

**WORKSHOP ON  
“COMPETITION REGIME IN MAURITIUS – ONE YEAR ON”**

**ORGANISED BY  
THE COMPETITION COMMISSION OF MAURITIUS**

**INTERCONTINENTAL MAURITIUS RESORT  
BALACLAVA**

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**SPEECH**

**BY**

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PRIME MINISTER**

**Colleague Ministers,  
The Acting Chairperson and the Executive Director of the Commission,  
Distinguished Guests,**

**When I assumed office in July 2005, it was clear that the economic model under which we were operating had to be revisited to bring it in line with the challenges of the global market. We decided to embark upon a new development path with the ultimate objective of making our economy globally competitive.**

**This is why we started implementing a bold and ambitious reform programme, and the results are there for all to see.**

**We have been praised by the World Bank, the IMF, the Mo Ibrahim Foundation amongst others for the ease of doing business and good governance.**

**One of the decisions that we took as part of this modernisation agenda was the introduction of the Competition Bill, in the National Assembly, in 2007, and the subsequent setting-up of the Competition Commission.**

**The objective was to create an environment conducive to competition, to stop anti-competitive practices and abuse of dominant power, so that we can have, as far as possible, a level playing field.**

**There was a need to encourage new entrants in the economy.**

**This is the essence of economic democratisation.**

**To do this, it was important to prevent collusions and cartels which worked against the interests of consumers and ultimately the economy.**

It is well established that the more players you have in a market economy, the better it is for consumers.

The setting up of a Competition Commission was also in the wider context of the opening up of the economy and the further deregulation of our internal markets which are essential measures to allow Mauritius to cope with the new imperatives of globalization and liberalization. A dynamic and competitive private sector is critical to producing sustained socially inclusive growth in Mauritius.

Indeed no less an authority on enterprise and economic development than Michael Porter, in his celebrated book “The Competitive Advantage of Nations” reaches the conclusion that, and I quote:

*“few roles of Government are more important to the upgrading of an economy than ensuring vigorous domestic rivalry”.*

Porter goes on to argue that strict enforcement of competition laws encourages the continual improvement and innovation that drive a nation’s industries to produce economic growth.

On a more micro economic level it is now admitted as self-evident that competition among enterprises boosts consumer welfare by improving product and service quality, increasing the variety of products on offer, and lowering prices.

The Competition Act, provides the framework for competition policy which ensures that domestic competition contributes to strengthening our economy, producing prosperity at home while better equipping local exporting companies to compete globally.

The guiding philosophy of my Government has always been to promote a modern society based on fairness and equity. The underlying principle is that effort, skills and innovation deserve to be rewarded.

A Competition Commission ensures that innovation and creativity are rewarded while those who seek to enter into prohibited agreements and collusive practices - resulting in the distortion of competition are penalized. Nowhere in free market economies are predatory strategies and abuse of monopoly allowed to thrive.

Examples abound in democratic market economies, such as the USA, the UK, France amongst others, where well known firms and companies have been fined heavily for collusion, and restrictive anti-competitive practices which distort competition.

It is true to say that for a developing country the purpose of competition policy cannot simply be the promotion of competition per se, it must also foster economic development. This is why the law does make provision for a balance to be struck between national interest and promotion of competition. In the implementation of an effective competition policy, Government wanted to achieve the following two equally important objectives:-

- **Firstly sustain economic activity in the country through increased investments both local and foreign, by:-**
  - **Lowering costs along the value chain**
  - **Enhancing the attractiveness of Mauritius to foreign investors**
  - **Encouraging entrepreneurial activity and**

➤ **Promoting international competitiveness of Mauritian firms**

- **Secondly and equally critical was the enhancement of consumer welfare obtained through the availability of a larger variety of goods, of improved quality and at better prices in the market.**

**Achieving these two sets of objectives is in line with attaining the socio economic goals of the Government.**

**Without being judgemental one can safely affirm that there is a systemic bias in the market economy which encourages operators to reduce or distort competition. We all know about the imperfections of the market. Because true competition yields the lowest prices and the highest quality, market participants are frequently motivated to find ways to circumvent it. Sellers are naturally tempted to sell at prices which yield the highest possible profits for them – true to the profit maximization principle. History is replete with such examples.**

**One can surmise that, had there not been the famous, or should I say the infamous robber barons of the likes of no less than John D Rockefeller's Standard Oil, at the end of the 19<sup>th</sup> century there would never have been the Sherman Act of 1890, in the United States. This was the first ever anti-trust legislation in modern history.**

**Today with greater world prosperity and globalisation the need for even more effective anti-trust legislation is glaringly obvious.**

**One year in the life of an organisation of this importance is not enough to gauge its performance but we can already see the results. The considerable amount of work**

that the Competition Commission has already achieved during such a short span of time leaves no doubt that it will live up to the high expectations of the country.

I take this opportunity to congratulate the Commissioners and the staff of the Competition Commission for their significant achievement.

I would also like to express my appreciation for the pioneering work of Mr John Davies, the outgoing Executive Director. I wish he could have stayed in this position for many more years but he had indicated to me on his appointment that he would only be able to stay for a limited period. I hope we will be able to continue tapping on his expertise even when he will be in the UK for a new position.

I wish the organisation still more success in its future endeavours.

I have now the pleasure to declare the workshop open.

I thank you for your attention.

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