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CONTRIBUTION BY CONSUMERS INTERNATIONAL

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Consumers and Competition:

Developing a Proactive Agenda

Consumers and the Global Market

Consumidores y Mercado Global

Les Consommateurs et le Marche Mondial



Consumers International

Consumers International is a federation of consumer organisations dedicated to the protection and promotion of consumers' interests worldwide through institution-building, education, research and lobbying of international decision-making bodies. It was founded in 1960 as a non-profit organisation, and currently has over 250 members in 115 countries. (Consumers International is registered in the UK, Reg. No. 4337865)

In addition to working with global bodies such as WTO, UNCTAD, UNESCO, FAO, WHO and ISO, Consumers International has a long standing relationship with the OECD. Most recently it has worked with the:

- Directorate for Science Technology And Industry - Consumer Policy Committee especially on Guidelines for E-Commerce and Privacy Committee
- Trade Directorate – Trade Committee
- Directorate For Financial, Fiscal And Enterprise Affairs - Committee. On International Investment & Multinational Enterprises on the OECD Guidelines For MNEs and Competition Committee
- Directorate For Food, Agriculture And Fisheries (FAF) mainly the Agriculture

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Introduction

The effective implementation of competition policy is critical to the world's consumers. The elimination of tariff and non-tariff trade barriers as a result of progressive trade liberalisation, has increasingly exposed the restrictive trade practices of national or transnational enterprises. These practices appear to be multiplying and are leading to fewer players in the global marketplace giving greater scope still for anti-competitive practices. Such practices can lead to prohibitively expensive goods and services - even those which are essential for survival. Consumers are therefore interested in devising laws and institutions to control the anti-competitive behaviour of private enterprises to assure the full operation of markets for the benefit of all.

Within a market economy, competition laws should help to make the operation of the market more transparent and efficient. The regulation of anti-competitive practices should facilitate a stronger application of consumer protection. The operation of competition laws in countries can allow consumers to take investigative action regarding their rights. Yet, competition regulations cannot be automatically assimilated along with consumer protection.

Competition policy is one tool to enhance people's access to their basic needs as well as safe and appropriate goods and services. There is, however, a package of policies which can be used to influence markets. These include trade policy, industrial policy, investment regulations, employment laws, environmental protection and, of course, consumer policy. Regional or multilateral trade agreements also alter the range and type of products available on the market and the origin and size of the companies which have produced them.

The particular dilemma that competition presents, especially in the developing world, is that although these tools may exist, they are not applied with due effectiveness. After all, despite the existence of competition laws and the influence of organisations such as the UNCTAD and the OECD, anti-competitive practices continue to exist and indeed multiply.

A recent European Bank for Reconstruction and Development report found that in economies of transition, without long term competition advocates, the implementation of competition policy is severely limited. In Consumers International own findings from studying competition policy in seven developing and transition economies, the urgent need for more proactive competition regimes - at the national, regional and international levels - is clear.

For countries with limited institutional capacity in particular, effective competition policy needs vigorous, independent and skilled consumer organisation to act as pro-competition agents. Members of Consumers International (CI) the world wide federation of consumer groups, have dismantled cartels, campaigned for competition legislation, taken cases to court, carried out price surveys, forced competitive tendering, exposed market sharing arrangements, evaluated mergers, and drafted competition laws. Whilst some CI members are competition agencies, others have acted as neutral forums to bring together business, academics, governments and consumers to develop and further competition regimes.

To build on the consumer movement's natural role in encouraging a competition culture, Consumers International launched Consumers and the Global Market in 2001.

Consumers and the Global Market (CGM)

Consumers and the Global Market is a three-year trade and competition programme of research, capacity building and advocacy with activities at the national, regional and global levels implemented by Consumers International.

Strategy behind CGM

In 1995, Consumers International (CI) called for the inclusion of competition into the World Trade Organisation (WTO) workplan and hence welcomed the establishment of the Competition Working Group at the Singapore Ministerial Conference. As the worldwide consumer body which includes competition agencies in its membership, CI is uniquely placed to contribute to the debate at the multilateral level and encourage competition policy development and enforcement at the national level.

However consumers are interested not just in policy tools for the sake of them but how they affect the price, range and quality of goods on the market. It is critical to be able to assess the interaction between trade liberalisation, sectoral developments, competition policy, national regulatory frameworks and consumer policies. It is this interaction which affects people's access to their basic needs, poverty reduction and ultimately, sustainable development. It is through a better understanding of this nexus that will ensure that trade reaches its full potential as an engine for growth.

Trade agreements are often negotiated by trade ministers seeking to protect their domestic business from competition whilst expanding the opportunities of their export sector elsewhere. It is assumed that through the negotiation process, all parties can benefit. However, the market access drive often leads to the bigger companies of the richer countries winning vis-à-vis smaller producers and indeed consumers, the presumed ultimate beneficiary of trade liberalisation. To ensure a wider distribution of the benefits of liberalisation, the consumer voice and interest must be heard as loudly as that of business. For this, in addition to greater research and analysis, stronger consumer advocates are needed to improve decision making and governance.

To simultaneously meet both of these needs, Consumers International designed the Consumers and Global Market Programme.

The Programme

The programme focuses on competition policy, and the agreements related to agriculture and services. The three areas for initial priority have been chosen because of their significance to developing country consumers, poverty alleviation and food security as well as the fact that they are currently subject to international negotiation.

The programme is realised through activities in three modules:

A: Research and Case Studies

B: Building Capacity for Advocacy and Market Monitoring

C: Representation and Advocacy on Trade and Competition Issues

Each module is implemented regionally through Consumer International's regional offices for Latin America and the Caribbean, Africa, Asia and the Pacific and Economies in Transition. Consumers International's Head Office co-ordinates the work and international advocacy.

Sixteen priority countries have been selected where detailed research and analysis are being carried out and training activities implemented. These countries are Bolivia, Brazil, Chad, Chile, Fiji, Ghana, Indonesia, Kenya, Mali, Nicaragua, Pakistan, Poland, Slovenia, South Korea, Ukraine and Zambia.

Consumers International works with consumer organisations, academics, research institutes, media, government officials and international organisations in implementing this programme.

Some of the Envisaged Impact

- Detailed analysis of the state of competition, agriculture and services will provide consumer organisations as well as broader civil society with greater knowledge and information on the impact, effect and weaknesses of competition policy and the agreements in their country and region. It will set out the necessary actions they need to take. It will strengthen their ability to act and engage in debate and policy making in this area.
- From the analysis, there will be advocacy to create better competition laws at the national level and regional and international agreements, which incorporate developing country, consumer concerns. Furthermore constituencies will be built to further this agenda.
- Enhanced market monitoring capacity of consumer organisations and other civil society organisations with evidence to back up recommendations made in relation to the WTO.
- Improved coherence in national, regional and global policy making.
- Greater flow of information between national, regional and international levels to strengthen civil society organisations in their attempts to balance corporate influences in the marketplace.
- Regional and global consumer and competition networks established and strengthened
- International decision makers exposed to a competition policy, AoA and GATS and relevant agreements influenced.

Progress So Far

Year One of the programme has seen a focus on agriculture and services as the modalities for their negotiation were being discussed at the WTO. **Year Two will see the focus shift to competition policy**, partly as a response to Doha and partly as the second stage of the CGM requires a deepening of the research work and emerging analysis. This means looking at the interaction between different policies and specifically in those sectors critical to development – agriculture and services.

The impact of Year One was significant - not in terms of publicity or radical changes in policy - but for raising the profile of consumer groups at the national, regional and international levels, awareness by governments and in bringing together academics, civil society groups and government in constructive dialogues.

1. In addition to national and regional assessments, CI produced Impact Assessments of the Agreement on Agriculture (AoA) and General Agreement on Trade in Services (GATS). (The Uruguayan delegation included CI's Impact Assessments in their briefing packs for Doha.)
2. A Training CD-ROM on Trade – Consumers and Trade: The Consumer Guide to Trade Issues and Agreements has been produced in English, French and Spanish. Due to demand it has now been translated into Polish and will soon be in Russian. The Catholic University of Santiago, Chile asked CI to facilitate a course on the WTO based on its CD-ROM for its students.
3. In each of the 16 countries, the research has brought together academics, civil society and government to both contribute to and assess the results. These national networks aim to build original constituencies for the promotion of these issues. In some countries national seminars have been held to disseminate the first year results. As a result of this process, 3 of the 16 governments invited consumer representatives to be on their official delegation to Doha. Four other governments held close consultations with consumer groups before leaving for Doha and whilst at Doha.
4. CI is one of the few NGOs invited to (and involved in) regional meetings such as COMESA, FTAA, Mercosur, ECOWAS, UEMOA, LDC Ministers and Africa Trade Ministers meetings.
5. CI organised four regional meetings focussing on trade and competition and two regional meetings with UNCTAD on consumer and competition policy.
6. CI spoke on the role of WTO in global governance at the South Centre, WTO, OECD and UNCTAD.
7. CI with the UK Consumers Association organised “Trade and Competition Policy Issues in the run up to Doha” attended by representatives from UKG, WTO, EC, UNCTAD and academia.
8. To disseminate CI research results, the WTO held its first ever seminar for an NGO to share its research with WTO Members. 22 governments and 15 WTO officials attended the seminar. (The interest by governments in CI's work was impressive.)
9. CI was the only NGO with a truly international delegation at Doha. The delegation participated in and furthered discussions on competition, agriculture, services and intellectual property.

Forthcoming Activities

As stated, Year Two will see a focus on competition policy – nationally, regionally and internationally. At the national level, case studies will be used to assess the implementation of competition policy especially in relation to agriculture and services.

It will look in more detail at the regulatory regimes and capacities for implementation of the laws or lack of laws.

National workshops will be organised and advocacy seed grants and technical assistance will be offered to encourage the development of competition law nationally. At the regional level, assessments will be made of competition elements on regional agreements (or the need for it).

At the global level, there will be a global report on assessing competition policy across some of the CGM countries. A discussion paper on what is needed within the WTO (bringing together CI's research and views of other parties) will be developed. Following discussion with academics, governments and civil society, CI will publicise and promote the core elements of an international competition agreement.

CI aims over the next year and a half to develop consumer organisations and government understanding of competition policy and its relation to consumer policy and their capacity to engage with the forthcoming negotiations at the WTO.

CI is organising a series of regional meetings examining competition policy in itself and in relation to other policies, in addition to the national meetings and regional training. Events being organised by CI in the next six months include:

- Brainstorming with African consumer leaders in Harare in January, focus particularly on COMESA and UEMOA regional groupings.
- Meeting of Latin American competition and consumer protection officials in Santiago in January. (The meeting will launch a permanent regional network with CI as the Secretariat.)
- Meeting between consumer organisations and Latin America consumer protection and competition officials, Costa Rica, February
- Regional Conference on Public Utilities in Latin America, Argentina, March
- Meeting between EU and Latin America consumer organisations as part of the Euro-Latin America Dialogue in Madrid in April
- Roundtable on Competition and Consumer Policy in Moscow in May,
- Meeting of Utility Regulators in Panama, May
- Competition Seminar within regional meeting of CI's meeting for members in Developed and Transition Economies in Rome in June.

Further events will be organised later in the year and will be finalised in this period within Asia and Africa.

Consumers International is continually seeking to expand and develop its work in relation to national, regional and international competition policy.

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