The Impact of Cartels on the Poor in Kenya

Francis W. Kariuki, Director-General:
Competition Authority of Kenya

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Our Focus:

- A Kenyan economy with globally efficient markets and enhanced consumer welfare for shared prosperity

**Agribusiness**
- Contributes 24% of GDP
- Produces 57% of Total Exports
- Accounts for 17.02% of formal employment

**Matatu Transport**
- Am important service for the poor
- Play a significant role in the movement of the poor
- Serves low and the low middle-income population

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A. Maize Milling Sector

- Mostly Consumed cereal
- Represents 9% of the Consumption Basket of low Income H/Hs
- Provides 33% of the revenues from crops sales to poor H/Hs
- 43 Milling companies but Concentrated (ownership) milling business

Milling business concentrated to one ‘family’
Millers ‘Association’ recommending Prices
Maize flour prices @Kshs.70 per Kg
High Profit margins for millers (42%)

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A. Maize Milling Sector

- The Authority enforcement initiatives demanded review of the Associations internal regulations
- Issued ‘stop and desist’ orders on arrangements for price coordination

- Elimination of all mechanisms for price coordination
- Reduction in prices by 15% means Ensures continuation of school feeding programs for the poor
  Saving to the poor and Possibility to consume other goods/services

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B. Sugar Sector

- Very high consumer prices led to intervention
- Millers mostly SOEs
- High prices (overcharges) had a larger negative effect on the poorest
- Rural H/Hs welfare, mostly the poor, is affected twice as much as urban H/Hs

**Anti-cartel enforcement and elimination of restrictive regulations**
**Advocacy Initiatives**

- Reduction of Consumer Prices (40.3%)
- Privatization Programme fast tracked
- Increased efficiency among millers

**The Poor have a high possibility of savings and expanded consumptions**

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C. Matatu Transport Sector

- Cartels disguised as trade/welfare associations
- Fixing of prices and also levying ‘route entry charges’
- Poor entrepreneurs deterred entry due to the charges
- Poor consumers affected much since expenditures in Matatu fares is 7% compared to only 0.2% for high income households

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D. Overall Impact

Increased Savings to the Poor and Possibility to consume other goods/services

Enforcement of Competition Law

Removing anticompetitive Practices

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