

CREW International Conference Bangkok

18-19 November 2014

CONFERENCE REPORT

CUTS International

December 2014

Day 1 – November 18, 2014

Inaugural Session

1. Pradeep S. Mehta, Secretary General, CUTS International

- Mr. Mehta, thanked and welcomed Mr. Supachai Panitchpakdi, Former Secretary General, UNCTAD, Mr. Rajesh Swami, First Secretary, Embassy of India in Thailand and all the members for participating in the International CREW Conference.
- He introduced the members to the CREW project, which CUTS has been implementing over last two years with support from DFID and GIZ, where the underlying objective is to raise the visibility and highlight the significance of competition reforms across various organs of developing and least developing governments. The project countries being looked at are Ghana, India, Zambia and the Philippines, where the select sectors are bus transport and staple food.
- Mr. Mehta mentioned that the said conference was important as it sought to provide a platform for exchange of knowledge and experience under the realm of competition reforms. Furthermore, the findings of the CREW project would be presented for further uptake.
- Mr. Mehta reminded the audience of the two major incidence which are sought to have considerable implications on economic and growth and development globally. First, the breakthrough in the discussion between the United States and India on the treatment of food security provision at the World Trade Organisation (WTO) and second, the G-20 Leaders' Summit in Brisbane, Australia. The two events highlight the value of competitive markets in the current discourse on global economic governance, especially for stimulating growth and achieving key developmental objectives worldwide.
- Lastly, Mr. Mehta took the opportunity to launch the Competition Impact Assessment Toolkit (CIAT), which is a toolkit for assessment of competition distortions induced by government policies in the developing world. He also informed the participants of the signage of the Memorandum of Understanding between CUTS and the ECOWAS Commission.

2. Supachai Panitchpakdi, Former Secretary General, UNCTAD

- Mr. Panitchpakdi thanked Mr. Mehta for the opportunity of opening the International Conference. He reminded the floor of the work done with Mr. Mehta, as friends and as competitors and recognised the ethos of CUTS.
- One of the major concerns in developing countries is that they seldom lay emphasis on competition reforms and consumer concerns. Mr. Panitchpakdi quoted Russian President, Vladimir Putin in his recent speech where he mentioned that politicians have narrow perspectives where they only live from elections to elections. A broader perspective needs to be adopted by policy makers to push the agenda of overall sustainable growth.
- In reference to the CREW project, Mr. Panitcpakdi mentioned that the sectors chosen (bus transport and staple food) were interesting as in developing and least developing

countries, the government generally maintains a strong hold in the same. Often policy makers would remark that a significant chunk of the budget is allocated to farmers, however, due to leakages minimal funding reached them. Furthermore, in case of price of staple food, the same is tightly regulated by the government and is also influenced by the international market and policies. Similarly, in the bus transport sector, the fares are closely monitored by the government. Philippines sets a good example where due to liberalisation of markets there was a surge of private players resulting in ‘excessive competition’, ultimately impeding the consumer welfare.

- Mr. Panitchpakdi concluded by wishing the CUTS team the best for the CREW project. He resonated the need for quantifying the impact of competition reforms in order to draw the attention of policy makers in developing and least developing countries and hoped that the UNCTAD would note the CREW methodology and replicate it in other countries.

3. Rajesh Swamy, First Secretary, Embassy of India in Thailand

- Mr. Swamy elaborated on the relationship that India shared with Thailand and under ASEAN. In the recent ASEAN summit, Indian Prime Minister, Narendra Modi, emphasised on the importance that India attaches to Thailand and the other ASEAN countries. Trade worth 300 billion USD is expected to roll out between India and the ASEAN countries next year and Mr. Modi has invited the members to manufacture products in India, under the ‘Make in India’ campaign.
- With respect to India’s relation with Thailand, Mr. Swamy mentioned that India and Thailand share strong cultural and historic ties. The two countries benefit from the maritime and air connection and in terms of culture share the history and philosophy of Buddhism. He mentioned that in the last year over 1 million tourists visited Thailand from India.
- In his closing remarks, Mr. Swamy thanked CUTS for inviting him to the conference and hoped everyone a learning experience ahead.

Technical Session-I: Implications of Competition Reforms in the Staple Food Sector on Farmers and Consumers in DCs

The objective of this session was to acquaint the audience with the CREW findings in the staple food sector. The session started with country specific presentations followed by comments from a discussant from each country, followed by open floor discussion, where it was chaired by **Mia Mikic**, Trade Policy and Analysis Section – Trade and Investment Division, UNESCAP.

I. Presentations

The highlights of the presentations were as:

1. Ghana: George Kwadzo, ISSER

- Effective implementation of National Seed Policy in Ghana has brought increased private participation in the seed sector and enhanced seed access for farmers.

- Plants and Fertilisers Act 2010 has resulted in an upward swing in the importation and consumption of fertilizers. The same has also resulted in increased private participation.
- National Food Buffer Stock Company (NAFCO), a government body set up to buy, store and distribute grains has been unable to meet the level of expectation.

2. The Philippines: Roehlano Briones, Philippines Institute for Development Studies

- Quantitative Restriction (QR) on rice imports is due to end in 2017. The country needs to build the capacity of farmers to enable them to compete with international players.
- Briones argued against the renewal of the QR. The study estimated that if the QR is lifted, it would result in consumer gain worth USD 3 billion.

3. India: Dripto Mukhopadhyay, Indicus Analytics

- The amendment of the Agriculture Produce Marketing Committee (APMC) Act 2006 in Rajasthan and abolishment of the same in Bihar in 2005, has not had the desired implications. None of them have been able to attract private investment.
- The seed sector reforms in Bihar have had a positive impact on the private players as well as farmers.
- The Primary Agricultural Credit Society (PACS) in Bihar needs to be empowered.

4. Zambia: Robert Nhalane (on behalf of John N'gombe and Kelvin Mulungu), ZIPAR

- The Farmers Input Support Programme 2002 has resulted in huge government expenditure with little benefits to the farmers. Further, the same has been unable to attract private players.
- Food Reserve Agency (FRA) sets the floor price of maize higher than the market price. This has resulted in losses to private players and profit to only big farmers.
- The subsidy provided to millers in Zambia has benefitted only the big millers.

II. Remarks from discussants

1. Nandita Jain, Nathan Associates

- Jain drew attention towards the congruency in the findings across the four project countries, especially in terms of lack of private investment. Private participation is significant in the production segment (eg, seeds), whereas, the state dominates the procurement segment. Further, the benefits of reforms often do not reach the farmers. Lastly, she observed that heavy subsidisation is seen as anti-competitive reform.
- In her concluding remarks, Jain provided three recommendations:
 - Awareness amongst farmers needs to be increased
 - Credit needs to be studied as well, including informal sources of credit
 - Reforms need to be evaluated and assessed on regular basis

2. Dorothy Effah, Ministry of Agriculture, Ghana

- Regarding the seed sector, Effah mentioned that price was an issue the Ministry was grappling with. The private players are doing well in the seed sector of Ghana, in around 2008, in spite of subsidy in the public seeds, the farmers preferred private seeds.

- Regarding fertilizers, Effam confirmed the positive impact of the Plants and Fertilizers Act, 2010. However, for the heavy government expenditure on the same, the continuance of the subsidy was questionable. Further, in terms of access, it has been found that the farmers in southern Ghana do not receive the fertilizers in time. Lastly, she remarked that in spite of the increase in production, yield had not increased.
- The marketing segment, Effam remarked, is led by private players. NAFCO's objective is to mop excess grains, which it has been able to do.
- In her closing remarks, Effam spoke of the importance of strengthening credit. An effective microfinance system could have immense positive implications on the farmers.

3. Raul Montemayor, Federation of Free Farmers, the Philippines

- Montemayor mentioned that it was unfortunate that in spite of the high level of competition throughout the rice value chain, the efficiency significantly drops at the marketing end for the QR. However, he said it was crucial for the country to analyse the impact of the abolishment of the QR on the local farmers as well as the middlemen.
- He added that the move towards market liberalization needs to be synchronized with sustained investments in rural and marketing infrastructure, improved access to credit, better technology generation and dissemination, and a host of other critical interventions.

III. Open Floor Discussion

- In line with the Philippines presentation and Montemayor's comments, **Shyam Khemani**, MiCRA, remarked that abolishment of the QR may be a difficult point for advocacy as the same is a source of government revenue.
- **Evan Due**, Trade and Investment Division, UNESCAP, asked if the political economy aspect could be analysed in the study. Further, he suggested that the country partners keep in mind the strong influence that the political economy in the staple food sector while suggesting reforms.
- **Chilufya Sampa**, Competition and Consumer Protection Commission Zambia, remarked that in Zambia, there has been an increase in the number of players in the fertilizers segment, resulting in increase in the level of competition. He asked if subsequently the quality level had gone down.
- **Kofi Amenyah**, Legal Ministry of Trade & Industry, Ghana asked if the effect of dumping had been assessed in any of the project countries. Further, he asked why the government intervention came only on the supply side.
- **Kwadzo**, agreed with the issues pertaining to the subsidies. He mentioned that in Ghana the fertilizer subsidies was not only a burden on the government expenditure but was resulting in smuggling and distortion in investments.
- On the question of political economy, **Mukhopadhyay**, replied that analysing the influence of the political economies would be too large to fit within the scope of the project.
- To **Khemani's** question, **Briones** replied that as of now the revenue raised from the QR is collected in a Competitive Fund under the 'Rice for Wealth' scheme, in order to support the farmers, however, the same has been inefficient in reaching the farmers. The QR needs to be abolished and an adjustment package to build the capacity of the local farmers was much needed.

Technical Session II: Implications of Competition Reforms in the Bus Transport sector on Operators and Commuters in DCs¹

The session covered the key findings from the project countries in the Bus transport sector. The objective was to acquaint the audience with the main highlights of the project research and thereby devise an advocacy agenda for these findings in the project countries. The session was chaired by **John Davies**, Head, Competition Division, OECD.

I. Presentations

The highlights of the presentations were as:

1. Ghana: Paulina Agyekum, Ablin Consults

- Need for pushing the agenda for ‘National Transport Authority’ in Ghana which is already in its draft phase
- Introduction of new regulations and standards on road safety in Ghana
- Need for a proper route rationalisation study and its implementation to tackle the dominance of the unions
- Need for having a proper fare setting mechanism for enhancing consumer welfare

2. The Philippines: Sonny Domingo, PIDS

- Need for better integration amongst various regulators in bus transport sector, to ensure better accountability and implementation of laws.
- Need for controlling the vehicular flow, by better regulation both on policy level and enforcement of regulations
- Need for organising bus operators in groups for ensuring responsibility and self-policing

3. India: Abhijit Sarkar, Indicus

- Need for having a “State Public Transport Regulator” in Gujarat and MP
- Need for having a better competitive approach in public procurement for buses
- Need for including private operators in the policy umbrella and tackle rent seeking

4. Zambia: Faith Mwamba (on behalf of Robert Mt’onga)

- Need for proper standards at the level of bus procurement itself
- Need for having a scientific fare setting mechanism
- Need for a proper route rationalisation and its implementation to ensure access of buses

II. Inputs by Discussants

1. Agyeibi Akwasi Prempeh, Ministry of Transport, Ghana

¹ For accessing the detailed presentation for the sessions, please go to http://www.cuts-ccier.org/crew/International_Conference_Presentations.htm

- Mr. Prempeh touched upon the various reforms that Ghana is preparing to implement in the bus transport sector.
- Ghana medium term plan would focus on improvement of transport infrastructure and addition of better buses in the market
- The process of licensing would be improved with more emphasis on driver trainings
- Ghana is planning to have a National Transport Authority where the CREW findings can help in providing the evidence and data

2. **C.W Musah**, Drivers and Licensing Association, Ghana

- Mr. Musah said that operators are free to set their fares and the government has very little say in fixing the prices. There is therefore a need for a proper fare setting mechanism.
- There is a need for engagement of International agencies for hand holding the process of revamping Ghana's passenger transport sector.
- Road safety is an issue that cannot be ignored as an element of consumer welfare.

3. **Nandita Jain**, Nathan Associates

- The Diagnostic Country Reports brings out a good picture in the bus transport regulations in the project countries.
- Ghana and Zambia have fragmented regulations that need better integration of the regulatory agencies for policy implementation.
- The impact of loss of wages has not been accounted in the policies across the countries.
- In terms of fare setting, Zambia is inclusive in a sense that stakeholders are a part of fare setting body.

4. **Shreya Kaushik**, CUTS International

- The governments in the project countries had attempted to introduce policies to tackle various issues but the implementation is lacking.
- For Philippines, the moratorium of issuance of franchisee is in place but has not been implemented well.
- Even though in Zambia, Road Transport and Safety Authority does involve various stakeholders in fare setting, the selection of private operators is based on favouritism.
- The need is to have an effective regulator with a pro-competitive framework for better policy implantation and better scope of public private participation.

III. Floor Discussions

- **Dorothy Effah** said that in Ghana, consumers have limited choice to choose from the services.
- **Owen Gabbitas**, Productivity Commission of Australia, added that there is a need to identify ways of having consumer participation in fare setting mechanism.
- **John Davies** seconded the need for having a scientific fare setting process as informal methods only act as price fixing.

- **Sonny Domingo** added to the point of fare setting by stating that in Philippines a mechanism is in place but it is yet to be implemented. Also consumers prefer new vehicles and therefore the competition is stiff in the Philippines.
- **Abhijit Sarkar** added that in India even though the private sector has easy entry, better regulatory mechanism is still needed for ensuring a level playing field. Having a mechanism for competitive bidding is not enough. The whole fibre of the bidding process needs to be analysed and reworked to ensure better entry and regulation of the private players.
- **Faith Mwamba** responded to the question of effective implementation of the advocacy plan in Zambia by stating that champions would be identified for each of the issues from key ministries and regulators. This would help in having greater buy in for the proposed reforms.
- **Paulina Agyekum** reflected upon some of the actions that consumers could take for ensuring quality service. One of the ways could be for consumers to boycott buses of operators who do not provide quality service.
- She added that in the developing countries services like MMT in Ghana cannot be scrapped and is not a way forward. These are subsidised services and have a welfare factor attached to consumers. Therefore it is better to have efficient enforcement of policies for realising the purpose of the policy.
- **Pradeep Mehta** emphasised on the necessity of having effective policy implementation in the developing countries to ensure balanced development.

Session on Synthesis Report – Competition Reforms, Nature of Market & Impacts on Beneficiaries

The said session was chaired by Pradeep Mehta, where presentations were made by the CREW advisers, Shyam Khemani and Jincy Francis, jointly and on behalf of Frederic Jenny.

1. Presentations

1. Shyam Khemani, synthesized the findings of the Draft Country Reports (DCRs) produced within the framework of the CREW project regarding the staple food sector.

He started by pointing out the prevalence of various competition distortions in the market, especially in the context of developing countries, and highlighting the various costs implied by these distortions, whether directly in the form of taxpayers' money being lost, or indirectly in the form of reduced allocative efficiency. Mr. Khemani then briefly went through the findings of respective DCRs, with all their variations within and across countries. The challenge for the CREW project as a whole would be to tease out these differences, and on that basis come up with a robust methodology which are replicable in other sectors and other countries. It is easy to talk about the merits of competitive markets, but in order to be able to convince governments to lessen their distortive interventions, in defense of market competition and efficiency, we need hard facts, stated Khemani. The DCRs are work-in-

progress of a difficult natural experiment, which would help the project identify gaps for more targeted and effective competition advocacy.

2. Frederic Jenny, OECD Competition Law and Policy Committee was unable to attend the conference and hence his presentation was made and presented by **Jincy Francis**, Nathan Associates. The presentation synthesized the findings of the CREW DCRs in the transportation sector. The research results across four countries clearly show that lack of competition would inevitably lead to poor economic performance whether through monopolies (including public monopolies) or anticompetitive practices by private firms. On the other hand, competition without regulation may lead to diminution of the quality of services, as shown by the examples of project countries. In some cases, just the presence of competition is enough to provide some form of discipline in the market, without government interventions. Furthermore, the fragmentation of regulatory agencies may even prove to be detrimental to the quality and consistency of regulatory enforcement by creating confusion, whereas State subsidies given to transport operators (private or public) often have a disincentive effect and foster inefficiencies. It is also felt that there is a general lack of information or empowerment of consumers in all countries under review.

II. Inputs by Discussants

1. Pradeep Mehta, Chair of the session, clarified that in developing countries (DCs), there is a clear tendency by regulators to expand their mandate beyond optimal level (leading to the situation of ‘regulatory capture’) and therefore regulation is often equated to control, due to the plague of bureaucracy and old mind set.

2. Kofi Amenyah, highlighted that the central issue in DCs when it comes to the staple foods sector is food security. The WTO Agreement on Agriculture charts the way for removal of subsidies as market distortions. However, could removal of subsidies really enhance competition and benefit consumers? In the transport sector, governments usually have good intentions when putting in place new regulatory frameworks or providing subsidies, but all these often result in disasters and failures.

3. Geronimo Sy, Office for Competition, the Philippines, appreciated the findings of the DCRs, but raised questions about the timing of the study with regards to data and also about the methodology and champion of subsequent advocacy: how to go about it and who would actually do it?

4. Chilufya Sampa, affirmed the CCPC’s buy-in of the CREW project findings in both sectors and stated out a series of advocacy actions that would be taken in the future by them including presentation to the Parliament, and Cabinet, workshops and meetings with stakeholders, as well as future joint studies.

5. S Chakravarthy, former member MRTPC, from India pointed out that despite the differences, there are similarities running through all the DCRs as well, particularly with regards to the creation of monopolies by governments’ interventions in the market which

further entrench anticompetitive practices by private firms. The importance of effective advocacy measures is thus further elevated.

III. Open Floor Discussion

The floor discussion that followed centred around some examples of benign cartels that are present in DCs, which might be socially and economically desirable in the short run but would cost consumer and the economy (as reduced efficiency) in general in the longer run, given competition is stiffened. Competition policy and law (CPL) is not about stopping people from becoming millionaires, which is the traditional image of a monopolist in the old literature, but about ensuring that market failures and competition distortions do not impose huge costs on consumers and the society. The question therefore is not that whether a benign cartel should be allowed and not punished but whether we have good/optimal regulation in the market.

Panel Discussion (CREW PAC members & Other Experts): Emerging Issues from the CREW project for infusing Competition Reforms in Economic Planning Process in DCs

In this session, panellists comprising competition practitioners and scholars from developing and developed countries were requested to reflect on the emerging issues from the CREW project findings, and also share their experiences on how a discussion on competition reforms can be initiated with national policymakers. This session was chaired by **Deunden Nikomborirak**, Thailand Development Research Institute (TDRI).

I. Presentations

1. Eberhard Feess, Frankfurt School of Finance & Management, started his submission by indicating that through the CREW project, the partner organisations have undertaken ‘sector studies’ to highlight how competition has been promoted or distorted in two selected sectors. He suggested that a common template should emerge from the CREW project – to help countries for undertaking such ‘sector studies’. He further noted that there is already a lot of data available for some of these sectors (in secondary sources) and the same should be looked at in the process. He added that there should be two components of the above-mentioned template: (i) a general section which will refer to theory and existing literature and (ii) a sector specific section, which would highlight the process of data collection and tools used in analysis. This section should also provide a list of international organisations/experts, who could be approached by countries which are interested in undertaking such a ‘sector study’ in order to start a discussion on competition reforms.

He also added that it would be very crucial in the next steps of the project to feed the emerging evidence into the policy process. Feess highlighted the importance of ‘alliance building’ in the process and getting on board policymakers, regulators, media, etc.

2. Owen Gabbitas, raised the practical difficulties in ‘making a case’ in favour of reforms owing to the fact that reforms are often complicated and painfully long. He was speaking from his own experience of a developed country like Australia. The other important point that he made was the fact that uptake of reforms often depended on the right sort of incentives for

government. Its only when Governments are able to see these incentives flowing from the reform process, that they show interest in undertaking them.

3. Thomas Ratsakatika from DFID caveated his response with the fact that his experience on competition policy reform is limited to three months working on the CREW project. He mentioned that DfID has had limited experience in competition reform specifically, however in general business environment reform, DFID's approach in its country offices (DFID's comparative advantage) has been to engage at a high level. In the context of competition, this would be directly with the competition authorities and the relevant ministries. He added that it was realised that this top down, donor reliant approach has sustainability issues. So a current DFID programme will be looking to develop and test innovative ways to sustainably increase government demand for reform. He said, this is why DFID is very supportive of the CREW approach. He said it is expected that the CREW project would contribute towards developing a methodology so that organisations can generate evidence and influence politics, without the need for donor support. He added that integrating political economy analysis into business environment and broader economic development is a key priority for DFID. DFID is currently developing a Governance for Economic Development work-stream, to better understand these political economy issues and identify what the options are for more effective innovations in this space. He highlighted the importance of evidence in demonstrating how reforms can be useful for countries. He also touched on a 'Competition Advocacy Contest' that DFID has recently initiated. Finally, he observed that the CREW project can possibly be replicated in electricity and telecom sectors.

4. Alice Pham from CUTS Hanoi Resource Centre raised a fundamental point about the replication of the CREW project. She indicated that there is a need to review the background paper (<http://www.cuts-ccier.org/CREW/pdf/Background-Paper.pdf>), which was prepared by Nathan Associates to help in the selection of the set of countries where the CREW project would be implemented. There were a number of other countries which could have been considered – so, when it comes to the stage of replication of the CREW project then some of these countries could be considered. The other criteria she mentioned that could be used in choosing these countries would be look at those countries and sectors, where the wheel of reforms has been turning very slowly – or has even been turned back.

II. Open Floor Discussion

In the **floor discussion** that ensued, the following key points were raised:

- Implementation of 'well intended policies' is one of the biggest challenge affecting developing and least developed countries; one of the ways of addressing this challenge could be by building alliances for implementation
- There are two options before CUTS to proceed with replicating the CREW methodology – (i) to deepen the sectoral understanding and see how to take the learnings forward in the same sector; and (ii) to identify some other countries and explore the replication of the methodology
- Given the fact that the methodology is tuned to for sectoral application, it is important to engage the sector regulators right from the beginning of the project

- Subsidy is popular (with politicians) but has negative implications on competition and market players. Are there ways of making subsidies efficient – and supported by the market?
- With every reforms, there are winners and losers; and losers would inevitably try to discredit the research and the findings. So, there should be a strategy in place to deal with such ‘externalities’

Day 2 - 19 Nov 2014

Understanding & Communicating Benefits of Competition Reforms for Policy & Practice Changes in DCs

Joe Tackie, Private Sector Development Strategy (Govt. of Ghana) chaired this session and asked presenters to share their experience of research/analyses that help demonstrate benefits of competition reforms on beneficiaries, and link the same with other developmental outcomes. He further requested the speakers to elucidate efforts made in sharing such experiences with others actors engaged on competition policy and law issues.

I. Presentations

1. Tania Begazo from the World Bank started by explaining that the process of competition reforms comprised of two components: (i) purging anti-competitive practices and (ii) advising governments to refine policies that affect competition in markets. She shared the work that has been undertaken by the World Bank to gather evidence about how policies and practices affect competition in markets. The WB team has been using a ‘results framework’ to undertake this work and use evidence to facilitate desirable changes from a competition reforms perspective.

2. John Davies from the Organisation for Economic Cooperation and Development (OECD) shared with the audience some of OECD’s views on the linkages between competition, productivity and growth. He indicated that benefits of competition can be segregated into: (i) short term benefits, (ii) implications for economic growth and (iii) long-term benefits to society. He shared that OECD was in the process of revising its Competition Assessment Toolkit, and that this version (version 3) would present a database of academic literature on ‘tools and methods used for assessing impact of competition’. He informed the meeting that there were more than 250 such academic research work that was available. He thought that there were synergies that OECD is interested in developing with other organisations working in this area, and was looking forward to strengthening synergies with the CREW project.

3. Natalie Timan representing the Competition and Markets Agency shared some of the findings of CMA’s approach and findings from their market studies/sector studies. She added that evidence from such interventions is useful in making/facilitating structural changes. And that such evidence provides very critical information about how markets work. One of the elements in the presentation that she thought would be useful for the CREW project was an explanation of the ‘difference in difference’ analysis.

4. Rijit Sengupta, CUTS International made a presentation of the ‘Framework for Competition Reforms’ (FCR) being developed under the CREW project to help governments and policymakers promote competition in key markets. He indicated that this FCR was based on the experience of the CREW project. It comprised primarily of two components: (i) a research based component, which highlighted methods and tools that can help gather evidence about (pro/anti-competitive) policies influencing markets and their ultimate implications on beneficiaries; AND (ii) a component that would highlight the approach and activities to be undertaken for using this (above-mentioned) evidence to advocate for competition reforms. He added that the FCR would greatly benefit from the work that has been presented (about tools and methods for assessing impact of competition) by World Bank and the OECD – and expressed great satisfaction on account of the fact that CUTS had very good relations with both these organisations.

II. Floor discussions:

The following points emerged from the discussions:

- Impact of reforms could either be direct or indirect – and there is need for understanding both of them from an economic planning perspective
- For proper assessment of impacts, a proper counterfactual analysis is critical
- The reform process is dynamic and often influenced by a large number of factors (some of which is difficult to identify)
- The importance of an ‘elevated statement’ to help sell reforms to the busy politicians (a question was raised on ability of politicians to understand data)
- Given the ‘comparative’ element in the project; one option could be to benchmark a situation in a country and then compare the others with it
- It is important to have simple and not complex methods/tools – so that they can be easily deployed
- Qualitative evidence is extremely important and needs to be recorded and used

Reflections on the CREW Methodology and Uptake in other countries/sectors

In this session, some practitioners/experts/policymakers reflected on CREW Project’s methodology and provided their perspectives on its uptake in other countries, including possibilities in theirs. The session was chaired by Shyam Khemani.

I. Narratives and Presentations

1. Joseph Wilson, Competition Commission of Pakistan

Mr. Wilson gave a narrative of the sectors where the project methodology could be useful in Pakistan.

- **Air Services:** There is limited competition in the airline sector in Pakistan. The sector is opening up now for more players to enter in the market. Any airline willing to enter Pakistan’s market, can only do so by signing a bilateral air service agreement. Two airlines would soon be operating between Pakistan and Mecca. Considering the large amount Pakistani citizens travelling to Mecca, the introduction of these airlines would

lead to consumer savings up to PKR 60 billion. Since the sector is aiming to increase competition, CREW methodology could be applicable here.

- **Bus Sector:** The project is already working on bus transport and the city of Lahore would soon be having a 27 km long BRTS corridor. However, there are safety concerns in general for commuters while using the bus transport service in Pakistan. The accident fatality rates are very high. It can be seen as to how producer and consumer welfare can be maximised from CREW Project's findings.
- **Sugarcane Market:** There is a buyer and seller cartel in the sugar industry in Pakistan. Hoarding is a common practice by sellers, even though the law against it was passed way back in 1973. The project methodology can be used to highlighting the loss of consumer welfare by such anti-competitive practices.

He concluded by saying that way forward would be to make the government a part of this project since the beginning, to better realise its impact.

2. Joe Tackie, PSDS, Office of President, Ghana

Mr. Tackie began by saying that there has been a long delay in Ghana for adopting the competition law. His presentation focussed on how the findings from the project can be used to enhance the private sector participation in Ghana. The highlights of his presentation are below:

- Ghana's Medium Term Private Sector Development Strategy II is working towards increasing private sector participation in areas like modernised agricultural & sustainable natural resource management, oil and gas development, infrastructure and human settlements development, human development and productivity & employment.
- Some of the mentioned sectors like infrastructure, banking etc. can be looked up for extending the project methodology.
- The key to achieve a sustainable way forward for enhancing the reach of competition reforms is to engage the relevant stakeholders in the country and identify champions amongst them.
- The coordination between various regulatory agencies and departments is also critical to ensure proper implementation of the reforms.
- Media has a big role to play in bringing the message across to the larger masses on the benefits that competition reforms can accrue.

3. Dr. Rokiah Alavi, Consumers International, Malaysia

Dr. Alavi began by saying that CREW project is a relevant initiative. In case of Malaysia, many anti-competitive practices are the result of government policies themselves.

The highlights of her presentation are as follows:

- For Malaysia, the consumer welfare indicators should include the elements of safety and transparency (in terms of information dissemination).
- The sectors where the project methodology can be applicable in Malaysia are:

- **Automotive sector:** There are many anti-competitive practices in this sector like providing permits to specific big firms.
 - **Pharmaceutical Sector:** Predatory practices are prevalent with large chain pharmacies providing huge discounts to drug suppliers for bulk purchase.
 - **Banking Sector:** There are indications for the fees like transaction cost for banking activities to be fixed through collusion. The consumers have to bear the high cost of transactions.
 - **Cement Industry:** There are indications of implicit collusion or concerted practice in this industry. The major challenge is the difficulty in proving the same.
- World Bank is deepening its work in the Pharmaceutical, Banking and Cement sectors in Malaysia and the CREW team can work in tandem with them.

4. Dr. Charles Cheung, Thai – Hong Kong Trade Association, Thailand

Dr. Cheung gave a narrative on the relevance of CREW methodology and the suggested ways of increasing the impact of the methodology.

- He stated that many sector specific studies have been done to assess the level of competition in the sectors. But the implementation of their findings is ‘absent’.
- In order to realise the impact of the project and its uptake, it would be useful to engage with sector champions who are sensitive to the need of competition in ensuring producer and consumer welfare.
- Also the project implementation would need considerable technical knowledge, both in terms of economics and legal framework.

5. Kwame Owino, Institute of Economic Affairs, Kenya

Mr. Owino highlighted the need of increasing the visibility of competition policy reforms. An effective way of doing so could be the engagement with think tanks.

- For the uptake of CREW methodology with the stakeholders, it would be useful to engage with them in such a way that they respond to the research output.
- While undertaking the outreach for the project, the ‘political economy’ of the sector has to be taken into consideration.
- The sectors in Kenya where the methodology can be applicable are:
 - Transport sector
 - Supermarkets and grocery stores
 - Fertiliser import trade
 - Petroleum sector

II. Floor Discussions

- **Roehlano Briones** stated that for Malaysia the Rice Sector can be looked at. The import trade policy affects the competition in the rice sector in Malaysia.
- **S Chakravarthy** pointed out the need for brining on board the opposers of competition reforms.

- **Shyam Khemani** highlighted that impact can be realised effectively when ‘change leaders’ are identified and their capacities built to take the agenda forward. This point was seconded by **Owen Gabbitas**.
- **Owen** further added that focus should be on the following points:
 - How to make country study useful for the stakeholders in the project countries
 - Sector specific toolkits should be prepared that can be useful in other sectors and countries
 - Clearly highlight as to how the research can be used to advocate for change in the countries