

C-CIER ACTIVITIES REPORT



One of the main objectives of the project entitled, 'Capacity Building on Competition Policy in Select Countries of Eastern and Southern Africa', is to develop the capacity of national stakeholders to appreciate competition principles from the national, regional and international perspectives and enable them to respond appropriately.

Capacity Building on Competition Policy in Select Countries of Eastern & Southern Africa (7Up3 Project)

A Unique Trilateral Initiative on Competition Policy and Law in Africa

CUTS Centre for Competition, Investment & Economic Regulation (CUTS C-CIER) recently embarked on a unique trilateral development cooperation (TDC) initiative through a project entitled, 'Capacity Building on Competition Policy in Select Countries of Eastern and Southern Africa'.

Referred to as the 7Up3 Project, this initiative aims to utilise the capability of CUTS in designing and implementing a multi-country project on competition policy and law in seven developing countries of Eastern and Southern Africa, namely: Botswana, Ethiopia, Malawi, Mauritius, Mozambique, Namibia and Uganda, with assistance from the Norwegian Agency for Development Cooperation (NORAD), Norway, and the Department for International Development (DFID), UK. The project thereby encompasses the principles of TDC, where a Southern 'provider' extends technical assistance to a Southern 'recipient' with assistance from a Northern 'donor'.



7Up3 Launch Meeting, Entebbe, Uganda, March 22-23, 2005



Highlighting the role of the private sector as the engine of overall economic development in the region, Tore Gjøs,

the Norwegian Ambassador in Uganda, noted that competition policy and law was necessary to facilitate the emergence of an efficient and responsible private sector, and remove the rent-seeking behaviour of private companies.

The meeting was subdivided into: a day and a half long seminar on generic competition policy issues, relevant from the developing countries' point of view; followed by a half day workshop to discuss the 7Up3 project implementation issues.

Seminar

Competition policy and economic development, competition concerns in the region, and competition and regulation interface were chosen for discussion. Experts on competition, representatives from competition authorities and scholars made presentations on the above topics, stimulating active participation from the floor.

Researchers representing partner institutions from the project countries of the 7Up3 Project presented the Preliminary Country Papers (PCPs) on the second day of the meeting. The PCP provided a cursory idea about the prevailing competition regime in all seven project countries.

All the presentations are available on the project web page at <http://www.cuts-international.org/7Up3-LaunchMeeting.htm>.

Workshop

Following the seminar, the project coordination and management unit (PCMU) representatives from CUTS International, project partners, project advisory committee members, development partners engaged in a workshop to discuss the project implementation structure.

For a detailed account refer 'Emerging Points from the Workshop on 7Up3 Project Implementation' in the 7Up3 Project web-page.

Project Launch

The 7Up3 Project was launched through a two-day meeting held on March 22-23, 2005 at Entebbe, Uganda. Delegates from several countries of Africa and other parts of the world attended this meeting. Apart from the project partners representing leading civil society organisations (CSOs), universities, research institutions and consumer associations from the project countries, the meeting also drew scholars from other parts of Africa, experts on competition from various countries around the globe, and representatives of competition authorities.

Inaugurating the meeting, Pradeep S Mehta, Secretary General of CUTS International, noted that competition law was not a luxury for the developed world but one of the necessary tools in their fight against poverty. Commenting on the prevailing status of anticompetitive practices in the region, George Lipimile, Executive Director of Zambia Competition Commission (ZCC), observed that the reason for prevalence of such practices lay in the privatisation programmes, which were introduced in these countries without the development of an appropriate regulatory framework.

Advocacy & Capacity Building on Competition Policy & Law in Asia (7Up2 Project)



National Consultations in the Mekong Region

In order to ensure wider ownership of research findings on the competition scenario in the project countries, a group of diverse stakeholders have been identified by the 7Up2 project partners as the National Reference Group (NRG), and regularly updated of the progress in the project countries, with a view to accumulate suggestions for operationalising competition principles and practices.

Vietnam

Central Institute for Economic Management (CIEM), the research partner in Vietnam, organised the first NRG meeting on March 4, 2005 in Hanoi, in collaboration with the Vietnam Standards and Consumers Association (VINASTAS), and the Vietnam Competition Administration Department (VCAD), Ministry of Trade, Vietnam.

Apart from the organisers, representatives from the Swiss Embassy and CUTS, about 80 local participants actively participated in the meeting, and discussed the draft Country Report prepared by CIEM.

Lao PDR

On February 22, 2005 the National Economic Research Institute (NERI) organised the first NRG meeting in Vientiane, the capital of Lao People's Democratic Republic (PDR). The meeting drew about 40 participants from various government agencies, the National Assembly, state-owned and private enterprises, research organisations, international groups, and the academia to discuss the findings of the draft country report on the Competition Scenario in Lao PDR, prepared by NERI, with assistance from CUTS.

There was a unanimous observation among the participants of the need to extensively circulate the object of the project and its outcomes, in layman's language on account of the dearth of current information on the issue.

The detailed proceedings of both the meetings, along with the presentations, are available in the 'Advocacy' section of the project web-page at <http://www.cuts-international.org/7up2.htm>.

In order to refer articles in the press covering the Lao PDR NRG, visit <http://www.cuts-international.org/cutsinmedia2005.htm#fairness23feb05>

National consultations would be organised by the project partners in Cambodia and Bangladesh on May 24 and 30, 2005, respectively.

Events

Developing Markets through Competition for Growth and Equity

'Towards a Functional Competition Policy for India', nicknamed the FunComp Project being executed by CUTS, not only deals with competition policy as just adoption and implementation of a competition law, but looks at it as a broader policy framework where competition is encouraged as a market process. It also points out that in addition to the implementation of the Act, the government policies need to be appropriately tuned at the Centre and State levels to promote competitive outcomes.

In order to make various target stakeholders, such as policy makers, trade unions, CSOs, and academia aware of the key findings of the project, and involve them to have a better understanding of the competition scenario in the country, CUTS



(From L to R) Suresh Prabhu, Yashwant Sinha, Pradeep S Mehta and Lalitbhai Mehta at the Outreach Seminar, New Delhi, 14th March 2005

C-CIER organised interaction meetings in the Indian cities of Mumbai, Kolkata, Hyderabad, Chennai, Bangalore, Delhi, Lucknow and Jaipur, in partnership with local organisations.

The discourse in the meetings led to meaningful discussions on various relevant topics, captured as follows:

- Competition *vis-à-vis* Competitiveness
- Competition and Pro-poor development
- Local competition abuses require local level regulation
- Competition policy and benefits to consumers
- Competition policy and business welfare
- Government (Centre and State) policies and competition
- Structure and functions of the national competition authority

Press releases of all these seminars are available at the CUTS web page www.cuts-international.org/news-cuts2005.htm

Seminar on Regulations for Implementing Competition Law 2004 of Vietnam

The Vietnam Competition Administration Department (VCAD) of the Ministry of Trade (MoT) organised a seminar inviting comments on the detailed regulations for implementing the Competition Law 2004 of Vietnam, with assistance from CUTS, in Ho Chi Minh City on April 25-26, 2005.

International experts from Australia, Korea and India provided valuable comments on the 'implementation regulations' of the Competition Law 2004 of Vietnam. *Provisions on defining relevant markets; Regulating anticompetitive practices; and Procedures for handling competition cases* were chosen for discussion. Dinh Thi My Loan, Head of VCAD, expressed the Department's eagerness for further assistance from CUTS in the future.

The detailed proceedings of the seminar are available on the project web page at <http://www.cuts-international.org/7up2.htm>.



Seminar on Regulations for Implementing Competition Law 2004 of Vietnam Ho Chi Minh City, April 25-26, 2005

Advocacy

State Competition and Regulatory Agency (SCoRA): Decentralising Competition Administration

Responding to the demand of CUTS for the need to enact a State Competition and Regulation Act, the State Government of Rajasthan, India, constituted a Committee to examine the proposal to establish a State Competition and Regulatory Agency (SCoRA), for regulating the service sectors in the state.

A workshop was jointly organised by CUTS and the Department of Food and Civil Supplies, Government of Rajasthan, on April 30, 2005, as recommended by this Committee to consult various stakeholders about this proposal. Participants included consumer groups, service providers, government officials, and the media. An attempt was also made to construct a rough blueprint for the SCoRA.

Detailed discussions in the workshop are available at http://www.cuts-international.org/Report_StateCompetitionRegulatoryAct.htm.



SCoRA Workshop in Jaipur, April 30, 2005

Comments on the Report of the Working Group on 'Credit Cards'



A 'working group' (WG), set up by the Reserve Bank of India (RBI), the premier financial services regulator in the country, to frame regulation for credit cards, recently came out with its report.

Evaluation by CUTS has revealed that the report has largely fallen short of its mark of redressing consumer woes in the sector. It is apparent that the report of the WG, which consisted mostly of bank professionals, is heavily balanced in favour of credit card

companies and remains oblivious to consumer grievances.

CUTS has come down heavily on the report (refer www.cuts-international.org/documents/CommentsCrCardWkgGp.doc) and is circulating its views extensively.

National Competition Policy Statement

Findings from 'Towards a Functional Competition Policy of India' (FunComp Project), have emphasised the need for a national competition policy for India.

CUTS has submitted a sketch of the national competition policy framework to various policy-makers, including Ministers and the Planning Commission of India. CUTS has also engaged itself in preparing a detailed draft 'National Competition Policy' for India, which is at an advanced stage of institutional review, and would be shared with experts, academicians and scholars, before submitting to the Government.

Competition, Regulation and Development Forum: A Milieu of Southern Competition Scholars

Responding to the need for a 'platform' to generate and share substantial knowledge for better implementation of competition and regulatory policies in the developing world, CUTS C-CIER has conceptualised organising a biennial forum on the subject, with the first one scheduled in January 2006.

The Forum will provide those involved with competition and regulatory issues in the developing world with an opportunity to meet and present new research. The conference aims to target policy makers, competition practitioners, researchers and civil society organisations.

Each of these biennial conferences will select some problem areas, and try to bring good practices and workable models from developing countries to the fore.

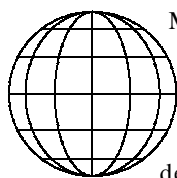
The first forum in 2006 has identified:

- political economy, including governance *vis-à-vis* implementing competition and regulatory laws;
- institutional independence as a crucial element in the autonomy and functioning of a regulatory/competition authority; and
- prioritisation for competition and regulatory authorities.

Further details regarding the forum, including the requirements for submitting papers are available on www.cuts-international.org/cdrf.htm.



Citizens' Report on the State of Competition Laws in the World



Members of the International Network of Civil Society Organisations on Competition (INCSOC) and various experts and practitioners on competition policy and law have been engaged by CUTS to develop a compilation of papers on the prevailing competition regime from nearly 130-odd countries from various parts of the world.

The compilation would consist of an introductory chapter detailing the evolution of competition policy and law in the world; chapters on the prevailing competition regimes from

various countries (with a competition law, without a law, and in the process of enacting a law); an assessment of the existing and proposed frameworks of regional and other international arrangements on competition policy; and a concluding chapter enumerating suggestions from civil society's perspective to strengthen competition regimes around the world.

Country papers are currently being edited and finalised for publication. The publication will be released at the Fifth Review Conference of the United Nations Conference on Trade and Development (UNCTAD), to be held on November 14-18, 2005 in Turkey.

Media Outreach

- **'Fairness in business competition' was published in the Vientiane Times on February 23, 2005.**

The article covered the proceedings of the first NRG Meeting of the 7Up2 project in Vientiane, Lao PDR. 'Now that the government is using standard marketing mechanisms in building its economy, the most important aspect is that competition be allowed on a free and fair basis', observed Leebouapao, Deputy Director of NERI. It emerged that in order to guarantee healthy competition, a policy framework to manage and provide fairness in business competition was necessary in the country.

- **'Find best talent to head competition panel' was published in The Hindu Business Line on March 14, 2005.**

'Deficiencies in the Act could be removed by step-by-step amendments rather than by blocking its implementation altogether'. These were the remarks expressed by the former Finance Minister, Yashwant Sinha, during a seminar organised by CUTS to spread awareness about the need of a comprehensive competition policy for the country. An urgent need to find the best person available to head important institutions like the Competition Commission of India (CCI), and other regulatory authorities was also echoed in observations made by other parliamentarians.

- **'Let's have contest watchdog, too' was published in the Hindustan Times on March 19, 2005.**

A seminar, seventh in a series of such events organised by CUTS in different Indian cities to spread awareness regarding competition in the Indian market, brought out the recommendation of constituting a 'watchdog' to ensure free and fair professional competition.

- **'TRAI played for promoting basic lines' was published in the Hindustan Times on April 17, 2005.**

In a submission to the Telecom Regulatory Authority of India (TRAI), CUTS stated that the regulator's decision to offer access deficit services (ADS) only to basic telecom services to promote universal access was unfair. This issue was raised in a CUTS critique of a TRAI consultation paper on Interconnection Usage Charge Review.



Opinion...

Indo-Pak consumers to gain

Welcoming India and Pakistan's move to take the trade route to peace by reviving the Joint Business Council between the two countries, Mehta opined that the consumers of both the countries would benefit from the initiative.

"At present, consumers in Pakistan are paying a huge price for commodities like tea and automobile parts, as they are imported from sources other than India. Similarly, Indian consumers will benefit from the import of textiles and handicrafts from Pakistan."

Excerpts from *'Trade route to peace welcomed: consumers from both the countries would benefit'* published in *The Hindu*, April 19, 2005

Representation

Competition Advocacy Seminar for Industry, April 16, 2005

Pradeep S Mehta, along with Policy Analysts Nitya Nanda and Manish Agarwal, participated in a one-day 'Competition Advocacy Seminar' organised by the Competition Commission of India in New Delhi, on April 16, 2005. The seminar was organised by the CCI for the business community under its mandate to undertake 'Competition advocacy, public awareness and training on competition issues'.

CII 'Infrastructure Regulatory Conclave', April 26, 2005

The conclave was organised as a follow-up to the Confederation of Indian Industry's (CII) ongoing interactions with the Planning Commission of India, on the subject of a regulatory framework for the infrastructure sector in the country. Manish Agarwal, Policy Analyst, and Vinayak Pandey, Assistant Policy Analyst at CUTS C-CIER, participated in the conclave, where sessions on electricity, telecommunications, ports, roads and highways and civil aviation were held. CUTS' contribution to the enriching discourse was acknowledged by the organisers, who expressed interest to invite the organisation's representative to its 'core group' on infrastructure regulation.