

**Speech by Shri Ashok Chawla Chairperson CCI,**

**ICN Merger Workshop 2014**

**Hosted by Competition Commission of India**

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**Hon'ble Minister, Shri Arun Jaitley; Commissioner, Canada Competition Bureau, Mr John Pecman; Head, Merger Division, European Commission, Mr Johannes Luebking;**

**Distinguished delegates,**

**Ladies and Gentlemen.**

It is my privilege to welcome you on behalf of the International Competition Network Merger Working Group co-chairs and the Competition Commission of India. I would specially like to welcome the Hon'ble Minister who is here to bless us inspite of his busy schedule and inspite of the Parliamentary Calendar. This is indeed a proud occasion for us when a young agency has not only been given a seat on the high table as a co-chair of the working group but also the opportunity to host this Workshop.

2. Ladies and gentlemen, dynamics of the market place is not something of recent origin. We find references to this from the days of the Roman Empire. However, the concept of market and, consequently, competition has become much more central in the post-industrial revolution economic architecture. The world started turning out goods and services on an unprecedented scale; consequently, markets have come to govern economic systems and human life as never before. Today competition is the life force of a modern economy; it rewards the innovative; it gives hope to those entering the economic arena for the first time. Healthy competition, though so vital, does not emerge on its own. Without oversight and necessary intervention, we could be witness to the competition of the jungle where the big prey on the weak and the small.

3. In response to this broad philosophy, Governments around the world have found it necessary to prescribe rules to take care of optimum intervention in the market place. Starting with the United States and Canada 125 years ago, countries, big and small, have followed a similar path. Today, more than 130 countries have a competition law, albeit with different instruments.

4. Sovereign nations legislate from their own perspective but business in today's inter-dependent world does not necessarily stop at geographical boundaries. The need was, therefore, felt for a network of competition enforcers. Hence, the birth of the International Competition Network which is a professional and voluntary grouping of competition authorities. Starting with 15 members in the year 2001, it now has a membership of almost the entire universe of countries which have a competition law. The ICN is thus a big family and it has a big vision. The vision is to encourage co-operation and harmonise the work of its members. Let me hasten to assure you that it is by no means a cartel which believes in concerted action resulting in adverse effect on the functioning of markets! Far from it!

5. Ladies and gentlemen, mergers and acquisitions are recognized the world over as an effective instrument for inorganic growth. It helps firms to increase their market share and possibly also add new products and services. At a macro level, M&A activity improves over-all competitiveness of the economy and can enhance value for the average consumer. Some mergers, however, could adversely affect competition. Hence, the general wisdom that there is need to review combinations which are likely to create undue market power. It is also necessary, given the experience of the financial crisis of 2008, that enterprises, be they in the real world or in the financial sector, should not become so big that they fall in the category of "too big to fail". It is better to prevent this from happening ex-ante than to regulate the behaviour of enterprises after the consummation of the merger. Grandma's dictum that "prevention is better than cure" is applicable in the area of M&A also!

6. The general philosophy of merger review is not difficult to appreciate, but its actual implementation is easier said than done. Reviewing a complex M&A transaction or one which reduces the number of players in any business is not an easy task. The authority needs to look into the future structure of the market and this cannot be based simply on crystal-gazing. If it were so, we could as well leave this job to astrologers of which we have no dearth; atleast not in India. Detailed modelling and economic analysis has to be built into the assessment of the post merger scenario and, at the end of the day, a decision taken which balances the interests of the firms and of fair play in the market.

7. While laws and merger regulations are bound to differ from country to country, ICN has a crucial role in providing a platform for capacity building. It is a great mentor. Its studies compare various national systems and synthesize best practices for younger anti-trust agencies. Indian merger control regime is only three years old. The fact that we have been able to handle more than 200 cases, including some involving detailed investigation and remedies, is due in substantial part to the learning that we draw from mature jurisdictions under the umbrella of ICN. I am confident that our active association with this network will continue to inspire us. We hope to strive even harder to respond to the dynamic needs of the global economic order and of Indian business.

8. Ladies and gentlemen, as one of the co-chairs of the Merger Working Group and as the host country for this event, I have great pleasure in welcoming you once again to this workshop and to New Delhi. Many of you have travelled long distances across continents to be here. We also have the benefit of many speakers with long years of experience. I am sure that the delegates will benefit substantially and that the deliberations will add value to the appreciation of merger reviews.

Thank you.