



**KEY NOTE ADDRESS BY H.E. THE PRESIDENT OF KENYA,
HON. UHURU KENYATTA AND COMMANDER-IN-CHIEF OF THE
KENYA DEFENCE FORCES, ON THE CELEBRATIONS TO MARK
THE WORLD COMPETITION DAY AT THE SAFARI PARK HOTEL
ON 4TH DECEMBER, 2014 AT 10.30 A.M**

**The Chairman of the Competition Authority,
Mr. David Ong'olo and Authority's Board Members;
Government Representatives;
Members of the Private Sector,
Consumer Lobby Groups;
Legal Firms;
All Protocol observed, Ladies and Gentlemen.**

1. It is my pleasure to be with you here today to mark the world completion day which is celebrated on the 5th of December every year and I thank all of you for coming. I understand that this date was designated as the world competition day because it was on 5th December 1980 that the UN General Conference on Restrictive Business Practices committed to the Set of Multilaterally Agreed Equitable Principles and Rules for the Control of Restrictive Business Practices commonly

known as the UN Set.

2. Since then the day has been celebrated globally and at the national level through each country's competition agencies. The main aim of marking the day is to inculcate a culture of competition by raising awareness on markets and competition issues and the importance of regulating competition in liberalized markets, for the benefit of society.

Ladies and Gentlemen,

3. Before I focus on today's subject matter, let me take a few minutes to contextualize the whole issue of competition policy. As you may all be aware, we in Kenya have established a long track record of sound economic management founded on maintenance of macroeconomic stability, free markets, liberalization, deregulation, and promotion of the private sector as the

engine of growth.

4. The sound economic management and the underlying reforms have helped to raise and sustain high growth, reduce poverty, and improve the welfare of our people. I am saying this well aware that we still need to do more to ensure more equitable and shared growth as envisioned in our Vision 2030. It is for this reason that our Government's national development agenda

founded on the spirit of free markets with the private sector taking the lead in investing in the key sectors that will transform Kenya into a prosperous nation.

5. Our track record of sound economic management has also propelled Kenya as a champion of economic reforms in the eyes of the international community. As a result of these efforts, Kenya is now being considered a “Frontier Economy” i.e an economy that has come of

age and is on the verge of transitioning to middle-income status.

Ladies and Gentlemen,

6. While we recognize the central role of a liberalized and deregulated economy in promoting growth and reducing poverty, we are equally aware that left to itself, a free economy may not always work as expected due

to market rigidities that prevail in our economies for one reason or another. I am sure that all of you are familiar with the harmful effects of monopolies and cartels and hence the reason for regulating market behavior in key sectors. So ladies and Gentlemen, as we celebrate this year's competition day, we should also recognize those who have worked so hard to ensure that markets work efficiently for the benefit of all in society.

7. This year is of particular importance because we are also honoring a world-reknown economist, Professor Jean Tirole whose work ***in market power and regulation*** made him win this year's Nobel Peace Prize in Economics. I am aware that Tirole's work cuts across all the sectors, including elucidating how competition regulation can effectively manage key sector of the economy such as banking and telecommunications, which are critical for economic growth.

8. It is also a fact that his work extends to appreciating how natural monopolies can be prevented from exploiting their dominant power at the expense of consumers and society at large. Therefore, Professor Tirole's work, buttresses the reason the government has identified market competition regulation as an integral facet of driving our transformation agenda. This includes ensuring that effective regulation of market power will enhance investment opportunities, increase employment

of resources; human and capital, while ensuring that dominant firms do not benefit from monopoly rents or market prices that are as a result of a conspiracy against the public.

Ladies and Gentlemen,

9. As a country, over the last few years, we have been on a journey to entrench competition policy and law as a key driver of transforming our markets into becoming

more efficient while allowing creation of others through innovation, void of entry barriers.

10. Specifically, I am happy to see that we have a competition law which provides for the salient features of any modern competition law regime. Moreover we have established the Competition Authority, which is insulated, through the statutes, from the risk of regulatory capture. In addition, the Authority has been

bestowed with a critical mandate which includes regulating of market conduct and structure and encouraging public knowledge, awareness and understanding of the obligations of every market player while also recognizing duly registered consumer bodies and collaborating with them while actualizing this mandate.

11. At the same time, the Authority is expected to study government policies and also investigate impediments to competition and advise the government on matters relating to competition and consumer welfare.

12. I am happy to note that resources have been deployed to inform the government's initiatives towards mitigating against the bottlenecks in the agriculture sector that maybe affecting the accessibility of inputs at

affordable prices, especially by the poor farmers. More important, the Authority should continue with its activities aimed at profiling and removing the distributional and marketing hiccups that are hindering these farmers from enjoying the unfettered market prices of their produce especially in the tea and maize sectors.

Ladies and Gentlemen,

13. Competition is simply rivalry between businesses. This rivalry, when fair, is supposed to engender businesses to allocate productive resources and prices according to market forces. In this regard, the government is committed to deepening fair rivalry among business players because it is the only amenable way, to ensure our citizenry access better

quality and wide choices of goods and services at affordable prices.

14. In addition, I envisage that the current efforts by the government to deepen competition regulation in the economy will go a long way in supporting our initiatives of ensuring equitable distribution of income. This is because we expect it to reduce non-performance-based profits, as soon as it occurs. I also envisage that the

current dominant firms, in some markets, will be pressurized by the threat of entry from other players, and hence the prices they offer will be based purely on forces of demand and supply. Through this process therefore, we expect competition to facilitate equitable growth.

Ladies and Gentlemen,

15. For us to be able to continuously manage the competition process, we are cognizant of the fact that we should adopt a regulatory regime that is not cumbersome and costly to businesses. It is on this basis that I encourage the Competition Authority of Kenya to continue with their current initiatives of developing guidelines and regulations to guide their

interaction with the business stakeholders. I also wish to take this opportunity to direct all the other regulatory agencies to embark on the process of identifying the provisions, within their statutes, that require further clarifications and thereof develop and publish regulations and guidelines with the object of creating clarity, transparency and predictability, to the business community, regarding their enforcement processes.

16. As the regulators undertake this process, it is expected that the proposed guidelines and regulations will be exposed to the Regulatory Impact Assessment process not only to assess their impact in terms of costs to the investors but also to ensure consistency with the provisions of the Competition Act. Towards this, I envisage to see the sector regulators collaborating with the Competition Authority specifically in regard to developing guidelines and regulations supportive of the

competition process and also in enhancing competition in their specific sectors.

17. At the County level, I wish to urge the County governments to exercise a lot of restraint when legislating regulations or issuing licenses that are affecting proper functioning of forces of supply and markets. History has taught us that protectionism and monopoly situations never benefit consumers. For this

reason, and towards embracing regulatory regimes that engender effective competition process, the government will continue advising the County governments, through relevant national government agencies, especially in the marketing of our traditional commodities such as coffee and also in the licensing; for example in the extractive industries.

Ladies and Gentlemen,

18. As more and more regional countries and also Regional Economic Communities (RECs) establish competition laws and implement them, we anticipate gaining from network effects. Towards this end, the Government will continue to support the African Competition Forum whose objective is entrenching adoption of competition principles for poverty reduction in Africa.

19. Also, as you are aware, Kenya has been active at EAC and COMESA in the initiatives towards modernizing and operationalizing the Regional Competition laws. The Government will continue with these initiatives, while collaborating with other Member States, especially in regard to ensuring that the regulatory regimes operating at regional level support business growth and regional integration.

Ladies and Gentlemen,

20. I am aware that mere establishment of a competition legislation is not the silver bullet to anti-competitive behavior. The resultant institutions should be equipped with optimal resources to build the requisite capacity. We have increased the budgetary allocation to the competition regulation function by about 300% in the last two and a half years.

This has enabled the Authority to analyze and determine a total of 153 mergers in the last 2 years, taking an average of 42 days, which is way below the statutory timeline of 60 days.

21. These resources have also enabled the Authority to conclude some abuse of dominance and concerted practice cases in the near past. I am made aware that the conclusion of these cases will go a long way in

deepening financial inclusion, through easing access of mobile money transfer market, and also result to consumer savings, particularly the poor, as a result of increased competition.

22. However, I am alive to the fact that resources can never be adequate. Therefore, it is the more reason that I wish to recognize the development partners that have been working with my government to support this

agenda. I wish to appreciate the support of The World Bank Group, The Financial Sector Deepening programme, DFID, the Kenya Market Trust, IDRC, among many others. These institutions have been key partners in supporting development of various competition guidelines and also market inquiries, in different sectors, aimed at transforming our markets.

Ladies and Gentlemen,

23. Although I appreciate what the current management of the Authority has achieved within such a short notice, my position has always been that as a government we have the capacity and the obligation towards according our society the best attainable option. We have not yet reached the pinnacle of modern competition regulation,

which is fundamental in aiding us achieve our Vision 2030.

24. Based on this reality, in the coming months, I expect the Competition Authority of Kenya to work closely with the other relevant Government agencies in implementing the findings and the recommendations of the market inquiries it has conducted in the Tea, Artificial insemination, seed, and sugar sectors. **This is**

because; as I am advised, eradication of the marketing distortions in these sectors may reduce our poverty levels by a further 1.5%. This is our key agenda and we have to achieve it.

25. In order to modernize our regulatory regime, the government through, the Competition Authority, has been conducting a Product Market Regulatory Indicative Study, targeting key sectors of our economy, based on

the OECD criteria. These include the telecommunications, transport, Investment policy, retailing, banking, insurance and energy. I urge the Authority to finalize this study and share it with the relevant stakeholders by February, 2015, for speedy implementation since it is pertinent to realization of our Vision 2030.

Ladies and Gentlemen,

26. As I conclude, I am delighted to note that the Authority has introduced a framework to be assessing the impact of its regulatory decisions to the economy and also holding stakeholders' symposiums to receive feedback on its performance. This is a positive direction in our performance management systems in Public Service.

27. It is not enough for government entities to just achieve the set performance targets. It is the high time all the Government agencies, especially the regulatory agencies, developed and implemented frameworks to assess the impact of their decisions to the society. This is the route we should embark.

28. With these remarks, Ladies and Gentlemen, it is my pleasant duty to officiate in the Celebrations of the World Competition Day and to express my government's continued commitment to entrenchment of the Competition policy and law enforcement as a key driver of our transformation Agenda.

Thank you and God Bless Kenya.

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