



**Inaugural Address by Dr. Manmohan Singh, Hon'ble Prime Minister of India**  
**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**

Minister for Corporate Affairs, Shri Sachin Pilotji,  
Vice-President, European Commission, Mr. Almunia,  
Chairman, Competition Commission of India, Shri Ashok Chawla,  
Members of the Commission, Distinguished Delegates,  
Ladies and Gentlemen!

It gives me great pleasure to be in your midst on the occasion of the 3<sup>rd</sup> BRICS International Competition Conference. I extend my warm greetings to all our guests.

The BRICS partnership started as a loose juxtaposition of geographically dispersed countries based on features such as growth rates, sizeable educated workforces, large domestic markets and natural resource endowments. The BRICS countries have a combined population of 3 billion with a total estimated GDP of nearly \$14 trillion and around \$4 trillion of foreign exchange reserves. China is on the path to becoming the undisputed global leader in export of manufactured goods; India is poised to become the most significant exporter of services. Russia and Brazil dominate as exporters of raw materials. South Africa is ideally situated to reap dividends from the untapped growth potential of the African continent.

While the BRICS countries can entertain many possibilities for newer forms of economic and political co-ordination, we also face common challenges. Monitoring and managing speculative capital flows is a challenging task in times of global uncertainty. Maintaining a sustainable fiscal policy, while incurring significant public

expenditures to raise the standards of living of a large population, is also a task that we continually grapple with. Developing infrastructure at a pace that supports the growth of industry and the increasing aspirations of the people is another challenge before us. Last, but by no means least, there is the need for building credible institutions for sustained and equitable growth.

Ladies and Gentlemen,

The BRICS countries have chosen differing growth paths suited to their macroeconomic conditions and varied institutional strengths. Yet, I have no doubt that their emergence as economic powerhouses, is now an inescapable secular trend which will have a powerful impact on the world. Along with our goal of strong and sustained economic growth, we have made a commitment to support the long-term growth of the global economy. This is expected through increased economic, finance and trade cooperation as mentioned in the Sanya Declaration of 2011. In keeping with this, there has been continuous development of BRICS as an institution, which has created structures for cooperation at different levels, in various areas. Two of the most significant agreements in the pipeline are those that will result in the setting up of a BRICS Development Bank and a Contingency Reserve Arrangement.

Ladies and Gentlemen,

Growth, development and poverty reduction are the most important challenges that our governments face. To meet these challenges, governments look for a sound architecture of policy in which the beneficial effects of markets can be maximised by action to prevent market failure. The development of a sound Competition policy is an essential element of such an architecture. Anti-competitive behaviour deprives markets of their ability to deliver efficient results and hurts the poor most of all.

But fair and effective competition in markets is easier said than done. It has to be created and enforced through public policy. Otherwise, private barriers may

simply substitute governmental barriers to trade and prevent improvements in social welfare.

In 1991, India embarked on a path of economic reforms, the essential elements of which were liberalization, privatization and globalization. The erstwhile Monopolies and Restrictive Trade Practices Act of 1969, enacted at a time when India had a “command and control” economic policy paradigm, was inadequate to regulate the market and ensure promotion of competition therein. A modern Competition Act in tune with the new economic philosophy was required. This led Parliament to enact the Competition Act, 2002. Unlike the MRTP Act, the new Competition law does not restrict the size of firms or the concentration of ownership.

Ladies and Gentlemen,

Emerging economies face unique challenges in the enforcement of competition law. In addition to the problems of under development, institutional design problems and government regulation characterize our economies. These are real-world challenges that have to be recognized for the successful implementation of an antitrust regime.

A competition law enforcement regime cannot operate in isolation but instead is shaped and transformed by the existing socio-economic ideology and by other available policy tools. The economic objectives promoted by competition law on the one hand and prevailing socio-economic ideologies on the other are often in conflict with each other in economies in transition. This could limit the role and potential of competition law enforcement regimes. Increased awareness of competition rules resulting in the establishment of a competition culture in our economies can, therefore, go a long way in the effective implementation of competition law. I am glad that creation of a competition culture is being discussed at this conference.

There is an increasing need to recognize the complementarities between competition law enforcement and liberalization of markets for procurement. Public procurement, more specifically, is a substantial slice of State spending in emerging economies. Elimination of unnecessary restrictions and better tender design and

specification can enhance possibilities for effective competition, thereby making bid rigging more difficult. As a result, competitive procurement markets can help save valuable fiscal resources and release funds for development.

State owned or public sector enterprises are another challenge. By virtue of their ownership, they have been shielded from competition and have long enjoyed captive markets. A crucial issue is the exposure of these firms to competition. The government may own a public sector firm and exercise the normal rights of ownership. This does not mean it should shelter it from competition as well. Unfortunately, government ownership inevitably brings with it a bureaucratic style of decision-making and the end result is that the enterprise cannot compete in a market populated by equals. The solution lies in giving public sector firms greater functional autonomy and freeing them from bureaucratic control, and not in tolerating a slip in their competitiveness and then shielding them from competition.

Several possible distortions can arise because of the advantages some public sector businesses have due to their government ownership. Competitive neutrality requires that the government not use its legislative and fiscal powers to give undue advantage to its own businesses over the private sector. Going forward, our governments will have to increasingly adopt competition neutral policies.

Ladies and Gentlemen,

Cooperation in competition policy and enforcement is of vital importance in the above context and I am glad that this conference has selected these themes for discussions and interaction. Business and money know no geographical boundaries. The increasing integration of the world economy in the form of multi-jurisdictional mergers and cross-border anti-competitive conduct makes international cooperation vitally important for all modern competition authorities. This takes on greater significance in view of the increasing trade flows among BRICS nations.

The International Competition Conference is an important platform that brings together leading practitioners and thinkers from the field of competition to provide cross-learning and appreciation of global best practices. It is singularly well suited to

share experiences regarding common challenges and articulate a new consensus on key issues. BRICS Competition Authorities are also ideally positioned to bridge the gap between mature competition authorities and nascent ones.

I am confident that the next two days will see robust discussions covering all the challenges faced by the BRICS countries in the enforcement of their respective competition regimes. I wish you the very best in this endeavour.

Thank you.