

CUTS' 30th Anniversary Thought Leadership Lecture – Geneva July 9th, 2013

Draft Report

As part of a series of lectures to celebrate CUTS' 30th anniversary, a Thought Leadership lecture was held in Geneva on the side-lines of the 4th Aid for Trade Global Review of the WTO. The lectures were delivered by Pascal Lamy Director General of the WTO and Supachai Panitchpakdi Secretary General of UNCTAD, while Fredric Jenny Chairman OECD Competition Commission moderated the event.

Pradeep S Mehta, Secretary General CUTS, welcomed all to the Lecture. He gave a brief overview of the immense and impressive progress of CUTS in the last 30 years. Started as a small, local NGO, CUTS is now an international NGO recognised for its committed and evidence-based work on issues related to trade and development, regulation (e.g. competition and investment), and governance. A short and well-made movie on CUTS, from its inception till the present, was then shown.

In his opening remarks Fredric Jenny observed that in the last 3 decades there has been amazing development of international trade that has contributed to growth and poverty reduction worldwide. He also noted that in the same period competition regimes have seen unprecedented spread globally, an indication of a push towards convergence. Further that neither trade, nor competition disciplines are sufficient on their own; there is need for linkages to other complimentary policies. Civil Society Organizations such as CUTS have played an active and vital role in facilitating better understanding of these issues and the benefits therein.

Pascal Lamy in his lecture noted that 3 decades is an appropriate timeline that allows for serious analysis of what has been achieved and what more needs to be done. He singled out Pradeep Mehta's single handed achievement in transforming CUTS from a modest beginning to a global institution recognised for its work on the international scene. The last 30 years have also seen a rise in emerging countries that has led to a shift in global balance of power.

While in the 1980s international trade was governed under the GATT regime that was largely seen as an exclusive club for developed countries; the transition to WTO in the 1990s saw an exponential increase in membership of the international trade body, majority of which are developing countries. In the early 80s trade in goods accounted for about 2 trillion US dollars, this has increased to 18 trillion US dollars as of 2012; an increase of about 8% per year, which is much higher than the average world economic growth in the same period.

Pascal Lamy also noted that in the last 3 decades disciplines in international trade have evolved to cover services, intellectual properties, and agriculture. The current global trade discussions have extended to sustainable development and Aid for Trade, areas not considered as part of trade earlier. He predicted that in the next 30 years many more issues will become part of the trade discussion, given current trends.

He further observed that development is at the core of the current negotiations, and its inclusion and emphasis will indeed be part of all future negotiations. While it is proven that open trade can and does work for development, it must be accompanied by other policies and support especially for the developing and least developing countries.

The recent economic downturn led to some fears of protectionist measures, the WTO's periodic Trade Policy review largely prevented their application. There has also been a marked change in the negotiation dynamics that has seen the LDC group presenting common and well-researched positions to advance their agenda in the WTO. He summed up his contribution by alluding to the parallels in the evolution of CUTS and the WTO in their quest to develop a truly global organization to facilitate organic growth, and reflecting the ever-changing global economy. Civil Society Organizations such as CUTS can and have indeed kept the Multilateral Trading System accountable to development challenges faced by the majority. He pledged to remain a supporter of CUTS.

Supachai Panitchpakdi in his lecture noted that opportunities from international trade liberalisation and market openings should be used in a fair manner to ensure consumers are not abused. He expressed appreciation for CUTS' work and contribution in the areas of competition policy and regulation, as well as investment. These issues were part of the so called "Singapore Issues" among which only trade facilitation was put on the current WTO negotiation agenda. However, UNCTAD and institutions such as CUTS continued to work on these issues, and hence have created more knowledge and understanding amongst developing countries. This has resulted in the evolution of the thought process today, manifested by the adoption of competition policies by about 122 countries as of 2012 as opposed to only about 25 in the 1990s.

Next year, UNCTAD will be marking its 50th anniversary, a journey in which it has closely worked and collaborated with CUTS on consumer rights, competition and regulatory issues among others.

He recalled that the 1990s saw a lot of mega-mergers and acquisitions between big market players, but that competition agencies in the world had different interpretation of how to deal with such mergers. When Europe moved to a single market mode, consistency was registered in competition rules and application. Competition rules have the capacity to ensure that market access opportunities gained through liberalisation are not undermined through practices such as cartels and division of markets.

Competition and Consumer protection policies and rules should be seen in the same light as trade remedial policies such as anti-dumping and countervailing measures that counter market distortions. Similarly the TRIPS agreement that provides for intellectual property protection on the one hand, and provisions to deal with the resulting anti-competitive on the other can be seen as a motivator for more innovations that would in the long term result in more investments in the territories where the agreement is enforced.

Supachai Panitchpakdi affirmed the need for strong competition and investment regimes in order to check and/or prevent practices such as collusion, which often result in higher prices of essential products, denying the poor access to them. He also highlighted the need for harmony between the national competition authorities and the sector-specific regulators in order to avoid conflict over jurisdiction. Additionally he called for cooperation and collaboration among regional competition authorities if they are to effectively tackle Transnational corporations' often collusive behaviour.

He also observed that the countries in transition, with market-oriented economies have found competition policies and regulations very useful. For instance Transnational Corporations (TNCs) are the leading players in the global value chains, and their huge investments have the

capacity to crowd out domestic entrepreneurship. This also often results in collusive practices leading to high prices of products, hence necessitating rule making and strengthening of competition authorities.

He emphasised the need to promote competition rules along with economic regulations through appropriate policies, and this is where governments should ensure that policies in place do not provoke anti-competitive practices, which calls for a balance between the two. Finally that mergers and acquisitions have seen the urgency of cross-border anti-competitive actions. This will require regional cooperation and collaboration, something lacking due to confidentiality rules for most national competition authorities.

In the ensuing deliberations several issues were raised, among which were questions as to why the LDCs capacity to participate in negotiations has only improved in the WTO as compared to elsewhere; and whether competition issues should be added to the Doha agenda or considered at a later time. Pascal Lamy responding to the former, noted that trade is now one of the priorities for LDCs hence their increased interest; also that the WTO has tremendously increased its capacity building and technical assistance programme, with more than 35% of the organization's resources allocated to that effort. Pradeep S Mehta also added that CSOs have contributed to the improvement in LDCs participation, through advocacy and awareness rising. On the later question, it was intimated that the increased number of competition authorities worldwide is not sufficient reason to bring competition issues on the trade negotiation agenda; this would require a stronger case to mobilize the required diplomatic energy to engage on the issue.

Fredric Jenny in the closing remarks noted that as the interface between competition, consumer rights, and trade becomes more and more obvious, there may be no need for a multilateral agreement on the issues. Pascal Lamy, on this issue, called for transparency through regular reporting by domestic competition authorities as a substitute to an international agreement on competition.

Rashid S Kaukab, Director CUTS International Geneva thanked all the participants on behalf of CUTS family.