



# Competition Issues in a Regional Context - Eastern and Southern Africa

## Policy and Capacity Implications

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## Introduction and Overview



- ▶ Regional Dynamics and Developments: Customs Unions and Free Trade Areas
- ▶ Intra-regional Trade and Investment Performance
- ▶ Private Sector Development Challenges
- ▶ Market Governance Issues: Trade liberalisation, Competition and Regulation – national and regional priorities
- ▶ Capacity for Effective Competition Enforcement
- ▶ Conclusions

## Regional Dynamics and Developments



### Reconfiguring the Eastern and Southern African region

- ▶ New SACU Agreement (Oct 2002)
- ▶ East African Customs Union protocol signed (March 2004)
- ▶ COMESA (losing members....?)
- ▶ SADC
- ▶ External Dynamics (EPA negotiations – regional coalitions, AGOA...)

## Intra-regional Trade and Investment



- ▶ Import and Export Clusters (eg within SADC: SACU and non-SACU SADC clusters)
- ▶ Investment patterns (eg outward investment from South Africa – key sectors, modalities of investment, trade-investment linkages)



- ▶ Implications for competition policy: national and regional
- ▶ Interface between trade remedies and competition remedies

## Private Sector Development Challenges in the Region



- ▶ Small business development
- ▶ Concentration (market shares and ownership)
- ▶ Privatisation (objectives of privatisation, implications for competition and regulation)
- ▶ Attracting FDI (reliance on FDI – incentives and incentive competition in the region)
- ▶ Consumer organisation (lack of)

Implications for competition policy: public interest focus (key public interest issues, implementation challenges at national and regional levels), sector regulation and competition (national and regional trade-offs in sectors such as energy)



## Market Governance Issues: Trade Liberalisation, Competition and Regulation



What kind of markets do policymakers want to shape at national and regional levels (what are the trade offs?)

### Select Issues:

- Intra-regional trade liberalisation changes market access conditions; cross-border investment implies regional firm strategies
- Privatisation of state owned enterprises in key sectors (telecoms, energy..) aimed at maximisation of asset value, not to introduce competition or promote competitive market outcomes
- FDI attraction (investment incentives and competition?)
- Government regulation and anti-competition outcomes (audits of government regulation for the region)



## Capacity for Effective Competition Enforcement



- ▶ Institutional Model (South African model, Zambian model?; independence – funding, relationship to parent Ministry, review and appeal provisions) – national and regional levels
- ▶ Institutional Capacity Requirements (within competition authority, private sector, professions, consumer organisations)
- ▶ Developing a competition culture (advocacy, effective enforcement – demonstration effect)
- ▶ Capacity building initiatives – identification of priorities

## Conclusions



- ▶ Differences in stages of market and private sector development in the region – implications for competition law and policy esp at regional level
- ▶ Competition policy for market and private sector development: public interest issues, policy complementarities (eg industrial and competition policy)
- ▶ Privatisation to promote competitive market outcomes?
- ▶ Competition law and policy – an integral component of good market governance (necessary but not sufficient)

