Newsletter Q3 2025 | Issue 26 Volume 3

Newsletter

COMPETITION & TARIFF COMMISSION

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A. Editor's Note

To our esteemed stakeholders.

The Competition and Tariff Commission (the Commission) is pleased to share with you highlights of its activities during the third quarter (Q3) of 2025. The edition provides a comprehensive summary of Mergers and Acquisitions reviewed during the period including Proposed Acquisition of the entire shareholding in Monomotapa Hotel by the Public Service Pension Fund ("Pension Fund") whose shareholding was held by Africa Sun Zimbabwe (Pvt) Ltd ("Africa Sun")

In the area of trade tariff, this edition features National Trade Tariff policy validation workshops, trainings on Tariffs, Trade Agreements and Trade Remedies and Proposal of safeguard duty on toothpaste imports. This edition also presents a series of informative and analytical articles, which are: (i)The role of trade tariffs in shaping the African Continental Free Trade Area (AFCFTA) implementation; (ii) Beyond the farmgate: how market dynamics dictate returns for Zimbabwe's smallholder vegetable farmers; (iii)Acquisition and lease of assets as a notifiable merger: demystifying a common misconception.

The Newsletter also highlights internal activities such as weekly wellness programmes, the signing of integrity pledges by the Board, Management and staff as well as the Commission's 6th AGM. The final segment showcases trainings carried out in tertiary institutions.

B. Competition

B.1 Merger and Acquisition Activity for Q3 2025

Eight (8) merger cases were received in the Q3 of 2025 as shown in Table 1.

Table 1: Merger Cases Received in Q3 2025

Transaction	Status
Proposed acquisition of Nampak Zimbabwe by TSL	Approved subject to conditions - transaction was later abandoned
Proposed acquisition of Monomotapa Hotel by Public Service Pension Fund	Approved unconditionally
Proposed Acquisition of Batoka Safaris by Heritage Expeditions	
Proposed Acquisition of Dendairy by Vamara Group	Ongoing
Proposed acquisition of Great Zimbabwe Hotel by Mewame Family Trust	
Proposed Acquisition of the Food & Beverages Business of AECI by Sana Partners	
Proposed acquisition of Clotan Steel by BSI Steel Holdings	
Proposed acquisition of Sylvester & Kitchen by Barentz International B.V.	Ongoing

B.2 Merger Activity Under COMESA Competition Commission(CCC)
The Commission provided information on six (6) transactions to the COMESA Competition Commission in Q3 2025 which contributed to the final determination as summarized below.

Transaction
1. Azorra Aviation Holdings, LLC, and Two Aircraft of DAE Merger
2. Acquisition by DEF Pharaoh of Delta Holdings B.V
3. Baloworld and K2024528179 merger
4. CMA CGM Inland Services and October Dry Port S.A.E
5. Olam Agri Holdings Limited & Saudi Agricultural and Livestock Investment Company Merger

Oakview Capital L6 DAC and CF BM UK Holdings Limited of Joint Control over Société Phocéenne de Participations

B.3 Selected Mergers
i) Proposed Acquisition of Monomotapa Hotel by Public Service Pension Fund
Introduction
In August 2025, the Commission received notification of the proposed acquisition of the entire shareholding in Monomotapa Hotel by the Public Service Pension Fund ("Pension Fund"). The shareholding was held by Africa Sun Zimbabwe (Pvt) Ltd ("Africa Sun"). The Pension Fund is a State Service Pension Fund established by the Government of Zimbabwe to provide for the payment of pensions, gratuities, and other benefits to or in respect of those employed by the State on retirement, discharge, resignation, death, or other means of termination of service. The Pension Fund operates in the financial, property, housing, energy and hospitality sectors. In the hospitality industry, the Pension Fund operates in Nyanga and Victoria Falls through Rupurara Lodge and Palm River Lodge respectively.

Market Definition and Type of Merger
The relevant markets were thus defined as:(i) the provision of pension management services in Zimbabwe; and (ii) the provision of hospitality services in Harare. The merger was classified as a conglomerate merger.

Competition Analysis
Two theories of harm were assessed namely, tying & bundling and the entrenchment. Tying & bundling was dismissed because of product non-complimentary. The entrenchment theory of harm was dismissed on the basis that the merging parties are not incentivised to undertake predatory pricing as they are already a dominant player in the hospitality sector. On the horizontal element, competition concerns were dismissed on the basis that competition in the hospitality services market is localised with limited competition between the merging parties. Therefore, both unilateral and coordinated theories of harm are unlikely post-merger.

Conclusion
In light of the analysis the proposed transaction was therefore approved without conditions.

B4. Capacitation
In relation to competition related training, the Commission undertook training for the legal fraternity and at a local University as reflected below:-

Supreme Brands P/L: Training on Tariffs, Trade Agreements and Trade Remedies
On the 1st of July 2025, the Commission conducted a training session on Tariffs, Trade Agreements and Trade Remedies for Supreme Brands (Pvt) Ltd, a local manufacturer of tissue paper. The company is currently facing stiff import competition from suppliers in China and South Africa and therefore sought the Commission's assistance in understanding the range of trade policy instruments available to address such challenges.
The training equipped Supreme Brands with a deeper understanding of the tariff framework, including how tariff structures are formulated and reviewed to protect domestic industry. It also enhanced their knowledge of Zimbabwe's trade agreements and how these can be leveraged to access regional and international markets under preferential terms. Furthermore, the session provided insight into trade remedies such as anti-dumping, countervailing and safeguard measures that can be applied to counter unfair trade practices or sudden import surges. Overall, the training strengthened the company's capacity to engage effectively with the Commission and relevant government agencies on tariff matters. It also empowered management to make informed strategic decisions on pricing, sourcing, and competitiveness within the regional market. By understanding the available policy tools, Supreme Brands is now better positioned to advocate for fair competition, protect its market share, and contribute to the growth and resilience of Zimbabwe's paper manufacturing industry. It was advised to pursue the safeguard route as a suitable trade remedy to mitigate the adverse effects of increased imports on its production and market share.

Bindura University of Science and Technology: Training on Tariffs, Trade Agreements and Trade Remedies

On the 12th of September 2025, the Commission conducted a training session on Tariffs, Trade Agreements and Trade Remedies for Bindura University of Science and Technology (BUSE). The training formed part of the Commission's ongoing capacity-building initiatives aimed at enhancing understanding of trade policy instruments among academic institutions, industry stakeholders and the general public.

The session provided participants with a comprehensive overview of Zimbabwe's tariff framework, including how tariffs are structured, reviewed, and applied to promote industrial development and fair competition. It also covered the country's participation in regional and multilateral trade agreements such as the AfCFTA, SADC Trade Protocol and COMESA, highlighting how these agreements can be leveraged to expand market access and stimulate exports. In addition, the training focused on trade remedies namely anti-dumping, countervailing and safeguard measures explaining their purpose, legal basis and application in addressing unfair trade practices or import surges that threaten domestic industries.

Through this engagement, students and faculty members at BUSE gained valuable insight into the practical aspects of trade policy implementation and the role of the Competition and Tariff Commission in ensuring a balanced and competitive trading environment. The training also strengthened linkages between the Commission and the academic community, fostering collaboration in research, policy dialogue and capacity development in the areas of trade and industrial policy.

C. Trade Tariff Matters

C1. Commission Finds Serious Injury, Proposes Safeguard Duty on Toothpaste Imports

Introduction
The Commission has concluded a detailed safeguard investigation, determining that a significant surge in toothpaste imports has caused serious injury to the domestic industry. This finding is contained in a determination published under General Notice 1413 of 2025 in the Government Gazette on 18th July 2025. The comprehensive analysis, which considered submissions from all registered interested parties, established that increased imports are directly responsible for the deteriorating condition of the domestic producer, necessitating the proposal of a remedial safeguard measure.

Unforeseen Developments Drove Import Surge
The Commission determined that this injurious import surge was a consequence of several unforeseen developments, as required by World Trade Organization(WTO) rules. These included:
- Temporary Duty Suspensions: The Government's suspension of import duties on basic commodities via Statutory Instruments in 2022 and 2023, while aimed at easing consumer pressure, inadvertently made the market highly attractive for a flood of low-priced imports.
- Global Supply Chain Shocks: The COVID-19 pandemic caused major producers in China and India to redirect surplus production to open markets like Zimbabwe following disruptions in their traditional supply chains.

Currency Depreciation: The significant depreciation of the South African Rand against the US Dollar granted South African exporters a substantial and sustained price advantage in the USD-dominated Zimbabwean market.

Key Findings of Injury and Causation
The Commission's thorough investigation established a clear causal link between the import surge and the injury suffered by the domestic industry. The evidence revealed that:-
- Market Share Erosion: Merken's market share by volume fell from 2.04% in 2020 to just 0.98% in 2023.
- Critical Underutilisation: The domestic plant operated at an average capacity utilisation of only 3.39%, indicating severe market displacement.
- Price Undercutting: Imported toothpaste was consistently priced 30% to 40% below domestic ex-factory prices, making it impossible for the local product to compete.
- Financial Strain: This was evidenced by rising inventory, declining productivity, and an inability to achieve sustainable profitability.

Proposed Remedial Measure
To remedy the serious injury and provide the domestic industry with an opportunity to adjust and recover, the Commission is proposing a safeguard duty of 40% on imports of toothpaste from non-exempt countries. Consistent with the WTO rules, this duty will be gradually be reduced over a four-year period, providing a transitional period for fair competition to be restored:
- Year 1: 40%
- Year 2: 38%
- Year 3: 36%
- Year 4: 34%

Inclusive Process and Final Recommendation
Throughout the investigation, the Commission adhered to principles of due process and transparency. Registered interested parties, submitted detailed comments and arguments. These submissions were thoroughly interrogated and considered by the Commission during its analysis and have been integral to shaping the final recommendations. Following this transparent process, the Commission's final determination and recommended safeguard measure will be submitted to the Minister of Industry and Commerce for consideration and final approval.

C2. Commission Initiates Dual Safeguard Investigations on Fibreboard and Door Imports

i)Introduction

The Commission has initiated two safeguard investigations into the increased importation of fibreboards and doors into Zimbabwe. The fibreboard investigation was initiated through General Notice 1414 of 2025, while the door investigation was initiated under General Notice 1412 of 2025, both published in the Government Gazette on 18 July 2025. The investigations are conducted in accordance with the Competition Act [Chapter 14:28], the Competition (Safeguards) (Investigation) Regulations, 2006, and the World Trade Organization (WTO) Agreement on Safeguards.

ii) Unforeseen Developments
The surge in imports for both doors and fibreboards is attributed to unforeseen developments under international trade rules. These include global supply chain disruptions from the COVID-19 pandemic, the depreciation of the South African Rand, and a reorientation of global trade flows that redirected excess production particularly from China and South Africa toward the Zimbabwean market.

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iii)Preliminary Findings

- **Fibreboards**

The Commission's preliminary assessment has established prima facie evidence that a sudden, sharp, and significant increase in fibreboard imports is causing serious injury to local manufacturers. Data review from 2022 to 2024 revealed a 34% increase in import volumes. This surge has contributed to a severe deterioration in the domestic industry's performance, evidenced by a 9.9% drop in production and a 32% decline in sales. Imports now account for over 70% of the domestic market, while the market share of the domestic producer has fallen from 36% in 2020 to 28% in 2024. The preliminary determination establishes a clear causal link between the rising import volumes and the serious injury suffered by the domestic industry.

- **Doors**

The Commission has similarly established prima facie evidence that a sudden, sharp increase in door imports is causing serious injury to domestic manufacturers. The investigation revealed an alarming 815% increase in imports between 2022 and 2024, rising from 278,393 kg to 2,548,642 kg. This influx has seen imports capture 60% of the domestic market share by 2024, a dramatic rise from just 12% in 2022. The import surge has caused a catastrophic 98.6% collapse in after-tax profits for the domestic producer between 2023 and 2024. A clear causal link has been established between this surge in imports and the serious injury suffered by domestic producers.

iv) Next Steps and Call for Participation

The Commission is now inviting all registered interested parties to participate in the investigations. Participants have the right to submit written arguments, evidence, and requests for a hearing, in accordance with the stipulated deadlines in the published notice and the Competition (Safeguard) (Investigations) Regulations, 2006. Investigations are expected to be completed within six months. A non-confidential version of the applications is available for inspection at the Commission's offices. All enquiries and submissions should be directed to the Commission via the contact details provided in the official gazette. These investigations underscore the Commission's commitment to enforcing trade remedies that ensure a level playing field for domestic industries, in line with national developmental goals and international obligations.

C 3. Validation Workshops on the National Trade Tariff Policy

The Commission conducted validation workshops on the draft National Trade Tariff Policy in Harare, Bulawayo and Mutare on 26, 30 September and 2nd October 2025 respectively. The objective of the workshops was to ensure that the draft Tariff Policy was thoroughly reviewed and enjoyed broad stakeholder ownership prior to its finalisation.

During its drafting, the policy benefitted from wide-ranging engagements with the private sector to ensure that recommendations reflect realities of industry and commerce. The resulting document therefore seeks to promote industrialisation and enhance Zimbabwe's competitiveness in line with national development priorities and regional trade commitments, including under the African Continental Free Trade Area (AfCFTA)

Besides the private sector, inputs were also obtained from the following key institutions directly involved in the administration and oversight of trade tariffs:

- Ministry of Finance, Economic Development and Investment Promotion.
- Ministry of Lands, Agriculture, Fisheries, Water, Climate and Rural Development.
- Zimbabwe Revenue Authority; and
- Ministry of Women Affairs, Community, Small and Medium Enterprises Development.

Some of the issues highlighted for inclusion in the policy include the following:-

- Benchmarking with Existing National Policies
- Key Performance Indicators (KPIs)
- Detailed Implementation Roadmap
- Legal Enforceability of Reciprocity Commitments
- Include the Ministry of Lands, Agriculture, Fisheries, Water and Rural Development in the tariff administration process
- Address Tariff Wars and Trade Shocks
- Specification of Time-Bound Protection

The Commission will consolidate the comments submitted by its stakeholders and where necessary, include them in the final document. The policy will then be forwarded to the Ministry of Industry and Commerce for finalisation.

D. Informative and Analytical Articles

D1. The Role of Trade Tariffs in Shaping the African Continental Free Trade Area (AFCFTA) Implementation

i) Introduction

The African Continental Free Trade Area (AfCFTA) is the world's largest free trade arrangement by membership, bringing together 54 African Union member states, excluding Eritrea, which has not yet joined. Its objective is to create a single continental market for goods and services, enhance intra-African trade, and foster industrialisation. Tariffs play a pivotal role in implementing AfCFTA, as their reduction and eventual elimination are key to promoting freer trade across the continent. Historically, African economies have relied heavily on tariffs both as a source of government revenue and as a means of protecting local industries from external competition. High tariff barriers, coupled with complex customs procedures, have significantly limited intra-African trade, which has long hovered around 15–18% of total trade compared to over 60% in the European Union. Tariffs raise the cost of cross-border trade, discourage regional value chains, and make African products less competitive within the continent.

ii) Tariff Modalities under AfCFTA

Under the AfCFTA agreement, member states have agreed to the following categorisation of goods:

- Non-sensitive products (90% of tariff lines): which will be progressively liberalised over five years for non-Least Developed Countries (non-LDCs) and ten years for Least Developed Countries (LDCs). Zimbabwe, classified as a non-LDC, has included raw materials, capital goods, and products not manufactured locally, among other items, in this category.
- Sensitive products (7% of tariff lines): These products will be liberalised over a longer period: 10 years for non-LDCs and 13 years for LDCs. Zimbabwe has included items such as meat carcases, dairy products, pasta, plastics, wood, paper, certain fabrics, clothing, footwear, ceramics, some cooking oils, cartons, wheelbarrows, spades, and shovels in its sensitive list.

Excluded products (3% of tariff lines): These goods are fully excluded from liberalisation, allowing countries to protect critical industries. Zimbabwe has placed certain cooking oils, sugar, beverages, tobacco, cigars, cement, cotton fabrics, freezers, furniture, and arms and ammunition in this category.

This phased approach ensures that trade liberalisation occurs gradually while cushioning vulnerable economies and industries from abrupt exposure to competition. LDCs have longer phase-down periods than non-LDCs to account for differing levels of development.

iii) Benefits Arising from Trade Tariffs in AfCFTA Implementation

- **Promoting Intra-African Trade**

Tariff reductions under AfCFTA lower cost of cross-border transactions, making African goods more affordable within the continent. This increases demand for locally produced goods and reduces dependence on imports from outside Africa. E.g., tariff liberalisation allows Zimbabwean beverages, ceramics, processed foods, and building materials to enter regional and continental markets more competitively, strengthening their presence within SADC, COMESA, and Africa at large.

- **Stimulating Industrialisation**

Tariff liberalisation fosters the development of regional and continental value chains. Raw inputs grown or extracted in one country can be processed in another and transformed into finished products, without punitive tariffs at each stage. This integration supports Africa's industrialisation agenda and promotes value addition across borders.

- **Safeguarding Infant Industries**

Tariffs continue to protect newly established or emerging sectors that require temporary shelter from international competition. Shielding infant industries allows them to build capacity, achieve economies of scale, and develop competitiveness. In Zimbabwe, plastics, metal and steel engineering, and packaging industries will receive tariff assistance to strengthen production capacity before full liberalisation.

- **Protecting Sensitive Industries**

Some established industries are classified as sensitive due to their strategic importance, contribution to employment, food security, or cultural significance. Sensitive products are often placed on exclusion or sensitive lists to ensure sustainability, protect livelihoods, and maintain economic stability. Locally, products such as dairy, cooking oil, and footwear are classified as sensitive to safeguard the dairy industry, preserve agro-processing, and protect thousands of jobs.

- **Fiscal Implications**

Many African countries, particularly Least Developed Countries, rely heavily on trade tariff revenues. AfCFTA's tariff reductions could lead to short-term revenue losses, requiring governments to develop strategies for tax reform and revenue diversification to manage the transition effectively.

- **Addressing Trade Imbalances**

Carefully calibrated tariffs can prevent large trade imbalances within the bloc by discouraging import surges that threaten domestic industries. Zimbabwe, for example, has excluded sugar, furniture, and cement from liberalisation to manage trade deficits and shield domestic firms from sudden import competition.

iv) Challenges in AfCFTA Implementation

While the AfCFTA promises increased trade and economic integration, several challenges must be addressed to ensure its effective implementation. Key challenges include:-

- Customs and non-tariff barriers: Poor infrastructure, complex border procedures, and regulatory hurdles may continue to hinder trade even with lower tariffs.
- Differing levels of readiness: Countries with stronger industrial bases are likely to benefit more, while weaker economies risk being marginalised.
- Revenue dependence: Governments may face pressure to replace lost tariff revenue without compromising fiscal stability.

v) Conclusion

Trade tariffs play a central role in the implementation of AfCFTA. Their gradual reduction facilitates greater trade integration, industrialisation, and economic diversification across Africa. However, the success of AfCFTA depends not only on tariff liberalisation but also on addressing complementary challenges, including infrastructure limitations, non-tariff barriers, and revenue adjustments. Tariffs function both as a gateway to regional integration and as a policy tool for managing the risks of liberalisation, particularly through the strategic use of sensitive and exclusion product lists.

D2. Beyond The Farmgate: How Market Dynamics Dictate Returns for Zimbabwe's Smallholder Vegetable Farmers

1.Introduction

Vegetable farming is a vital source of income for many smallholder farmers in Zimbabwe. From peri-urban plots around towns to larger small-scale farms, vegetable production supports rural livelihoods, food security and informal employment. The challenge for local smallholder farmers often is not growing a successful crop but securing a profitable price for it. Despite increasing demand for fresh farm produce in both formal and informal markets, most smallholder vegetable farmers continue to earn low returns. This paradox stems from systemic issues beyond the farmgate, whereby the route from farm to consumers is governed by a complex set of competition dynamics, where information asymmetry, weak bargaining power and lack of market access hinders small vegetable farmers from obtaining fair and competitive prices for their produce. While there is government support for smallholder farmers, it is limited in scale and scope with limited impact on the overall growth of the sector. This article explores the structure and dynamics of Zimbabwe's vegetable market, focusing on how the route to market, competition or the lack thereof between direct clients, corporate buyers and informal traders, ultimately determine pricing and income outcomes for smallholder farmers. It also provides recommendations on how to reform these dynamics with a view to nurture inclusive and efficient agricultural markets.

1.1 The Vegetable Value Chain in Zimbabwe

The sector constitutes an important sub-sector in Zimbabwe's growing horticulture industry within the boarder agriculture sector, as vegetables constitute a key food item in the consumers' food basket. It is characterized by fragmented production, poorly coordinated markets, and limited infrastructure. Most producers are smallholder farmers with less than two hectares of land, operating without formal contracts, storage facilities, and transport capacity. While production has increased in recent years, smallholder farmers have experienced post-harvest losses of 40% due to lack of adequate cold chain facilities and aggregation centres.

The value chain structure disadvantages the farmer at almost every stage. Because there are no adequate aggregation centres for farmers, smallholders are forced to market their produce individually, making them price takers. They are also forced to sell their products quickly at any given price as they lack cold storage facilities and affordable transport to the market. Farmers thus become vulnerable to exploitation as they do not have reliable and transparent pricing information. Inefficient domestic market dynamics have left farmers trapped in a cycle of price volatility and high vulnerability.

1.2 The Competition Paradox: High Retail Food Prices Vs Low Farmgate Prices

The paradox of high consumer food prices largely at retail level coupled with stagnant or low farmgate prices, is a pressing concern for local smallholder vegetable farmers. While consumers pay high prices for fresh farm produce, farmers often receive minimal returns for their hard work and investments. This disparity is not necessarily a production failure but a symptom of a dysfunctional market. From a competition perspective, this market exhibits features of weak buyer competition, high farmers transaction costs to access alternative markets and elevated information asymmetry. Farmers often sell without the knowledge of prevailing prices and have minimal negotiating power in both formal and informal markets. These are classic traits of a poorly functioning market, where dominant intermediaries or retailers can use their position to set terms and prices that disadvantage producers.

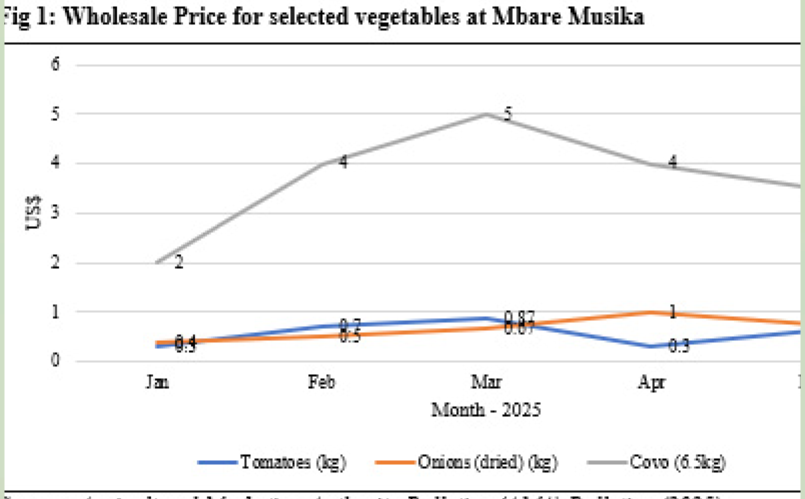
2.0 Market Overview

The market for smallholder vegetable farmers is divided into three distinct distribution channels namely the informal market, corporate clients and supermarkets and direct clients. Each channel has its unique characteristics and requirements.

2.1 Informal Market

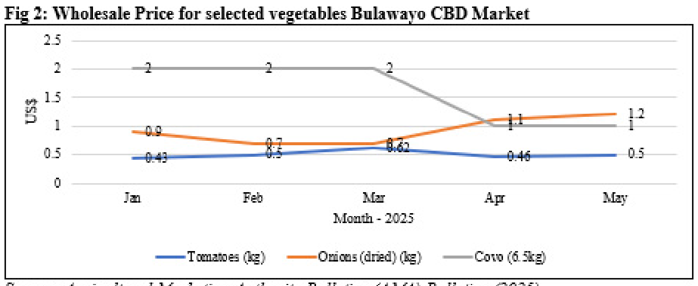
The most common distribution channel are the informal markets notably places like Mbare Musika in Harare. While these markets offer immediate cash payments and flexible access, they are dominated by middlemen who often operate in tight-knit groups, sharing information and setting prices cooperatively. This leaves farmers with little scope to negotiate, especially during periods of excess supply. Farmers arriving in these big informal markets without storage options are compelled to accept whatever price is offered, even if it results in losses. The lack of competition among buyers and absence of price transparency reduces the farmer's ability to earn a fair return. Buyers often collude to set low uncompetitive and unpredictive prices as shown in Fig. 1 and 2.

Fig 1: Wholesale Price for selected vegetables at Mbare Musika



Source: Agricultural Marketing Authority Bulletins (AMA) Bulletins (2025)

Fig 2: Wholesale Price for selected vegetables Bulawayo CBD Market



Source: Agricultural Marketing Authority Bulletins (AMA) Bulletins (2025)

Informal market prices are largely variable for the smallholder farmer depending on the season and location as seen by the changes in prices for products such as tomatoes, onion and covo. In Bulawayo, between January to March the price for covo (6.5kg) was stagnant while in Harare the price increased from US$2 – US$5. The wholesale price for tomatoes/ kg of US$30cents is also indicative of big margins at the retail level as a kg of tomatoes is largely sold for $1 at retail level.

2.2 Direct Clients

A growing but still limited route is direct sales to consumers, including roadside vending, farmers' markets and digital platforms such as WhatsApp or online farm shops. This channel gives farmers more control over pricing and allows them to retain a greater share of the final sale value. However, it is not available and feasible for all farmers as it requires time, transport, packaging, and direct customer management. The farmer enjoys more income when dealing with direct customers as they have better market power in those instances.

2.3 Corporate Clients

The third channel is through corporate clients usually formal buyers, including supermarkets like TM Pick n Pay, OK Zimbabwe, etc. These are big clients with buyer power and have strict quality, quantity and consistency requirements. They also place bulk orders and have consistent demand, but their procurement systems favour large, well-organized suppliers. Large supermarkets and food processors dictate contract terms and delivery schedules and can easily switch suppliers due to their market dominance. Barriers to entry are high due to quality standards, grading requirements, and the need for consistent volume. Most importantly, these buyers exercise significant bargaining power. Farmers supplying these buyers often face delayed payments and may be penalized for failing to meet strict delivery conditions. In some cases, farmers are paid their money once the products have been sold, otherwise they bear the loss of rotten or unsold products. While corporate clients offer stable demand, the power imbalance can lead to unfavourable contract terms for farmers.

3. Core Competition Constraints

Smallholder farmers in the Zimbabwean vegetable industry face several competition constraints hindering their ability to secure profitable prices which include barriers to market access, lack of countervailing power, buyer power, information asymmetry and weak contract enforcement. The focus of this article is mainly on competition constraints at the marketing stage of the vegetables close to the consumers i.e. downstream.

3.1 Lack of countervailing power and information asymmetry

Smallholder vegetable farmers are dispersed and uncoordinated and are therefore unable to negotiate collectively to balance the power of large buyers. Corporate buyers always have access to real-time market data while smallholder farmers mainly know the price offered at the farmgate. This enables both formal and informal buyers to exploit the information asymmetry, hindering smallholder farmers' ability to secure profitable prices. The main challenge for smallholder farmers across the different routes to market mainly relate to low price for their vegetables and high price fluctuations.

3.2 Barriers to Market Access

The high cost of transport, lack of cold chain logistics and the inability to meet volumes and quality standards due to lack of adequate farming land and inadequate irrigation facilities locks farmers out of the most lucrative channels, forcing them to sell to the first buyer notwithstanding the price. Corporate clients and exporters often require bulk supply, traceability and certifications that smallholders cannot afford. Without cooperatives or aggregation models, most farmers are excluded from these lucrative opportunities.

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3.3 Weak Contract Enforcements
Corporate clients may change terms of the contract when the produce is ready, given their market power and the non-existence of effective mechanisms to govern and compel them to adhere to contract terms. This makes farmers vulnerable to exploitation. Another factor that contributes to depressed prices is that vegetable farmers tend to be concentrated within specific areas of production, growing the same vegetables in the same seasons, thereby flooding the market and dampening prices.

4. Conclusion and Recommendations
Challenges facing Zimbabwe's smallholder vegetable farmers are deeply rooted in how markets function or fail to function after production. Improving income for these farmers requires more than better seeds or irrigation facilities and demands structural reforms on how markets are organized and regulated. While there is a wide range of government support for smallholder farmers, they remain limited in scale and scope with minimal impact on the overall growth of their business. Therefore, there is need, amongst other measures, to enhance smallholder farmers' ability to access direct clients where they can access favourable prices for their products through the following:-

i) Smallholder farmers should establish legally registered marketing cooperatives that repres ent their interests in accessing profitable markets at reasonable terms.
ii) Supporting market transparency through the development of e-commerce digital platforms that provide real time price information from major markets directly to farmers is crucial. This can be done by capable Application developers who can use subscription fees to recover the costs for application development. Promoting fair pricing ensures smallholder farmers receive fair compensation for their produce.
iii) There is need to invest in market infrastructure to develop decentralized collection points to reduce farmers' distance to the market and investing in cold storage facilities for fresh farm produce. This may require intervention of different development partners in collaboration with the government.
iv) Agricultural extension officers should encourage farmers to adopt staggered planting calendars to avoid gluts that crash prices.

D3. Acquisition and Lease of Assets As a Notifiable Merger: Demystifying A Common Misconception

1. Introduction
The Competition and Tariff Commission ("Commission") is a statutory body established under the Competition Act [Chapter 14:28] ("Act") of Zimbabwe. Its mandate is to promote competition and fair trade in all sectors of the economy. One of the Commission's critical functions is to review mergers to ensure they do not substantially lessen competition or result in monopolistic outcomes that harm public interest. A recurring question from stakeholders is whether the acquisition or lease of assets constitutes a merger. The common assumption is that only share purchases or full business acquisitions qualify as a merger. This article seeks to clarify that acquisitions and long asset leases can, and often do, amount to notifiable mergers.

2. Legal Basis: Definition of a Merger
Section 2(1) of the Act defines a merger as:-

"the direct or indirect acquisition or establishment of a controlling interest by one or more persons
in the whole or part of the business of a competitor, supplier, customer, or other person, whether
that controlling interest is achieved as a result of-
(a) he purchase or lease of the shares or assets of a competitor, supplier, customer or other person;
(b) the amalgamation or combination with a competitor, supplier, customer or other person, or
(c) any means other than as specified in paragraph (a) or (b)."

From this definition, it is clear that both the purchase and long-term lease of assets constitute a merger if the transaction results in control over part or whole of another business. Control is interpreted as the ability to influence or direct activities or assets of an undertaking, either directly or indirectly. A long lease may transfer effective control of productive assets (e.g., factories, mining claims, distribution facilities, or intellectual property) to the lessee, enabling it to operate in the market much like an outright owner. Thus, whether through purchase or lease, once the acquirer obtains control over the assets, the transaction constitutes a merger. Such a merger becomes notifiable to the Commission where the value of the parties' combined assets or turnover meets or exceeds the prescribed threshold currently at USD 1.2 million.

Practical Examples
The distinction between share acquisitions and asset acquisitions often appears blurred in practice. For example:-

- If a firm leases a mine for 20 years, the lessee effectively controls the productive capacity of that mine, competing in the market as if it owned the resource outright.
- If a company purchases a bottling plant from another business, it gains control of productive assets that can be used to participate in and influence competition in the beverages market.

Both cases illustrate that asset control, through purchase or lease, can have the same competitive effects as acquiring shares.

3. Why Notification of Asset Acquisitions and Leases Matters
The rationale for notifying asset purchases and leases is that they can reshape market structures in ways similar to share acquisitions.

Notification allows the Commission to assess whether a transaction may substantially lessen competition. Depending on the nature of the assets and the structure of the market, such transactions may raise different types of competition concerns. The main effects include:

a) Elimination of a Competitor
Where the acquired assets represent productive capacity (e.g., a factory, mine, or processing plant), the transfer to a rival may remove an actual or potential competitor from the market. For instance, if Firm A acquires the plant of Firm B, and Firm B exits the market, the number of active competitors is reduced, increasing market concentration.

b) Input Foreclosure
Acquisitions of upstream assets that are essential inputs (e.g., a power generation facility, bottling line, or grain silo) may allow the acquiring firm to deny rivals access to critical inputs or supply them on less favourable terms. This reduces rivals' ability to compete effectively, potentially forcing them to exit or limiting their expansion.

c) Customer Foreclosure
Where assets relate to downstream access to customers (such as retail outlets, distribution networks, or digital platforms), their acquisition or lease may foreclose rivals from reaching customers. For example, if a telecommunications operator acquires exclusive access to a key distribution network, competing operators may find it harder to reach end-users.

d) Strengthening or Creation of Market Power
Acquisitions of unique or scarce assets can enable a firm to dominate a market. Control over such assets can raise barriers to entry, discourage new competitors, and increase dependence of other firms on the acquirer.

4. Conclusion
The Act is clear that both the purchase and lease of assets amount to a merger where control is conferred. Stakeholders are therefore reminded to notify such transactions when thresholds are met, and to regularise any historical transactions that were not previously notified. Notification is not intended to hinder business growth but to safeguard competition, protect consumers, and ensure a level playing field. By complying with merger control requirements, businesses contribute to a transparent and predictable regulatory environment that supports sustainable economic development in Zimbabwe.

D4. Competition And Vertical Integration In The Zimbabwean Healthcare Sector
What is Competition?
Competition refers to a market situation where businesses independently strive for the patronage of customers, aiming to earn profits, and gain market share. Where businesses are subject to competitive pressure from other businesses, they are encouraged to improve their offerings and lower their prices. Healthy competition benefits consumers through lower prices, better quality and wider choices of goods and services. Competition law aims to prevent and remedy restrictive/anti-competitive practices (such as agreements between companies to fix prices, exclusive dealing and abuse of a dominant market position) that could harm consumers or restrict competition.

What is Vertical Integration?

Vertical integration occurs when a business is involved in multiple stages of production or service delivery within the same industry. In healthcare, this happens when a health insurer/ medical aid society operates healthcare facilities such as clinics/hospitals, pharmacies, and laboratories, effectively controlling the patient's entire journey. Vertical integration is fast reshaping Zimbabwe's healthcare sector and has become increasingly visible through medical aid societies expanding their operations beyond insurance provision to owning and managing hospitals, clinics, and other healthcare service facilities.

While this strategy has been justified for improving service delivery and cost reduction, it has ushered in negative implications on the availability, efficiency, and fairness in offering of healthcare services.

Competition Concerns Associated with Vertical Integration in the Healthcare Sector
There are competition concerns associated with medical insurers involved in health services, especially limited consumer choice and market foreclosure that usually comes with the same insurers having to compete with unaffiliated healthcare service providers. The Competition and Tariff Commission (the Commission) has handled several cases related to anticompetitive conduct where health insurance and service provision are provided by the same entity to the detriment of other sector players. Some of the concerns that have been raised with the Commission are as follows: -

- medical insurers directing members to only receive care from their own practice, thereby limiting patient choices;
- policy holders required to pay huge co-payments at independent providers' facilities while they access free consultations at their insurer's own medical facility;
- insurer-owned service providers allegedly denying or restricting costly but necessary procedures, tests, specialist referrals in order to minimise costs;
- refusal to pay for services rendered at independent service providers' facilities or paying well out of the required time frames;
- relatively higher tariffs or drug prices at insurer-owned or affiliated pharmacies or laboratories as compared to those owned by independent providers;
- refusal to register new service providers on direct payment system or as preferred service providers; and
- unilateral tariff reductions by integrated insurers.

Effects of Vertical Integration on Competition
Where vertical integration leads to foreclosure, exclusive dealing, refusal to deal etc., it ultimately limits access to essential healthcare services. The growth of vertical integration, particularly the acquisition and establishment of healthcare facilities by medical aid societies in Zimbabwe presents several anticompetitive effects that threaten the integrity of the health industry. Distortion of competition happens in various ways such as the following: -

- **Foreclosure of Downstream or Upstream Markets**

This happens when vertically integrated insurers limit access to essential services like laboratories, pharmacies, or clinics for independent competitors by requiring patients to use only a designated pharmacy, laboratory, or diagnostic centre. Integrated medical aid societies can prioritise their own healthcare providers limiting access to alternative providers, thereby creating an uneven playing field. This foreclosure reduces the care quality and may increase the cost of healthcare for consumers.

- **Preferential Treatment to Affiliated Entities**

Integrated firms may favour their own subsidiaries over unaffiliated competitors. This could involve faster reimbursements, better pricing, or guaranteed patient volumes for their own clinics, pharmacies, or laboratories, thus creating an unfair disadvantage to independent competitors.

- **Discriminatory Pricing and Manipulation**

A vertically integrated player may charge different prices for the same service based on affiliation. For instance, a laboratory owned by an insurer might receive better rates than an independent one, distorting competition in the process. By controlling both the insurance and healthcare provision aspects of the value chain, these entities can charge prices that do not reflect actual market value.

- **Barriers to Entry for New Players**

Vertical integration in the sector can create high entry barriers for new or smaller healthcare providers. When large, integrated firms control multiple stages of the supply chain, like insurance, hospitals, pharmacies, and laboratories, they make it difficult for newcomers to compete.

For example, a new clinic may struggle to attract patients if most medical aid societies only honour claims from their own facilities. Similarly, independent pharmacies may lose business if insurers direct members exclusively to in-house outlets.

• Reduction in Consumer Choice
When medical aid societies operate healthcare facilities, they often limit choices available to their members. Patients may be compelled to use facilities owned by their medical aid provider or preferred healthcare service provider, reducing competition among service providers such as hospitals and clinics. With fewer independent healthcare providers, patients may find it difficult to seek care outside of the integrated system, potentially leading to higher prices and diminished quality of care as the pressure to outperform competitors diminishes.

• Diminished Quality of Care
With fewer providers competing for patients, medical aid societies and healthcare service providers may have less incentive to maintain high standards of care. This also stagnates medical research and development, reducing investment in new technologies and treatment methods. Integrated medical aid societies may prioritise cost-cutting over quality enhancement, jeopardising the overall health outcomes of the population. Integrated health systems may also limit referrals to other providers, affecting patient access to diverse services.

How to Enhance Competition in the Health Sector
Section 2 of the Competition Act [Chapter 14:28] prohibits practices that restrict competition directly or indirectly to a material degree. The anticompetitive effects of vertical integration in Zimbabwe's healthcare industry pose a significant threat to consumers and the healthcare system overall. Market foreclosure reduces market dynamism, discourages investment, and limits innovation, thereby undermining the principles of fair competition.

The Medical Services Act [Chapter 15:13] and related Regulations govern activities of medical insurers, including registration, and restriction of certain investments. However, the law does not prohibit medical aid societies from operating healthcare facilities. Market foreclosure, limited consumer choices, exclusive dealing and refusal to deal that result from health insurers controlling the entire value chain restrict businesses from competing effectively and is a breach of competition law and policy. To promote competition in the sector, medical aid societies are prohibited from engaging in anticompetitive practices such as: -

- directing their members to only obtain healthcare services from their own facilities;
- refusing to honour claims for services rendered by independent service providers competing with their own practice;
- making payment to service providers in a discriminatory way; and
- refusing to register eligible service providers or unilaterally deregister service providers

E. Internal Activities

E1. Weekly wellness activities
Staff wellness has become a major concern in organizations and CTC has not been left behind as it continues to support its members through various sporting activities. On a weekly basis, staff is treated to a half day away from the office to exercise the body and mind that works.

E2. Integrity Pledges by ZACC
In compliance with the Zimbabwe Anti-corruption Commission's anti-graft drive, the Commission and its Board members signed its integrity pledges presided over by ZACC officials. The Commission was in the process of operationalizing its Integrity Committee for its staff.

E3. Commission 6th AGM
The Commission held its 6th AGM on the 7th of August at Holiday Inn hotel. The meeting received (i) the Chairman's update on the Commission's operations for the year ended 31 December 2024 and its plans for 2025, (ii) the Chief Executive Officer's report on Operations for the year ended 2024, (iii) the report on the Commission's compliance with requisite legislation during the year ended 2024 and (iv) received, considered and adopted the 2024 audited financial statements.

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