

Opening Remarks by IDB Executive Vice President  
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At the Third Meeting of the Latin American Competition Forum  
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Good morning ladies and gentlemen. I am very pleased to welcome you to the Third Latin-American Competition Forum, which this year is being held in Madrid - thanks to the support of the Spanish Ministry of Economy and Finance and the Spanish Competition Authorities.

Those of you attending this meeting for the first time will find that this forum brings together high-level representatives from most IDB borrowing members countries, and also from OECD countries and other multilateral institutions such as Comunidad Andina (CAN) or UNCTAD.

The IDB and the OECD signed in 2003 a Joint Statement of Priorities for Cooperation, first in the list of these priorities is competition. The Inter-American Development Bank (IDB) and the Organization for Economic Cooperation and Development (OECD) decided to work together to achieve effective competition law and policy in Latin America and the Caribbean.

This cooperation was launched by bringing together senior officials from Latin America and the Caribbean competition authorities to the Latin American Competition Forum.

The first meeting of the Forum took place at the OECD headquarters in Paris in April of 2003. At that time, Latin American and Caribbean Competition agencies asked the Bank and the OECD to have a meeting of the Forum every year, so the second meeting was held last year at IDB headquarters in Washington.

I want to thank Joe Phillips, head of the OECD Competition Division, and his staff, who have made this Third Forum a reality. I must also mention the contributions of the IDB Special Office in Europe, and the financial support of the Sustainable Development Department (SDS) of the Bank, and the Multilateral Investment Fund (MIF), without whose contributions we would not be gathered here today.

When we close the Forum tomorrow, the representatives of the Competition Authorities attending the meeting will have the opportunity to dialogue with our Regional Departments. We will learn about their problems and try to help them to solve them.

Poverty reduction and economic and social growth are the goals of the Inter American Development Bank, and our pillars are: modernization of the state, regional integration, social development and increased competitiveness.

Competition is essential in the Bank agenda. It is critical to our modernization of the state, regional integration, increased competitiveness and social development strategies.

A competitive market economy is now widely recognized as the only viable means to create sustainable economic efficiency and growth. However, competitive economies, in order to provide the desired social and economic benefits and to make markets work to the benefit of all

citizens - including the disadvantaged, need competition laws enforced by independent authorities, and regulatory reforms guided by competition principles.

Competition policy is an important policy instrument at domestic and at international levels. A competition policy forces companies to run themselves efficiently and ensures a level playing field and the rule of law. Competition forces economic operators to adjust to changes and to innovate, leads to lower prices and higher quality for the consumer. Competition leads to greater dynamism in industry and to market specialization of economies.

But markets need to be protected against the creation of dominant positions, cartels and abuses of market power. The only way to protect them is by means of strong competition authorities, well-trained, adequately resourced, and with a complete toolkit of legal powers.

Competition law and policy is an essential aspect of providing economic security for vulnerable citizens. Cartels cause waste and inefficiency and by restricting output they reduce countries productivity and hinder their development. This is one of the topics to be discussed today.

For countries that are trying to integrate in a regional system, competition policy must achieve and maintain the integration of markets.

I wish to add that competition makes a link between our main goals poverty reduction and sustainable economic development.

Competition promotes and accelerates economic change, which redistributes wealth as it increases overall wealth. Economic changes produces winners and losers. Losers are those who perceive themselves poorer relative to others who gain in wealth and social power.

Wealth redistribution is prevented by persistent privileges or predominant situations which continue to be the main obstacle to the development of competition law and policies in developing countries.

In Latin American and Caribbean countries, persistent inequality and social exclusion and the difficulty of access to economic opportunities for millions of people is in part the direct result of the lack of a competition culture. To counter social exclusion and inequality we must foster competition.

The Latin American Competition Forum promotes dialogue, consensus building, networking between policy makers, and dissemination of best practices in competition law and policy in a collegial setting. Our aim is to increase the competitiveness of Latin American economies, leading to higher economic growth and employment, greater economic efficiency, and a higher average standard of living in the medium to long-term.

The region must face competition from other fostering regions and countries, especially countries like China and India in Asia. The only means to face this challenge is to gain competitiveness. This can only be done through stronger markets where competition laws and authorities operate to ensure adequate conditions to protect business initiatives.

In our two previous meetings, Chile and Perus competition law and policies were peer-reviewed. During this third meeting, Brazils competition law and policy will be peer-reviewed. We welcome this exercise in our headquarters and I am sure that IDB staff will learn from it.

For the rest of this meetings agenda, we and our partners of the OECD decided to concentrate on three topics: Mergers, Cartels and Evaluation as a means to improve performance of competition authorities.

I wish you a fruitful meeting, and hope the discussion and dialogue will help you in your important task of promoting competition and enforcing your countries laws. When you return to your countries, you may take with you this message: Competition is on the Inter-American Development Banks agenda, and we are in the process of establishing regular co-operation with OECD and, hopefully in the future, with other regional institutions in the area of competition.