

**REPORT OF 2nd MEETING OF NATIONAL
REFERENCE GROUP (NRG)**

Held at
Shangai Restaurant Boardroom
14th March 2006

Organized by

Consumer Education Trust (CONSENT)

GPO Box 1433
Kampala, Uganda
Tel: +256 31 2260431/2
Fax: +256 31 2260432
Mob: +256 77 2502441
E-mail: consentug@yahoo.com, consumeducatrust@netscape.net

In conjunction with

CUTS International

Centre for International Trade, Economics & Trade (CUTS-CITEE)

D-217 Bhaskar Marg, Bani Park
Jaipur 302 016, India
Tel: +91.141.2282821/2282591
Fax: +91.141.2282485
Email: 7up3@cuts.org
Web: www.cuts-international.org

With Supported from
NORAD, Norway and DFID, UK

MARCH 2006

Capacity Building on Competition Policy in Select countries of East and Southern Africa 7Up3 Project



INTRODUCTION:

The 2nd meeting on competition under the 7Up3 Project, titled **Shaping Competition Culture - Capacity Building on Competition Policy in Eastern and Southern Africa** was held on Tuesday March 14, 2006 at the Shangai Hotel Conference Room, Kampala. Consumer Education Trust (CONSENT) organized the dialogue as the 7Up3 project partner in Uganda with CUTS International – CITEE, Jaipur with support from NORAD of Norway and DFID of United Kingdom.

The dialogue attracted 17 stakeholders from different sectors who included policy makers from government departments, regulatory agencies, civil society organizations, consumers, the private sector and mass media.

THE DIALOGUE:

Welcoming remarks

The dialogue was chaired by Mr. Kimera Henry Richard, Chief Executive, CONSENT, who also gave the opening remarks.

Highlights of his speech:

Welcomed stakeholders in their respective capacities to the second dialogue in the series during the lifetime of the two-year 7Up3 Capacity Building Project implementation.

Led stakeholders through the objectives of the dialogue:

- Sharing with stakeholders, findings of study on Competition Status in Uganda under a Capacity Building project in 7 East & Southern Africa countries.
- Getting stakeholder input on competition and the study.
- Providing a forum for stakeholders to share experiences and enhance capacity in appreciating competition as one of the elements for efficiency, national development, fair trade and consumer welfare, and
- Disseminating information on competition law and policy.

CONSENT anticipated outcomes from the dialogue to include:

- Shared understanding of information on uncompetitive practices and appreciation of the need for an effective competition regime in Uganda;
- Enhanced stakeholders capacity to advocate for fair competition and trade; and
- Improved reporting and analysis within the media on practices that affect competition and the economy.

Stakeholders invited included: policy-makers, regulatory institutions, civil society organizations, businesses and business associations, academia, researchers, the media and consumers. Based on stakeholder input to the Country Research Report (Competition scenario in Uganda), earlier prepared by CONSENT, it was envisaged that the interaction would provide an opportunity to discuss its contents in the context of the 7Up3 project and in view of what was needed to interrogate competition and consumer issues in Uganda.

Appealed to stakeholders to advocate for the enactment of proposed laws (that are still in draft form) so as to enhance standards of living for the common people, promote fair trade and boost national economic development. Laws cited included: the draft consumer protection and draft competition bills. Also, there was need to institute mechanisms to address high incidences of corruption in the Uganda.

Introductory remarks

Mr. David Ong'olo, member of CUTS International 7Up3 Advisory Committee and represented CUTS at the meeting, gave a brief overview of the project and explained the importance of the NRG.

He said it was important as it enabled stakeholders to give their input to the process of nurturing a consumer culture and enactment of competition policy in Uganda. This is more so given that the two Bills on consumer protection and competition regulation were ready and needed to be discussed by the 8th Parliament after May 2006. He also commented about the expectations from the project.

Presentation: Country Research Report - Competition Scenario in Uganda

Mr. Shaban R. Sserunkuma, presented the Country Research Report on competition that was prepared under the protocols of the 7Up3 Project. The report gives an overview of the Competition Environment, Policy and Legal Framework in Uganda.

Highlights of the presentation:

The socio-economic position of Uganda, and the role of the country's Poverty Eradication Action Plan (PEAP) in providing an over-arching framework to guide stakeholder action to eradicate poverty.

The PEAP provides the foundation for a vibrant and competitive economy with forward and backward linkages amongst the component sectors - one of the five pillars of PEAP is about production, competitiveness and incomes.

Scattered provisions on consumer protection and welfare exist in sectoral policies (water, telecommunications, electricity, etc). However, a comprehensive consumer protection policy is not in place yet, although a draft is expected to be discussed at the same time when Parliament would be considering the draft proposed Consumer Protection Bill as well as other business-related laws. The absence of consumer protection policy and supportive legislation in the country means that consumer perspectives are seldom taken into account in formulation of public policy.

On competition, the market economy is still in its infancy, characterized by inexistence of enabling frameworks or the existence of inadequate and/, or archaic policies and laws (Cases: sale of goods, consumer protection, food safety, Intellectual property etc). The emergence of competition in the marketplace has largely been as a result of government direct involvement in attraction of investments for purposes of import substitution or enhancement of capacity for provision of goods and services where none existed or where their existence was inadequate.

A monopolistic competitive dispensation prevails in several sectors, i.e. very many buyers, many sellers, minimum difference in nature of products and number of barriers to entry or exit. The effect of this all is that there are many cases of anti-competitive behavior in the marketplace that is/ or, could be deleterious to both market competition (and related consequences) as well as consumer welfare.

A draft law, to be known as the Competition Bill, has been crafted. The proposal seeks to create, encourage and protect competition, encourage investments, strengthen the efficiency of production and distribution of goods and services and protect and promote social welfare of consumers in Uganda.

The second part of the presentation gave details of the Competition Perception Survey undertaken by CONSENT. The survey was a follow-up to the earlier one carried out to gauge the baseline status of Uganda on market competition. The survey took place in November-December 2005 and covered public-private sector and civil society organisations as well individual consumers.

A total of 100 institutions (80%) and individual consumers (20%) were sampled and their respective responses logged. From the survey findings, it was established that the vast majority of respondents averred that consumers are moderately affected by the practices, mainly bid rigging, unfair trading practices, price discrimination and market sharing. Views on the ideal competition framework were also logged from stakeholders and were presented as part of the presentation.

Discussion on the paper

Generally, participants in the dialogue endorsed the views expressed in the competition report and recommended a series of actions that most emphasized of which was expediting the process to enact consumer protection and competition legislation in Uganda.

Need for Harmonization of Proposed Laws with Existing Laws

Stakeholders emphasized the need to review existing policies and laws to identify interface and coherence aspects, particularly with regard to the draft laws on competition regulation and consumer protection. It was noted that several sectoral regulatory laws needed to be amended for smooth enactment and operationalization of the proposed Competition framework. The laws providing for regulation of the procurement, Civil Aviation, Communication and Energy sectors were cited.

Competitiveness and Competition Regulation

If the objective of competition regulation is to improve efficiency in production for overall advantage to the national economy, then several policy issues e.g. taxation structure need to be reviewed to cater and promote effective competitiveness in the economy. Also, there is need to address the impact and effects of Sectoral regulations in reference to competition issues.

Regional Issues and Competition Policy and Law

Stakeholders pointed out that the regional COMESA and EAC competition laws with their extra territorial mandate cannot be effectively applied in Uganda until there is a competition law and authority established in Uganda. They therefore called on government to expeditiously enact the draft law.

Universal stakeholder involvement

Stakeholders noted that it is important that they should be involved deeper in consultations in the development of policy and legal framework on consumer protection and competition regulation. This was against the background that these laws would include provisions that could adversely affect them as active participants and beneficiaries. They called for more efforts in creation of awareness amongst stakeholders before the proposed laws are enacted.

Multilateral Competition Issues

Participants called for enactment of a domestic competition law and policy, operationalise and publicize it broadly to stakeholders as this would facilitate appreciation of the multilateral competition mechanisms.

Crosscutting Issues with Reference to Competition and Consumer Protection

- Bid rigging was found to be the most rampant anti-competitive practice in Uganda at all levels – justifying widespread reports of corruption and lack of transparency in public institutions and business enterprises
- Distortions are created in the marketplace due to longstanding vertical integration of distribution and sales networks in the country; manufacturing entities are involved in distribution, wholesale and retail of their own products. This has several implications for competition, employment and consumer protection
- EAC countries should harmonize similar domestic policies and laws for smooth implementation across common borders
- There should be specific product (goods and services) standards to refer to when addressing uncompetitive practices related to product characteristics (quality, content, etc)
- Appeal processes or mechanisms addressed to politicians like Ministers might lead to distortions and unfair adjudication
- E-commerce abuses are on the increase. Therefore, there is need for enactment of a framework on E-commerce regulation to address them
- Copy Rights and Intellectual Property Rights should also be catered for adequately during policy and legal reform process
- Low awareness and capacity to exert pressure for enactment and operationalization of the competition and consumer protection bills.
- Need to review both the competition and consumer protection bills for a possibility of ensuring they are mutually supportive.
- Government should improve on discipline in its different operations as it has been implicated in abuse of the procurement framework
- Consumer protection involves many sectoral agencies and therefore there is need for sensitization and ensuring multi-sectoral support.

Concluding Remarks

Mr. Sserunkuma acknowledged that the comments from participants were pertinent and generally called for broader discussions of competition and consumer protection issues. This, he emphasized, should be augmented by enactment of respective legislation as a good starting point that would lay a firm foundation for prevalence of a strong competition culture in the country.

As a way forward, a three-pronged approach was agreed:

- Increased stakeholder (consumer) awareness on issues of consumer protection and competition as well as their effects;
- Wide circulation and consultation of stakeholders on the draft competition and consumer protection laws with a view to institutionalization of effective Authority with enforcement capacity;

**Capacity Building on Competition Policy in Select countries
of East and Southern Africa
7Up3 Project**



- Incorporation of stakeholder's comments in the country competition report and draft bills.

Mr. Kimera thanked stakeholders for honoring the invitation, sharing constructive views and appealed for continued cooperation noting that the push for a competition culture was only in its infancy.

Annex I

Tuesday 14th March 2006

Competition Dialogue Program

1345 Arrival and registration

1400 Opening and Introductory remarks CUTS and CONSENT

1415 Competition Status Study Report

1445 Stakeholder comments

- Policy-makers
- Regulators
- Academia
- Civil society
- Private sector

1515 General discussion and feedback

1615 Capacity needs and rap-up

1630 Tea / Coffee and Departure

End of Dialogue

Annex II

List of Participants

	Name & Designation	Contacts: Name of organization, physical postal, telephone, email, fax & cell phone no.
Government Ministry / Department		
1.	Mr. Okilangole Patrick, Principal Commercial Officer	Ministry of Tourism Trade & Industry, Room 605, 6 th Floor, Farmers House, Parliament Avenue, P. O. Box 7103 Kampala-Uganda. Ph: 041 314269 Fax: 041 341247 Cell: 0712803206
2.	Mr. Andrew Kalyango, Economic Monitoring Department	Office of the President, Republic of Uganda, PO Box 24606, Kampala, Uganda Em : kalyongo@hotmail.com
3.	Mr. Ssemakula Joseph, Economic Monitoring Department	Office of the President, Republic of Uganda, PO Box 24606, Kampala, Uganda Cell : 077 2436671 Em : makulesse@hotmail.com
Regulatory Authority		
4.	Ms. John Musajjakawa	Uganda Investment Authority (UIA) Ph : 041 301000 or 301161 Em : musajja@ugandainvest.com
5.	Mr. John Okalany	Civil Aviation Authority (CAA) PO Box 5536 Kampala, Uganda Ph: 031 2352000 Fx: 041 321401 Cell: 075 2772772 Em : jokalany@caa.co.ug
Civil society organization		
6.	Ms. Nabbanja Aisha, Volunteer in Legal Matters	Uganda Women Entrepreneurship Association Limited (UWEAL)
7.	Ms. Kasukukuru Christine	National Association of Women Organizations in Uganda (NAWOU), Plot 1, Perryman Gardens, Bakuli, PO Box 1663, Kampala, Uganda Tel: 041 258463 Fx: 041 345293 Em: nawouj@uol.ug
8.	Ms. Kyariwuda Justine	National Association of Women Organizations in Uganda (NAWOU), Plot 1, Perryman Gardens, Bakuli, PO Box 1663, Kampala, Uganda

Capacity Building on Competition Policy in Select countries of East and Southern Africa 7Up3 Project



		Tel: 041 258463 Fx: 041 345293 Em: nawouj@uol.ug
9.	Amb. Nathan Irumba	SEATINI – Uganda, P. O. Box 3138, Kampala, Uganda
10.	Mr. Musubire Stephen	Center for Development Initiatives (CDI), Plot 101, Kira Road, PO Box 33653, Kampala, Uganda Ph: 041 542506 Em: styber2001@yahoo.com
11.	Mr. Steven Mondo Assistant Coordinator	VEDCO – NGO Agriculture PO Box 45 Kampala Ph: 41 255604 Cell: 077 907193 Em : m.steven@yahoo.co.uk
Private Sector		
12.	Ms. Enid Edroma, Company Secretary & Legal Advisor	Shell Uganda Limited, Ph: 031 2210010
13.	Mr. Tindimwebwa Geofrey B.	ScieTax Consult Ltd, PO Box 3519, Kampala, Uganda Ph: 041 237487 Cell: 077 2423667 / 071 2541585 Em: scie_taxconsult@yahoo.co.uk / geoffindi@yahoo.com
14.	Ms. Lydia Nakamalina	Kabugo, Tamale & Co. Advocates, PO Box 70154, Kampala Cell: 075 2400152 Em: nakamalina2002@yahoo.co.uk, kabugotamaleadv@sificable.co.ug
Media		
15.	Mr. Ben Moses Ilakut	East African Business Week, Kampala.
CUTS International / CONSENT Team		
16.	Mr. David Ong'olo	CUTS International Nairobi Resource Centre P. O. Box 8188-00200, Nairobi, Kenya. Ph: 254 020 2734926 Fx: 254 020 2734925 Cell: 254 0722 524958 Em: cuts-nairobi@cuts-international.org
17.	Kimera Henry Richard, Chief Executive	Consumer Education Trust (CONSENT), P. O. Box 1433, Kampala, Uganda Ph: + 256 31 2260431/2, Fax: +256 31 2260432 Cell: +256 77 2502441 Em: consentug@yahoo.com, kimehenrich@yahoo.com

Annex III

Competition Report