

## Opening Statement

*Rainer Geiger*

I am pleased to represent the OECD at this conference which will be a landmark for competition policy in Brazil, Latin America and worldwide. This is an important event, bringing together policy makers, public officials, private sector representatives from 21 countries for a wide ranging discussion on crucial issues of competition policy and economic reform. It is co-sponsored by the World Bank, the Conselho Administrativo de Defesa Econômica (CADE), the Instituto Brasileiro de Estudos de Relações de Concorrência e de Consumo (IBRAC), the Fundação Getulio Vargas (FGV) and the Organisation for Economic Co-operation and Development (OECD), which reflects the close cooperation between our organisations which I hope will continue to prosper and expand in the future.

The conference takes place at a time where Brazil and other countries of the region have made significant progress on economic development. These countries are building the foundations for strong market-oriented economies and an indispensable part of this foundation is an effective competition policy. Many countries in this region have introduced competition laws or are in the process of doing so. The challenge now is to make these laws effective, to fully integrate competition policy into economic strategies in order to make reforms sustainable.

This conference will build on the Workshop on Competition Policy and Enforcement held in Buenos Aires on 28-30 October 1996, under the sponsorship of the OECD's Emerging Market Economy Forum, the World Bank and the Government of Argentina. In that workshop we explored the common themes in competition enforcement in Latin America and other parts of the world, including Europe, North America, Japan and Australia.

We will now move several steps further. We will discuss how competition policy is applied in critical areas of economic reform, specifically privatisation and regulation. We will examine in detail the important concepts of market definition, barriers to entry and assessment of market power, which are at the heart of almost every competition case. Competition officials will spend one day discussing actual competition cases that have arisen in participating Latin American countries. At the OECD, we have employed this "case study method" in many previous seminars and conferences, and it has proven to be a useful and stimulating means for competition officials from different countries to share their experiences and insights with their counterparts. On the last day of the conference, the participants will discuss

certain important institutional aspects of competition enforcement: competition policy and due process of law, and extraterritoriality and international co-operation in competition enforcement.

It is especially heartening that the private sector, through IBRAC, is participating in such a prominent fashion in this conference. Competition policy cannot be effective without the support and active participation of the business community. The OECD Competition Law and Policy Committee, whose delegates are policy makers and competition enforcement officials from Member countries, works closely with the business community through OECD's Business and Industry Advisory Committee.

Beyond the discussion of important analytical and technical issues, I hope that this conference will deliver strong messages on the role of competition policy. There will always be pressure to grant protection or privileges to certain sectors enterprises or to tolerate anti-competitive conduct by enterprises. To resist such pressures, we need not only laws but a real competition culture. Competition should be the key word for our economies and societies. It should be the yardstick of private and government behaviour and the basis for a true and effective partnership between both.

At the **enterprise level**, a competition culture implies: initiative and entrepreneurial spirit, good corporate governance which subjects company management to the signals and disciplines of the market place. At **governmental levels**, competition policies which interfere with the market place, create artificial barriers and induce anticompetitive practices by enterprises should not be tolerated. **Legislators** should be aware of the competition impact of the laws they adopt. **Trade officials** should assess the economic effects of the policies they advocate.

**Laws and regulations** should be implemented in a spirit of competition and, if necessary, reformed. This concerns all levels of government: **federal, regional and municipal authorities**. A competition culture at these levels will lead to create transparency, less arbitrary decisions and more efficient government. Competition should also guide **judicial authorities** in their decisions: competition law can only prevail if courts understand its economic concepts and integrate them into legal analysis.

Finally, at the **international level**, competition needs to be part of the multilateral framework. Since the early 1980, OECD has analysed the relation between trade and competition policies and come up with policy recommendations. The work of the Committee on Competition Law and Policy has led to policy convergence among Member countries, which could provide a basis for the elaboration of a common framework in the future . International cooperation in competition law enforcement is essential to deal with issues in globalised markets and the OECD Recommendation – revised

in 1995 – provides for this. We are also supporting the work in World Trade Organization, which has just started a working group on trade and competition.

For Brazil, the creation of an independent commission – CADE – in 1994, is a turning point in the history of its competition law. Brazil is also a strong supporter of competition policy in international fora like ALCA, Mercosur, UNCTAD, OECD and WTO.

This great city of Rio is associated with important events like the Rio Agenda for Action for Sustainable Development. To achieve this, we do need sustained competition. I hope that this conference will help expand competition policy and create a solid basis for cooperation in the future.

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