

Competition Policy and the WTO



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Summary

ActionAid has noted with concern the continuing pressure for developing countries to accept negotiations on competition policy at the World Trade Organisation (WTO). ActionAid shares the fears of many developing countries that the inclusion of a non-discrimination principle in the proposed agreement is yet another strategy for opening up developing countries' agricultural and industrial sectors to foreign competition. In addition, it is clear that competition negotiations would create additional administrative and financial burdens on developing countries and could easily divert attention from the important reforms required to make existing WTO Agreements developmentally sound.

Competition policy and competition law are highly technical, specialist fields with their own terminology, competing philosophies and principles. Many developing and least developed countries are yet to develop their expertise in this area. Without a sound understanding of competition policy, and the confidence to challenge developed country positions during negotiations, developing countries will find themselves at a significant disadvantage in shaping the proposed agreement so that it meets their development needs.

Furthermore, for poor countries, the practical short-term costs of establishing a competition authority could easily outweigh the theoretical long-term benefits of doing so. With many competing priorities, for some countries the financial resources required to establish an effective competition authority to regulate both domestic and international firms may be practically and politically impossible.

As many countries have small markets and nascent industries, they face substantial asymmetries in terms of size of firms, market information and

technologies and may need to protect their domestic industries from open competition from abroad. In some circumstances, encouraging short-term cartels to promote domestic investment and allow firms to develop international competitiveness might be appropriate. Neither of these avenues will be open to developing countries because a WTO agreement would be based on the non-discrimination principle.

On the other hand, there is a need to significantly improve the regulation of multinational companies to prevent anti-competitive behaviour including restrictive business practices (RBPs). Price rigging cartels and tax evasion by multinationals has cost developing countries millions of dollars. But while the proposals include provisions to tackle hard core cartels, these depend on the sort of cooperation between national competition authorities that has proved so problematic in the past. Moreover, the WTO has no power to act in relation to companies, so that investigation and enforcement would continue to lie in the hands of their host country competition bodies.

For all these reasons, ActionAid concludes that the WTO is the wrong forum to develop a collaborative effort on competition policy. ActionAid believes that:

- Developing countries should resist proposals for competition policy to be introduced under WTO disciplines. A preferable option would be the establishment of an independent international competition body with full representation from developing countries and the involvement of relevant civil society organisations. This could build technical capacity in developing countries, foster cooperation between established and inexperienced national competition agencies, and deal directly with anti-competitive behaviour from companies.
- All developing countries should consider the advantages and disadvantages of introducing national competition authorities. To assist them in this process, cost-benefit analysis should be carried out by an inter-agency group including UNCTAD and other development-focused multilateral and regional bodies.

Competition policy: an introduction

“A guiding principle that is often referred to by competition agencies and tribunals or courts is that competition law protects competition, not competitors”¹

Competition policy describes the measures and instruments used by governments to determine the ‘conditions of competition’ between producers and suppliers of goods and services that operate in their markets. Competition (or anti-trust) law is a subset of competition policy and exists to combat anti-competitive business conduct.

The key focus of competition policy in the North is to achieve efficiencies through enhanced inter-firm

rivalry, limiting anti-competitive behaviour in the private sector, including RBPs, and prohibiting government-led market distortions including state monopolies.

These efficiencies are assumed to result in lower prices and more choices for the consumer, better products and services and increased opportunities for existing and new businesses. Thus Shelton states, “The broad objective of competition policy is to help ensure that market economies deliver high and rising standards of living.”²

While market efficiency may be the key goal for competition policies, in domestic competition policies many governments also take into account broader ‘public interest’ objectives such as regional development, promotion of small enterprises, technological development and employment and export promotion.

Competition policies are not static. They alter in response to changing domestic and external circumstances. In the past, different industrialised countries have employed different competition principles. Traditionally, in the UK and Western Europe, competition was seen as a means to an end, not an end in itself. Thus encroachments on competition were acceptable if they are counter-balanced by benefits to the community. In Japan during the period of post-war reconstruction between 1950–1973, competition policy was subordinated to industrial policy and the need to maintain the private sector’s high propensity to invest. To achieve this end, the Japanese Ministry of International Trade and Industry (MITI) encouraged a variety of domestic cartel arrangements in a wide range of industries. In addition, believing that large-scale enterprises were required for promotion of technical change and for Japanese firms to compete effectively with their western counterparts, MITI encouraged mergers between leading firms in key industries. In contrast, for the US, competition is regarded as a good thing in itself and anti-trust laws attempt to discourage all anti-competitive practices.

¹ World Trade Organisation Annual Report, 1997, WTO, Geneva

² Shelton, J (1998) Competition Policy: What Chance for International Rules?, OECD <http://www.oecd.org/daf/cip>

Over the last twenty years there has been convergence between European, Japanese and US approaches to competition, encouraged by membership of the Organisation for Economic Cooperation and Development (OECD). But the history of competition policy in these countries demonstrates the need for each country to form its own policy on the basis of its current economic development status and particular development and industrial strategies.

In developing economies, many barriers exist that prevent them from being truly competitive. These include asymmetries relating to market information, technology, size of enterprise and economies of scale, and the use of anti-competitive practices by firms already in the market that prevent new entrants from gaining a foothold.

“Competition is an unambiguously good thing in the first-best world of economists. That world assumes large numbers of participants in all markets, no public goods, no externalities, no information asymmetries, no natural monopolies, complete markets, fully rational economic agents, a benevolent court system to enforce contracts, and a benevolent government providing lump sum transfers to achieve any desirable redistribution. Because developing countries are so far from this ideal world, it is not always the case that competition should be encouraged in these countries.”³

According to UNCTAD, “Globalisation and liberalisation, facilitated by rapid advances in technology, are creating new dynamics of competition and, in so doing, render the determinants of competitiveness much more complex.....the boundaries between national and international markets have become blurred, traditional distinctions between national and international competitiveness thus becoming redundant. This blurring of boundaries has implications particularly for small and medium-sized

enterprises, which were previously insulated from international competition by national borders. A lack of finance and insufficient technological capabilities limit the ability of even firms that were domestically competitive prior to liberalisation to respond to competition that cuts too quickly into their market share.”⁴

Singh and Dhumale argue that developing countries require special treatment and should be allowed to pursue competition policies that are appropriate to their stage of development. While it is important for trade and competition laws to be consistent, it is equally important for competition policy to be integrated into national development strategies and coherent with national industrial policy. Competition policies and laws should not prevent the promotion of economic growth through industrial policy measures designed to foster concentration of local

The key factors in the development of successful national competition institutions include technical competence, credibility and independence.⁵ Amongst other things, this means that countries will need:

- skilled and versatile lawyers with a good understanding of economics
- economists capable of translating their theories into language that fits statutory requirements
- auditors with excellent investigative skills
- competition staff who are able to resist lobbying, bribery and offers to join private firms
- legislative provisions that prohibit ministerial overrides or vetoes of key competition authority decisions

³ Lafont, J., Competition, Information and Development, in Annual World Bank Conference on Development Economics, World Bank, Washington. Quoted in Ajit Singh and Rahul Dhumale, T.R.A.D.E. Working Papers, No 7, South Centre, November 1999

⁴ UNCTAD (2002) The Relationship between Competition, Competitiveness and Development, TD/B/COM.2/CLP/30, UNCTAD, Geneva

⁵ Lewis, D. (2001) Building effective competition institutions in African economies: lessons from the South African experience, in the informal report of the WTO Regional Workshop on Competition Policy, Economic Development and the Multilateral Trading System: Overview of the Issues and Options for the Future, Cape Town, 22-24 February

enterprises, or provide discriminatory support to infant industries.⁶

Furthermore, if developing countries lack a strong state, they may not have the institutional capacity to implement comprehensive competition policies and would be better focusing on a few simple rules. Although there are examples of small competition units having an impact nationally, for the poorest countries it may be practically impossible to prioritise the establishment of an administrative structure to monitor and regulate national and international firms. And for all developing countries, the practical short-term costs of establishing a competition authority must be weighed against the theoretical long-term benefits.

Nevertheless, because without any form of competition policy developing countries are powerless to challenge anti-competitive behaviour that may inhibit their economic development, all governments should give serious consideration to what type of competition policy would be appropriate for their circumstances.

Farming, food and competition policy

“The market reality of today is different from that of, say 30 years ago. We have observed a dramatic concentration of the retailing and processing sector over the last two decades, with a few firms in each country controlling most of the market.”⁸

While ActionAid believes that the WTO is the wrong venue for competition policy, its work with small farmers in more than thirty-five developing countries and its analysis of trends in developed country agriculture lead it to believe that international cooperation is required to deal with anti-competitive behaviours and increasing corporate control of the food and farming sectors. These dangers have been discussed in other papers in this series⁹ but some key issues are presented here.

Competition policy and developing countries

Since 1990, more than 35 developing countries and transition economies have introduced competition laws, but many have yet to do so.

In those that have, competition policies and laws do not appear to be exclusively focused on economic efficiency.

Developing countries with competition policies⁷

Algeria	Brazil	Gabon	Republic of Korea	Niger
Argentina	Chile	Georgia	Malaysia	Pakistan
Armenia	China	India	Malta	Panama
Azerbaijan	Colombia	Israel	Mexico	Paraguay
Belarus	Costa Rica	Jamaica	Moldova	Peru
Benin	Côte d'Ivoire	Kazakhstan	Morocco	South Africa
Bolivia	Cyprus	Kenya	Nicaragua	Sri Lanka
				Taiwan

⁶ Competition Policy, Development and Developing Countries, Ajit Singh and Rahul Dhumale, T.R.A.D.E. Working Papers, No 7, South Centre, November 1999

⁷ UNCTAD (2000) Expert Meeting on Competition Law and Policy, Directory of Competition Authorities, Geneva

⁸ Fischler, Franz, European Commissioner for Agriculture, Rural Development and Fisheries (2002) Quality matters A new focus for agricultural policy CIAA - European Food Summit 2002 Brussels, 12 April 2002 http://europa.eu.int/rapid/start/cgi/guesten.ksh?p_action.gettxt=gt&doc=SPEECH/02/149|0|RAPID&lg=EN&display=

⁹ See accompanying ActionAid briefings on TRIPs, Investment and GATS

The structure of farming, food production and food sales is changing rapidly. Over the last 15 years there has been a massive concentration process taking place between downstream and upstream agro-food industries. Of particular concern is a combination of high concentration in input supply and output processing industries and vertical integration of supply chains from farm inputs through to retail food distribution. As Harl points out, while vertical integration of firms and supply chains can produce economies of scale, it can also reduce access to open and competitive markets. "If farmers are to be assured competitive options, it is necessary to limit concentration in input supply and output processing industries and limit the extent of vertical integration."¹⁰ According to Pritchard, "it is ownership and control of intangible assets, especially information, brands and patents, rather than control of the tangible means of production, which raises sufficient barrier to competition to allow the concentration of capital to proceed".¹¹

Although "high concentration does not necessarily lead to lack of competition it does facilitate the exercise of market power and anti-competitive behaviour."¹³ The giant retail corporations that in developed countries have usurped farmers, traders and food processors as the key players¹⁴ now have their eye on developing country markets. From the perspective of a small farmer in a developing country, the threat of being marginalised by a market dominated by a few giant multinational companies may seem remote. For most small farmers, if the impacts of the new structure are felt at all, it is likely to be in relation to export-oriented production. However, multinationals have already begun to access seed and input markets in developing countries through a series of mergers and

Why size matters

The size of an enterprise confers huge benefits in terms of logistical control, reduced transaction costs and economies of scale, as well as improved market intelligence and meteorological intelligence. The larger the enterprise, the greater its ability to:¹²

- raise external capital
- access and control comprehensive distribution networks
- gain access to government information and government policy makers
- outbid other companies and actors for resources and ideas
- engage in predatory pricing
- gain access to, and control, the most valuable intellectual property
- invest heavily in research and in patent protection
- mount lavish promotional campaigns
- remould the social and political environment to a company's own benefit

acquisitions and, given the saturation of domestic markets, processors and retailers are also looking for new opportunities. The rapid growth in supermarkets in Asia, Africa and Latin America in the past 5-10 years reflects this trend.¹⁵

¹⁰ Neil Harl, (2000) Antitrust Issues in the New Food System, paper for American Agricultural Economics Association Preconference Workshop, "Policy Issues in the Changing Structure of the Food System", US, July 29 www.aaea.org/changingstructure.html

¹¹ Pritchard, B. (2000) The Tangible and Intangible Spaces of Agro-food Capital, Paper presented at the 10th International Rural sociology Association World Congress, Brazil, July

¹² Taken from Vorley, B. (2001) The Chains of Agriculture: Sustainability and the Restructuring of Agri-food Markets, International Institute for Environment and Development, UK

¹³ UNCTAD (2002) op cit

¹⁴ The trend towards concentration in agri-business is mirrored in other sectors. "A notable feature of the changing nature of competition is a radical alteration in the organization of firms as well as the organization of production, marketing and distribution of goods and services at the international and national levels. ...Access to and possession of knowledge, in addition to technical hardware, has become an important asset for global producers." UNCTAD (2002) op cit

¹⁵ Reardon, T, Timmer, C P, Barrett, C B, and Berdegue, J. The Rise of Supermarkets in Africa, Asia, and Latin America, Forthcoming, American Journal of Agricultural Economics (December 2003)

According to Vorley, "Buyer driven chains, while appearing very remote from agriculture in developing countries, are in fact making rapid inroads into areas considered to be entirely dominated by spot markets."¹⁶ In Central America, 20-35% of the rural retail sector is already controlled by supermarkets. And a single firm controls 60% of chicken purchases in the region. Again, "in Chile, 14 of 15 main food products are sold through contracts between farms and supermarkets and processors, rather than through spot markets."¹⁷

What do these large companies need? They need large quantities at a constant quality. A single farmer may succeed in producing the quality, but not the quantity required. Large companies prefer to buy from large-scale producers who can meet their increasingly stringent levels of quality control, comply with codes of conduct, and have better access to post-harvest cold storage and transport services.

Once established in a country, their preference for large producers can be expected to attract foreign investment in farming and 'food services' to meet their demands. As well as 'crowding out' existing small-scale domestic agro-food enterprises, this process will further marginalise small-scale farmers and result in deepening poverty in rural areas.

In specific circumstances, participation in buyer-driven supply chains can benefit small farmers²¹ but the impact of these chains is to weaken the link between farm prices and food prices. In developed countries, this has resulted in lower prices to farmers without significantly lower prices to consumers.

ActionAid believes that corporate control of the food system jeopardises food sovereignty and food security in developing countries; destroys the livelihoods of small producers and exploits farm workers.²² Traditionally, the focus of competition policy has been on consumers. However, in relation

How big are they?

- The top 10 veterinary pharmaceutical companies control 60% of the world market; virtually all these companies are subsidiaries of major pharmaceutical corporations.
- The top 10 agrochemical corporations control 84% of the global agrochemical market; the top 2 control 34%.
- The top 10 seed companies control approximately 30% of commercial seed markets worldwide.
- Monsanto alone controls 60% of the Brazilian maize seed market.¹⁸
- In the 12 months ended 1 June 2001, the value of food processing mergers reached US\$69.2 billion. For the five preceding years, the value of all food industry mergers combined totalled only US\$50.1 billion.
- The 32 leading grocery retailers account for 34% of the total global food retail market, estimated to be worth US\$2.8 trillion.¹⁹ It is widely predicted that there will be no more than 10 major global food retailers by 2010.²⁰

¹⁶ Vorley, B. (2001) *The Chains of Agriculture: Sustainability and the Restructuring of Agri-food Markets*, International Institute for Environment and Development, UK

¹⁷ *ibid*

¹⁸ All figures above from ETC (Action Group on Erosion, Technology and Concentration) (2001), *Globalization, Inc. Concentration in Corporate Power: The Unmentioned Agenda*, ETC Communique, Canada, July/August

¹⁹ *ibid*

²⁰ See, for example, Killgren, L., (1999) "EURO MARKETS: Supermarkets still walking down the aisle: In the quest for scale some food retailers will be left on the shelf." *Financial Times*, UK, 22 December, and Vorley, B.,(2001) *op cit*

²¹ Eaton, C. and Shepherd, A W. (2001) *Contract Farming – Partnerships for Growth*, AGS Bulletin No 145, FAO, Rome www.fao.org/ag/ags/agism/contract.htm

²² See accompanying ActionAid briefing on Investment

to agriculture, there should be equal concern about impacts on producers. If small, family farms are to survive in the long-term, this will require a different approach to how agribusiness and retail mergers are evaluated. In particular, there should be tighter enforcement of horizontal mergers amongst agro-food companies to keep more buyers in the market and give farmers more bargaining power.

Processing Tomatoes ²³

Some companies, such as Heinz, have been able to extract greater value from tomato processing by controlling the seed market, thus controlling an agribusiness 'sandwich' with the farmer in the middle. Heinz has 30% of the global processing tomato seed market and this figure grows to 70% in Australia. By linking grower contracts with their proprietary seeds and germplasm, Heinz could price their elite seeds at over AU\$2,000/kg (1990 figures) compared with an average tomato seed price of AU\$70/kg. Grower influence over the value of their crop in Australia has been further diminished by state deregulation of bargaining arrangements – collective bargaining has been replaced with confidential individual contracts. Revealing contract prices is now illegal (as 'collusive behaviour') under the Trade Practices Act.

The proposed WTO Agreement on Competition Policy: key issues in the negotiations

Non-discrimination

The EU has recently argued that "Non-discrimination - in relation to a competition agreement - has no bearing on the question of whether foreign firms have access to a particular market. This depends on a range of trade and investment factors outside the scope and ambit of a WTO competition agreement."²⁴ That is, that by making the operation of the domestic market more efficient and more transparent, an effective domestic competition policy enables traders and investors to benefit fully from market access concessions the importing or host country may already have made, but does not imply any greater market access concessions.

This view is not always so clear when European Commission officials speak. At a WTO workshop on competition an official from the Trade Directorate noted that, when properly implemented, competition policy does contribute to the opening of markets.²⁵

Developing countries remain suspicious. Malaysia believes that it is inappropriate to adopt the principle of national treatment (NT) because globalisation means that local firms are faced with intense foreign competition. Industries in developing countries should be given a sufficient time-frame to build up capacity to meet international competition.

India argues that, since prosecuting RBPs perpetrated by firms based abroad is going to be extremely difficult for countries with limited resources, domestic producers will in practice bear the brunt of a competition law that enshrines the NT principle, while allowing foreign producers to get away with similar infractions.²⁶ And since a competition policy that ostensibly applies to all members equally is likely in practice to discriminate

²³ Taken from Vorley, B., (2001) op cit

²⁴ Communication From The European Community And Its Member States, (2002) WTO, WT/WGTCP/W/222, November

²⁵ Informal report of the WTO Regional Workshop on Competition Policy, Economic Development and the Multilateral Trading System: Overview of the Issues and Options for the Future, Cape Town, 22-24 February

²⁶ Communication from INDIA to the WTO Working Group on the Interaction between Trade and Competition Policy (2002), WTO, WT/WGTCP/W/216, September

against firms in developing countries, “In the context of meeting the needs of developing countries, it is more appropriate to adopt the concept of non-discrimination in terms of the need to treat different countries with different capacities in a differential manner, and of the need and responsibility to provide assistance, positive measures and affirmative action to local firms and institutions in developing countries to ensure their viability and development so that they can become increasingly efficient and competitive.”²⁷

In their World Bank working paper, Holmes and Hoekman argue that given the mercantilist basis of multilateral trade negotiations, the WTO is likely to concentrate only on abolishing cross-border measures rather than becoming a powerful instrument for encouraging adoption of welfare-enhancing competition rules.²⁸ Thus, although developing countries have a great interest in pursuing active domestic competition policy, they should do so independently of the WTO.

Similarly, Hoekman and Mavroidis believe that the proposed WTO agreement would create compliance costs for developing countries without addressing the anticompetitive behaviour of firms located in foreign jurisdictions. “To be unambiguously beneficial to low-income countries, any WTO antitrust disciplines should recognize the capacity constraints that prevail in these economies, make illegal collusive business practices by firms with international operations that raise prices in developing country markets, and require competition authorities in high-income countries to take action against firms located in their jurisdictions to defend the interests of affected developing country consumers.”²⁹

Why developing countries should reject a Competition Agreement at the WTO

- The WTO was established to liberalise trade, not to handle competition issues and the two are philosophically quite different. A market access approach targets trade maximisation. A competition approach targets efficient resource allocations and welfare maximisation. UNCTAD and other bodies have greater expertise in competition policy than the WTO.
- There is nothing in the proposals that addresses the pressing issue of multi-jurisdictional mergers, the increasing concentration production and trade in the hands of relatively few multinationals or the existence of dominant firms in some sectors. As demonstrated above, these issues must be tackled if developing country farmers and producers are to be protected from further marginalisation.
- In the past, advanced economies have been slow to help developing countries that want to take action against multinationals.³⁰ It is very unlikely that the Agreement would put any enforceable burden on the major developed countries for the control of anti-competitive actions of their firms in the developing countries.
- Developed countries, especially the EU, state that they are seeking a WTO agreement on competition to restrict anti-competitive behaviour. If this is their main goal, it is not clear why action has not been taken already on WTO anti-dumping measures³¹ or to ensure that the TRIPS agreement does not confer cartel-like powers on patent holders.

²⁷ Report On The Meeting of 26-27 September 2002, WTO, WT/WGTC/M/19

²⁸ Holmes, P. and Hoekman, B. (1999) Competition Policy, Developing Countries, and the World Trade Organization, World Bank Working Paper No. 2211, Washington, October

²⁹ Hoekman, B and Mavroidis, P.C. (2002) Economic Development, Competition Policy, and the World Trade Organization, World Bank Working Paper 2917, Washington, October

³⁰ When India took action against a US cartel, the US government promptly removed Generalised System of Preferences (GSP) from India until concessions were granted.

³¹ The latest WTO statistics show that the most frequent users of anti-dumping actions in terms of the number of measures currently in force are the US, the EU, Canada, Mexico and Australia in that order, whereas developing countries such as China, Chinese Taipei, Indonesia and India dominate the list of countries subject to anti-dumping actions. Annual Report 1998, WTO, Geneva.

- The EU sees competition policy as part of a package of new issues to be negotiated in the next round and concluded simultaneously. While developing countries might see some virtue in continuing work on competition policy, it is highly unlikely that the EU and its allies will be willing to do this in isolation from other 'new issues' including investment and government procurement.
- The introduction of competition policy into the WTO will place an unrealistic burden on overstretched developing country administrations and delegations. As with the other 'new issues', negotiations will detract attention from reforms to existing agreements that are urgently needed to support development and poverty eradication.
- To date, capacity building for developing countries has been insufficient. The whole area of competition policy and law is highly technical and specialised with its own terminology, competing philosophies and principles. Many developing and least developed countries have not yet developed their awareness of all the issues involved to an extent that would enable them to negotiate from a sound base of understanding. According to the EU, "A WTO framework agreement on competition policy could have an important catalytic role and facilitate the design of more coherent and multi-year technical assistance programmes".³² However, without a full understanding of different competition policy options, developing countries would be at a distinct disadvantage in attempting to shape an agreement to meet their needs.
- Developing countries cannot afford to allow negotiations to go ahead without their participation. Without a strong presence, the development dimension of the competition policy would be ignored. And once negotiations are concluded, developing countries will be put under enormous pressure to accept the agreement, whether or not it meets their needs.

³² Communication from the European Community and its Member States to the Working Group on the Interaction between Trade and Competition Policy, (2001), WTO, WT/WGTCP/W/160

ActionAid's recommendations

There is widespread consensus that competition policies can assist national development but that these must be flexible and adapted to the economic, institutional and cultural realities prevailing in individual countries. Furthermore, to counteract the growing power and concentration of multinational companies and prevent the use of restrictive business practices, national action needs to be complemented by international cooperation and enforcement.

However, ActionAid believes that the WTO is the wrong forum to tackle competition issues and makes the following recommendations:

- If there is genuine international political will to establish a forum to manage anti-competitive behaviour, it would be preferable that a separate entity be created that could coordinate capacity building for developing countries, promote and mediate information sharing and cooperation between national competition authorities, and investigate and process cases of restrictive business practices at a level beyond state-to-state actions. This body should not involve industry bodies and should not be dominated by developed countries. Rather it should have proper representation of developing countries in its governance, and encourage participation by civil groups.³³ To generate respect and credibility, this body could concentrate first on hard core cartels. This would not require participating countries to develop comprehensive competition policies immediately. Both Hong Kong and the Philippines are examples of countries that have criminal penalties for cartel activity but do not have fully developed competition laws. The eventual aim for this organisation would be to ensure that an effective binding regulatory framework existed that could tackle anti-competitive behaviour by multinational companies at an international level.
- The first priority for developing countries should be to build their understanding of competition policy to enable informed decisions regarding whether it is appropriate to establish a competition authority. Since there is no single accepted form for competition policy, each country will need to develop a policy that meets its needs and capacities.
- National level activity could be accompanied by a gradual development of policies designed to tackle cross-border competition issues. An efficient way to begin this process could be to build up regional capacities under the auspices of existing trade blocs. Although cooperation at regional level alone will not be sufficient to deal with multinational companies, it could hold possibilities for strengthening monitoring and enforcement activities and for enhancing administrative and technical capacity in a cost effective way.
- Simultaneously, research and analysis should be carried out to assess the impacts of different forms of competition policy on economic development.

³³ For Singh and Dhamule, (ibid 1999) this authority should have an international, legally binding mandate for maintaining fair competition in the world economy and keeping the markets contestable by ensuring that barriers to late-entry industrialisers are minimised and the special needs of developing countries recognised. It would have the authority to scrutinize mega mergers, to prohibit them and to deter the mega firms from abusing their dominant positions. Referrals to the competition authority would only be in relation to anti-competitive behaviour by corporations above a certain size. This would normally exclude developing country companies.

ActionAid and Azione Aiuto are members of the ActionAid Alliance, a network of non-governmental development organisations working together to promote structural changes to eradicate injustice and poverty in the world. ActionAid Alliance members are ActionAid (UK), ActionAid Hellas (Greece), ActionAid Ireland (Ireland), Aide et Action (France), Ayuda en Accion (Spain) and Azione Aiuto (Italy). ActionAid Alliance's members have the regular and active support of more than 600,000 EU citizens, and its programmes reach over 9 million people in more than 40 countries in Africa, Asia, Latin America and the Caribbean.

The Food Rights Campaign is an ActionAid initiative that works with women and men to secure their right to food at local, national, regional and international levels. The campaign works in sixteen countries across Asia, Africa, Latin America and Europe.

ActionAid is a unique partnership of people who are fighting for a better world – a world without poverty.

ActionAid Brazil

Rua Corcovado 252
Jardim Botânico
Rio de Janeiro
CEP 22490-050
Brazil

T +55 212 540 5707

F +55 212 540 5841

E-mail

actionaid@actionaid.org.br

ActionAid UK

Hamlyn House
MacDonald Road
London
N19 5PG

T +44 20 7561 7561

F +44 20 7561 7676

E-mail

mail@actionaid.org.uk

Website

www.actionaid.org

Azione Aiuto

Via Broggi 19/A
20129 Milano
Italia

T +39 02 742001

F +39 02 29533683

E-mail

info@azioneaiuto.it

Website

www.azioneaiuto.it

ActionAid Alliance

10 rue de la Science
B-1040 Brussels
Belgium

T +32 02 503 2422

F +32 02 502 6203

Website

www.actionaidalliance.org

ActionAid USA

1112 16th Street NW, Suite 540
Washington DC
20036-4023
United States

T +1 202 835 1240

F +1 202 835 1244

E-mail

rickr@actionaidusa.org
atilar@actionaidusa.org

ActionAid The Gambia

CBI Senegal
Cite Belvedere Lot
122 Dakar

T +221 832 1113

F +221 832 1139

E-mail

aasenegal@arc.sn

ActionAid Uganda

PO Box 676
Kampala
Uganda

T +256 41 510016

F +256 41 510363

E-mail

admin@actionaiduganda.org

ActionAid Kenya

PO Box 42814
00 100 Nairobi
Kenya

T +254 2 4440 449

F +254 2 4445 843

E-mail

admin@actionaidkenya.org

ActionAid Malawi

PO Box 30735
Capital City, Lilongwe 3
Malawi

T +265 1 757 500/504

F +265 1 757 330

E-mail

admin@actionaidmalawi.org

ActionAid Ghana

PO Box 19083
Accra North
Ghana

T +233 21 764 931/2

F +233 21 764 930

E-mail

aaghana@actionaid-ghana.org

ActionAid Ethiopia

PO Box 1261
Addis Ababa
Ethiopia

T +251 1 654 671

F +251 1 653 420

E-mail

admin@actionaidethiopia.org

ActionAid Mozambique

Preceta Moa-Tse-Tung n.22,
Quelimane
C.P.196
Mozambique

T +258 4 212 134

F +258 4 213 133

E-mail

aamozmp@virconn.com

ActionAid China

No 8, Room No 401
Julong Garden
No 68 Xin Zhong Jie
Dongcheng District Beijing
100027 P.R. China

T +86 10 6552 1869/8329

F +86 10 6552 8327

E-mail

public@actionaidchina.org

ActionAid India

C-88, South Extension, Part II,
New Delhi, 110 049
India

T +91 11 5164 0571

F +91 11 51641891

E-mail

aaindia@actionaidindia.org

ActionAid Pakistan

House No 10, St. 17, F-8/3,
Islamabad
Pakistan

T +92 51 228 2954

F +92 51 226 0678

E-mail

mail@actionaidpakistan.org

Website

www.actionaidpakistan.org

ActionAid Vietnam

521 Kim Ma Road
Ba Dinh
Ha Noi, Vietnam

T +84 4 771 7692

F +84 4 771 7693

E-mail

mail@actionaidvietnam.org

ActionAid Bangladesh

House CWN (A) 32
Road 43, Gulshan 2
Dhaka 1212
Bangladesh

T +880 2 881 5991/2

F +880 2 881 5087

E-mail

mail@actionaid-bd.org

Website

www.actionaidbangladesh.org

ActionAid Nepal

GPO Box: 6257
Lazimpat, Kathmandu
Nepal

T +977 1 4436477

F +977 1 4419718

E-mail

mail@actionaidnepal.org

Website

www.actionaidnepal.org

Asia Region Office

Bangkok

Africa Region Office

Harare

Latin America

Region Office

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