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COMPETITION COMMITTEE

Global Forum on Competition

COMPETITION AND POVERTY REDUCTION

Contribution from Gabon

-- Session I --

This contribution is submitted by Gabon under Session I of the Global Forum on Competition to be held on 28 February and 1 March 2013.

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COMPETITION AND POVERTY REDUCTION

-- Gabon * --

1. The role of economic efficiency in alleviating poverty

1. Promoting the economy, the traditional objective of competition policy, must give rise to a greater distribution of wealth and help alleviate poverty.

2. As part of the implementation of the country's new economic development policy, known under its French acronym *PSGE (Plan Stratégique Gabon Émergent)*, and which aims to achieve shared prosperity, the public authorities are working to introduce measures to attract foreign direct investment (FDI), notably by creating government agencies mandated to improve the business climate and put in place a more streamlined system for setting up new businesses. One such initiative is the Business Development Centre (*Centre de Développement des Entreprises CDE*) which helps businesses grow in Gabon by simplifying administrative procedures and ensuring that paperwork is handled more efficiently.

3. In a similar vein, one aspect of the government's competition policy involves the implementation of an Investment Charter with provisions for attractive investment conditions.

4. All these measures are being introduced with a view to making the economy more efficient which should benefit all stakeholders by creating jobs and cutting unemployment.

5. There is a growing fabric of small and medium-sized enterprises (SMEs) and industries (SMIs).

2. Opening up markets leads to greater consumer choice and lower prices

6. Competition benefits enterprises and consumers alike since it makes more products available at affordable prices and thus helps improve the standard of living for a certain segment of the population.

7. In the poorer districts of Gabonese towns, most households can now buy products that they previously could not afford.

8. Motor vehicles are a good example. Following the setting up of several second-hand car dealerships and vendors selling discounted new vehicles, many households now have their own means of transport.

9. The mobile telecommunications market is another example. Less than ten years ago, there was only one operator in Gabon and mobile phones were a luxury reserved for a certain elite. But today, in addition to every Gabonese being able to afford a mobile phone, there is also nationwide cell phone coverage.

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10. Many other sectors such as health and education are following the same pattern.
11. Furthermore, compliance with transparency rules (*e.g.* price display) provided for in competition law enables discerning consumers to save money when shopping that they can set aside for other uses.
12. **Paradoxically, excessive competition may aggravate poverty** as a result of:
 - Inhuman working conditions enforced on employees in the blind pursuit of competitiveness where the sole aim is to rack up profits at the expense of workers' well-being;
 - The presence in markets of products that fail to comply with health standards and which may endanger the lives of consumers who buy them.
13. **To gain maximum leverage from competition, the public authorities need to disseminate the competition culture** to enable consumers to enjoy the full benefits of a competitive market.
14. To ensure that competition has a lasting impact in alleviating poverty, the **public authorities must be resolute in order to carry out effective monitoring on the ground.**