

# CUTS CCIER ACTIVITIES REPORT



## Ongoing Project



## Competition & Consumer Protection in MENA Countries

Persuaded by the goal of promoting a healthy competition regime, globally and more importantly in developing countries across the globe, CUTS decided to develop an initiative on competition and consumer protection issues in select countries of Middle East and North Africa (MENA) region. While CUTS had undertaken work in other parts of Africa and Asia, the MENA region had not been explored.

In order to develop a deeper idea (and a subsequent initiative on competition and consumer protection issues) CUTS undertook a 'needs assessment' mission over the period October-November 2010 in seven countries of the region (namely Algeria, Egypt, Morocco, Tunisia, Jordan, Lebanon and Syria). The mission was undertaken jointly with the Arab Network for Environment and Development (RAED) which is based in Egypt, but has a network of civil society organisations (CSOs) in all the above-mentioned countries.

The objectives of the mission were to:

- understand the prevailing state of competition policy & Law (CPL) and consumer protection regimes in the countries, and analyse existing impediments;
- identify civil society actors/organisations interested in research and awareness on competition and consumer protection issues and motivate them to get involved in the process;
- establish contacts with various relevant government departments/institutions, business associations,

academic institutions, law firms, media, etc. – and assess their role and contribution in related policy process;

- gather relevant literature (policies/legislations, structure and function of implementing institutions, research outputs, peer review reports, etc.) for background information; and
- identify major donor organisations, international organisations, intergovernmental organisation (and their initiatives on regulatory and business environment reforms, etc.) engaged in the counties/region.

A joint CUTS-RAED team embarked on the mission covering the seven countries, after having gone through available information/literature on competition law and consumer protection issues in them. Further, a list of prospective stakeholders to be contacted during the mission was also developed, and contacts established.

A draft report collating the discussions and the information gathered over the course of the mission has been prepared for comments. The report highlights both challenges and opportunities that exist in terms of promoting competition reforms and protecting the interest of the consumers in the countries.

CUTS hopes to be able to finalise the report and discuss it in a regional conference, so that a discourse on competition and consumer protection can emerge in some of these countries and the region.

## Event

### Regulatory Reforms in India

CUTS with the support of the Planning Commission organised a meeting entitled, 'Regulatory Reforms in India: Focus on Draft Regulatory Reform Bill' in New Delhi, on October 21, 2010.

The meeting brought together consumer groups and other CSOs on a common platform to discuss the future of this important subject of economic governance with a focus on the Draft Regulatory Reform Bill. Its purpose was to promote exchange of views and sharing of experiences so as to provide valuable inputs to the politico-economic aspects of regulatory reforms in the country.

The meeting was a part of the consultative process being followed by the Planning Commission to receive comments/suggestions on this Bill from various stakeholders. Its objective was to further the cause of regulatory reform in India and engage the consumer movement with the process of regulatory reforms. More than 40 participants took part in these deliberations.



Planning Commission  
Government of India

सत्यमेव जयते



## Exploring the Interplay between Business Regulation and Corporate Conduct in India

CUTS through its various interventions aspire to make economic progress in India, efficient, inclusive and responsible.

It is our endeavour to create an environment and capacity in India to foster growth that is hurdle-less and well integrates elements of sustainable development. It is with this goal in mind that CUTS has designed a project on 'Business Regulation and Corporate Conduct'.

This initiative (in India) has been planned to enhance the quality of business regulation by addressing 'key' weaknesses in the enabling business environment in select states of the country. CUTS would implement this project in collaboration with the Norwegian Institute for International Affairs (NUPI) and in support from the Norwegian Ministry of Foreign Affairs.

The project would simultaneously attempt to identify key benchmarks pertaining to responsible business behaviour in select sectors [defined in terms of the commitment of businesses to corporate governance and corporate social responsibility (CSR)] in the Indian economy, and explore how effective rules/regulations/institutional reforms can promote responsible business conduct among firms in addition to catalysing consistent sectoral growth.



## Review of Competition and Regulation in India to Promote Effective Markets (2011)

CUTS Centre for Competition, Investment and Economic Regulation (CUTS CCIER), & CUTS Institute for Regulation &

Competition (CIRC), India and Norwegian School of Management (BI), Norway are implementing this project to assess the importance and effectiveness of regulatory institutions, awareness among consumers and other stakeholder groups, groups about the need for and status of regulation, etc.

The project undertakes research to evaluate quality of regulation in four emerging sectors – Retail, Natural Gas, Microfinance and Telecommunications. The organisations would embark on a process of dialogue and advocacy (based on the research findings) and share outcomes of their research with relevant stakeholders across India and Norway.

The project has been supported by Norwegian Ministry of Foreign Affairs, Norway. The key objective of the project is to improve the quality of regulation and enhance the level of competition in select sectors of the economy through research, networking and advocacy based on research findings.



## Building Consumer Awareness & Capacity on Sustainable Energy Consumption in India

CUTS with the support of ClimateWorks Foundation, USA through Shakti Sustainable Energy Foundation (SSEF), India is undertaking this initiative over two years (2011-2012) in two states of India. The project will focus on capacity building measures for consumer groups so as to better prepare them to carry out need based advocacy and participate in associated policy and regulatory processes related to sustainable consumption of energy.



There is a need to raise awareness and build capacity of consumer organisations, on issues pertaining to renewable energy and specific demand-side management programmes. This would help in creating demand from the consumer end, which would potentially result in appropriate actions being implemented by policy makers at the top level.

The approach that CUTS intends to undertake is to assess the current scenario through literature review, baseline consumer survey, and identify barriers that constrain greater consumer participation in the renewable energy and demand side management space. CUTS will subsequently devise strategies to overcome the identified barriers. In planning and executing these activities CUTS will engage with credible consumer groups, policymakers and other relevant stakeholders.

## Competitive Markets for Achieving Growth and Development in West Africa

CUTS released a publication entitled ‘Competitive Markets for Achieving Growth and Development in West Africa’, on the sidelines of the 6<sup>th</sup> UN Review Conference on Competition Policy, organised by United Nations Conference on Trade and Development (UNCTAD) in Geneva, on November 11, 2010.

“CUTS model of advocating for healthy competition reforms in developing countries has been recognised internationally as an effective approach to develop ownership among national stakeholders”, said James Zhan, Director, Investment and Enterprises Division of UNCTAD, while releasing this publication on behalf of Secretary General Supachai Panitchpakdi.

This was the first time that CUTS published a bilingual book. The 7Up4 project implemented in seven countries of West Africa included four French speaking countries: Burkina Faso, Mali, Senegal and Togo apart from three English speaking countries: Ghana, Nigeria and The Gambia. The booklet brings out key lessons on competition law and policy in these countries, and points to an emerging consensus among national stakeholders that it is necessary to evolve competitive markets to

achieve development and protect interest of consumers.

Amadou Dieng, Director of Competition representing the West African Economic and Monetary Union (WAEMU) stated that the CUTS project has helped stakeholders and decision makers in WAEMU member countries realise the gaps in implementation of a robust competition regime that is an imperative for efficient functioning of



markets and economic development in the region.

Philippe Brusick, former head of the Competition and Consumer Policy Branch of UNCTAD and the adviser to the project urged that CUTS and UNCTAD should collaborate in the future to undertake similar capacity building initiatives in other regions, to promote a healthy competition culture globally.

Pradeep S Mehta, Secretary General of CUTS added that CUTS will continue to collaborate with UNCTAD on competition and investment issues as it has done earlier.

## World Competition Day Observed on 5<sup>th</sup> December 2010

International days are observed to focus attention of the society at large on certain specific and relevant aspects of contemporary human development. Increased awareness and informed public opinion have been formed on a number of issues, once public attention on these issues were focused by dedicating a certain date of the calendar year on them. World Environment Day, World Women’s Day, World Aids Day, World Consumer Rights Day, etc. are some examples.

While a number of countries have adopted national competition regimes in the last decade, yet, it seems that the link between competition reforms and economic development and citizens’ welfare is not well-understood among most people, including policymakers. In order to achieve a greater thrust to evolving functional competition regimes as means to achieving socio-economic developmental objectives, CUTS has been advocating for the need to dedicate a day in the calendar as

World Competition Day. This would facilitate greater public support for effective competition regimes.

On 5<sup>th</sup> December 1980, the United Nations General Assembly approved the *United Nations Set of Multilateral Principles and Rules for the Control of Restrictive Business Practices*, better known as the UN Set on Competition Policy. Today, it stands out as one of the most successful multilateral agreement relating to economic policy, worldwide. CUTS has maintained that 5<sup>th</sup> December should be selected as the World Competition Day, precisely to recognise the contribution that the UN Set has made in popularising the need for competition reforms among some government. (refer: [http://www.cuts-ccier.org/Call\\_for\\_World\\_Competition\\_Day.htm](http://www.cuts-ccier.org/Call_for_World_Competition_Day.htm)).

The International Network of Civil Society Organisations on Competition (INCSOC, [www.incsoc.net](http://www.incsoc.net)) proposed that World Competition Day be observed for the first time on December

5<sup>th</sup> 2010. A theme selected for 2010 was *International Air-transport Cartels and its Impact on Developing Countries*. An article on this year’s theme ‘Air cargo transport cartels harm economies’ was written by Pradeep S. Mehta (Secretary General of CUTS and Co-Chair of INCSOC) and carried in media across many countries like India, Bangladesh, Pakistan, China, Russia, Armenia and Peru. (refer: [http://www.incsoc.net/World\\_Competition\\_Day.htm](http://www.incsoc.net/World_Competition_Day.htm) for details)



Competition agencies from a number of countries have also appreciated the need to observe World Competition Day, including from Russia, Zambia, Kenya, Egypt, Malaysia, Namibia, Bangladesh, Pakistan and Armenia, and expressed their support. The next step would be to facilitate the adoption of the World Competition Day by the United Nations – for which countries should come forward.

Interested competition agencies and civil society organisations are encouraged to get in touch with CUTS at: [cuts@cuts.org](mailto:cuts@cuts.org) and [c-cier@cuts.org](mailto:c-cier@cuts.org).

## Representations

**Vikas Kathuria** made a presentation on *What lessons for new competition authorities in Asia? A case study of two countries: Vietnam & India* at the 6<sup>th</sup> Annual Asian Competition Forum Conference 2010 on Capacity Building in Asia, in Hong Kong, on December 06-07, 2010.

**Pradeep S Mehta, Atul Kaushik, Rashid S Kaukab** and **Rijit Sengupta** participated in the 6<sup>th</sup> UN Review Conference on Competition Policy in Geneva during November 08-12, 2010.

## Advocacy through the Press

### Why We Must Bust Those Air Cargo Cartels

*The Financial Express, India, December 01, 2010*

**Pradeep S Mehta**

While cartels are most pernicious of all anticompetitive practices and are very difficult to detect and investigate because of their inherently secretive nature, the task gets more difficult in the aviation industry because it operates across borders. Cartels in the air cargo industry should be of concern to all stakeholders as they have a serious negative impact on efforts towards economic development and poverty reduction in developing countries. It is therefore very alarming to see that almost all the major players in the air cargo market were part of a cartel, and one shudders at the impact in terms of overcharges that consumers across the globe suffered due to the cartel.

[http://www.cuts-ccier.org/ArticlesDec10-Why\\_we\\_must\\_bust\\_those\\_air\\_cargo\\_cartels.htm](http://www.cuts-ccier.org/ArticlesDec10-Why_we_must_bust_those_air_cargo_cartels.htm)

### How to Bust those Cartels

*The Financial Express, India, November 19, 2010*

**Pradeep S Mehta**

A recent action against the Indian company Apollo Tyres' local subsidiary in South Africa for collusive activity set in motion the whole thought process of understanding what businesses do in order to maximise profits by whatever means. The same businesses would also indulge in thwarting import competition by collectively applying for anti-dumping action. While collusive action or cartelising can be actioned against under the competition law, use of non-tariff barriers such as anti-dumping cannot be easily countered because the rules in India do not allow the application of a public interest test.

[http://www.cuts-ccier.org/ArticlesNov10-How\\_to\\_bust\\_those\\_cartels.htm](http://www.cuts-ccier.org/ArticlesNov10-How_to_bust_those_cartels.htm)

### Stop that Price Gouging

*The Financial Express, India, October 12, 2010*

**Pradeep S Mehta**

While the benefits of competition enforcement to consumers and the economy can be easily understood from a theoretical standpoint, such benefits are difficult to see since they are not easily isolated from other government policy interventions. One type of anti-competitive practice whose eradication brings immediate benefits to consumers is excessive pricing. Many competition authorities rarely take action against excessive pricing, which is actually prohibited in competition law, because it is difficult to prove the 'excessive price'.

[http://www.cuts-ccier.org/ArticlesOct10-Stop\\_that\\_price\\_gouging.htm](http://www.cuts-ccier.org/ArticlesOct10-Stop_that_price_gouging.htm)

### A Spring in the Stride

*November 26, 2010*

Almost exactly three decades ago, on December 05, 1980 the United Nations General Assembly approved the United Nations Set of Multilateral Principles and Rules for the Control of Restrictive Business Practices, better known in the international community as the UN Set on Competition Policy. Today, it stands out as one of the most successful multilateral agreement relating to economic policy. Observers feel that the credit should be given to its proponents and their vision about invoking interest among countries to be part of this global framework on competition policy, strictly on a voluntary basis. This was done by sensitising member countries of benefits from evolving a 'common' framework on competition, especially in the wake of enhanced international trade and commerce.

[http://www.cuts-ccier.org/ArticlesNov10-A\\_spring\\_in\\_the\\_stride.htm](http://www.cuts-ccier.org/ArticlesNov10-A_spring_in_the_stride.htm)

### CSR can Deliver on Development

*Sustainability Tomorrow, Vol 5 Issue 3, July-September 2010*

**Rijit Sengupta**

CSR practices are 'development services' offered by companies to their workers and/or communities directly or indirectly affected by them. Several guidelines on CSR have existed at the multilateral level, like the UN Global Compact (UNGC), OECD Guidelines on MNEs, etc. All these are voluntary guidelines, expected to be picked up by corporations through persuasion and continuous engagement, rather than their strict enforcement. Many countries have developed their own indigenous versions of CSR guidelines, deriving elements from the international codes. The Indian government has joined this bandwagon by bringing in the voluntary guidelines on CSR (and Corporate Governance).

[http://www.cuts-ccier.org/ArticlesSep10-CSR\\_can\\_deliver\\_on\\_development.htm](http://www.cuts-ccier.org/ArticlesSep10-CSR_can_deliver_on_development.htm)