

INTERGOVERNMENTAL GROUP OF EXPERTS ON COMPETITION LAW AND POLICY
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Roundtable on:

The role of competition law and policy in supporting micro, small and medium-sized enterprises during the economic recovery in the post-pandemic period

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The COVID-19 pandemic has caused devastating social and economic disruptions on the global economy. It was observed that MSMEs, which contribute to 70 percent of global employment and 50 percent of the gross domestic product (GDP) were the hardest hit by the pandemic.

Governments have been taking steps to re-ignite businesses, increase capacity of MSMEs to rebound from the crisis and emerge as more resilient and competitive. A key facet of this support for economic recovery is competition law and policy, as MSMEs are at a disadvantaged position with other large players in the market. The initiatives and schemes have tried to reduce some of these horizontal heterogeneities.

An entrepreneurial, dynamic business environment is a pre-requisite for MSMEs to flourish. This environment allows them to compete on their own merits by preventing the existing, large competitors from forestalling new products, services and innovations which MSMEs bring to the market. In light of the above, it is imperative for competition law and policy to be deployed to create a level playing field for MSMEs in the emerging and highly competitive e-commerce space.

Largely, all MSMEs that gained are dependent on third party e-commerce players which highlights the critical role of e-commerce platforms in tackling the economic stress. However, unequal access to financial and technical resources constrains the prospect of MSMEs with limited resources. Therefore, socio-economic aspects have to be taken into account for the competition policy to support economic recovery of MSMEs.

The scope of relevant market, for competition policy and law, has to be based on integration of offline and online business modes. The competition policy in this digital era must also take note of the role of data as a strategic intangible asset for businesses especially MSMEs which may be a disadvantaged position with access and capacity to utilise data. The concepts of cross-border data flow, digital platforms, and data protection, should be accounted for with the perspective of MSMEs by the policy makers.

Therefore, the focused strategy of MSME recovery, should accelerate digital transition, technology adoption, organisational change and skills upgrading. In this regard CUTS had brought out a discussion paper in July 2020 on "Competition Enforcement for Business Collaborations during COVID-19 - A Global Perspective" and took several efforts by engaging with the government in India, to facilitate e-commerce during pandemic lockdowns.