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OECD Global Forum on Competition

PRIVATE INTERNATIONAL CARTELS AND DEVELOPING ECONOMIES

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Private International Cartels and Developing Economies

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Research Programme

★ Researchers:

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★ Research conducted for:

ICPAC
World Development Report 1999/2000
World Economy

Research Scope

- ✦ General focus: private international cartels in the 1990s.
- ✦ Specific focus: five case studies of international cartels and their effects on developing economies.
- ✦ Sources: Enforcement agencies' press releases and speech, court records, general business press and specific industry publications.

Principal findings

- ✦ Prevalence: 39 cartels (includes 5 ongoing investigations).
- ✦ Diverse international membership of cartels: 31 economies (including 8 developing economies).
- ✦ Duration: 24 cartels lasted at least 4 years
- ✦ Effect on developing economies' imports: US \$81.1bn from just 16 cartels. Likely to be an underestimate.

Principal findings

- ✦ Price falls after cartels have been broken up are of the order of 20-40 percent.
- ✦ Cartel formation triggered by substantial price falls.
- ✦ Need to keep an open mind on the effects of international market integration and cartel formation and survival.
- ✦ After enforcement actions, many cartel members merge, acquire one another, or engage in strategic alliances and joint ventures. Post-enforcement monitoring may be needed.