

MEDIA STATEMENT

For immediate release

Subject: Namibian Competition Commission is looking at introducing measures to improve market conditions following finalization of an investigation into the Automotive industry

1. Introduction:

The Namibian Competition Commission (the Commission) finalised its investigation into the Automotive industry against various Original Equipment Manufacturers (OEMs) (herein referred to as “Respondents”), vehicle dealerships and panel beaters which commenced in September 2018, in terms of Section 33 of the Competition Act No. 2 of 2003 (the Act), for alleged anti-competitive behaviour.

2. Finding of the Commission’s investigation:

2.1. Firstly, the Commission’s investigation found that, there exist restrictive vertical distribution agreements/concerted practices and or territorial restrictions between OEMs and vehicle dealerships in the distribution of vehicles in Namibia.

2.2. Secondly, the Commission’s investigation found restrictive practices by OEMs in the appointment of approved panel beaters and service agents/centres for vehicles on warranty; and

2.3. Thirdly, the Commission’s investigation found restrictive practices by OEMs in the appointment of vehicle dealerships and other retailers who can sell OEM-approved vehicle parts.

3. Conclusion:

Commissioners: Mr. Andreas Penda Ithindi (Chairperson), Ms. Isabella Tjatjara (Deputy Chairperson), Ms. Irene Simeon-Kurtz (Member), Mr. Benjamin Esau Biwa (Member), Mr. Siegfried Josua Neumann (Member)

EX Officio: Mr. Vitalis Ndalikokule (CEO & Secretary to the Commission)

Even though the investigation found the above restrictions, the Commission is of the view that these are more structural in nature and warrant an industry structural redress. The proposed redress is due to the following:

- 3.1. Vehicle dealers in Namibia have no authority in the appointment or approval of panel beaters to repair vehicles on warranty. Such responsibilities lie solely with the OEMs. Panel beaters are required to apply for factory approvals directly with the OEMs and not through the OEMs' respective dealers. Once an application is received, representatives of OEMs travel to Namibia to conduct an audit and assessment of the panel beaters concerned and thereafter decide on whether to approve or deny the application.
- 3.2. Furthermore, vehicle dealers are responsible for selling and servicing of the brands of vehicles that they sell in Namibia. The dealers are responsible for opening branches and service centres in other parts of Namibia depending on economic viability. However, OEMs still have the main responsibility of approving more dealers and improve intra-brand competition.
- 3.3. Stringent approval requirements and lack of transparency with regards to the selection criteria of approving dealerships and service providers by OEMs, results in detrimental effects in the relevant market in as far as competition across various levels of the supply chain and consumers are concerned.

Given that the issues of concern appear to be structural and need to be addressed at an industry-wide level, the Commission finds it rather prudent that guidelines be developed to address the identified issues on the state of the competition in the automotive industry. Therefore, the Commission is looking at establishing guidelines in the Automotive Industry in the future, in order to improve market conditions. Relevant stakeholders will be consulted once draft guidelines are in place.

Issued by: Dina //Gowases
Corporate Communications Practitioner
On behalf of the Office of the CEO & Secretary to the Namibian Competition Commission

Date: 26 July 2024

Find us on the following social media platforms:

Commissioners: Mr. Andreas Penda Ithindi (Chairperson), Ms. Isabella Tjatjara (Deputy Chairperson), Ms. Irene Simeon-Kurtz (Member),
Mr. Benjamin Esau Biwa (Member), Mr. Siegfried Josua Neumann (Member)
EX Officio: Mr. Vitalis Ndalikokule (CEO & Secretary to the Commission)



**Namibian
Competition
Commission**

15 Eugene Marais Street, Namibia Trade Forum Building, Windhoek

P.O. Box 2104, Windhoek, Namibia

Tel: +264 61 224 622

Website: www.nacc.com.na

Twitter: @CompCo_Nam

Facebook: The Namibian Competition Commission

Commissioners: Mr. Andreas Penda Ithindi (Chairperson), Ms. Isabella Tjatjara (Deputy Chairperson), Ms. Irene Simeon-Kurtz (Member),
Mr. Benjamin Esau Biwa (Member), Mr. Siegfried Josua Neumann (Member)

EX Officio: Mr. Vitalis Ndalikokule (CEO & Secretary to the Commission)

All official correspondence must be addressed to the Secretary to the Commission