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Session II - Measuring Competition Advocacy's Impact in Latin America and the Caribbean

-- Contribution from CARICOM --

23-24 September 2015, Montego Bay, Jamaica

The attached document from CARICOM is circulated to the Latin American Competition Forum FOR DISCUSSION under Session II at its forthcoming meeting to be held on 23-24 September 2015 in Jamaica.

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Session II - Measuring Competition Advocacy's Impact in Latin America and the Caribbean

-- CONTRIBUTION FROM CARICOM --

1. Introduction

1. The CARICOM Competition Commission (the Commission) was established in 2008 by Article 171 of the Revised Treaty of Chaguaramas (RTC)¹, and is one of the key institutions in support of the CARICOM Single Market and Economy (CSME)². Within the Single Market, the Commission has a mandate to: apply the rules of competition in respect of anti-competitive cross-border business conduct; promote and protect competition in the Community; and co-ordinate the implementation of the Community Competition Policy.

2. Since its establishment, the Commission has strived to create a strong competition culture within the region. These efforts have mainly been through its work in the area of competition advocacy. In accordance with what the International Competition Network (ICN) has noted as activities in the area of competition advocacy, the Commission has undertaken the following within the CSME up to this time:

- Conducted seminars in different CSME Member States to educate private business enterprises, trade associations, and government officials about: the importance of competition law and policy from both a national and regional perspective; the Commission's Rules of Procedure (2011); and specific pillars of competition law such as abuse of dominance and agreements and concerted practices.

¹ The Revised Treaty of Chaguaramas (RTC), which came into force in 2001, was among the changes agreed upon in order to reflect the new community structures and to move CARICOM from a Common Market to a Single Market and Economy.

² The CARICOM Single Market and Economy (CSME) is intended to benefit the people of the region by providing more and better opportunities to produce and sell our goods and services and to attract investment. It will create one large market among the participating Member States. The CSME comprises the following Member States: Antigua and Barbuda, Barbados, Belize, Dominica, Grenada, Guyana, Haiti, Jamaica, Montserrat, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Suriname and Trinidad and Tobago.

- Published articles on competition law and policy issues on the agency’s website and in national newspapers.
- Conducted and published economic and market research highlighting the benefits of competition.
- Educated the judiciary in the CSME on competition law and policy. These efforts were especially recognised by the ACP/EU Trade.Com facility in 2010, as a ‘best practice’ and as a model for other African, Caribbean and Pacific (ACP) regions to follow.
- Provided technical assistance to Guyana, Suriname, Belize and the Organisation of Eastern Caribbean States (OECS) towards their efforts to enact their respective competition and consumer laws and establish their national competition authorities.
- Provided training to the staff and Commissioners of national competition authorities in Guyana and Trinidad and Tobago on techniques used in the application of competition law.

3. Although the Commission has a vigorous competition advocacy programme there are some challenges it faces with regard to measuring the impact of its educational and sensitisation activities. This paper presents some of these challenges as well as strategies the Commission is using to overcome these difficulties.

2. Competition Policy Definition and the Measurement of Competition Advocacy

4. The broad definition of competition policy (minus the enforcement aspect) is a challenge for many competition agencies that wish to place a numerical value on the impact of their competition advocacy programmes. In light of this, the Commission has mainly sought to assess this area of its work through categorical measurements – and more specifically using ordinal variables of measurement such as low, medium and high - to evaluate the impact of its advocacy activities. The categorisation of the advocacy activities are mainly informed by feedback from targeted audiences or other assessments undertaken by the Commission, as discussed in more detail in the following sections.

5. **Table 1** below provides an example of how ordinal variables could be employed by competition agencies to measure the impact of competition advocacy. Additionally, in the long-run, consideration could be given to assigning numerical values (or value ranges) to represent the ordinal variables. This would enable national competition agencies to ultimately develop “Competition Advocacy Indicators” to facilitate empirical research or comparisons between competition advocacy programmes among competition agencies.

Table 1: Example of Assessment of Advocacy Activities using Ordinal Measurements

Advocacy Activities	Ordinal Measurements		
	Low	Medium	High
Training of the Judiciary			X
Training of Government officers		X	
Economic research on competition law and policy		X	
Articles in newspapers on competition law and policy			X
Baseline studies	X		

3. Baseline/Sector Studies

6. The Commission has not conducted many baseline or sector studies for the entire CSME region due to resource challenges. Therefore, the strategy employed so far has been to conduct, or seek to collaborate with national competition authorities in the conduct of, baseline studies in individual CSME member states. The studies that have been undertaken to date, however, were successful in identifying relevant barriers to competition.

7. A good example of a baseline study conducted by the Commission is an examination of the mobile sector in Suriname. The study highlighted several recommendations to the Government of Suriname which were felt could improve the competitive environment in the sector. However, these recommendations, while accepted by the Government of Suriname, are yet to be acted upon. This highlights the need for stronger political will on the part of governments, and more targeted advocacy interventions to key decision makers in the public sector in the CSME to enable them to embrace a competition culture.

4. Use of Economic Tools for Sector Studies

8. Within its on-going research programme, one of the sectors in the CSME the Commission has continued to pay special attention to has been telecommunications. This has mainly been due to the fact that in the past decade the relaxation of barriers to entry in the mobile sector in many countries in the region has resulted in significant investment, and an influx of new players. In this regard, the Commission has conducted both market and economic studies to gauge the impact of competition in the mobile sector in the CSME. The overarching goal of the research is to obtain empirical evidence to feed into the Commission's advocacy programme of promoting the benefits of competition in the region.

9. One of the challenges the Commission has encountered in its conduct of empirical research on the mobile sector in the region has been a lack of, or insufficient, time series data - and specifically pricing data - to develop sophisticated econometric models. Due to the paucity of data in the region, it is observed that many studies on the impact of competition on the telecommunications sector undertaken in the CSME have used the methodology of comparing pre- and post-liberalisation statistics of several indicators, e.g. penetration rates, and investment levels to mention a few. While useful information can be obtained from these studies, the analyses disregard the fact that other factors besides competition could influence the performance of the telecommunication industry. As a result of this, in its own work, the Commission has sought to overcome the data challenge through the use of panel data analysis where applicable to remedy the problem of limited time series data, and the use of surveys to examine the mobile sector based on the views of consumers.

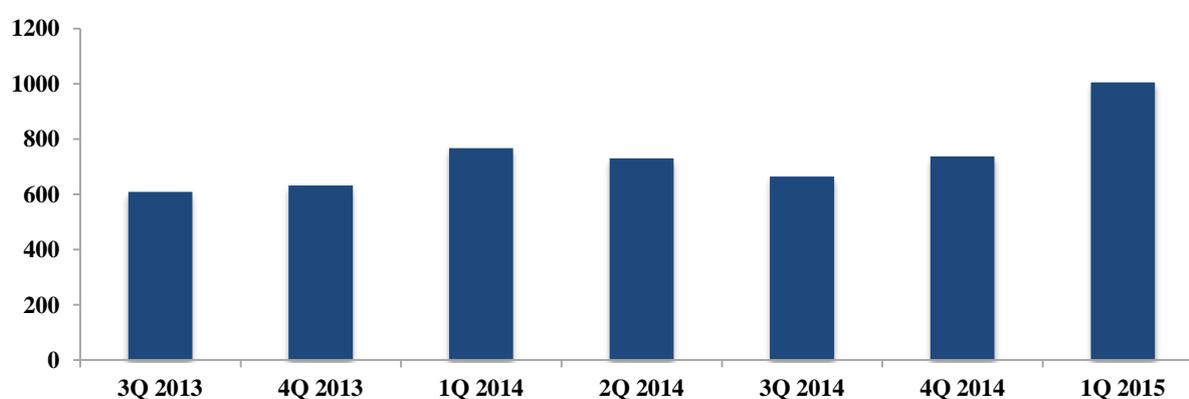
10. Regarding consumer surveys, the Commission has found this methodology to be particularly useful. Given the lack of consistent data on the mobile sector, this approach allows the Commission to gauge the impact of competition through direct interactions with consumers. For example, through the use of surveys the views of consumers can be obtained on whether or not they have witnessed reductions in mobile call rates, better call or service quality, greater variety and reduced prices of handsets on the market.

5. The Audience for Competition Advocacy and Delivery Options

5.1 Delivery Options

11. The following are the two main delivery options used by the Commission in its competition advocacy programme: publications of articles; and training sessions. The Commission has generally had varying levels of success with both methods of raising the awareness of competition law and policy in the CSME and its benefits. For instance, articles published in newspapers and on the institution's website are more likely to reach a wider audience and generate greater interest in the area of competition law and policy than educational workshops. As measurement of the success of this activity, the Commission refers to the total number of unique visitors to its website each quarter, which has increased by 65 percent since the site became operational in July, 2013. Although this statistic is not a perfect indicator, it brings us a lot closer to measuring the impact of this particular competition advocacy effort.

Figure 1: Total Quarterly Visitors to the Commission's Website



12. On the other hand, training or sensitisation sessions allow the Commission to cater its delivery to the specific needs of stakeholders. During these workshops the emphasis is not necessarily on the number of stakeholders trained or sensitised, but the quality of sessions themselves and ensuring that any queries participants may have relating to competition law and policy are adequately addressed.

13. As a measure of the impact of this delivery option, the Commission relies on post-workshop evaluation forms to ascertain whether or not participants fully understand the content discussed in the sessions. However, the Commission is considering for its future workshops having pre-workshop surveys in order to assess the level of understanding of stakeholders before workshops to make the information collected in the post-workshop evaluation more meaningful.

14. The Commission's use of a pre-workshop survey was considered successfully in Saint Lucia. Prior to its participation in a Competition Seminar in that Member State, the Commission, in collaboration with Saint Lucia's Department of Consumer Affairs, conducted a survey of private business enterprises to gauge their level of knowledge on the subject. The survey also sought to identify the areas of competition law that private business enterprises would be most interested in learning about. Based on the results of the survey it was noted that the level of knowledge on competition law and policy among the business community in Saint Lucia was low. Sixty-nine percent of the businesses interviewed indicated that they either did not know about competition law and policy or were not sure what competition law was about. Further responses in the interviews revealed that the number of business enterprises surveyed that were unaware of competition law and policy were actually higher (estimated at 93 percent). The Commission used the pre-seminar survey to fine tune the content of the presentations delivered at the workshop.

15. The Commission was then able to compare the results of the survey with the feedback obtained from the post-seminar evaluation to identify the impact of the Competition Seminar. As a result the impact of the competition advocacy in the seminar was considered to be “high”.

5.2 *Audience for Training or Sensitisation Workshops*

16. As indicated above, the Commission has either held, or has been involved in, several training or sensitisation workshops on competition law and policy in the various CSME member countries. These sessions are generally catered to specific stakeholders at a given time. As such, over the years the Commission has learnt to adjust its delivery to increase the level of understanding of the target audiences by focusing on areas that are of particular interest to specific stakeholder groups.

17. A good example on how the Commission structures its sensitisation sessions, is when dealing with the judiciary. It may be more useful to explain to this stakeholder group the need to understand the economics of competition law and the process that should be taken in evaluating economic evidence presented, rather than address the commitments of member states regarding competition law. While the former topic may be more relevant to the judiciary as they are part of the enforcement process, the latter topic may be more appropriate for government officials or politicians.

5.3 *Audience for Articles on Competition law and policy*

18. The Commission has two main audiences for its articles on competition law and policy: the general public; and competition practitioners within the CSME involved in competition law, e.g. academia and the staff of national competition authorities and national consumer agencies. The articles written and published on competition law in the local newspapers and on its website for the general public bear in mind the typical reader and are therefore less technical in nature.

19. Alternatively, the Commission publishes a quarterly report on its website which provides a platform for the sharing of more technical articles discussing salient views on the development of competition law and consumer protection in the CSME. Contributions from national competition and consumer authorities in the region are also featured in the publication in order to broaden the understanding of competition law in the CSME by providing new and innovative perspectives for reflection.

6. Conclusion

20. Competition advocacy remains a major component of the work of the Commission. In this regard, it is important that the Commission’s efforts in the area of competition advocacy be effective, especially given its limited resources. This effectiveness can only be determined if there are techniques developed and implemented to measure the impact of competition advocacy. As a young competition agency the Commission has so far utilised several simple techniques to overcome the challenge of measuring the impact of competition advocacy. These techniques, although having some short-comings, create a foundation upon which the Commission can build more robust measures. However, it may be beneficial if a common framework is agreed upon on best practices for obtaining metrics on advocacy that promote consistency of measure and allows for comparisons among competition agencies. The ICN may therefore be an adequate forum for such metrics to be discussed and designed.