



Mergers and Acquisitions Analyst Gorata Selelo

data; I had limited knowledge of competition law and its application in Economic Theory; therefore this past year has been quite insightful and a learning curve for me.

BCB: What is the best thing that has happened to you at the CA?

Gorata: Being heartily welcomed into the CA family has been quite a blessing, so the best thing for me is the relationships I have forged thus far, these are priceless!

BCB: What do you find most challenging about the CA?

Gorata: The fact that the Competition Authority is still a relatively new entity means a lot of people are not really familiar with its mandate. Being in a role that requires a lot of stakeholder consultation and engagement therefore becomes a bit challenging as stakeholders are not always very receptive of the inquiries conducted, and as such not forthcoming with information.

BCB: If you were to leave the CA now what special memories would you take with you?

Gorata: The time spent with my colleagues, especially from the Mergers and Monopolies Department. Whether officially or on a more social note, our interactions are always thought-provoking, energising and filled with lots of laughter!

BCB: Tell us about yourself, who is Gorata beyond the CA?

Gorata: I am passionate about giving back to the community and positively contributing towards empowering young people, an area I invest greatly outside my work with

the CA. I am a founding member and Secretary of the Botswana YALI Network, a platform for alumni of the Mandela Washington Fellowship and other like-minded youth, to actively engage in the development of activities geared towards youth development and engagement in Botswana. I regularly volunteer at Botswana-Baylor Children's Clinical Centre of Excellence, a centre that offers treatment, care and psychosocial support to children and adolescents living with HIV & AIDS; where I offer tutorials to assist the children with their academic studies.

I am an active member of Gaborone Baptist Church, as well as alumni and member of Face the Nation, an HIV and AIDS intervention programme aimed at sensitising teenagers to the dangers of the pandemic and promoting abstinence through Christian principles achieved using peer mentoring. Gorata also enjoys reading a lot of newspapers, magazines, books, you name it, I am actually a bit of a book worm! I find pleasure in traveling and use such exposure and opportunities to interact with and learn about diverse cultures.

BCB: Where do you see yourself five years from now?

Gorata: I thoroughly enjoy working in an organisation that nurtures motivated and result-oriented leaders, while maximising productivity and personnel performance in a multi-site, multi-market environment. In light of this, in five years' time, I see myself in an executive level management position within an organisation focusing on furthering economic development, particularly in an African setting.

COMPETITION AUTHORITY IN PICTURES

CA Celebrates Botswana's 50th Independence Anniversary

Competition Authority staff were in the month of September decked out in the national colours of blue, black and white to celebrate Botswana's 50th anniversary of independence. The staff held a thanksgiving prayer on 26th September to celebrate Botswana as well as employees who were born in 1966.



Captions

1, 2 & 3. CA staff during the thanksgiving prayer session 4. L to R: Tebelelo Pule and Gladys Ramadi celebrating with Botswana

WELLNESS WEEK

The Competition Authority held a Wellness Week from 23rd to 26th August. Activities included climbing Tlokweng Hill, board and card games, aerobics, yoga and gym.



Captions

1. Climbing Tlokweng Hill 2. Staff playing various games 3. Aerobics and zumba 4. Staff at a gym

HOW TO CONTACT US



Editorial Team

GIDEON NKALA: gideon.nkala@competitionauthority.co.bw

GLADYS RAMADI: gladys.ramadi@competitionauthority.co.bw

KELEBOGILE NGWENYA: kelebogile.ngwenya@competitionauthority.co.bw

Phone: +267 3934278

Fax: +267 3121013

Postal: Private Bag 00101, Gaborone

Facebook: Competition Authority Botswana

Twitter: @CompetitionBots

Visit the Competition Authority website www.competitionauthority.co.bw where you can download the Competition Act 2009, Competition Regulations 2011, the National Competition Policy 2005 and other documents.