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Competition Law in Small Economies

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Does size matter?

- Are there any real implications to the size of the economy, vis-à-vis application of competition law?
- If so, in what sense?
 - Effective competition
 - Applicable law
 - Enforcement

How being small affects competition?

- Demand in local markets does not support a large number of efficient suppliers
- Markets in small economies tend to be more concentrated than in larger economies
- Dominant firms and oligopolistic markets
- MES is a substantial entry barrier
- Imports plays important role
- Multi Market Contact

Abuse of Dominance

- Conduct based?
- Effect based?
- Should being a small economy shift the balance toward one of these regimes?
- Are market self-correcting mechanisms as effective?
- Essential Facility



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Merger Analysis

- What weight should be given to competition from outside the territory?
 - Tariffs
 - Currency volatility
 - Cyclical supply
- Efficiency
 - Efficiency defense
 - “National Champions”

Sanctions and Deterrence

- A substantial number of industries with a small number of players – suggests that collusion may be more frequent in small economies.
- Should sanctions be harsher?
- Is detection more difficult?
 - Leniency programs
 - Personal contacts



Further reading

- M.S. Gal, *Competition Policy for Small Market Economies* (Harvard University Press, 2003)
- ICN, *Competition Law in Small Economies* (8th Annual Conference, 2009)

Mucho Gracias!