

Project Launch Meeting

Capacity Building on Competition Policy in Select Countries of Eastern and Southern Africa (7Up3 Project)

Imperial Resort Beach Hotel, Entebbe, Uganda, March 22-23, 2005

A two-day international meeting marking the commencement of CUTS project entitled ‘Capacity Building on Competition Policy in Select Countries of Eastern and Southern Africa’ was held in Entebbe, Uganda on March 22-23 2005.

The project is being supported by the Norwegian Agency for Development Cooperation (NORAD), Norway and the Department for International Development (DFID), UK. The overall object of the project is to take up research and advocacy activities for promoting fair market competition over a period of two years in seven countries: Botswana, Ethiopia, Malawi, Mauritius, Mozambique, Namibia and Uganda.

The meeting was attended by delegates from several countries of Africa and other parts of the world. Apart from the project partners representing leading civil society organisations, universities, research institutions and consumer associations from the seven project countries, the meeting also drew experts on competition and representatives of competition authorities.

Welcoming the participants to the meeting, the Chief Executive Officer of CONSENT, Kimera Henry Richard highlighted the need for the project, and its implications for consumer awareness in the project countries. He added that the initiative taken by CUTS was ‘timely’, especially in the context of the prevailing market scenario in the project countries.

Speaking on the occasion, Mr. Pradeep S Mehta, the Secretary General of CUTS noted that competition law is not a luxury of the developed world but one of the necessary tools in their fight against poverty, a sentiment, echoed by many in the meeting. In his

introduction about the activities of CUTS in the area of competition policy and law he presented a brief account of the initiatives taken up by the organisation both at the national and international levels. He also noted that developing countries should not be dogmatic about withdrawing from the markets as distortions and failures in markets are quite ubiquitous and the state needs to play a role in promoting a fair and orderly market.

Mr. George Lipimile, the Executive Director of Zambia Competition Commission observed that the root of anti-competitive market situation in most African countries lies in the privatisation programmes adopted by them in the wake of structural adjustment programmes. He noted that in the pre-reforms era, the markets were highly dominated by government owned enterprises. However, the companies that showed interest or bought these government enterprises were those already operating in the particular market through domestic production or through imports, thus weakening competition in the markets.

Ms. Karen Ellis of the Department for International Development (DFID), UK underlined the importance of competition policy in DFID's programme and gave a brief account of the different projects in the area supported by DFID including those implemented by CUTS.

Mr. Tore Gjos, the Norwegian Ambassador in Uganda, noted that competition policy and law are necessary to curb the rent seeking behaviour of private companies which hit the poor relatively harder and hence occupy an important place in their development assistance

The seminar that followed the Opening Session, consisted of three sessions: Competition Policy and Economic Development; Addressing Competition concerns in the region and Competition and Regulation Interface (realities from the developing world).

The first presentation in the session on competition policy and economic development was made by Dr S. Chakravarthy, an expert on Competition policy and law from India.

He highlighted how an effective competition policy could safeguard the interest of the poor consumers. He drew references from cases in various parts of the developing world in his presentation.

David Ong'olo from Spellman and Walker Co. based in Nairobi observed the importance of the socio-economic and political support factors in establishing an effective competition policy and law, and the associated impediments/concerns for developing countries that needed to be overcome.

Mr. Lucian Cernat of the United Nations Conference on Trade and Development (UNCTAD) added that the benefits of trade liberalisation may not accrue to developing countries if they fail to have an effective competition law.

In the second session, the presentation by George Lipimile highlighted the need to consolidate national competition regimes in the region with initiatives that have been taken by the regional agencies like COMESA, SADC, EAC to develop a regional competition framework. He pointed out that it was necessary to harmonise the project activities with those of these regional agencies, viz. COMESA.

In his argument Ibrahima Aidara, representing the Regional Office of Consumers International in Africa, expressed how regional integration could develop and strengthen the capacities of national competition authorities to deal with the anti-competitive practices of transnational corporations (TNCs), thereby protecting local/regional firms.

The last session on the first day dealt with the interface between competition and regulation, focusing on the situation in developing countries. There was a presentations by Ms. Malathy Knight-John from Institute for Policy Studies, Sri Lanka who talked about regulation in the telecom sector. In her presentation, Ms. Ama Asantewah Ahene representing Institute for Social, Statistical and Economic Research, Ghana presented the scenario in the power sector in Ghana, and called for improving the regulatory regime in the country to ensure better efficiency in service delivery. Ms. Ann Rita Ssenboga

representing the Uganda Communications Commission presented how regulation in the telecommunications sector in Uganda has improved over time, and is considered one of the best in the region.

Researchers representing partner institutions from the project countries of the 7Up3 project presented the Preliminary Country Papers (PCPs) on the second day of the Project Launch Meeting. In the first slot there were presentations from Botswana by Mr. Monnane Monnane representing the Botswana Institute for Development Policy Analysis (BIDPA); Mr. Gebremedhine Birega from AHa Ethiopian Consumer Protection Association (EcoPA) and Mr. Maxton G Tsoka of the Centre for Social Research (CSR), Malawi. In the post lunch session, there were presentations by Dr. Kheshwar Jankee Chandan of the University of Mauritius; Rehabeam Shilimela representing Namibia Economic Policy Research Unit (NEPRU) and Shaban Sserunkuma from the Consumer Education trust of Uganda (CONSENT).

In the closing session, Mr. Nitya Nanda representing CUTS highlighted the issues that emerged out as crucial for the region during the deliberations over the two days. He invited comments/suggestions from the participants to deal with the issues in general and addressing them in the context of the project in particular. He observed the following as being pertinent and critical:

- Hybrid Laws and hybrid agencies for small countries with limited resource and institutional capacities.
- Implications of dumping of goods by foreign companies on domestic firms, and the need for anti-dumping law.
- Is it desirable to do away with State Owned Enterprises in developing countries, especially considering the situation in the project countries?
- Is there a need for 'Price Control' by the government, particularly in specific situations at the retailer level?
- What should be the role of civil society organisations in the project countries to deal with anti-competitive practices?

- What approach of ‘advocacy’ should be adopted in the project countries particularly in the context of the 7Up3 project to ensure consumer welfare.

Mr. Henry Nyakoojo, Program Manager of the Uganda Program for Trade Opportunities and Policy (UPTOP) of the Ministry of Tourism, Trade and Industry closed the seminar, while stressing on the importance of competition policy in the context of trade and socio-economic development, especially in the project countries and their neighbours in the region. He observed that the outputs from the meeting would be fed as inputs into the Uganda Trade Policy review process in order to enhance efficiency of resource allocation and consumer welfare.

Following the Seminar, the project coordination and management unit representatives from CUTS, the project partners, project advisory committee members, development partners and experts engaged in a workshop to discuss the project implementation structure. Over the discourse, the Operational Strategy Note of the project was discussed at length. In addition, there was also discussion on the methodology for preparation of the Country Research Reports. Comments were also received on ways of enriching the research output/methodology of the project. *For a detailed account refer ‘Emerging Points from the Workshop on 7Up3 Project Implementation’ in the 7Up3 Project webpage.*

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