

COMPETITION COMMISSION



Market Investigations in regulated sectors

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Personal views, not official ones.



The CC's role in regulation

- Price control 'appeals', eg water, energy, post
- Automatic 'appeal' for airports (March 2007)
- Appeal via CAT for telecoms (Summer 2007?)
- Mergers: SLC under Enterprise Act 2002
- Mergers in water sector: 'prejudice to Ofwat's ability to make comparisons' (SEW/MKW)
- Energy Code 'mod' appeals (EOn/GEMA)
- Market Investigations



EA 2002 Market Investigation Regime

- New and specific legal test: adverse effect on competition (AEC).
- This derives from features of the market that are found to prevent, restrict or distort competition.
- CC is determinative in almost all cases.

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CC cases so far	Market size (annual revenue)	Annual consumer detriment (CC estimate)
Store card credit services	£670m	At least £55m
Domestic LPG	£120m	£4-13m
Home credit	>£700m	At least £75m
Classified Directory Advertising Services	£825m	£20m*
Northern Irish personal banking	£167m	[Not quantified]
Groceries	£123,500m	[In progress]
Payment Protection Insurance	£7000m	[In progress]
BAA Airports	2000m	[In progress]
Rolling Stock	£1000m	[In progress]

*Source: All 'detriment' values except * from published CC inquiry reports.*



“Features”

- (a) the structure of the market concerned or any aspect of that structure;
- (b) any conduct (whether or not in the market concerned) of one or more than one person who, supplies or acquires goods or services in the market concerned; or
- (c) any conduct relating to the market concerned of customers of any person who supplies or acquires goods or services.

Conduct includes any failure to act, whether intentional or not and any other unintentional conduct.



Remedies

- (a) Structural change
- (b) Indirect structural change
- (c) Changes to regulations
- (d) Behavioural: discontinue or adopt certain behaviour
- (e) Behavioural: restraining (eg price cap)
- (f) Monitoring



Transparency

- Published Guidance
- Publication of thinking:
 - Issues statement
 - Emerging Thinking
 - Provisional Findings
 - Notice of Remedies
 - Final report
- Group hearings and staff hearings
- Web site: submissions, hearings, surveys etc
- Put-back and publication of working papers



Market Investigations - duration of key stages

