

## OECD-Korea Regional Centre for Competition

### Assessing Antitrust Market Definition and Competitive Effects with Applications to a Hypothetical Merger Case Study

25-29 April 2005

#### Introduction

This seminar will explore useful ways of defining antitrust markets and assessing competitive effects. Topics to be discussed include: the historical role of price correlation analysis in market definition; under what circumstances product shipment patterns can be used to understand the likelihood of harm from a merger; useful market definition indices; the role of consumer choice, entry and exit in assessing market definition; as well as state of the art merger simulation exercises. In addition, participants will work through a case study involving a hypothetical merger of branded products. Participants will conduct interviews, examine documents, analyze data using techniques learned in class, and develop an outline of the way the case might be litigated in court. A defence team will also prepare their case and there will be a trial and a decision at the end of the week. During that exercise participants will learn that appropriate remedies to ameliorate competition concerns can be divestitures of certain assets.

#### Seminar Schedule

<b><i>Monday</i></b>	
9:30-10:45	<b>Introduction to Market Definition</b>
10:45-11:00	<i>Break</i>
11:00-12:30	<b>Price Correlation Theory</b>
12:30-13:30	<i>Lunch</i>
13:30-15:30	<b>Price Correlation Statistics</b>
15:30-15:45	<i>Break</i>
15:45-17:00	<b>Price Correlation Exercises</b>
<b><i>Tuesday</i></b>	
9:30-10:45	<b>Transportation Costs and Price Competition</b>
10:45-11:00	<i>Break</i>
11:00-12:30	<b>Shipment Models</b>
12:30-13:30	<i>Lunch</i>
13:30-15:30	<b>Shipment Analysis</b>

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15:30-15:45	<i>Break</i>
15:45-17:00	<b>Critical Loss Analysis</b>

<b><i>Wednesday</i></b>	
9:30-10:45	<b>Critical Loss Analysis and Margin Estimation</b>
10:45-11:00	<i>Break</i>
11:00-12:30	<b>Diversion Ratios</b>
12:30-13:30	<i>Lunch</i>
13:30-15:30	<b>Diversion Ratios and Critical Loss</b>
15:30-15:45	<i>Break</i>
15:45-17:00	<b>Merger Simulation</b>

**Hypothetical Case Study Begins**

<b><i>Thursday</i></b>	
9 :00-9 :15	<b>Why Merger Control Matters</b>
9:15-10:00	<b>Selecting a Theory of Harm</b>
10::00-10:45	<b>Testing Economic Theories</b>
10:45-11:00	<i>Break</i>
11:00-11:15	<b>Introduction to Hypothetical Case</b>
11:15-11:30	First meeting between competition agency and merging companies. Merging companies present their initial evidence
11:30-12:00	Internal agency meeting: Discussion of what theory (or theories) to consider
12:00-12:30	<b>Interview Techniques</b>
12:30-1:30	<i>Lunch</i>
1:30-2:00	Group work: Formulation of interview questions
2:00-3:00	Group work: Conduct interviews with competitors and customers
3:00-3:30	Group discussion: Identifying events that may have produced useful data
3:30-3:45	<i>Break</i>
3:45-4:30	<b>Using Data to Test Theories of Harm in This Case</b>
4:30-4:45	Group discussion: Is a more intensive investigation warranted?
4:45-5:15	<b>Formulating Requests for Written Information and Documents</b>
5:15-5 :45	Group work: Formulation of information request in this case

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<i>Friday</i>	
9:00-10:00	<b>Competition Authority Merger Rules and Procedures:</b> Presentations by Australia Korea Taiwan
10:00-11:00	<b>Competition Authority Merger Cases:</b> Presentations by Taiwan Korea Australia
11:00-11:15	<i>Break</i>
11:15-11:45	Parties present their efficiency defense
11:45-12:00	<b>Remedies in Merger Cases</b>
12:00-12:30	<b>Explanation of Tasks Ahead to Prepare For Hearing</b>
12:30-1:30	<i>Lunch</i>
1:30-2:45	Group work: prepare for hearing
2:45-3:15	Group Discussion: Developing an order of proof for the government's case and discussion of appropriate remedy
3:15-4:00	Group work: prepare for hearing continues
4:00-4:30	Presentation of government's case at hearing
4:30-4:45	Presentation of defense's case at hearing
4:45-4:50	Announcement of final decision
4:50-5:15	Closing remarks and photo session