REGULETTER

A Quarterly Newsletter

25 years CUTS International 1983 2008

Volume 12, No. 1/2011

Broad-based Support Key to Competition Enforcement in Africa

Inside this Issue

Special Articles

Unprecedented interest and zeal on competition law issues has been noted in African countries over the last decade or so. Stirring a debate on the motivations behind adoption of competition laws and establishment of competition authorities in African countries is certainly not the objective of this article. However, its aim is to remind the readers that adoption of a law and establishment of a competition enforcement agency only mark the beginning of what is often a fairly long and arduous process of competition enforcement in a developing country setting. The most important milestone in this process is effective implementation of the competition law by the established agency. Analysed from this perspective, most African countries (with the exception of a few) still have a long way to go.

A competition enforcement agency's task is to ensure that markets function in a fair manner, ensuring predictability in the market and stimulating enterprise development and growth on the one hand, and protection and promotion of consumers' interests on the other. Both these outcomes are extremely important from a socio-economic perspective of a country, but are also marred with interference by vested interest groups.

Establishment of socio-economic harmony (in sections of the economy and the population) as expected from effective enforcement of a competition law often goes against the ill conceived notions of such groups. Therefore, they are often active to derail and/or decelerate the process of competition enforcement. In order to neutralise or at least minimise the influence of these interest groups, it is important that benefits from competition reforms is communicated to possible 'friends of competition' in simple and tangible terms, so that supporters of the competition reforms process outnumber and overpower its detractors.

This was one of the motivations for setting up the Africa Competition Forum (ACF) by a group of competition experts, practitioners, international organisations and donors with field-experience on competition research and enforcement across Africa. Various networks and groups have cropped up at the international level to discuss competition issues. There was nothing exclusively dedicated to discussing competition issues pertaining to Africa, so it was felt that an Africa Competition Forum be established to fill up this gap.

The Department for International Development (DFID), UK and International Development Research Centre (IDRC), Canada supported and catalysed the

CUTS Centre for Competition, Investment & Economic Regulation
CUTS C-CIER

process of establishment of this forum through a stakeholders meeting in Nairobi in March 2010. A rough work-plan was developed at this meeting and an Interim Steering Committee with members from competition agencies of Egypt, Kenya, South Africa, Tanzania and Zambia, established. Sufficient caution was expressed at this meeting that this forum should develop as an 'outcome-oriented initiative' and simply not an occasion for 'singing and dancing' and loose networking.

A first activity to be undertaken was a 'Needs Assessment' of competition agencies (and government departments handling competition issues) across Africa – to establish the real needs on the ground – such that the ACF can take them into consideration for developing an 'Action Programme'.

Findings from this needs assessment exercise were shared with a large community of competition experts at the first Conference of the ACF held in March 2011 once again in Nairobi. The needs assessment report indicated that assistance required by African agencies predominantly falls into the following categories:

- Strategic planning and management
- Practical aspects of competition law enforcement such as investigative and litigation skills and techniques
- Foundational training on the basics of competition law and economics
- Technical assistance in drafting competition policy, laws and regulations and in designing agency procedures, guidelines, and operational manuals
- Advocacy and engagement with other stakeholders

While it is important to hone skills of the competition authority staff to be able to undertake competition assessment independently and investigate cases, it is imperative to lay an equal amount of emphasis on the need for engaging and educating other stakeholders (those who are outside the immediate world of the competition enforcement regime in a country).

Options identified above for improving competition enforcement skills are far more expensive and cannot be afforded by most African countries in the absence of external financial support. Given the uncertainty of such funding support and the fact that it would always be inadequate, it might be useful to focus on stakeholder sensitisation first.

Government-supported programmes for sensitising the stakeholders, particularly finance and planning ministries, audit agencies, procurement offices etc about benefits from an effectively enforced competition regime would enable winning 'friends of competition', who would demand expediting and supporting competition reforms processes from within the countries. This would make (subsequent) technical assistance programmes more effective and better owned.

As this extremely important initiative (ACF) rolls out its activities, it would be essential to critically answer the question: 'What programmes would really benefit the African countries and their consumers, and thus be prioritised?'

ACF should definitely not become a "Me Too" network!

– *An abridged version of this article appeared in the* Business Daily Africa*, on May 03, 2011.*

EA Region Needs Effective Competition Policy

– Samson Awino*

The recent happenings in Kenya's telecommunication sector have given the Tenth Parliament a new food for thought in the ongoing quest for a level playground. It is now widely appreciated in the country that competition benefits consumers through lower prices, better quality and improved choice of products, and indirectly, through its impact on economic growth.

However, in cases where the market is paved with varied anti-competitive practices and weak regulatory framework, it is difficult for such a market to work for the poor.

Anti-competitive practices can only be controlled by the existing competition legislation and authority like Monopolies and Prices Commission (MPC) in Kenya. However, the MPC faces challenges in tackling competition related problems due to weak regulatory framework, which is not compatible with the current trade regime in the East African Community (EAC) where increase in the level of cross border trade has led to massive anti-competitive practices.

Kenya is yet to pass the Competition Bill in Parliament, which has been long overdue. The implementation of the EAC common market has just started, yet no member state has established an independent competition authority to support the implementation of the competition law and policy.

Furthermore, the EAC secretariat is yet to establish a regional competition authority to handle cases of anti-competitive practices in the current common market regime. The existing scenario in EAC depicts a slow progress in the advancement of competition related reforms, which can be attributed to several factors like limited awareness on the importance of competition to foster private sector development and consumer welfare and limited political will to enact and implement competition related reforms within the EAC.

This can be affirmed by a study undertaken by CUTS in 2009 which depicted that most stakeholders in Kenya do not understand the importance of competition.

* *Programme Officer, CUTS Africa Resource Centre, Nairobi. Abridged from an article that appeared in the* Business Daily Africa*, January 05, 2011.*

China Issues Pricing Guidelines

The National Development and Reform Commission (NDRC) of China has unveiled a new set of regulations aimed at preventing price collusion and monopolistic pricing practices. The Anti-Monopoly Law of 2008 already contains provisions against price fixing and abusive pricing by dominant firms, but the NDRC said that the new regulations would clarify the rules, help law enforcement officials and companies to abide by the law.

Under the new regulations, price fixing arrangements will be banned, as will agreements over minimum resale prices. Companies with a dominant market share will be banned from charging unfairly high prices for their goods, paying unfairly low prices for inputs, pricing goods below production cost, using rebates to force out competitors, and price discrimination between similar customers.

(WSJ, 05.01.11 & DJ, 04.01.11)

New Law in Brazil

The Brazilian Senate approved the text of a new Competition Act. The text passed by the Senate in December 2010 contains some amendments in comparison to the original text passed by the Chamber of Representatives in December 2009.

The Chamber of Representatives will have to review the draft legislation on a second reading. The amendments introduced by the Senate are of minor importance, and they do not modify the key innovations brought by the new legislation.

The main innovations included in the draft law concern the institutional setting and the functioning of the system of merger control. Brazil is expected to become one of the most important competition law jurisdictions in the global stage of competition law enforcement in the coming years.

(www. kluwercompetitionlawblog.com, 07.02.11)

Merger Scrutinising Powers, finally

India's competition regulator has been empowered to scrutinise large merger and acquisition (M&A) deals and then either approve or reject them. In a much-awaited move, the Ministry of Corporate Affairs (India) has notified the relevant provisions of competition law that will give the Competition Commission of India (CCI) powers to examine corporate deals beyond a certain value.

The Ministry has notified sections 5 and 6 of the Competition Act. The provisions will be effective from June 2011. According to the Act, companies involved in M&As should notify CCI about proposed deals as long as the combined annual revenue of the individual companies is at least ₹3,000 crore. *(Livemint, 04.03.11)*

Spain Reduces Filing Burden

The Spanish Parliament amended the Spanish Competition Act 15/2007 on March 5, 2011, affecting merger filing requirements and changing the interaction between the National Competition Commission (NCC) and the national regulatory authorities (NRAs), which govern businesses in energy, telecommunications, pharmaceuticals, and other sectors.

The main consequences of the amendments will be to decrease the number of merger filings and increase legal certainty in proceedings that require cooperation between the NRAs and the NCC.

The main change refers to the weight to be given to the reports issued by the NCC and the NRAs in the course of proceedings for the application of sector regulations or the Competition Act. *(Mondaq, 14.03.11)*

A Vibrant Market in Malaysia

The Malaysian Competition Act 2010 is expected to create a more vibrant market for the business community and generate further economic growth for the country. The Act is seen as a new constitution for the business sector.

The Competition Commission Act 2010 and the Competition Act 2010 has been passed in the Parliament and is gazetted to be implemented in January 2012. Under the Act, anti-competitive agreements and the abuse of a dominant position will be prohibited.

The Commission will consist of respected professionals with experience in commerce, economics, law, competition and consumer protection and the decisions made by it following the implementation and investigation of infringements will be based on duly assessed economic analysis and credible evidence.

(www.theborneopost.com, 29.03.11)

UK Plans Competition Watchdog Merger

The UK announced a further supervisory shakeup involving the merging of its Office of Fair Trading and Competition Commission. A consultation details a scheme to amalgamate the two into a new Competition and Markets Authority (CMA).

The announcement comes hot on the heels of already highly developed plans to split the Financial Services Authority and create three separate financial supervisors in 2012. The new CMA would be able to bring charges under a criminal cartel offence and would be tasked with speeding up market investigations over competition offences. It would also aim to tackle anti-competitive mergers, while ending the duplication previously seen under the two authorities. *(GFS, 17.03.11)*

Canada Revises Merger Guidelines

The Canadian Competition Bureau plans to make 'moderate' revisions to its Merger Enforcement Guidelines (MEGs). The MEGs, last revised in 2004, set out the framework the Bureau uses to evaluate the potential competitive effects of mergers.

According to the Bureau's release, the revisions will be targeted and specific, and not constitute a wholesale revision of the current framework. The Bureau intends to publish the revised draft MEGs in 2011 and seek public feedback on the revisions before publishing the final revised MEGs in the fall. *(Mondaq, 01.03.11)*

ABUSE OF DOMINANCE

Turkey Slams Cement Firms

The Turkish Competition Authority has opened an investigation into suspected anti-competitive activities in the supply of cement in the Eastern Anatolia, Southeastern Anatolia, Adana, and Eastern Black Sea regions.

The Authority is investigating ten undertakings for alleged infringements including price increases, market and customer allocation, and exchange of information on market conditions. The companies under investigation include Adana Çimento Sanayi TAŞ, Cimsa Çimento Sanayi ve Ticaret AŞ, and Mardin Çimento Sanayi ve Ticaret AŞ.

(TCA Press Release, 04.01.11)

Switzerland Examines Online Sales

The Competition Commission of Switzerland opened an investigation into restrictions on online sales of household appliances. The investigation aims to establish whether the restriction of online sales constitutes a violation of competition law and is the commission's first investigation into restrictions on e-commerce.

The investigation is focusing on the behaviour of Electrolux AG and V-Zug AG. Electrolux issued a blanket ban on distributors from selling products online, while V-Zug also imposed restrictions on its distributors regarding online sales. The investigation may subsequently be extended to other companies that retail household appliances. *(ILO, 13.01.11)*

Google Released from Italian Probe

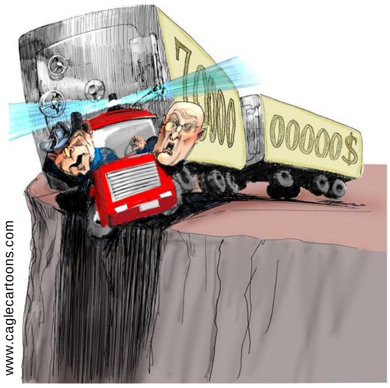
The Italian Competition Authority (AGCM), has closed its investigation into the alleged abuse of dominance by Google Inc after accepting Google's commitments to give greater control to newspaper publishers over their content on Google News and increase the transparency of revenue sharing under Google's AdSense programme.

The investigation was launched in August 2009 following a complaint by the Italian Federation of Newspaper Publishers who argued that Google was abusing its dominant position by not giving publishers the ability to remove their articles from Google News without affecting the indexing of their sites on Google's main search engine.

Following the investigation, AGCM has also sent a report to the Italian government and the Parliament calling for a national law that would define a system of intellectual property rights on the Internet. *(AFP, 17.01.11)*

EC Probes Truck Manufacturers

The European Commission (EC) raided the premises of a number of companies active in the truck industry in several EU countries. The EC suspects that the companies may have violated EU antitrust rules by restricting competition and/or by abusing their dominant market positions.



The Commission has not disclosed the names of the parties under investigation but some of the major players in the European commercial vehicles market, including Scania AB, Volvo AB, Daimler AG, and MAN SE, have confirmed that they had been targeted by the unannounced inspections.

The EU probe follows the Office of Fair Trading's (OFT) civil and criminal investigation into the UK market for commercial vehicles announced by the OFT on September 16, 2010. The Commission and the OFT are now cooperating closely on these two separate investigations.

(FT, 19.01.11)

Microsoft under Argentina's Lens

Argentina's antitrust agency has opened an investigation to determine whether the international technology company Microsoft has engaged in the practice of a dominant position in the market.

The complaint was made by Pixart, a small technology company in Argentina that develops open-source operating system based on Linux and accuses Microsoft of abusing its dominant position in the market. Microsoft has responded to the claim and believes it has no foundation. The Commission has not yet determined whether it is necessary to open an investigation. *(CT, 23.01.11)*

Romania Fines Mobile Operators

Vodafone and France Telecom's Orange face a total of more than US$81mn in fines after Romania's Competition Authority found they had abused their dominant position in the mobile telecoms market.

The Competition Council ruled that Romanian subsidiaries of the British and French telecoms group had unfairly blocked a fixed-line telephone operator from transiting some of its calls to their networks.

The regulator opened an inquiry after rival NetMaster Communications complained about the cost of terminating calls on the groups' networks. Both companies said that they would appeal against the Authority's decision. *(FT, 16.02.11)*

CCP to Check Legality of TV Licence

The Competition Commission of Pakistan (CCP) has initiated an enquiry to determine whether the ₹35 per month television licence fee charged along with electricity bill is legitimate or otherwise.

The CCP enquiry is examining the aspect whether the charging of TV licence fee is abuse of dominance in the market, tying the service or legitimate right of the Pakistan Television. CCP, if found necessary, would issue policy note on the issue to the government. CCP has increased the pace of enforcement actions against the cartels and companies involved in collusive behaviour and deceptive marketing practices. *(DT, 23.03.11)*

CARTELS

NMa Penalises Glass Cartel

The Netherlands Competition Authority (NMa) fined a price fixing cartel of four manufacturers of insulated glass a total of US$25mn. The companies participating in the cartel were the four largest producers of insulated glass in the Netherlands: AGC Flat Glass Nederland BV, Koninklijke Saint-Gobain Glass Nederland NV, Pilkington Benelux BV, and Scheuten Glas Nederland BV.

The companies discussed price levels of insulated glass and agreed to raise the prices of insulated glass by 10-12 percent and impose minimum prices. The cartel was revealed following a leniency application by AGC who were consequently granted immunity from any penalties. A leniency application was also filed by Saint-Gobain but only after the AGC had filed its application. The NMa has hence decided to grant Saint-Gobain a 30 percent reduction in its fine. *(NMa Press Release, 06.01.11)*

EU Raids E-Book Publishers

The European Union (EU) antitrust authorities raided several publishers in Europe Tuesday, searching for evidence that they had acted illegally to keep prices high in the nascent electronic-book market.

The EU's interest dovetails with ongoing investigations by authorities in the UK, California and Texas into the arrangements that publishers make to sell digital books. The EU regulator is widely considered the world's most powerful, and it has the power to levy giant fines against companies that break its rules. *(WSJ, 03.03.11)*

Airlines Settling Price-Fixing Suits

Eight of 19 airlines sued for cargo price-fixing in the US have settled class-action claims for about US$275mn. The suit, which is still being litigated, alleges air carriers such as Lufthansa, which settled for US$85mn, engaged in a world-wide conspiracy to fix fuel and security surcharges imposed after September 11, 2001, and after the beginning of the war in Iraq in 2003.

The latest settlement in the suit, with Qantas Airways Ltd., was for US$26.5mn. Attorneys litigating the case said courts are still reviewing the settlements for fairness, and one of those lawyers, Brent Landau of Philadelphia noted the complexity of the case. *(www.upi.com, 19.01.11)*

Bid-rigging in Public Procurement

The Albanian Competition Authority started a preliminary investigation into domestic public procurement of new auto vehicles. The investigation's findings appear to have resulted largely from irregularities in the bidding documents, as identified by the authority staff during the execution of its bid proceedings.

The Authority found evidence that several of the companies operating in the domestic auto procurement market had established concerted practices that would potentially constitute prohibited agreements under the Law on the Protection of Competition (9121/2003). The Authority analysed the concerted practices of the undertakings under investigation, based on the OECD guidelines for fighting bid rigging in public procurement. *(ILO, 20.01.11)*

Samsung SDI to Plead Guilty

The US Justice Department said that Samsung SDI Co. has agreed to plead guilty in a price-fixing conspiracy and pay a US$32mn fine. Samsung SDI, part of South Korea's Samsung Electronics Co., conspired to fix prices, reduce output and allocate market shares of colour display tubes, a type of cathode ray tube used in computer monitors and other devices.

The Justice Department said Samsung SDI met with conspirators in Taiwan, South Korea, Malaysia, China and elsewhere. The charges and the plea agreement follow indictments in 2009 and 2010 of six individuals related to the CDT price-fixing conspiracy.

The plea agreement is still subject to court approval. Samsung SDI has agreed to cooperate with the Justice Department's ongoing investigation. *(AP, 22.03.11)*

Egypt Dairy May Face Action

Egypt's anti-competitive watchdog said dairy and juice maker Juhayna and two other firms had violated competition laws and fixed prices of raw milk bought from farmers. The Egyptian Competition Authority had sent a notice on the issue to Juhayna, the International Company for Agro-Industrial Projects (Beyti), and the Nile Company for Food Industries (Enjoy).

The case was first brought to the Authority in December 2007 following a request from the Minister of Trade & Industry to investigate anti-competitive activities in the Dairy Industry. Juhayna exports a tenth of its output, 80 percent to North Africa and Middle East and the rest to the US, Europe and Japan. *(Reuters, 14.03.11)*

India Scrutinises Onion Cartel

The probe initiated by fair trade watchdog Competition Commission of India (CCI) into the sharp fluctuations in onion prices may fail to prove the existence of any organised cartels operating in this sector.

The investigations covering major wholesale vegetable markets in the country have so far found no trace of such cartels. The CCI had asked its investigation wing to look into onion price patterns after the prices shot up to a record level of ₹80 per kg.

CCI officials said the inquiry will cover all aspects of onion trade to enquire whether clogging of distribution, drop in production or hoarding and cartelisation had led to the price increase. The probe signifies the role of competition law in curbing unethical and anti-competitive practices in the trade of agricultural produce, an official said. *(BS, 30.01.11)*

(Please see an article 'Learning from the Onion Crisis' by Pradeep S Mehta that appeared in the Financial Express *on February 17, 2011)*

FINES & PENALTIES

France Issues Fining Guidelines

The French Competition Authority published draft guidelines for setting antitrust fines on January 17, 2011. These are intended to increase the transparency and predictability of antitrust fines and to allow a balance to be struck between their deterrent effect and their proportionality to the infringement they sanction.

In practice, the Authority shall set a basic amount varying between 0 and 30 percent of the value of the sales generated by the undertaking's infringement. The variation will depend on the gravity of the infringement and the economic harm the infringement causes. *(Mondaq, 25.01.11)*

Aveng Accused for Collusion

The South Africa Competition Commission imposed an administrative penalty on Aveng Africa Limited (Aveng) for the involvement of its steel business (Steeldale) in collusive conduct alleged in two complaints.

The first complaint related to historical anti-competitive conduct by Steeldale in the wire mesh market and the second complaint related to historical collusion in the reinforced steel bar market.

In terms of its settlement agreement with the Commission, Aveng agreed to pay the penalty in four equal installments and to co-operate with the Commission in the prosecution of other cartel members. This is Aveng's second fine in just over a year.

(M&G, 02.03.11)

Charge for Drug Lawsuits

GlaxoSmithKline has unveiled a record-breaking charge to settle product liability lawsuits and regulatory fines linked to past sales practices by the UK-based pharmaceutical company in the US. GSK's latest charge comes amid a series of escalating legal actions launched against drug companies in the US by regulators and patients over allegations of aggressive marketing and side-effects caused by medicines.

The charge also includes an unspecified amount to cover continuing product litigation claims by patients linked to Avandia, GSK's former blockbuster diabetes drug that was all but withdrawn in the US and Europe in late 2010 after concerns about cardiovascular side-effects.

(FT, 18.01.11)

Spain Fines ICNA

The Council of the Spanish Competition Commission, CNC, has decided that a compensation fund between notaries created by the Official Notarial Association of Asturias, ICNA, infringes the prohibition on restrictive practices and has fined it US$70,871.

According to the CNC, following case law of the Supreme Court, the compensation fund created by the ICNA is anti-competitive because it limits notaries' freedom of action in terms of their intervention in financial agreements and deeds. It also has the potential effect of discouraging competition, the CNC said.

(CNC Press Release, 25.01.10)

Lithuania Slams Insurance Cos.

The Lithuanian Competition Council has fined insurance companies *AB Lietuvos Draudimas* and *UAB DK PZU Lietuva* for restricting competition in the compulsory designers and contractors' third party liability insurance market. The two insurance companies entered into an agreement to cooperate in the provision of compulsory insurance related to construction activities.

The parties then agreed on the terms of concluding insurance contracts and on the procedure for calculating insurance premiums, as well as on other conditions of insurance including uniform risk assessment and a uniform commission to external brokers.

Given that *AB Lietuvos Draudimas* and *UAB DK PZU Lietuva* are two major players in the highly concentrated market for general third party liability insurance, the Council concluded that the agreement had a significant impact on the market.

(LCC Press Release, 27.12.10)

Food Firms Guilty over Secret Talks

Three food companies, including units of Kraft Foods and Unilever, have been fined US$53.2mn for sharing sensitive competitive information. The two and the German company Dr. Oetker, were found guilty of violating competition laws by meeting over a period of several years to discuss negotiations with retailers.

Competition was hindered by these actions even though it was not a question of classic collusion on prices, territories or clients. A fourth major food manufacturer is still being investigated. Authorities were alerted to the discussions by a worker at the German division of the US conglomerate Mars, which under cartel authority rules will not be fined as a result.

(www.channelnewsasia.com, 17.03.11)

CAT Cuts More Construction Fines


The Telegraph

The Competition Appeal Tribunal (CAT) of UK has cut US$25mn of fines imposed on the builders by 76 percent to US$6.1mn, calling the penalties "disproportionate and excessive".

The fines were imposed on the companies in 2009 as a result of the OFT's biggest ever investigation. The watchdog fined 103 construction companies US$209mn over allegations of collusion on contract bidding between 2000 and 2006 which pushed up the price of building contracts.

The companies were accused of 'cover pricing', where they submitted bids for construction contracts they did not intended to win in order to create a misleading impression of a competitive bidding process.

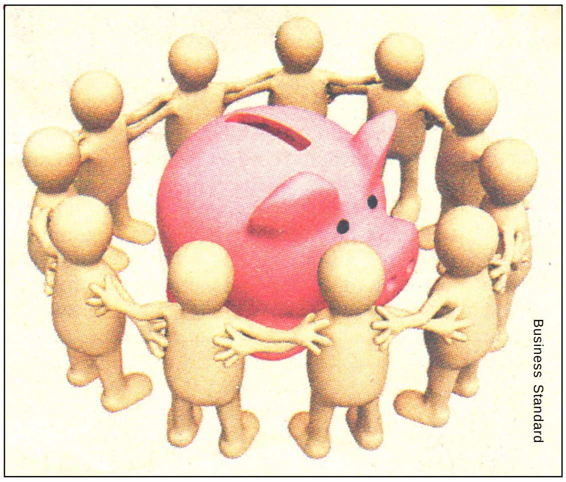
(www.telegraph.co.uk, 25.03.11)

Hit Fertiliser Cartels with Alliances

– Pradeep S Mehta*

Fertilisers contribute a large part to the cost of agriculture and the exchequer's subsidy burden, yet, there is little thought being given to why the prices of imported fertilisers are scrambling up.

It is well known that the artificially high prices of fertilisers are maintained by a handful of companies operating as a cartel, which is not illegal under their home country laws. Especially as India is a very large consumer, the government could bargain for lower prices rather than asking the taxpayer to be a party to more subsidies that end up unjustly enriching foreign companies.



For years, the government has been increasing the subsidies allocated to fertilisers to enhance fertiliser use to boost agricultural production and provide food security. Unfortunately, the huge subsidy bills do not translate into a proportionately high volume of fertiliser use.

Reducing subsidy on a key input even as its cost goes up would lead to a higher cost of production that would then be transmitted through the supply chain, the ultimate burden of which would be borne by the consumer.

What complicate the fertiliser subsidy-food inflation dilemma are the market distortions in the international fertiliser market. The world fertiliser market is not a perfectly competitive market where prices are competitively determined on the basis of demand and supply. Instead, they are reflective of the high monopoly rents of the concentrated market power of a few players.

About 70 percent of the world trade in two key fertilisers, potash and phosphate, is controlled by three transnational companies: Canpotex, Belarusian Potash Co and PhosChem. Canpotex is an exporter of potash and phosphate, and an offshore company for three North American firms: Agrium, Mosaic and PotashCorp. Canpotex coordinates with Belarusian Potash Co in the world market of potash formed by member companies: Belaruskali and Uralkali. PhosChem is a US-based export cartel and is the largest exporter of concentrated phosphate from North America.

Due to their agricultural production needs and reliance on fertiliser imports, countries such as India, China, Brazil and Australia have to buy from these transnational companies despite the high international prices set by them. India relies almost completely on import of potash and phosphate to meet its domestic demand.

In an article, Global potash trade & competition *(appeared in the Economic Times, November 25, 2010)*, noted competition expert Frederic Jenny highlighted the overcharge paid by India due to anti-competitive practices in the global potash market. Under a competitive scenario, the price of potash would decline from US$574 per tonne in 2011 to US$217 by 2015, and subsequently increase to US$488 by 2020. However, in the continuing presence of fertiliser cartels, the price of potash would steadily increase from US$574 per tonne in 2011 to US$734 in 2020.

In international economic governance, subsidies are viewed as trade-distortive breeding grounds for economic inefficiency. Besides, if the burden of the huge subsidy bill being carried by Indian taxpayers is mostly paying off the monopoly rent of a few transnational companies, the case for high fertiliser subsidies seems rather weak. The best available option out of this conundrum is for India to lobby and form buyers alliances with countries such as China, Brazil and Australia that are similarly hit owing to their growing agricultural needs.

Such a buyer alliance with sizable leveraging power as importers in the international fertiliser market should then bargain for lowering fertiliser prices. It would not only force compliance to its demands by threatening the market dominance of supplier countries but also address the adverse anti-competitive spillover effects of the existing cartels before international fora.

* *Secretary General, CUTS. Natasha Nayak of CUTS contributed to this article. Abridged from an article that appeared in* The Economic Times*, on March 28, 2011.*

Ensco to Buy Pride

Ensco, the UK-based drilling services company, is buying rival Pride International, a specialist in deepwater projects, in about a US$7.1bn cash-and-stock deal to create the world's second-largest offshore driller by number of rigs.

The deal is a vote of confidence for deepwater drilling, which has suffered difficulties in the US as a result of delays in issuing new permits for the Gulf of Mexico following the BP oil spill in April 2010. The combined company, which will retain the name Ensco, will have 74 rigs – second only to Transocean with 138.

Shareholders in Pride will receive 0.4778 newly issued shares of Ensco plus US$15.60 in cash for each share of Pride common stock. Pride's shareholders will receive a total of US$2.8bn in cash. *(FT, 08.02.11)*

Intel Wins Approval for McAfee

Intel Corp., the world's largest chipmaker, won EU approval to buy security software company McAfee Inc. for US$6.6bn after it promised to allay competition concerns over the deal. Intel committed "to ensuring the interoperability" of products with those of competitors.

The EU agency said its probe had identified "serious competition concerns with the possible bundling" of Intel's chips and McAfee's security software. Intel is counting on technology from McAfee to help it add security measures to its semiconductors for computers, smartphones and other devices.

The company in 2009 was fined US$1.45bn by the EU over allegations that it impeded competition by giving rebates to computer makers that bought all or almost all of their chips from Intel. *(BS, 28.01.11)*

Canon Merges Océ India Subsidiary

Canon and Océ have joined forces to create the global leader in the printing industry. For our customers this combines Canon and Océ technology with the support of the Océ direct sales and service organisations.

In 2010 Océ became a Canon Group company. The Japanese based company had acquired 90 percent stakes in Océ for US$1.1bn in 2009. They will be able to build upon each other's strong history and proven track record of innovation and customers servicing and create a strong joint enterprise capable of long term successes. The companies believe that they can change the market dynamics and achieve a two-thirds jump in revenues. *(ET, 18.01.11)*

DuPont Acquires Enzyme Maker

DuPont Co agreed to acquire Danisco for US$5.8bn, beating approaches from rival suitors for the Danish maker of enzymes used in food and biofuels. Danisco selected DuPont from potential suitors as it provided the best fit and price.

The US Company will use US$3bn of cash and use debt to finance the rest of the deal. The acquisition should close early in the second quarter and add to earnings starting in 2012, DuPont said. The deal will reduce 2011 earnings by 30 to 45 cents a share. The company had forecast full-year earnings of US$3.30-US$3.60 a share. *(BS, 11.01.11)*

World's Largest Trading Powerhouse

NYSE Euronext, the parent company of the New York Stock Exchange, and Germany's Deutsche Boerse agreed to merge in a US$10bn deal that will create the world's largest exchange for stocks and derivatives.

Under the terms of the deal, Deutsche Boerse will swap 0.47 of its shares for one share of NYSE Euronext. That will make the combined company 60 percent owned by Deutsche Boerse shareholders, with existing NYSE Euronext shareholders owning the remaining 40 percent.

The merged company will have combined revenue of US$5.4bn making it the largest exchange by revenue. The transaction will create a new Dutch holding company that will have headquarters in both New York and Frankfurt. *(ET, 11.02.11)*

Walmart-Massmart Gets Go Ahead

The South African Competition Commission granted final conditional authorisation for Wal-Mart's proposed acquisition of equity in Massmart because it did not raise competition concerns in the relevant market of fast moving consumer goods and general merchandise.

The final condition authorisation granted was on the basis that Wal-Mart Stores Inc., should undertake to honour existing supply arrangements already in place between Game Stores Zambia and its customers and take reasonable steps to ensure that its takeover does not result in high unemployment for a substantial number of workers currently employed by Game Stores Zambia Limited.

(CCPC Newsletter, Jan-Mar 2011)

UK Approves News-BSkyB Takeover

The UK government approved News Corporation's proposed US$12.5bn takeover of British Sky Broadcasting Group PLC (BSY.LN) after the media giant agreed to spin off 24-hour news channel, Sky News, into a separate company to avoid a prolonged investigation by the nation's competition regulator.

The deal, which will add BSkyB's extensive pay-television operations to News Corp.'s extensive stable of media operations, has been criticised by UK rivals, who said it would hurt competition and limit media choice for consumers.

But the UK government, which was reviewing the merger to see if such concerns were valid approved the deal, subject to a short public consultation. *(DJ, 03.03.11)*

Birla Leads Race For US Co.

Aditya Birla Group has emerged as the frontrunner to acquire US-based Columbian Chemicals Company, – the world's third largest carbon black producer – in a deal estimated at over US$800mn. Columbian Chemicals, with around 10 percent share of the carbon black industry globally, is majority owned by JP Morgan's buyout private equity One Equity Partners LLC and has been put on the block

The deal would help Birlas consolidate their position in the global carbon black industry. The group with carbon black assets in China, Thailand and Egypt has been on the prowl for acquisitions to take advantage of the robust demand for the key raw material in the making of automobile tyres and vulcanised rubber products in Asian and Latin American markets.

(FE, 01.02.11)

Portugal-Oi in Strategic Partnership

Portugal Telecom is to pay US$5bn for a 22.4 percent stake in Oi, Brazil's largest telecoms group, as part of a deal that will see the Brazilian company replace Spain's Telefónica as the largest shareholder in the Portuguese operator.

After selling its 50 percent stake in Vivo, Brazil's leading mobile operator, to Telefónica for US$10.7bn in July, the agreement marks an attempt by Portugal Telecom to export is 'triple play' broadband internet, phone and pay-TV business model to Brazil.

The deal gives Portugal Telecom right of first offer in the sale of a majority stake in Oi and first refusal in non-majority sales. From the cash raised from the Vivo deal, Portugal Telecom was investing approximately half, or US$5.2bn, in Oi. *(FT, 27.01.11)*

Sanofi Inks Deal for Genzyme

French drugmaker Sanofi-Aventis SA has agreed to buy Genzyme Corp with a sweetened US$20.1bn cash offer, plus payments tied to the success of the US biotech group's drugs.

The acquisition is expected to boost Sanofi's earnings from the first year after completion by giving it a new platform in rare diseases. Sanofi will pay US$74 a share in cash and offer a tradable contingent value right, or CVR, whose value will depend on Genzyme's experimental multiple sclerosis drug Lemtrada and production of two other medicines.

The deal will help Sanofi offset declining revenue from drugs that have lost, or are set to lose, patent protection. Sanofi predicted the deal, which is expected to close early in the second quarter, would lift its underlying earnings by between US$1.06 and US$1.5 per share by 2013. *(BL, 01.02.11)*

iGate's Bid for Rival Patni

Patni Computer Systems, a Mumbai-based software outsourcing business, is being acquired by iGate, a US rival, in a deal valuing the company at US$1.22bn excluding debt.

iGate's agreed takeover comes as medium-sized IT outsourcing companies groups see their margins squeezed by larger groups. Small and medium companies are getting marginalised by their bigger competitors.

This deal will give iGate some headway to grow and other smaller IT groups will follow them as that is the only way they can survive in this market. At ₹503.50 a share, the deal represents a 9.4 percent premium to Patni's closing price on the BSE. After the merger, iGate will have a global workforce of more than 25,000 and is expected to generate US$1bn in revenues. *(FT, 11.01.11)*

Nestle Buys CM&D Pharma

Nestle SA has acquired CM&D Pharma, a UK-based drug-maker start-up testing a chewing gum to help kidney-disease sufferers, the first move in the company's effort to build a business selling food product that targets diseases.

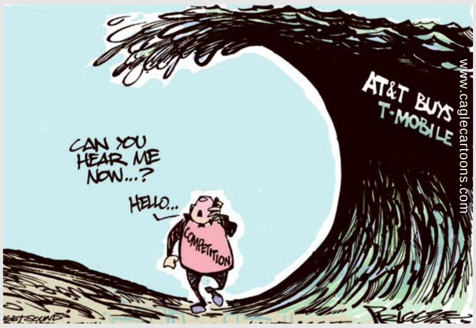
Nestle, which has annual sales of more than US$100bn, had been an investor in CM&D through Inventages Venture Capital Investments before buying it. Industry analysts see targeted health products as the next frontier for the food industry, particularly in mature markets like the US and the UK, with aging populations and rising medical costs. *(FE, 05.02.11)*

Steel Firms in Mega Merger

Japan's Nippon Steel Corp. and Sumitomo Metal Industries Ltd plan to merge to create the world's second largest steel maker in an effort to fend off tough competition from Asian rivals and offset shrinking demand from domestic auto makers. The deal comes as the industry grapples with surging raw materials prices, exacerbated recently by floods in Australia.

Japanese government officials and politicians welcomed the plans for the merger, which is subject to approval from Japan's Fair Trade Commission. The merged firm would rank No. 2 in the world, with a combined crude steel output of 47.8 million tonnes in 2010 and will employ more than 75,000 people. *(Livemint, 04.02.11)*

Mobile Deal Creates US No 1



AT&T will buy T-Mobile US for US$39bn in cash and stock, easily making AT&T the nation's largest wireless carrier, ahead of top-ranked competitor Verizon Wireless, and reducing the number of major national wireless carriers from four to three.

The deal by both AT&T and T-Mobile's parent, Deutsche Telekom, has been approved by the boards of both companies. Under the deal, Deutsche Telekom would receive an 8 percent equity stake in AT&T and a board seat.

AT&T said the deal will add T-Mobile's 34 million customers to AT&T's 95.5 million total subscriber base (as of the end of 2010), enabling a quicker expansion of 4G LTE wireless networks to the entire subscriber group of about 130 million. *(www.computerworld.com, 20.03.11)*

Italy Sets up Drive Against Foreign Takeovers

– Rachel Sanderson*, Guy Dinmore** & Nikki Tait***

Italy has stepped up a campaign against French buy-outs of Italian companies, drawing up a bill aimed at thwarting unwanted foreign takeovers and opening a tax probe into two deals. The moves come amid a backlash against whole or partial takeovers by French companies of energy group Edison, jeweller Bulgari and dairy company Parmalat.

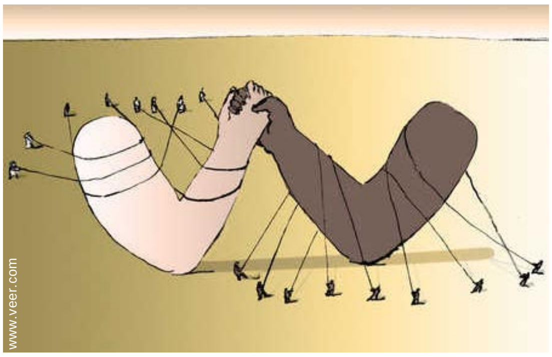
In a sign that the backlash is affecting business plans, Federico Ghizzoni, chief executive of UniCredit, said he could pull the sale of the bank's asset manager Pioneer, which is valued at US$2.8bn-US$4.2bn. Pioneer, which is in the final stages of a lengthy auction, has attracted bids from French companies Amundi, a joint venture between *Société Générale* and *Crédit Agricole* and Natixis.

Ghizzoni said that he did not feel under political pressure in reaching a decision about the sale of Pioneer but would be taking it at 'a moment of dispute between Italy and France'.

Italy's Cabinet agreed to put before the Parliament a bill that will define telecoms, food, defence and energy as strategic in an effort to staunch unwanted foreign takeovers. It would allow the renewal of the boards of companies to be delayed for up to two months. This would have implications for Parmalat, whose board was due to come under the control of French group Lactalis following the acquisition of 29 percent.

Italy's tax agency was probing Lactalis's purchase of a stake in Parmalat and the acquisition of a 51 percent holding in Bulgari by LVMH.

The European Commission said it would 'continue to monitor the implementation of internal market and competition laws'.



Takeovers can also be an important way to improve the efficiency of markets, by eradicating duplication and over-capacity, and by exploiting economies of scale

The stake-building in Parmalat by Lactalis has proved one yoghurt pot too far for Italy's government. Irked by a growing number of French companies seeking control of Italian businesses, the Cabinet is reviewing ways in which to shield companies in what it deems strategic sectors from foreign takeovers. Such protectionism is harmful, both to Italy and Europe.

In some ways, Italy is merely proposing to do what other European countries do by other means. From Germany to Spain, a tangled web of cross-holdings, and blocking stakes held by national banks, hinder takeovers. The immediate inspiration for Italy's action seems to be a series of French moves to protect its own national champions from foreign suitors.

Italy's intentions, and its models in other countries, are equally objectionable. One particularly questionable idea, mooted in Italy, is to suspend shareholders' voting rights in companies the government deems strategically significant. Such a manoeuvre can only be justified to safeguard vital national interests. Protecting producers of ultra high temperature milk does not qualify.

This is not to suggest that all takeovers are worthwhile. Some are driven by executive vanity, others use size to create the illusion of growth. This can end up destroying value. However, takeovers can also be an important way to improve the efficiency of markets, by eradicating duplication and over-capacity, and by exploiting economies of scale. If it reduces the pool of owners it will tolerate, Italy will, in the long run, weaken its own economy.

Just as damaging is the protectionist response such measures are likely to provoke. Italian businesses – from Unicredit to Fiat – have proved enthusiastic buyers of their foreign counterparts. If other countries answer Italian protectionism in a similar vein, Italian companies will lose out. Worse, this sort of protectionism fragments the single market, the EU's signal achievement, into a series of national markets populated by economic pygmies. As economic power shifts inexorably east, self-inflicted hobbling is not what Europe needs.

The way to sort the useful takeovers from the useless is to let the market work, not to deprive shareholders of rights, nor to favour domestic owners over those from abroad. Since national governments cannot be relied on to do this, Brussels must force governments to respect the single market.

---

* *MP, State Member for Adelaide*

** *Financial Times' Rome correspondent*

*** *Journalist, Financial Times, Brussels*

– *Abridged from an article that appeared in* The Financial Times, *on March 23, 2011.*

Japanese Cos. Ignore Biodiversity

According to an Environment Ministry survey, the majority of Japanese firms ignore the impact that their operations may have on biodiversity. The survey was carried out on companies listed on the Tokyo, Nagoya and Osaka stock exchanges and received over 3,000 responses.

The majority of those did not actively manage their impact argued that, whilst they agreed that biodiversity is important, they did not believe that their activities unduly made an impact in this area.

For example, Sumito Corp is part of a four party project that has seen extra resource put into a nickel mine in Madagascar which established a wide zone around the project as a protection zone for flora and fauna, with the aim of restoring and protecting more than the area actually affected by the mine operations. *(BR, 19.01.11)*

Apple Manager Pleads Guilty

A former Apple supply chain manager has admitted guilt in a fraud case in California. Paul Devine had sold inside information to suppliers, enabling them to negotiate more favourable terms.

Such information included product forecasts, pricing targets and details around product specifications. He has agreed to forfeit US$2.25mn – which constitutes the bulk of the money he made from illegal activities.

Apple said that a number of companies were involved in Devine's fraudulent activity, and named Jin Li Mould Manufacturing of Singapore, Kaedar Electronics from China and Cresyn from South Korea. These companies are investigating the allegations. *(BR, 02.03.11)*

GAR Promises to Protect Rainforest

Golden Agri-Resources Ltd (GAR), the palm oil arm of Sinar Mas, will end deforestation in sensitive areas of Indonesia's forest, and protect forests and peatlands that have a high level of biodiversity. The move is a major turn-around for the biggest company dealing in palm oil in the country, and second largest in the world.

The move will still enable GAR to exploit forests that are considered to be lower value. Scott Poynton, Director of the Forest Trust, called the agreement 'a revolutionary moment in the drive to conserve forests'.

Pressure from companies seeking sustainable sources of palm oil – and particularly Nestle – are believed to have played a part in motivating the shift by GAR. *(BR, 09.02.11)*

Consumer Spending Bucks Recession

'Green' consumer spending in the UK has increased by almost a fifth over the past two years in the latest evidence that the market for ethical goods is more than surviving the recession. The trade in products ranging from eco-friendly travel to ethical finance rose to US$69.6bn in 2009, up from US$59bn in 2007 – a rise of 18 percent against a backdrop of contractions in other areas of consumer spending.

According to the Co-operative Bank's annual Ethical consumerism report, the highest areas of growth were in Fairtrade food, which rose 64 percent, and the ethical personal products market, which increased by 29 percent and is now worth US$2.9bn. Sales of organic food, however, fell by 14 percent. *(EP, 10.01.11)*

Chevron Refuses to Pay Fine

US oil company Chevron has been fined US$8.6bn by a court in Ecuador for dumping massive quantities of toxic materials into unlined pits and rivers. The company has condemned the ruling as 'fraudulent'.

The case was originally brought in the US before a court there ruled that the case should be concluded in Ecuador. The suit was brought on behalf of 30,000 Ecuadoreans, said to have been affected by the impact of the pollution.

Chevron said that the ruling was 'illegitimate and unenforceable. It is the product of fraud and contrary to the legitimate scientific evidence'. It said that US and international tribunals have taken steps to bar the enforcement of the ruling. *(BR, 15.02.11)*

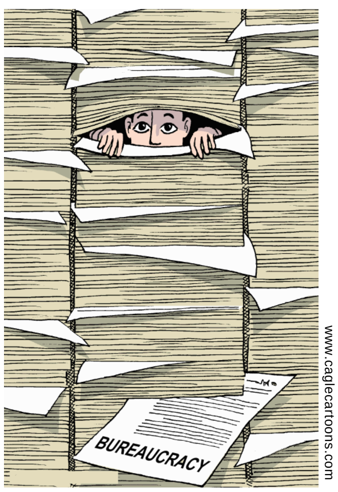
Green-Black's Fairtrade Pledge

Organic chocolate firm Green and Black's has met its target for full Fairtrade certification across its chocolate bars and drinks range in the UK, nine months ahead of schedule.

The company, which made the pledge at the beginning of 2011, will now carry the Fairtrade mark on all of its UK products 15 years after its Maya Gold chocolate bar become the country's first ever official Fairtrade product to go on sale.

The firm is also on target to meet the commitment globally in the dozens of other countries where it operates. If it does so, it will become the largest organic and Fairtrade brand in the world, by volume. *(EP, 28.03.11)*

Anti-graft Rules May Engulf Cos



Multinational firms trying to get a bigger piece of the Asia growth story face a rising risk of becoming embroiled in corruption scandals unless they enforce stricter compliance norms and new regulations.

Avoiding corruption in Asia is notoriously tricky given the woeful record many countries have when it comes to tackling bribery. In Transparency International's league table of the least corrupt countries, China comes in at 78 and India at 87 while Indonesia and Vietnam are languishing at 110 and 116 respectively out of 178.

In 2010, a record number of enforcement actions were brought under the US' Foreign and Corrupt Practices Act, which bans payments of bribes to foreign officials. *(ET, 21.01.11)*

India Still an Attractive Destination

India remains an attractive investment destination despite some slowdown in foreign direct investment (FDI) in 2010. During January-November, 2010, India's FDI inflows declined by 26 percent to US$18.9bn from US$25.5bn. The widening of current account deficit (CAD) is a result of factors like lower growth in services receipts, reflecting uneven pace of global recovery.

Besides, there has been a significant rise in imports relative to exports and moderation in FDI inflows because of environment sensitive policies, land acquisition issues and lack of quality infrastructure. Although larger net capital inflows were absorbed in financing higher CAD, the composition of capital flows poses sustainability risks. *(TH, 30.01.11)*

FDI in Asia Declines

FDI in Asia-Pacific Greenfield projects fell for the second year in succession in 2010, in spite of the region's V-shaped recovery from the global financial crisis but the rate of decline slowed from 16 percent in 2009 to 6 percent in 2010. The data contrast with more optimistic forecasts in July from the UN Conference on Trade and Development, which said that "inflows have already started rebounding and are expected to pick up speed".

China's combination of strong economic growth and political stability attracted 1,314 projects, an increase of 147 on 2009 which was almost double the 744 recorded by India. India was plagued by political and economic uncertainties. Malaysia, Japan and Indonesia recorded an increase while projects in Vietnam, Thailand and Philippines fell. *(FT, 17.01.11)*

Investment in China Rises

China's Ministry of Commerce urged the US to open its market further to Chinese investments, saying the US should reduce restrictions on foreign investments due to national security concerns. China is improving its own investment environment and legal system for investments and hopes the relevant countries further open up their markets and investment areas.

China made a number of moves to improve its investment environment last year, including pledges to protect the intellectual-property rights of foreign companies. Inbound FDI last year rose 17 percent to US$105.74bn, reversing a 2.6 percent decline to US$90.03bn in 2010. *(Livemint, 19.01.11)*

Rules for China Relaxed

Taiwan will for the first time allow Chinese investors to take stakes in its prized technology companies, a major step towards opening its economy to mainland China as cross-Strait relations improve. Taiwan's Ministry of Economic Affairs has proposed allowing Chinese investment of up to 10 percent in Taiwanese technology companies, and up to 50 percent in new technology-sector joint ventures.

For Taiwanese companies, the new rules will make it easier to forge strategic alliances with their customers or suppliers in China, already by far Taiwan's biggest export market. The new rules, would give Chinese investors access to some of Taiwan's most globally competitive companies. *(FT, 28.02.11)*

Japan Focuses on Vietnam

Tokyo's overseas aid agency is to team up with Japanese companies to build a US$1.68bn port in northern Vietnam and is considering a possible US$3.59bn project to develop a large airport to serve the southern commercial hub of Ho Chi Minh City.

The port project will be one of the first public-private partnership deals in Communist-ruled Vietnam, underscoring Tokyo's determination to make better use of state financing to win its companies a bigger role in infrastructure development by Asian neighbours. Japan's ruling Democratic Party has pledged to increase dramatically the role government plays in promoting Japanese companies' interests overseas. Japan is keen to build closer economic ties with Vietnam. *(FT, 04.03.11)*

Largest Recipient of FDI

The Organisation for International Investment released a report showing that the US received US$194.5bn in FDI in 2010. This FDI is responsible for millions of jobs, billions of dollars in exports, and higher wages for US workers.

FDI occurs when someone in another country directly builds a facility in the US, like the US$1.5bn Toyota Tundra plant in San Antonio, Texas, that employs nearly 1,700 people. FDI does not include the billions of dollars that foreigners invest in the US each year by buying stock in US companies or loaning money to the Federal Government.

Critics say that companies prefer to invest in low-wage countries, causing job losses in the US. However, the US is the world's largest recipient of FDI. As such, the US receives many benefits associated with FDI, including job creation, higher wages, increases in exports, and increases in research and development.

(http://blog.heritage.org, 30.03.11)

Zim Ready to Play by the Rules

Zimbabwe is ready to play by the investment rules of the international community that ensure rule of law and guarantee property rights in order to attract Foreign Direct Investment into the country.

The Economic Planning and Investment Promotion Minister, Tapiwa Mashakada said the inclusive government had recorded significant economic gains in the last two years and could only do better. He said there was nowhere in the world where there were "perfect" investment conditions and Zimbabwe was not an exception.

Finance Minister, Tendai Biti said the crafting of a new constitution is one of the critical undertakings of the inclusive government that seeks to instill confidence in investors.

(ND, 08.03.11)

Renewable Energy a Priority

"Renewable energy is a priority in terms of both legislation and culture", Turkish Energy Minister Taner Yildiz said. He confirmed that Turkey's green energy ambitions are a top priority, but need further legislative efforts as well as a change in the culture of the energy sector before they could be realised.

The legislation, which was largely expected to boost growth, employment and green energy projects in Turkey, was heavily criticised by many environmentalists who see Turkey's renewable energy potential far exceeding efforts put forward in governmental circles.

The current government is heavily prioritising the energy agenda as a result of global climate change and Turkey's increasingly vulnerable energy dependency.

(www.hurriyetdailynews.com, 13.01.11)

Europe Launches Data Roaming Plans

Europe's mobile groups are launching comprehensive flat rate, Europe-wide data roaming plans in an attempt to head off the threat of additional regulation. Deutsche Telekom's T-Mobile launched a price plan for smartphone, tablet and laptop users at the Mobile World Congress in Barcelona.

The scheme – dubbed "Travel and Surf" – will be launched in July 2011 and include fixed price day passes as well as a US$21.15 weekly pass that T-Mobile said would provide 'virtually unlimited internet surfing in the EU this summer'.

The new data plans, which include a 10MB day pass for US$7, will not initially be available outside Europe.

(FT, 15.02.11)

France Increases Broadband Tariff

French broadband users have benefited from nearly a decade of competitive pricing. Recent value added tax (VAT) changes have triggered retail tariff increases that may appear to threaten that, but the impact may not be as bad as expected in the long term.

Following a recent decision from the French government to increase VAT on bundle offers, operators have revamped their deals – leading to price increases and product segmentation. Up to the end of 2010, a reduced VAT rate of 5.5 percent (VAT for broadcasting services) was applied to a significant proportion of the triple-pay package price (typically 50–60 percent).

(www.analysysmason.com, 22.02.11)

Turkey to End Rail Monopoly

Turkey's state-owned rail network may soon be available to private sector investments, thanks to the combined efforts of the Ministry of Transportation and the Turkish State Railways.

To be added to a series of draft laws awaiting the approval of the Turkish Parliament, the law regarding the use of Turkey's 11,000 km-long railway by the private sector grants private companies the right to transport passengers and cargo by rail, even operating high-speed trains.

According to the proposed law, the Ministry of Transportation will oversee the regulations that the private sector will adhere to, including licensing and adjustment of fees. Turkey plans to add some 15,000 km of track to its existing network by 2023.

(www.globserver.com 18.01.11)

Ofcom Cuts Fees

UK regulators called on mobile operators to make steep cuts in how much they charge to connect mobile and landline phone calls to their networks. The cuts will reduce mobile companies' revenue but should result in cheaper calls for consumers.

The plans, by the UK telecoms watchdog Ofcom, will be closely watched by telecoms regulators in the region that are still considering whether and how to make similar cuts.

The big operators have argued strongly against cutting fees, which represent about 10 percent of mobile companies' revenue. Ofcom said lower wholesale charges should reduce the cost to fixed-line operators when they direct customers' calls to mobile networks. *(FT, 16.03.11)*

Number Portability Delayed

Subscribers hoping to port their GSM numbers from one network to another and still retain their original numbers, under the Number Portability platform, may have to wait for more time before enjoying such service.

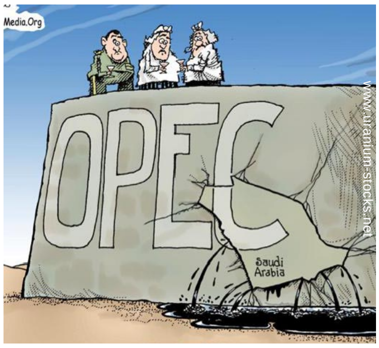
The Nigeria Communication Commission (NCC) dashed such hopes when it came out bluntly to say that plans to commence Number Portability across all networks must wait until Nigeria completes her SIM registration and obtains a national database for the country.

Nigerian subscribers have been agitating for Number Portability, which allows them to move their GSM numbers from the original network, to another network of choice, while still retaining their original number, irrespective of the network of choice.

(DI, 30.01.11)

India Seeks Oil Market Regulation

With the political unrest in the Middle East triggering a sharp increase in crude oil prices, which touched a record US$108 a barrel, India called for regulation of oil markets and asked the Organisation of the Petroleum Exporting Countries (OPEC) to increase production to deal with the emerging crisis.



Crude oil prices had touched a two-and-a-half year high of US$108 a barrel and it is important to regulate oil markets, particularly paper trading, to avoid excessive volatility impacting importing nations. The initiatives being taken in the US, Britain and other countries were steps in the right direction to bring in regulatory oversight of the physical and financial markets. *(TH, 24.02.11)*

Banks in Plea Over Card Fees Cap

The US financial sector will urge Congress to delay the implementation of new rules, which would reduce the fees merchants pay to banks each time a debit card is swiped, which could cost banks and card processors billions of dollars.

The executives are expected to argue that Congress did not have sufficient time to evaluate the potential effects of the new regulations, which were added as a last-minute amendment to the Dodd-Frank Wall Street Reform Act.

Merchants have been lobbying Congress for years to curb the fees, which they say amount to price-fixing and which they claim have grown disproportionately heavy. Banks argue that curbs would result in higher costs for their customers but the arguments failed. *(FT, 17.02.11)*

Remuneration in Banks

The Government of Norway adopted a regulation on remuneration arrangements in banks and other financial institutions. The regulation entered into force on January 01, 2011.

The regulation brings the rules further into line with the regulations in other EU/European Economic Area member states and is to some extent more flexible than the rules originally proposed by Norwegian financial regulatory body Finanstilsynet in 2010.

The regulation lays down guidelines to enable financial institutions to put in place a remuneration arrangement valid for the entire institution which will set incentives for proper governance and control of risk taking; counteract excessive risk taking; and help to avoid conflicts of interest. *(ILO, 14.01.11)*

Doubling of Basel III Rules

The new Basel III rules, requiring banks to hold more capital, are too weak and should be doubled to provide optimal protection against future economic shocks, says the Bank of England report.

The discussion paper, calculates the forcing banks to hold twice, as much, equity against potential losses would cut economic output by six percent over a long period but some argue that the additional stability is worth it.

The whole point is to find a way in which banks do not have to hold more equity and therefore the economy does not suffer six percent of gross domestic product impact but can nonetheless survive periodic credit crises narrowly focused on equity and overlooks other ways of making banks safer.

(FT, 28.01.11)

Regulation a 'Biggest Challenge'

A report published by one of the 'Big Four' auditors KPMG has revealed a multitude of challenges faced by the five biggest British banks in 2011 and beyond. KPMG's report pinpoints more negatives than positives for the UK banking sector.

Looking at the prospects of Barclays, RBS, Lloyds, HSBC and Standard Chartered, it warns that increased regulation along with stuttering business confidence and the bite of sharp government austerity measures will hit home hard.

Sovereign debt concerns surrounding Ireland, Portugal and Spain will continue to hurt, while 'heightened fears' about a property bubble emerging in China are of concern, combined with the continually rising cost of oil.

(www.gfsnews.com, 15.03.11)

Additional Safety Net for Estonia

In the middle of the financial crisis the Estonian government made a principled decision to provide existing financial regulation with an ultima ratio (last resort) option of nationalising credit institutions (i.e. banks) in order to secure the stability of the financial system and avoid chaos. On January 01, 2011 the amendments to the Credit Initiations Act entered into force, setting forth the respective legal framework.

The amendments enable the state to nationalise a shareholding in a credit institution if the Financial Supervision Authority has reasonably found that the major credit institution cannot be saved through regular mechanisms found in the 'supervisory toolbox'. The option of nationalisation at least provides the Estonian financial system with an additional safety net.

(ILO, 11.02.11)

Oversight of Banks Costs US More

The US spends more than six times as much to supervise banks and other credit institutions – an EU research has found. The new pan-European supervisory agencies are so small they will not materially change the numbers.

The consultancy analysed public data as part of a global effort to gauge supervisory effectiveness across countries. It found that the US spends US$1mn per US$1bn of banking revenue, compared with US$150,000 in the EU.

The ratio is similar for total risk-weighted assets: the research took into account the banks' total size adjusted for risk. The US spends US$150,000 per US$1bn of assets; the EU spends US$25,000. *(FT, 24.01.11)*

Concerns Over EU Bank Stress Tests

Key parts of a stress test for European banks designed to raise investor confidence in the sector have been softened by regulators despite widespread derision of a similar exercise in 2010, which was seen by financial markets as too lax. Some of the scenarios under which bank balance sheets will be tested are more benign than the tests that failed to gain investor credibility in 2010.

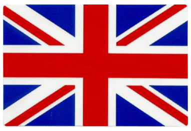
The new stress test will model the impact of a 15 percent fall in equity markets on banks – way below the numbers used in the 2010 test, with no discernible toughening of other key parameters. The European Banking Authority is keen to gain credibility and cast off the maligned reputation of the Committee of European Banking Supervisors, its predecessor. *(FT, 09.03.11)*

How the World Regulates Financial Services?

Mis-selling of financial products is just not an India-centric phenomenon. Around the globe, many countries have taken important regulatory steps to curb malpractices. Here is a quick recall of steps taken to safeguard the investor

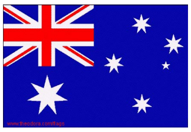
EU

Eurofi, the financial self-regulatory body of the European Commission, noted that investors find it tough to understand and compare many of the investments offered to them and that those selling them are potentially subject to conflict of interest. A communication in 2009 called for legislative proposals in the EU to improve protection of retail investors through the retail investment products initiative. It was proposed to improve retail investor protection and address level playing field issues in EU legislations that apply across sectors and product categories in the retail investment market.



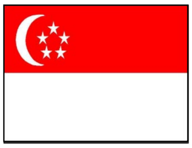
UK

The Financial Services Authority has worked to raise the levels of confidence among investors. The retail distribution review (RDR) helps enhance consumer confidence in the retail investment market. RDR supports education of consumers about types of services available, improved professional standards in the industry and clear fair practices in remuneration for financial advice. The RDR has a target for full implementation by December 2012. Under the Treat Customers Fairly Initiative, beginning January 01, 2013, product providers in the UK will be banned from offering commission to investment advisors.



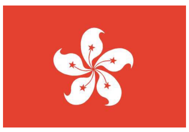
Australia

About 80 percent of the financial sector by assets – comprising banks, credit unions, building societies, pension funds and insurers – is regulated by the Australian Prudential Regulations Authority (APRA). In April 2011, the Australian government announced a package of reforms that included a perspective ban on conflicted remuneration structures and introduction of statutory duty so that advisors act in the best interest of their clients.



Singapore

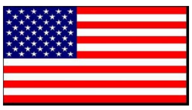
The Monetary Authority of Singapore (MAS) has proposed enhancements to raise the quality and standard of market players to faster long-term sustainable growth of the fund management industry. It issued response to consultation proposals on product disclosure, sale and advisory process and cooling off period in 2009 and 2010. It also consulted on regulatory regime for investment products in 2010.



Hong Kong

The principal regulators in Hong Kong are responsible respectively for regulation of various financial arms and the government has introduced new intermediary conduct measures to enhance investor protection. The government had proposed:

- Intermediaries need to assess a client's knowledge of derivatives before offering.
- No gifts are allowed to promote a specific investment product.
- Intermediaries need to disclosed benefits they receive from product insurers for distributing investment products.

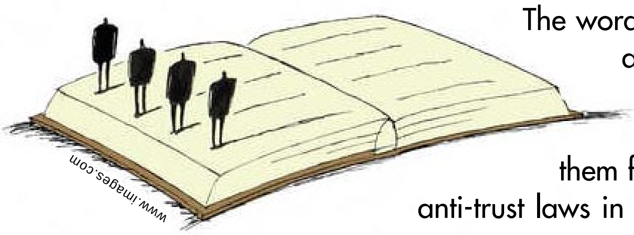


US

The Securities and Exchange Commission is making efforts for the public to understand the critical nature of financial regulations to prevent another financial crisis. It has maintained that the objectives of managing systemic risk and protecting investors should maintained and pursued in a balanced manner. Consumers should get the same level of protection when they purchase comparable products and services regardless of the professional involved. Gatekeepers should be regulated to minimise conflicts of interests, raise transparency and foster competition. Financial regulation must incorporate strong enforcement for regulators to deter future misconduct. *(HT, 09.01.11)*

Why Ghana Needs Antitrust Laws

– Stephen E Armad*



The word 'Antitrust' may seem strange to most Ghanaians although it should not. Paradoxically anti-trust laws seem to confound some seasoned Ghanaian lawyers as I found out interviewing several of them for this brief recently. But why should we care about anti-trust laws in Ghana?

To understand the transformation that such laws can bring to the Ghanaian economy, it is instructive to commence by trying to comprehend the origins of the word 'Anti-trust.' Recall that another name for a monopoly is a 'Trust' so Antitrust laws simply refer to Anti-monopoly or Pro-Competition laws. Why will Antitrust laws promote Ghana's development? There are too many reasons to list.

Economists believe that vigorous competition coupled with strategic government regulation to reduce anti-competitive behaviour provide the most enabling environment for development. The purest form of competition is perfect competition where there are numerous sellers selling an identical good so that no one single seller has control over price. Further, there are no entry or exit barriers so that any firm can enter or exit the market.

Competition leads to efficiency by reducing costs. Thus any firm or organisation which prevents competition either by preventing the establishment of more firms producing similar products or by colluding with existing firms in order to set identical prices higher than the perfectly competitive market price has to be sanctioned.

How does all this apply to Ghana? Foremost among the most important challenges facing Ghanaian businesses today are the high capital (interest rates), energy (electricity), transportation (fuel) and communication (telephone and internet) costs.

This is so because these services are provided by industries with limited actual competition. Very few firms provide these services ensuring as a consequence high prices and profits. A cursory scan of Ghanaian newspapers in the past few years provides ample evidence: cell phone companies MTN, Vodafone, Tigo, and Airtel are among the most profitable in the country although their call rates remain high. Competition should drive these prices lower and force them to offer incentives like free night time minutes and free phones to entice consumers.

Even where there are numerous firms in an industry such as in the banking sector, one is tempted to argue that some collusion may be responsible for the prevailing high interest rates. The corollary is that the consumer is left with no option than put up with exorbitant interest rates which are much higher than pertains in other African countries. While banks remain amongst the most profitable businesses in Ghana, poor service delivery remains a recurring concern. In some cases bank customers have had to contend with long queues and highly cantankerous cashiers.

It is possible to determine whether a particular industry is perfectly competitive: if it is, price will exactly equal marginal cost (where marginal cost is the cost of producing an additional unit of output). Anti-trust lawyers and economists in the US are able to determine in a systematic way if firms are colluding or actively blocking competition and are able to sanction them accordingly.

However, they are able to do so because these countries have antitrust laws which can be enforced. Ghana does not have anti-trust laws (a composite anti-trust regime for that matter) so when Ghanaian banks charge high interest rates they have not flouted any laws. All our president can do is to beg them (moral suasion) to reduce the interest rates because they are not required by law to do so.

Even more depressing is the fact that the Bank of Ghana (BOG) routinely reduces interest rates for these banks and has some leverage over them because of reserve ratio requirements etc. But they cannot compel the banks to pass on lowered BOG interest rates to Ghanaians.

For the power sector, we have a state monopoly in the Electricity Company of Ghana (ECG) that needs to be exposed to the vigour and vagaries of market forces induced by competition from other power companies (local and international) because ECG may have grown quite inefficient due to lack of competition.

The linkages between anti-trust laws and development in Ghana are too numerous to enumerate. One hopes however that publics have been sufficiently apprised of the most salient point: Antitrust laws can energise the Ghanaian economy and catalyse rapid development. Sustained national discourse on this matter leading to the construction of a composite anti-trust legal regime is being canvassed for.

* *Economic Policy Unit. Abridged from an article that appeared on* Ghana Web *on March 28, 2011.*

Economists as Corrupt Ideologues

– Raghuram Rajan*

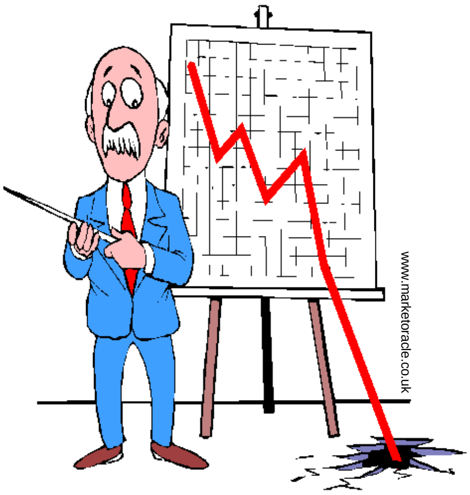
At the height of the financial crisis, the Queen of England asked my friends at the London School of Economics a simple question, but one for which there is no easy answer: Why did academic economists fail to foresee the crisis?

Several responses to that query exist. One is that economists lacked models that could account for the behaviour that led to the crisis. Another is that economists were blinkered by an ideology according to which a free and unfettered market could do no wrong. Finally, an answer that is gaining ground is that the system bribed economists to stay silent.

Perhaps the reason was ideology: We were too wedded to the idea that markets are efficient, participants are rational, and high prices are justified by economic fundamentals. But some of this criticism of "market fundamentalism" reflects a misunderstanding. The dominant "efficient markets theory" says that markets reflect only what is publicly known and that it is hard to make money off markets consistently – something verified by the hit that most investor portfolios took in the crisis. The theory doesn't say that markets can't plummet if the news is bad, or if investors become risk-averse.

It is hard to get into the past minds of economists. But there is a better reason to be skeptical of explanations relying on ideology. As a group, neither behavioural economists, who think that market efficiency is a joke, nor progressive ones, who distrust free markets, predicted the crisis.

Could it be corruption? Some academic economists consult for banks or rating agencies, give speeches to investor conferences, serve as expert witnesses, and carry out sponsored research. It would be natural to suspect us of bias.



More than silencing by money, overspecialisation is a big part of economists' predictive failures in recent years

The bias could be implicit: Our worldview is shaped by what our friends in industry believe. Or it may be an explicit bias: An economist might write a report that is influenced by what a sponsor wants to hear, or give testimony that is purely mercenary.

One remedy would be to ban all interaction between economists and the corporate world. But if economists were confined to the ivory tower, we might be unbiased, but we would also be ignorant of practicalities. One way to restore trust may be disclosure – for economists to declare a monetary interest in a particular analysis and, more generally, to explain who pays us. A number of universities are moving in this direction. But I believe that corruption is not the main reason that the profession missed the crisis. Most economists have very little interaction with the corporate world, and these "unbiased" ones were no better at forecasting the crisis.

I would argue that three factors largely explain our collective failure: specialisation, difficulty of forecasting, and disengagement of much of the profession from the real world.

Like medicine, economics has become highly compartmentalised – macroeconomists typically do not pay attention to what financial economists or real-estate economists study, and vice versa. Yet, to see the crisis coming would have required someone who knew about each of these areas. As the profession rewards only careful, well-supported, but necessarily narrow analysis, few economists try to span sub-fields.

Even if they did, they would shy away from forecasting. The advantage that academic economists have over professional forecasters may be their greater awareness of established relationships between factors. What is hardest to forecast, though, are turning points – when the old relationships break down. While there may be some factors that signal turning points – a run-up in short-term leverage and asset prices, for example, often presages a bust – they are not infallible predictors of trouble.

The meagre professional rewards for breadth, coupled with the inaccuracy and reputational risk associated with forecasting, leads to disengagement for most academics. And it may well be that academic economists have little to say about short-term economic movements, so that forecasting, with all its errors, is best left to professional forecasters.

The danger is that disengagement from short-term developments leads academic economists to ignore medium-term trends that they can address. If so, the true reason why they missed the crisis could be far more mundane than inadequate models, ideological blindness, or corruption, and thus far more worrisome; many simply were not paying attention.

* *Professor of Finance, Booth School of Business, University of Chicago. Abridged from an article that appeared in* Livemint, *on February 09, 2011.*

Interviews with Directors General of Three Chinese Antitrust Agencies

Dr. Fei Deng with H. Stephen Harris and Yizhe Zhang of Jones Day conducted in-person interviews with the Directors General of each of the three Chinese antitrust agencies: the National Development and Reform Commission (NDRC), the Ministry of Commerce (MOFCOM), and the State Administration for Industry & Commerce (SAIC). NDRC is in charge of regulating price-related anticompetitive conduct; SAIC is in charge of regulating non-price related anti-competitive conduct; and MOFCOM is tasked with merger related aspects of Anti-monopoly Law (AML) of China.

These interviews not only provide helpful perspectives on cooperation between different antitrust agencies within China but also other antitrust agencies around the world. Excerpts from the interviews are as follows:

Xu Kunlin
Director General
Department of Price Supervision
NDRC, People's Republic of China

Antitrust Source: What are the challenges that NDRC is facing in AML enforcement?

Xu Kunlin: It has been more than two years since the AML came into force, during which time we have promulgated two sets of implementing rules, investigated and punished a series of price monopoly cases, strengthened the training for law enforcement personnel, and actively launched international communications. Therefore we have made positive progress in anti-monopoly work.

At present, we are facing certain challenges in further strengthening AML enforcement. We need to accumulate more experience in AML enforcement, including through learning from and using for reference the law enforcement experiences of other countries, so as to improve our capabilities and competence level. In addition the competition consciousness of market participants remains to be further enhanced, etc. We will further strengthen efforts relating to anti-price monopoly enforcement, endeavor to build a sound competition environment for economic development, and protect consumer interests and public interests.

Antitrust Source: What advice would you like to offer to private parties that might be subject to China's merger review process in the future?

Shang Ming: MOFCOM will continue to improve the enforcement mechanism, including making supplementary rules and regulations and improving the efficiency of our reviews. The undertakings should pay attention to the following aspects when conducting notification filings in the future:

- Make an effort to understand the relevant rules and regulations in the Chinese antimonopoly legal system related to concentration of undertakings, pay attention to MOFCOM's updates on law enforcement of concentration of undertakings, and communicate and consult with MOFCOM actively when questions arise in the notification and review process or when questions arise regarding the interpretation of the law and regulations.
- Cooperate willingly and actively with MOFCOM case teams in the pre-notification consultation and the review and investigation process, etc. Try to reduce or avoid the delay in case processing caused by incomplete or untimely information.
- Comply with the law seriously. We strongly discourage lobbying efforts that go beyond the rules and regulations, otherwise it will create an unnecessary disturbance to the regular work process of MOFCOM.

Shang Ming
Director General
Anti-Monopoly Bureau
MOFCOM
People's Republic of China

NingWanglu
Director General
Anti-Monopoly and Anti-Unfair Competition Enforcement Bureau SAIC, People's Republic of China

Antitrust Source: In your view, what are some of the current challenges that SAIC faces?

Ning Wanglu: Currently, there has been an increasing trend toward global economic integration. It is a common challenge faced by antitrust enforcement agencies all over the world as to how to regulate effectively the economic activities that involve a large geographic area or that are global. We need to further strengthen international cooperation and improve the effectiveness of the global cooperation of competition law enforcement. Nowadays, along with the prosperous development of the market economy, the goal of the Chinese competition law enforcement agencies has been to strive for improving the efficiency of economic operation, enhancing sustainable economic development, and achieving optimisation of consumer welfare. In the future, we will continue to contribute to the sustainable, healthy, and stable development of China's economy by enforcing the law fairly and equitably.

– Excerpts from interviews that appeared in the NERA Weekly*, on February 28, 2011.*

Recent Changes in Competition Regulation in Zambia

Zambia, is a landlocked country in Southern Africa. The neighbouring countries are the Democratic Republic of the Congo to the north, Tanzania to the north-east, Malawi to the east, Mozambique, Zimbabwe, Botswana and Namibia to the south, and Angola to the west. The capital city is Lusaka, located in the south-central part of the country. The population is concentrated mainly around the capital Lusaka in the south and the Copperbelt to the northwest.

The Competition and Fair Trading Act

Following the liberalisation of the Zambian economy from a largely state controlled to a market driven one as part of the Structural Adjustment Programme in the 1990s, Zambia enacted the first competition law, the Competition and Fair Trading Act Cap 417, in 1994 aimed at regulating how business would operate.

The purpose of the law was to encourage competition in the economy by prohibiting anti-competitive practices, regulating monopolies and concentration of power, protect consumer welfare, strengthen the efficiency of production and distribution systems and encourage entrepreneurship. The Act came into force in 1995 and became operational in 1997 when a regulatory authority with a mandate to implement the law was instituted; the Zambia Competition Commission (ZCC).

However, the law was inherent with weak provision on consumer protection, as it had a bias towards regulating industry than consumer protection. The Act failed to properly define a consumer and also gave limited administrative powers to the ZCC. As a result, the mandate of the Commission was compromised and it became known as a 'toothless bulldog'.

Advent of Competition and Consumer Protection Act

Due to these weak structures in the law, the government embarked on a consultative process to a policy and accompanying regulations that would be comprehensive both in regulating competition and protecting consumers. This saw the birth of the Competition and Consumer Protection Act No. 24 of 2010 of the Laws of Zambia and the Competition and Consumer Protection Policy. The Minister of Commerce, Trade and Industry gave the Act a commencement Order when it was published as a Statutory Instrument and ZCC was renamed as the Competition and Consumer Protection Commission (CCPC).

The Competition and Consumer Protection Act (CCPA) amplified and introduced new consumer protection provisions and changed the structure of enforcement. CCPA safeguards and promotes competition; protects consumers against unfair trade practices; provides for the establishment of the Competition and Consumer Protection Tribunal and repeals and replaces the Competition and Fair Trading Act, 1994.

Functions of CCPC

The new mandate of the Commission is to review the operation of markets in Zambia and the conditions of competition in those markets. It is also mandated to review the trading practices pursued by enterprises doing business in Zambia and to investigate and assess restrictive agreements, abuse of dominant positions and mergers. The Commission is also mandated to provide information for the guidance of consumers regarding their rights and also to liaise and exchange information, knowledge and expertise with competition authorities and consumer protection agencies and competition authorities in other countries.

Mergers and Acquisitions

The new Act prescribes that the Minister shall set thresholds for mergers that need mandatory notification. This is a major departure from the old Act which made all mergers regardless of size, whether horizontal, vertical and conglomerate notifiable to the Commission. It must however be mentioned that there may be instances where a merger falls below the threshold but because the Commission has good reason to believe that the merger may result in the lessening of competition, such a transaction may be required to be notified with the Commission.

The Commission had set itself administrative time limits, it was not bound to deliver a decision within any specified period. The Act provides for more emphasis to be placed on public interest issues which are now clearly defined in the Act.

The Appeal

A person who, or an enterprise which is aggrieved with an order or direction of the Commission under the new Act is allowed, within 30 days of receiving the order or direction, to appeal to the Tribunal. The Act allows an enterprise or person or any party to the hearing of the Tribunal to be represented by a legal practitioner or, if the party so elects, by any other person or in person. In determining the case, the Tribunal has powers to summon witnesses, call for the production of, or inspection of books, documents and other things, and examine witnesses on oath.

Leniency Programme

The Act provides that the Commission may operate a leniency programme where an enterprise that voluntarily discloses the existence of an agreement that is prohibited under the Act, and co-operates with the Commission in the investigation of the practice, may not be subject to all or part of a fine that could otherwise be imposed under this Act. It is hoped that the process of investigation and discharge of cases will be speeded.

PolicyWatch

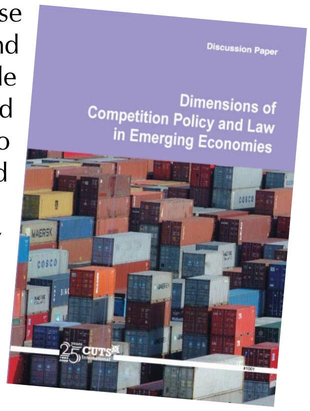
The January-March 2011 issue of the CUTS newsletter PolicyWatch encapsulates the 'Merger Regulations Promote Economic Democracy' in its cover story which states that Merger regulation under the Competition Act, 2002 has always been controversial and after the government's notification of certain provisions of the Act pertaining to combinations to take effect from June 01, 2011, businesses have raised concerns. Some of the key elements of the Draft Regulations are seen as significant improvements and industry friendly modifications. However, many concerns continue to remain.

A special article by Sharad Joshi says that coupons would work better than public distribution system (PDS) as a food security mechanism. It is not surprising that the largest support for PDS comes from regions where pilferage is maximum. Another article by Yoginder K Alagh states that rule-based economic policies will help clear the air and provide the necessary confidence required for higher investment-led growth.

Besides, it carries regular sections on Infrastructure, Trade & Economics, Governance & Reforms, Corporate Governance, Report Desk, Competition Insight etc.

To access the newsletter online, please click on the following link: http://www.cuts-ccier.org/pw-index.htm

Dimensions of Competition Policy and Law in Emerging Economies

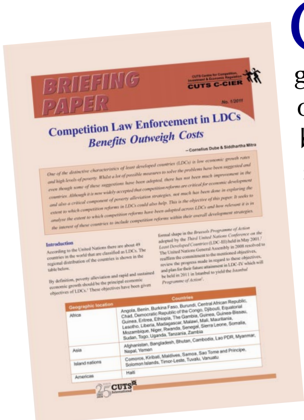


This paper shows that a happy compromise between competition and industrial policy and efforts to stimulate co-operation is not only desirable but possible. It identifies inadequate awareness and lack of competition culture as stumbling blocks to the successful adoption of competition policy and law by emerging economies.

The paper also goes on to clarify implementation modalities, such as the shaping of the content of competition policy and law and the empowerment of competition authorities needed for effective implementation of the competition law.

http://www.cuts-ccier.org/pdf/Dimensions_of_Competition_Policy_and_Law.pdf

Competition Law Enforcement in LDCs
Benefits Outweigh Costs



One of the distinctive characteristics of least developed countries (LDCs) is low economic growth rates and high levels of poverty. Whilst a lot of possible measures to solve the problems have been suggested and even though some of these suggestions have been adopted, there has not been much improvement in the countries. Although it is now widely accepted that competition reforms are critical for economic development and also a critical component of poverty alleviation strategies, not much has been done in exploring the extent to which competition reforms in LDCs could also help.

This paper seeks to analyse the extent to which competition reforms have been adopted across LDCs and how relevant it is in the interest of these countries to include competition reforms within their overall development strategies.

http://www.cuts-ccier.org/pdf/Briefing_Paper11-Competition_Law_Enforcement_in_LDCs_Benefits_Outweigh_Costs.pdf

Sources

AFP: Agence France Presse; AP: Associated Press; BL: The Hindu Business Line; BR: Business Respect; BS: Business Standard; CT: CoffeeToday; DJ: Dow Jones; DT: Daily Times; EP: Ethical Performance; ET: Economic Times; FE: Financial Express; FT: Financial Times; GFS: Global Financial Strategy; HT: Hindustan Times; ILO: International Law Office; LCC: Lithuania Competition Council; M&G: Mail & Guardian; ND: News Day; NMa: Netherlands Competition Authority; TCA: Turkish Competition Authority; TH: The Hindu; WSJ: Wall Street Journal

Published by **CUTS Centre for Competition, Investment & Economic Regulation (CUTS CCIER)**
D-217, Bhaskar Marg, Bani Park, Jaipur 302016, India
Ph: +91.141.2282821, Fax: +91.141.2282485, Email: c-cier@cuts.org, Website: www.cuts-ccier.org
Printed by: Jaipur Printers P. Ltd., M.I. Road, Jaipur 302001, India.