

**GLOBAL FORUM ON COMPETITION  
Paris, 17 October 2001**

**Draft opening remarks of  
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**Introduction**

1. Good morning, ladies and gentlemen. Welcome to the first Global Forum on Competition, bringing together competition law and policy leaders of OECD Members, of observers to the OECD Competition Law and Policy Committee and of about 20 invited economies, together with representatives of UNCTAD, the World Bank, the WTO, and several regional organisations. I am pleased that the Business and Industry Advisory Committee, Consumers International, and the International Bar Association are here for the Forum's initial sessions. And I appreciate the financial support of the Australian Agency for International Development, the Japan Fair Trade Commission, and the Korea Fair Trade Commission.

2. Five years ago, speaking to the first Ministerial conference of the World Trade Organisation in Singapore, OECD Secretary General Donald Johnston said that "This is the dawn of the age of globalisation, and when historians tell of it, let us make sure that it is a good story." Since then, and not least in the last weeks, it has become ever more clear that we live in a global society, and that globalisation carries with it both risks and opportunities.

3. One major issue facing the world economy is the disparity in economic performance between different regions. Poverty reduction is today a priority for industrialised and poor countries alike. And a competitive market economy is now widely recognised as the only viable means to create sustainable economic efficiency and growth.

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4. However, a competitive economy does not mean an unregulated economy. An unregulated economy would not provide the desired economic or social benefits. The rule of law, dependable institutions, good governance, and efficient infrastructure contribute to an environment where growth and investments lead to increased welfare. Competition law effectively enforced by independent authorities, and regulatory reform guided by competition principles, are particularly important for making markets work to the benefit of all citizens, including the disadvantaged.

5. For decades, the OECD's CLP Committee has been the forum for its Members' discussions of ways to halt anti-competitive firm behaviour and government regulations in order to ensure that markets operate efficiently to benefit society as a whole. This has enabled OECD Members to develop their legislation and analytical approach in a process of voluntary convergence, resulting in increased co-operation between competition authorities in their day-to-day work.

6. In the last ten years, OECD work with non-Members has become substantially more important. The OECD has grown during this period from 24 to 30 members, and another five countries have become regularly participating observers to the CLP.

7. Indeed, for all of us -- both within and beyond the OECD -- competition law and policy is an essential aspect of providing economic security for vulnerable citizens. It is not widely recognised how much harm is caused by hard core cartels. For example, in the US alone, international hard core cartels that have recently been exposed have cost individuals and business many hundreds of millions of dollars *annually*. Global overcharges are not known but obviously much higher. In addition to overcharges, these cartels have caused waste and inefficiency that have been even more harmful to countries' economies and global welfare. Such conspiracies may occur in most product areas -- recent, well-known examples include food additives, vitamins, steel tubing, and cement.

8. Without an effective competition policy framework, companies can too easily collude to create artificial shortages that boost prices to monopoly levels, rig bids, or divide markets by allocating customers, suppliers, territories or lines of commerce. The

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1998 OECD Recommendation Concerning Effective Action Against Hard Core Cartels aims to promote co-operation among countries in the crack-down against such abuses.

9. The Recommendation emphasises that such cartels create waste and distort world trade, but I would add another point for countries whose economies are still developing. The point -- simple, but often missed -- is that by restricting output, hard core cartels reduce an economy's productivity and hinder its development.

10. More than 80 countries now have competition laws. Those with modern laws and strong enforcement agencies are in a position to protect their consumers and their producers from the harm caused by hard core cartels and other anti-competitive activity. Especially for developing countries, such laws are a matter of economic self-defence.

11. Since the 1970's, many countries have used competition policy principles to reform government regulatory systems. However, there is sometimes fear that "competition policy" means letting laissez faire capitalism determine who gets what in our society. This fear is misplaced. In contrast to "laissez faire" approaches to regulation, competition policy does not mean deregulation but "reregulation" in a market-oriented way. In sum, it permits the realisation of regulatory goals at lower cost, which among other things permits societies to devote more resources to a social safety net.

12. This Global Forum on Competition is part of a larger program in which the OECD Centre for Co-operation with Non-Members has fundamentally reshaped its activities with non-Members to make them more focused, coherent and policy oriented. The OECD Global Forums are a set of specialised dialogue initiatives and networks in eight priority areas of global relevance.

13. This first meeting of the OECD Global Forum on Competition will be an expanded version of the kind of meetings and working methods that have led to so much convergence and co-operation among OECD Members. And what better launching could the Forum have than keynote speeches by EU Commissioner Mario Monti, US Assistant Attorney General William Kolasky, and UNCTAD Secretary General Rubens Ricuperio.

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14. I know that this is not the only initiative aimed at bringing together competition authorities and others to address competition law and policy issues. Two of our keynote speakers today -- Mr. Kolasky and Mr. Monti -- have in fact proposed an initiative with broadly similar goals. I welcome that. Co-operation with other partner organisations is a core principle of all OECD Global Forums, and we certainly welcome the opportunity to co-operate with a programme organised by the United States, the European Union, and others. The relationship between the OECD Forum and other programmes will be flexible, and should evolve on a complementary basis.

15. In closing, let me emphasise that the OECD has expanded the competition dialogue to include representatives of more non-Members because we are convinced of the mutual benefits of a broader approach. The global economy affects us all, highly industrialised countries as well as countries taking their first steps in establishing a competitive market economy. OECD Members need and welcome input from non-Members, and look forward to sharing OECD experience gained from both successes and failures. To that end, our discussions should be open and candid, helping us all to learn from each other.

16. I wish you all a fruitful meeting and hope that each of you will take home new ideas, increased mutual understanding, and expanded commitment that will benefit the global economy, your economies, and all of your citizens.