

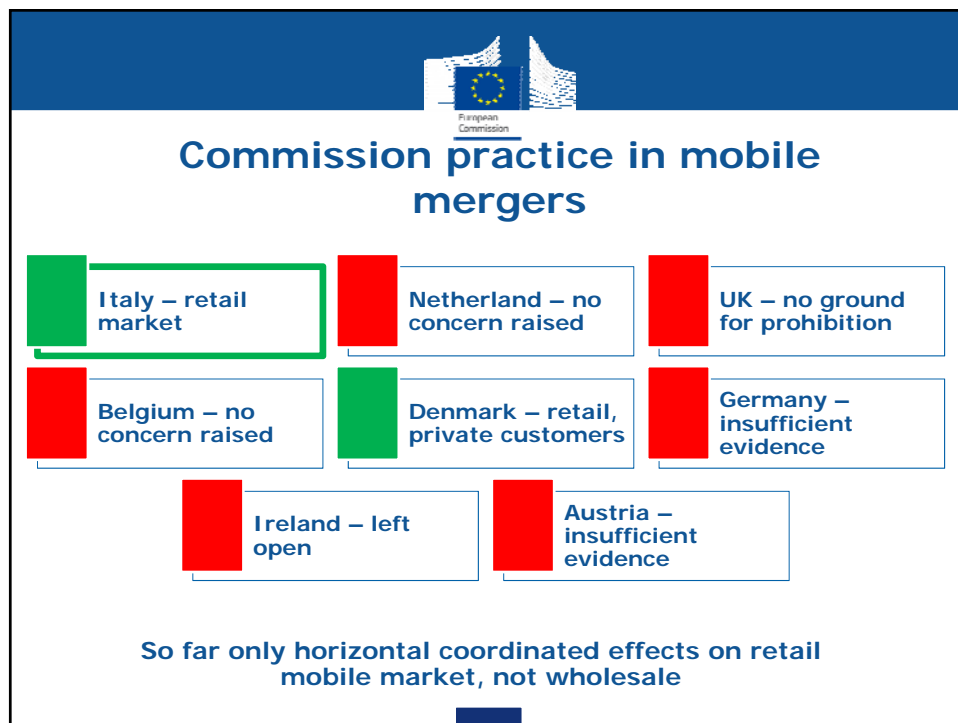
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Economic analysis of coordinated effects

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Analytical framework

European Commission case practice





Hutchison 3G Italy/WIND/JV In a nutshell

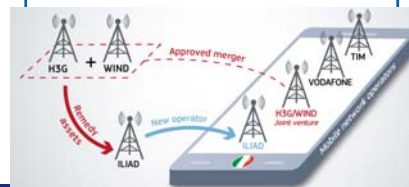
4-to-3 mobile merger in Italy

Competition concerns

Unilateral **and coordinated** effects on retail mobile market
Unilateral effects on wholesale mobile market

Remedies

First merger approved with a remedy enabling the **entry of a new MNO**
Fix-it-first solution (Iliad)



Hutchison 3G Italy/WIND/JV Coordinated effects

- **Merger's impact on incentives to coordinate**
 - Reduction of MNOs from 4 to 3 in already concentrated market
 - Removal of aggressive competitor (H3G)
 - Symmetric positions: JV, TIM and Vodafone (~30% market share)
- **Ability to reach terms of coordination**
 - Transparency, comparability of mobile tariffs
 - Past instances of parallel price increases
 - Coordination mechanism based on cementing post-merger market shares
- **Sustainability of coordination**
 - Monitoring compliance (transparency); deterrence mechanism (price wars); insufficient reactions of customers, MVNOs, high barriers to MNO entry
- **Additional practices facilitating coordination**
- **Evidence:** key role of merging parties' internal documents and competitors' public statements