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DIRECTORATE FOR FINANCIAL, FISCAL AND ENTERPRISE AFFAIRS
COMMITTEE ON COMPETITION LAW AND POLICY

SUMMARY RECORD OF THE 80TH MEETING OF THE COMMITTEE ON COMPETITION LAW AND POLICY HELD ON 24-25 OCTOBER 2000

-- Aide Mémoire of the Roundtable Discussion on Electronic Commerce --

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1. The Chairman began by remarking that twelve very substantial contributions had been received for the Roundtable. He noted as well that the contributions were long on speculation and thin on actual case studies. This reflected the fact that this is a new issue which is the very reason the CLP wanted to discuss it.

2. The Chairman recalled that delegates had chosen an all inclusive format for the discussion. As a result, a substantial number of themes were taken up in the various contributions. First, there was the theme of infrastructure which was touched upon by at least three contributions. Then there was the issue of possible obstacles to the development of electronic commerce. There were also more case oriented themes such as market definition, efficiencies, network dominance, and various potentially troublesome behaviours such as collusion, co-ordinated effects, exclusion and vertical restraints. Ownership issues were also taken up and one contribution raised the question of whether tools employed by competition authorities are adequate to tackle issues in the electronic commerce area.

Infrastructure

3. The Chairman asked BIAC to describe the business community’s two somewhat opposing views of the competitive effects of vertical integration between Internet Service Providers (ISPs) and content providers.

4. A BIAC delegate stated that within BIAC it is generally believed that although e-commerce presents new circumstances, old principles and methods of competition law are sufficient to deal with them. As for infrastructure problems, and particularly the joint ownership of ISPs and major content providers, BIAC’s written submission set out two general views prevailing within the business community. BIAC had intended to have those views presented by prominent market players. Unfortunately, at the last moment, one was obliged to withdraw.

5. The absent company would have presented the view that the marketplace will drive jointly owned major ISPs and content providers to make appropriate decisions regarding content, access and treatment of rivals’ content and services. Given the functioning of a vibrant marketplace, government scrutiny and mandated merger-specific government conditions on content and service access and discrimination issues are inappropriate. Various country submissions noted that some merging companies have publicly stated they will neither undertake exclusionary content arrangements nor treat competitors’ content any less favourably. They have made these public statements because they believe such commitments make sound business sense and that a business strategy depending on restricting consumers’ access to content is doomed to failure in an environment where consumers demand broad choices of content. Such companies argue that to the extent government action is necessary to resolve issues of content and service access and discrimination, this is best accomplished through generally applicable measures that will not work to the advantage or disadvantage of particular market participants or modes of communication.

6. The opposing view was presented by an employee of the Disney Corporation who highlighted some of the inefficiencies and scope for abuses inherent in joint ownership of ISP and content provision, and cautioned against temptations to adopt a purely free-market approach. Faced with rapidly developing nascent markets, the delegate believed it was critical for regulators to analyse vertical ISP/content provision mergers bearing three things in mind. First, she recommended regulators be forward thinking in their analyses. In particular, she suggested that a strict market share analysis based solely on revenues generated in the local or regional territory may grossly understate a company’s true market power. Analysts must widen their review to consider things like network effects, switching inertia, and the ability to leverage dominance in one part of the world into other parts of the world. Second, the delegate urged regulators to come to terms with new technology. Today’s technology presents a whole new box of tools
that can be used to discriminate against competitors in very sophisticated, subtle, and in some cases virtually undetectable ways. They include things like selective caching, restrictive hyper linking, impeded return paths, and preferential placement on electronic programming guides. These might prove even more destructive of competition than an outright refusal to deal with competitors. Third, the delegate urged regulators to put appropriate safeguards in place today to ensure that nascent markets evolve in an orderly and competitive manner and in particular to ensure non-discriminatory treatment by vertically integrated operators of independent ISP service and content providers. If this is not done, the delegate believed that damage to markets may be very difficult to undo later.

7. The Chairman noted that some of the last mentioned concerns would probably arise again later in the Roundtable and that the CLP had held this event precisely to think ahead about what kind of safeguards might be necessary in emerging e-commerce markets.

8. The Chairman then turned to Hungary whose contribution stated that in that country ISPs are treated as telecom service providers and therefore must be licensed. The Chairman asked Hungary to provide some description of the licensing criteria as well as to describe what the Hungarian Competition Office (HCO) felt about their anti-competitive potential. The Chairman was also interested in Hungary's reference to a 1999 investigation of "...a supposed cartel in the market of internet services." The Chairman wanted to know how this was detected, what aroused suspicions, and what was the result of the investigation. He also asked whether there was anything unique about the cartel in this sector.

9. An Hungarian delegate began by noting that the Hungarian market is quite small. Only about one million persons access the Internet (i.e. a penetration rate of about 10%). Hungary has only one large B2B, about 15 B2C's, and a few C2C sites. Since 1992, the Hungarian Telecommunications Act has required that ISPs be licensed. The licensing criteria are mostly technical and essentially amount to notification. They do not appear to raise entry barriers and present no problem for competition. To highlight this point, Hungary noted that the number of ISPs in Hungary had grown from 40 when its written contribution was submitted, to close to 60 at the time the Roundtable was held. Entry into content provision is free, i.e. there are no legal rules or entry restrictions except copyright rules. More generally regarding e-commerce, a government decree has, since 1998, offered some degree of consumer protection.

10. Despite there being competition in Hungary's Internet markets, there have also been some antitrust concerns. For example, an investigation was initiated, ex officio, in 1999 against the Hungarian Association of Internet access providers. This Association is a registry delegated by ICANN to designate top level "dot.hu" domain names. It had special conditions and it did not allow non-members to delegate domain names in the dot.hu area. It amounted to a kind of market and information sharing or price sharing cartel. According to HCO practice, every type of Internet service constitutes a separate product market and the registry was one of them. The HCO investigated to determine whether the Association increased entry barriers or whether there was information sharing, especially about prices, among members. The investigation included a small survey asking customers and content providers how they delegate their domain names. The survey revealed an unexpected result, viz. customers and content providers have their domain names under both ".hu" and generic TLD [top level domain] areas, e.g. ".com" and ".net". The prices and conditions were nearly the same which is why geographic markets were regarded as global and that the conduct of the Association not considered restrictive. The HCO terminated its investigation after concluding there were no competition concerns regarding price setting and information sharing among members.

11. Despite closing the cartel investigation, the HCO remained convinced that the Internet made communication among competitors particularly easy. It therefore instituted monitoring of the market and collected information about the operators. It also organised roundtables and informal discussions to improve the competition culture in this sector. The HCO believes that self-regulation is the best solution.
It is worth noting that the investigation discussed above resulted in the Association issuing a code of conduct. It also opened its market to the ".hu" area by agreeing to allow non-members to assign domain names.

12. The Chairman next turned to the United Kingdom and thanked it for generously providing a written submission and two reports [tabled as room documents]. The first of those, by Frontier Economics, deals with behavioural or transaction e-commerce, while the second, by OFT and OFTEL, focuses on structural issues. The Chairman asked the UK delegation to describe the competition issues involved in vertical integration between last mile connection providers and ISPs, with particular reference to mobile telephony and Internet portals designed for mobile access. In particular, he sought information as to whether telecom companies have an inherent advantage over other portal owners, either because they can use information they have concerning customers, or because consumers are concerned about security of payment. In dealing through portals owned by their telephone company they may not have to give credit card information to relatively unknown parties. The Chairman also noted that telecom companies might have an advantage because they can ensure that when the telephone is used to access the Internet, the telecom owned portals are first up on the screen.

13. A United Kingdom delegate began by pointing out that much of what the Chairman was referring to boils down to access to the local loop and problems arising when combining natural monopoly with service competition. It is important that any upstream market power is not passed downstream. In the U.K., market power at the local loop is constrained by price regulation. In addition, the local loop owners operating ISPs are subject to regulation to ensure they do not subject independent ISPs to price squeezes.

14. The delegate did not think that vertical integration per se was the main infrastructure issue as regards e-commerce. The problems have more to do with accidental or perhaps inherited first mover advantages. He referred to three issues here. The first had to do with advantages linked to having an established customer base. If a company like BT for example wants to set up an ISP it begins with having access to a considerable customer base used to dealing with BT. It is important then that certain controls be in place. In the UK, ISPs owned by incumbent operators must be set up as independent businesses having separate accounts and information cannot be passed between the two entities. Secondly, there may be advantages in planning arising from vertical integration. For example, an ISP could be helped by knowing ahead of competitors about a forthcoming non-metered access product. It may not always be good to try to eliminate such advantages since the result could be a lower return to incumbent operator innovations. The delegate’s third point had to do with pricing flexibility and billing advantages. The incumbent operator, in regard to both fixed and mobile telephony may be able to restrict ISP pricing flexibility. This no longer appears to be a problem in the UK however thanks to steps taken by OFTEL.

15. With respect to mobile telephony, the delegate noted that a considerably greater degree of access competition than exists in wired telephony. There could be problems, however, with mobile operators favouring their own portals. For example BTCellnet offers its own portal and pre-programs handsets to favour it. Concerned about how this might restrict competition, OFTEL forced BTCellnet to reveal the code for changing the default portal on its new WAP phone.

16. As to the security of payment issue mentioned by the Chairman, BTCellnet could offer billing capability for the retail arm of BTCellnet. Should this happen and create a significant foreclosure effect, BTCellnet would be required to offer the same billing capability to competing ISPs. As for the wider issue of customer confidence, the delegate stated that one should not underestimate market solutions in this area. For example, there are services which reduce the risks of paying with credit cards over the Internet.
Obstacles to the development of e-commerce

17. The Chairman acknowledged there were difficult issues involving vertical integration in e-commerce, but before delving into that, he wanted to call on Sweden to expand on potential obstacles to the development of B2C e-commerce. He emphasised that, as with other submissions, Sweden’s was discussing more potential than actual difficulties.

18. A Swedish delegate pointed out that in Internet terms Sweden is a very connected country. Roughly 50% of Swedish homes have an Internet connection, and in households with children this rises to about was 75%, i.e. some of the highest connection rates in the world. It is worth noting as well that mobile telephony, digital interactive TV and broadband telephone connections cover practically the whole country. B2B and B2C are both growing in Sweden, although there have recently been some bankruptcies that could slow things down a bit.

19. Among the obstacles the Chairman was alluding to, mention should be made of consumer confidence. Concerns about payment systems, delays in delivery, difficulties in returning goods, and the absence of written agreements and receipts all make it more difficult for consumers to exert their rights in B2C. There may also be problems concerning user friendliness in e-commerce. Providing quality logistical support has been developed over the centuries by traditional merchandisers, but this knowledge has not been easily transferred to B2C.

20. As with its counterparts, the Swedish Competition Authority (SCA) still lacks experience in the e-commerce domain. There have been a few complaints from competitors concerning refusals to supply. The SCA is also concerned that e-commerce may facilitate the exchange of commercial information which in turn could lead to greater co-operation on prices, market division etc. There may also be difficulties in defining relevant markets and dominant positions, and price discrimination could become more prevalent. Greater attention may be needed regarding trans-border transactions and there may be a need for greater international harmony in consumer protection rules, taxation, and even competition rules.

21. The SCA has initiated some studies on e-commerce in several Swedish markets including B2Cs in weightless goods and services, and B2Bs in building materials. The aim is to improve understanding of e-commerce and to prepare for new demands on the SCA. The delegate noted the value of the current Roundtable and hoped it marked the beginning of greater inter-agency exchange of information and experience on e-commerce.

Market Definition

22. The Chairman remarked that the Swedish presentation revealed some structural features of e-commerce that might slow its development. It may also be that competition may not be as perfect in e-commerce markets as is usually imagined including as regards their scope. The German contribution noted that although the Internet is not restricted by any geographic borders, this does not automatically mean that all e-commerce is taking place in a global market. There may be problems with deliveries, regulatory issues, taxation, language barriers etc. In addition, the German contribution referred to price dispersion on e-commerce markets which again runs counter to what some might have expected.

23. A German delegate drew attention to the fact that the Internet contains examples of offers being made to specific target groups, such as regional language groups. There are also examples of goods being offered to which delivery is possible only in a limited area. The same is also true for a range of services, such as online classified ads for jobs. Online classified ads are often in direct competition with the relevant pages of regional newspapers, which is reflected in the fact that newspapers are now diversifying into online commerce.
24. As for price dispersion in e-commerce, the delegate observed that this demonstrated that search costs on the Internet are not as low as is usually assumed. Search engines and online directories do not function perfectly, and searching on the Internet can be very time consuming. The information is not simply there to be looked at. One must actually invest time and money to find it. Another explanation for price dispersion is the way that e-commerce facilitates price discrimination using one to one marketing.

Recent press reports reveal that an online bookseller offered first-time customers lower prices than regular customers. The Bundeskartellamt (BKA) has not yet conducted empirical studies of its own on the degree of price dispersion on the Internet.

25. Usually price discrimination is not a cause for concern from a competition policy perspective. Although it distributes some income to sellers away from customers with a high willingness to pay, price discrimination also opens up markets for less well to do consumers and increases allocative efficiency. Consequently, Germany’s competition statute’s prohibition of price discrimination is limited to firms with a considerable degree of market power. So far the BKA has not encountered price discrimination problems in online business.

26. The Chairman noted that the European Commission’s submission extensively discusses product market definition issues in electronic commerce cases. It also referred to the BiB involving consideration of the substitutability between online and offline sales, a matter touched on as well in the German submission. The Chairman called upon the European Commission to elaborate on its market definition methodology and to comment on the BiB case.

27. A European Commission (EC) delegate stated that his authority had had very few genuine cases and competition problems in the e-commerce domain. The vast majority of its case work so far has involved very straightforward non-problematic mergers and joint ventures. In most instances, for example in a large number of online book retailing joint ventures, nothing has turned on the market definition adopted so market definition issues were left open.

28. In one of the early cases, namely Telia/Telenor/Schibsted, concerning a Scandinavian Internet portal, a very broad almost generic three-way distinction was drawn between advertising funded services, subscription funded services, and the sale of specific products over the Internet. Considering the first two categories, there appear to be some parallels in the distinction usually made as regards pay and free TV. In a number of Commission decisions, the fact that a specific group of consumers was willing to pay a subscription while others were not, was taken as evidence of a sufficiently distinct consumer demand that the two services are in separate markets. The problem with applying a revenue model for market definition to e-commerce cases is that clearly competing businesses appear to be using a considerable variety of different revenue streams such as advertising revenues, subscription fees, portal charges for giving placement to third party content or service providers, and portals taking slices of transactions fees. Taking a very narrow, traditional revenue based approach may not work in some difficult cases.

29. The more important issues, however, concern the third category in the Telia/Telenor/Schibsted decision, i.e. the sale of specific products over the Internet. This is where the BiB case comes in. There may be a parallel with mail order cases where differences in convenience, pricing and client groups indicated that mail order was in a different market than traditional high street retailing. A question that the Commission had to address in BiB was whether a television based interactive home shopping and information service competes with normal high street retailing. The Commission decided that because the interactive service package was branded, not restricted to transactions, and closely tied to pay-TV service, it was not in competition with traditional high street retailing. But the Commission left open the question of whether the individual services, CD or book sales were in competition with traditional retail sales.
30. In sum, market definition is difficult and the cases are very much under development. Nevertheless, in merger and joint venture cases it is necessary to come to decisions because adopting a laissez faire approach could be just as damaging to the sector as taking a very strict approach.

31. The Chairman noted that the U.S. has had a case where automobile dealers in some Western states pressured Chrysler to rein in the activities of an Internet distributor. This seems to suggest that at least in the dealers’ minds, the Internet distributor was in the same market. He also noted that the German contribution discussed two cases touching on this issue. He found one to be of particular interest, i.e. the IdentCo. case where an Internet distributor of automotive components was subjected to a boycott by CARAT, the largest German procurement and marketing co-operative for car parts. This again seems to indicate that the two kinds of operations are in the same market.

32. A German delegate said that in the IdentCo. case the Internet distributor was charging prices considerably below the traditional channels, but was hobbled by the boycott the Chairman referred to. Another aspect of the case was that the GVA, the industry’s lobby organisation, denied IdentCo. membership arguing that since IdentCo. did not have any physical warehouses it could not be considered an actual merchant. After intervention by the Bundeskartellamt, the boycott call was ended and it is chilling effect apparently vanished. The membership issue is still to be decided.

33. The Chairman found a similarity between the IdentCo. case and one arising in Korea’s auto sector. In Korea too, market actors consider that e-commerce does compete with offline retail. He asked the Korean delegation to develop this further.

34. Korean delegate agreed that his country’s boycott case [i.e. a car manufacturer banned its dealers from engaging in transactions with online companies] was indeed similar to the one arising in Germany. An important difference, however, was that the case was not covered by Korea’s competition law, hence the KFTC could not take any measures against the boycott. The main reason was that, unlike in most foreign countries, Korean automobile dealers sell cars on a consignment basis. Sales contracts are between consumers and manufacturers. Korea does not have dealers with sufficient finance to maintain independent dealerships. However, if the dealers had been like those found in other countries, the KFTC would have rendered a different judgement in this case.

35. The Chairman remarked that in market definition, particularly as regards the substitutability of online with offline providers, the professionals seem inclined to adopt wider definitions than competition authorities. He then advanced to the next topic.

Efficiencies

36. BIAC’s written submission, noted the Chairman, explained that there are considerable efficiency gains to be had in B2B exchanges. He called upon BIAC to develop that theme.

37. A BIAC delegate began by stating that electronic exchanges can promote significant competition and efficiencies especially where appropriate safeguards are instituted to prevent any potential anti-competitive results. Since the Internet exchanges are just being implemented, they should not be subjected to overly burdensome review, reporting or regulatory requirements merely because antitrust violations may occur. The delegate then asked two representatives of companies very much involved in electronic commerce to present their views.

38. The first to present, from Oracle, noted that the BIAC document referred to gains in efficiency, and greater transparency creating a reduction in transaction costs and prices. The exchanges may also stimulate the development of quality improvements in products and services. Efficiency effects could
vary across the different types of exchanges now being developed. For example, the effects could be quite
different in B2B as contrasted with B2C exchanges. Moreover, consumer protection laws are clearly more
important in B2C. One should also note that C2C sites are a type of B2Cs, although the applicable legal
regulations could differ somewhat. One must avoid falling the trap of treating all exchanges as equivalent,
and keep the important B2B and B2C distinction in mind.

39. A Price Waterhouse Coopers staff member stated that companies involved in B2B
marketplaces often benefit from participating in the formation of electronic marketplaces because this acts
as a catalyst to transform and re-align their procurement operations. They are led to consider changes
necessary to take full advantage of tools offered by the exchanges such as auctions and more systematic
use of catalogues. The result can be lower procurement costs and lower prices to consumers. There are
also improvements that flow from bringing companies together than would not normally trade bilaterally.

40. The Chairman noted that the Federal Trade Commission hosted an important public workshop
on B2B in June 2000 and has therefore accumulated knowledge that delegates could benefit from. The
FTC states that it is in a learning mode, as are all competition authorities. The U.S. written submission
states that there was widespread recognition among workshop participants that B2B and B2C exchanges
offer tremendous potential efficiencies. He asked for more information about those efficiencies.

41. A delegate from the United States Antitrust Division of the U.S. Department of Justice (DOJ)
noted that there are usually two markets to consider in assessing efficiencies generated by e-commerce.
Focusing first on the transactions conducted on an exchange, there are potential efficiencies linked to
helping locate suppliers, solicit bids, place orders, track inventory, and handle payments. All these can
produce direct cost savings to the participants in terms of lower personnel and paper handling costs, as well
as improved accuracy in order processing. Looking next at the underlying markets (i.e. that participants
are active in), there are simultaneously potential efficiencies and anti-competitive effects. To begin with
there is an efficiency potential in improved access to higher quality, more accurate and timely information.
Increased knowledge of supply and demand can lead to more efficient pricing and investment decisions by
firms, partly by increasing the number of actors in a market and rendering it more competitive. Improved
information flows can also reduce inventory costs by increasing the certainty and speed of responsiveness
of supplies. Associated lower transactions costs may also lead to further efficiencies through encouraging
firms to specialise more in what they do best and to rely more on other firms for necessary inputs.

42. It is too early to tell how much of the mentioned efficiencies will actually be achieved since
electronic marketplaces are still in their infancy, but there is clearly a potential for significant efficiencies.
The efficiencies may in fact prove so significant as to affect how markets are defined for antitrust
purposes. The delegate referred to predictions that the costs of transactions could be reduced from levels
such as $100 to $110 down to just $5 or $10. If such savings are realised they would mean that traditional
purchasing methods such as FAX, phone or paper may no longer be a reasonable procurement method. So
if a dominant exchange emerges, it could simultaneously present both efficiency benefits and potential
competition harms. That is why the entire area of B2B exchanges has been so interesting and probably
will be challenging for competition agencies. Simultaneously there is the potential for great efficiencies
and real competitive problems.

43. The Chairman commented that efficiencies leading possibly to dominance and eventual
competition problems is something that competition agencies have met with before but might find
particularly important in e-commerce. He also underlined the links between structure, market definition
and efficiency issues that the Roundtable had examined, and proceeded to open the floor to general
discussion.
General Discussion

44. A delegate from Finland noted that one way of losing efficiencies in e-commerce involves the method of payment. Transactions can be paid for by direct transfers over the Internet or through the use of cash cards. In many cases, banks and financial institutions have to co-operate in running cash card systems. Finland has been closely monitoring the possibility of the co-operation going too far and adversely affecting e-commerce in the process.

45. The Chairman agreed that e-commerce transactions typically involve more parties than traditional transactions, i.e. banks and telecommunications systems, and that some of the efficiencies in e-commerce can thereby be dissipated. He also noted another theme underlying some of the previous interventions, in particular the one by Germany. It is that efficiencies may be more easily realised in B2Bs than in B2Cs because the former involve professional buyers and sellers who are better able to solve transaction problems than are individual consumers. He also reminded delegates of the obstacles to the development of B2Cs that Sweden had pointed out, e.g. confidence concerning the security of the payment system.

Network dominance

46. The Chairman began this section of the Roundtable by asking the European Commission to explain how network effects, and potential problems of network dominance, arise in both B2B and B2C, and to comment on how exchange owners might be able to reinforce dominance effects through things like exclusivity requirements and standards development affecting interoperability. In addition, he encouraged the EC to comment on whether network effects might become stronger if companies succeed in integrating B2B and B2C e-marketplaces such that customer orders drive the entire procurement process and customers contribute, passively through information on their purchases, to new product design.

47. A European Commission delegate stated that there are no actual EC cases yet to guide thinking in this area. The possible prevalence of network effects is of course related to the nature of the Internet which could present network externalities in the sense that the value of the network to an individual user could increase with the number of users. However, the fact that the Internet is itself a network with possible network effects, does not mean that all transactions conducted through the Internet necessarily are associated with network effects. Regarding B2Cs for example, customers buying books or downloading music are not interested in how many other users are connected to the same system. So in many B2C cases, the possibility of network effects should be largely discounted unless there is some consumer interaction required as for example in auction sites. B2B systems on the other hand are much more likely to bring about benefits, i.e. gains in liquidity, related to the number of buyers and sellers participating.

48. While it is true that for most B2B sites network effects exist, their strength could differ according to the market mechanism employed. Some electronic marketplaces operate as true exchanges, analogous to commodity and stock exchanges, with standardised products, market clearing prices, and anonymous transactions. In these markets, liquidity is of prime importance to get an efficient market clearing and network effects are consequently quite strong. Most B2Bs, however, do not operate in this way. Instead, they function as devices facilitating direct exchanges between buyers and sellers. In these cases, it is not so much the actual trade volume which is key to the success of the exchange, but rather the number of buyers and sellers monitoring the system and able to make an offer or a purchase on it. In these situations network dominance based solely on network effects and a capacity to tip a market will be harder to achieve. Operators wishing build a dominant position on such marketplaces would have to bolster network effects with lock-in mechanisms and other ways of raising switching costs, for example by applying exclusivity provisions or by creating standards reducing interoperability between systems. Competition
authorities should carefully assess these markets to ensure that owner-operators do not try to enhance existing network effects by contractual or other means.

49. As to the Chairman’s question about how network effects might be affected by integrating B2B and B2C sites, this is certainly not a scenario the EC has so far encountered. Assuming that the Chairman had in mind advantages secured by having exclusive access to consumer information of value in designing new products, the delegate found it difficult to imagine this being a serious problem. This is because network effects are not likely to be strong in B2C sites. It is therefore difficult to imagine how a significant foreclosure effect might arise through a particular B2C acquiring such a large body of highly loyal customers that other sites could not also offer the same advantage of access to useful consumer information.

50. The Chairman mentioned that the United Kingdom’s submission extensively discusses the way in which certain characteristics of e-commerce and associated patterns of behaviour may tend to raise barriers to entry in e-commerce services in particular through first mover advantages. However, the contribution also makes the point that although first movers might benefit from barriers to entry, this does not mean they enjoy market power.

51. A United Kingdom delegate explained that her country’s submission drew on one of the room documents supplied to the Roundtable, i.e. the report by Frontier Economics. She then turned to the question of barriers to entry in e-commerce services, stating that the most important of these seems to be the sunk costs involved in establishing customer loyalty. The second most important one is what the report refers to as "tippy" markets.

52. In markets where there are potentially low buyer switching costs, reputation and branding are important in terms of building customer loyalty, especially in B2C situations where customers are relatively small and unsophisticated. The UK submission referred to the importance of developing “neural” as opposed to physical real estate. Strong neural real estate can generate significant first mover advantages and act as a barrier to later entrants. There are ways, however, in which first mover advantages could be eroded. For example, the first mover advantage arising through an ability to tailor offerings to long-term customers based on information obtained about customers could be reduced if customers were able to port their own database entries to other sites. Another example could be the power of brand names being offset by effective consumer protection provisions or possibly by third parties playing a quality assurance role.

53. Regarding tippy markets, this refers to network effects based on a system becoming more useful the more participants there are on the network. The result is that strong players become stronger and weak, weaker. Tippiness could be reduced by the ability of market participants to monitor other markets so they could switch more easily between them. For example, the fact that the "bidders edge" site monitors a number of online auction houses might reduce any market power possessed by the "EBay" site.

54. As for the point that first mover advantage need not imply market power, the delegate noted there are really two aspects to this. The first has to do with market definition and the second with buyer power. Regarding market definition, the basic question is whether there is simply an e-commerce market or should the market be defined more broadly to include traditional channels. In some cases sellers may be involved in both, Tesco for example as regards grocery retailing in the U.K. As for buyer power, e-commerce could have the effect of increasing it by reducing search costs or making it easier to organise buyer clubs. Increased buyer power though could prove beneficial if it is used to offset seller market power.

55. Returning to the point that even if first mover advantages persist they need not imply market power [see paragraph 40 of the U.K. submission], the delegate noted that her country’s submission went
on to say that where first-mover advantages do confer market power they may be of particular concern in rapidly expanding e-commerce markets [see paragraph 42].

56. Continuing with network dominance, the Chairman noted that the Australian submission raised the issue of how this might have a particular effect on smaller countries, measured at least in number of inhabitants. He called on Australia to discuss what the particular effect might be.

57. An Australian delegate stated that his country has so far dealt with only two e-commerce cases. The first involved sixteen of Australia’s largest companies establishing a B2B exchange for the procurement of indirect goods and services, e.g. office supplies. When the exchange was being established the founders were not competitors and they include both buyers and sellers. It is also important that the exchange participants are permitted to use other procurement channels. At first sight this proposal does not appear to raise concerns about co-ordinated conduct. The second case involves a number of Australian and Asian international airlines proposing a joint venture operating a B2B site to link airline ticket inventories and ancillary services such as hotel reservations and car hire. This proposal could generate some competition issues. Why the difference between the two examples? In the airline case, the parties are all direct competitors and involved almost every major airline flying between Australia and Asia. They have very high market shares and probably a very high degree of market power. Any exchange involving direct competitors with large market shares will likely have to be treated with extreme caution. Moreover, where e-marketplace participants are also significant buyers of inputs there could be further competition concerns as could be the case, for example, if the airlines co-ordinated the buying of hotel accommodation.

58. There is also the question of management of B2B exchanges. Whether the exchange has independent management or not or is instead controlled by the joint venture owners on a day-to-day basis is important. Again in the airline example, direct competitors will be involved in the B2B on a day-to-day basis, giving them all kinds of opportunities for various types of co-ordinated behaviour which might not exist if the exchange enjoyed a greater degree of independence.

59. In small economies such as Australia, with high levels of concentration in almost every industry, an exchange involving some form of collective buying is likely to produce competition concerns. The ACCC will be interested in whether or not there are alternative distribution channels available and how competitive they will probably prove to be. This is not likely a problem for the indirect goods exchange mentioned, but it could be in the airlines case.

60. In sum, the delegate believed competition concerns could certainly arise in situations where there are very highly concentrated industries, exchanges combine all competitors, and the exchange has no independent management plus no mechanism to ensure confidentiality in information flows.

61. The Chairman added that the Australian written contribution referred to collusion effects and presented a typology, a classification of cases according to expected collusion risk, and discusses a number of remedies.

62. The Australian delegate explained that the appropriate remedy depends on the nature of the arrangement considered. The ACCC is willing to consider limiting the time over which participants can own or control exchanges. It is also possible that Chinese walls dividing participants might prove helpful in reducing competition concerns. He noted, however, that insisting on an eventual divestiture could raise problems in terms of who an exchange should be sold to, i.e. all or most of possibly interested buyers could already be owners of an exchange. This problem would likely prove more significant in smaller economies such as Australia.
63. The Chairman reasoned that since the Roundtable had moved from dominance to collusion concerns, it would be good to turn to the German contribution which offers the view that collusion might be facilitated if an exchange offers easy and secure communication possibilities to participants, e.g. chat rooms. The contribution also offers some suggestions on how to tackle the problem.

64. A German delegate noted that companies should not have complete information on their competitors’ costs, prices etc. Collusion could be fostered by creating transparency among members of a cartel. This basic problem is nothing new for competition authorities. However, new means of communication, like the Internet, enhance opportunities for collusion. This potential danger to competition counter balances to a certain extent all the efficiency advantages of online exchanges and cannot be fully removed. The installation of fire walls and similar measures can attenuate the risk of too much transparency but such technological solutions might also make communications easier and at the same time harder to detect by outsiders. One must also keep in mind that fire walls etc. completely depend on the system operator putting them to use. Whoever puts them in place can also deactivate them and outsiders cannot easily determine what is going on. Basically if competitors want to use an online forum for anti-competitive information exchange and for co-ordination, this will be rather hard to prevent.

65. An important mitigating factor in this context is the interests of exchange participants on the opposite side of the market. Any online exchange can only be successful in the long run if neither side of the market has the impression of being exploited. This introduces a certain check on how far one can tinker with the technology and tends to advance the interests of competition authorities.

66. The OECD issues paper mentioned the possibility of suppressing chat rooms. Besides being difficult to achieve and monitor, this is probably a rather harsh measure considering possibly necessary uses that chat rooms can be put to. Even though reducing unwanted co-ordination is an important objective, one has to keep a balance between means and ends.

67. The Chairman remarked that one can get depressed at the thought that increased information capabilities, greater dominance, important efficiencies and potential buyer power all arise at the same time in electronic commerce, making good solutions difficult to come by. He then called on the United States to discuss both the legitimate and illegitimate reasons B2B participants might have for excluding competing firms from an exchange, and on why participants/owners might opt for exclusivity requirements. He also invited comment on the recent Covisint case.

68. A delegate from the United States Federal Trade Commission (FTC) stated that Covisint was the first B2B venture examined by the FTC. It is a proposed joint venture that plans to operate an Internet based business to business exchange providing services for firms in the automotive industry. The venture’s core offerings will be assistance in product design and in the management of procurement functions performed by manufacturers plus their direct and indirect suppliers. The firms forming the exchange are General Motors, Ford Motors, DaimlerChrysler, Renault, Nissan and two information technology firms -- Commerce One and Oracle. The automobile manufacturers founding the joint venture account for about one-half of world-wide automobile production.

69. The FTC on September 11th informed the founders of Covisint that it would close its investigation into whether the formation of Covisint violates antitrust laws. In the FTC’s public statement, it was noted that Covisint was in the early stages of its development. It has not yet adopted by-laws, operating rules, or terms for participants’ access. And because it is not yet operational and its founders represent such a large share of the overall automobile market, the FTC cannot say that the implementation of the Covisint venture will not raise competitive concerns. The FTC reserved the right to take further action as the public interest may require.
70. The FTC believes that B2B electronic marketplaces offer great promise as a means through which significant cost savings can be achieved, business processes more efficiently organised and competition enhanced. B2Bs have significant potential to benefit both businesses and consumers, through increased productivity and lower prices. But as with any joint venture, B2Bs should be organised and implemented in ways that maintain competition. The antitrust analysis of an individual B2B will be specific to its mission, structure, particular market circumstances, procedures, rules, organisation, and its actual operation and market performance. All this is to say that it is still too early to tell, and the devil will be in the details.

71. The delegate also announced that the FTC has published its report from last summer’s B2B workshop. It will soon be accessible at the FTC web site, i.e. at www.ftc.gov. Several themes dominated that workshop. There was widespread recognition of the tremendous potential efficiencies in B2Bs. However, there was also robust discussion of possible serpents in these gardens of efficiency. Several have already been discussed by Roundtable participants, but the Chairman has asked for particular comment on excluding rivals, raising their costs, and discrimination falling short of outright denial of access. Some panellists stated that excluded rivals could employ alternative mechanisms at comparable costs to reach suppliers or buyers. Others suggested that strong network effects may make alternatives unsatisfactory. Mixed views were expressed on the curative power of entry. It was suggested that there could be legitimate reasons for participants excluding other firms or according them different treatment. They had to do with discouraging free riding by non-owning participants and restricting access to qualified sellers.

72. Several panellists expressed concern that B2Bs may undermine the development of effective competition by improperly requiring participants to deal exclusively with a particular B2B. They noted that we are at an early but potentially critical stage of B2B market development and that determinations made at the outset may shape competition for years ahead. Of course, to the extent that exclusivity is linked to achieving efficiencies, it might be pro-competitive.

73. The Chairman commented that another possible negative effect of e-commerce which had already been alluded to, is the fact that it could create buyer power. Such power could be counter-vailing and beneficial in nature, but it could also be anti-competitive and negative in its effects. Buyer power was touched on in the Japanese submission and the Chairman invited further comment.

74. A delegate from Japan noted that especially over the past year, B2B markets have become more popular in Japan, and plans are afoot for large companies to build B2Bs. Some are intended to facilitate input purchases by large manufacturing companies directly from global suppliers. Some companies have approached the Japan Fair Trade Commission (JFTC) asking for advice about the possible anti-competitive effects of their projects. Reviewing their plans leads to the conclusion that each case could have different effects depending on market conditions. It is too early to make generalisations about the effects of e-commerce.

75. As to joint purchasing involving B2Bs, there are various ways in which this could, but not necessarily would produce anti-competitive effects. The actual effects depend on the market mechanism used and various other factors. The delegate referred to the classic text book example of how joint purchasing, if it confers monopsony power, could be detrimental to economic efficiency, i.e. the case where buyers take advantage of an upward sloping supply curve by reducing their purchases in order to lower prices. Because this behaviour could also lead to reduced supply in the markets buyers sell into, it could produce higher prices for consumers. Buyer co-ordination in reverse auctions on e-marketplaces could be used to acquire and exercise monopsony power. On the other hand, joint purchasing could be pro-competitive because it can be an effective way to realise scale economies in purchasing.
76. The delegate also noted that buyer power could produce inefficiencies because it could lead to lower quality and innovation on the part of affected sellers. It could also cause those suppliers to raise prices charged to buyers lacking buyer power.

77. More cases are needed in order to get a clearer perspective on the possible anti-competitive effects of B2Bs.

78. The Chairman commented that vertical restraints have been alluded to as a possible problem associated with e-commerce. In particular, the Canadian contribution notes that B2Cs may open up many subtle ways in which vertically integrated firms can disadvantage rivals. He asked Canada to elaborate on whether potentially anti-competitive vertical restrictions affecting e-commerce can be effectively monitored and cured by competition agencies.

79. A Canadian delegate stated that Canada has been exploring e-commerce issues by looking at what is peculiar to cyberspace to help guide where competition agencies should concentrate, what they need to learn, and what tools they will require. The main problems for competition agencies will arise when cyberspace is exclusively used as a means to conduct business activities. This will grow over time and affect industries at different paces.

80. B2B and B2C individual sites and exchanges have the potential to facilitate anti-competitive acts. This risk is linked to the design of the underlying software code which is invisible to those using the site. Through controlling that code, one or more firms can engage in exclusionary, disciplinary or predatory acts which could prevent or reduce competition. This can be done at the design or development stage and also remotely after the fact without the knowledge of those using or owning the site -- a bit like when software developers leave back doors known only to them which allow access without requiring pass words. Using code, it is possible to eliminate a competitor’s advertising, create dis-information or mis-information, skew the results of a search to reduce or eliminate the likelihood that a user will land up at a particular site, and/or exclude bidders in auctions. Mouse clicks can be programmed to restrict knowledge or links to certain products or services, and this can be arranged to occur intermittently so as to create the illusion that it is not part of a pre-conceived plan. Other measures can be openly designed on a site to make available or better accessible a product in return for a "shelf management fee". Screen bias, an example of what can achieved by code, was well illustrated in the early 1990s airline computerised reservation cases. Such instances are relatively easy to handle compared to bias introduced through remotely manipulating sites using telnet technology for example.

81. Faced with these challenges, competition agencies will need to acquire code language expertise, plus new forensic and evidence handling skills. Many countries’ law enforcement agencies are engaged in dialogues with the high technology industry to find ways to deal with the technology and assist competition authorities in doing their jobs. When one gets together with some of the firms involved, it is clear that some of their software engineers are also being hired by individual private firms to create malicious code. They are quite open about the fact that this is happening. Canada's Competition Bureau hopes to take a close look at these issues over the next few months in order to find a way to solve problems without hindering innovation.

82. Another issue is whether the market is going to discipline this particular problem. Insofar as software and hardware are being developed with, to industry’s knowledge, flaws in it, there may be a way of reducing risks through adopting appropriate standards. If this does not happen, the market may discipline the suppliers.

83. The Chairman then moved on to the ownership issue. Ownership by participants may result in both efficiencies and anti-competitive effects. Australia in particular referred to Chinese walls as a
possible solution to this dilemma. He asked Australia to expand on the pros and cons of participant ownership, and on what kind of Chinese walls would be advisable to prevent anticompetitive acts.

84. An Australian delegate stated that allowing suppliers to own B2B and B2C exchanges in the establishment phase is probably necessary. In a fairly small market, many of these exchanges might not be established unless suppliers are somehow involved. It is probably also appropriate that owners commit to buying a certain percentage of their requirements through an exchange at least during the start-up phase. The delegate noted that e-commerce can create significant scale and other economies especially in countries like Australia where there are separate regional markets.

85. On the other hand, it may be that the long-term ownership of electronic exchanges is neither necessary nor desirable nor even wanted by suppliers. However, it may be difficult for the competition authority to determine the appropriate time limits. Further, given proposals before the ACCC involve a large number of Australian companies, there are issues of finding appropriate owners, who do not generate competition concerns especially in markets already highly concentrated. Also the sale of B2B operations implies profit from the B2B, and sale may defeat the original purpose of direct links between buyers and sellers and lower costs.

86. The delegate noted that there may be situations where suppliers wish to own exchanges simply to prevent the development of new competing channels of distribution. They may wish to ensure that B2Bs and B2Cs function more as complements than competitors to existing distribution systems.

87. The delegate reiterated that especially as regards higher risk ventures in smaller countries like Australia, electronic exchanges may not be established unless suppliers are permitted to be involved. The ACCC will have to be very cautious, bearing in mind the American delegate’s view that the devil will be in the details. For example, approvals of B2B arrangements involving joint purchasing by exchange owners will have to be very specific. Otherwise, the arrangements may tend towards joint purchasing of direct inputs by important competitors and lead to concerns about buyer power. Problems could also arise when exchanges draw together basically all competitors and tend to facilitate collusion among them.

88. The Chinese walls solution is perhaps a bit unrealistic. Probably the better long-term solution is some form of independent management of electronic exchanges, particularly in cases where all the major participants are involved. Independent ownership may not be required in situations where there is completely independent management of B2Bs and there is a mechanism to block the transfer of sensitive information.

89. The Chairman next turned to the German contribution which also raised the ownership issue. He called on Germany to explain its scepticism about Chinese walls as a means to solve the problems. The German contribution also gets into details about the probability that ownership of B2Bs by participants could lead to anti-competitive exclusion or systematic discrimination against non-owning rivals. In addition to touching on those issues, the Chairman invited Germany to discuss the Covisint case.

90. A German delegate underlined that security of information is a sensitive issue for both competition agencies and companies participating in on-line platforms. As Australia has pointed out, the risk of using an Internet platform for anti-competitive purposes may be greater if the operator of the platform is involved in the underlying market. In the Covisint case, the point was made that companies not involved in the technical set up of the platform have no means of controlling whether their information is kept confidential and no insight into the actual flow of information. That was a very important concern to companies consulted by the BKA.
Fortunately, since Covisint wishes to attract further participants to its exchange, it has an interest in convincing them that their information is secure and that the exchange will adhere to its stated rules. It is in Covisint’s self interest to have effective fire walls and an effective encryption technology. However, there are real problems in enforcing Chinese walls etc., and this contributes to an understandable uneasiness among participants and those interested in preventing anti-competitive conduct.

Concerning possible discrimination among competitors, this problem is probably aggravated when exchanges are owned by companies active in the underlying markets. This is another issue that surfaced in Covisint case. There are safeguards in Covisint’s set up that are meant to tackle this problem. Covisint was established as an open platform with non-discriminatory access to all producers and suppliers. In addition, there is no obligation to deal exclusively via Covisint. All participants are free to deal conventionally or through another Internet platform. There is of course a certain fear by suppliers joining the exchange that Covisint might be dominated by the car manufacturers, and its governance is designed to reduce those fears. Whether Covisint’s rules and structure will in fact prove adequate to meet these challenges cannot easily be assessed - time will tell.

The Chairman’s last call was addressed to Canada. He asked for more information on how e-commerce impacts on the ability of competition agencies to detect and eradicate anti-competitive practices.

A Canadian delegate explained that this question is related to topics she discussed earlier. Whether or not competition agencies will remain relevant in cyberspace will depend on their ability to detect and eradicate the effects of certain behaviours. Current evidence gathering techniques will need to be improved to allow recovery and processing of electronic evidence. Many competition agencies are now trying to ensure that their enforcement tools are adequate to the new challenges and that they are sufficiently able to share information with counterpart agencies in transnational cases. Whether competition agencies have the ability to recover electronic evidence depends on the language of compulsory powers provisions contained in pertinent legislation, including privacy legislation. It is also affected by ISP data retention requirements, and international co-operation mechanisms such as mutual legal assistance treaties (MLATs).

An example of where improvement is needed concerns arises in the Canada-U.S. MLAT. Currently the two countries agencies can intercept data on behalf of the other but only if both agencies already have an investigation underway. Such a requirement does not exist in relation to dealing with documentary evidence. Such an asymmetry is not workable in the 21st century. Competition agencies must ensure that all provisions relating to search and seizure are technology neutral. The delegate also noted that forensic search teams need training in how to access electronic media.

Competition agencies also need to look at their compliance programs and decide what additional guidelines should be provided in respect of B2B or B2C exchanges. The U.K. Trust is a good example of how B2C issues can be addressed. In addition, competition agencies might wish to consider encouraging self-regulation including standards created under the auspices of trade associations. Businesses should be urged to more effectively monitor the use of chat rooms, e-mail, etc., and should be made aware of the fact that there is storage space available in cyberspace whose use cannot be detected. This provides an easy way to access information relating to price agreements etc. Once firms know of these possibilities, perhaps they will adopt appropriate compliance policies.

In closing, the delegate suggested that there may be considerable time before agencies have extensive case experience relating to electronic commerce. They must nevertheless begin working today to ensure they will have appropriate enforcement tools when needed tomorrow.
98. At this point the Chairman briefly mentioned what the Roundtable had covered and opened the floor to general discussion for additional points of view or comments on what had been said.

99. A French delegate believed the discussion had clarified that this was a topic worth re-visiting. It also became increasingly evident that electronic commerce increases the need for co-operation among national competition agencies. The Canadian delegate alluded to this, and the United States and Germany have both discussed a cross-border case, i.e. Covisint. The delegate asked whether the U.S. relied in that case on bilateral co-operation agreements with other agencies. He thought it might be time to think about improving on existing bilateral co-operation agreements.

100. A delegate from the United States (FTC) said that indeed the Covisint case was an instance when co-operation between competition authorities worked very well and produced a desirable outcome. In any such case, U.S. competition authorities would be talking with other competition authorities at a general level about concepts, market definitions, etc. In this case, however, the joint venture participants were, interestingly, all represented by the same law firm, one appearing quite frequently before the agencies. It is relatively "enlightened" and was willing to waive confidentiality so that the respective competition agencies could discuss what they were thinking about the deal. That led in turn to a more expeditious resolution of the issues, which is obviously very important in high-tech industries like this.

101. A BIAC delegate returned to what the U.S., Australia and Germany had said about the ability to detect collusion. This involves an issue of maintaining a proper balance between being reactive and proactive and between promoting competition and innovation. Repeating the words of the U.S. delegation, the devil is in details. It is up to the companies’ advisers to communicate very clearly what the operating protocols are and how exchanges will be managed. The perspective and objectives of an independently managed company are obviously very different from those of an owner managed company. It may not be in the long term interest of independent managers to facilitate collusion given their desire to bring new suppliers and buyers into the market and thus increase the benefits flowing from their exchanges. Returning to the chat room issue, a lot of the documents the BIAC delegate has so far seen considered chat rooms as devices to share ideas about product development rather than price information, and what there is of the latter has been at a very aggregate level. Remembering the importance of innovation, it may be much too early to take a pro-active policy towards electronic marketplaces. Already, commentators, particularly in the United States, are talking about consolidation of the indirect and direct B2Bs into "meta exchanges". It will take some time yet before one can assess the degree to which hoped for efficiency gains from e-commerce will in fact materialise.

102. A delegate from the United States (FTC) added that participants in the FTC workshop on electronic commerce found the various demonstrations of electronic marketplaces particularly interesting. While there has been legitimate concern about potential for collusion and anti-competitive information sharing, what is also extraordinary is the extent to which technology can also be used to prevent precisely that. If all competition agencies work together we will see a greater effort by the private sector in terms of setting up internal operating rules that prevent the very sort of conduct competition agencies are concerned about. One of the auction sites was fascinating to watch. The parties submitted bids and each knew whether it was the lowest bidder, but not what the lowest bid was. It was like watching people groping in the dark and heading downhill. There was no undue sharing of information lending itself to anti-competitive use. It was really a very well run auction and indicated that there will be savings and efficiencies on the procurement side.

103. A European Commission delegate returned to the ownership issue and Australia’s suggestion that larger firms be allowed to own only in the initial start up phase, with the exchange eventually being controlled by an independent owner manager. The delegate asked what legal instruments would be used
for such approach. Would an undertaking be required as part of a clearance decision, or would it be necessary to wait and establish abuse of dominance before taking action?

104. An **Australian** delegate stated that under Australian law it may be possible to establish legally enforceable undertakings as a condition for approval. The problem, however, is that one is trying to establish a pre-set time limit for divestiture without really knowing when that should be. A possible alternative, as suggested by the EC delegate, would be to wait until the arrangement led to a dominant position in the market and an abuse thereof, and then take action after the fact. This latter approach might be more difficult to implement.

105. The **Chairman** summed up by noting the "good news" that no competition authority is much behind the others in electronic commerce. The bad news is that the reason for this is that no one has a clear idea how to handle potential problems. At another level, what delegates said was absolutely classic and perhaps expected. They were talking about information on the one hand and networks on the other. Competition officials are well aware that improvements in information technology can lead to both efficiency and collusion. This is the oligopoly problem concerning what happens when there is a lot of information in a fairly restricted environment. As for networks, based on discussing deregulation in many sectors over the last few years, competition officials know that networks are likely to lead to dominance and exclusion as well as to efficiency. When globalisation is added to improved information technologies and network effects, competition officials are led to the co-operation matter discussed at the end of the Roundtable.

106. The **Chairman** also remarked on a possible difference of opinion which may not have much to do with electronic commerce but instead reflect a deeper division of opinion. BIAC and the U.S. emphasised very strongly the efficiency aspects of e-commerce. Some other delegations were perhaps a bit more worried about the possible misuse of the situation and therefore tended to emphasise anti-competitive effects.

107. The **Chairman** thought that basically delegates ended up formulating the issues in terms of problems they were already familiar with. He believed that competition agencies must acquire additional vocabulary and visualise things in a different way than would apply to a shop at a given location. The new situation is slightly more abstract, but the Chairman was unsure whether it brings any truly new issues except for a greater need for enhanced co-operation, as France had pointed out, and for acquiring additional tools as Canada has urged. The rest comes down to having to take a case-by-case approach and trying to determine things like whether efficiencies outweigh exclusionary effects. The U.S. delegate rightly pointed out that the devil is in the details.

108. The **Chairman** believed that progress regarding understanding competition issues in the e-commerce domain would be expedited by considering actual circumstances and comparing case analyses and remedies adopted. More electronic commerce cases will surely appear, even though not as fast as some might have thought. The Chairman felt it would be wise to postpone for six months to a year the planned May 2001 second roundtable on electronic commerce. In this way, there will be more real cases to discuss and delegates will avoid repeating the same thing in the abstract.