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Linkage between Competition and Economic Growth and Social Welfare

I. Existing Literature

1. Economists have long believed that competition is well understood to be a key factor in driving growth. It does this in a variety of ways. Firstly, within firms, competition acts as a disciplining device, placing pressure on the managers of firms to become more efficient, hence decreasing 'x-inefficiency'. This is sometimes called the 'within firm' effect. Studies of Bloom et al (2011, 2007) have elaborated on the issue of competition and management practices. According to them stronger product market competition and higher worker skills are associated with better management practices.

2. Secondly, competition ensures that higher productivity firms increase their market share. This is sometimes called the 'across-firm' effect (Scarpetta et al, 2002). Studies of Nickell,1996; Blanchflower and Machin, 1996; Nickell et al, 1997; Disney et al, 2000; Bloom and Van Reenen, 2007 showed that competition improves the productivity of firms[1].

3. Thirdly, and crucially, competition drives firms to innovate. Innovation increases dynamic efficiency through technological improvements of production processes, or the creation of new products and services[2](see Blundell et.al[3], Review of Economic Studies, 1999).

4. Finally, competition encourages entrepreneurial culture and ability which in turn promotes economic growth. Wong, Ho, and Autio (2005) have prepared an extensive literature review outlining the theoretical linkages between entrepreneurship and economic growth, as well as empirical evidence linking new business creation and growth. The theoretical literature suggests that entrepreneurs may contribute to growth through a diverse range of behaviours, including innovation, combination of resources and increased competitive

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[1]A number of other studies find a positive relationship between competition and efficiency including – Caves and Barton (1990), Green and Mayes (1991), Caves et al. (1992) (these show that increasing concentration reduces efficiency) and Haskel (1990), Nickell, Wadhwani and Wall (1992) which find a positive relation between competition on levels and growth of productivity.

[2]Competition can also contribute to growth in other ways. By bringing down costs through 'within firm' and 'across firm' effects and by driving innovation, competition also reduces inflation rates, both at the sectoral and aggregate level, creating a more stable macroeconomic environment (Przybyla et al., 2005). Crucially, competition is also a defence against the entrenchment of vested interests and protectionism, contributing to the opening up of markets to new entrants, and increasing the attractiveness of a country as a recipient of foreign direct investment (with potential associated spillovers in the form of novel techniques and management systems)(OFT,2011).

[3]This study reveals that competition generally improves *innovativeness*. The main reason is that in markets with high competition intensity this drives firms to innovation in order to "escape" the effect of competition on their profit (*escape competition effect*). Perhaps this is the most significant factor in the effect of competition on growth.

pressures. Further, the studies done by Krizner (1973), Leff (1979),Holcombe, 1998;Rodrick et al (2003), Audretsch et al (2006); Acs et al, 2008;Gries et al (2010), Naudé (2010, 2011) etc. reviewed and claimed that entrepreneurial ability promotes economic growth and it is considered as an important tool for economic development and innovation.

II. Few Anecdotal Evidences

In this section, we provide some examples of lack of competition (or anti-competitive practices) that affect producer and consumer interests from CUTS experience of work undertaken in developing countries (under the 7Up projects).

1. *Collective price fixing by Cambodian boaters*

To leave for Siem Reap, the most popular tourist town in Cambodia, there are three means of transportation: by boat, by road and by air. Boats are the most popular, especially for tourists, since the road to Siem Reap is not well developed. Boat transportation services to Siem Reap are provided by eight private companies. The price for one-way travel from Phnom Penh, the capital of Cambodia to Siem Reap is about 40,000 riels (approximately US$10) for Cambodian nationals and around US$25 for foreigners. Competition between these boat companies, however, has driven the price down beyond the profitable level (sometimes to well below 20,000 riels) and thus caused huge losses to many of the boaters.

Recently, the companies decided to sit down together and resolve the problems. Even though no written agreement was recorded, the companies have entered into an agreement to fix their service prices to 40,000 riels for Khmer nationals and US$20-25 for foreigners, after months of talk.

The eight companies further agreed that they would not compete with each other anymore and would share their departure schedules. According to their verbal agreement, only one boat may provide boat transportation service in a day by taking turn from one company to another. The bigger companies can have more quotas to provide the services.
[Source: Cambodia report in 'Competition Regimes in the World – a Civil Society report', 2005, pg. 33]

2. *Monopoly causes trauma to Indonesian farmers*

Tebas District, Sambas Municipality in West Kalimantan Province was one of the wealthiest districts in Indonesia. The agriculture sector, especially the 'Pontianak Orange', contributed about Rupiah1.5bn to the local government treasury, a big amount of money until the rupiah devaluated due to a monetary crisis. Due to its high quality 'Pontianak Orange' hardly had competitors, and thus dominated the market.

In 1991, the Central Government decided to take over the trade of these oranges, and issued regulations that required all harvested oranges should be channelled through a company called PT. Bina Citra Mandiri (BCM). This company, rather than being a state-owned company, belonged to a close family member of the President. Farmers or merchants who tried to sell directly in the open market could be charged for smuggling and put into jail. Besides, BCM also regulated the price and quotas in distribution. Farmers and merchants were allowed to sell 10 percent of the harvest in the market, while the remaining 90 percent was to be sold to BCM.

This monopsonistic system resulted in a great loss for farmers. Consequently, they decided to stop harvesting their orange crop, because it was un-remunerative. By not harvesting the oranges, the rotting crop lead to a virus infection. Within a very a short time, 7.6mn trees located in 19,000 hectares had to be cut down in order to curb the disease.

Currently, the Ministry of Agriculture and the National University of Tanjungpura Pontianak are working hard to recover from the situation. It took some time before the team could even gain support from the farmers who had experienced such a trauma.
[Source: Indonesia report in 'Competition Regimes in the the World – a Civil Society report', 2005, pg. 60]

3. *Bus Syndicate system barring new entrants in Nepal*

Majority of transport entrepreneurs in the country have formed local syndicates (unions), which allow none other than syndicate members to ply their vehicles on the designated long routes. They have not only prevented other entrepreneurs from entering the transport business, but were also involved in vandalising buses which trespass on the demarcation of different syndicates.

Ironically, while the Government adopted a liberalised and free economy about a decade ago, it also created a provision in the Transportation Act for syndicates.

Syndicate operators claimed that they did not allow non-members/buses to ply on 'their' highway, and if they did ply, they would be fined heavily. Companies outside the syndicate system felt that it created problems for their operations. They blamed the Government for being a mute spectator of the system and held it responsible for perpetuating near monopoly, thereby rewarding inefficiency and carelessness.

Similarly, truck syndicates too operate in Nepal. Once when a syndicate was challenged by a local chamber of commerce, the syndicate members burnt down the chamber's building. Consequently, business also supported the idea of having a competition law in Nepal to deal with cartelised transporters.
[Source: Nepal report in 'Competition Regimes in the the World – a Civil Society report', 2005, pg. 124]

4. *Beef Exporters Monopoly in Botswana*

The Botswana Meat Commission Act of 1966 solely reserves the exportation of live animals or their edible products by the Botswana Meat Commission (BMC). BMC is the only export entity in Botswana and regulated by the Veterinary Department in the Ministry of Agriculture. One of the purposes of enacting the law was to restrict livestock movement and control diseases.

Department of Animal Health and Production, Deputy Director Phillemon Motsu observed that a permit on control of export of cattle and the licensing of export slaughterhouses, therefore, could only be issued by the BMC. Except, on occasions under exceptional circumstances, the Minister could give a waiver if he believed it was in public interest to issue such a permit without the concurrence of the BMC. Some farmers have raised concern on the BMC monopoly of the beef export market and appealed to the government to liberalise the sale of live animals and their products outside the country for better prices.
[Source: Daily News, 10.03.05]

5. *Price-fixing in tobacco auction floors in Malawi*

The current anti-competitive structure of the tobacco market compounded by the level of transparency created by the auction system as it is currently operated enables the big buyers to minutely monitor all new entrants and sanction them as and when they see an opportunity to do so. This is a according to a report on Tobacco Sales in Malawi compiled by Clive Stanbrook a renowned British lawyer. "One of the reasons that the contract sales for flue cured tobacco were at better prices than on the auction floor this year may have been because they were carried out in less transparent circumstances," claims the report.

Responding to the Stanbrook report, Managing Director of one of the big buyers of the Malawi leaf, Limbe Leaf Tobacco Company C.A.M. Graham in an advertisement said "such transparency does not lend itself to confidentiality for anyone participating on the Auction Floors and this "open auction system" may not suffer sufficient confidentiality for buyers and their customers. Whether this way of doing things limits competition or not is subject to debate". Graham in the statement added that the fact that Dimon and Standard Commercial for example have merged their worldwide operations thus leaving few buyers in Malawi is not something that is attributable to Limbe Leaf Tobacco Company".

Graham adds that the tobacco industry generally and the Malawi industry in particular is at an important phase in its history in that the structure of producer marketing arrangements needs to be carefully and responsibly addressed by all stakeholders in Malawi. The report says the existing two main buyers have been able to exclude other buyers from their market both by their strong market shares and making market access almost impossible for new entrants.

Stanbrook recommends that the Tobacco Control Commission [TCC] and the Minister have the power to bring about some immediate changes that would be beneficial to the growers in a very short time. "These would be aimed at reducing the transparency of the auction system and establishing clear competition based conditions, breach of which would endanger the buyers licence," says Stanbrook. The report further recommended that government to initiate a criminal investigation into the buyers cartel.

The TCC is established as a watchdog under the Control of Tobacco Auction Floors Act. Its duties are among others to promote and expand the sale of tobacco and most importantly to control and regulate the sale of tobacco on the auction floors in Malawi.
[Source: The Chronicle Newspaper, 18.08.05]

6. *Exclusive agreements for agencies in Namibia*

Many Namibian companies are losing business due to unfair trade practices from their counterparts in South Africa. Not only are the prices of South African goods more competitive, there are also allegations that agencies are forced to sign contracts to prevent them from supplying Namibian products to chain stores. Since a year ago, manufacturing companies feel that products from South Africa, with which they cannot compete, flood the local market.

The Namibian Ministry of Trade and Industry is replete with complaints of unfair practices that a number of companies in the manufacturing sector are experiencing. These complaints have also been forwarded to the Namibian Competition Commission.

Businesses that manufacture and trade in pet food, dairy products, toilet paper and tracksuits have a host of complaints about the business they have lost due to the practices. Co-owner of A&R Pet supplies, Roland Bauer said if the company does not get more shops to supply to, it would close down its business, situated in the Southern Industrial area, which employs two workers.

In a letter addressed to the Permanent Secretary of MTI, the NCC and copied to the Ministry of Agriculture, Water and Forestry and also to the Agronomic Board, Bauer said the local companies were being pushed out by actions of South Africans to the extent that they have drawn up contracts with local agents to only supply South African products. An agent that supplies mainly South African products to the retailers in Namibia, Pro trade Agencies said yesterday it would be more than happy to supply Namibian products if they were available.

Other matters that have been brought to the attention of the ministry include a toilet paper manufacturing company Professional Support Services, which complained about Shoprite's stoppage from printing the Rite Brand 10s and the singles toilet paper.
[Source: www.allafrica.com, 12.07.06]

7. *City Bus service affecting Ugandan daily passengers*

To become a bus operator in Uganda all that is required is a vehicle irrespective of its conditions and age. This will cost on average US$3,000 and a Public Service Vehicle (PSV) licence, which is delivered after a basic visual inspection of the vehicle and without reference to any transport plan or strategy. The current organisation of transport services does not allow efficient use of the vehicle fleet. The transport market is not competitive, and is controlled entirely by one Association, which encourages admission of new members who operate used and nonroadworthy vehicles.

The Directorate of Transport is under-staffed and not equipped to carry out the planning, regulation and monitoring functions. The Association therefore not only sets fares, but also allocates routes and carries out self-enforcement on their operations, regardless of transport needs and efficiency. The Association encourages the enrolment of new members since payment of membership fees is the sole condition for their admission. Since collecting revenue for local authorities has become its main activity, the Association has diverted from its initial objectives and has been neglecting the interests of its members.

Operating bus services that offers obvious prospects for profitability, attract many unskilled operators/drivers to enter the transport business, which has led to an oversupply of vehicles of high average age (15 years, or more), high queuing time at bus stations (one hour), which in turn leads to low vehicle availability and utilisation and to high vehicle operating costs, thereby affecting lay consumers/users of the service.
[Source: 'Urban transport services in Sub-Saharan Africa: Recommendations for reforms in Uganda', M Benmaamar, 2001]

III. Some Empirical Work[4]

1. A case in which enhancing competition in the market yielded benefits is demonstrated by the study of productivity increases observed across a spectrum of industries in Tanzania after the Fair Trade Practices Act was adopted by the government of Tanzania in 1994, proscribing anticompetitive behaviour. The author, Godius Kahyarara (2004), gathered firm-level data to examine the changes wrought upon industries as a result of this law, and built a comprehensive database upon which the interaction of competition law and productivity could be modelled. The analysis revealed that markets with five or more competitors achieved 13-24% increases in firm productivity. The sophisticated econometric modelling and intricate firm level information used by the author gave strong support to these findings.

[4] Stewart, T., Julian Clarke & Susan Joekes, 'Competition Law in Action: Evidences from Developing Countries', IDRC (Canada), 2007

2. Several studies have pointed out the social benefits accruing in Korea after the outlawing of the monopolistic and oligopolistic structures formed during the period of chaebols-led rapid economic growth. For instance, a study by Joseph Seon Hur (2004) demonstrated the benefits of a general application of competition law and its challenges. He pointed out that the annual social welfare loss fell from an estimated 8.45% of GDP in 1981 to 3.31% by 1995, with the improvement attributable to the implementation of monopoly control regulations in Korea, which resulted in steady increases in social welfare. Enforcement of the competition law uncovered the existence of some interesting cartels. One was among manufacturers of student uniforms, involving three firms whose combined market shares totalled approximately 50% of the market, and which had acted in concert to fix prices to increase their joint profits. The annual consumer burden imposed by the cartel was estimated by the Korean Fair Trading Commission (KFTC) at 60 billion won (about US$64 million).

3. In Jordan, a clear link has also been established between market concentration, barriers to new market entry and stagnant productivity. The authors, Ibrahim Saif and Nesreen Barakat (2005) examined productivity in textiles and clothing, beverages, paper and paper products, electrical machinery, pharmaceuticals, transport equipment, dairy products and plastic industries to measure the impact of concentration and barriers to market entry on firm productivity.

4. A study by Ghoneim and Latif (2005) looked at the effect of market liberalization on the cement sector in Egypt. The authors describe changes in the market that took place after deregulation of the industry (i.e. the privatization of formerly state-owned enterprises and dismantling of barriers to entry in that sector). Up until 1999, the cement sector was government-controlled and the active firms, which operated far below capacity, were all state owned. Chronic undersupply forced the government to open the sector to private sector participation in the late 1990s. Foreign as well as local investors entered the sector. Output in the sector grew immediately to meet domestic demand for cement: three new entrants alone provided almost 7.5 million additional tons of cement to the market. The new market entrants quickly adopted innovative distribution strategies and aggressive marketing techniques and took market share away from incumbents and rivals. More efficient methods of production generated a competitive advantage for others. The liberalization of the market therefore increased the production of cement without raising prices. The low capital and labour costs in Egypt that had attracted foreign multinationals to invest in the cement sector also gave it a price advantage that enabled it to expand into markets abroad. In March 2000, when excess production of cement was driving Egyptian producers to look for export markets, the average price of Egyptian cement was US$35.5 – US$55.7 per ton. The world market price during the same period ranged between US$39 – US$110 per ton, giving the Egyptian producers a clear cost advantage and a geographical advantage in African, Middle Eastern and Spanish markets.

5. In South Africa, the application of a vigorous competition law has been the catalyst for greater efficiency in the steel sector. Following the withdrawal of the government from the sector in the late 1990s, new players were able to join the industry and existing players undertook a series of manoeuvres to maintain and increase their profitability and productivity. The South African case also shed light upon the complicated nature of mergers (Roberts 2004). Post-liberalisation, the largest steel companies began to consolidate operations: Baldwins Steel was acquired by Trident Steel in 2000, Baldwins/Kulungile and Abkins become one entity, and Iscor steel acquired Saldhana in 2002. These mergers covered large portions of the market. Problems arose because, as the numbers of market players went down, the potential for anticompetitive behaviour increased. Indeed, high market concentration often signals that firms are working together to increase barriers to entry or to coordinate prices or output. In South Africa the competition authority was called upon to determine whether market consolidation between market players was a sign of anticompetitive behaviour. It decided that it was not. The authority chose to tolerate some concentration of the industry on the grounds that the combined operations of the merged steel companies would enhance efficiencies of production. The end result was that Iscor quickly became profitable, as did the newly-merged Trident steel. This result may indicate that the merged entity became more efficient or that its market power enabled it to raise prices, which shows how tricky the assessment of mergers can be (Roberts 2004, p. 238).

6. Competition law plays a role in ensuring that market entry and exit will remain open and that an investor entering a new market for the first time will not be subject to abusive practices from other market players, including the government. Competition is often distorted through interference in the market by politicians engaging in cronyism or taking bribes in the awarding of contracts. For instance, in Nepal, the manufacturers of polythene pipes engaged in bid rigging claimed that they felt obliged to adopt bid-rigging practices because of the pressure from officials in the public sector to share rents from their contracts (Adhikari 2004). A study of CARICOM describes several instances of alleged cronyism and bribery in granting of contracts in Belize and other CARICOM countries (Stewart 2004).

IV. Benefits witnessed during 7Up projects

1. The Namibian Consumer Association (NCA) led a campaign in 2006-07 pointing out how Namibian banks were charging high service charges/bank fees for the customers. This campaign of NCA (the only consumer organisation in Namibia) was strengthened by research undertaken by NEPRU (Namibia Economic Policy Research Unit), a premier think-tank in the country which provided the evidence to substantiate NCA's claim[5]. A large number of Namibians (nearly 45%) remained un-banked owing to such high charges which made banking unaffordable for the ordinary Namibians. NEPRU had been implementing the

[5] *Source*: The Namibian, 17.07.2006

7Up3 project (project on competition policy issues being implemented by CUTS with support from DFID UK in seven countries of eastern and southern Africa) in cooperation with CUTS in Namibia over this period and highlighted a low-level of competition in retail banking (as one of the factors) contributing to high bank charges in the country (especially among the four leading banks)[6]. It was also reported that often the banks are not very clear and/or transparent about these charges. So, a large number of ordinary Namibians (using the facility of these banks) were being adversely afflicted due to such practices of the banks. As a result of evidence provided by NEPRU and the constant lobbying by NCA, the matter reached the Parliamentary Standing Committee on Economics, Natural Resources and Public Administration of Namibia. The Committee recommended all banks to become more transparent while dealing with their customers and to state their charges upfront while servicing them[7]. It also expressed dissatisfaction that the Namibia Competition Commission had not become operational (Commission was established in 2003) to be able to take up investigations such as in the banking sector, for it to protect the interest of the common Namibians.

2. In India, the Monopolies and Restrictive Trade Practices Commission (MRTP Commission) passed an order in February 2008, wherein it directed cement manufacturers in the country to refrain from acting in concert for raising cement prices in retail markets. This action came almost 17 years after a first case hinting at the existence of a cartel in the cement market in Delhi had been brought before the Commission in 1991. The decision then had gone in favour of the industry. Motivated by this *victory*, cement manufacturers came together under the aegis of the Cement Manufacturers Association (CMA) and started lobbying the government for high prices. There was an unprecedented rise of nearly 50% in retail prices in the year 2000. Price of cement had continued its ascent owing to a buoyant real estate. In 2005-6, CUTS undertook a study of competition in various Indian markets including cement, telecom, steel, pharma, transport, etc. under the project *Towards a Functional Competition Policy for India* supported by DFID. The study raised alarm about the existence of a cartel in the Indian cement industry and recommended the government (especially the incoming Competition Commission of India) to take immediate action[8]. CUTS initiated a press campaign subsequently to push the government into investigating the cartel in the cement sector. Eventually in 2008, MRTP undertook the investigation as a result of mounting pressure from CUTS and others (a complaint had also been brought by the Builders Association of India), and was able to unearth the existence of a cartel among 10 major players in the cement market operating on the platform provided by the Cement Manufacturing Association. Given, MRTP Commission's inability to deal with cartels (and the

[6] Refer www.nepru.org.na; and 7Up3 Country Research Report for Namibia (downloadable from http://www.cuts-ccier.org/7up3/pdf/CRR-Namibia.pdf)

[7] *Source*: The Namibian, 28.11.2006

[8] Mehta, P.S. (Eds), "Towards a Functional Competition Policy for India", Academic Foundation, Delhi, 2001, pp 165-174

dormant state of the Competition Commission of India), only a '*cease and desist*' order could be passed[9]. The manufacturers went into appeal before the Supreme Court which has not been finally settled. The demand of low-income and lower-middle income housing in urban India has increased exponentially in recent times[10]. While there was no perceptible decrease in the price of cement as a result of the crack-down on the cement cartel, the prices also did not go up as was expected. Thus it has helped facilitate construction of homes for the large number of urban poor across the country - currently living in abject, unhealthy living conditions.

3. Mauritians have to rely on powdered milk to meet their and their children's nutritional demand as fresh milk is unavailable in the country. The powdered milk market was dominated by a handful of players. One of them enjoying 60% of the market share (clearly a dominant position) decided to raise the price of the product abruptly. The price rose to a peak of Mauritius Rupees (MUR) 190 per kilogram during the period 2004-06. The company was enjoying a profit margin of nearly 41% in the retail market, then. At this point of time, as a result of CUTS project on competition policy and law issues (7Up3 project, implemented in seven countries of eastern and southern Africa, including Mauritius, with assistance from DFID,UK) the level of awareness and understanding on competition issues in the country had improved considerably. Impact of anti-competitive practices on consumers' daily lives was being discussed in public platforms/media, etc. This was largely due to the outreach made possible by the advocacy partner of CUTS for the 7Up3 project in Mauritius, Institute for Consumer Protection (ICP). Pursued by continuous lobbying by ICP, the government eventually intervened in the market and fixed the margin of profit for the sector at 14%[11]. This led to a decrease of price, which has now stabilised between MUR 90-120 per kilogram across the country. Currently, the government is also contemplating further liberalisation of the sector, which is likely to force the price down further. *Milk powder is a major component of the consumer basket in Mauritius, as fresh cow milk is either inaccessible or not preferred. ICP's consumer basket includes 6kg of powdered milk for a family of four persons per month, and the price of milk powder has an important share in the basket. For example, milk powder represents MUR 720 in a basket of 44 basic products worth MUR 4200.*

4. The 7Up1 project (2000-02) noted with concern that the competition authority of Zambia was engaged mainly with big business and did not look at the problems of small businesses. The Zambia Competition Commission (ZCC) personnel felt that their law restricted it to act on business malpractices that have a significant impact on the economy. This point was debated on during the meeting of the National Reference Group (NRG), held on 22nd of November, 2001. The purpose of the meeting was to come up with recommendations, which the project would

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[9] http://www.baionline.in/media/data/MRTP2.pdf
[10] The Indian government aims to build 1.5 million homes for the urban poor across India by 2012 through its programme *Jawaharlal Nehru National Urban Renewal Mission (JLNNURM)*
[11] http://www.cuts-international.org/7up3/7Up3-enewsIV.htm

seek to have addressed by influencing the relevant stakeholders. As a result of this concern, although it was noted that the less of focus was a result of the Act, the NRG members recommended that "ZCC should address the concerns of small-scale sector"[12]. ZCC was represented in the meeting and agreed to take the issue forward. Following the project, there was a noticeable change in approach of ZCC towards the small scale sector. Examples include ZCC directing a monopoly retailer (Shoprite of South Africa) to purchase farm produce from the small scale farmers rather than importing and ZCC holding discussions with the multinationals in the tobacco, cotton and poultry sectors to stop abusive practices against small scale farmers[13]. The cotton example can be elaborated on. In 2005, ZCC saw a report in a local newspaper, *The Post*, where women farmers in *Katete* were calling for a review of farming contracts as they were being abused by the dominant firms. Two multinationals (Dunavat and Cargill Cotton) were dominating the market with a CR2 of 83.49% and abused the outgrower scheme by charging high input prices and paying a low final price. Before ZCC's intervention, they paid a price of ZK850/kg for grade 'A' cotton while charging the input prices at ZK40,000 per pack. While investigations were still underway, Dunavat indicated that they were now reducing input prices to ZK36,000 while increasing the planting price to ZK1,000/kg. Cargill also decreased input price for the 2006 season by 28% and increased the buying price to ZK1,120/kg. According to Cargill's estimates, the changes gave an average farmer an additional net income increment of 75% compared to the previous year[14]. One can well imagine the huge multiplier effects of these systemic changes on poor people and particularly their livelihoods.

5. Togocell – a state owned mobile phone company enjoyed monopoly in the market for quite some time, as the government did not renew the license of its rival, a private company called Moov. Moov had entered the market and was turning out to be the preferred choice for many consumers, which resulted in a significant growth of their customer base. However, Moov's progress was soon thwarted by the government, which delayed the renewal of the license of Moov considerably. In the meantime, taking opportunity of the situation, Togocell (which became the only provider of cell phone services) started abusing their position in the market. Sim Cards were being over-priced blatantly. As a result of the public education efforts made by CUTS country partner (of the 7Up4 project) in Togo through the press and other means, there was a considerable

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[12] CUTS, 2002, Enforcing Competition Law in Zambia page 42, a report published as a part of the 7-Up Project supported by DFID, UK.

[13] George Lipimile, Former Executive Director of Zambia Competition Commission during a presentation at the Interim Review Workshop for the project 'Strengthening Constituencies for effective competition regimes in select West African Countries', (7Up4), funded by DFID and IDRC available at http://www.cuts-ccier.org/7up4/ppt/PPT-IRM-Contribution_Of_Competition_To_Growth_And_Poverty_Reduction.ppt

[14] The specific details on the prices were obtained from Kaira T (ZCC Executive Director), "The Role of Competition Law and Policy in Alleviating Poverty – The Case of Zambia" in 'The effects of anti-competitive business practices on developing countries and their development prospects', UNCTAD, 2008.

pressure on the government to renew Moov's license. Ultimately, the government gave in to the mounting pressure and the license of Moov was renewed. This brought relief to the ordinary Togolese consumers.