

OECD-Korea Regional Centre for Competition

Annual Performance Report 2007

The OECD-Korea Regional Centre for Competition (RCC) in its third full year of operation continued to advance its mission of assisting Asian competition authorities in developing and implementing sound competition law and policy. Through its six outreach events in 2007 – five in Korea and one in Vietnam – the RCC delivered high-quality seminars and workshops to front-line enforcers from competition authorities throughout the region. In so doing, it achieved its highest and broadest level of participation in its capacity-building outreach events to date. This success was achieved thanks to the continued generous financial and professional support from Korea, an increased contribution of experts from OECD member countries, and for the first time, a partnership with outside antitrust authorities on a co-sponsored training event. The RCC enters 2008 aiming to build on the high levels of participation and success of its 2007 events.

I. Review of 2007 Activities

The OECD-Korea Regional Centre for Competition was established in April, 2004 as a partnership between the OECD and the Korean Fair Trade Commission designed to strengthen competition law enforcement throughout the Asian region. Its main tools are capacity-building workshops directed at front-line enforcers in non-OECD member competition authorities in the region. In 2007, these events covered a range of topics important to younger authorities – including anti-cartel enforcement, abuse of dominance, competitive effects and remedies, joint ventures, and antitrust market definition. Table 1 lists each capacity-building workshop in 2007 along with dates and attendance.

Table 1. Summary of Capacity Building Activities in 2007

Event Name	Dates	Number of Experts + Participants	Attending Countries (Number of Experts + Participants)
Regional Antitrust Workshop on Advanced Antitrust Market Definition Analysis	February 7-9	16	China (2), Indonesia (2), Hong Kong China (2), Korea (3), Mongolia (1), Singapore (4), and Vietnam (2)
Advanced Workshop on Investigating Abuse of Dominance Cases (a)	March 19-22	33	ASEAN Secretariat (2), Cambodia (2), China (2), Indonesia (2), Korea (2), Laos (2), Myanmar (2), Malaysia (2), Singapore (1), Thailand (2), United States (3), and Vietnam (11)
Workshop on Anti-Cartel Enforcement in Practice	April 4-6	17	Australia (1), Cambodia (1), Chinese Taipei (1), Indonesia (2), Japan (2), Korea (1), Mongolia (5), Thailand (1), United States (1), and Vietnam (2)
Regional Antitrust Workshop on Competition Cases	June 27-29	20	Australia (1), Hong Kong China (2), China (1), Indonesia (2), Japan (3), Korea (3), Laos (2), Philippines (2), Thailand (1), and Vietnam (3)
Regional Antitrust Workshop on Abuse of Dominance	October 10-12	20	Cambodia (2), China (3), Hong Kong China (1), Indonesia (2), Philippines (1), Japan (1), Korea (3), Singapore (2), Sweden (1), Chinese Taipei (1), United States (1), and Vietnam (2)
Regional Antitrust Workshop on Competitive Effects, Remedies, and Joint Ventures	December 5-7	21	Australia (1), France (1), Indonesia (3), China (3), Japan (1), Korea (1), Mongolia (2), Pakistan (1), Singapore (3), Sri Lanka (1), Chinese Taipei (2), and Vietnam (2)

a. This workshop was sponsored by the Korean Fair Trade Commission and OECD-Korea Regional Centre for Competition jointly with the U.S. Federal Trade Commission, the U.S. Department of Justice, and USAID.

These workshops followed a variety of formats. In the February workshop, for instance, participants received a series of detailed lectures on advanced topics in market definition. In March, participants, with the assistance of experts from the OECD and the United States, worked through a detailed hypothetical case illustrating investigative techniques in abuse of dominance cases. In other workshops, such as those in October and December, experts from the OECD and its member countries presented lectures on economic and legal topics of relevance for new competition authorities along with case studies based on their own experience. Participants from

non-OECD member economies also frequently present case studies from their own experience, both to share the lessons they have learned and to receive feedback from other participants about their approach. OECD research and other work product from its Competition Committee often provide a background for the discussion. Participants are given CD-ROM copies of the historical output of the OECD Competition Committee at each event.¹

All of the workshops in 2007 were held in Korea, with the exception of the March workshop, which was held in Hanoi, Vietnam. The latter represented a new partnership of the RCC with outside agencies to create a regional capacity-building event. The seminar was sponsored by the RCC and Korea Fair Trade Commission along with the U.S. Federal Trade Commission and U.S. Department of Justice supported by the United States Agency for International Development. This type of partnership allows the RCC to leverage its experience and expertise in regional capacity building events with the expertise provided by, and the increased participation generated by, its partners.

II. 2007 Participation Statistics

The past year saw both the largest number of non-OECD member participants at RCC capacity building events, and the widest range of participation, ever. In all, 97 officials from 15 non-member economies attended RCC events during the year, receiving 319 person-days of training.² Table 2a shows the distribution of participation from non-OECD member economies attending the six capacity-building events of the year.

¹ The Competition Committee of the OECD brings together the leaders of the world's major competition authorities three times a year to exchange views and analysis on key issues of competition law and policy. The OECD Competition Division supports the work of the Committee. It produces background papers, issues papers, and summaries of committee discussions, and also collates and publishes written contributions from the 30 OECD member countries and those with observer status on the Committee.

² In 2006, 65 participants from 11 non-OECD economies participated in RCC outreach events and received 195 person-days of training. In 2005, the figure was 89 participants from 9 non-OECD economies receiving 297 person-days of training.

**Table 2a. Participation in 2007 Capacity-Building Events
(OECD Non-Members)**

Country	Number of Participants	Person-Days	Events Attended
Vietnam	22	77	6
Indonesia	13	41	6
People's Republic of China	11	35	5
Singapore	10	31	4
Mongolia	8	24	3
Cambodia	5	17	3
Hong Kong China	5	15	3
Laos	4	14	2
Thailand	4	14	3
Chinese Taipei	4	12	2
Philippines	3	9	2
ASEAN Secretariat	2	8	1
Malaysia	2	8	1
Myanmar	2	8	1
Pakistan	1	3	1
Sri Lanka	1	3	1
Total	97	319	

The work of the RCC depends on, in addition to generous assistance from the Korean government, contributions of experts from OECD member states to help train young competition authorities in Asia. The past year saw member states make their largest contributions ever in this regard, with 30 different officials from 6 different OECD member countries participating in RCC events, the large majority as expert presenters. Table 2b shows the distribution of these participants across OECD member countries.

**Table 2b. Participation in 2007 Capacity-Building Events
(OECD Members)**

Country	Number of Experts + Participants	Person-Days	Events Attended
Korea	13	25	6
Japan	7	21	4
United States	5	18	3
Australia	3	9	3
France	1	3	1
Sweden	1	3	1
Total	30	79	

As is clear from the above table, the ongoing contributions of the Korean and Japanese competition authorities are essential to the ongoing success of the RCC. The United States and Australian competition authorities were also very generous in contributing experts to RCC events in 2007. The past year also saw for the first time contributions from Sweden and France, who provided experts for the October and December workshops, respectively. These experts provided a valuable EU perspective at the events. The contributions of these OECD member country experts gave participants access to a variety of different perspectives and experiences. Their contributions, along with the ongoing efforts of RCC and OECD staff, created events that were highly valued by participants, as OECD evaluation data has consistently shown.

III. Evaluation of 2007 Events

At the close of each workshop, the RCC asks participants to anonymously rate the event in seven categories related to its effectiveness in various aspects, including a rating for the “overall usefulness of the event.” The RCC’s 2007 programs achieved notably high ratings in all categories. In the category of overall usefulness, more than 97% of respondents rated the overall usefulness of the events in the top two categories of five (“very high” or “high”). Table 3 summarizes the evaluations received in 2007.

Table 3. Evaluations of Capacity Building Activities in 2007

Event Name	Average Rating (5 = very high, 1 = very low)						
	Overall Usefulness of Event	Usefulness of Topics	Presentation Quality	Usefulness of Case Studies	Usefulness of Seminar Materials	Quality of Facilities	Quality of Preparations
Regional Antitrust Workshop on Advanced Antitrust Market Definition Analysis, Feb. 7-9	4.2	4.2	4.2	4.2	4.2	4.2	4.3
Workshop on Anti-Cartel Enforcement in Practice, April 4-6	4.6	4.6	4.6	4.5	4.4	4.4	4.4
Regional Antitrust Workshop on Competition Cases, June 27-29	4.4	4.1	3.9	4.2	4.5	4.5	4.5
Regional Antitrust Workshop on Abuse of Dominance, October 10-12	4.4	3.9	4.1	4.4	4.5	4.4	4.3
Regional Antitrust Workshop on Competitive Effects, Remedies, and Joint Ventures, December 5-7	4.4	4.1	4.2	4.3	4.5	4.4	4.6

Note: Ratings are given on a scale of 1-5: "very high" = 5, "high" = 4, "moderate" = 3, "low" = 2, "very low" = 1
 No data are available for the March 19-22 workshop.

The RCC also routinely solicits input from participants about events they would like to see in the future, and uses this information to shape both the content and the structure of its future capacity-building activities. Anti-cartel enforcement is a high priority for many attendees, and thus will be a priority for the RCC as it designs and conducts its events in 2008.

IV. Directions for the Future

In advancing its mission of enhancing competition enforcement in the Asian region, the OECD-Korea RCC has established a base of expertise in designing and conducting capacity building events in the region that serves it well in delivering its product. The RCC remains flexible, however, in considering new ways to advance its mission. Possible innovations that are being considered for future events include specific training events tailored to the needs of specific

countries, the provision on request of one-on-one consultations with competition authorities in the region, and travelling to new venues to host the RCC's traditional workshops. The RCC plans to build on and expand its 2007 successes in designing and implementing its 2008 program.

V. Appendix: Overviews of Individual Events in 2007

Regional Antitrust Workshop on Antitrust Market Definition, February 7-9

This seminar explored useful ways of defining antitrust markets and assessing competitive effects. Topics discussed included: 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.

Advanced Workshop on Investigating Abuse of Dominance Cases, March 19-22

During this seminar, participants received advanced training on abuse of dominance. Classic issues such as defining the relevant market, barriers to entry, determining whether market power exists, efficiency considerations as well as remedies and sanctions were discussed. Participants examined these issues through lectures and through a hypothetical case involving a unilateral refusal to deal. Participants conducted hypothetical interviews with market participants and analyzed documents as they examined the facts of the case. At the end of the hypothetical case study, a courtroom simulation occurred in which participants presented their oral arguments. Participants also discussed what types of advocacy steps could have been taken in this case in order to prevent the abusive behaviour and what also might have been done in other similar cases. Finally, several case studies were presented which focused on the unilateral behaviour of dominant companies.

Workshop in Anti-Cartel Enforcement in Practice, April 4-6

This seminar explored a variety of issues related to anti-cartel enforcement policies and practices. Key areas of focus were investigative best practices and techniques, designing optimal sanctions and leniency programs, and obtaining empirical estimates of cartel harm. Trade association and joint venture issues were also examined in detail. Finally, seminar participants presented several case studies that were investigated by competition authorities.

Regional Antitrust Workshop on Competition Cases, June 27-29

This seminar focused primarily on case studies involving mergers, abuse of dominance and price fixing. Within these three broad areas, experts provided specific guidance on a variety of issues such as assessing market power, tests of abuse of dominance, remedies and sanctions, and assigning market shares, among others.

Regional Antitrust Workshop on Abuse of Dominance, October 10-12

This seminar examined a variety of issues involving abuse of dominance. Special attention was focused on exclusive dealing, bundling and tying, fidelity rebates, refusals to deal, and predation. During the seminar a number of cases examined by competition authorities in Asia were presented and discussed.

Regional Antitrust Workshop on Competitive Effects, Remedies, and Joint Ventures, Dec. 5-7

This seminar examined competition issues related to competitive harm, remedies and the formation of joint ventures. The first session focused on the competitive effects of horizontal mergers, looking beyond simple market share calculations to discuss the primary economic avenues of harm. This was followed by a session on workable remedies for competition authorities, emphasizing the connection between harm and remedy. The final session focused on joint ventures, with several case studies illustrating the range of joint venture forms and appropriate competition policy responses.