

# Consumer Watch

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## EDITORIAL

### Agribusiness to Get US\$40mn WB Support Fund

The World Bank (WB) has set aside US\$40mn for support to agribusiness and trade through the Agribusiness and Trade Project for Zambia aimed at contributing to increased market linkages and firm growth. According to a WB report on Zambia project profiles, the Agribusiness and Trade Project is expected to take effect on March 15, 2017 and will close on June 30, 2022. The Project has three components, which include: market linkages in agribusiness; strengthening the regulatory and institutional framework for agribusiness and trade and project management; and monitoring and evaluation of project activities, fiduciary management and reporting.

The first component of the project will focus on two sets of beneficiaries: emerging and poor farmers, and growth-oriented agribusiness (Small and Medium-sized Enterprises). The second component will strengthen the regulatory and institutional framework for agribusiness and trade to assist the development of market linkages in agribusiness”, the report stated. The report indicates that Zambia needs more effective policies, institutions and support programmes in agribusiness and trade to achieve both broad-based growth and economic diversification. It states that a number of market and government failures, such as coordination, information asymmetries, capital market inefficiencies, policy distortions and deficiencies in infrastructure impact agribusinesses.

Moreover, the Bank is assisting Zambia to implement a trade and competitiveness strategy by supporting implementation of a number of reforms and measures aimed at reducing the levels of unemployment while facilitating private sector participation in job creation through the implementation of the project. “Expected results from the project are that 65 producer groups will meet for commercialisation agreement or business plan specifications and 30,000 direct project beneficiaries from productive alliances and SMEs will benefit from various interventions. Nearly 35 public good infrastructure sub-projects will be constructed and 40 staff from regulatory agencies will be trained”, the report stated.

*(Lusaka Times, 25.01.17)*



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## NEWS

## Traders Selling Expired Goods in Zambia Warned

The Zambian Government said that it will not tolerate traders found selling expired goods in the country. Serenje District Commissioner, Francis Kalipenta stated that the Government through the Ministry of Commerce Trade and Industry remains committed in implementing the Competition and Consumer Protection (CCP) Law in collaboration with other regulators.



Kalipenta added that through Competition and Consumer Protection Commission (CCPC), the Government ensures fair markets by prohibiting abuse of dominant positions, competition restricting agreement between companies and restraints on trade as well as ensuring consumers receive value for their money. Zambia News and Information Services (ZANIS) reports that the District Commissioner said this during the CCPC sensitisation workshop held in Serenje District.

Kalipenta said that the business community has an obligation of ensuring that adequate and right information is given to the consumers on the product and services they offer. “Much as we are encouraging more business players to come on the markets, the business community has an obligation of ensuring that adequate and right information is given to consumers on the products and services that they offer”, he added.

The District Commissioner also urged the business community to desist from issuance and display of notices, such as: “No return, no refund or exchange”, as this is a violation of the CCP Act. He said his office will ensure traders in

Serenje abide to the set standards to ensure that unsuspecting traders are brought to book. In addition, he advised the consumers to report traders violating the CCP Act to the Commission. Furthermore, CCPC Chief Investigator Moses Musantu said that the Commission has prioritised educating consumers in rural districts to enhance levels of protection against unfair trading practices.

Besides, Musantu also urged the business stakeholders to engage with the Commission to understand the provisions of the CCP Act.

*(Lusaka Times, 15.12.16)*

## Zambia has the Highest Fuel Price in the Southern African Region

Zambia has the highest fuel price in the Southern African region mainly due to the costs which Government incurs during transportation, stated Ministry of Energy Director Oscar Kalumiana. He said old infrastructure also contributed to the high costs of fuel in Zambia.

“In terms of fuel price, our fuel price is high and when you do a comparison with our neighbouring countries depending on their specific location and circumstance, you may find that their price is higher than ours”, Kalumiana added.

Kalumiana said the performance of the local currency and infrastructure were also determinants of the local fuel price. He explained that Zambian Government incurred high costs and losses during the transportation of fuel from Tanzania to Ndola.

“So it depends at which kind you are looking at. For example, what is the strength of our Kwacha but generally our fuel prices are high. Moreover, determinants of why they are high is the nature of infrastructure that we have in the country and unless we reach at that point where we can change the nature as to how we get fuel



in Zambia that we can only do so much”, Kalumiana added. He also said proper infrastructure and improved performance of the Kwacha could help in reducing fuel prices.

Kalumiana, however, mentioned Zambia’s fuel prices in some cases were lower than some of the neighbouring countries, such as Malawi and Democratic Republic Congo. He also said Zambia currently had enough fuel to supply the entire country for 40 days.

“We are comfortable with what we have now. As we speak now we have fuel that can take us for 40 days. Our tanks are full so for 40 days even if we have a problem we will not have challenges”, he revealed.

*(Daily Nation, 31.01.17)*

## Low Food Prices – Key to Poverty Reduction

United Nations Conference on Trade and Development (UNCTAD) Director of Division on International Trade in Goods, Services and



Commodities, Guillermo Valles said for trade to deliver the maximum benefits to most of the people, there is need to better and stronger competition policies with more independent authorities.

He said better competition policy protects consumers and the poor, indicating that now more than ever, competition matters for effective trade policy. Furthermore, more and healthier competition could help achieve the Sustainable Development Goals, for example, by facilitating access to food.

History had shown that market abuse is more likely when too few companies become too

powerful, and that the consumer, especially the poorest and most vulnerable, ends up paying for the lack of competition. “Healthy competition ensures that the private sector makes better products at lower prices available to more people, and this will be important in achieving the Sustainable Development Goals”, Valles added.

He said restrictive business practices could have a serious impact on prices, and therefore, on social and economic development. Valles said cartels decreased production by an average of 15 percent and overcharge by 20 percent.

Since 2000, UNCTAD has been helping governments to adopt and implement better competition policy, and its inter-governmental group of experts convenes global experts and policy makers to ensure that competition laws and policies are effectively regulating new markets, such as the “Uber” economy.

The world economy has recently seen a growing concentration of market power in fewer hands. But today, some 10 percent of public companies generate 80 percent of all profits, firms with over US\$1bn in annual revenues account for 60 percent of total global revenues, and the rate of mergers and acquisitions was more than twice what it was in the 1990s, according to a report.

*(Daily Nation, 16.12.16)*

## CCPC Warns Schools against Forcing Parents to Buy Uniforms from Schools

The Competition and Consumer Protection Commission (CCPC) said it has noted with sadness that schools have continued to force parents and guardians to only buy school uniforms from them at exorbitant prices. The Zambian Commission said that it has continued to receive complaints from some members of the public on this, which is not only unfortunate, but also unfair practice.

“We therefore, wish to echo and reiterate our warning to such schools who have taken the law upon themselves to be engaging in unfair



trading practices that exploits the consumers that we are actively investigating such issues and we will follow them accordingly”, said Commission Spokesperson Namukolo Kasumpa.

“It has also come to our attention that some schools are also tying school places to buying of the uniforms at the same school, a situation which is unfair and against the law as it limits consumer choices”, stated Kasumpa.

Kasumpa said this behaviour by schools is uncalled for, and is tantamount to unfair trading practice. “According to the Competition and Consumer Protection Act No. 24 of 2010, any institution or individual found guilty is liable to pay the CCPC a fine not exceeding ten percent of that person’s or enterprise’s annual turnover. What makes a sad reading is the fact that this trend is being perpetrated by school authorities, who should be custodians of the law, taking advantage of consumer’s desperate situations to engage in limiting consumer choice”, she mentioned.

She warned that the Commission will not allow this situation to continue as on one hand, it is likely to cause inflation of uniform prices and reduce consumer choice, while on the other hand, it excludes other alternative sources that provide similar uniforms.

“The Commission, therefore, requests the perpetrators to immediately desist from such vices and appeal to affected members of the public to report schools involved in this practice to CCPC”, she added.

*(Lusaka Times, 20.01.17)*

## More than 8,000 Beneficiaries from FISP

More than 8,000 small-scale farmers are to get benefit from the Farmer Input Support Programme (FISP), under the 2016/2017 farming season in Chilanga District near Lusaka (Zambia). Edith Muwana, Chilanga District Commissioner assured farmers that her office will be directly involved to ensure that the card distribution exercise was completed to allow farmers access the farming inputs. She said the inputs allocated to the district by the Zambian Government were enough to cater for all the beneficiaries.

She ensured the farmers that the farming inputs were already in the district and that what had delayed the process were the e-voucher



cards, which were being dispatched. Muwana conveyed to the farmers that the Zambian Government would do everything possible to see to it that the agriculture sector was sustained. Blue Oak Limited Managing Director Petros Tembo said that his company was pleased to work with the Zambian Government and the farmers in the district to ensure that the nation recorded a bumper harvest. Tembo said that indigenous Zambian Agro firm – Blue Oak Limited also had chemicals to assist the farmers fight the army worm, which had already devastated some farmers.

*(Times of Zambia, 25.12.16)*