THE PROBLEM OF ANTI-COMPETITIVE PRACTICES

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ABSTRACT

The exchange of goods or services across international borders is called as International Trade. Trade makes it possible for countries and consumers to reap the benefits of products and services not available in the domestic market.

Keywords: Anti-Competitive Practices, International Trade.

INTRODUCTION

The importance of trade has been long back explained by Ricardo in his theory of comparative advantage. According to the theory of comparative advantage trade can be beneficial to both the countries trading if they trade products which they produce best. According to this theory a country must trade those products or services in which it has a comparative advantage in trading. It must apply its resources to the production of such products which shall have a comparative advantage in the market. Accordingly if a country is best in producing a particular product but it does not reap benefits in its trade, then the country must produce such products in which it has a comparative advantage.[1]

THE PROBLEM OF ANTI-COMPETITIVE PRACTICES

In the era of developing free markets all over the globe, international trade agreements between sovereigns have worked out to minimize the tariff and non-tariff barriers for free and fair trade amongst nations, but the market players have not responded in the same direction. The old government sanctioned tariff and non-tariff barriers are getting replaced by the anti-competitive agreements between the market players which are out of the scope of World Trade Organization ("WTO").

As formal governmental barriers to international trade and investments are reduced or eliminated, international attention is turning more to such anti-competitive practices occurring within nations and amongst international corporations that affect trade and investment flows from nations.[2]

Anti-competitive practices and market structures undermine the exporters in developing countries by restricting access to the international market and weakening their productive capacities by various means, these include international cartels, infrastructure monopolies, distribution restraints, etc. In many developing countries, exporters have to struggle with inadequate infrastructure to facilitate transport or with the exorbitant prices charged in lieu of access to them. These hurdles may be the caused because of lower investments in such facilitative measures or they may even be contributed to the industry of regulatory structures intending to deter new entrants, but this may not be the only case, rather it may also indicate the very existence of inefficient and unnecessary monopolies, or even cartels. The role of international distribution chain can also not be overlooked as they also have great potential to leverage their network to manipulate the prices and distort opportunities for the exporters in the developing countries. This is also known as the exercise of “monopsony power,” meaning the equivalent of the monopoly power but on the buyers’ side of the market.[3]

CONCLUSION

Hence it is concluded that there are strong evidence to show that private barriers to free trade are existing and neither the WTO nor the member’s states alone are capable of addressing the problem. There is a need for the establishment of more concurrent body.

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