



# THE LIFECYCLE THEORY OF COMPETITION LAW SYSTEMS

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<b>Received:</b> November 11 <sup>th</sup> 2023 <b>Accepted:</b> December 10 <sup>th</sup> 2023 <b>Published:</b> January 18 <sup>th</sup> 2024	This article offers an in-depth exploration of the "lifecycle" theory and the evolutionary trajectories of competition systems, particularly those that surfaced in the late 1980s. The foundational theory was proposed by William Evan Kovacic and Marianela Lopez-Galdos following their comprehensive analysis of the institutional design of competition agencies across various developing nations. This examination provided valuable insights into the structural and functional dynamics of these agencies. Additionally, the article will systematically discuss the myriad of factors that either facilitate or impede the effectiveness of competitive systems. Central to this paper is a thorough discussion on the development of robust criteria for assessing the lifecycle of competition systems.

**Keywords:** Competition law, "lifecycle" theory, trajectories, Competition advocacy and Courts performance

## INTRODUCTION

Since the early 1990s, the number of regions with competition systems has increased from about 30 to 130, with some still developing.<sup>1</sup> This significant expansion has allowed us to examine how authorities evolve, generate efficiency and what factors have aided or hindered enforcement success. Kovacic and Lopez-Galdos have scrutinized various new competition systems in emerging nations, most of which were formerly centrally planned economies. They suggested that an institutional framework is a prerequisite for effective competition law implementation.

### 1.1 Theory of "Lifecycle" and types of trajectories

Kovacic and Lopez-Galdos contend that the central article of the theory is that "by studying the lifecycle of a system, regions can enhance the performance of existing competition regimes and can better anticipate and overcome obstacles to creating effective new systems."<sup>2</sup> In addition, Kovacic and Lopez-Galdos, relying on their research, argue that after adopting the first competition law, it takes around twenty to twenty-

five years to evaluate the agency's effectiveness.<sup>3</sup> Kovacic and Lopez-Galdos emphasize the importance of this time-frame since it indicates enough time for the agency to learn from its own experience and refine and reroute goals and performance tools.<sup>4</sup> Therefore, Kovacic and Lopez-Galdos posit the importance of time frame because this time interval lets the competition authority establish enough institutional bases, which allows them to determine whether the competition system is successful or a failure.

Kovacic and Lopez-Galdos have studied the evolutionary path of emerging systems, and they have devised the concept of "life cycle" trajectories, which they also refer to as "the so-called paths." According to them, certain factors determine these trajectories, such as political commitment, resources, agency leadership, and support from universities and courts.<sup>5</sup> According to Kovacic and Lopez-Galdos, there are three principal lifecycle trajectories that have been accumulated through experience:

- i. *an initial ascent followed by a decline;*
- ii. *a flat line;*

<sup>1</sup> Kovacic, W, Lopez-Galdos, M. Lifecycle of Competition Systems: Explaining Variation in the Implementation of New Regimes. Law and Contemporary Problems, Volume 79, 4, Success and Limits of Competition Law and Policy in Developing Countries. Available at: <https://www.jstor.org/stable/45019872> (2016) p. 86.

<sup>2</sup> Id, p. 89. Italics added.

<sup>3</sup> Id, p. 97.

<sup>4</sup> Id, p. 91.

<sup>5</sup> Id, p. 89.

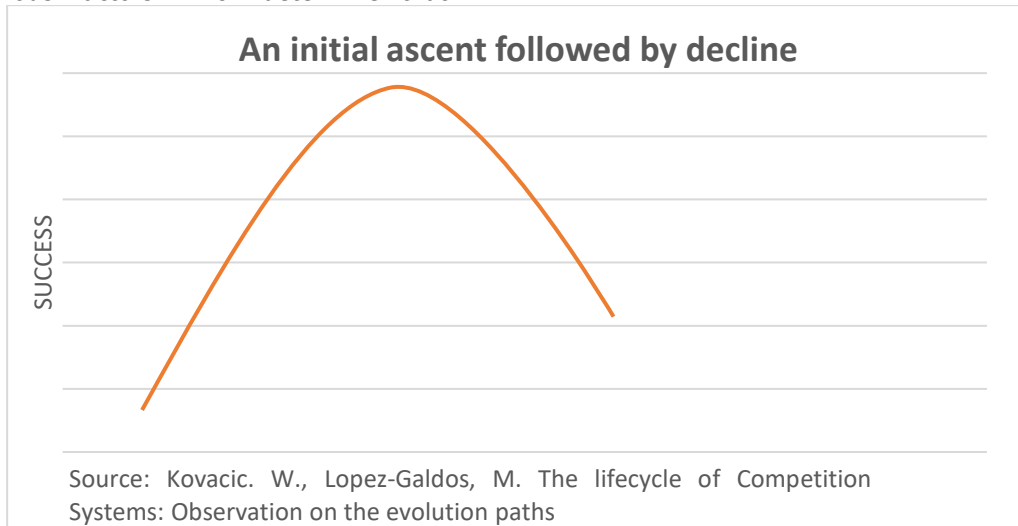


iii. *a gradual upward progression.*

These three trajectories specify how well a competition agency has formulated its practice, including various factors which determine that

practice. Below, we will discuss these patterns and compile obstacles in detail.

### **An initial ascent followed by a decline**



This trajectory is marked by a sudden increase followed by a sharp decline. Agencies with such trajectories are often referred to as success stories in the initial years. There are several reasons for this rise and fall. The sudden rise is typically attributed to a strong state policy implementing liberal economic policies, active leadership, institutional superiority dealing with active advocacy, and legal regulations. The decline is characterized by a change in state policy and a shift in economic policy, loss of strong leadership followed by the departure of dedicated staff, and a collapse of the institutional framework carrying on management. In some cases, external political turmoil can dramatically change internal policies, and the agency's life cycle can come to a sudden end.<sup>6</sup>

According to Kovacic and Lopez-Galdos, in case there is a decline, there are two possible scenarios. In the best scenario, agencies would still have a sufficient number of dedicated staff who can withstand the setback and perform essential management tasks such as market research and analysis. However, in the worst scenario, if there is a change in leadership, the entire competition

framework would collapse, and the succeeding agency would have to start from scratch.<sup>7</sup>

Kovacic and Lopez-Galdos have analyzed various competition agencies and have identified Venezuela, Peru, Argentina, and Egypt as leading examples. Venezuela, for instance, has been following a liberal economic policy since 1989 under President Perez's administration. The country adopted its first competition law in 1991, and despite facing political, economic, and legal challenges, the Venezuelan competition agency has shown positive progress. Ana Julia Jatar, the head of the competition agency, played a critical role in Venezuela's success story. She was appointed the agency's first head in 1991 and launched several competition programs. With the support she received from the government, Jatar was able to attract and incentivize talented individuals to join the agency, which resulted in building a robust competition system. In its first five years of operation, the agency conducted 54 investigations related to cartels, exclusionary and boycott practices, and abuse of dominant positions.<sup>8</sup> However, this state of progress fell sharply after the reorientation of the political mindset in the

<sup>6</sup> Id, p. 113. *See further:* Speelman, P.: Competition Law in the Middle East and Northern Africa: The Experiences of Tunisia, Jordan, and Egypt. (2016).

<sup>7</sup> Kovacic, Lopez-Galdos, *supra* note 1, p. 113.

<sup>8</sup> Jatar, A, J., Tineo, L.: Competition Policy in the Andean Countries: A policy in search of its place. Foreign trade information system. Available at: <http://www.sice.oas.org/compol/articles/cpandeb.asp> Last visited on December 2, 2022.

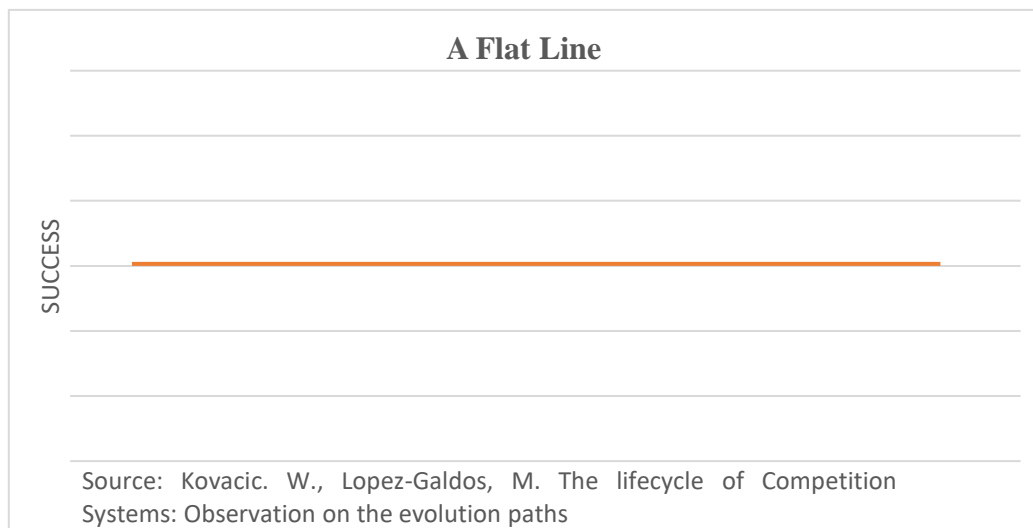


government and the resignation of Jatar from the agency in 1994.<sup>9</sup>

Kovacic and Lopez-Galdos suggest that the recent sharp decline in certain countries has a two-fold meaning. The first type of countries are those where agencies have yet to be able to regain their previous power after the decline. Egypt and Ukraine fall into this category. Kovacic and Lopez-Galdos argue that external political turmoil caused a disturbance in the lifecycle in both countries. For instance, they state that the competition lifecycle in Egypt fell due to the Arab Spring revolution, which had a ripple effect across the whole North African region. Similarly, Russia's invasion of Ukraine in 2014 impeded Ukraine's competition lifecycle.

The second type of decline refers to agencies that experience a fall in performance but manage to recover and start a positive trend afterwards. For instance, countries like Argentina, Peru, and Venezuela witnessed a sharp decline after their initial ascent. However, their performance trajectory did not crash completely. Although their performance fell to a low level compared to their starting point, they regained their previous power, national and international recognition for various positive reasons.<sup>10</sup> Kovacic and Lopez-Galdos finally claim that the new rise could introduce a new lifecycle in such systems.

#### **A flat line**



This category of trajectory represents a state of stagnation that occurs from the initial stage of a life cycle. Even after introducing competition laws, some new systems fail to progress beyond the ground stage. In some cases, governments withdraw political support, cut off funding, and provide inadequate staff and resources to

competition system programs and third-party support.<sup>11</sup> Less developed countries often struggle to launch successful competition programs due to poverty. Additionally, they receive less international support, including financial aid and assistance from international donors.<sup>12</sup>

<sup>9</sup> Kovacic, W.: The Competition Policy Entrepreneur and Law Reform in Formerly Communist and Socialist Countries. American University Journal, International Law and Policy. (1996), p. 456. Available at: <https://digitalcommons.wcl.american.edu/cgi/viewcontent.cgi?referer=&httpsredir=1&article=1409&context=auilr> Last visited on February 9, 2023.

<sup>10</sup> Kovacic, Lopez-Galdos, *supra* note 1, p. 114. Peru's competition authority was honored for active advocacy skills

in International Competition network's coreference in Singapore in 2016.

<sup>11</sup> Authors indicate Dominican Republic in this category. For long years competition agency waited for appointment of the official head to initiate law enforcement proceedings.

<sup>12</sup> Kovacic, Lopez-Galdos, *supra* note 1, p. 115. See further, Clement, C.: Competition Policies for Growth: Legal and Regulatory Framework for Sub-Saharan African Countries.



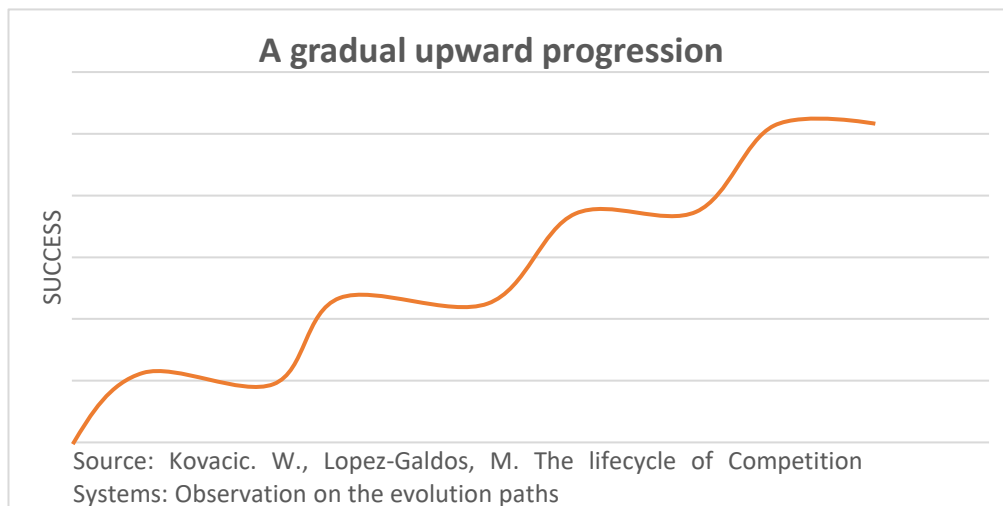
Kovacic and Lopez-Galdos have identified several countries from different continents, including Thailand, Paraguay, and Armenia, that fall into a specific category. Paraguay and Thailand have struggled to enforce laws due to a lack of financial support, while Armenia has faced political instability in the region. Since 2000, Armenia's competition system has suffered from inadequate funding and an unstable political environment from neighboring countries. However, the agency has shown signs of overcoming these obstacles after many years of stagnation.<sup>13</sup> Kovacic and Lopez-Galdos comment that this sign might mean initial steps to build competition programs and put the system on a gradual progression path.

Kovacic and Lopez Galdos have explained that the first and second categories of trajectories are not indicative of total failed systems. In general, for both categories, they argue that some dormant systems would have initially launched successful programs if they had received the necessary support. Therefore, they suggest that the disability

of stagnated systems or weakly performing agencies is not the result of institutional underperformance. In most cases, there is a lack of political support, staffing, and adequate funding for programs. Kovacic and Lopez-Galdos have proposed that international financial aid and development programs such as peer reviews, joint studies, and workshops could help catalyze the lifecycle of such systems.<sup>14</sup>

#### **A gradual upward progression**

There are three categories of lifecycle trajectory, and the third one is characterized by a gradual upward progression. According to Kovacic and Lopez-Galdos, there are generally two types of trajectory: one with fluctuations and one with steep progression. Kovacic and Galdoz-Lopes note that although there is a general upward trend, the progression varies in each competition system. For instance, countries such as Chile, Indonesia, and Mexico have a fluctuating upward trend, which means that the competition system's trajectory experiences regular rises and falls.



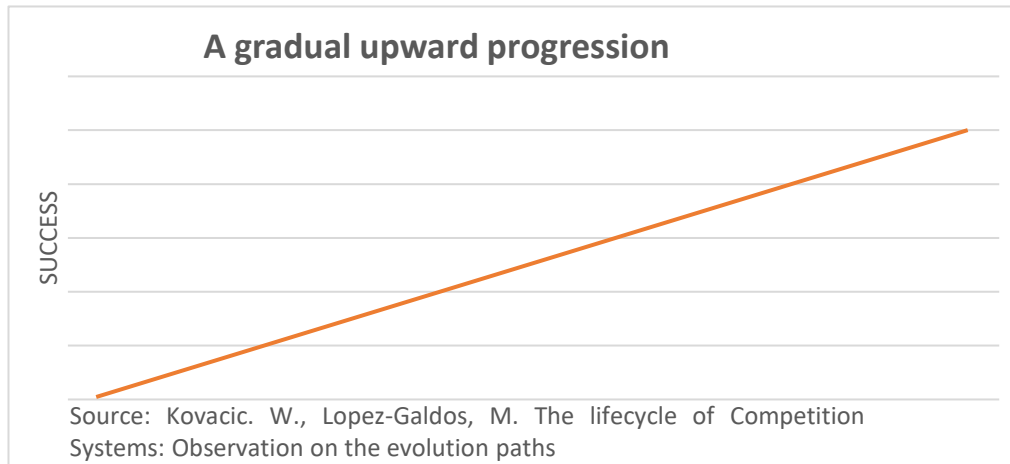
Another type of progression is a steep vector rise representing an unbroken line of progression. Kovacic and Lopez-Galdos call them

more successful systems in the examples of Singapore, Brazil and South Africa.<sup>15</sup>

<sup>13</sup> Kovacic, Lopez-Galdos, *supra* note 1, p. 116. *See further*, United Nations Conference on Trade and Development. Voluntary Peer Review of Competition Policy: Armenia. (2010).

<sup>14</sup> Kovacic, Lopez-Galdos, *supra* note 1, p. 116.

<sup>15</sup> *Id.*



This category of trajectory is characterized by a gradual rise of systems, without a sharp ascent at the beginning. Chile and Mexico are examples of countries that fall into this category, according to Kovacic and Lopez-Galdos. These countries were initially expected to be unsuccessful but have since become success stories. Like the first category trajectories, these systems receive support from political, financial, staffing, and other resources during their development phases (e.g. Singapore, Mexico, etc.). However, at certain times, the fluctuating categories lack support, resulting in a downward trajectory. For instance, the Mexican competition authority's progress was due to political support, statutory improvements, and a sound framework. However, the agency's leadership resignation in 2015 caused a significant loss and a slight decline in the agency's lifecycle. Nonetheless, the agency regained momentum with new management in the short term and resumed progress in the lifecycle.<sup>16</sup>

### **1.2 Factors contributing to competition lifecycle**

According to Kovacic and Lopez-Galdos, the agency's performance is crucial for establishing competition law. They argue that effective enforcement of competition law requires the presence of several essential factors, such as better economic and political commitment, funding and staffing, pro-competitive culture in state bodies, companies, and the public, courts, and university support, and many other factors.<sup>17</sup> Kovacic and Lopez-Galdos named these factors as general factors that either contribute to or hinder competition authorities' performance. Therefore, this subchapter aims to discuss the general factors of the competition lifecycle.

### **Funding**

Kovacic and Lopez-Galdos have argued that a common issue among underperforming young agencies in developing countries is the lack of appropriate resources. In other words, these agencies rarely receive the necessary resources to match their functions. Although Kovacic and Lopez-Galdos do not claim that well-funding is essential for successful enforcement, it is a crucial factor that can help these agencies progress. With substantial funding, agencies can become more efficient by attracting think tanks, initiating programs, and quickly delivering implementations.<sup>18</sup>

Kovacic and Lopez-Galdos have compared the journey of well-funded competition systems and those that are not. They argue that funding is a key factor that has led to the success of South African and Singaporean competition systems. Kovacic and Lopez-Galdos link the funding to the gradual improvement in institutional capacity and proper implementation of competition programs in these countries. Conversely, in the case of Columbia, Kovacic and Lopez-Galdos demonstrate that young competition authorities with limited resources cannot progress through the agency lifecycle since they are still struggling to meet the basic needs of the agency.<sup>19</sup> Resource-scarce agencies often struggle to pay their professionals high salaries, which can negatively impact performance quality. As a result, the agency's life cycle may decline. In the early 1990s, Kovacic observed that officials in competition authorities in many post-Soviet and communist countries received less than USD 100 in monthly wages. During a visit to the Ukrainian competition agency, he noted that an agency employee earned only 20-40 USD per month. When he visited the regional office of the Russian

<sup>16</sup> Id, p. 116-117.

<sup>17</sup> Cheng, T.: *Competition Law in Developing Countries*. (2020), p. 108.

<sup>18</sup> Kovacic, Lopez-Galdos, *supra* note 1, p. 118.

<sup>19</sup> Id.





Antimonopoly agency, he discovered that employees had only been paid for a few months. A similar experience occurred in Mongolia, where, in the early 1990s, the Mongolian privatization authority lacked basic office tools like computers, photocopiers, fax machines, and other necessary equipment to perform daily administrative tasks.<sup>20</sup> Thus, although substantial funding is not the only reason for agency success, scarcity of resources will hinder the enforcement process in any jurisdiction.

### **Professional Staff**

Kovacic and Lopez-Galdos suggest that human resources play a vital role in building the capacity of an agency. Capacity building is defined as the process of achieving set goals and delivering programs effectively, and a competition agency requires well-trained professionals to achieve this. Therefore, the importance of capacity building can be measured in terms of the goals pursued. Generally, it serves two primary objectives. First, as a short-term goal, it promotes successful enforcement and increases the agency's efficiency. Second, as a long-term goal, by achieving capacity build-up, the agency becomes an independent entity in terms of a system where leadership change or suppression does not affect the agency's performance.<sup>21</sup> Thus, capacity building promotes enforcement success and achieves the long-term agency goal of building a system of cohort professionals.

Kovacic and Lopez-Galdos discuss the importance of human capital in the lifecycle trajectory using Singapore as an example. Singapore is a highly competitive system that has earned a longstanding reputation for recruiting young and charismatic professionals with degrees from top universities worldwide. Despite only establishing its Competition Authority in 2005, Singapore was able to establish an appealing agency lifecycle in a short period. Along with financial prosperity, the agency recruited senior professionals and advisors from foreign competition authorities.<sup>22</sup> Kovacic and Lopez-Galdos argue that this example works with "learning by doing"

metrics, where young professionals learn and get valuable experience from senior managers. In contrast, in later stages, these young professionals become high-profile commissioners.<sup>23</sup>

Various states have shown that young authorities are capable of successful capacity building. Kovacic and Lopez-Galdos argue that building professional skills is a long-term process that requires time and effort. All countries, especially developing ones with young competition authorities, need to attract qualified staff. However, in some nations, it is difficult to sustainably attract good economists, lawyers, or administrative professionals since the agency's budget needs to be substantial to offer competitive salaries.<sup>24</sup>

In some countries, capable professionals tend to avoid job offers from new competition agencies due to concerns regarding reputational damage, financial instability, or limited career prospects. However, as observed in the case of some young competition authorities (e.g., Latvia or Lithuania), certain factors are crucial in attracting top talent. According to Kovacic and Lopez-Galdos, these factors include the leadership's commitment and recognition of the importance of human resources, showcasing exceptional experience as a career advancement opportunity, establishing close relationships with public offices and supporting agencies like universities, training staff, and actively participating in professional development programs.<sup>25</sup>

### **Lack of enforcement power**

The allocated enforcement power by legislation is a critical factor for the competition agency's success.<sup>26</sup> Kovacic and Lopez-Galdos believe that agencies need adequate power to collect information, carry out investigations, and impose sanctions. However, in new competition systems, competition laws often provide insufficient enforcement power, which does not align with policy goals and objectives.

In Umut Aydin's study of Mexico's successful competition system, Kovacic and Lopez-Galdos emphasize the significance of enforcement

<sup>20</sup> Kovacic, *supra* note 11, p. 442.

<sup>21</sup> Kovacic, Lopez-Galdos, *supra* note 1, p. 118.

<sup>22</sup> *Id.*, p. 105.

<sup>23</sup> Ezrachi, A, Kovacic, E, W.: Agency Effectiveness Study. *Journal of Antitrust Enforcement* 4. (2016), p. 244. Available at:

<https://academic.oup.com/antitrust/article/4/2/229/2196295>

Last visited on February 9, 2023.

<sup>24</sup> Internal chief officer of Mongolia informed about the salary of the officer in the range of USD 400.

<sup>25</sup> Kovacic, Lopez-Galdos, *supra* note 1, p. 106.

<sup>26</sup> Aydin, U.: Competition Law and Policy in Mexico: Successes and Challenges. *Law and Contemporary Problems*, Volume 79, No. 4, Success and Limits of Competition Law and Policy in Developing Countries. (2016), p. 167. Available at: <https://www.jstor.org/stable/45019874> Last visited on February 9, 2023.



power. The Federal Law on Economic Competition 1992 created barriers by limiting the competition authorities' power to address delusions or restructuring of monopolies. This limitation was especially problematic when the Mexican market was highly concentrated, and competitors could not establish market rules because of the absence of competition. Aydin argued that without broad powers, agencies cannot achieve successful enforcement.<sup>27</sup>

Aydin argues that in the historical context, the Mexican federal competition agency could not regulate early privatization programs when public monopolies were transformed into private monopolies.<sup>28</sup> Aydin gives an example of the privatization of the Mexican telecommunications monopoly Telmex. "The public monopoly Telmex was sold as a package to a single investor rather than broken up to maximize state revenues".<sup>29</sup>

Prior to the 2011 legislative amendment in Mexico, the Mexican competition agency did not have sufficient investigative power, such as the ability to conduct dawn raids. Aydin argues that the authority should have had this power because it would increase the likelihood of collecting reliable information. Therefore, adequate investigative power would likely lead to the collection of reliable and relevant evidence, ultimately reducing the agency's lifecycle.<sup>30</sup>

### **Competition advocacy and Courts performance**

According to Kovacic and Lopez-Galdos, it is crucial to have advocacy and court assistance while establishing competition policy. They suggest that almost every jurisdiction with a young agency faces certain obstacles in advocating competition policy, which often come from governmental bodies or particular sector regulators. The significance of

advocacy lies in the agency's ability to investigate the actual and potential anticompetitive effects of the laws and regulations of government or sector regulators.<sup>31</sup> In that respect, the competition advocacy is very important as a pre-condition to deter anticompetitive effect of regulations of sector regulators.

The paper of the International Competition Network (ICN) emphasizes the significance of competition advocacy in its related report. The central argument of the ICN paper is that the competition agency has the power to deter sector-specific regulators' conduct. The paper prioritizes competition advocacy for young agencies in developing countries for three reasons:

Firstly, when market reforms take place in developing countries, the rulemaking process is triggered. As more rules are established, the competition authority becomes more concerned about the impact of the regulations. Dialogue between competition authority and sector regulators can prevent several anti-competitive rules and lay the foundation of legislation in a particular sphere. The inability of the competition authority to network in the early stage of the rulemaking process may lead to more significant problems in the later stage.

Secondly, market changes trigger sector regulators and interest groups that lobby the government to protect their interests. In practice, sector regulators are more susceptible to being influenced by the industries they are supposed to regulate, while competition authorities are less likely to be captured. Therefore, by improving competition advocacy, competition authorities may promote competition values among sector regulators and reduce the likelihood of regulatory capture.

<sup>27</sup> Id, p. 167.

<sup>28</sup> Aydin gives an example of the privatization of Mexican telecommunications monopoly Telmex. "The public monopoly Telmex was sold as a package to a single investor, rather than being broken up, in order to maximize state revenues".

<sup>29</sup> Villar, D, R.: No Growth without Equity? Inequality, Interests and Competition in Mexico: Competition and Equity in Telecommunications, p. 323. Available at: <https://openknowledge.worldbank.org/bitstream/handle/10986/13263/47605.pdf?sequence=1> Last visited on February 9, 2023.

<sup>30</sup> Organization for Economic Cooperation and Development (OECD). Competition Law and Policy in Mexico: An OECD Peer Review 45. (2004), p. 65. Available at:

<https://www.oecd.org/mexico/31430869.pdf> Last visited on February 9, 2023.

<sup>31</sup> International Competition Network. Competition Advocacy in Regulated Sectors: Examples of Success. (2004), p. 47. Available at: [https://www.internationalcompetitionnetwork.org/wp-content/uploads/2018/09/CPI\\_AdvocacyCaseStudiesRegulatedSectors2004.pdf](https://www.internationalcompetitionnetwork.org/wp-content/uploads/2018/09/CPI_AdvocacyCaseStudiesRegulatedSectors2004.pdf) Last visited on February 9, 2023.

International Competition Network defines as follows: "Competition advocacy refers to those activities conducted by a competition authority related to the promotion of a competitive economic environment by means of non-enforcement mechanisms, mainly through its relationships with other governmental entities and by increasing public awareness of the benefits of competition."



Thirdly, competition advocacy is crucial because young competition systems are unlikely to carry out investigations such as dawn raids efficiently. Moreover, courts are reluctant to accept the competition authorities' claims since judges must have the necessary economic knowledge and practice. These challenges may prompt competition authorities to enhance their advocacy and networking efforts with sector regulators.<sup>32</sup>

Kovacic and Lopez-Galdos argue that court-due performance is essential for a young agency's success in its lifecycle. In developing countries, courts are often hesitant to deal with competition laws since they rarely deal with economic issues. This is evident in the case of the Mexican competition agency. Under the 1992 Mexican Competition Law, private parties had the right to complain to courts about the legality and constitutionality of investigations and rulings made by the competition agency. This gave private parties the opportunity to revoke rulings by seeking injunctions. However, Mexican district courts that received complaints needed to have a better understanding of competition law and economics. This naturally resulted in delayed judgments which lowered the agency's chances of finishing cases and imposing final sanctions to restore competition. For example, in the case of Telmex, although the competition agency found Telmex guilty of abusing its dominant position in 1998, it took eight years to complete all the legal proceedings in court.<sup>33</sup> Examples have shown that the courts' indecisiveness in enforcing competition laws placed a significant burden on the agency. As a result, the agency had to allocate resources and personnel to manage lengthy court injunctions. In its peer review, the OECD reported that nearly half of the Mexican competition agency's lawyers spent their time dealing with these prolonged injunctions.<sup>34</sup>

### **1.3 Criteria of assessment of competition lifecycle**

Generally, Kovacic and Lopez-Galdos accept that measuring good agency performance takes work since there are multiple criteria to assess the

competition lifecycle.<sup>35</sup> Kovacic and Lopez-Galdos argue that the most common criteria that evaluate the agency's performance are based on activity-related proxies. Kovacic and Lopez-Galdos emphasize that the performance-based criteria rely on numbers: the number of investigations, cases, fines, and rules an agency probates.<sup>36</sup>

However, it is arguable that the activity-related criteria may correctly assess agency performance for at least two reasons:

*First*, although the number of cases shows that an agency performs its competition functions, these numbers may not truly show that the agency is doing the right thing or in the right way;

*Second*, activity-related criteria may underestimate other non-litigation-related activities of the competition agency. For example, focusing on activism may incentivize policy leaders to signify only the amount of investigations. However, the agency may need more investment in retraining staff, innovation, or studies of future perspectives.<sup>37</sup>

The critics have raised concerns about the inclusion of a group of countries in the study. While Kovacic and Lopez-Galdos mainly discuss competition systems in developing countries that emerged in the 1990s, it is still unclear whether the category of developing countries was further divided into subgroups. For instance, even though some countries are classified as developing, two jurisdictions with different economic and competition system levels should be placed in different categories. For example, Mexico and Uzbekistan should not be placed in the same category despite both being developing countries.

I believe that the countries that were formerly communist should be classified differently. This is because after the collapse of the Soviet Union, the economic and competitive systems of these countries developed at different rates. For instance, among the post-Soviet republics, two

<sup>32</sup> International Competition Network. *Advocacy and Competition Policy*. (2002), p. iii-iv. Available at: [https://www.internationalcompetitionnetwork.org/wp-content/uploads/2018/09/AWG\\_AdvocacyReport2002.pdf](https://www.internationalcompetitionnetwork.org/wp-content/uploads/2018/09/AWG_AdvocacyReport2002.pdf) Last visited on February 9, 2023.

<sup>33</sup> Ezrachi, A, Kovacic, E, W, *supra* note 27, p. 169.

<sup>34</sup> Aydin, *supra* note 30, p. 54.

"The Legal Affairs Directorate has 17 lawyers who devote about 40 percent of their time to monopolistic practice cases and petitions for Commission reconsideration, 40 per cent to

amparo and Fiscal Court cases, and 20 per cent to requests for legal advice from the Commission's officers and staff."

<sup>35</sup> Kovacic, E, W.: *Rating the Competition Agencies: What Constitutes Good Performance?* (2009), p. 907. Available at: [https://www.ftc.gov/sites/default/files/documents/public\\_statements/rating-competition-agencies-what-constitutes-good-performance/2009rating.pdf](https://www.ftc.gov/sites/default/files/documents/public_statements/rating-competition-agencies-what-constitutes-good-performance/2009rating.pdf) Last visited on February 9, 2023.

<sup>36</sup> Kovacic, Lopez-Galdos, *supra* note 1, p. 94.

<sup>37</sup> *Id.*, p. 95.





types of economic development models were adopted:

a) Countries that shifted to a market economy immediately and underwent shock therapy during the first years of market reforms. However, they achieved higher market competitiveness later on. Russia and Kazakhstan are examples of such countries.

b) Countries that implemented market reforms gradually, but achieved lower market competitiveness later on. Belarus and Uzbekistan are examples of such countries.

In light of this, I contend that the criteria for assessment within the lifecycle theory are notably ambiguous. To enhance the theory's applicability and bring precision to the evaluation of competition systems, I propose the integration of two fundamental elements:

*Firstly*, there should be a categorization of developing countries into distinct tiers based on their levels of market competitiveness. This stratification would facilitate a more nuanced understanding of each country's unique market dynamics.

*Secondly*, it is essential to tailor the assessment criteria specifically to these differentiated categories. Such a tailored approach would allow for a more accurate and context-sensitive evaluation of the competition systems.

By implementing these refinements, the theory would be better equipped to identify and analyze the factors that either promote or impede the lifecycle, thereby yielding more accurate predictions regarding the success of the system.

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