

## **Report of proceedings during the Ghana NRG-II, 03 November 2009**

The meeting started at about 10.00 am and the Minister of Trade and Industry, Hon. Hanna Tetteh attended the meeting. She arrived in time, well ahead of most of the participants and had to endure some few minutes of waiting, for which all participants were sorry. The Minister also stayed beyond the opening session, and participated actively in the floor discussion following presentation of the key findings, which was also very encouraging. Dr Charles Ackah apologised to the Minister for being kept waiting before giving a brief introduction of the 7up4 project, pointing out that the first year of the project was devoted to research, some of the findings of which were going to be presented during this meeting. He also pointed out that the next stage would be advocacy and capacity building, for which all the invited participants were expected to play out a role.

Mr Cornelius Dube of CUTS then described the purpose of the meeting, which was basically to come up with an advocacy strategy based on the key research finding which would be discussed in the first session. The mapping up of the advocacy strategy would be preceded by a discussion involving the selection of the most critical issues and their prioritization in order of importance and achievability within the project or immediately after.

The Minister then gave a short focused speech before officially opening the meeting. She did not bring any prepared speech and neither had she prepared any notes before the meeting, which demonstrate her confidence and technical depth on policy issues. She pointed out that the Ministry was ahead of the researchers as far as the current status of the progress in having a competition law in Ghana is concerned. Currently there is a Bill which will be submitted to the Attorney General's office for review in a short while after the comments received from UNCTAD have been incorporated. This is just intended to allow the AG's office to check whether the Bill is within the legal framework normally followed in Ghana. Like all Bills, it will also be submitted to stakeholder consultations before being passed to parliament. The Ministry was however very confident that some time next year Ghana will have a competition law.

She pointed out that while having a competition law is important, it is also important that the manner in which business is conducted in Ghana be strengthened. Opportunities and threats brought about by international trade should be kept in mind, and it is for this reason that the Ministry is prioritising the setting up of a Tariff Advisory Body, which would give advice on issues relating to tariffs such as dumping of goods and over the next two years, such a body would be transformed into an international trade institution. In addition to the competition bill, she also pointed out that the government has also made important strides in the area of consumer protection. A consumer protection policy will be submitted to cabinet by the end of the year and hopefully a consumer protection law under that policy would be fully operational with the relevant bodies in place next year as well.

She also underlined that while a legislative framework is important, it is the training of people for institutions that will be tasked with the implementation of the laws that is most critical. It is also important that all the stakeholders and consumers who stand to benefit from the laws are also sensitised about the laws to do their part. The government was well aware that there are gaps in the area of consumer and competition reforms, and it was already taking the necessary action to close them. Government want a suitable investment climate to ensure that business flourish, with stakeholder groups having the necessary training to complement the process. In that regard, she wanted to congratulate CUTS and ISSER for the project as well as the meeting, and she mentioned that the reason for the low turnout is that competition issues are still considered too technical for average Ghanaians and this would improve as the reforms gather momentum.

The first session involved a presentation by Dr Ackah on the key issues coming out of the project. The issues discussed included the following:

- Three Competition Bills prepared to date but none of them managed to be developed into an Act of Parliament.
- Sector regulators also empowered to administer competition in their sectors and to deal with anti-competitive practices but not all are equipped with provisions for punishing such behaviour.
- Allegations of price-fixing in the beverage industry, where despite a large number of beer and soft-drink manufacturers, they all sell their products at virtually identical prices and seem to review these prices at the same time.
- Allegations of abuse of dominance, particularly in the cement industry in the form of excessive pricing.
- Perceived high level of lack of awareness of competition issues and regulations in Ghana.
- General perception that there is a lack of publicity on competition issues and lack of political will to have competition laws established.
- Competition issues not regularly reported in the media, and the level of awareness of competition issues by journalists not perceived to be high.
- No price competition among LBCs with respect to the price they pay to the farmers.
- It is not clear why LBCs are unable to export directly to the international market in competition with Cocobod and dilute its monopoly.
- Loaders in the informal sector have emerged who are too powerful in weight disputes as arbitrators due to absence of weight standards, getting high fees as commission.

After the presentation, the floor was opened up for discussion. The Minister pointed out the need to update the report based on the current developments that she had mentioned, a point that had been acknowledged by Dr Ackah in his presentation, where he mentioned that some of the issues needed updating as the project has been going on since last year. The Minister also pointed out that the name of the Ministry has been changed to Ministry of Trade and Industry. The issue of absence of awareness on competition issues in Ghana was also debated at length, where it was pointed out that enforcement of competition

laws should start with awareness, as awareness is important to result in people complaining to the competition authority about violations to the law. The Minister made particular reference to this based on the fact that respondents to the survey had pointed out that they would report to the media if they encounter a violation of competition laws, which will not help them much. Thus the minister underlined that awareness is the key issue on the way forward and advocacy strategies should ensure that consumers understand their own roles in the process.

The next session was about the prioritisation of the key issues coming out of the presentation, which would lead to advocacy strategies being mapped on addressing them. This was characterised by quality deliberations, and it was pointed out that at this stage, it is important to consider issues dealing with enforcement to be non-priority areas, given that there is a limit to the role that the NRG can play in the absence of a competition authority. It was also pointed out that the areas of cocoa and cement industries, where anticompetitive practices were alleged were also hot areas to handle, given that vested interests were rooted into the sectors, which the NRG or the project in general will not be able to deal with. However, although limited roles could be played by the NRG in addressing them, the issue of unjustified price increases was made a priority, as this is a common issue across all sectors of the economy with serious implications on the consumers. Three issues on awareness, which were identifying the stakeholders separately, were also grouped into one cell in order to make it easy to assign common prioritisation. Four areas were considered priorities while three were considered non-priorities. After the priority areas were identified, participants then ranked the issues in the order of importance and the Table below reflects the rankings of the issues.

Issue/Challenge	Priority(P) or Non Priority (NP)	Strategies
Three attempts made at preparing a Competition Bill to date but there is no Law yet.	<b>P2</b>	
Sector regulators also empowered to administer competition in their sectors and to deal with anti-competitive practices but not all are equipped with provisions for punishing such behaviour.	<b>P3</b>	
Perceived high level of lack of awareness of competition issues and regulations in Ghana. (Media, CSOs, Organised Labour, Ghana Employers Association, Parliament, Academia)	<b>P1</b>	
Limited price competition in a number of sectors.	<b>P4</b>	
Loaders in the informal sector have emerged who are too powerful in weight disputes as arbitrators due to absence of weight standards, getting high fees as commission.	<b>NP</b>	
Allegations of abuse of dominance, particularly in	<b>NP</b>	

Issue/Challenge	Priority(P) or Non Priority (NP)	Strategies
the cement industry in the form of excessive pricing.		
Allegations of price-fixing in the beverage industry, where despite a large number of beer and soft-drink manufacturers, they all sell their products at virtually identical prices and seem to review these prices at the same time.	<b>NP</b>	

The next session was on strategies, where it was pointed out that the budget available would play a critical role in determining the extent to which the issues could be adequately resolved. It was pointed out that the budget available within the project was not enough to deal with the issues adequately. The budget aside, it was decided that the meeting should go ahead and identify the best strategies that could be done, while budget would be sort depending on the required action. It was mentioned that for the first priority (P1), awareness need to be focused at the top first for it to make lasting impressions. A National Awareness Programme followed by a series of specific stakeholder training meetings was recommended rather than simply starting at the lower level and organising workshops for the specific groups (media, business, consumers, etc). The National Awareness Programme would involve a high level training on competition issues involving Ministers, the Vice President, etc and leaders of key industrial players, under the auspices of the Ministry of Trade and Industry for greater mileage. Such an event would receive wide media coverage and should be sanctioned in such a way that it captures attention of stakeholders at the lower level, including the informal sector and the grassroots. The key message emerging from such meetings would be that the meeting would now be replicated at lower levels, and a series of meetings with specific groups would be conducted. This would see so much interest from the other stakeholders. It was also suggested that it is also possible to fit the programme into existing programmes, e.g there is a current programme for small scale industries that receives coverage from the media, and when it comes to training for small scale industries, they could be integrated into that programme. For the political class, it would be important to first identify politicians who are sympathetic to competition reforms and include them into the programme so that they would drive the message home in debates.

On the second priority (P2) participants acknowledged the briefing from the Minister about the progress made to date which is encouraging. However, it is still possible that despite the efforts of the Ministry, the passage of the law could be delayed or blocked by other stakeholders who have the ability to do so. There is therefore a need for specific meetings devoted to talking about the issue, which would involve inviting them at upper class venues and lobbying for their support.

The third priority (P3) had initially been recommended for classification as non-priority, given that the competition authority is not yet in place. However, it is important to prepare the existing regulators for the establishment of the competition authority so that there would be no conflicts once it is established. This can be done by getting the

regulators together with NRG members and explain the issue further. The issue was still grey and require further details, especially the importance of cooperation and the possible mechanisms for doing so.

The last priority area (P4) can only be addressed if awareness is raised about the need for price competition and make the regulators feel the pressure to take action. It was also mentioned that this was a concern even some areas which appear to have competition as evidenced by the number of players, e.g in banks, but when it comes to the terms of trade, everything is similar, hence there is no real competition to talk about.

With the discussion of the strategies, the meeting then came to an end