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## Global Forum on Competition

### THE RELATIONSHIP BETWEEN COMPETITION POLICY, INDUSTRIAL POLICY AND NATIONAL CHAMPIONS

-- Session I --

#### Call for Country Contributions

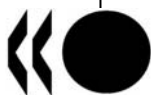
*This document is a call for country contributions for Session I of the Global Forum on Competition to be held on 19-20 February 2009. GFC participants are invited to submit their contributions by 10 January 2009 at the latest.*

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**TO ALL GLOBAL FORUM PARTICIPANTS**

**RE: The Relationship Between Competition Policy,  
Industrial Policy and National Champions**

**Global Forum on Competition (February 19-20, 2009)**

**Session I**

Dear GFC Participant,

The OECD Global Forum on Competition will hold a roundtable on 19 February, 2009, to discuss the relationship between competition policy, industrial policy and national champions. You are invited to make a written submission by *10 January at the latest*.

An often-articulated goal of competition policy is the protection of competition, not competitors. Policies that support this concept are thought to promote consumer welfare, choice and efficiency. Industrial policy that creates or favours national champions may purport to have the same goals, yet it often conflicts with competition policy.

Policy proposals, laws and regulations supporting national champions are often associated with a firm or industry that is considered strategically important to the nation or which may be experiencing some financial pressure. Governments may directly support the growth of an emerging or established industry or firm based on the view that success in these markets requires critical mass that will not be gained through normal market processes, or that there are key markets in which a nation must have a viable player.

Intensive coordination between companies that would otherwise be competitors, mergers that create market power, selective purchasing or selling policies, the creation of barriers to entry and import restrictions and market distortions caused by state aids or subsidies are examples of ways in which industrial policy may restrict competition and harm consumers. Competition agencies, may also have concerns about the influence that special interest groups may be able to bring to bear on governments to promote and protect certain firms or sectors from competition at the expense of consumers.

Such apparent conflicts between competition and industrial policy may be less significant if they result from efforts to correct market failures, foster economic development or incorporate wider strategic considerations. Market failures, for example, can lead to under or over investment in individual markets, and governments may be able to improve market performance by correcting such failures. In these situations, industrial policy may be consistent with enhancing long-term consumer welfare and efficiency and may therefore be thought to sit comfortably with competition policy.

The effectiveness and value of the roundtable will be greatly strengthened by written contributions from participants based on their own experiences. It would be particularly helpful if written contributions include case studies.

To help you to prepare your contribution, a number of issues and questions are attached that you should feel free to respond to and discuss in your submission. This is not intended to be a restrictive or comprehensive list. Participants are encouraged to raise and address other issues based on their own experience. A suggested bibliography is attached, as well.

Please advise the Secretariat **by 15 December at the latest** if you will be making a written contribution. Written contributions are due by **10 January at the latest**. Failure to meet that deadline could result in a contribution not being taken into account in the scenario to be prepared for the roundtable. Late contributions may also not be distributed to participants over the internet at [www.oecd.org/competition/globalforum](http://www.oecd.org/competition/globalforum) in a timely fashion in advance of the meeting.

All communications regarding documentation for this roundtable should be sent to [jennah.huxley@oecd.org](mailto:jennah.huxley@oecd.org), Tel. 33 1 45 24 85 55; Fax 33 1 45 24 96 95, with a copy to [helene.chadzynska@oecd.org](mailto:helene.chadzynska@oecd.org) (GFC Programme Manager); Ken Danger, Senior Economist, would be pleased to answer any substantive questions you may have about the roundtable. His phone number and e-mail address are: 33 1 45 24 82 50 and [ken.danger@oecd.org](mailto:ken.danger@oecd.org).

## Questions for Consideration

### *History and Evaluation*

1. To what extent does the industrial policy in your country target firms on the basis of their nationality (e.g., by granting state aids/subsidies to national firms only, or by controlling their ownership)? If so, how is nationality defined?
2. What economic conditions have been associated with government industrial policy and support for national champions in your nation and region? Has this changed over time as economic development advanced?
3. Are there major success stories of industrial policy or national champions that are prominent in policy discussions? Are there any perceived major failures of industrial or national champion policies? How do you define “success” and “failure” in this context? Are successful national champion stories supported by best practice competition policy standards?
4. Does your competition agency use benchmarks to assess the economic costs and benefits of government interventions that promote industrial policy or national champions? Have you communicated benchmarks to other economic policy makers? Is there any dependable analytical approach that allows you to distinguish industrial policy from competition policy? Do you engage in competition advocacy in this policy area?
5. Have merger review laws ever been suspended in your country? If so, why? Were concerns expressed either explicitly or implicitly about the way in which merger efficiencies are typically examined or in the way in which failing firms are analysed?
6. Have any of your decisions ever been overridden on grounds of industrial policy? Are there any recent examples? What reasons were given? To what extent had the competition agency already considered the market characteristics or considerations that were the basis for the override? What have been the consequences of the override for consumers and competition policy?
7. Does your government implement some policies directly dedicated to innovation? If so, could you specify the sectors that benefit from these policies as well as the instruments used to foster innovation?
8. Did measures adopted in your country to deal with the recent economic crisis raise competition concerns? If so, could you describe the measures and the concerns? Have these competition concerns been taken into account, and, if so, how? In particular, have initial proposals been amended in order to comply with competition law? Have some of these measures been exempted from competition policy scrutiny?

*Means and Goals*

1. Please specify whether any of the following are instruments of industrial policy in your country:
  - Government procurement
  - Exemptions from antitrust laws
  - Regulatory barriers to competition
  - Access to credit
  - Arranged mergers and acquisitions
  - Control of acquisitions of national companies by foreign investors
  - Other?
2. To what extent are industrial policies in your country motivated or rationalised as regional or national economic development initiatives? Has this explanation been used more sparingly over time as your economy expanded?
3. To what extent are industrial policies motivated or rationalised as an effort to help domestic firms withstand the exercise of market power by foreign firms? How does this rationale square with rules against market distortions caused by state aids? How has your competition agency analysed these circumstances?
4. Are industrial policies motivated or rationalised as a means to correct market failures in your country? If so, what types of market failures have been involved? How do you compare industrial policy or national champions with other policy approaches for correcting these market failures (such as taxes or subsidies on consumption of the product)?
5. Do you think that one nation engaging in industrial policy or supporting national champions attracts retaliation from other nations? To what extent are projected gains from industrial policy and national champions dependent on other nations not pursuing these policies, too? Do industrial policy and national champions constitute a “prisoners’ dilemma” situation?

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