**THE IMPACT OF COMPETITION REGULATION ON CONSUMER WELFARE: A FOCUS ON MERGER CONTROL IN ZIMBABWE**

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### **INTRODUCTION**

Competition regulation plays a pivotal role in shaping well-functioning markets that deliver tangible benefits to consumers. Central to this regulatory framework is the objective of promoting consumer welfare through the creation and maintenance of competitive, efficient, and dynamic markets. In Zimbabwe, the Competition and Tariff Commission **(CTC)** is mandated under the Competition Act *[Chapter 14:28]* to regulate mergers and acquisitions to prevent market structures that could undermine competition and disadvantage consumers. Merger control is one of the most effective tools in competition regulation. It provides a forward-looking mechanism to assess whether a proposed transaction may substantially lessen competition or create market dominance. This preventive approach ensures that consumer interests are protected before harm occurs, reinforcing the long-term functioning of markets in the public interest.

### **HOW MERGER REGULATION PRESERVES COMPETITIVE MARKET STRUCTURES**

Mergers can deliver positive synergies and efficiency gains; however, they also pose risks especially when they increase market concentration or create dominant players. Without oversight, such mergers can weaken competition by reducing the number of players, raising barriers to entry, and enabling collusion or exploitative pricing. A core function of merger regulation is the preservation of market competition. Mergers that create dominant firms or result in high concentration levels can distort market structures, enabling the merged entity to engage in anti-competitive conduct or discourage entry by new players.

In Zimbabwe, the CTC’s merger review process assesses whether proposed transactions may substantially lessen competition or create monopoly situations contrary to public interest, resulting in behavior that undermines consumer welfare. Among other factors, CTC examines market shares, potential entry barriers, buyer power, and post-merger conduct. Through this scrutiny, CTC ensures that mergers do not entrench monopolies or foreclose rivals, thereby maintaining the competitive pressures necessary to drive consumer benefits. By doing so, merger regulation ensures that the structure of markets remains open and contestable, preventing harmful consolidation and preserving consumer access to competitive choices. Merger regulation, therefore, acts not only as a consumer protection mechanism but also as a structural tool that sustains competitive forces across all sectors of the economy.

### **KEY BENEFITS OF MERGER REGULATION ON CONSUMER WELFARE**

Consumer welfare, in the context of competition law, refers to outcomes that benefit consumers which are best achieved in competitive markets where firms are compelled to operate efficiently and respond to consumer demands. Merger regulation ensures that the competitive process is preserved by intervening when proposed consolidations threaten to undermine it. Maintaining competition is not an end, it is the mechanism through which broader economic and consumer benefits are delivered. The result is a market system that is responsive, inclusive, and capable of delivering the following consumer welfare outcomes:

### ***Lower Prices***

One of the most immediate and measurable benefits of effective merger control is price discipline. In competitive markets, firms are pressured to offer lower prices or risk losing customers. Merger regulation prevents anti-competitive consolidations that could remove this pressure and result in unjustified price increases. By blocking or conditionally approving mergers that lead to dominance or price coordination, CTC ensures that consumers continue to benefit from competitive pricing.

### ***Innovation and Product Quality***

Rivalry is a key driver of innovation and quality improvements. Firms competing for market share are incentivized to differentiate themselves through investment in research, product design, service delivery and new technologies. Where mergers remove significant competitive constraints, this drive to innovate may diminish. Merger regulation protects this innovation cycle by preserving the incentives that arise from inter-firm rivalry.

### ***Product Variety and Consumer Choice***

Consumer welfare is not limited to price alone. Access to a wide range of products and services tailored to diverse consumer preferences is also essential. When mergers result in reduced competition, the variety of goods and services available to consumers often shrinks. By maintaining a diverse market structure, merger regulation supports continued consumer choice and responsiveness to niche demands.

### ***Allocative and Productive Efficiency***

Merger control contributes to allocative efficiencies, where resources are directed toward the goods and services most desired by consumers, and productive efficiencies, where firms are compelled to minimize waste and lower costs. In the absence of competitive pressure, inefficient firms may survive through market power rather than merit. Merger regulation ensures that only efficiency-enhancing transactions that do not harm competition are approved.

### **CONCLUSION**

Effective competition regulation, and specifically merger control, is central to enhancing consumer welfare in Zimbabwe. By preventing anti-competitive mergers, the CTC ensures maintenance of the market conditions necessary for lower prices, greater product variety, higher quality, and innovation. Merger regulation ensures that markets remain contestable, efficient, and dynamic. As the Zimbabwean economy evolves, continued vigilance in merger assessment will be essential to fostering inclusive growth, sustainable development, and a consumer-friendly marketplace.