

4th ANNUAL COMPETITION AND ECONOMIC REGULATION (ACER) WEEK

Advanced economic analysis for competition enforcement

16 – 18 July 2018

DRAFT COURSE OUTLINE

Targeted at experienced competition economists from authorities, regulators, public and private sector firms and private practice, this intensive Professional Training Programme (PTP) will cover the latest developments in economic theory and their application to the analysis of competition cases. This PTP will cover frameworks for understanding abuse of dominance, coordinated conduct and mergers from theoretical and practical perspectives. It will equip participants with the specialist knowledge and skills required to undertake rigorous economic analysis in competition cases.

The course will be facilitated by Dr Javier Tapia (Judge at the Competition Tribunal of the Republic of Chile and a senior researcher at Regcom, the Centre for Regulation and Competition at Universidad de Chile, Faculty of Law), Prof Liberty Mncube (Chief Economist at the Competition Commission of South Africa, Visiting Associate Professor of Economics, University of Witwatersrand and Honorary Professor of Economics, University of Stellenbosch), Dr Andrea Amelio (part of the European DG COMP's Chief Economist Team) and Ms Reena das Nair, Senior Lecturer in the College of Business and Economics and Senior Researcher at the Centre for Competition, Regulation and Economic Development (CCRED) at the University of Johannesburg.

Approach

The PTP will be taught primarily by means of lectures, which will draw on international and South African examples and precedent-setting cases with a strong focus on underlying economic principles. The lectures will be complemented by case study exercises involving analysis of data and fact patterns by different groups who will present findings in feedback sessions. Key principles and tests taught during the lectures will be reinforced through these exercises. Selected key readings will be provided in advance of the session if applicable.

Programme





Day 1, 16 July 2018	
08 30-08 45	Registration
08 45-10 00	Market power and market definition with differentiated products <ul style="list-style-type: none"> • Review of standard approaches to market definition • Direct measures of market power • Network effects and two-sided markets • Mergers with differentiated products • Case examples
Tea break	
10 30-12 30	Advanced merger analysis <ul style="list-style-type: none"> • Mergers with homogeneous products and capacity constraints • Efficiencies • Critical loss analysis • Upward Pricing Pressure approach • Introduction to merger simulation • Case examples
Lunch break	
13 30-14 45	Exercise 1
Tea break	
15 00-16 30	Coordination and behavioural screening <ul style="list-style-type: none"> • Notion of collusion; how to sustain a collusive agreement; structural screening • Collusive Markers • Empirical methods for behavioural screening • Coordination and information exchange • What kinds of information and when does it matter? <ul style="list-style-type: none"> ◦ Factors in tacit coordination: focal points, benchmarks, second best rules and conventions ◦ Significance of sales information; its disaggregation by demand segments (geography, customer & product categories) • Case examples

Day 2, 17 July 2018	
08 30-10 30	Frameworks for understanding abuse of dominance <ul style="list-style-type: none"> • Concept of dominance and abuse • Exploitative practices vs. exclusionary practices • Introduction to exclusionary practices • From theory to practice: economics-based rules to evaluate exclusionary conduct • Introduction to predation <ul style="list-style-type: none"> ◦ A scale-economies based theory of predation ◦ Factors needed to apply these theories of harm ◦ Appropriate cost benchmarks • Case examples
Tea break	
11 00-12 30	Exercise 2

Lunch break	
13 30-14 30	Exclusive dealing <ul style="list-style-type: none"> • Introduction to exclusive dealing • The Chicago School critique and post-Chicago theories • Factors needed to apply these theories of harm • Exclusive dealing and efficiency gains • Balancing pro-and anti-competitive effects • Case examples
Tea break	
15 00-16 30	Refusal to supply and margin squeeze <ul style="list-style-type: none"> • Introduction to refusal to supply and margin squeeze • Outright and constructive refusal to supply • Key tests to assess anti-competitive effects • Balancing pro- and anti-competitive effects • Significance of linkages between competition and economic regulation • Case examples, including in telecommunications

Day 3, 18 July 2018	
08 30-10 30	Exercise 3
Tea break	
11 00-12 30	Loyalty Rebates <ul style="list-style-type: none"> • Introduction to rebates • Efficiency justifications for rebates • Scale-economies based theories of rebates • Conditional rebates to target the contestable demand • Factors needed to apply these theories of harm • Rebates in the EC Guidance Paper: the suction test and the effective price • Case examples
Lunch break	
13 30-14 15	Exercise 4
Tea break	
14 30-16 30	Exploitative abuses: Price discrimination and excessive pricing <ul style="list-style-type: none"> • Welfare effects of price discrimination • Standards and benchmarks for assessment of price discrimination • Equivalent transactions - SA case: <i>Nationwide Poles</i> • Introduction to excessive pricing: key principles • Economic criteria for excessive pricing; determining economic value • Measures of excessive prices: price-cost tests; use of comparators • International excessive pricing cases • SA cases: <i>Mittal</i> and <i>Sasol Chemical Industries</i>
16 30- 16 45	Wrap up and presentation of certificates

Programme Lecturers and Facilitators

	<p>Dr Javier Tapia is a Judge at the Competition Tribunal of the Republic of Chile. He is also a senior researcher at Regcom, the Centre for Regulation and Competition at Universidad de Chile, Faculty of Law. Javier's previous positions include Chief Legal Counsel of the Chilean Electricity Generators Trade Association, Head of Research and Advocacy Division at the Chilean competition agency; legal adviser and policy analyst at Ofgem, the UK energy regulator; and, legal adviser for the Superintendency of Electricity and Fuels, the Chilean energy regulator. He holds a PhD from University College London (UCL), an MSc in Regulation from the London School of Economics and Political Sciences (LSE), a certificate in Economics from Universidad de Chile, and a law degree from Universidad de Chile. He has published a wide variety of articles and book chapters on both competition law and utilities regulation.</p>
	<p>Prof Liberty Mncube is the Chief Economist at the Competition Commission of South Africa. He is a Visiting Associate Professor of Economics with the School of Economic and Business Sciences at the University of Witwatersrand and an Honorary Professor of Economics with the Department of Economics at the University of Stellenbosch. He is also an Associate of CRESSE. As Chief Economist, Prof Mncube advises the Commission on competition regulation and policy issues. Prof Mncube testified as an economics expert in several cases including the Computicket's exclusive contracts case; the Uniplate exclusive contracts and tying case; the Imerys South Africa / Andalusite Resources merger; and the Tsogo Sun / Sun International South Africa merger. Prof Mncube was a member of the Ministerial Advisory Panel on Drafting Changes to the Competition Act (2017). Prior to joining the Commission, Prof Mncube was a Researcher at the Development Policy Research Unit (DPRU), at the University of Cape Town. He received a PhD in Economics from the University of KwaZulu-Natal and a MSc in Economics from the University of York. He has published widely on competition policy and economics in leading local and international journals as well as edited and published in books.</p>
	<p>Dr Andrea Amelio joined DG COMP's Chief Economist Team in September 2007. He currently works on mergers, Article 101, Article 102 and State Aid cases in a range of industries including basic industries, financial services, transport and ICT. He holds a PhD in industrial economics from Toulouse School of Economics. His publications are in the field of industrial organization with a special focus on collusion and bundling.</p>
	<p>Ms Reena das Nair is a Senior Lecturer in the Master of Commerce in Competition and Economic Regulation programme at the College of Business and Economics, University of Johannesburg. She is also a Senior Researcher at the Centre for Competition, Regulation and Economic Development (CCRED) at the University of Johannesburg. Prior to joining CCRED, Reena was Programme Manager for Industrial Policy at Trade and Industrial Policy Strategies (TIPS), a not-for-profit research organisation undertaking economic research for policy makers. Before TIPS, Reena worked as a Principal Economist at the Competition Commission of South Africa. She has extensive experience in leading investigations and economic analysis in mergers, abuse of dominance and cartel cases. Reena has a MCom from the University of the Witwatersrand and has published in journals and books in competition and industrial policy.</p>