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**DIRECTORATE FOR FINANCIAL AND ENTERPRISE AFFAIRS  
COMPETITION COMMITTEE**

**Cancels & replaces the same document of 12 April 2023**

**Latin American and Caribbean Competition Forum**

**Session I: Competition and Poverty – Call for contributions**

28-29 September 2023

This document is circulated in preparation of the discussion under Session I of the Latin American and Caribbean Competition Forum (LACCF) that will take place during 28-29 September 2023 in Quito, Ecuador.

Delegates are invited to submit their written contributions to the Secretariat by **Friday 30 June 2023**.

In case you need additional information related to this session, please contact:

Ms. Angélique Servin ([Angelique.Servin@oecd.org](mailto:Angelique.Servin@oecd.org)); and

Mr. Paulo Burnier da Silveira ([Paulo.Burnier@oecd.org](mailto:Paulo.Burnier@oecd.org)).

**JT03520900**

## *Session I: Competition and Poverty*

### *– Call for Contributions –*

1. This year's Latin American and Caribbean Competition Forum (LACCF) will feature a session on "Competition and Poverty". This document provides some background information on the topic and invites delegates to make a written submission to the discussions.
2. The OECD last explored the topic of "Competition and Poverty Reduction" at the Global Forum on Competition in 2013 (OECD, 2013). Since then, fighting poverty has remained a top priority and a key challenge to many countries including in Latin America and the Caribbean. Poverty eradication appears, for instance, as the first of seventeen objectives of sustainable development established by the United Nations (UN, 2022).
3. In the past years, the region was also particularly affected by the COVID-19 pandemic, which gave rise to the worst recession in the region in the last 100 years (UN, 2020). In fact, the Latin American economies were already experiencing before the sanitarian crisis their worst growth since 1951, which is partly the reason why the crisis was harder in the region. As consequence, Latin America accounted for 30% of the world's pandemic death toll, despite having only 8% of the world's population (TOPCU, 2022) and had an average economic contraction of around 6.6%, more than double of the global average of 3.1% (WB, 2022).
4. These factors directly affected poverty: in 2020, Latin America had 45,9% of its population living in poverty or extreme poverty, which is the highest percentage since 2008.<sup>1</sup> The estimations remain negative in terms of poverty indicators for the near future in the region: the World Bank estimates a trend of increasing extreme poverty instead of the decreasing trend expected for the same period before pandemic.<sup>2</sup>
5. At the same time, competition policy has increased in Latin America and the Caribbean during the past decades. New competition laws were enacted, previous competition frameworks were improved, and competition enforcement was overall boosted with currently more than 20 active competition authorities in the region (OECD, 2022).
6. Against this background, it seems relevant to re-address the role of competition policy in poverty reduction, including the question on how competition authorities can contribute to fighting poverty.
7. Indeed, competition policy may help the poor in many ways. The session will be an opportunity to discuss how anti-competitive conduct affects the poorest in society more and what competition authorities can do to alleviate that. For example, overcharges of cartels, the most harmful infringement in competition law, can significantly affect low-income consumers and have a regressive effect for poor people especially when the cartelised products are essential items for everyday life. More competition in public procurements also allows governments to use their resources more efficiently and expand the offer of public services for those who need the most. This is an area where competition law enforcement can contribute significantly to preserving competitive prices and quality of services.

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<sup>1</sup> Available at: [https://statistics.cepal.org/portal/cepalstat/dashboard.html?lang=en&indicator\\_id=3328&area\\_id=927](https://statistics.cepal.org/portal/cepalstat/dashboard.html?lang=en&indicator_id=3328&area_id=927).

<sup>2</sup> Available at: <https://www.worldbank.org/en/understanding-poverty#a>.

8. Moreover, competition authorities in the region may contribute to the fight against poverty by prioritising their activities to markets in which the poor is proportionally more affected by the lack of competition. This prioritisation efforts may cover both enforcement and advocacy actions, and will benefit from institutional setups that offer discretionary powers to competition authorities in this regard.

9. As in past years, the quality and utility of this session will be greatly strengthened by written contributions, which should be sent to the OECD Secretariat by **Friday 30 June 2023**. In order to assist you with the preparation of your contribution, the Annex includes a number of questions on which you may wish to focus and a suggested bibliography. The list in the Annex is not exhaustive, and you are encouraged to raise and address other issues in your submissions and during the discussion. We also strongly encourage you to discuss and comment on your relevant enforcement experience in this area.

10. The session will be supported by a Secretariat background paper, which will compile the main issues related to the topic. The LACCF webpage will be the primary vehicle for conveying documentation and related links on this subject. It will become available on its main page at [www.oecd.org/competition/latinamerica](http://www.oecd.org/competition/latinamerica) (short url [oe.cd/lacsf](http://oe.cd/lacsf)). Unless explicitly requested not to do so, the Secretariat will reproduce all written contributions on the LACCF website.

11. All communications regarding the documentation for this session should be sent to Ms. Angélique Servin ([Angelique.Servin@oecd.org](mailto:Angelique.Servin@oecd.org)). Please address any substantive queries relating to this discussion to Mr. Paulo Burnier da Silveira ([Paulo.Burnier@oecd.org](mailto:Paulo.Burnier@oecd.org)).

## Annex A.

### Suggested questions for written contributions to Session I on Competition and Poverty

This Annex provides a list of questions for consideration in preparing your written contribution. A contribution does not need to cover every listed question, and you may wish to address issues not listed here. You are encouraged to refer to relevant cases or advocacy initiatives where appropriate to illustrate your answers. Please prepare your contribution as an integrated essay rather than a list of answers to questions.

#### A. Interplay between competition policy and poverty reduction

- Should competition policy play a role in the wider goal of poverty reduction? If yes, in which form and extent?
- How does your legal framework allow competition policy to contribute to poverty reduction?
- How can competition policy benefit the poor consumers? Can competition policy also harm poor consumers?
- More generally, what role should competition authorities play to ensure that the benefits of competition reach those who need the most in terms of poverty scale?

#### B. Competition enforcement prioritisation

- Do you have prosecutorial discretion (e.g. select when to open investigations and/or which complaints to close/open investigations)? If yes, what criteria do you apply to prioritise cases?
- On investigations that are ongoing, are you able to prioritise them (e.g. the speed of the cases by allocating more or less staff)? If yes, what criteria do you apply to prioritise cases?
- Do you focus enforcement actions on cases with a wider impact in the economy (e.g. national level); or do you also consider smaller cases with local impact (e.g. highly concentrated grocery market at a given municipal level)?
- Do you have examples of enforcement actions that benefited the poor as consumers (e.g. cheaper prices for essential goods/services; better products)?
- Do you have examples of enforcement actions that benefited the poor as employees and/or small business owners (e.g. new technologies; monopsony cases in food distribution chains affecting small farmers)?
- Do you have examples of enforcement actions that made poor worse-off (e.g. job losses in the short-run; or higher prices of essential goods in the short-run when lifting price controls)

#### C. Competition advocacy efforts

- Do you have a prioritisation strategy in your competition advocacy work? If yes, please share the criteria used (and if poverty reduction plays any role).
- Do you have examples of advocacy initiatives that benefited the poor?
- How to best communicate that competition policy benefits the poor?

- In case of well-intended pro-poor government controls/interventions, which may negatively affect the well-functioning of markets (e.g. imposing price controls; or granting subsidies to provide services in poor geographic markets), what role should competition authorities play?
- More generally, have you advocated for or against a particular government program because of its effect on poverty?
- How does your jurisdiction allocate the fines collected by competition authorities? Should they be used for policies related to poverty reduction?

## Suggested bibliography

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