



Competition Policies as Instruments of Social and Economic Development: Asian Perspectives

Conference Synthesis

Competition policy in ASEAN is one of the key reform areas as its member countries prepare for the ASEAN Economic Community. In the case of the Philippines, **Rafelita Aldaba** of the Philippine Institute of Development Studies highlighted the synergy between competition and industrial policy—that these are ideally crafted in a coherent manner. Policymakers need to balance the goals of promoting free and fair competition and economic integration, with other policy objectives to promote competitiveness in certain sectors and industries as part of countries' development and industrialization plans.

Ultimately, however, Dr Aldaba noted that there are several roadblocks in implementing effective competition laws. One of the biggest is that the institutional arrangements in developed countries that make their competition laws effective have yet to be strengthened in many developing countries, including the Philippines. A shift to a more open economy requires not only changes in policies but also efficient institutions and good infrastructure. Gradual but steady implementation of reforms is the key to achieving effective competition policies. This was complemented by the discussion of **Calixto Chikiamco** of the Foundation for Economic Freedom, as he noted the scope of reforms necessary given the heavy footprint of the government in different sectors that remain highly regulated.. He also emphasized a lack of investment which could in part be traced to higher input costs brought by monopoly power exercised by some input providers. He also emphasized the need for institutional reform, and that it is the first step in creating more effective and credible competition laws.

In addition, **Nazily Mohd Noor** of the Malaysian Institute of Management elaborated on how competition policy in Malaysia resulted in increased private sector participation, which in turn accelerated the country's growth. Similarly, **Eva-Maria Schulze** of the Federal Competition Authority of Germany discussed how Germany went from being a country with a long tradition of cartels and monopolies to one with strong and well-implemented competition policies – the latter made possible by strong institutions.

An overview of competition policies in Asia was undertaken by **Lawan Thanadsillapakul** of the Sukhothai Thammathirat Open University, **Toshiyuki Nambu** of the Japan Fair Trade Commission, and **Anjan Roy** of the Associated Chambers of Commerce and Industry of India. Dr. Thanadsillapakul argued that competition law has the potential to enable the entry of more SMEs in the ASEAN market, as competition policy protects them from anti-competitive behavior of large firms. She also introduced the concepts of government failure and market failure, and emphasized the need to strike a balance in addressing the two issues. Mr. Nambu

gave an example of an effective competition policy regulator in JFTC. He particularly mentioned how the institution protects SMEs, as these make up a large share of employment and production in the Japanese economy. Further, in describing the Indian experience in creating competition policy, Mr. Roy identified the need to balance the concerns of the competition regulators and those that promote the growth of industries.

Presentations on how competition policies can promote private sector growth were made by **Robert Ian McEwin** of Competition Consultants Asia LLP, **Hiroshi Ohashi** of the University of Tokyo and **Anjan Roy**. Dr. McEwin identified several lessons for ASEAN countries in creating competition policies. Among these are the need to dismantle monopolies, the need for competition laws to cover even state-owned enterprises, the need for competition regulators to play a larger advocacy role, and the need to coordinate competition law with other policies such as intellectual property laws. Dr. Ohashi elaborated on how countries need to strike a balance between competition policy designed to promote competition and industrial policy which intends to build competitiveness by supporting domestic firms. He argued that competition policies should come when there is market failure, underlining the importance of the government's ability and credibility to rectify market failure when it is present. Moreover, Mr. Roy discussed actual industry examples of how competition policy can improve consumer welfare. He cited the cases of automobile, telecom, aviation, and oil and gas in India on how increased competition promoted efficiency, lower prices and better services.

Over-all, the discussions highlighted how, in the face of international economic integration, competition policy has become an important instrument to promote social and economic development. It is essential to balance the key objectives of promoting industry and business growth with the protection of consumers. The growth of industries should result in better and cheaper choices for the general society, as well as robust job creation, while competition itself should also temper any risk of monopoly power and cartelism. Competition policy is thus an important tool in attaining inclusive growth; and countries in ASEAN will need to strike this balance.