

Regulating Competition in Nigeria: Key Lessons



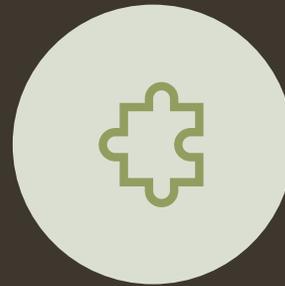
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4TH ARAB COMPETITION FORUM, RIYADH, KINGDOM OF SAUDI ARABIA, 23-24 MAY, 2023

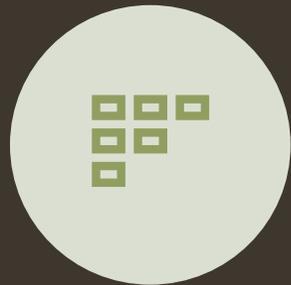
PRESENTATION OUTLINE



Introduction



Strategy



Priorities



Conclusion: Key lessons & recommendations

INTRODUCTION



Background

- Prior to 2019, Nigeria did not have a composite central competition regulator. Any attempt to regulate competition in Nigeria's markets were at the level of sector regulators who by nature and architecture often lacked the requisite capacity.
- The business landscape was thus exploited by big players and association of players to their benefit, and oftentimes to the detriment of the market and consumers. Killer acquisitions, predatory pricing, cartel conducts, restrictive agreements, monopolization of the market and other anti-competitive conducts seemed to be widely acceptable routes to gaining profit and market share.
- The Federal Competition and Consumer Protection Act (FCCPA), which was enacted in December 2018 established the Federal Competition and Consumer Protection Commission (FCCPC) as a central composite consumer protection and competition regulator. The law also established the Competition and Consumer Protection Tribunal (CCPT) which hears appeals from the decisions of the FCCPC.



Overview of the Nigerian Market

Nigeria, with its population of over 200 million, is Africa's largest market and a key oil producer in the continent. Nigeria's market is largely informal, with MSEs accounting for a significant proportion of it and contributing almost half of the country's GDP.

Key Figures:

- Population - **223 Million** - [World Population Review](#)
- GDP- **US\$ 440.83 Billion** - [World Bank, 2021](#)
- Approximately **40 Million MSMEs** operated in Nigeria as of December 2020
- MSMEs contributed **46.31%** to Nigeria's GDP and accounted for **96.9%** of businesses.
- MSMEs account for over **87.9%** of employment and **6.21%** of gross exports.
 - *See - The Small and Medium Enterprises Development Agency of Nigeria (SMEDAN) and the National Bureau of Statistics (NBS) [MSME Survey Report, 2021](#) :*



Significance of competition law to Nigeria's market

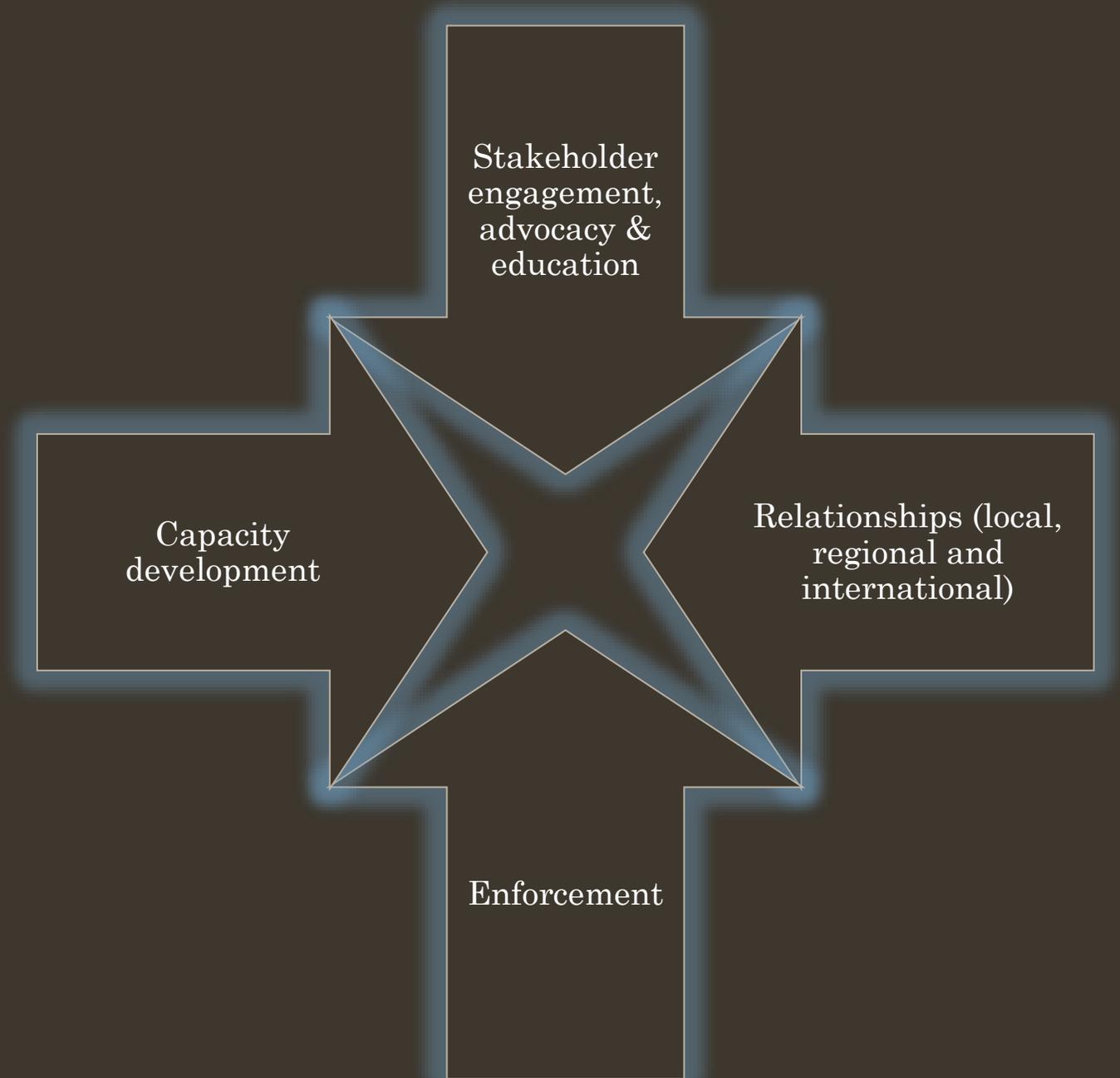
- Protecting competition in Nigeria's market means promoting a level playing field that enables small and large operators to thrive at all levels of the developing economy, and protecting the growth of local industry.
- More importantly, protecting competition in Nigeria's market means the pursuit of the constitutional objective to prevent the "*concentration of wealth or the means of production and exchange*" (Section 16 (2)(c) of the 1999 Constitution of the Federal Republic of Nigeria).

STRATEGY



A Multi-pronged strategy:

From its early days, the Commission adopted a multi-pronged approach to its mandate.



Key approaches:

1

Engaging, sensitizing and educating stakeholders on their obligations pursuant to the FCCPA and its benefit to Nigeria's market.

2

Engaging stakeholders in the process of drafting relevant regulations and guidelines.

3

Carrying out key enforcement actions that set the tone for the market and operators. Some of these include:

- Dawn raids
- Cartel investigations
- Gun jumping investigations

4

Establishing relationships with other sector regulators as well as regional regulators, for collaboration and information sharing, including through MOUs and other instruments.

Capacity development

1

Tools:

- Digital platform for remote filing of merger notifications.
- Soft laws (regulations, guidelines and guidance notes) – one of which won the Concurrence award in the Best Soft Law category, in 2023.

2

Personnel:

- Continuous training for personnel.
- Recruitment of relevant personnel.

3

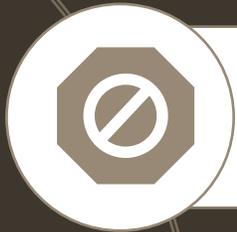
Revenue:

Ability to charge filing fees for merger notifications, impose fines, and to retain some of the revenue for the agency's sustenance.

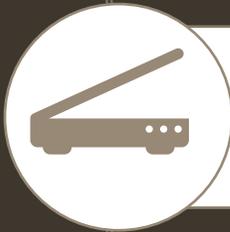
PRIORITIES



The Commission sets priorities per time, depending on local and global developments, as well as market peculiarities and needs. Some of our present priorities include:



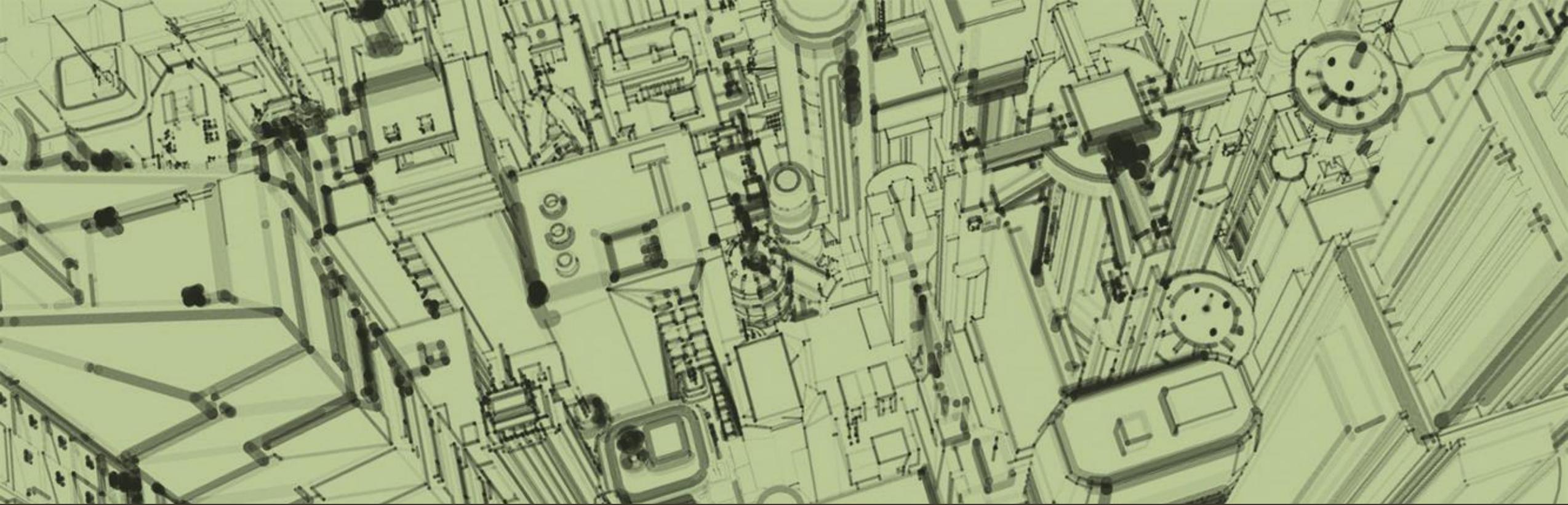
Detecting and Preventing Killer Acquisitions: From the onset, the Commission made killer acquisitions a key priority and specifically set a two-level notification threshold in order to ensure that killer acquisitions do not evade merger scrutiny, particularly in young sectors which are significant to the growth of Nigeria's economy. This continues to remain a priority for the Commission.



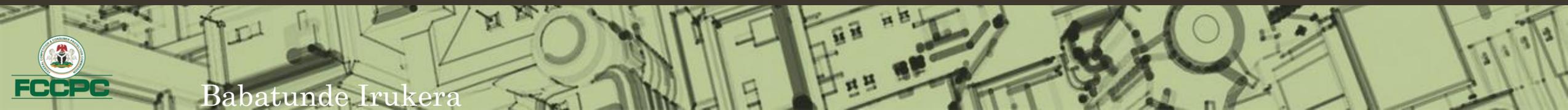
Digital Markets: Given that digital sector is a key contributor to Nigeria's GDP (18.44% in Q2 of 2022) and the very dynamic nature of the digital market globally, this is a market of keen interest to the Commission. A key consideration for the Commission is how to hold big-techs accountable to the same standards to which they are held in their home countries and in the global north.



Forging regional alliances: developing countries are better able to regulate big multinationals when we band together. Thus, forging and strengthening alliances on competition regulation, both regionally and internationally is a priority for Nigeria.



CONCLUSION



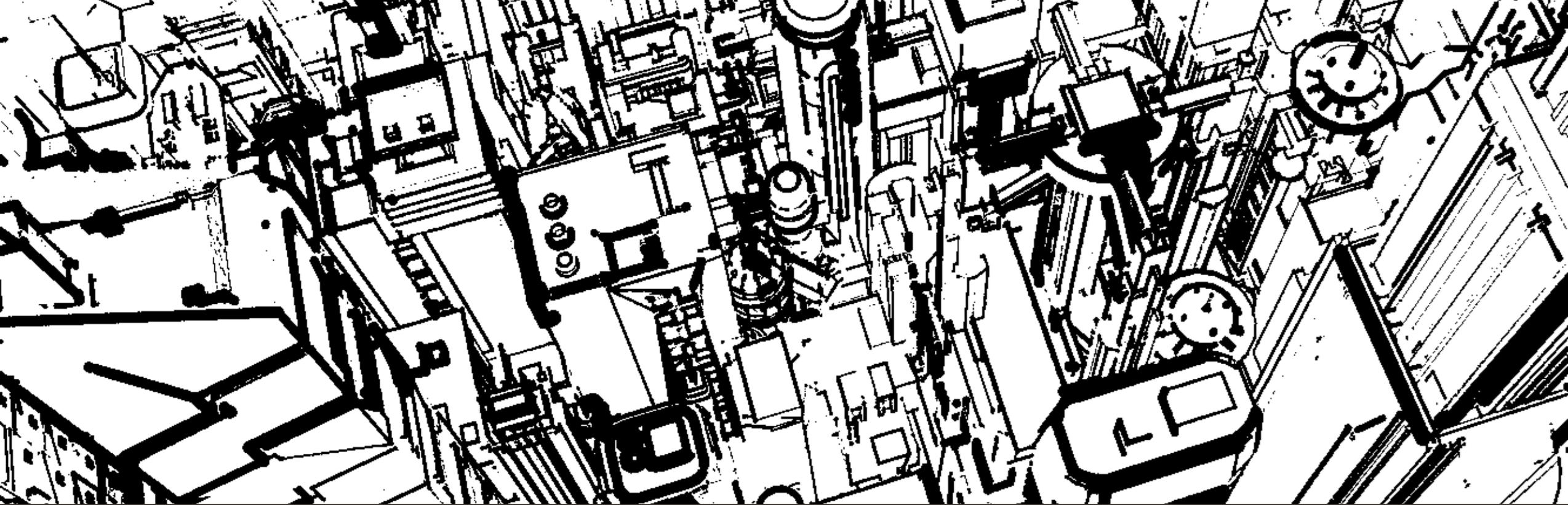
Key lessons

- Though learning from the path others have laid is a good way for young regulators to move quickly, moving in the right direction requires calibrating those learnings for the specific needs of your own market.
- Tailored and homegrown solutions are best suited to addressing the peculiar challenges faced by developing and emerging economies.
- Given the size of some multinationals, a unified and or collective regional approach is better suited to tackling anti-competitive conducts by multinationals.
- A consistent and transparent approach to regulation signals to industry that the regulator is capable and determined to enforce its mandate.

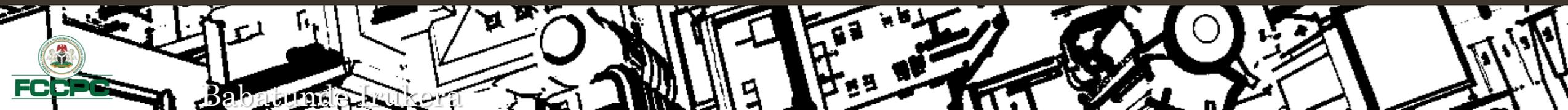


Concluding recommendation

Collaboration is key to achieving effective and dynamic regulation of competition. While global collaborations are important, it is even more significant to foster stronger regional alliances of markets that share commonalities, in terms of market structures, political and economic needs as well as demographics. Such regional collaboration will strengthen the individual and collective ability of member countries to hold big tech and foreign multinationals accountable.



Thank You!



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