



**KEYNOTE STATEMENT DELIVERED BY DR MOKUBUNG MOKUBUNG,
THE CEO OF SPEDU AT THE NATIONAL COMPETITION CONFERENCE
HELD AT THE CRESTA BOSELE HOTEL IN SELEBI_PHIKWE ON
THURSDAY 22nd MARCH, 2018.**

Acting Minister of Investment, Trade and Industry Hon. Biggie Butale

The Mayor of Selebi Phikwe: His Worship Rre Molosiwa Molosiwa

Competition Commission Members

Chief Executive Officer of the CA- Mme Tebelelo Pule

SPEDU Board Members

CEOs of public and private institutions

Selebi Phikwe Town Councillors

Captains of industry

Members of the Press

Competition Authority Employees

Distinguished Ladies and Gentlemen

1. Director of Ceremonies, Let me at the outset appreciate the opening address by the Honourable Minister.
2. I completely concur with the Honourable Minister that Competition is one of the key drivers that can be utilised to grow an economy. We have evidence all around us to attest to this.

3. Economies that are open and competitive are characterised by growth.
4. On another note of appreciation, we are delighted to have this event being held in Selebi Phikwe. The hosting of this kind of event is in support of our strategy of keeping the SPEDU Region alive, whereupon both the formal and informal economic sectors benefit. During these sessions, the range of stores and supermarkets, hotels, curio shops, farms and other industries do benefit.
5. We therefore greatly thank the Competition Authority and the Competition Commission to have seen it befitting to host the National Competition Conference in Selebi Phikwe. This really shows the support and trust that the key stakeholders continue to give us to revitalise Selebi Phikwe and the rest of SPEDU Region.
6. This morning, I stand here talking to a community of businessmen, regulators, academia, unions, civic society, political leaders and public servants and I note that all of us are the potential competition champions.
7. We can all make competition work; all of us can and should benefit from competition; all of us need an efficient and competitive economy.
8. The Honourable Minister has outlined the creed or the holy grail of competition and I am tempted to restate some of these competition touchstones, just for enunciation. Robust Competition lowers prices of goods, improves quality of goods and services and amongst other things improves the choice for consumers.
9. Competition between enterprises often lead to enterprises inventing low cost manufacturing processes; and this would

yield profits and necessarily put the firm in a better position to compete.

10. Most crucially, the savings that a firm makes would inevitably be passed on to consumers.
11. When there is robust competition, businesses are more than eager to go out looking to identify consumers' needs – and then develop new products and services to meet those needs.
12. I have had the privilege of working for the Competition Authority in the Department of Competition and Research Analysis and witnessed first-hand how competition can lead to consumer welfare and business expansion.
13. During my tenure with the Authority, I on a daily basis I encountered varied instances that proved the positive effect of competition.
14. At this stage Director of Ceremonies, allow me to cite two cases that immediately spring to mind.
15. In 2012, the Authority was made aware that there were two sugar products (Selati and Pure Sugar) that were denied entry into shop-shelves by two big wholesale groups.
16. The result of this barrier to enter the market was that consumers had a limited choice on the sugar brands that were available on the shelves.
17. The Competition Authority investigated and found this allegation to be true.

18. The determination of the Authority was that the two sugar products should be listed and sold by the two giant wholesalers.
19. The two sugar products were eventually listed by the concerned wholesalers and were sold to consumers.
20. Immediately upon entry into the market, there was 5 percent price reduction on the price of sugar.
21. Production of the two products went up by up to 30 percent, employment at Selati and Pure Sugar factories increased.
22. The obvious impact of this intervention was that consumers now had choice on the range of sugar products available to them at localities serviced by these two giant wholesalers, which choice or access they did not have prior to the intervention of the Competition Authority.
23. One of the cases that has been widely reported across the competition world is the bread cartel or the bread and wheat milling price fixing case in South Africa.
23. The country's Competition Commission found out that major dominant firms in the production of bread and maize meal had colluded to fix prices through regular meetings and contacts between 1994 and 2007.
24. After an investigation, the Commission found out that four bakeries agreed to fix the selling price of bread and also engaged in a milling cartel to fix prices and allocate customers.

25. I particularly want to draw your attention to the development in the wheat-bread value chain in the period stretching from the deregulation of the wheat production sector and encompassing the investigation of the bread cartel to the recent times. I believe such an approach would make us appreciate the value of robust competition on our everyday life.
26. At the time when the South African wheat milling sector adopted improved efficiencies in wheat production, some inefficient big millers closed down and employment decreased, however there were a number of smaller millers who came into the scene and created employment opportunities.
27. Prior to the time of deregulation of the wheat sector, there were a total of 3 000 bakeries and 80% of production was in the hands of six (6) bakery groups. Currently the number of baking units is estimated at more than 7 900 baking units in the formal sector and around 64 900 units in the informal sector.
28. Growth in this industry took place through the establishment of franchises and in-store bakeries.
29. As a result of these developments, bread, which is a staple food to many South Africans is now available throughout the country and has 100% representation in all stores selling groceries.
30. The last scenario clearly shows the major impact that a combination of pro-competitive policy and enforcement of competition law can achieve in making markets more efficient and robust to serve consumers and national economies even better.

31. It would be remiss of me to stand here today and talk and wax lyrical about the value of competition and say nothing about what my organisation is doing to promote competition, particularly in the SPEDU region.
32. As you are all aware the principal mandate of SPEDU is to implement economic programmes that seek to regenerate the Selebi Phikwe economy and surrounding regions.
33. In our endeavour to implement programmes and projects that seek to bring back employment and economic vitality into our region we are always mindful that we do not undermine competition.
34. We believe that vibrant competition is good to bring sustainable businesses and jobs into our Region. There is of course the temptation to lure investors and promise them protection from competition.
35. There are of course strong voices calling for a deliberate protectionist approach-perhaps informed by the dire situation that we find ourselves in- particularly bearing in mind the closure of copper-nickel mine, BCL. The urgent task that is confronting us in the SPEDU region is that we need economic revival; and we need it like yesterday!
36. We need to create jobs; We need to create positive impact on the living standards of people in this Region. We

need competitive investors to establish in SPEDU Region. We need to deliver exports and import-substituting products from this Region. Essentially, we need to contribute positively to the Gross Domestic Product (GDP).

37. Like in the soccer game, there is a famous quote by Lou Holtz that says "How you respond to the challenge in the second half will determine what you become after the game, whether you are a winner or a loser".

38. It is on that regard that we had to prioritise on sectors of great importance relating to reviving and diversifying the economy of this Region; in the second-half of the game, i.e. after the closure of the mine which had created a monolithic economy. We need diverse and competing industries during the revitalisation era.

39. During this phase, SPEDU company seeks to ensure that the appropriate principles of horizontal and vertical integration among businesses are adopted, as well avoidance of abuse of dominance in the market place by any dominant entity that may exist. This is to be done in collaboration with the Competition Authority.

40. Director of Ceremonies, the current sectors of focus in SPEDU comprise horticulture farming, tourism and manufacturing.

41. In these sectors we encourage competition for available resources through the set-out policies for

procurement, tendering or bidding. There is possibility of competition for the land reserves suitable for horticulture farming. There is possibility of competition for the limited factory shells available for manufacturing. There is also possible competition in the tourism and hospitality sector. These possibilities arise on the backdrop that Government and other entities have ramped up the support to this Region.

42. It is worth noting that Government, meanwhile, is arranging to implement the special investment incentives to this economic zone as a way of revitalising the economy, including jump-starting existing businesses that are already on the ground.
43. This way of prompting competitive enterprises comes with fiscal incentives in the form of tax being levied at the rate of 5% for the first 5 years, and 10% thereafter.
44. The package of incentives also includes a minimum period of land lease of 50 years.
45. These approved fiscal and non-fiscal investor incentives will greatly influence the ease-of-doing business and reduce input costs. With these, we are already seeing an increase in the number of enquiries by businesses that show interest to set up in Selebi Phikwe.

46. With these in place, SPEDU has steadily created some jobs through establishment of enterprises in ICT, textiles and horticulture sectors. We are also expecting more jobs to be created by firms that have just completed the stage of Environmental Impact Assessment, including the pharmaceutical plant for producing medical drugs. Construction of such projects is expected to commence this year in 2018.
47. In terms of policy advocacy, SPEDU is receptive and it advocates for an open economy with fewer trade barriers and tariffs. In support of other organizations, especially those within the Ministry of Investment, Trade and Industry (MITI), SPEDU supports the enactment of an Investment Facilitation Law which will further address bottlenecks to FDI and growth of trade thus increasing competitiveness.
48. It is worth appreciating that SPEDU also tends to benefit on the ease-of-doing business by reducing red tape through the Botswana One-Stop Service Centre facility under the auspices of Botswana Investment and Trade Centre (BITC).
49. The move to establish the Regional Chamber of Commerce, which will affiliate to Business Botswana is another grand initiative that will afford producers and other

business entities to collectively pool their resources and competencies.

50. Director of Ceremonies, in conclusion let me state that this Competition Conference serves to sensitise the business community that indeed the competition law exists; and it advocates for fair trade practices.

51. It is therefore my hope and wish that the discussions will be fruitful to all attendees; And for us in SPEDU area, this shall carry us along to win the second-half of the game – i.e. to revitalise the economy of Selebi Phikwe.

52. Thank you and have a good day.

