

OECD-Korea Policy Centre, Competition Programme

Annual Performance Report 2008

The OECD-Korea Policy Centre, Competition Programme, in its fourth full year of operation, continued to advance its mission of assisting Asian competition authorities in developing and implementing sound competition law and policy.¹ In 2008, it expanded the scope and the scale of its training workshops to reach a larger number of participants than ever before, in a wider variety of formats and settings. The success of the Centre this year was achieved thanks to the generous financial and professional support from Korea, an increased contribution of experts from a number of OECD member countries, and partnerships with outside agencies that allowed it to enhance its effectiveness and to leverage its expertise into a wider variety of settings.

I. Review of 2008 Activities

The OECD-Korea Policy Centre, Competition Programme began operation as the The OECD-Korea Regional Centre for Competition in April, 2004, a partnership between the OECD and the Korean government designed to strengthen competition law enforcement throughout Asia. Its main tools are capacity-building workshops directed at front-line enforcers in competition authorities in Asia, and especially non-OECD member competition authorities. In 2008, these events covered a range of topics important to younger authorities – including anti-cartel enforcement, abuse of dominance, horizontal mergers and joint ventures, and quantitative tools for competition analysis. Table 1 lists each capacity-building workshop in 2008 along with location, dates, and attendance.

¹ Until 2008, the Competition Programme was known as the “OECD-Korea Regional Competition Centre.” The Regional Competition Centre was consolidated with three other OECD-Korea joint projects under the mantle of the new “OECD-Korea Policy Centre” in mid-2008. The former Regional Competition Centre is now known as the “OECD-Korea Policy Centre, Competition Programme.”

Table 1. Summary of Capacity Building Activities in 2008

Event Name	Location	Dates	Number of Experts + Participants	Attending Countries (Number of Experts + Participants)
Regional Antitrust Workshop on Cartels, Leniency Programs, and the Interface between Competition Policy and Regulation	Singapore	March 5-7	29	Australia (1), China (2), Hong Kong China (3), Indonesia (2), Japan (1), Korea (1), Philippines (1), Singapore (11), Sweden (1), Chinese Taipei (1), Thailand (2), United States (1), Vietnam (2)
Regional Antitrust Workshop on Abuse of Dominance	Seoul, Korea	April 23-25	23	China (4), Hong Kong China (1), Indonesia (2), Japan (1), Korea (1), Mongolia (1), Pakistan (1), Papua New Guinea (1), Singapore (5), Chinese Taipei (1), United States (1), Vietnam (4)
Regional Antitrust Workshop on Quantitative Methods in Competition Analysis	Jeju Island, Korea	June 18-20	16	China (1), Indonesia (2), Japan (1), Korea (1), Mongolia (1), Singapore (3), Chinese Taipei (2), United Kingdom (1), United States (2), Vietnam (2)
Antitrust Workshop for the Ministry of Commerce, People's Republic of China, on Quantitative Methods in Horizontal Merger Analysis (a)	Xi'an, China	October 15-17	39	Asian Development Bank (2), Australia (1), China (32), Korea (1), United Kingdom (1), United States (2)
Antitrust Workshop for the State Administration for Industry and Commerce, People's Republic of China, on Abuse of Dominance (b)	Shanghai, China	October 20-22	56	China (51), Japan (1), Korea (1), Sweden (1), United States (2)
Regional Antitrust Workshop on Horizontal Mergers and Joint Ventures	Seoul, Korea	November 12-14	20	Cambodia (1), China (2), European Commission (1), India (2), Indonesia (3), Japan (1), Korea (1), Laos (1), Mongolia (1), Singapore (2), Chinese Taipei (1), Vietnam (4)
Regional Antitrust Workshop on Anti-Cartel Enforcement	Seoul, Korea	December 10-12	16	China (2), Hong Kong China (1), Indonesia (3), Mongolia (1), Singapore (3), Sweden (1), Chinese Taipei (1), United States (1), Vietnam (3)

a. Workshop jointly sponsored with Asian Development Bank and Ministry of Commerce, People's Republic of China

b. Workshop jointly sponsored with State Administration for Industry and Commerce, People's Republic of China

OECD research and other work product from its Competition Committee often provides a background for discussions at these workshops. CD-ROM copies of the historical output of the OECD Competition Committee are distributed at most events.² The workshops themselves combine a number of different elements depending on the setting and the training objective.

² 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

Typically, experts from the OECD and OECD member countries give lectures on key economic or legal topics within the general workshop subject, or present case studies based on their agency's experience. Participating countries also often present case studies or descriptions of their country's enforcement regime, sharing lessons learned and receiving feedback on their approach. In addition, this year the Centre made increasing use of short hypothetical case discussions or other interactive exercises in order to more deeply engage participants in the relevant topics and to promote discussion among participants and experts.

The December 2008 event followed a somewhat atypical format – in addition to lectures from experts, participants spent the three-day event working through an extended hypothetical cartel case. The case began with participants breaking down into smaller groups to simulate an initial meeting with whistleblowers describing the outlines of the alleged cartel, through an analysis of documents gathered in a dawn raid, to interviews with customers, cooperative cartelists, and a market expert, and ending finally with interviews with the cartel ringleaders themselves. The case provided valuable hands-on training in different aspects of cartel enforcement, as well as many opportunities for group discussion. It received particularly high evaluations from participants.

Of the seven events in 2008, three were held outside of Korea -- the March workshop in Singapore and the two October workshops in China. The Centre has found that it can expand its reach and effectiveness by partnering with local competition authorities for exclusive training in their own countries, on particular topics of their interest to that authority. Simultaneous translation into the local language and reduced transportation costs for home country participants can greatly enhance the reach and effectiveness of the Competition Programme's events in this way. In 2008, the Centre partnered with the Ministry of Commerce and the State Administration for Industry and Commerce of the People's Republic of China, respectively, on consecutive October workshops that followed this approach. The former event was also co-sponsored by the Asian Development Bank.

The March event in Singapore, held with the cooperation of the Competition Commission of Singapore (CCS), was more similar to a typical Competition Programme event held in Korea. The event was not exclusive to the CCS, and a wide range of Asian authorities

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.

were invited to participate in the seminar, along with a large number of participants from the CCS. The Singapore location, however, facilitated increased participation by the home country and lower transportation costs for a number of area competition authorities.

II. 2008 Participation Statistics

The past year saw the largest ever number of non-OECD member country participants at the Competition Programme's capacity building events, with nearly double the number of participants of any other year. In all, 171 officials from 13 non-OECD member economies attended Competition Programme events during 2008, receiving a total of 481 person-days of training.³ Table 2a shows the distribution of participation from non-OECD member economies attending the seven capacity-building events of the year. The competition authorities of the People's Republic of China were a particular focus for the Programme this year, as China began implementing its new, comprehensive Antimonopoly Law (AML) in August, 2008. The two events in China this year focused on the priorities set by two of China's antimonopoly enforcement authorities, the Ministry of Commerce and the State Administration for Industry and Commerce.

³ In 2007, 97 participants from 15 non-member economies received 319 person-days of training. In 2006, 65 participants from 11 non-member economies received 195 person-days of training. In 2005, the figure was 89 participants from 9 non-member economies receiving 297 person-days of training.

**Table 2a. Participation in 2008 Capacity-Building Events
(OECD Non-Members)**

Economy or Organization	Number of Participants	Person-Days	Events Attended
People's Republic of China	94	250	7
Singapore	24	72	5
Vietnam	15	45	5
Indonesia	12	36	5
Chinese Taipei	6	18	5
Hong Kong China	5	15	3
Mongolia	4	12	4
Asian Development Bank	2	6	1
India	2	6	1
Thailand	2	6	1
Cambodia	1	3	1
Laos	1	3	1
Pakistan	1	3	1
Papua-New Guinea	1	3	1
Philippines	1	3	1
Total	171	481	

In addition to generous financial support from the Korean government, the work of the Competition Programme depends on the contributions of experts from OECD member state competition authorities. The past year saw robust participation from member states in this regard, with 28 different officials from six different OECD member countries and the European Commission serving as experts at Competition Programme events. Table 2b shows the distribution of these experts.

**Table 2b. Participation in 2008 Capacity-Building Events
(OECD Members and Affiliates)**

Country or Organization	Number of Experts + Participants	Person-Days	Events Attended
United States	9	27	6
Korea	6	15	6
Japan	5	15	5
Sweden	3	9	3
Australia	2	6	2
United Kingdom	2	6	2
European Commission	1	3	1
Total	28	81	

Contributions from member countries in 2008 provided participants with important perspectives from Asian, North American, and European competition authorities. As is apparent from the above table, contributions from United States, Korean and Japanese competition authorities were vital to the ongoing success of the Centre. The Australian Competition and Consumer Commission (ACCC) also continued to provide important support, which it has done consistently since 2005. Important contributions from Sweden, the United Kingdom, and the European Commission provided a valuable EU perspective at 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 efforts of Competition Programme staff, created events that were highly valued by participants, as OECD evaluation data has consistently shown.

III. Evaluation of 2008 Events

At the close of each workshop, the Centre 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 2008 workshops achieved high ratings in all categories. In the category of overall usefulness, more than 90% 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 2008.

Table 3. Evaluations of Capacity Building Activities in 2008

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 Hypo. Cases	Usefulness of Seminar Materials	Quality of Facilities	Quality of Preparations
Regional Antitrust Workshop on Cartels, Leniency Programs, and the Interface between Competition Policy and Regulation, March 5-7	4.2	4.0	3.9	4.1	n/a	4.1	3.5	4.2
Regional Antitrust Workshop on Abuse of Dominance, April 23-25	4.3	4.2	4.3	4.3	4.6	4.4	4.2	4.6
Regional Antitrust Workshop on Quantitative Methods in Competition Analysis, June 18-20	4.6	4.7	4.2	4.5	4.3 (a)	4.5	4.7	4.6
Antitrust Workshop for the Ministry of Commerce, People's Republic of China, on Quantitative Methods in Horizontal Merger Analysis, October 15-17	4.1	4.4	3.9	4.1	n/a	4.1	4.1	4.3
Antitrust Workshop for the State Administration for Industry and Commerce, People's Republic of China, on Abuse of Dominance, October 20-22	3.9	4.2	4.1	3.8	3.8	3.9	4.0	4.2
Regional Antitrust Workshop on Horizontal Mergers and Joint Ventures, Nov. 12-14	4.2	4.0	4.3	4.3	4.2	4.2	4.4	4.2
Regional Antitrust Workshop on Anti-Cartel Enforcement, Dec. 10-12	4.5	4.4	4.5	4.4	4.5	4.5	4.4	4.8

Note: Ratings are given on a scale of 1-5: "very high" = 5, "high" = 4, "moderate" = 3, "low" = 2, "very low" = 1

a. In the evaluation form for the June 18-20 event, participants were asked to rate the usefulness of interactive exercises rather than hypothetical cases.

The Centre 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. Evaluation of the “usefulness of topics” and comments from participants indicate that basic quantitative methods are a particular interest of local authorities. This topic will be pursued in coming years in conjunction with the traditional focus on anti-cartel enforcement, abuse of dominance, and merger enforcement.

IV. Directions for the Future

In advancing its mission of enhancing competition enforcement in the Asian region, the Competition Programme of the OECD-Korea Policy Centre has built a strong base of expertise in designing and conducting capacity building events in the region. The Centre remains flexible, however, in considering new ways to advance its mission. This year it increased its scale and impact through partnerships with Asian competition authorities to develop training in host countries outside of Korea, focused on the needs of particular authorities. This approach will continue in 2009, with at least two events to be held outside of Korea. Staff will also continue to innovate in introducing new components to workshops to enhance their effectiveness, such as new types of hypothetical exercises and other interactive elements.

For the long-term, the Centre will work to maintain its ties with the many competition enforcers in the region who have participated in its workshops. Building a network of alumni via its web site (www.oecdkorea.org), email and phone contacts, and perhaps in-person alumni events will help the Competition Programme deepen its roots among competition enforcers in the region and enhance its long-term impact.

V. Appendix: Overviews of Individual Events in 2008

Regional Antitrust Workshop on Leniency, Cartels, and the Interface between Competition Policy and Regulation, Singapore, March 5-7

This seminar examined competition issues related to cartels, the design and effective implementation of leniency programs, and the interface between competition policy and regulation. The first session focused on cartel theory and countries' experiences in combating national and international cartels. The second session continued the discussion of cartels with a focus on how leniency programs can be effectively incorporated into an anti-cartel agenda. The final session examined the role of competition enforcers in regulated industries, discussing differing experiences in effectively managing the relationship between competition enforcers and other branches of government.

Regional Antitrust Workshop on Abuse of Dominance, Seoul Korea, April 23-25

This seminar explored the assessment of monopoly power and abuse of a dominant position. In addition to discussions of the underlying theory and of practical considerations for competition enforcers, a number of cases were presented by authorities from around the world to illustrate the application of these concepts. Participants also discussed and debated two hypothetical cases that presented some of the complexities that may arise in evaluating abuse of dominance cases.

Regional Antitrust Workshop on Quantitative Methods in Competition Analysis, Jeju Island Korea, June 18-20

Data analysis forms an important part of modern competition policy enforcement, providing a key input into such exercises as delineating markets, estimating competitive effects, and structuring remedies. This seminar aimed to familiarize front-line competition enforcers with some of the more common quantitative tools used in competition analysis. Day one focused on the fundamental concepts that form the basis of much of economic analysis of competition policy: demand and supply conditions in a market and the price-setting mechanism, finishing up with a discussion of quantitative analysis of market definition. Day two explored in more depth how to gather, organize and use data, focusing specifically on critical loss analysis. Day three introduced some basic statistical concepts and techniques used in investigatory and adjudicatory settings. Participants were issued a laptop computer and engaged in interactive exercises at the close of most lectures. The objective of the seminar was to give participants a basic level of comfort and understanding of the use of, and limitations of, simple economic tools in competition analysis. Such an understanding is essential for making effective use of data, whether it is analyzed within an agency or presented to an agency by outside parties.

Antitrust Workshop for the Ministry of Commerce, People's Republic of China, on Quantitative Methods in Horizontal Merger Analysis, Xi'an China, October 15-17

This seminar aimed to familiarize front-line competition enforcers with the fundamental economic underpinnings and quantitative techniques of horizontal merger analysis. Day one focused on basic economic theories underlying merger policy and how simple quantitative tools can help competition enforcers to delineate markets. Day two continued with discussions of developing and using quantitative evidence, and includes several case studies illustrating the use of quantitative methods in actual cases. Day three focused on statistical concepts and techniques used to demonstrate harm in merger settings, focusing on more sophisticated econometric approaches that are used in competition enforcement when appropriate data are available.

Antitrust Workshop for the State Administration for Industry and Commerce, People's Republic of China, on Abuse of Dominance, Shanghai China, October 20-22

This seminar explored the assessment of monopoly power and abuse of a dominant position in competition law enforcement. It included discussions of the economic theory underlying abuse of dominance cases, and also presented case studies that raised practical considerations for competition enforcers. Participants also evaluated and debated hypothetical cases presenting some of the complexities that may arise in abuse of dominance cases.

Regional Antitrust Workshop on Horizontal Mergers and Joint Ventures, Nov. 12-14

This seminar examined competition issues related to horizontal mergers and joint ventures. The first day focused on the competitive effects of horizontal mergers, discussing the primary economic avenues of harm of anticompetitive mergers and presenting several case studies from participating authorities. On the second day, participants discussed and debated two hypothetical cases that presented some of the complexities that may arise in evaluating mergers. The final day focused on merger remedies and joint ventures, with case studies illustrating the range of possible merger remedies and their effectiveness.

Regional Antitrust Workshop on Anti-Cartel Enforcement, Dec. 10-12

This seminar was designed to give participants an introduction to the theory and practical considerations involved in modern anti-cartel enforcement. It was structured around an extended case study of a hypothetical asphalt cartel, interspersed with lectures from experts on various

aspects of cartels and cartel investigations. The hypothetical case study was divided into three blocks. During the first block, participants met with whistleblowers and a market expert and reviewed case documents. After the first block, a dawn raid is supposed to have taken place, and the Competition Commission has initiated and formally started an investigation. During the second block, the participants met with the customers and one of the cartel companies which has decided to cooperate with the Competition Commission. During the third block, the participants met with the cartel ringleaders themselves. During each block, the participants were divided into two groups, and each group interviewed one character each. The two groups, subsequent to the interviews, briefed each other on each group's findings and thereafter jointly assessed and determined what had taken place. Each block concluded with a discussion among the participants in which they jointly decided the appropriate next steps in carrying out the investigation.