

Proceedings of NRG-I meeting held in Ghana
September 19, 2008
La-Palm Royal Beach Hotel, Accra

1. Objective:

Institute for Statistical, Social and Economic Research (ISSER), Ghana has been partnering CUTS International, India to implement a two-year project entitled, ‘Strengthening Constituencies for Effective Competition Regimes in Select West African Countries’ (referred to as 7Up4 project) in Ghana. As a part of the project’s strategy to involve key stakeholders, and provide them specific roles to achieve the anticipated project outcomes, a first round meeting of key national stakeholders was organised on 19th September in Accra.

The objective of the meeting was to assemble key stakeholders who would serve as members of a National Reference Group (NRG) to provide input into the research that would be conducted on the state of competition in Ghana; and also assist in advocacy and dissemination of the project outcomes. The initial draft of the Preliminary Country Paper (PCP) on the state of competition of Ghana was presented and comments were solicited from the attendees.

2. Proceedings

i. Introduction

At the outset, Dr. Charles Ackah apologised for the late start and decided to take up the role of Chairman since the designated Chairman had not arrived.

In his opening remarks, Dr. Ackah emphasized that competition policy and law was crucial because it promoted consumer welfare. When the trade liberalisation policies were instituted in the 1980s in Ghana, it was expected that domestic market competition would necessarily improve but this has not happened. In the past, little attention was paid to promoting competition, mainly due to lack of capacity and resources but also the absence of CSO advocacy. Recently, however, several issues – including globalisation, EPAs (Economic Partnership Agreements), and the tendency towards mega-mergers - have brought issues of competition to the fore and policymakers are now compelled to consider the issues involved. ISSER is partnering with CUTS to comprehensively research into the state of competition in Ghana, especially to identify factors that frustrate competition in the market, in an attempt to try and address them.

Dr. Ackah welcomed the attendees. Mrs. Ama Pokuaa Fenny from ISSER acting as moderator, introduced the first speaker, Mr. Rijit Sengupta representing CUTS, India.

Mr. Sengupta, before beginning his presentation, explained that the *7Up approach* developed and implemented by CUTS was a means to link up research with policy-making, especially on competition and regulatory policy issues. The approach made a conscious effort to involve policymakers in the research process by seeking their opinions and suggestions. It also provided a mechanism for other stakeholders to get involved, thereby ensuring a participatory process of competition policymaking and indeed its implementation. Mr. Sengupta invited the attendees to become members of

the NRG of Ghana and contribute pro-actively not only in the project but far beyond it – in ensuring the evolution of an effective competition regime in the country.

ii. Project Overview

Mr. Sengupta proceeded to provide an overview of the project. The presentation highlighted the project features and objectives and then went on to state the expected outputs and outcomes from it. Project activities were then presented, along with their sequencing and timeline. The key elements of the research phase (particularly the components of the research to be undertaken) were clearly elucidated. Issues involved in advocacy were also presented, along with those pertaining to training and outreach. Mr. Sengupta then concluded by touching on issues pertaining to management & administration.

The meeting then adjourned for a short coffee break.

iii. Role of NRG Members

On resumption, Mr. Sengupta made a second presentation, this time on the “Role of NRG Members.” The presentation essentially outlined the role of the NRG members under the following headings: NRG meetings, research activities, policy advocacy and outreach and sustainability.

Time was then allowed for questions and comments.

iv. Open Session-I

Mrs. Evelyn Benjamin-Sampson from the Organisation of African Trade Union Unity (OATUU) congratulated ISSER and CUTS for embarking on the project. However, she intimated that the presentation did not touch on issues of maintaining labour standards and preventing exploitation and these are key issues which should be included in the project objectives. Mr. Sengupta replied that labour policy and issues would be addressed in the project under the section dealing with government policy.

Mrs. Frances Sackey from the Bank of Ghana (BoG) wondered which groups comprised the stakeholders of the project. In response Mr. Sengupta identified three groups: the business community; CSOs (including NGOs, trade associations, legal fraternities, think tanks, research institutions and academic departments); and Government (including MDAs and regulatory agencies).

Mr. Alex Frimpong from the Ghana Employers Association (GEA) pondered whether Ghana was ready for competition. He stressed that it was necessary for Government to put certain strategies in place before competition could be instituted because, as at present, Ghanaian companies could not compete on the world stage. Dr. Ackah agreed that, under the present circumstances it could be quite difficult for Ghanaian firms to compete on the world stage. However, he pointed out, local firms are already exposed to competition from outside due to globalisation. The issue at hand was not exposing local firms to competition from abroad but rather establishing a level playing field in the Ghana market. Competition would lead to benefits for consumers, for instance in the banking and telecom sectors. Mr. Sengupta concurred with Dr. Ackah in that Ghana was already exposed to external competition. The aim of the project was to help in developing a level playing field where companies could compete on merit. A competition law would simply regulate how companies behave, and curb anti-

competitive practices that firms often resort to in order to gain advantage over their rivals.

Mr. Charles N. Anderson from the Energy Commission posed the question of how the project would benefit specific sectors, e.g. the energy sector. Mr. Sengupta explained that the project would look at issues of the interface between sector regulators and competition agencies (as well as those between the sector regulators and consumers) and that the information gleaned would benefit the Energy Commission.

Mr. Kwaku Boateng from Consumers Association of Ghana pointed out that, currently, there are several small local firms unable to compete with certain big companies like Lever Brothers (retail) and Ghacem (cement), which dominate their industries. It appears that the introduction of a competition law will only negatively affect local companies and the general public. Dr. Ackah explained that with a competition commission in place, a company could be requested to lower its prices if they are deemed too high; alternatively, a company could also be investigated if under-cutting is suspected. He gave the example of banks, which have been reported to be colluding to maintain high interest rates and that Bank of Ghana was unable to address the situation, due to the absence of a competition act in the country. This situation points to the need for a competition agency that would discipline the banks, if they are found to be engaged in collusive behaviour. Ghana should not be apprehensive of having a competition law and competition commission. However, it was important to ensure that the commission did not function to the detriment of local firms.

Mr. Boateng responded by saying that while it was possible to regulate services, it might not be so easy to regulate goods. He described the case facing Appiah-Menkah, a local producer of soap who was unable to compete with Lever Brothers because its product was more expensive (due to higher production costs). A competition law would not help such a local producer and may rather put local companies out of business. Dr. Ackah suggested that local producers like Appiah-Menkah may have to create niche markets for themselves in order to survive in markets with such huge companies. In any case, if indeed there was an instance of anti-competitive practice, a competition commission or regulator could investigate it and make moves to rectify it.

v. State of the Competition Regime in Ghana: Preliminary Country Paper

Dr. Ackah proceeded to make his presentation on the “State of Competition Regime in Ghana: Preliminary Country Paper.” The presentation first gave a brief assessment of Ghana’s current economic situation, especially with reference to the past and also in comparison to other developing countries. It then went on to look at privatisation and regulatory reforms. Next, it tackled the consumer protection policy and the nature of competition in Ghana. It then examined issues of competition in the energy, water, telecom and financial services sectors. The presentation then moved on to look at anti-competitive practices and highlighted instances in the cement and food industries. It then presented the encouraging example of an Indian company breaking an Israeli-controlled cartel in Ghana. The paper then concluded by emphasizing the need for a competition law and policy to protect consumers and to prevent large multi-national companies from abusing their market power.

An open discussion followed.

vi. Open Session 2

Mrs. Quayson from the Ministry of Trade, Industry, PSD and PSI (MOTI) informed the group that the Ministry had finished drafting a Competition Law which would hopefully approved soon.

Ms. Hannah Asomaning from the Ghana News Agency (GNA) raised the question of how the project intended to educate the masses on the concepts involved in competition.

Mrs. Sackey informed the body that the BoG had an Investigation and Consumer Reporting Unit in the Banking Supervision Department which consumers could contact if they had any grievances to report. Everyone was encouraged to take advantage of this unit.

Mrs. Nancy Atiemo from the Public Utilities Regulatory Commission (PURC) tried to shed some light on the issues of water tankers charging high rates for supplying drinking water in certain parts of the city. She pointed out first of all that these tankers provided a reliable service. The largest part of their costs came from transport and the PURC was taking steps to increase the number of filling points so as to decrease these costs and in that way reduce the prices charged by these tankers to consumers. The speed of such actions (having more filling spots), she remarked, however depended on available investment and political willingness.

Mr. Anderson informed the gathering that the Energy Commission also performed a regulatory role and undertook interventions on behalf of consumers. He pointed out that there are numerous provisions contained in Legislative Instruments (LI) to help consumers. In response to Mr. Sengupta's question of whether the Energy Commission collaborated with the PURC, he responded that there was a degree of cooperation. Mr Sengupta then asked about what steps were being put in place to inform consumers of their rights. Mr. Anderson explained that press coverage was expensive and needed to be subsidised and that maybe the Energy Commission could collaborate with ISSER and CUTS on advocacy. As an aside, he went on to note that with the break-up of VRA (erstwhile incumbent), there were now different power distributors (not just the Electricity Corporation of Ghana) which consumers could take advantage of.

Mr. Frimpong strongly asserted that here was an urgent need to provide for the safety of consumers with regards to food and drugs. Ghana had become a dumping ground for all sorts of shoddy goods, especially from countries like Togo, etc. What were the regulators doing? There also appeared to be no checks in place for unfair competition.

Mr. Richard Osei-Amponsah from the Food & Drugs Board (FDB), in response, noted that smuggling was a major concern and was one of the primary contributors to the proliferation of shoddy goods in the market. The FDB faced several challenges and the prevalence of poverty, illiteracy and ignorance among the Ghanaian populace were frustrating the Board's efforts. He emphasised that consumers had a crucial role to play and needed to be vigilant; it behoved them to inform the FDB if they came across any unsafe and/or poor quality goods. The laws of Ghana put the safety of

Ghanaians as the topmost priority. Maybe ISSER could collaborate with the FDB on advocacy in this regards as well.

Mr. Yaw Boamah Baafi from the National Communications Authority (NCA) first pointed out that a correction must be made with regards to the number of fixed lines in 2007: the correct figure was 380,000. He then went on to state that the NCA was now turning its attention to competition. Technological advancement now posed certain challenges with regards to the provision of fixed lines since the sector is capital-intensive and mobile lines are now more attractive. However, the coming of Vodafone should increase the competition among fixed-line operators. He then stated that the NCA was in charge of regulating inter-connecting prices. A consultant from the UK had examined operations in the telecom sector and the results did not seem to indicate that over-charging was taking place. A competition commission should make sure to help with capacity building so that key stakeholders would be able to fully understand the relevant issues. He concluded by saying he would be happy to join the NRG and provide data for the research.

3. Closing

Dr. Ackah, in his final remarks, noted that a lot of the comments pointed to the fact that there was an urgent need for more public education and ISSER would help with that. He said it was also important for service providers to find ways of informing consumers of where to take their grievances.

Mr. Sengupta affirmed that ISSER and CUTS were very happy to acknowledge the calls for collaboration made by the various stakeholders present at the meeting. He then went on to make a number of observations: the cement sector was prone to anti-competitive practices all over Africa, as was the transport sector; consumer awareness was crucial for garnering support for competition legislation. He requested ISSER to circulate the draft PCP among the NRG members/participants to get their input/comments as well. Finally, as an aside, he noted that scanning of newspapers was a rewarding, yet less complicated way of identifying possible anti-competitive practices (though at times the instances may be mentioned obliquely) in any country. Given that Ghana has quite a few business dailies, it would be a useful exercise to scan newspapers for finding anti-competitive (or suspected to be anti-competitive) cases in Ghana.

After the last comments were made, Mrs. Fenny made the closing remarks, thanking all the attendees for taking time out of their busy schedules to attend the meeting.

Ends...