

Theme: “Fair Trading 101: Competition Policy Explained”

Presentation to the Trinidad and Tobago Chamber of Industry and
Commerce

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by

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1. The Fair Trading Commission was established in 2014 by virtue of the Fair Trading Act. The Fair Trading Act although passed in 2006 was only fully proclaimed a few months ago in February, 2020. Fair trading legislation is new to Trinidad and Tobago but not new to the Caribbean nor to the wider world. The first Fair Trading legislation was the Sherman Act of 1890 and the first competition agency was the United States Federal Trade (USFTC) Commission which was established in 1914. In the CARICOM region the first piece of fair trading legislation was the Fair Competition Act in Jamaica which established the Jamaica Fair Trading Commission in 1993. Indeed in the case of the USA and to be current the big four, Amazon, Microsoft, Google and Facebook are currently before the USFTC and the Department of Justice (DOJ) for alleged anti-competitive practices. The underlying assumption is that fair competition among businesses is good for the business environment, for consumers and for the society as a whole.
2. Many businesses have operated over the years by their own rules which at times have not been fair to other business nor to consumers. The overall intention of the Fair Trading Act is to “promote and maintain fair competition in the economy...” So why competition or rather why fair competition? The Trinidad and Tobago economy being an essentially market economy has always been characterised by competition. However,

successive governments since independence have seen it fit to introduce legislation that seeks to regulate various aspects of business trading in certain industries. So for example we have had the Telecommunications Act of 2004 to regulate telecommunication companies and the Securities Industry Act 2012 to regulate the securities industry.

3. Competition is about bringing out the best in business and in the people who run business organizations like many of you here. It encourages efficiency and innovation and in the process of production, businesses employ people, earn or save foreign exchange and pay taxes.
4. There are several requirements in the Act which help to ensure that fair competition prevails. As an example, mergers must not be allowed to reduce competition in such a way that consumer choices are reduced and prices increased unfairly; new businesses must not be prevented from any market which they seek to enter and for which they qualify; agreements between companies must not put other companies at an unnecessary disadvantage through such actions as price fixing. Monopolies must not be allowed to artificially restrict supply of a good or service in such a way that they are able to sustain abnormally high prices. In other words wherever monopolies exist they must not be allowed to abuse their position.
5. The job of the Fair Trading Commission is to enforce the Act and thus prevent these anti-competitive practices and also help to ensure that all companies have a fair chance at success.
6. To be current, the immensely disruptive COVID 19 virus and related factors are totally resetting the business eco-system. This is manifested in the soaring demand for laptops, tablets, computers and accessories as well as medical supplies, food, related services and more. The Commission is keenly aware that as an import dependent economy external or internal disruptions in the supplies of these and many other products are helping to ramp up prices in Trinidad and Tobago. We understand that most businesses are adversely affected by these turbulent changes. The result is leading or likely to lead to mergers, acquisitions, and even complete business closures. During this upheaval consumers (which in some cases

also include other businesses) in many cases are facing fair and unfair price increases of critical items.

7. In this “new normal” situation we at the FTC are urging all suppliers to not only desist from unfair pricing practices such as gouging but even when price increases might be considered “fair”, to be considerate enough in their pricing such that final consumers do not face the full brunt of any such price increases at this unfortunate time.
8. The Government also has a responsibility to ensure that to the extent that price increases arise from inefficiencies wherever they may exist, land, sea or air, that these are removed expeditiously. This would enable consumers and businesses to derive the competitive and price benefits they need at this particular time.
9. Finally, I wish to remind you that the pursuit of anti-competitive practices by some businesses can make all businesses “look bad”. So we appeal to this and other Business Chambers to urge your members to follow good corporate social practices and discourage those that would taint the good name of your sector. Good business practices have a positive impact on the business community itself and on your customers. The end result must be a more decent and inclusive society in which all of us can be proud. Thank you for listening.