



**Keynote Address by Mr. Sachin Pilot, Hon'ble Minister of State (IC) of
Corporate Affairs
3rd BRICS International Conference
“Competition Enforcement in BRICS Countries, Issues and Challenges”
21st November, 2013,
Inaugural Session 1000-1045 hrs
Convention Hall, The Ashok, New Delhi**

Hon'ble Prime Minister, Chairman CCI, members CCI, distinguished delegates from BRICS countries and other parts of world, guests, ladies and gentlemen,

It is my pleasure to welcome you all for the 3rd BRICS International Competition Conference.

Markets play a central role in the smooth functioning of an economy. Economic theory and decades of experience in global and national markets clearly bring out the benefits that flow from a competitive market system. Efficiency is associated with competition and markets can fulfill their functions efficiently only if they are competitive. Competition encourages affordable products and services, serves as an invisible check on quality, and lead to innovation. More competitive markets are also relatively resilient to adverse economic conditions.

However, unfettered market mechanisms carry risks. On the one hand, they can lead to unsustainable races in disregard of social and environmental costs of corporate activities. There can be runaway bubbles in different sectors of the economy that can spread through interconnections.

Legislation is therefore required to intervene and prevent abusive market conditions where the 'invisible hand' of the market cannot self-regulate. There are

now more than a hundred different systems of competition law in the five continents of the world. The law has been adopted in countries with different types of economies. Activities that were once regarded as state monopolies – telecommunications, energy, transport, broadcasting and the like – have now become the subject of scrutiny and regulation under competition law. Calibrated regulation protects consumer interest and can become an engine of economic growth, which is so very essential for poverty reduction efforts across the BRICS countries.

Over the last few decades the world has experienced significant liberalization and opening of its markets to international trade and investment. This has resulted in significant growth bringing about both opportunities as well as challenges. A key challenge is to ensure coherence between various economic policies.

A sound policy on trade and investment coupled with an effective competition regime encourages firms to be more productive, innovative and the markets to be more competitive. The relationship between trade and investment policies' and competition policies can be summed up as one that is complementary. The gains from trade liberalization are only fully realized if the markets are competitive and the decisions of foreign investments are taken on the basis of how investments are protected and how competitive the markets are. The policies must also clearly define the relationships between the Competition regulator and the sectoral regulators.

Ladies and gentlemen, competition law is essentially about economic behaviour. It is, therefore, essential that the regulator, the judge, and the lawyer be proficient in the application of the law to the needs of society. The BRICS Forum provides an opportunity to competition authorities to come together and share their experiences; to allow development of synergies in the field of competition law and policy. Cooperation in the field of competition was initiated in 2009, when the first International Competition Conference was held in Russia. It focused on the issues of competition in emerging economies and, through the Conference, heads of the competition authorities recognized the need to collaborate for ensuring well functioning markets for sustained economic growth and poverty reduction. The second Competition Conference in China in 2011 saw not only BRIC becoming

BRICS but underscored the emerging importance of globalization and BRICS competition authorities meeting and cooperating.

Since the first conference in 2009, the BRICS countries have come a long way. The theme of each successive BRICS International Competition Conference focuses on deeper cooperation and understanding of the respective competition authorities. They provide the building blocks for a formal collaborative process.

The theme of this third conference - with its **focus on issues and challenges faced by competition authorities** - is of particular relevance to all the BRICS economies who now have significant experience in implementing and enforcing modern competition laws within their jurisdiction. As regards India, the agenda of this conference has significant bearing as the Competition commission of India will complete five years of enforcement next year. The Commission has also articulated its vision to promote and sustain an enabling competition culture through engagement and enforcement that would inspire businesses to be fair, competitive and innovative; enhance consumer welfare; and support economic growth. It has, during this short period, emerged as an important economic regulator.

The Government of India has also been pursuing the idea of a National Competition Policy in order to promote economic democracy, entrepreneurship, employment, higher standards of living and an all round development of the economy benefiting both consumers and businesses. The Competition policy focuses on ensuring competitive neutrality, cooperation in competition advocacy and enforcement as well as establishing a complementary relationship between the CCI and other sectoral regulators. The National Competition Policy also proposes a competition assessment of all the government laws, policies and regulations. This is expected to instill a competition culture in all sectors.

In my view, the timing of this Conference could not have been better. India as well as other BRICS countries need to look back and reflect upon their enforcement mechanisms and evaluate their successes and failures. The issues and challenges faced in enforcing their respective competition rules and regulations will provide a roadmap for the future.

Finally, going forward, the need of the hour is that the competition authorities of the BRICS embark on an exercise of jointly addressing the common challenges they face in enforcing competition regimes. This could be done on the basis of home-grown solutions proposed by BRICS competition authorities as well as the experience of more mature jurisdictions shared during the conference.

I trust that the outcome of this conference will be fruitful and we look forward to continued cooperation with our BRICS partners.

I once again thank the Hon'ble Prime Minister for taking out time to be here today. Thank you, ladies and gentlemen.