



# Trade Practice and Consumers' Protection: Its Legal and Economic Impact in Eastern Tigray Zone

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## ABSTRACT

The new Trade Practice and Consumer Protection Proclamation of Ethiopia come into effect in Ethiopia in August 2010 i.e. Proclamation No. 685/2010. Therefore, that, after three years of the effective period, Proclamation No. 813/2013 repealed it. The Trade Practice and Consumer Protection Authority is the regulatory body, which also has a judicial mandate, oversees the implementation of the law. The law regulates trade practices by protecting businesses from anti-competitive and unfair trade practices to ensure a competitive business environment. Henceforth, this research analyses the effectiveness of these two proclamations since their ultimate goal is to secure the healthiest trade environment in the territorial hemisphere of Ethiopia. On the other side, since the two laws have their positive impact on the economy of the country, substantially this research gives due consideration for the empirical effect of these two proclamations extraordinarily in the Eastern Zone of Tigray.

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## 1. Introduction

### 1.1. Background of the Study

Enforcing consumers' rights in modern time dated back to 1962. On 15 March 1962 Consumers' Bill of Rights was proclaimed by the then president of United States, John Kennedy (**Kennedy, 1963**), which incorporated the right to choose, the right to information, the right to safety and the right to be heard (**Cristos, may 2007**). In 1985, the General Assembly of United Nations adopted a set of guidelines for consumer protection which can be taken as a turning point for consumer protection regimes by setting minimum standards for consumer protection (**United Nations Department of Economic and Social Affairs, 1999**). Accordingly, different countries in the world have adopted deferent consumer protection regulations to safeguard their consumers' interests according to the UN guidelines.

In most developed countries, consumer protection has been implemented through the promotion of competition because they have a high level of faith in their markets' ability to deliver benefits to consumers and as they have benefited from the well informed and stable market. So, they give less emphasis on regulatory intervention in favor of the consumers.

Competition law concentrates on maintaining the process of competition between enterprises and tries to remedy behavioral and structural problems to re-establish effective competition in the market the consequences of which are higher economic efficiency, greater innovation, and consumer welfare (**Kanjo, may 2005**).

In Ethiopia, there has been no integrated consumer protection law until June 8, 2010. Consumer issues had been addressed under different legislations like the Criminal Code, Civil Code, and other specific legislation and were enforced by different institutions. In 2003 Ethiopia introduced trade practice proclamation No. 329/2003 intending to secure fair competitive process through prevention and elimination of

anti-competitive and unfair trade practice and to safeguard the interest of consumers (Trade Practice Proclamation, Proc. No.329, 2003, p. art 3).

It is well-known that Ethiopia follows the free-market policy in any transactions made within the territory of Ethiopia. There are different laws designed to regulate trade practice, trade competition, and consumers' rights. Such laws try to balance the trade competition between the business communities and protect consumers from illegal market actors. This research examines the legal and economic effect of the trade practice and consumer protection laws like Proclamation No. 685/2010 and Proclamation No. 813/2013 in Adigrat, Tigray, Ethiopia with primary and secondary data. To identify the legal effect of the law factors, which are considered, are related to the existing laws such as the general contract law, commercial law, and criminal law. On the other hand, the identification of the economic effect of the law depends on the assessment of the business community trade practice, fair trade competition, and awareness of consumers.

Currently, Ethiopia is on the move towards one of the middle-income countries in Africa with a remarkable transnational economy. Ethiopia Follows free-market policy, which is regulated by fair competition of the market actors. Different laws apply to the trade practice but with a lack of well-organized consumer protection provisions. The legal protection for consumers from exploitation by market actors has passed numerous stages of development. The earliest protection was based on laws of general contract and extra-contractual liability. However, these laws cannot potentially protect consumers from such abuses.

Apart from this, the rent-seeking and market inflation have been widely flourished due to the lack of strong economic and market regulation in the country. Most of the business community understands the concept of free-market policy as it enables them freely to fix the number of goods and services as they want.

In effect, later on, consumer protection began to be based on criminal law, competition law, commercial law, and regulatory laws of different natures, as well. In an attempt to ensure fair trade practices, the existing laws were unable to protect the consumers from the illegal market actors. As a result, the Ethiopian government has enacted a separate law governing the “Trade Practice and Consumers’ Protection Proclamation (No. 685/2010)” in 2010 and again with few amendments the government also enacted “Trade competition and consumers’ protection proclamation (No. 813/2013)” in 2013. This indicates that the GOE gives great concern for a healthy trade environment as well as fair trade competition.

The new protection law intended to apply to any transaction in goods and services with the objectives of protecting consumers in the market place and accelerating the economy of the country by avoiding the rent-seekers or illegal traders from the market chain. It is believed that the new law serves as a method to shift the paradigm of the business community on the understanding of the free market policy and practice transparent transactions while they are engaging in the market. Besides this, the rights of consumers and obligations of businesspersons are basic substantive characteristics of this law. Obligations of the seller, rights of the buyer, illegal or harmful trade practices, and their parallel legal duties are included within that aim to ensure the responsible carry of duties by parties as well as safety, health, interests, and goodwill of the public.

Hence, on one hand, the researcher aims to investigate the legal effect of this newly enacted law on basic laws of contract, extra-contractual liability, criminal law, commercial law, and competition laws as well. Since the above-mentioned laws incorporated some provisions, concerning trade practices and consumer behaviors’. On the other hand, the researchers want to interrogate, whether the laws certainly have their own positive and negative implications on businesspersons or not on the economic advancement of the country.

### 1.2. Statement of the Problem

The main obstacles behind the undertaking of this research are the following:

- ♣ The awareness of stakeholders regarding trade practice, fair trade competition, and consumers’ protection rights is so very limited;

- ♣ The non-existence of branch offices of Trade Competition and Consumers’ Protection Authority in the Regional level since it limits to access full information about the implementation of the two proclamations.

### 1.3. Objectives of the study

The broad and basic objective of the study is to assess the legal and economic implications of the trade competition and consumers’ protection laws in Eastern Zone of Tigray. Specifically;

- ✓ To examine the economic implication of the laws in any transactions;
- ✓ To identify the understanding and application of the laws by the business community and consumers in Eastern Tigray Zone;
- ✓ To identify the measures taken against illegal actors in the market; and
- ✓ To make awareness for the administration to correct the market.

### 1.4. Significance of the Research

This study may have numerous supportive values on trade practice, trade competition, and consumers’ protection

laws and shows the practical implementation of these laws in Eastern Tigray Zone. For policymakers, it could serve as a shine for analyzing and shaping strategies and legislations of the Region and the country in fair trade competition laws. For other researchers, the study may serve as an input in their studies on the area. Concerning this, governmental or non-governmental organizations working on trade practice may take the study as a supportive element in their undertakings and movements.

For the society and the readers at large, the study will create awareness on the nexus of trade competition laws and practice fair trade practices in the study area.

Besides, the study may open the eyes of stakeholders to give due consideration on the legality of fair trade practices undertaken at Eastern Tigray Zone. Henceforth, the study would have the significance of initiating stakeholders to mobilize for the protection of commercial laws. Besides, the study has the following detailed significances:

- ♣ To make awareness for the community and concerned organizations the existing trade practices, trade competition, and consumers’ protection laws;

- ♣ By applying these pertinent commercial laws vis-à-vis practical trade practices for the sake of fair trade competition practices in the region and beyond that for the country’s overall development it has its positive impact on sustainable development;

- ♣ To minimize and avoid illegal trade practices mechanisms in the study area and by doing so to get benefit from trading activities fairly and equitably.

### Scope of the Research and Limitations

The research is mainly concentrated on the investigation of the legal and economic effect of the two laws i.e. Proclamation No. 685/2010 and Proclamation No. 813/2013 on the current trading performance of stakeholders who are participating in the research area.

As limitations, the research does not involve any analysis, investigation, or comparison, for example about the status of the stakeholders concerning their level of participation in trading activities. The problem of the availability and accuracy of data had effects on the study. Sufficient and good quality data was lacking. For example, there is no record of an earlier study on the study area concerning consumers’ protection rights. The fact that primary data based on the respondent’s memory may have effects on the study.

### 1.5. Research Methodology

Sources of Data: This research uses both primary and secondary types of data in assessing the trade practice and consumers’ protection in the study area of the eastern Tigray zone. While the data gathered through interviews and questionnaires from consumers, traders, Trade and Industry officials of the zone, cases, and existing laws of trade practice and consumers’ protection constitute primary types of data, & the secondary ones refer Government reports, journal articles, and different publications.

Data Gathering Methods/Tools: The facts showing the legal and economic assessment of the law of trade practice and consumers’ protection gathered by using document analysis. (Proc. No. 685/2010, Proclamation No. 813/2013, different pieces of literature, workshop papers, and other documents as which may be found relevant.)

Semi-structured interviews and questionnaires are the main tools to collect necessary inputs/information concerning the practice of standard assessment in Eastern Tigray zone.

❖ To make it specific, the researchers have interviewed with 15 respective trade & industry officers from the five weredas, which is from each wereda 3.

❖ The importance of the interview explained by the fact that it helps to get information from the body that is administering trade practice and consumers' protection laws in the region.

❖ A questionnaire distributed and filled by the consumers used in the research.

❖ In addition to this Interview, cases, institutions reports, and laws (Proc. No 685/2010, Proclamation No. 813/2013 & other subsidiary laws) are analyzed.

### 1.5.1. Sampling Techniques

♣ Different sampling techniques used in this research.

♣ Concerning the interview, the selection of interviewees was based on a purposive sampling technique.

♣ Accordingly, 100 interviewees of different stakeholders, it was contacted from 5 weredas; Hawzen wereda, Kiltie Awula'elo, Wukiro, Woreda Ganta Afeshum, and Adigrat which are weredas of Eastern Tigray Zone.

♣ Based on the rules of legal research methodology, the above sample size is usually considered sufficient to represent the practice of the law of trade competition and consumers' protection with these targeted populations.

♣ When we come to the questionnaires, this data was collected from 15 officials of the Trade and Industry Department of the eastern zone based on purposive sampling.

### 1.5.2. Data Analysis Method:

▪ The research shall employ different methods of data analysis depending on qualitative method and a way of socio-legal research methodology mainly legal analysis, interpretation and description of laws, court decisions' analysis and interpretation, content analysis of documents to demonstrate the problems of laws to the legal and economic assessment of trade practice and consumers' protection law, and interpretation and analysis of interviews shall be used.

▪ The opinions of stakeholders like consumers, traders, etc., officers collected through questionnaires, and interviews shall be analyzed.

### 1.5.3. Research Strategy

The study methodology we administered in this study is that, non-documentary qualitative research methodology. Besides, the researchers also used a documentary analysis of research methodology for the overall analysis of trade practice, fair trade competition, and consumers' protection.

### 1.5.4. Types and Sources of Data

Primary and secondary sources used in this study. From primary sources, systematic observation, field trips, and interviews especially key informant interviews, as well as formal and informal FGD, are utilized. On the other side, as secondary sources books, thesis, reports, journals, articles, and different written materials on the issue are utilized.

## 2. Trade Practice, Trade Competition, and Consumers' Protection Laws, Policies and Strategies

### 2.1. FDRE Trade Competition and Consumers' Protection Proclamation

To begin with, starting from the policy objectives of the new trade competition and consumers' protection proclamation this proclamation has the following theme policy objectives:

♣ To running the commercial activities of the country under the appropriate principles of the free market economy policy (Trade Competition and Consumers' Protection Proclamation, 2013);

♣ For protecting the business community from anti-competitive and unfair market prices besides, to protect consumers from misleading market conducts which results in for the promotion of competitive free market (Trade Competition and Consumers' Protection Proclamation, 2013)

♣ To prevent the proliferation of goods and services that endanger the health and well-being of consumers (Trade Competition and Consumers' Protection Proclamation, 2013);

♣ To determine the powers and duties of the concerned organs particularly, the organs in charge of the investigation, prosecution, and judicial responsibilities (Trade Competition and Consumers' Protection Proclamation, 2013).

Henceforth, based on the policy objectives which are mentioned above, we can apprehend that the basic goal of this proclamation is that for the protection of consumers from unfair trade practices as well as for the ascertainment of the healthy business environment. So that, for the prevalence of goods and services which is at deserved cost for consumers including the keeping up of quality goods and services for consumers.

On the other side, as per this proclamation, "Consumer" means a natural person who buys goods and services for his personal or family consumption, whether the price is being paid by him or another person and not for manufacturing activity or resale (**Trade Competition and Consumers' Protection Proclamation, 2013, p. Art 1(4)**). On the other direction, "unfair trade practice" means any act in violation of provisions of trade-related laws (**Trade Competition and Consumers' Protection Proclamation, 2013, p. Art 1(9)**). This means that, if any person who breaches the different laws, for instance, different provisions of commercial code, different provisions of the civil code extraordinarily which states about contract law can be considered as if the act of unfair trade practice.

Henceforth, the following acts shall be considered as acts of unfair competition:

1. An act that confuses concerning another business person or its activities particularly the goods or services offered by such a business person;
2. Any act of the utilization of another business persons' information in a manner contrary to honest commercial practice;
3. Any false or unjustifiable allegation that discredits another business person or its activities, in particular, the goods or services offered by such a business person;
4. Comparing goods or services falsely or equivocally in the course of commercial advertisement;
5. Distributing equivocal or false information to consumers or users in connection with the price or manufacturing system of another business persons' products;
6. Attempting to obtain confidential business information from another business person through his current or former employees. (Trade Competition and Consumers' Protection Proclamation, 2013, p. Art 8(2)). So, unfair competition can be expressed through different ways for which it endangers even the economic development of a certain state.

To avoid unfair competition the different stakeholders like the government, consumers, traders, trade competition, and consumers' protection authority, different enterprises that are participating in mercantile activities and even the public at large must have a basic apprehending about unfair competition.

The other basic them under the new trade competition and consumers' protection proclamation what we have to give

due consideration is that about the protection of consumers. So, to begin with, every consumer has the following rights:

- a) The right to get sufficient and accurate information as to the quality and type of goods or services he purchases;
- b) To buy goods and services based on his own choice;
- c) Not to be obliged for the reasons that s/he looked into quality for options of goods and services or s/he made price bargain;
- d) For getting honorability from the business person and protected from acts of insult, threat, frustration, and defamation and
- e) The right of claiming compensation if any damage happens because of the utilization of goods and services (Trade Competition and Consumers' Protection Proclamation, 2013, pp. Art 14(1-5)).

#### **Display of Goods and Services:**

Businesspersons shall have the obligations of:

- ◆ To display the price of her/his goods and services by posting such a list in a conspicuous place in his business premises;
- ◆ To affix price tags on the goods;
- ◆ The price of goods and services shall be inclusive of taxes and other lawful fees (Trade Competition and Consumers' Protection Proclamation, 2013);
- ◆ To affix labels on the goods s/he sells or provide them to the consumer on a separate paper (Trade Competition and Consumers' Protection Proclamation, 2013);
- ◆ Labels affixed on goods shall indicate the following particulars:
  - The name of the goods;
  - Country of production or export of the goods;
  - The gross, net weight, volume, and quantity of the goods;
  - Quality of the goods;
  - Raw materials used to manufacture the goods;
  - Technical specification and operational guidelines of the goods;
  - Safety measures to be considered during the use of the goods;
  - A warranty of the service of the goods to be provided by the trader;
  - The names and addresses of the manufacturer, packer, and importer;
  - The expiration date of the goods;
  - The manufacturing date of the goods;
  - Indications that the goods satisfy the Ethiopian standards set;
  - Other details which are beneficial for the public interest at large (Trade Competition and Consumers' Protection Proclamation, 2013) (Trade Competition and Consumers' Protection Proclamation, 2013).
- ◆ Labels should be posted or printed on the goods or the package and not to be easily detachable as well at least written in Amharic or the English language (Trade Competition and Consumers' Protection Proclamation, 2013).
- ◆ To issue receipts immediately to the consumer in respect of goods or services sold;
- ◆ To keep pads of receipts issued in respect of goods and services sold or receipts obtained in respect of goods and services s/he bought for resale for 10 years (Trade Competition and Consumers' Protection Proclamation, 2013);
- ◆ To advert her/his trade name at an overt place;
- ◆ The trader should disclose the material facts of goods and services which are rendered by her/him to the consumer

(Trade Competition and Consumers' Protection Proclamation, 2013);

- ◆ Commercial advertisements which may be done by the trader about the different goods and services rendered by her/him may not be misleading to consumers (Trade Competition and Consumers' Protection Proclamation, 2013);
- #### **2.2. FDRE Trade Policy and Strategy**

The trade regime is a part of the overall incentive structure. Trade reforms are important for the modernization of the economy and are an aspect of the transformation from an inward-oriented to an outward-oriented economy. Trade policies are also of vital importance for the transfer of technology, management know-how, and for increasing the efficiency of the economy including the non-tradable sector through competition for resources (Abebe Asamere, 2016).

The Ministry of Trade was re-established in August 1995 under the proclamation No 4/1995 issued to provide for the definition of powers and duties of the executive organs of the Federal Democratic Republic of Ethiopia (FDRE).

The Ministry was again reorganized with a proclamation No 411/2004 issued to amend the reorganization of the executive organs of the Federal Democratic Republic Ethiopia Proclamation No 256/2001.

With this proclamation and by other laws, the Ministry has been given the power to supervise and coordinate five government institutions that are involved in the promotion & development of trade, industry, and investment activities.

The Ministry is organized under one minister, implementing departments, five support services, one Civil Service Reform office, and a trade branch office that enable the ministry to effectively perform its duties and responsibilities vested with it.

#### **Implementation Strategies:**

Introducing fundamental change in trade registration and licensing services: By revising the regulations that have been applied to date, a more fair and efficient service will be established. The trade registration and licensing aspects of the new regulatory framework will oblige the business community to give accurate information about their business operations. The information provided will be stored in a digital database. Besides, criteria governing professional efficiency will be adopted by the public agencies concerned will trade. Proclamation and associated regulations will be prepared and enacted that, among other purposes, provide for the granting of trade permits and facilitation of improved implementation processes.

Ensure consumers' rights and security by enhancing trade regulations: Ensuring the existence of fair trade that affirms the consumer's rights and benefits will contribute to accelerated economic growth and social development. With this focus, and based on free-market principles, a consistent system will be established to ensure fair and efficient trade registration and licensing, and healthy and fair competition among the business community. Where harmful or illegal business practices that damage consumers' health, or reduce their safety, the government will continue to act in consumers' interests. To this end, consumers' associations will be organized and supported logistically, with finance, technical support, and human resource development; the overall aim is to ensure consumers pay a fair price. These strategies will help to ensure that consumer associations play a positive and beneficial role in regulating prices. On the other hand, the legal and regulatory framework to minimize

conflict between the business community and consumers will be established and implemented.

Conditions that would facilitate to ensure benefits from trade relations and negotiations: A key implementation strategy is to integrate the country into the multilateral trading system. This will be achieved by completing the World Trade Organization accession process and strengthening regional trade integration with the Inter-Governmental Authority on Development, Sana'a Forum, the Common Market for Eastern and Southern Africa (COMESA), and the COMESA-East African Community-Southern African Development Community Tripartite. The purpose of these actions is to transform the trade negotiation process to a higher level of effectiveness. A further task is to; conclude the Economic Partnership Agreement with the European Union. Finally, bilateral trade relations and negotiations will be improved with all parties where mutual advantages are identified.

**Strengthening Domestic Product Marketing System:** Implementation activities focus on integrating domestic product marketing systems, increasing production and exchange coverage, and strengthening export development. The domestic product marketing system will be strengthened with the objectives of ensuring fair, transparent, participatory, and cost-effective transactions as well as fair prices. Support will be given to promote exports, build capacity, develop better use of information technology, and develop access to finance and logistics. These activities will be planned and carried out in collaboration with all stakeholders.

**Agricultural Marketing:** A shift in the attitudes and production processes of farmers and pastoralists from subsistence to more market-driven production has started to occur. This involves a change in attitude and lifestyle and a new focus on international markets. Farmers and pastoralists will be helped to shift gradually from the production of low to the production of high-value products and to ensure that their incomes increase as a result. The transformation of the agricultural sector, especially in terms of rapid agricultural diversification and commercialization, must be complemented by an effective marketing system.

Modern agricultural marketing systems, such as the marketing practiced through the Ethiopia Commodity Exchange, will be strengthened. Initiatives that contribute to improving the agricultural marketing system include identifying and expanding best practices of model farmers, improving the quality of agricultural products, strengthening monitoring and support systems at all levels, improving market infrastructure and the agricultural marketing information system, building the capacity of the market actors, and strengthening the capacity and participation of cooperatives. During the GTP period, the primary markets will be effectively linked to the Ethiopian Commodity Exchange system to create an integrated and efficient marketing system.

To improve the agricultural marketing system several initiatives will be taken in the GTP period. The experiences of best small scale farmers will be identified and be scaled up from Kebele to the federal level. Quality control of agricultural products will be put in place and the marketing system established. A strong monitoring and support system from regional to Kebele level will be put in place and will serve to ensure the integration and performance of the market. Primary markets will be established and strengthened. Market infrastructure will be provided and market promotion strengthened to identify and penetrate new markets and

increase the share in existing markets. An agricultural marketing information system will be established so that information can be delivered to users on a timely basis. The capacity of the market actors will be enhanced, agricultural product quality ensured and proper standards set. Cooperatives will be promoted to play a significant role in the marketing system. The focus will, in particular, be on identifying the problems of existing cooperatives and thereby undertaking measures that enhance their capacities.

The government will work closely with private actors to address market problems, particularly certain items. In this regard, the government will work closely with all stakeholders to rectify the market, logistics, and transport problems observed in horticulture, live animals, meat, and other crucial export items.

### **Measures Taken by Stakeholders to Implement and Enforce Existing Trade Practice and Consumer Protection Laws in Eastern Zone of Tigray**

As I apprehend from my semi-structured interview from different stakeholders of Eastern zone of Tigray particularly from different business persons, officials of industry and trade, judiciary organs of the zone, different levels of consumers, and the public at large haven't basic awareness about trade competition, trade practice and consumer protection laws of the country. Surprisingly, even the executives, as well as different experts who are responsible for consumers' laws, are not well equipped with competition laws of the country. Henceforth, the government is expected to do more extraordinarily in the awareness creation of stakeholders including experts of the zone since there is a great knowledge gap starting from unknowing of different preexisted competition laws including the new proclamation.

### **3. The Practical Applicability of Trade Practice, Trade Competition and Consumers' Protection Laws in Eastern Zone of Tigray**

#### **3.1. The Legal Impact of Trade Competition Laws in Eastern Zone of Tigray**

Ethiopia doesn't have consumer protection laws in a consolidated or codified form. This doesn't mean that there is no consumer-related legislation at all. It is possible to consider Consumer Protection Laws in Ethiopia as a conglomerate of various legal rules that are found being scattered in the various branches such as civil, commercial, penal laws, and other sects' oral issues and specific legislations (**Abebe Asamere, 2016**).

These laws have practical applications almost daily to protect the interest of consumers from any form of abuse. Lack of consolidation of these laws for the specific interest of the consumers has created confusion as to the very existence of the law itself and the law has been inaccessible for easy reference so that the consumer can easily identify the law and assert its right on that basis. For further analysis of its interface with the competition regime also, lack of data, and the problem of the naming of court files under the title of competition cases, it is almost impossible to deal with its interface with the competition regime (**Abebe Asamere, 2016**).

#### **3.2. The Economic Impact of Trade Competition Law in Eastern Zone of Tigray**

Broadly defined, competition, in a market-based economy, refers to a situation in which firms or sellers independently strive for the buyer's patronage to achieve particular business objectives such as profits, sales, or market shares (**OECD, 1981**). Henceforth, different stakeholders

who are living in the study area are sacked by unfair trade practices and unfair competition of traders and even by different traders' horizontal relations for bargaining with consumers' in a higher cost than the normal cost of different kinds of commodities like basic needs of the society concerned.

### **3.3. Awareness of Stakeholders about the Promulgation of Trade Competition Laws**

As the researcher apprehends from the interview administered for the different stakeholders in the trade competition and consumers' protection law, particularly on the understanding of stakeholders vis-à-vis on the enactment of competition laws more or less the stakeholders at large are not in a position of knowing about even the existence of such kinds of laws (**Trade Practice Proclamation, Proc. No.329, 2003**).

### **3.4. Roles of Primary Stakeholder Institutions for the Proper Applicability of Trade Competition Laws**

#### **3.4.1. Office of Trade and Industry Main Department**

Even though the office of trade and the industry-main department is in a position of lion share responsibility for the protection of consumers from unfair trade practices basically at the regional level whereas, the office is not doing well for the protection of the trade competition and consumers' protection law. Even, as the researcher well apprehends from the different levels of officials of trade and industry-main departments of the research site area, the experts of the office are not aware of the prevalent trade competition and consumers' protection laws of the country properly (**site, 2016**).

## **4. Major Findings And Recommendations**

### **4.1. Major Findings:**

The study indicates that consumers are severely affected due to the absence of competition policy, limitation of awareness on the benefit of the competitive market. Competition policy and legislation can market a significant contribution to the integration of the country into the global market and helps to reduce poverty. The primary goal of competition policy should be to drive competitiveness and efficiency, which ultimately leads to better consumer welfare under economic principles. The regulation of a free market economy cannot be completed without effective and efficient competition policy and legislation, which ensures competition in the market, is free and fair. As a result of the culture of monopolies in the economy, the efforts to integrate into the global market cannot succeed unless local enterprises can participate effectively in the fair economic arena... As a summary of the survey and research, unfair trade practices, collective price-fixing, entry barriers, and bid-rigging are among the anticompetitive practices undertaken in Ethiopia generally and in the Eastern zone of Tigray Repeatedly.

Business needs an effective competition policy so that markets operate properly and consumer welfare is maximized. However, unprecedented challenges may arise in competing with the new industrial powers and competition policy needs to recognize the new commercial realities of the global market place. The overall anticipation from consumer perspectives, competitive markets delivers the quality products and services at competitive, affordable, and attractive prices for consumers than be achieved through regulation and state planning. Markets should be made free from the hands of the government to encourage the major economic actors such as government, business, and consumers to play a crucial role in better productivity,

sustainable consumption, and boosting government revenue. Markets must be freed of barriers to entry to encourage new entrants into the marketplace.

It has been argued that it is only in a country where there is economic development that domestic enterprises can be integrated into the global economy or market. Besides, it is through free and fair competition that weak and poor are allowed to participate effectively in their economy and take part in reducing poverty. To allow the weak and the poor to participate and play a crucial role effectively in the economy or market, there must be effective competition policy and legislation that protects and prevents consumers from exploitation.

Therefore, the writers of this research report recommend that the government, business, and consumers have to advocate and promote Trade competition and consumers' protection Proclamation No. 813/2013, through awareness creation mechanisms. As stated above, consumers are victims of anticompetitive practices such as horizontal agreements, abuse of dominance position, unfair trade practices, collective price-fixing, entry barriers, and bid-rigging. Hence, consumers have to build pressure for the effective implementation of trade competition proclamation. Considering that effective trade liberalization policies should protect the weak and the poor through trade policies, enterprises operating in the economy/market have to promote economic development to reduce poverty. It has been realized that most monopolistic enterprises are in the country are in the area of essential commodities and services like sugar production, cement production, electricity, water, soft drink, and air transport, etc. As a result of these most people cannot afford necessities leading to the escalation of poverty and low levels of food security.

Recognizing, the importance of consumer rights to equality, social justice, and economic advantage the government has to seriously work on the area of competition law with enthusiasm to protect its consumers from anti-competitive practices. Development is incomplete without implementing competition policy and/or competition law, and endeavors to build a democratic system are incomplete without market reform. Therefore when we talk about competition policy and/or competition law, we are in other words talking about development, and serious development endeavors presuppose the implementation of competition policy and/or competition law.

Competition (either negatively or positively) affects business, consumers, as well as the whole nation. And more importantly, all of us are consumers in one way or the other. Thus, we ought to join hands and work towards the proper implementation of competition policy and/or competition law. The Ethiopian competition regime is in a very bad state and it must be rescued very soon. The only way to do it is to put in place an adequate competition law and a truly independent and strong competition authority and a competition tribunal.

### **4.2. Recommendations**

Under Ethiopian circumstances in general and in the Eastern Zone of Tigray, the study has found some problems in these respects and recommended possible solutions as follows:

◆ One of the most important strategies for the effective enforcement of consumer protection is conducting a pre-intervention study. However, the study has found that the recent intervention of MoT in the market in the form of price

regulation of basic goods and services has lacked proper pre-intervention study in terms of prioritization, determination, and application. And hence, the study recommends that institutions entrusted with the duty to enforce consumer protection regulations should conduct pre-intervention studies as to prioritization, determination, application, and cost-benefit analysis before the intervention. For example, if MoT found that “beer” to be basic to Ethiopian consumers and want to apply it, it could be more prudent the MoT in consultation with relevant bodies to give different levels for hotels, bars, restaurants, and other places where beer can be sold before its implementation based on different factors such as service quality, location, etc.

The study has also found that penalties provided under the proclamation and actions that are being taken by the MoT against the business community are more punitive and revengeful than educative and persuasive which are not capable of bringing long term benefits to consumers. Hence, the study recommends for the legal amendment thereby revising penalties to fit the existing capacity of our traders and focusing more on education, advocacy, persuasion, and framework as to alternative dispute resolution mechanisms. There also should be continuous training and experience sharing programs available for enforcing institutions for practical improvement.

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