

# Divestment as a remedy in competition cases: A brief introduction

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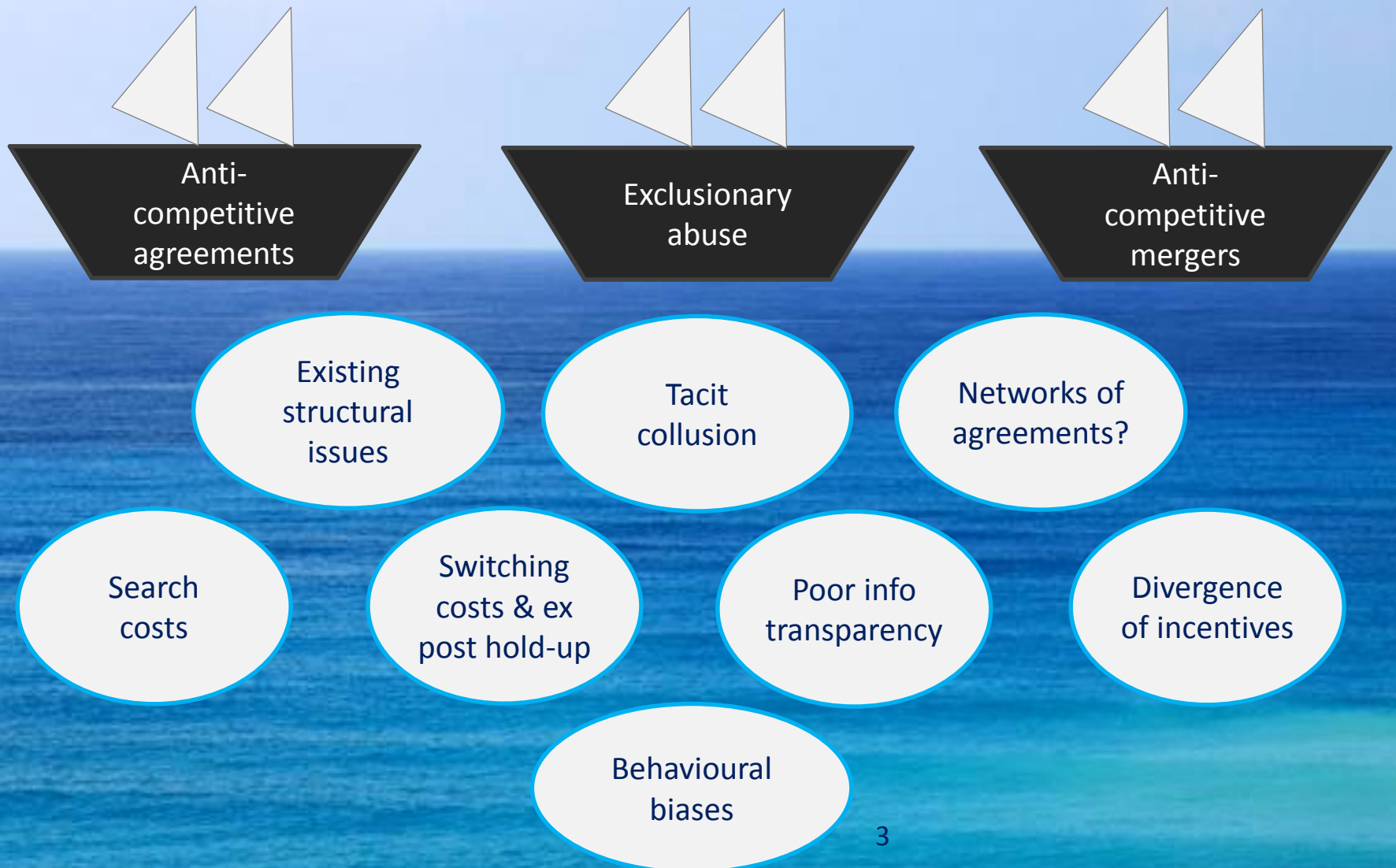
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# What's the point of market investigations?



Refreshing the **markets** other **antitrust** cannot reach.

# What does this mean in practice?



# What makes a good remedy?

- ❖ It should be effective in removing the AEC:
  - Creating, or even enhancing, competition can be tricky
  - Raises questions about what the right counterfactual might be (What is a realistically competitive market?)
  - Testing can be important, but hard within a tight timetable
- ❖ It should be proportionate to the problem:
  - Shouldn't be used to correct wider problems, outside scope of investigation
  - Importance of low ongoing admin costs: Can militates against behavioural remedies
- ❖ It should not create adverse incentives:
  - Either for firms directly affected or for firms in markets more generally

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# (Almost) 50 shades of remedy in past CC market inquiries

Regulatory remedies	Demand-side remedies	Supply-side remedies	Structural remedies
<b>Changes to regulatory framework</b> (BAA Airports, Groceries, Local Buses, Audit)	<b>Improved consumer info</b> (LPG, Home credit, PPI, PCAs in NI, Store Cards, Private Healthcare, Classified Directories)	<b>Access to key inputs</b> (Local buses, LPG)	<b>Divestment</b> (BAA Airports, Aggregates, Private Healthcare)
<b>Improved info for regulators</b> (BAA Airports)	<b>Measures to facilitate/enhance search</b> (Home credit, PPI, Audit)	<b>Unbundling</b> (PPI, Store Cards)	<b>Market share/sales limits</b> (Groceries, Classified Directories)
<b>Price regulation</b> (Classified Directories)	<b>Measures to improve switching</b> (LPG, PCAs in NI)	<b>Limits on restrictions in agreements</b> (Groceries, Audit)	
	<b>Fair terms for consumers</b> (Home Credit)	<b>Limits on referral incentives</b> (Private Healthcare)	

# Divestment remedies – Like buses None for ages then three in a row!

British Gas  
(MMC, 1989)

Beer  
(MMC, 1993)

BAA Airports  
(CC, 2009)

Private  
Healthcare  
(CC, 2014)

Aggregates  
(CC, 2014)

MMC  
(1973 -1999)

Competition Commission  
(1999-2014)

CMA  
(2014-?)

# Divestment remedies – Like buses None for ages then three in a row!



Other CC remedies in: Classified Directories (2006), Home Credit (2006), Store Cards (2006), LPG (2006), PCAs in NI (2007), Groceries (2008), PPI (2009), Local Buses (2011), Audit (2013).



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