This report on trade and competition policies was established jointly by the Trade and the Competition Law and Policy Committees, and submitted to the OECD Council at Ministerial level in May 1992. The report is intended to inform readers of the programme of joint and co-ordinated activities launched by the two Committees to analyse the interrelationships between the two policy areas with a view to making them more mutually supportive.

In the Ministerial Communique of May 1992 it is stated that ...("Trade and competition policies have a common objective: economic efficiency. But these policies have sometimes impinged on each other. OECD governments will seek to: improve consistency between these policies to enhance competition and market access; provide a foundation for convergence of substantive rules and enforcement practices in competition policy; identify better procedures for the surveillance of trade and competition policies; and enhance the interests of consumers.")
Liberal trade policy and competition policy share a common economic objective: the use of market-place competition to achieve an efficient allocation of resources and maximum economic growth and welfare benefits. Competition policy works to ensure the efficient functioning of markets by the suppression or control of anticompetitive business practices and by controlling changes in market structure which may create market power or facilitate its exercise. Trade liberalisation focuses upon the removal of barriers to international trade through action to reduce tariff levels and prevent abuses of non-tariff measures. The concept of trade liberalisation also extends to the effects of domestic policies on trade and market access, as well as to factors shaping competition at the world level.

Thus the fundamental objectives of competition and liberal trade policies are consistent and should reinforce one another. Despite this common point of departure, however, conflicts may arise and there is a need to reassess the articulation of both policies at national and international level.

Government trade restrictions and some other government measures may hamper trade and competition in national and international markets and also frustrate the effective implementation of competition laws and policies. The creation of market power and entry barriers to national or international markets through anticompetitive practices by enterprises can significantly affect international competition, distort the pattern of international trade and slow down the pace of trade liberalisation.

Last year’s Ministerial recognised that the issues arising from the inter-action of trade and competition policies should be addressed. The Competition Law and Policy (CLP) and Trade Committees have set up a co-ordinated programme to identify the areas of interaction and seek means to reconcile competition and trade policies.

This joint programme of work and co-ordinated activities involves:

-- Identification of representative cases for future analysis in which one of the two policies has been viewed as creating problems in the other policy area. It is intended that factual evidence will help to illustrate the range of the two policies’ interrelationships and provide the basis for a typology of issues; common discussions have also begun in the context of the review, undertaken by the Competition Law and Policy Committee, of the checklist for the assessment of trade policy measures attached to the 1986 Recommendation of the Council for co-operation between Member countries in areas of potential conflict between competition and trade policies.
-- Exchanges of views and contributions on relevant work conducted by each Committee individually as well as mutual attendance to meetings when important conceptual or analytical work is carried out.

-- In addition, both Committees will pursue specific analytical activities which support the joint programme and have already been provided for in their 1992 work programme.

The CLP and Trade Committees intend to submit a joint progress report on their work at next year's Ministerial meeting.