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

Cancels & replaces the same document of 31 October 2011

Global Forum on Competition

COMPETITION, COMMODITIES AND PRICE VOLATILITY

-- 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 16-17 February 2012. GFC participants are invited to submit their contributions by 9 December 2010 at the latest.

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TO ALL GLOBAL FORUM PARTICIPANTS

Re: Competition, Commodities and Price Volatility

Global Forum on Competition (16 - 17 February 2012)

Session I

Dear GFC Participant,

The OECD Global Forum on Competition (“GFC”) will hold a roundtable on commodity price volatility on 16 February 2012. You are invited to make a written contribution to this session by 9 December 2012 at the latest.

Participants at the 2011 GFC expressed strong interest in discussing commodity price volatility because, perceived unpredictable and severe variations in these prices, especially in the context of the broader economic crisis, were causing economic hardship and political pressures on competition authorities particularly in developing countries.

Since the 2011 GFC, the focus has shifted from some commodities to others but still agricultural commodity prices and mineral commodity prices continue to be key areas of focus for policy makers for two main reasons. First, many commodities such as rice, wheat and fuel for cooking stoves are necessities that can account for a high proportion of the expenditures of many poor households. Second, agricultural and mineral commodities are important industrial inputs as countries undergo development.

Policy makers throughout government have been confronted by the need to manage crises in relation to commodity price volatility. In many cases there has been insufficient time to study the causes, diagnose the problems and propose sustainable solutions to unpredictable and unaffordable commodity price movements.

Competition authorities have been drawn into the debate in different ways. In some cases high prices have been attributed to anticompetitive market practices and governments, courts or society have demanded investigations and price controls or other enforcement action. In other cases, governments have lost confidence in the ability of markets to deliver acceptable outcomes and they intervene themselves with restrictions on prices, trade or quantity in markets such that competition is distorted or eliminated.

Competition issues can arise within commodities markets themselves. However, a comprehensive approach to the ensuring that commodities are efficiently produced and made available often requires competition authorities to address competition issues:

- the markets for inputs: such as fertilizer, seeds, exploration & extraction rights, explosives or equipment; or
- downstream markets from the raw material: such as the markets for storage, transport, flour milling, elementary processing or financial derivatives.

To facilitate the discussions of commodity price volatility at the Forum, participants are requested to provide written contributions addressing the attached questions in relation to commodities.

Note: Participants are encouraged to focus on issues that commonly arise across a diverse range of agricultural and mineral commodities. Competition issues that are highly specific to any one particular commodity – such as the intergovernmental agreements that affect the production and trade in crude oil – will not be discussed.

Please advise the Secretariat by 9 November 2011 if you will be making a written contribution. As noted above, written contributions are due by 9 December 2011. Contributions received after this deadline may not be taken into account in the preparation of the roundtable discussion. In addition, late contributions may not be uploaded to the website www.oecd.org/competition/globalforum in advance of the meeting.

Contact points:

Regarding documentation for this roundtable: Ms. Erica Agostinho (Email: erica.agostinho@oecd.org; Tel: +33 1 45 24 89 73; Fax: + 33 1 45 24 96 95), copying Ms. Helene Chadzynska (helene.chadzynska@oecd.org).

Regarding substantive issues for this roundtable: Mr. Nick Taylor (Email: nicolas.taylor@oecd.org; Tel: +33 1 45 24 88 15).

Regarding the Global Forum on Competition as a whole: Ms. H el ene Chadzynska, Programme Manager (Email: helene.chadzynska@oecd.org; Tel: +33 1 45 24 91 05).

QUESTIONS

Note that your answers may include the discussion of adjacent markets that significantly affect commodities trade such as:

- *the markets for inputs: such as fertilizer, seeds, exploration & extraction rights, explosives or equipment; or*
- *downstream markets from the raw material: such as the markets for storage, transport, flour milling, elementary processing or financial derivatives.*

1. Background

1. In recent years has there been significant volatility in the prices of commodities that are important to the general population in your country? Please briefly provide details (e.g., among others, on the product(s), market(s) and adjacent market(s) concerned and the magnitude and duration of this volatility, be it prices going up or down).
2. Are the price volatility in these commodities, and the causes of that volatility, global, regional or domestic?
3. Does your agency have any ongoing / pre-emptive monitoring activities in relation to these sensitive commodities? For example, do you routinely monitor prices, quantities or behaviours in these markets (both domestic and foreign markets)?

2. Competition law enforcement & formal investigations

1. Please provide a brief overview of significant competition law enforcement matters that your agency has undertaken in relation to commodities including:
 - Merger assessments;
 - Cartels and horizontal agreements;
 - Vertical restrictions;
 - Abuse of dominance actions;
 - Any price control or other actions to regulate prices.

Please explain how the matter came to the attention of the agency, the substance of the allegation, the analysis undertaken and the remedies imposed (if any).

2. Has your agency undertaken a market study into any commodity or commodities? Please explain what triggered the market study, the substance of the allegation, the analysis undertaken and the remedies imposed (if any).
3. Has your agency received requests from governments or other parts of society to formally investigate commodities markets or requests for the competition authority to put downward pressure on prices where there has not been information or evidence suggesting anticompetitive behaviour? What was the nature and circumstances of the request and how did your agency respond?

3. Advocacy opportunities and challenges

1. Has your agency had the opportunity to improve the efficiency and effectiveness in commodities markets through advocacy?

For example, have you had the opportunity to recommend or advise on commodity price deregulation? Have you had the opportunity to advise on the reform of government or private sector monopolies for the purchase or sale of particular commodities for domestic consumption or export (i.e. single desks)? Have you had the opportunity to advise on the reform of regulations that fix or control prices or quantities? What was the commodity, the nature of the reform and the outcome?

2. Has your agency been confronted by a government proposal to address pressing concerns about commodity prices that did impede competition (or would have impeded competition if it had been introduced)? What was the nature of the problem that the government was seeking to address? What was the timing and political constraints upon your opportunity to provide advocacy? What advice did the agency provide and what was the result?
3. Please describe any pre-emptive steps available to your agency to:
 - Reduce the risk that commodity price volatility becoming a problem in your country?
 - Reduce the risk that governments or public societies seek policy responses to problematic commodity price volatility that would impede competition?

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