

**LAUNCH OF THE TECHNICAL ASSISTANCE PROGRAMME TO SUPPORT
MALAWI IN ENHANCEMENT OF COMPETITION AND CONSUMER PROTECTION**

Speech by Acting Head of Cooperation, Jose Maria MEDINA NAVARRO

7 October

EU Residence

- i. The Minister of Trade, Hon, Sosten Gwengwe (MP)
 - ii. The Deputy Governor of the Reserve Bank, Dr Grant Kabango
 - iii. The Principal Secretary in the Ministry of Trade, Ms Christina Zakeyo
 - iv. Principal Secretary from the Ministry of Industry
 - v. The CFTC Executive Director, Mr James Khaphale
 - vi. Senior government officials, ,
 - vii. Representatives of parastatal organisations, ,
 - viii. Representatives of non-governmental organisations and private sector,
 - ix. Members of the press,
 - x. All invited guests,
 - xi. Ladies and gentlemen,
- It is a great pleasure to be here with you today as we launch our 2-year Technical Assistance Support project to Malawi in Enhancement of Competition and Consumer Protection.
 - I am very pleased that you could make the time to be with us today, not least in the present circumstances.

- On behalf of the EU team, I would in particular want to wish a speedy recovery to Mr Rex Nyhoda, Director of Competition, who is unable to be with us today due to a medical issue.
- Allow me to start with how this project came about.
- In 2017, when I was newly arrived in Malawi, we took an interest in the work of the CFTC at the time, and considered a possible collaboration. Hélas, competition and consumer protection was not at the time an area of cooperation for the EU in Malawi, so a project back then was not possible. However, back then, we already took note of the mismatch between the important mandate of the Authority and the needs of the local economy, relative to the CFTC's capacity and means.
- Two years later, the opportunity came up as the EU was nearing the completion of a financing cycle and a certain financing mechanism became available. Without much hesitation, we decided to embark on this new adventure in Malawi.
- And so, in spring of this year, the CFTC and the EU Delegation put this project together, and so it is to colleagues such as Mr Kaphale, Mr Nyhoda from the CFTC and Mrs Palamuleni from EU, among others, that this project came about.
- Now, you may ask, why is the EU interested in supporting this sector?
- The reason is simple. We are all here today because we believe that open, competitive and fair markets are essential to create a dynamic entrepreneurial ecosystem, which can spur growth, create employment opportunities and meet the aspirations of Malawians.
- But why the EU?
- Well, the EU was created precisely first and foremost as what is called a Common European Market in which six Member States agreed to open up their economies to each other and let the market forces operate freely within them. But then, for this to happen, a common, supranational system of rules governing the market was necessary. And as such, since day one, the EU has had a Competition Policy.

- Now, you all probably know well the European Union. You know that we are commonly referred to as a ‘soft power’. What this means is that our strength comes first and foremost from our common values that are then translated into agreed rules and regulations that bind us altogether, some of which are supranational, by which we must all be governed. And in so doing, in some areas, like Competition, we are a world ‘soft’ power, and arguably, I dare say, a trend setter.
- The European Commission and national competition authorities in all 27 countries of the EU (including the UK until January 1st 2021) pursue three main goals as they enforce competition rules across the Europe’s single market: defending consumers from illegal anti-competitive business practices; keeping EU governments’ support to the economy in check; and keeping the single market whole and level.
- And these rules keep evolving.
- In 2020, EU countries agreed to invest unprecedented resources in a concerted drive towards a greener and more digital future. The Commission launched major Competition policy reforms in the same direction. The proposal for a new competition tool and a broad inquiry into the internet of things show the commitment to sharpen competition-enforcement tools for the digital economy. These were part of a broader competition policy-reform plan outlined here for State aid control and here for merger evaluation and antitrust.
- Let me give you one example of how it works in practice:
 - After various years of investigations, last year, the EC fined Google EUR 1.5 bn for breaching EU anti-trust rules, due to its illegal misuse of its dominant position in the market for the brokering of online search adverts, via imposing anti-competitive contractual restrictions on third-party websites lasting over 10 years.
- And so this is to say that the EU takes competition and consumer protection rules very, very seriously, no matter the political ramifications that these decisions may have. The law is the law and must be respected.

- And now allow me to bring this story home to Malawi.
- Malawi has already some pieces of the puzzle in place:
 - More than 20 years ago, the country enacted the Competition and Fair-Trading Act which has provided for the promotion of competition, followed in 2003, by the Consumer Protection Act, although it was not until 2013 that the Consumer and Fair Trading Commission (CFTC) became operational;
 - In line with its mandate, the CFTC has reached many achievements, from successfully conducting market regulations and studies, to perform advocacy initiatives and business inspections;
 - Specifically, we recognise the various studies and market inquiries that the CFTC has conducted since its establishment, for instance in the transport sector, the financial sector, and the liquid fuel market. Notably, the studies identified several bottlenecks in the various sectors of the economy that restrain competitive outcomes on the market, mainly resulting from restrictive regulatory frameworks; structure of the markets; and the conduct of operators on the market, among others.
- But, as a relatively young institution, the CFTC faces various challenges, in particular, when it comes to the enforcement of competition and consumer protection law. This is explained by a conjunction of several factors, among them:
 - a high prevalence of structural anti-competitive and unfair trading practices,
 - inconsistency in regulatory frameworks,
 - limited human resources and institutional capacity in the area of ICT, and
 - a constrained resource base to sustain the Commission's operation.
- And so this is why we are here today, the Guest of Honour.
- With this project, the EU wishes to contribute to addressing these challenges in an integrated way. On the one hand, the project will support the Commission's implementation of legal, regulatory and systems reforms that

will contribute to enhancing competition and promoting fair trading practices in the country. On the other hand, the project will enhance the capacity of the CFTC and allow for various consultations with all stakeholders across the country.

- Now, from the start, let me mention that this project will not be able to solve every problem. Like any other project, it has its limitations, budgetary and operational. And in any case, the lead is on you, Malawians to make the best use of the available resources in order to meet your own policy objectives. Having said that, it is a first attempt for the EU to work in this highly important sector, which, if successful, may open the door to further and larger support in the sphere of economic governance in Malawi.
- We, at the EU, believe that the time is right, but so do you. The new Administration and the Tonse Alliance have repeatedly emphasised their drive for a renewed impetus to reduce corruption, improve economic governance and enhance competition, as promoted under the Public Sector Reforms agenda by the Right Honourable Dr. Saulos Klaus Chilima, Vice President of the Republic of Malawi.
- Today, the EU demonstrates its commitment to stand by the CFTC to implement this promising project.
- Zikomo kwambiri