

WELCOMING AND SPECIAL REMARKS

BY THE GOVERNOR OF THE BANK OF NAMIBIA

DURING THE SIGNING OF THE MEMORANDUM OF AGREEMENT BETWEEN THE BANK OF NAMIBIA AND THE NAMIBIA COMPETITION COMMISSION

Wednesday, 1 February 2012

Introduction

The Chairperson of Namibia Competition Commission – Mr Lucius Murorua,

The Secretary to the Competition Commission – Mr Mihe Gaomab,

Members of the media,

Ladies and Gentlemen,

On this occasion when the two Regulatory authorities are going to sign a historical agreement, I am delighted to welcome first and foremost the Chairman of the Namibia Competition Commission, the Secretary and indeed every one present here today on this “terrific weatherful day”. It is indeed a good omen and fortunate coincidence that this important event takes place today.

Allow me, now to briefly reflect on some of the developments over the years, with particular emphasis on those that brought both the Competition Commission and the Bank of Namibia to the point where these authorities are signing an agreement.

As we all know, the competition law has a short history in Namibia. The first attempts in Namibia on matters of competition were made with the promulgation of the Namibia Competition Legislation in 2003, which only became effective in 2008.

You will also agree with me that, the competition law is an essential tool that does not only recognise the importance of guiding the market conduct on competition matters, but, it also acknowledges that competition provides the incentive for businesses to become more innovative, highly productive, and efficient in their operations, thus, contributing to improvement in socio economic development of our country.

At the same time, the Bank of Namibia as the regulator of banking institutions has the mandate to administer agreements between banking institutions that may restrict competition or that may be anti-competitive. Effectively, this means that the Bank of Namibia has the power to regulate matters of competition in the banking sector.

In the past, the mergers and acquisitions provision in section 54 of the Banking Institutions Act of 1998, as amended fulfilled an important role in preserving the effectiveness of the competitive process by preventing mergers and acquisitions, which may substantially lessen competition in banking sector, while at the same time allowing mergers that do not lessen competition to go ahead.

However, with the introduction of an effective regulatory framework, namely the Competition Act of 2003 that will guard against anti-competitive behaviour and restrain banking institutions from engaging in restrictive business practices, the Bank of Namibia recognised the broader mandate of the Competition Commission. Therefore, it decided to enter into an agreement to transfer the responsibility of matters relating to competition to the rightful authority, which is the Competition Commission of Namibia.

Ladies and gentlemen, during this signing ceremony of today, you will witness the signing of an agreement that originates from the provisions of section 67 of the Competitions Act of 2003, which will effectively provide the two authorities with the appropriate checks and balances to guide its relationship, when dealing with mergers or acquisition or matters of an anti-competitive nature between banking institutions.

Of course, in doing so the Bank of Namibia is certain that the signing of this agreement will remove any grey areas that may have existed in the interpretation of the banking and the competition laws in Namibia.

Once again, thank you, Mr Chairman for taking time out of you hectic legal schedule to be with us this afternoon!

I thank you.