

CUTS CCIER ACTIVITIES REPORT



Ongoing Projects

Stepping into West Africa

CUTS Centre for Competition, Investment & Economic Regulation (CUTS CCIER) is implementing a two-year project ‘Strengthening Constituencies for Effective Competition Regimes in Select West African Countries’ (also referred to as 7Up4 Project: www.cuts-ccier.org/7up4/En/index.htm) with the support of the Department for International Development (DFID), UK; the International Development Research Centre (IDRC), Canada and the Ministry of Foreign Affairs, Sweden. The project would be implemented in seven countries, viz. – Burkina Faso, The Gambia, Ghana, Mali, Nigeria, Senegal and Togo. The launch of this project in June 2008 marks the realisation of a long-standing aspiration of CUTS to venture into the region, as a part of a long-term strategy of expansion in Africa.

The 7Up4 project aims to raise the profile of competition at the national and the regional levels in West Africa. It would highlight the relevance and need

for an effective competition regime for economic development and poverty reduction in select West African countries/region, and therefore set in motion the process of evolution and implementation of competition regimes.

To meet this end, a leading national institution (partner) in each of the project countries will be involved in intensive research to evaluate the competition concerns facing the project countries, including their regional dimensions and implications. The research findings would subsequently be disseminated nationally (and in the region) through a network in order to raise awareness on competition issues and equip national stakeholders to contribute to the process of national competition reforms.



Ministry for Foreign Affairs Sweden

CUTS organised a two-day meeting on 19-20 June in Accra (Ghana) in collaboration with Institute of Statistical, Social and Economic Research (ISSER), Ghana to launch the project.

Speaking at the occasion, Deputy Minister of Trade, Industry, Private Sector Development & President’s Special Initiatives of Ghana, Hon’ble Kwaku Agyeman-Manu stressed on the commitment of the Ghanaian government towards evolving competitive markets in the country to achieve economic growth and development. Honourable Ambassador of India, Ruchi Ghanashyam underscored the

need for strengthening South-South economic cooperation for achieving better developmental objectives in developing countries.

Ernest Aryeetey, Director, ISSER, Ghana asserted the need for developing countries to evolve the right regulatory environment and institutions to catalyse private sector development. Mike Hammond, Head of



The Launch meeting attracted over 60 participants from across Africa, Europe and Asia

DFID, Ghana conveyed that the British government recognised the need for a dynamic private sector to emerge (especially in the developing world) for economic development; and that an effective competition regime constituted an important component of an enabling environment that facilitates the emergence of a dynamic private sector.

Pradeep S Mehta, Secretary General, CUTS indicated that CUTS is committed to assisting developing and least developed countries of Asia and Africa to advocate for competition reforms as a means to achieve economic development and consumer welfare.



Capacity Building on Electricity Reforms in South Asia



CUTS with the support of the Norwegian Agency for Development Cooperation (NORAD) Norway, is implementing a project on electricity regulation and reforms over a span of two years (2008-2010) in Bangladesh, India (States of West Bengal and Rajasthan) and Nepal (<http://www.cuts-ccier.org/RESA/index.htm>).

The objective of the project is to enhance the capacity of consumers – enabling them to understand issues involved, take up action-oriented research and carry out advocacy with policymakers and regulatory agencies on electricity regulatory/policy issues. The project was initiated in Kolkata (India), on March 13-14, 2008.



Local inception meeting of the Project in Jaipur (Rajasthan)

Specifically, the project aims to:

- facilitate effective representation of consumers'/civil society's views in policy formulation and regulatory processes in electricity sector in Bangladesh, India and Nepal;
- strengthen capacity of civil society to take up action research and advocacy on regulatory/policy issues in the electricity sector; encourage regional co-operation and experience sharing on the subject through networking; and

- create a vertical mechanism to take the concerns and views from the grassroots to the policy level and vice versa, along with having horizontal linkages between different players at the same level.

Local Inception Workshops (LIWs) were organised in each of the project territories (Bangladesh, Rajasthan, West Bengal, and Nepal) in the month of April 2008. The objective of these workshops LIW was primarily to orient key stakeholders about the objective and anticipated outcomes of the project were discussed at the workshops.

Participants comprised of representatives from the partner organisations, members of the Reference Group (RG) – a group of 15-20 national stakeholders, who would be consulted to implement the project in each of the territories, academia, government officials, regulators and media.

The discussants mostly highlighted various problems that consumers have been facing in recent years with regard to electricity. They also discussed about the governance issues in the sector. The issues of huge corruption in the sector over the last few years came as a big area of discussion. Corruption and theft were hot topics for discussion.

Participants also discussed about the roles they can play in raising the level of awareness, the capacity and the level of participation of the consumers in the process of policy formulation and reforms in electricity.

Ghana Competition Bill

CUTS International has been engaged by the Ministry of Trade and Industry, Private Sector Development and President's Special Initiatives (MOTIPSDPSI) of Ghana to develop a Competition Bill for Ghana from the perspectives of international best practices, taking into consideration the socio-economic and political realities of the country. CUTS prepared the first draft of the Bill and submitted it to the MOTIPSDPSI in May 2008.

In order to refine the Bill, CUTS with assistance from MOTIPSDPSI organised a stakeholder's workshop in Accra, Ghana on June 18, 2008. Stakeholders included the major sectoral regulators, government departments and consumer associations, whose role is crucial for competition administration in Ghana. The purpose of the workshop was to solicit views, comments and suggestions on areas to help improve the Draft Bill to make it more suitable and acceptable for the economy. In addition, personal interviews were also conducted with select stakeholders to register their views on competition in Ghana and specifically on essential components that the competition Bill would cover.

CUTS is now in the process of revising the Draft Bill in line with the comments gathered from the workshop and the subsequent interviews. It is expected that before submitting the Bill to the Ministry, the Ghanaian stakeholders would also be given another opportunity to take a closer look and comment on the pre-final Bill.

Training in Ethiopia

CUTS CCIER, in collaboration with CUTS Institute for Regulation and Competition (CIRC) organised a five-day training workshop on 'Competition Law Enforcement in Ethiopia' in Addis Ababa, during May 12-16, 2008.

The objectives of the five-day training programme were to develop analytical capacities of practitioners to comprehend competition policy and law issues; and understand the expected role of different stakeholders in fostering competitive markets and accelerating economic growth.

The event was conducted by international resource persons, who deliberated on various aspects of competition policy and law sharing their experiences and knowledge with the participants. Over the period of the five days, the participants sharpened their skills on various aspects of competition policy and law through lectures, experiences of resource persons, simulation exercises, group discussions, etc.

About 25 participants representing the Trade Practices Investigation Commission (TPIC), Ministry of Trade and Industry, Ethiopian National Parliament, Addis Ababa University, Consumer Association and the Media attended the event. Paper, presentations, agenda and other documents related to the event are available at: <http://www.circ.in/CPS06.htm>



Resource persons answering participants at the workshop

Publications

- **Policy-induced Barriers to Competition in Ethiopia**

The monograph focuses on the evolution of economic policy in Ethiopia and analyses the current barriers to competition in the country.

- **Minibus Operators and Passenger Welfare in Malawi**

This paper in addition to sensitising readers of the situation in the Malawian public transport system, highlights the possibilities for the competition agency to address the situation, by the effective implementation of the country's competition act.

- **Regulation of Higher Education in India**

This discussion paper presents a review of the progress made in higher education in India and examines the status of regulation of higher education in India, and makes certain recommendations.

- **Competition Policy and Economic Growth – Is There a Causal Factor?**

This paper attempts to dwell on the issues surrounding the relationship between competition policy/law and economic growth. It discusses various channels through which economic growth and competition policy/law can be interlinked.

- **Dealing With Anti-competitive Practices in the Indian Pharmaceuticals and the Health Delivery Sector**

This paper examines the legal and policy options, to effectively curb anti-competitive practices in the health sector in the country.

- **Factors Affecting Competition in the Agricultural Produce Markets in India**

The paper suggests steps to reduce geographical isolation of markets for farm produce and the economic distance between the farmers to introduce competition in agriculture.

- **Competition Policy in Malawi: A course to development**

This paper clarifies how an effective implementation of the competition regime in Malawi can help the country achieve its developmental goals.

- **'Public Interest' Issues In Competition Analysis**

This paper defines 'public interest' and highlight, how some competition authorities deal with public interest issues in their respective countries, and make recommendations on ways of dealing with public interest issues in competition law.

- **The Basics of Bid Rigging**

This paper endeavours to explain the concept of bid rigging with representative examples of cases which have been handled by competition authorities and makes policy recommendations.

- **Cross-Border Mergers and the Experience of Developing Countries**

This paper examines the experience from developing countries in dealing with cross-border mergers by studying the possible constraints they have faced and their response in various cases.

To know more about publications, please visit: http://www.cuts-international.org/ccier_publications.htm



Representations

Pradeep S Mehta spoke on 'Challenges facing the World Trading System' at the high profile ICC World Business Summit, in Stockholm, on June 12, 2008 before an audience of 500 businessmen from around the world.

Alice Pham and Thanh Mai attended the conference on 'Reviewing the Law Enforcement Practices on Consumer Protection and Building a Bill on Consumer Protection in Vietnam', organised by the Vietnam Competition Administration Department (VCAD) in Hanoi, on June 11, 2008.

Alice Pham attended the Regional Training and Forum on 'Making Markets Work for Small Farmers: Understanding Marketing and Market Intermediation', organised by the Asia Development of Human Resources in Rural Asia (DHRRA), in collaboration with Viet DHRRA, Vietnam Farmers Union, Foro

Rural Mundial and Association of Southeast Asian Nations (ASEAN) Foundation, in Hanoi, Vietnam during June 07-11, 2008.

Vibhor Bansal attended a seminar on 'Pharmaceutical Pricing & Regulatory Framework for Affordable Medicines' organised by National Pharmaceutical Pricing Authority, Department of Chemicals & Petrochemicals and DFID in New Delhi, on April 12, 2008.

Ramrao Mundhe participated in the interactive session on 'Public-Private Partnership in India Railways' organised by the Associated Chambers of Commerce and Industry of India (ASSOCHAM), in New Delhi, on April 21, 2008.

Media Outreach

Competition Law Under A Hyperinflationary Environment: The Case Of Zimbabwe

Africa News, April 16, 2008

Cornelius Dube

The enforcement of competition law in Zimbabwe, formally adopted in 1996 through the enactment of the Competition Act, 1996, now the Competition Act [Chapter 14:28] is under serious challenges due to a hyperinflationary environment. This is self-evident when one compares competition law enforcement experience before the economic crisis and the present situation.

The challenges presented by the prevailing situation in Zimbabwe are an interesting and unique case study for those in the competition field. Research institutions and scholars should develop an interest on the competition scenario in the country so as to devise new methods of handling competition cases under a hyperinflationary environment.

<http://www.cuts-ccier.org/ccier-arApr08.htm#ar1>

About tender tendering

Financial Express, May 04, 2008

Ramrao Mundhe

At a point when the future of the country hinges on the development of its infrastructure, unfair bidding can only be an impediment in the way to development. Even while mere bidding does not guarantee a fair outcome of best quality and price, an unfair one can simply be disastrous to the public service delivery system at large.

The Planning Commission, Government of India expects a massive investment of US\$492bn in the infrastructure sector over the Eleventh Five Year plan. For this the government is largely banking on support from the private sector, as nearly a third of this investment is likely to come through the private sector with public private partnership (PPP) mode as one of the preferred routes.

<http://www.cuts-ccier.org/ccier-arMay08.htm#ar2>

Cartelising inflation?

The Economic Times, June 14, 2008

Pradeep S Mehta & Siddhartha Mitra

The wholesale price index has scaled new heights and reached 8.75 percent with prices and temperatures threatening to go through the roof. This promises to be a hot and expensive summer. Such long bouts of inflation generate anger against two lobbies — the incumbent political coalition for its allegedly faulty policies and the suppliers of essential inputs like cement and steel.

This article examines the allegations of cartelisation against the iron and steel industry. Note that iron and steel are inputs into a wide variety of goods — from cycles to automobiles, bridges to stadiums, apartments to offices. When iron and steel prices rise, accusations are understandable on the grounds of human psychology.

<http://www.cuts-ccier.org/ccier-arJun08.htm#ar2>

CUTS wary over lack of 'neutral competition' in auto fuel retail

The Hindu Business Line, April 03, 2008

CUTS has expressed concern over the lack of "competitive neutrality" in enabling the private sector to sell petroleum goods in the market. The Government and the regulator need to create a level-playing field for operators to foster competition in the sector.

With the international crude oil prices hovering over US\$100 per barrel and given that domestic petroleum products retail prices is regulated, all oil companies including public sector undertakings are loosing Rs 8-10 per litre on petrol and diesel. CUTS has also pointed out that the consumer choice would be restricted by forcing them to purchase the product only from the public sector companies.

<http://www.cuts-ccier.org/ccier-meApr08.htm#me1>