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**DIRECTORATE FOR FINANCIAL AND ENTERPRISE AFFAIRS
COMPETITION COMMITTEE**

Global Forum on Competition

THE ECONOMICS OF COMPETITION AND CONSUMER POLICIES

Presentation by Ms. Deunden Nikomborirak

-- Session V --

This presentation is submitted by Ms. Deunden Nikomborirak (Research Director, Thailand Development Research Institute) under session V of the Global Forum on Competition to be held on 21 and 22 February 2008.

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The Economics of Consumer and Competition Policies: Developing Country's Perspectives

Presented at the OECD Global Forum on
Competition
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Paris, FRANCE

By

Deunden Nikomborirak

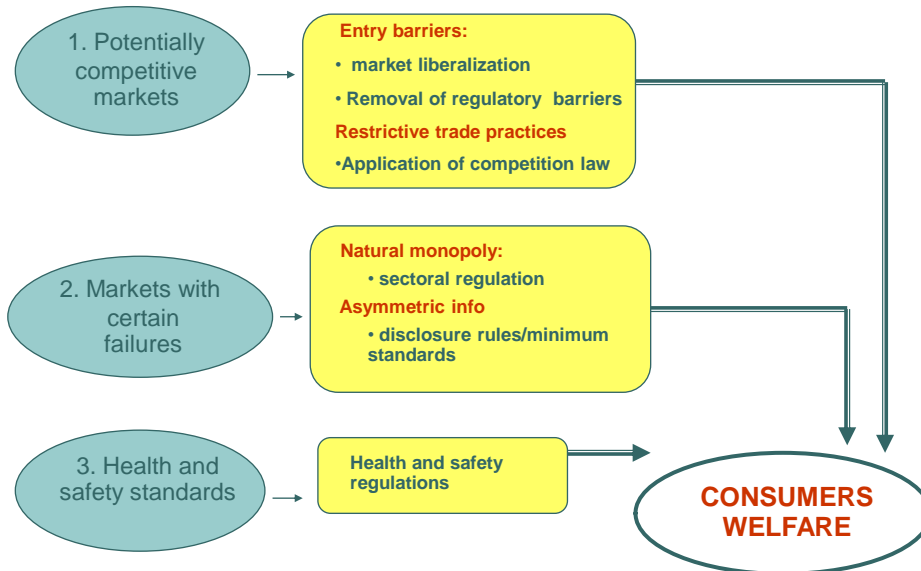
Thailand Development Research Institute
(TDRI)



Outline of Presentation

1. The Economics of Consumer Policy and Competition policy
2. Developing Countries' Constraints & Challenges
3. Conclusion and Way Forward

1. Economics of Consumer policy and Competition Policy



2. Developing Countries' Constraints' & Challenges

- Limited effective market competition because of lack of capital, small domestic markets, restrictions of foreign investment and imports to promote local industries

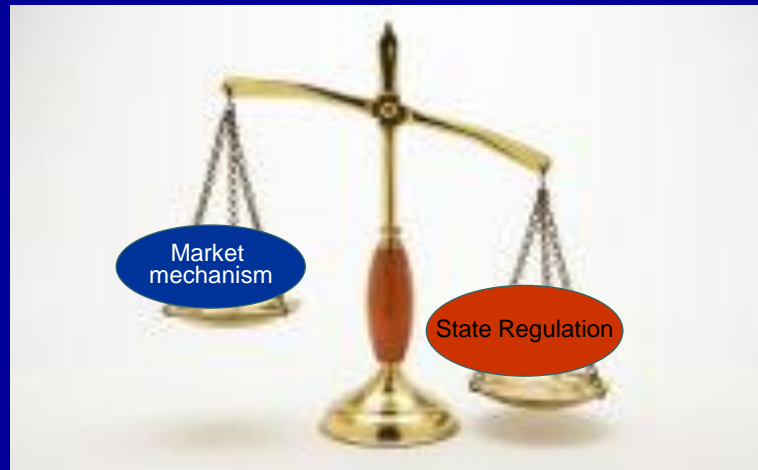
Greater reliance on state regulation than market mechanism.

- Relatively uninformed consumers
- Need for "hard rules" rather than "market based rules"
- Lack of monitoring capacity of state rules

Preference for "simple rules" rather than "complicated rules"

- Weak regulatory capacity
- High risk of "regulatory error or capture".

2. Developing Countries Constraint & Challenges



4. Conclusion and Way Forward

Conclusion

- Consumer policy in developing countries tends to rely excessively on state rules, placing significant regulatory burden on the government due to lack of effective competition in the market and relatively uninformed consumers.
- Consumer policy and competition policy are rarely at variance with each other in countries where consumer protection is weak, but producer protection is strong.
- Misguided and erroneous consumer protection measures are a major concern.

Way forward

- Rely more on market forces in dealing with “basic consumer problems”.
- Undertake thorough *ex ante* “regulatory impact assessment” for all policies and measures that restrict “choice” of consumers or impose “cost on producers
- Undertake *ex post* evaluation of implemented consumer measures in order to assess their effectiveness and impact on competition.

