

Advanced Competition Economics

17 – 19 March 2015

COURSE OUTLINE

1st ANNUAL COMPETITION AND ECONOMIC REGULATION (ACER) WEEK, SOUTHERN AFRICA

Targeted at experienced competition economists from authorities, regulators and private practice, this intensive SLP will cover the latest developments in economic theory and their application to analysis of competition cases, with case examples from international jurisdictions. It will cover frameworks for understanding abuse of dominance, coordinated conduct and mergers from theoretical and practical perspectives.

The course will be led by international competition economics expert, Professor Chiara Fumagalli (Avv. Giovanni Agnelli endowed Associate Professor in Economics at the University of Boccon) and co-facilitated by renowned Professor Massimo Motta (ICREA Research Professor at Universitat Pompeu Fabra, Research Professor of the Barcelona Graduate School of Economics, and current Chief Competition Economist at DG Comp, European Commission) and Professor Simon Roberts (Director of the Centre for Competition, Regulation and Economic Development (CCRED) and former Chief Economist at the Competition Commission of South Africa).

Approach

The course 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 in-depth 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 the case study exercises.

Selected key readings will be provided in advance of the session.

Programme

Day 1, 17 March 2015	
0830	Registration
0845-1030	Frameworks for understanding abuse of dominance: <ul style="list-style-type: none"> • Concept of dominance and abuse • Exploitative practices vs. exclusionary practices • From theory to practice: economics-based rules Exclusive dealing <ul style="list-style-type: none"> • Introduction: definition and brief historical perspective • 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	
1100-1230	Refusal to supply and access to essential facilities <ul style="list-style-type: none"> • Introduction to refusal to supply and access to essential facilities • Outright and constructive refusal to supply • Key tests to assess anti-competitive effects • Balancing pro- and anti-competitive effects • Case examples
Lunch break	
1330-1500	Exercise 1: Exclusive dealing and refusal to supply
Tea break	
1515-1630	Margin squeeze <ul style="list-style-type: none"> • Introduction to margin squeeze • Understanding incentive and ability to engage in margin squeeze • Evidence required to prove margin squeeze • Key tests to assess margin squeeze • Assessing anti-competitive effects • Balancing pro- and anti-competitive effects • Case examples
Day 2, 18 March 2015	
0830-1030	<ul style="list-style-type: none"> • Introduction to predation • A scale-economies based theory of predation • Factors needed to apply these theories of harm • A proposed rule: a two-tier approach (definition of proper cost benchmarks). • Case examples
Tea break	
1100-1230	Loyalty Rebates <ul style="list-style-type: none"> • Introduction to rebates: conditional rebates and price discrimination; classification of rebates • Efficiency justifications of rebates • Scale-economies based theories of rebates • Factors needed to apply these theories of harm



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	<ul style="list-style-type: none"> • Rebates in the EC Guidance Paper: the suction test and the effective price • Case examples
Lunch break	
1330-1500	Exercise 2: Rebates
Tea break	
1515-1630	Exploitative conduct: <ul style="list-style-type: none"> • Introduction to Excessive pricing: key principles • Determining economic value • Measures of excessive prices: price-cost tests; use of comparators etc. • Introduction to Price discrimination • Forms of price discrimination • Case examples

Day 3, 19 March 2015	
0830-1030	Coordinated conduct: <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
Tea break	
1100-1230	Exercise 3: Coordinated conduct
Lunch break	
1330-1500	Vertical arrangements <ul style="list-style-type: none"> • Introduction to vertical arrangements • Types of arrangements • Evolution of economic thinking regarding vertical arrangements • Chicago School critique and post- Chicago theories <ul style="list-style-type: none"> ◦ Restoring monopoly power and the commitment problem • Potential efficiencies
Tea break	
1515-1630	Analysing vertical mergers <ul style="list-style-type: none"> • Theories of foreclosure: types of foreclosure • Assessing ability, incentive and effects of foreclosure • Treatment of efficiency justifications
1630- 1645	Wrap up and presentation of certificates