



Asia-Pacific Economic Cooperation

2004/SOMII/CTI/009
Agenda Item: 5 (b)(c)

Competition Policy/Deregulation: Convenor's Summary Report to CTI

Purpose: Consideration
Submitted by: CPDG Convenor



Committee on Trade and Investment (CTI)
Pucón, Chile
28 – 29 May 2004

OAA ISSUE AREA: Competition Policy and Deregulation

CONVENOR'S SUMMARY REPORT TO CTI II

1. PROPOSED WORK PLAN AND CONCRETE DELIVERABLES FOR 2004 IN RESPONSE TO LEADERS/ MINISTERS/SOM DECISIONS AND CTI PRIORITIES

A) SUPPORT FOR THE WTO

The CPDG contributes to the advance of the WTO Singapore issues and, in particular, the Doha Development Agenda, by enhancing the competitive environment in the Asia-Pacific region and through the clarification of different competition policies/laws approaches, to pave the way for future dialogue on competition. CPDG members noted that there was high uncertainty regarding the future of the WTO discussion on the interaction between trade and competition. However, the group agreed that a good way of contributing to work undertaken at a multilateral level was through working, strengthening and focusing our efforts toward the implementation of APEC Principles to Enhance Competition and Regulatory Reform. The CPDG expects to revisit potential ways of more directly supporting the WTO efforts in this area during its next meeting, once it can show clear results, of its own work within APEC, about the importance of the interaction between competition and trade.

B) IMPLEMENTATION OF THE APEC TRADE FACILITATION ACTION PLAN

Potential action items were discussed in order to comply with this CTI priority, which includes competition policy and regulatory reform. Among them is the work currently undertaken in the CPDG in coordination with the OECD on an *Integrated Checklist* on regulatory reform that will reflect both the APEC 1999 declaration of *Principles to Enhance Competition and Regulatory Reform* and the OECD principles of the *1997 Report to Ministers on Regulatory Reform*. Items in the checklist relevant to this CTI priority, and discussed during the Pucon workshop (May 24th and 25th 2004), included, for example, improving international competitiveness through the reduction of unnecessary regulatory burdens, and improving competitiveness by minimizing the cost impacts of regulatory diversity across borders.

C) IMPLEMENTATION OF PATHFINDER INITIATIVES (WHERE APPROPRIATE)

At the suggestion of Mr. Alan Bowman, CTI Chair, who participated in the CPDG meeting, the group will consider whether there are areas within the Pathfinder Initiatives where the CPDG can add value.

D) IMPLEMENTATION OF THE APEC TRANSPARENCY STANDARDS

The USA submitted a written proposal for the group to work collectively to assist individual economies in the implementation of transparency standards on competition law and policy and regulatory reform. The initiative was approved by the group, recognizing APEC Principle to Enhance Competition and Regulatory Reform already includes a principle on transparency.

In addition, the importance of implementing transparency standards as part of an integral regulatory reform is part of the work undertaken by the CPDG while elaborating an *Integrated Checklist* in coordination with the OECD.

E) IMPLEMENTATION OF THE APEC STRUCTURAL REFORM ACTION PLAN (WHERE APPROPRIATE)

Capacity building initiatives and policy reform discussions largely contribute to the implementation of APEC's structural reform action plan. Accordingly, the CPDG has been coordinating three workshops to discuss and refine an *Integrated Checklist* on regulatory reform. The first one was held on October 2003 in Vancouver, and focused on regulatory policies; the second was held on December 2003 in Paris, and focused on competition policy; and the last one, recently held in Pucon, focused on market openness. The CPDG will be organizing an additional meeting in Thailand by the end of the year, to discuss issues common to all pediments. The group expects to submit the checklist to APEC for final approval in 2005.

In addition to policy reform discussions, the CPDG has carried out a number of training programs aimed at building capacity among its member economies. Over the last year these have included:

APEC Training Program on Competition Policy for APEC Member Economies

The third component of the APEC Training Program on Competition Policy, was held in Kuala Lumpur, Malaysia on March 1-3, 2004. Its main goal was to broaden the knowledge of participants with respect to cartels, abuse of dominant position and mergers, especially investigation measures; to allow a healthy exchange information on members' respective competition policies and laws, thereby enhancing common understanding; ensuring deeper understanding of the key principles and issues in competition policy and law.

Japan submitted a proposal to extend this project for 2005. The CPDG approved the extension to this project.

Training Program to Promote Economic Competition in APEC Economies: Regulation and Competition in Regulated Sectors

Mexico reported the conclusion of its training program which was overseen by this country's competition authority, and covered four seminars that focused on regulated sectors: energy, transport, telecommunications and financial

services. The purpose of these seminars was to exchange experiences and best regulatory practices in the enforcement of regulation and competition policies, as well as to promote knowledge and implementation of the *APEC Principles for Improving Competition and Regulatory Reform* in its member economies. The seminars counted with the participation of high level and experienced speakers in these matters, and were addressed to officials from regulatory bodies and other offices of the Federal Government, legislators, entrepreneurs, advisors, and academics that generally participate in these sectors. Almost 300 people participated in these seminars, which also served an advocacy purpose, as some of the substantive issues under discussion were broadcasted through the media.

Best Practice in Enforcement of Competition Policy

In coordination with SELI, the CPDG held the Seminar on Best Practice in Enforcement of Competition Policy. It is a component of the *Enforcement of Business Regulation and Commercial Laws in the APEC Region* project currently implemented by Australia. The seminar was aimed at APEC economies that have recently enacted new legislation or strengthened current competition laws, and focused on the key role played by the relevant agencies in ensuring that these laws are adequately enforced. Another objective of the seminar was to enhance the capacity of participants to interpret, implement and enforce sound commercial laws and business regulation through the sharing of experiences in both developed and developing APEC economies.

F) OTHER AREAS, INCLUDING ABAC RECOMMENDATIONS

N/A

2. ANTICIPATED ACTIVITIES AND/OR PROPOSED WORK PLAN WITH OUTSIDE ORGANISATIONS IN RESPONSE TO MINISTERS' CALL FOR GREATER ENGAGEMENT WITH

A) BUSINESS SECTOR; AND

N/A

B) OTHER ORGANISATIONS/STAKEHOLDERS

APEC/OECD Co-operative Initiative on Regulatory Reform

Continued work on the second phase of this Initiative through the organization of the 7th workshop in Thailand. Continued work gathering and discussing comments to the *Integrated Checklist* in order to finalize a list of questions for self-assessment on regulatory reform, competition and market openness policies that implement the APEC's and OECD's principles.

3. EXPECTED OUTCOMES/DELIVERABLES FOR 2004

- The concluding conference of the APEC-OECD Co-operative Initiative on Regulatory Reform will take place in the last quarter of this year in Thailand. This workshop will discuss the horizontal pediment of the *Integrated Checklist* and seek consensus on the previously discussed components: competition policy, regulatory reform and market openness.
- The formal conclusion of the “Training Program to Promote Economic Competition in APEC Economies.” For this purpose, an evaluation report will be sent to APEC Secretariat.
- The Group will continue working on improving communication and coordination with other APEC Sub-fora in areas of mutual interest, particularly the SELI Group.

4. DECISION POINTS NEEDED FROM CTI

- Endorse the APEC “Training Course on Competition Policy” submitted by Japan and approved by the CPDG in its recent annual meeting.
- Endorse CPDG activities for 2004.