



Tenth Session of the IGE on competition law and Policy
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Opening statement by Mrs Lakshmi Puri
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Excellencies,
Distinguished Experts,
Ladies and Gentlemen,

It is a great pleasure to welcome you all to the tenth session of the Intergovernmental Group of Experts on Competition Law and Policy. I am impressed with the large number of competition authorities from all over the world that have come to this year's IGE on Competition law and policy. I have also observed that we have a good representation of experts from international and regional organizations, the business community, consumer organizations and other non-governmental organizations. This is a testament to the growing importance of competition law and policy in promoting trade and development. Your active involvement in UNCTAD work on competition is a response to the globalization of the economy and its implications for the prospects for development, particularly for developing countries and economies in Transition. Thanks to the dismantling of Trade barriers and to multilateral and bilateral free trade agreements, cross border trade in goods and services has expanded over the last two decades. Alongside this development, implementation of competition law and cooperation between national competition authorities has also grown rapidly. This cooperation must be developed further.

Freer trade, on the other hand, do not prevent private business enterprises from reducing competitive pressure by means of unlawful agreements and other anti-competitive practices. Cartels and restrictions on competition are no longer confined to domestic markets. They have become global. For this reason they must be pursued across borders and breaches must be sanctioned; But competition authorities can play this role efficiently and effectively only if they adopt a common language, pursue the same goals, have comparable instruments and can work effectively together. Differing legal systems will continue to exist and will not stand in the way of for successful cooperation. I am pleased to see that the member states are promoting this cooperation within UNCTAD and other fora.

Enforcing competition rules and supervising compliance are, however, not only the job of competition authorities. Enterprises, too, have a responsibility in this regard. The best way would be to encourage voluntary compliance instrument that ensures that a business complies with competition law. Competition law sets clear rules and should be complied with and accepted by all companies regardless of size and the level of profits.

As you may agree, this meeting is taking place at a very difficult time. Although we are all aware of the global economic downturn and its consequences, especially on developing countries, I would like to recall once again the economic circumstances many economies have been undergoing and the implications for developing countries. Since late 2008, the crisis which started in the financial markets is showing its consequences in the real economy. A lot of sectors have found themselves in financial difficulties. Many developed economies have responded to the economic crisis by granting stimulus packages to selected sectors, which have implications for competition in both national and global markets.

Such policy response has become a norm by developed countries in their efforts to cope with negative effects of the economic downturn. We should take note that the stimulus packages or subsidies offered to selected firms are simply another way of offering protectionism. Although such measures provide short term relief both economically and socially, we should not lose sight of the fact that in the long-term discriminatory subsidies will distort competition in national and global markets.

First of all, specific subsidies may distort the recipient firms' incentive to operate more efficiently and become cost-competitive. Secondly, discriminatory subsidies may lead to the elimination of fair competition on the basis of the quality of goods and services, productivity and efficiency and hence trigger the exit of those efficient firms from the market. Moreover, subsidies to selected sectors may also provoke anticompetitive practices by facilitating predatory pricing and funding acquisitions that can reduce competition. Finally, protectionism granted by developed countries also tends to distort competition between developed and developing countries that have fewer or no resources to adopt similar measures.

It is probable as a result of discriminatory subsidies that markets become highly concentrated and therefore less open to entry by even more efficient firms. Protectionism exposes markets to anti-competitive practices more especially by dominant firms.

This is a time when economies should give emphasis on policies supporting an open economy. Openness brings about more contestable and competitive markets which may lead to technological advances and more innovation. We need competition in these markets in order to improve economic performance. We also need to restore trust in the markets to steady economic nerves. It has become more apparent than before that we need to maintain stronger legal and regulatory framework, which promotes greater economic activity and prevent similar crisis in the future.

We also know from past experiences that economic crises provoke protectionist trade policies. However, we believe that global solutions do not lie in protectionism, which eventually lead to retaliation. This will diminish trade opportunities and hence further worsen the effects of the crisis. More so, we are yet to see the effects of these protectionist measures on the economies of developing countries, which we envisage to suffer even more from such measures being undertaken by the developed countries. We are at a time when all economies should continue to follow policies supporting an open global trading system which will benefit them and alleviate the negative impacts of the crisis.

This meeting provides us with a forum at which we can review in detail the existing instruments which govern social and economic policy. It provides us with an opportunity to debate the issues which are of direct concern to our economies, and it fosters the exchange of views and experiences between our nations.

This session of the IGE will provide a very timely opportunity to discuss the relationship between competition and industrial policies at a time when selective industrial policies seem to dominate the economic scenery.

Given these circumstances, it is a time where the adoption of competition law and policy becomes even more crucial. It is essential to complement other economic policy measures with those of competition law and policy in response to the economic crisis. This confirms the relevance of the work of UNCTAD on competition law and policy in developing countries that need assistance to strengthen their legal and institutional frameworks as well as to enhance cooperation on competition law and policy in different regions of the globe.

Ladies and Gentlemen,

I am glad to see that this IGE will be conducting a peer review of Indonesia's competition law and policy, discussing the relationship between competition and industrial policies in promoting economic development; public monopolies, concessions, and competition law and policies; and the use of economic analysis in competition cases and finally review and consider the draft agenda of the Sixth UN Review Conference on Competition Policy to be held in 2010. I am sure your consultations on these four topics and the draft agenda of the Sixth Review Conference will provide valuable insights and further guidance for UNCTAD's capacity building on competition. In this connection and as you know, the UN Set was adopted by a unanimous decision of the United Nations General Assembly on the 5 th December 1980. The Sixth session to be held next year in 2010 will mark the 30 th anniversary of the only existing multilateral agreement on competition policy. This land mark date will provide an opportunity for reviewing the experience gained with the implementation of the Set over the last 3 decades and an occasion to celebrate the development of the competition culture worldwide and successes of the growing number of competition authorities through out the world.

I wish you fruitful deliberations.

Thank you very much.