

Economic Study on Advocacy

Proposed Work Program

With the creation of the International Competition Network (ICN) it was agreed to begin working on specific projects conforming to member countries' interests. Advocacy and its relevance to foster competitive markets, enhance economic efficiency and social well-being was one of the subjects chosen.

The work program on advocacy will be led by the Chairman of the Mexican Federal Competition Commission, Fernando Sánchez Ugarte and coordinated by Commissioner Pascual García Alba .

Objectives

The goal is to provide ICN members with an integral study on advocacy. The study shall incorporate necessary elements to achieve a knowledge of the most relevant theoretical and practical aspects on advocacy, which will be used as a basis for analysis and discussion in the next ICN Annual Conference and to draw conclusions on this topic.

In the medium term, this study may contribute to understand competition policy implemented in several countries. It will also enable an identification of the most successful practices across diverse contexts and possibly define recommendations in order to enhance the effectiveness of competition policy and to promote the convergence of interests among competition authorities.

Main features of an integral study on advocacy

In order to constitute an integral study on advocacy the document will be divided in two parts. The first part incorporates theoretical advances and a general review of the most outstanding international practices and experiences, including among other the following aspects :

1. Enforcement and Advocacy on Competition Policy

The development of efficient and competitive industrial structures and markets that increase the social welfare, is one of the objectives of Competition Policy, that can be achieved not only by tackling and preventing monopolistic practices and prohibited mergers (enforcement activities) but also through competition authorities' Advocacy activities.

This section will study the relationship and complementarities between both Competition Policy's (enforcement and advocacy activities) application trends.

2. The Competition Authority and the institutional environment

The institutional environment in which competition authorities are immersed will be studied. Institutional arrangement can deter or facilitate the performance and effective application of competition policy.

3. Competition Law as a framework for Economic Policy

The inclusion of norms and values of competition policy in the design and implementation of the Economic Policy and their impact on social welfare, will be analysed in detail.

3.1 The utilization of competition policy instruments to foster economic development, will be analysed.

3.2 The interrelation between competition policy and specific policies for different sectors will be established analysing the benefits that the efficient operation of the markets may induce. The incorporation of competition policy criteria in the elaboration and implementation of the objectives of industrial policy, commercial policy, intellectual property policy and other policies for specific sectors will also be considered.

3.3 The scope and limitations of incorporating objectives of competition policy in the promulgation and implementation of laws, by-laws and norms that impact the market performance will be studied.

4. Competition Policy Advocacy in developing and transition countries.

The study shall include an analysis of the importance of competition advocacy on developing and transition countries where economic policy and regulations were not market-orientated.

5. Deregulation, regulation with quality and advocacy

The benefits of incorporating into economic regulation efficiency criteria and active participation of competition policy shall be examined, presenting general principles on deregulation matters and regulation with quality in sectors such as telecommunications, energy, transport and public services in general.

6. Privatisation, concessions and competition policy

The privatisation processes, including the assignment of concessions, may have a significant impact on the development of competitive and efficient markets. Therefore the benefits of incorporating pro-competitive mechanisms in these processes will be studied, both at the moment privatisation schemes

and assignment of concessions are designed, as well as their subsequent market effects.

7. Competition Policy and jurisdictional entities

The knowledge and comprehension of economic competition values by the jurisdictional entities allow a more effective enforcement of competition policy. Thus, an analysis of the interrelation between the competition authority and jurisdictional entities will be elaborated.

8. Diffusion of the economic competition values

Diverse alternatives to make the competition values known, understood and adopted by the economic agents will be studied.

9. Political economy of competition policy

The scope and limitations imposed by the political environment to the effective application of the competition policy will be examined.

10. Evaluating Advocacy activities

Instruments to measure and evaluate the advocacy activities undertaken by competition authorities will be described.

11. Recommendations of the working group

Action guidelines for the application of non-contentious procedures and competition policy promotion by authorities will be suggested.

Conclusion of the study will be presented and recommendations of future work may be issued.

The second part consists of a compilation of actions undertaken by each competition agency participating in the ICN, which will allow members to know the mechanisms used by other agencies and the results obtained.

Methodology

An adequate achievement of the above goals requires a coordinated application of several working methodologies.

1. **Active participation.** Study elaboration will be substantially supported on the active participation of ICN members who will provide their experience on advocacy in order to share the features of the means employed and the

results obtained. This input will be compiled through a questionnaire that the group coordinator will distribute among members on a timely fashion.

2. **Research.** In addition, a research process will be undertaken by the working group who will inform the Steering Committee on achievements, as appropriate.
3. **Discussion and analysis.** Discussion on advocacy will take place during the first Annual Conference. Conclusions drawn from such discussion will be incorporated into the final report.
4. **Report.** A final document will be issued for distribution among ICN members. This document will include the integral study and the conclusions reached during the Conference. In addition, reports on advances will be issued for the Steering Group, as required.

Activities and organization.

The Federal Competition Commission (CFC), acting as coordinator and being responsible for this project, will fulfill the commitment undertaken as an ICN member.

In order to accomplish its mission the CFC has constituted a working group comprised of high rank officers under the direction of Commissioner Pascual García Alba. The working group is comprised of the following members:

Prof. Allan Fels,
Chairman, Australian Competition and Consumer Commission

Mr. Iván Seguel Cáceres
Chief, Legal Advisor Department
Fiscalía Nacional Económica, Chile

Mr. Kirtikumar Mehta
EU Commission - DG Competition

Mr. Georg Roebeling
Unit A4 International Affairs - Enlargement Team
EU Commission - DG Competition

Mr. Alberto Heimler
Director, Autorita garante della concorrenza e del Mercato
Italy

Mr. Joseph Seon Hur
Director General, Competition Policy Bureau
Korea Fair Trade Commission

Mr. Hiroshi Ueno
Deputy Secretary General
Japan Fair Trade Commission

Mr. Roger Fones
Chief, Transportation, Energy & Agriculture
Antitrust Division, US Department of Justice

Mr. Paul Karlsson
Bureau of Competition
US Federal Trade Commission

Mr. Fernando Sánchez Ugarte
Chairman, Federal Competition Commission
Mexico

Mr. Pascual García Alba Iduñate
Commissioner, Federal Competition Commission
Mexico

Mr. Justino Nuñez
Economic Advisor of the CFC's Chairman

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The working group will carry out the assignments mentioned in the activities program below, regarding the study and the elaboration of the questionnaire.

Activities Program

1. Study

Study		Questionnaire	
Dates	Component	Dates	Component
December 18, 2001	Preliminary Working Program will be sent to working group members.	January 15, 2002	Distribution of proposed questionnaire to working group members.
January 8, 2002	Deadline for submission of comments by working group members and organization of duties.	January 23, 2002	Submission of comments by working group members.
		March 09, 2002	Draft questionnaire will be sent for consideration by Steering Committee.
		March 18, 2002 through March 20, 2002	Submission of comments by Steering Committee.
		March 22 through April 12, 2002 ¹	Distribution of questionnaire among ICN members.
		May 10, 2002	Deadline for submission of answers to the questionnaire by ICN members.
		May 11 through May 22, 2002	Statistical process of replies to the questionnaire
		May 22, 2002	Submission of information of the questionnaire to contributors
June 3	Submission of working group members' preliminary ² contributions.		
June 14, 2002	Submission of working group members' contributions.		
June 21, 2002.	Integration of first draft study and distribution among working group members for comments.		
June 26, 2002	Submission of written comments by working group		

² Conceptual and "Theoretical" contribution, without regarding all the information of the questionnaire, may be 70% of the contributions

	members.		
July 1, 2002.	Draft study will be sent for consideration to the Steering Committee.		
July 8, 2002	Submission of comments by Steering Committee.		
August 8, 2002.	Distribution of discussion document to all ICN member countries to provide the basis for study and work during the ICN meeting.		

Resources

The CFC will cover human resources corresponding to the coordination of the working group as well as communication with other agencies.

Success in the elaboration of this study will grandly depend on each agency's contribution.

February 2002