

WORLD TRADE ORGANIZATION

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**Working Group on the Interaction
between Trade and Competition Policy**

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COMMUNICATION FROM EGYPT

The following communication has been received from the Permanent Mission of the Arab Republic of Egypt with the request that it be circulated to Members.

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This is a preliminary attempt to provide the Working Group with the Egyptian perception of the relevant studies for this very complex issue.

1. It is worth noting that with the increased trend in globalization and the changing trading environment, global firms operating under free trade are determining the criteria and setting the new conditions for competitiveness and competition in the markets, where expanded intrafirm trade is becoming the norm. The way competition policy was looked at in the past, delinking it from international trade, might have been sensible then. Competition policy can no longer be confined to the national framework. Today, we are dealing with a new phenomenon whose consequences vary among countries with different levels of development. The benefits of this new environment, particularly for developing countries is not to be taken for granted. To level the playing field on the global level, developed and developing countries should cooperate to establish an enabling framework that should allow to make the best use of the benefits accruing from free trade and freer investment. Thus, the increasing need to look at the linkages between trade and competition on one hand and investment and competition on the other hand from the global perspective.
2. The Working Group should address the "Trade and Competition Issue" in a comprehensive manner without prejudice to the results of the work or the issues to be eventually identified that would merit further consideration. Though we are particularly interested in the international dimensions of competition policy, the Working Group should not shy away from studying, as we are in the educative process, the interface of trade and competition involving anti-dumping and safeguard measures.
3. In order to increase our knowledge on this subject-matter, we propose that the Working Group embark on a rich educational work programme, that would entail national submissions and studies by the WTO Secretariat, in cooperation, where appropriate, with other relevant international organizations, particularly UNCTAD, as mandated by the Singapore Ministerial Conference, with a view to ensuring that the development dimension is taken fully into account.
4. The educational work programme could comprise initially three major studies, as follows:
 - (a) A conceptual study of the elements of an effective competition policy:
 - (i) to what extent can national competition laws effectively deal with RBPs by TNCs at the international level, in particular in the case of developing countries? How to control international mergers that create monopolies or dominant positions in the national market?

- (ii) international cooperation to enable countries to deal effectively with the competition issues involved by foreign firms abroad and affecting their local markets;
 - (iii) the need for, and possible scope of a multilateral framework.
- (b) To study in depth the development dimension of competition policy, drawing *inter alia* on the relevant principles of the RBP Set:
 - (i) how to ensure an optimal transition for firms previously protected from competition to be able to compete successfully as markets are opened to the free forces of competition?
 - (ii) empirical experiences might be studied to compare shock versus gradualistic approaches;
 - (iii) to what extent would exemptions from competition rules be applicable to firms of developing countries (SMEs, transitional safeguards, specific sectors, ...)?
 - (iv) the interrelationship between investment and competition policy?
- (c) A study of the relevant provisions of the Uruguay Round agreements related to competition, with a factual background of the provisions - where possible - indicating the various positions and the reasoning behind:
 - (i) to what extent does the WTO trading system cover competition issues and is compatible with basic competition principles?
 - (ii) how have the competition aspects been dealt with in the WTO agreements?
 - (iii) how could the WTO system be made more compatible with competition principles?

5. Although we are well aware of the complexities and diversified views regarding the definition of competition and the need to reach a consensual definition, we believe that it would be counter-productive to aim at such an objective in the initial phase of our work.

6. The work should draw upon the RBPs Set whose basic objective is to ensure that RBPs do not impede or negate the realization of benefits that should arise from the liberalization of tariff and non-tariff barriers affecting world trade, particularly those affecting the trade and development of developing countries. It is important to draw upon the comprehensive nature of the RBPs Set, which applies to all enterprises, including transnational corporations, whether private or state-owned and particularly its importance in attempting to incorporate the development dimensions. The Set therefore seems to be a relevant starting point for our work.