



**FOR IMMEDIATE RELEASE:**

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Following amendments of the Competition Act No.12 of 2010 to accommodate emerging concerns in the economy, the Government has created a Buyer Power Department within the Competition Authority of Kenya (CAK).

This Department will address concerns about businesses abusing their influence over suppliers.

The amendments to the Competition Act allow the Authority, through the Buyer Power Department, to investigate such abuse, with the punishment for infringing the law being imprisonment for a term not exceeding 5 years, a maximum fine of Ksh10 million, or both, for criminal prosecutions.

The Authority may also impose an administrative penalty of up to 10% of the preceding year's turnover of the undertaking(s) in question or issue cease and desist orders to remedy the infringement.

Abuse of buyer power manifests itself in practices such as;


- Delayed payment by a buyer without justifiable reasons in breach of contractual terms;
- Unilateral termination (or threat of termination) of a commercial agreement without notice;
- A buyer's refusal to receive or return goods without justifiable reasons and in breach of contractual terms;
- Transfer of costs - buyers transferring costs or risks to suppliers by imposing a requirement on them to fund the cost of a promotion; and
- A buyer demanding preferential terms that are unfavorable to suppliers or demanding suppliers limit products sold to competitors.



The Buyer Power Department will initially concentrate its investigations in the retail sector where there are allegations and indications pointing towards abuse of buyer power. This prioritization has been informed by the fact that the retail sector value chain has recently come under strain.

The Authority has embarked on the process of populating the new Department which will, in its full capacity, have 19 investigators. This is the initial number of staff who will investigate and advise on allegations of abuse of buyer power in key sectors of the economy which have a bearing in the achievement of the Government's Big Four Agenda.

**Issued by:**



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