

# Association of Competition Economics **ACE**



**Konkurransetilsynet**  
Norwegian Competition Authority

UNIVERSITY OF BERGEN



**BECCLE**  
Bergen Center for Competition Law and Economics



## ACE Annual Conference Programme

November 17<sup>th</sup> and 18<sup>th</sup> 2011 at NHH in Bergen, Norway

More: <http://www.nhh.no/Default.aspx?ArealID=7> and <http://www.competitioneconomics.org/home/>

### Program overview

#### Thursday 17<sup>th</sup> November

- 13:30–14:30 Registration and Lunch
- 14:30–15:00 Introduction: Dr. Miguel de la Mano, President ACE
- >Welcome: Director General NCA Christine B. Meyer, Chairman
- 15:00–16:00 Plenary Session 1
- 16:00–16:30 Coffee Break
- 16:30–18:00 Parallel Sessions (I-III)
- 18.00–18.30 AGM and Best Paper Presentation
- 18.40– Bus departure from NHH to hotels and Håkonshallen
- 19:00– Reception and dinner at Håkonshallen

#### Friday 18<sup>th</sup> November

- 08.30–09.00 Coffee
- 09:00–10:30 Parallel Sessions (IV-V)
- 10:30–10:45 Coffee Break
- 10:45–12:15 Parallel Sessions (VI-VII)
- 12:15–13:00 Lunch
- 13:00–14:30 Parallel Sessions (IX-X)
- 14:30–14:45 Coffee Break
- 14:45–16:15 Plenary Session 2
- 16:15 End of the ACE 2011 Conference

## Program details

### Thursday 17<sup>th</sup> November

**13:30–14:30**      **Registration and Lunch**

**14:30–15:00**      **Introduction: Dr. Miguel de la Mano**, President ACE

**Welcome: Dr. Christine B. Meyer**, Director General NCA

**15:00–16:00**      **Keynote session: Reflections on Economics in Competition Policy**

*Chair: Dr. Miguel de la Mano (ACE)*

Speakers:      Professor Kai-Uwe Kühn (Chief Economist, DG Comp.)

**16:00–16:30**      **Coffee Break**

**16:30–18:00**      **Parallel Sessions (1a-1b-1c)**

**16:30–18:00**      **Session 1a:  
Olympic/Aegean – EU Merger.**

Regrettably, in the absence of publicly available information this session has been cancelled. Despite best efforts, neither DG COMP's nor the merging parties' economists were in a position to make sufficient information available in time for the event.

**16:30–18:00**      **Session 1b:  
Retail Gasoline Study (Germany)**

*Chair: Professor Patrick Rey, Toulouse School of Economics*

Speakers:      Dr. Christian Ewald, (Bundeskartellamt)

Dr. Hans Friederiszick (E.CA Economics GmbH)

Professor Kai Hüschelrath (WHU/ZEW)

The panel discusses the results of the German Federal Cartel Office's recent inquiry into the fuel sector. In the context of the inquiry the FCO had gathered an extensive amount of retail data from fuel suppliers and carried out a thorough analysis of these data. One of the most interesting empirical results is the presence of price cycles that resemble Edgeworth Cycles as predicted by the dynamic model of Maskin & Tirole (1988). While E.CA Economics drew on the available empirical evidence on price cycles and (lower) consumer prices to conclude that price cycles should be interpreted as a sign of functioning competition; the FCO considered certain regular pricing patterns as indicative of tacit collusion and high prices for consumers. The panel reflects the debate between the FCO and E.CA Economics on the welfare implications of price cycles and also touches on the question of how to apply the commonly accepted Airtours/ Impala criteria to forms of collusion that do not fit the standard economic framework.

**16:30–18:00 Session 1c:  
Economics of Bus Markets (UK, France, other)**

**Chair: Professor Marc Ivaldi, Toulouse School of Economics**

Speakers Director Peter Lukacs (Office of Fair Trading)  
Dr. Gunnar Niels (Oxera)  
Professor Philippe Gagnepain (University of Paris)

**18:00–18:30 AGM and  
Presentation of the 2010 ACE Prize for the „Best Published Paper in  
Competition Economics“**

**18:40–  
19:00– Bus departure from NHH to hotels and Håkonshallen  
Reception and dinner at Håkonshallen  
The reception is sponsored by the city of Bergen (Bergen Kommune)**

**Friday 18<sup>th</sup> November**

**08:30–09:00 Tea/coffee will be available in the foyer before the first sessions start**

**09:00–10:30 Parallell Sessions (2a-2b)**

**Session 2a: Sasol**

**Chair: Professor Tommy Gabrielsen, University of Bergen**

Speakers: Dr. Simon Roberts (SA Competition Commission)  
Dr. Robert Stillmann (Charles River Associates)  
Professor Bruno Jullien (Toulouse School of Economics)

The Sasol case concerned the fertilizer market in South Africa. One part of the case concerned the fact that Sasol - a large vertically integrated producer and distributor of fertilizer - discriminated against Profert, a non-integrated fertilizer distributor. The SA Competition Commission argued that this discrimination constituted exclusionary conduct. The abuse of dominance cases against Sasol were settled in 2010 after Sasol had admitted to a cartel with Omnia and Yara in the distribution of fertilizer.

**09:00–10:30 Session 2b: Rio/BHP - aborted 101 "merger"**

**Chair: Professor Bruce Lyons, University of East Anglia**

Speakers : Dr. Miguel de la Mano (DG Comp)  
Manager Julia Dietrich (Frontier)  
Dr. Simon Bishop (RBB Economics)  
Dr. Valter Sorana (Charles River Associates)

Rio and BHP are the second and third biggest iron ore miners in the world, with 22% and 16% of global exports (behind Brazil's Vale with 28%; the next biggest exporter had 3%: 2004 figures). Rio and BHP mine most of their ore from the Pilbara region of Western Australia. They claim they could save US\$10b in infrastructure costs by combining their Pilbara mining operations. In late 2008, BHP withdrew its contested takeover bid for Rio in the face of heavy regulatory scrutiny and customer discontent. In 2009, they announced a production joint venture for Pilbara, saying that marketing would remain separate. Alongside the ACCC and Chinese competition authority, the EC (and Bundeskartellamt) investigated it under Art.101. The JV was abandoned in Oct 2010 in the face of heavy lobbying by customers and scepticism by the competition authorities (including the ACCC which had approved the earlier merger proposal). Would the JV have had a credible incentive to produce less or to under-invest? How would it have affected price negotiations? Were the claimed efficiencies credible? Could they be achieved with less competitive risk by simple sharing of port and rail

infrastructure?

**10:30–10:45 Coffee Break**

**10:45–12:15 Session 3a: Unilever/Sara Lee**

**Chair: Professor Otto Toivanen, University of Leuven**

Speakers: Dr. Szabolcs Lorincz (DG Comp)  
Dr. Nadine Watson, Compass Lexecon  
Dr. Ian Small (Charles River Associates)

Following an in-depth investigation the Commission cleared subject to conditions the acquisition by the Anglo-Dutch consumer goods company Unilever of the body and laundry care businesses of Sara Lee Corp of the US. The Commission concluded that the merger would give Unilever a very strong leadership position in a number of deodorants markets by combining the parties' brands, most notably Sanex with Dove and with Rexona which presently compete against each other. To remedy these concerns, the merging parties offered to divest Sara Lee's Sanex brand and related business in Europe. On the basis of scanner data both the Commission and the merging parties' economists advanced merger simulations to evaluate the unilateral effects of the merger as well as the effects of alternative remedies.

**10:45–12:15 Session 3b: Merger control – local vs national markets (Norway)**

**Chair: Professor Peter Møllgaard, Copenhagen Business School**

Speakers: Professor Lars Sørgard (NHH)  
Dr. Jostein Skaar (Norw.Comp. Aut.)  
Harald Selte (BAHR)

The Norwegian Competition Authority has made several decisions in merger cases the recent years where the main issue has been dampening of competition in local or regional markets. Among these are two cases in 2011 (book outlets and concrete sales) and two cases in 2008 (grocery outlets and petrol stations). All the mergers mentioned above were national in scope, but NCA did only find a substantial lessening of competition in local or regional markets. In this session we discuss the challenges to the competition authority concerning the geographic market definition and establishing the scope of local competition as well as the decision to set the remedies for accepting such mergers that are problematic in local/regional markets.

**12:15–13:00 Lunch**

**13:00–14:30 Session 4a: Dutch Mortgage Market Pricing**

**Chair: Professor Maarten Pieter Schinkel, University of Amsterdam**

Speakers :: Dr. Gülbahar Tezel (NMa)  
Dr. Marco Haan (University of Groningen)  
Chief economist Wim Boonstra (Rabobank)

Central in this session will be an extensive NMa study, published last May, into anomalous patterns in mortgage rates offered to Dutch households in the period June 2009 to December 2010. The sector inquiry (in part available in English at <http://www.nma.nl/default.aspx>) followed up on informal complaints that the NMa had received of suspected price-coordination amongst the main Dutch mortgage providers - possibly facilitated by non-compete State Aid conditions put by the European Commission to several of the main players. The NMa concluded that there is no ground for suspicion - and pointed instead to increased market concentration as a result of exit. In the ACE session, Gulbahar Tezel (MNa) will present the NMa sector inquiry, which will subsequently be discussed by Marco Haan (University of Groningen) and Wim Boonstra (Chief Economist Rabobank).

**13:00–14:30 Session 4b: Lafarge Perlmöser /Strabag (cement merger, Austria)**

**Chair: Dr. Gergely Csorba, Hungarian Competition Authority**

Speakers: Dr. Rainer Nitsche, E.CA Economics  
Professor Antoine Chapsal (MAPP)  
Professor Frode Steen (Norwegian School of Economics)

In May 2010, multinational constructional companies Lafarge and Strabag joint their activities in Central European cement markets by creating joint venture Lafarge Cement CE Holding GmbH, headquartered in Austria. Lafarge brought two cement plants in Austria, one in Czech Republic and one in Slovenia into the holding, while Strabag contributed its plant in Hungary. The joint venture has a total annual production capacity of 4.8 million tons of cement, sold under the Lafarge brand name in all countries. The case discussion relates to the investigation conducted by the Austrian Competition Authority and the resulting debate at the Austrian Court. The focus of the discussion will be on geographical market definition and non-coordinated horizontal effects, but coordinated and vertical issues will be also touched upon.

**14:30–14:45 Coffee Break**

**14:45–16:15 Keynote session 2: Economic analysis in competition policy**

***Professor Damien Neven***

Former Chief Economist, DG Comp.

***Dr. Miguel de la Mano***

President ACE

**16:15 End of the ACE 2011 Conference**