



## CUTS Releases 3 Competition Related Publications at OECD



L-R: Frederic Jenny, Pradeep S Mehta, Carlos Braga & Ashok Chawla

CUTS International released three publications at the 11<sup>th</sup> OECD Global Forum on Competition at Paris, on February 16, 2012. The publications were: a) “Evolution of Competition Laws and their Enforcement: A Political Economy Perspective” published by Routledge, b) “Did we make a difference? Reforming Competition Law Regimes in the Developing World through the 7Up Programme” published by CUTS, and c) “Trade, Competition and the Pricing of Commodities” published by Centre for Economic Policy Research (CEPR) and CUTS.

Pradeep S Mehta, Secretary General, CUTS welcomed all the guests at the book launch and spoke about the motives of the publication on Evolution of Competition Laws. The book carries essays on nine countries describing their transition

from old competition laws to new ones over time. It is a good guide for countries, which are adopting new competition laws to understand the processes better.

Mehta also spoke about the third book on: “Did we make a difference?”. This is an evaluation report of the CUTS work on competition law reforms in 27 developing countries through its signature 7Up programme in the last 10 years. The uniqueness of the 7Up approach was to work on competition reforms issues in the developing world through a demand side and bottom up approach, and by developing local ownership and sustaining capacity in the countries, as against the top down and supply side approach used by intergovernmental agencies.

Frederic Jenny, Chairman, OECD Committee on Competition

spoke about the issue of ‘beggar thy neighbour’ export cartels in the primary commodities sector and why there should be international cooperation to deal with them.

Jenny said that the project of CEPR CUTS publication and symposium on trade and competition at Geneva in September, 2012 was also referred to by Pascal Lamy, Director General, WTO in his inaugural speech at the OECD conference, and that it is time developing countries should take a dispassionate look at reviving the discussions on trade and competition at an international level.

Carlos Braga, Special Representative, World Bank in Europe observed that it is not enough to have good competition laws, but that they get embedded in the economic governance structures of countries leading to better competition culture.

Ashok Chawla, Chairman, Competition Commission of India opined that CUTS name is synonymous with competition in India and elsewhere in the developing world, and it has been doing a yeoman service in promoting competition reforms.

In conclusion, Mehta thanked the OECD Secretariat for facilitating the event, and the audience for their participation.

### Compendium on Competition Regimes

Update  
in Progress

‘Competition Regimes in the World: A Civil Society Report’ ([www.competitionregimes.com](http://www.competitionregimes.com)) was an attempt to map out competition regimes around the world and covers 119 countries. Most of the countries covered in this volume had competition legislation, while some in the process of adopting one. It contained essays on the countries by a large number of activists, scholars, experts and practitioners, whose names appear as authors in the corresponding chapters.

The final version of this report was released by CUTS in June 2006, and was an improvement over the advance copy that was released at the UN Conference on Competition Policy in Antalya (Turkey) in November, 2005.

Since 2006, there have been various developments in the competition legislations across the world, therefore CUTS plans to revisit and update the report both in content and also in scope tentatively by end 2012.

## Making Economic Progress Efficient & Inclusive in India

Private sector participation is crucial to inclusive growth and poverty alleviation in India. However, private sector players have not always been behaving as responsible corporate citizens. The focus of the governments is largely on investment promotion. In this backdrop, Business Regulation and Corporate Conduct (BRCC) Project aims at initiating a structured discourse among the government, industry and other stakeholders to facilitate responsible corporate conduct throughout the business cycle. The project is being implemented in partnership with the Norwegian Institute of International Affairs (NUPI) and its learning will be utilised for larger sharing, capacity building and advocacy actions at the national and state level.



Under the project, two interrelated sets of activities commenced during January-March 2012: 1) field research leading to the development of survey tools; and 2) fact finding mission to four states of India, namely Gujarat, Himachal Pradesh, West Bengal and Andhra Pradesh. During the visits, stakeholders comprising key people from the government, industry, academia and media were interacted to gather their first hand insights on the conduct of pharmaceutical and private healthcare sectors in the corresponding state.

The two sectors have been chosen on account of their considerable implications for public interest and consumer welfare in the country. The design of the survey tool will be of such nature that it will build the case for promotion of rational use of drugs in country, on one hand, and over raising adherence to standard diagnosis and treatment protocols, on the other. Alongside, there will be advisory on minimising the environmental impact being caused through the two sectors.

[www.cuts-ccier.org/BRCC](http://www.cuts-ccier.org/BRCC)

## Raising Stakeholders' Demand on Renewable Energy & Energy Efficiency in India

CUTS with the support of Shakti Sustainable Energy Foundation (SSEF), India has implemented an initiative over two years (2011-2012) in two states of India (Gujarat and West Bengal) to better prepare CSOs to carry out need-based advocacy to demand for Renewable Energy and Demand Side Management and participate in the associated policy and regulatory processes.



As part of the initiative, during the mentioned period CUTS organised a Mid-Term Review Meeting to discuss the progress of the project, including results and fulfilment of agreed obligations; and issues of concern for the implementation of remaining activities, as part of the project. Further, a First State Reference Group (SRG) meeting was organised in both the project states in order to present the findings of the consumer perception survey before the SRG members and to seek their inputs/guidance in translating the findings into key messages to be disseminated during the policy advocacy dialogues. The valuable inputs received during the meeting helped us in finalising the advocacy strategy targeted to policymakers, regulatory bodies, media, etc.

Finally, CUTS alongwith CUTS Calcutta Resource Centre, partner in West Bengal organised a five-day State Level Training Workshop in Kolkata to build capacity and awareness of representatives of consumer organisations. As an outcome of the workshop, a cadre of consumer organisations have been created who are in a position to better comprehend issues and be able to advocate the need for DSM/RE and also build capacity of other consumer groups at the community level.

[www.cuts-ccier.org/DREC/](http://www.cuts-ccier.org/DREC/)

## Representations

**Pradeep S Mehta** made a presentation on 'Bottlenecks to Competition Enforcement in sub-Saharan Africa: CUTS Experiences from the Ground' at The World Bank in Washington DC, US on March 07, 2012.

**Pradeep S Mehta** spoke in the first session on 'Early Days of the Competition Commission of India: Lessons of the Future' at the National Conference on Competition Law in Emerging Economies: Trends and Development in India in New Delhi, on February 28, 2012.

**Vikash Batham** participated in the 1st National CSR Conclave 'Corporate Social Responsibility – Private Sector Perspective' organised by the Indian Institute of Corporate Affairs, in New Delhi on January 18, 2012.

**Gaurav Shukla** attended a DSDS 2012 Special Event on "Moving towards alternative energy solutions for addressing rural energy needs" in New Delhi on January 31, 2012. He also participated in a Stakeholders Consultation Meet on Bachat Lamp Yojana organised by the Bureau of Energy Efficiency in New Delhi, on January 20, 2012.

## SC Verdict on 2G Spectrum Allocations: CUTS Comments to TRAI

The furore following the arrest of the former telecom minister and others for sale of 2G airwaves using the first-come-first-served method has come to a conflagration point with Supreme Court cancelling 122 licences given out in 2008. The Supreme Court has further ordered Telecom Regulatory Authority of India (TRAI) to make fresh recommendations for grant of licenses by auction within two months to the government which shall take a decision within the next one month. Auctions are, therefore, a given after the ruling of the apex court. The ruling has set in motion a spate of references for analysis of the judgement with the Prime Minister reportedly asking the attorney general to brief him on all possible implications amid growing worries for the business sentiment. The Department of Telecommunications, too, is studying legal implications of the order.

Given this, TRAI requested relevant parties to provide comments which would be used as inputs to prepare the detailed Consultation paper. Responding to the call made by TRAI, CUTS International submitted its

comments for the Pre-consultation. One key recommendation provided by CUTS was with regard to the auction process.

Worldwide, spectrum has been allotted using various methods, which broadly fall in three categories: administrative allocation, allocation on the basis of a ‘beauty contest’ (where contestants submit a plan on how they would utilise the asset with their credentials) and market-related processes including auctions. Auctions do play a significant role in allocation of scarce resources and have been found to be one of the best forms of achieving the twin objectives of economic efficiency and optimising revenues.

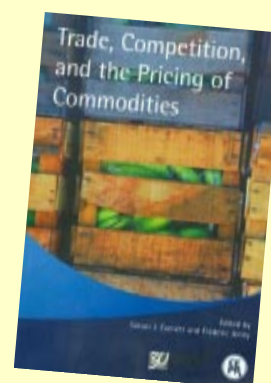
According to CUTS, it is important to note that there is no ‘one-size-fits-all’ approach when designing auctions. A lot depends on the specific details of the situation and economic circumstances and how well it addresses the market imperfections. At the moment auction as a way forward needs greater analysis to come out with the best fit in terms of its design and implementation.

### Publications

#### Trade, Competition, and the Pricing of Commodities

After several decades of quiescence, global commodity prices almost doubled in 2008 and, after a brief fall, rose again in 2011. Over the longer term, the impact of population growth on demand, and of climate change on supply, makes it likely that commodity prices will continue to be an important issue on the global policy agenda. The purpose of this volume, composed of papers presented at a conference co-organised by CEPR and CUTS in Geneva in September 2011, is to identify and assess the importance of the factors responsible for the recent increases in the levels and volatility of commodity prices.

[www.voxeu.org/index.php?q=node/7626](http://www.voxeu.org/index.php?q=node/7626)



#### Competition Distortions Dossier

Competition Distortions Dossier are periodical dossiers published by the Centre, as part of its outreach and advocacy communication strategies. The initiative has been in place for over two years. The current edition which is the 15<sup>th</sup> one in the list of dossiers since 2009, has recently been published. The dossiers are all intended to bring attention to the various ways in which competition is affected or has a potential to be affected either positively or negatively by policies and actions of the domestic government.

The current edition contains some such stories including an applaudable effort at transfer of direct subsidies which could be seen to have an objective similar to “less and targeted aid” as adopted by the EU State Aid Action Plan in 2005. It also covers some contradictory instances where distortions are threatened to be caused by decisions to grant subsidies to bail-out airlines which has the opposite effect of “propping up” inefficient companies and distorting competition. It could also be seen as a case of a violation of the principle of competitive neutrality.

Similarly anti-dumping duties on foreign companies may well be justified as legitimate trade remedies, however, the level and breadth of their implementation may be critical in ensuring that domestic companies are not able to abuse such tools to eliminate foreign competition and consumers suffer from resulting price rises in the process. Such stories and many more have been covered in the current edition.

[www.cuts-ccier.org/Competition\\_Distortions\\_India.htm](http://www.cuts-ccier.org/Competition_Distortions_India.htm)

### Should ad durations on TV shows be halved?

*Business Standard, March 28, 2012*

The TV has become both a source of news and entertainment, the foray of advertisers in this sector has raised the ante of what should be a reasonable amount of advertising with which the consumer can be bombarded. The consumer cannot skip the ads except by hitting the mute button. And in most cases, when one tries and shifts to another similar channel, voilà, more if not the same advertising again, and one waits patiently or does something else...advertisers organise such collusive practice in association with compliant TV channels. Indeed, this should be taken up by the Competition Commission of India

[www.cuts-ccier.org/Article-Should\\_ad\\_durations\\_on\\_TV\\_shows\\_be\\_halved.htm](http://www.cuts-ccier.org/Article-Should_ad_durations_on_TV_shows_be_halved.htm)

### Bad Politics Means Bad Economics

*The Economic Times, March 26, 2012*

Sacking the then-railway minister Dinesh Trivedi after he presented a reformist rail budget is one of the darkest chapters in our recent chaotic economic history. One can understand the compulsions of coalition politics...This idea was not radical because fares had not been raised over the last decade. After all, bad politics leads to bad economic outcomes, which the country can ill-afford in the current situation of an alarming fiscal deficit, obstinate inflation and unusual policy paralysis.

[www.cuts-ccier.org/Article-Bad\\_Politics\\_Means\\_Bad\\_Economics.htm](http://www.cuts-ccier.org/Article-Bad_Politics_Means_Bad_Economics.htm)

### NCP can unleash 2nd wave of economic reforms

*Zee News, March 13, 2012*

In an exclusive opinion piece, Pradeep S. Mehta, Secretary General, CUTS International, wants the finance minister to focus on the National Competition Policy; road safety; and financial consumer protection. Mehta says that the National Competition Policy will allow for economic reforms to be carried forward and bring about growth; a road safety policy will help bring down the number of deaths and consequent expenditure; and there is a dire need to strengthen financial consumer protection measures as seen from the meltdown.

[http://cuts-international.org/media/NCP\\_can\\_unleash\\_2nd\\_wave\\_of\\_economic\\_reforms.htm](http://cuts-international.org/media/NCP_can_unleash_2nd_wave_of_economic_reforms.htm)

### Government should encourage competition in transport sector

*Yahoo News, February 17, 2012*

The government should take active steps to encourage competition in the transport sector to allow passengers to benefit from low costs and greater choices, CUTS said. Pradeep Mehta, Secretary General, CUTS while citing the recent decision to end a decade-old stranglehold of state-owned Air India on foreign flying rights stated that there is a need for the government to take bold steps in sectors such as passenger transport. According to Mehta, the government should do away with section 104 of the Motor Vehicles Act which restricts the grant of permits for notified areas or routes.

[www.cuts-ccier.org/Media-Government\\_should\\_encourage\\_competition\\_in\\_transport\\_sector.htm](http://www.cuts-ccier.org/Media-Government_should_encourage_competition_in_transport_sector.htm)

### Bharat Matrimony Files Complaint Against Google in CCI

*Medianama, February 08, 2012*

Consim Info, the company that runs matrimonial website BharatMatrimony, has filed a complaint against Google with the CCI, alleging discriminatory trade practices related to AdWords. In the year 2011, Consumer Unity & Trust Society (CUTS), a non profit consumer advocacy group, had also filed a Preliminary Information Report with the Competition Commission, urging the agency to investigate "the potential anticompetitive conduct of Google in the Indian internet, e-commerce market, online advertising and related markets."

[www.cuts-ccier.org/Media-Bharat\\_Matrimony\\_Files\\_Complaint\\_Against\\_Google\\_In\\_Competition\\_Commission\\_Of\\_India.htm](http://www.cuts-ccier.org/Media-Bharat_Matrimony_Files_Complaint_Against_Google_In_Competition_Commission_Of_India.htm)

### Global problems & solutions

*The Financial Express, January 13, 2012*

Pradeep S Mehta & Frederic jeeny

Interactions between trade and competition could not be more intimate than they are today, when countries the world over are getting severely affected by the volatility of trade in primary commodities. Much of this fluctuation may be explained through the simple economics of demand and supply, while managing supply side failures is critical to restore some sense in the market. One such management issue is that of the inability of trading nations to deal with rampant anticompetitive practices, especially when the importing countries pay heavily for anticompetitive practices exempted by exporting countries' competition laws.

[www.pradeepsmehta.com/Articles-CompetitionPolicy-1.htm](http://www.pradeepsmehta.com/Articles-CompetitionPolicy-1.htm)

### MCA resists Competition Act changes

*Live Mint, January 20, 2012*

A high-level committee constituted for drafting a national competition policy has suggested scores of amendments in the Competition Act, aimed at making it simpler to interpret and widening the ambit of investigations against cartelisation and mergers and acquisitions (M&As). Pradeep S Mehta said that there is also a need to include professionals at CCI. Mehta, also a member of the committee further added that we have also proposed that the number of members from judiciary and civil services should not be more than half the strength of the commission at any point of time.

[www.cuts-ccier.org/Media-MCA\\_resists\\_Competition\\_Act\\_changes.htm](http://www.cuts-ccier.org/Media-MCA_resists_Competition_Act_changes.htm)