

Action Taken Report

CUTS CCIER International Advisory Board Meeting

1. Background

CUTS International's, Centre for Competition, Investment & Economic Regulation (CUTS CCIER, www.cuts-ccier.org) has regularly held meetings of its International Advisory Board members (IAB) on the sidelines of international conferences that are either organised by CUTS and/or other organisations, where a critical mass of IAB members participate. The last meeting of the IAB was held on the sidelines of the CUTS 7Up4 Project Final Conference on 7th August 2010 at Dakar (Senegal). A report of this meeting was prepared and circulated.

This is an Action taken Report (ATR) that summarises the suggestions received from the members of the IAB over time, and corresponding actions that were taken. The ATR starts with a section briefly describing ongoing projects of CUTS CCIER – and their current status.

2. Ongoing Projects

- i. COHED Project* – This is a project that CUTS has been implementing in India over the last 10 months or so in two states of India (Assam and Chhattisgarh) in order to collect evidence of ‘collusive behaviour in the healthcare sector’ and use the same to initiate actions by the state government and by CSOs to spread awareness and understanding about the linkage between such practices in the health sector in the country and the resulting (ever increasing) financial burden on consumers. While the project report is currently being drafted, collected data and its analysis clearly demonstrate this link between collusive behaviour and the high cost of healthcare services in these two states. One of the most striking facts is that a large percentage of consumers visiting government/public health institutions were buying medicines from private pharmacies (located right outside the public hospitals). This project is being supported by Oxfam India, who have expressed an interest in supporting CUTS to extend this project in three more states in the country (Bihar, Jharkhand and Orissa).
- ii. ICRR 2011* – The ‘chapters’ of the ICRR project are currently being drafted, and the work-in-progress would be presented at the international conference being organised by CUTS on 18-20 April 2011 in New Delhi. A perception survey has also

been initiated to gather perception of various stakeholders about the prevailing competition regime in the country. The Ministry of Foreign Affairs (Norway) is supporting this project as part of the PROSAIG programme.

- iii. BRCC Project* – A project that CUTS has initiated in cooperation with the Norwegian Institute for International Affairs (NUPI), to assess how industrial development in India can occur in a sustainable manner through enabling policy reforms and appropriate practice changes. Outline of the thematic research (elucidating the *interface between business regulation and corporate conduct*) is currently being drafted and would be shared with stakeholders at the launch meeting of the project to be held on 21st April 2011 (New Delhi). The Ministry of Foreign Affairs (Norway) is supporting this project as part of the PROSAIG programme.
- iv. Second Laws project* – This project is nearing its conclusion with Routledge having agreed to print the book. This book is a collection of (nine) country essays highlighting the motivations in various countries that led to repeal of an old law and adoption of a new one. Countries at different levels of economic growth were chosen for this analysis, so that a set of criteria (for adopting new competition laws) could emerge from the analysis. The country essays were contributed voluntarily by various CUTS friends/partners/fellows.
- v. Consumer Protection Regimes in the World* – A first volume of this book is being readied and would contain essays about the state of consumer protection regimes from about 40 countries (analysed, using the UN Guidelines for Consumer Protection). The country chapters were contributed by INCSOC members.
- vi. Capacity building of CSOs to demand DSM/RE in India* – A project being supported by Climateworks Foundations (USA) and to be implemented in two states of India (Gujarat and West Bengal) to develop understanding and awareness of CSOs, so that they mobilise greater consumer demand for renewable energy products/services in India. The project has been initiated (background work is in progress) and would be formally flagged off through a launch meeting in June 2011. Partners are being firmed up in the two states and a Project Advisory Committee (PAC) being formed.

3. Actions on IAB Suggestions

This section summarises the comments received from the IAB members and corresponding actions taken by CUTS and/or those in the pipeline.

Sl. No.	Suggestion received	Specific Issues raised	Actions taken/planned
1.	Analysis of 7Up projects	<p>The countries (7Up) where CUTS has undertaken work on competition issues should be re-visited in order to analyse how the 7Up project (research and awareness/advocacy) helped the process of competition reforms.</p> <p>CUTS should maintain close contact with the partners/CSOs/NRG in these countries</p>	<p>i. CUTS has initiated an assessment (internally) to understand how the ‘7Up Projects’ have contributed towards domestic competition reforms in the countries, and a report of the same would be ready by mid-2011.</p> <p>ii. CUTS has also started discussions to initiate a ‘follow-up’ initiative (<i>7Up Redux</i>) in selected 7Up countries. In addition to spreading awareness and understanding on competition issues and influencing the process of competition reforms, this initiative would try to benefit consumers directly. One of the possible ways of doing this would be by identifying (say 5) incidences of anti-competitive practices (that affect consumers directly) and quashing/addressing them through actions on the ground.</p>
2	Interface between competition and sector regulation	<p>(i) Empirical research on the interface between competition and sector regulation</p> <p>(ii) An important research question would be ‘What kind of Sectoral decisions impinges on Competition Commissions?’</p> <p>(iii) Assess the compatibility between competition and sectoral legislations</p> <p>(iv) Explore the possibility of support from</p>	<p>i. CUTS has developed a Viewpoint paper on the same and has this as an issue to be covered in a future multi-country research and advocacy project.</p> <p>ii. A number of cases of how this cooperation has been implemented in other countries would be studied, so that these ‘young agencies’ can draw relevant lessons.</p> <p>iii. A research proposal to enable the Competition Commission of India (CCI) to deal with this issue has been submitted to the Ministry of Corporate Affairs, Govt of India for support</p> <p>iv. A project proposal has been prepared for exploring possible</p>

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		PPIAF (World Bank)	approach(es) for cooperation between ‘young’ competition agencies and sector regulators (in utilities) in some countries of Africa and Asia. This could be shared with R S Khemani, so that he can help touch base with the relevant official at PPIAF (World Bank) for support (upto US\$ 50,000).
3	Competition Policy and Consumer Welfare	Research on the interface between competition policy and consumer protection policy – culling out experience of CUTS activities (starting from COMESA countries)	i. CUTS needs to establish contact with Peter Ladegard to take this discussion forward.
		CUTS should focus on the plight of poor consumers while planning such research	ii. CUTS has also prepared a monograph on <i>Why should Consumer be interested in Competition Policy and Law</i> , which demonstrates through case-studies/evidence of how competition enforcement can assist consumers (especially the poor)
		A case study approach should be undertaken to assess welfare impacts of competition law enforcement	iii. CUTS is implementing a project to study Unfair Trade Practices (UTPs) in South East Asian countries, which is being supported by IDRC (regional office South East Asia).
4	Regulatory Impact Assessment (RIA)	Undertaking RIAs in some of the developing countries. Refer work done by World Bank and others	CUTS has developed a proposal on Consumer Impact Analysis (CIA) in select sectors and discussing the same for support from the Government of India.
		RIA-related project should focus on the ‘ability of a specific regulatory policy in promoting competition in key markets’	
5.	Governance of Regulation	Is there enough clarity about their mandates among regulatory agencies?	<i>Regulatory Governance and Management in India</i> - research project done in India with the support of OECD, Regulatory Policy Division

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		Develop understanding about the concept of 'Regulatory Failures'. Also, to persuade agencies like the World Bank to assess 'Regulatory Failures' caused as fallout of their advice/policies.	CUTS has also now concluded a project on <i>Quality of Regulation</i> in select countries – India, Brazil and Kenya. The issue of 'regulatory failure' has been addressed (to a certain extent) in the research methodology
6.	Competition, Informality and Growth	<p>This is a 'hot' area, especially for an organisation like CUTS.</p> <p>Experiences from Latin America, Egypt and India should be studied to develop better idea about factors leading to informalisation. There is also a need to study specifically governance factors related to informalisation.</p> <p>Projects would need to assess if competition can be introduced in the informal sector in developing countries – and what benefits would accrue to consumers and producers</p>	<p>A discussion paper and a viewpoint paper have been prepared to guide CUTS future work on this issue.</p> <p>CUTS is trying to persuade DFID, UK to support research on 'Competition, Informality and Growth'</p> <p>A research project on 'Competition and Informal Sector in India' has been prepared and submitted to the CCI. It is likely to be supported.</p>
7.	Competition and Corruption	<p>Explore the nexus between big business and government.</p> <p>An issue that has not been studied much, CUTS holds an advantageous position as far as undertaking research and advocacy in this area is concerned</p>	CUTS would explore the interface between competition and corruption in the utility sector; and also in case of public procurement (covering the issue of bid-rigging). Not much progress in this.
8.	Competition Policy and Private Sector Development	Too broad an area – should be narrowed down to specific issues	<p>This has been noted, and CUTS is developing a couple of proposals for undertaking research assignments on specific issues related to the subject.</p> <p>One of these is studying the extent to which the regional competition policy of EAC can support an enabling business</p>

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			environment in the EAC region. CIPE (USA) has been approached to support this work
9.	Interface between competition and corporate social responsibility (CSR)	One of the issues to be explored would be how competition compliance can help firms better achieve CSR objectives. Further, firms have also adopted CSR practices to gain market power/dominance – which needs to be looked at.	CUTS would study these aspect under the project ‘Exploring the interplay between business regulation and corporate conduct’ in India.