

## EC455. The Economics of European Industry.

### Workshop 2: Collusive behaviour in the EC

#### Aims

In this workshop we are going to use case studies to explore the implications of horizontal and vertical agreements for competition policy. This will help in determining your choice of topic for assessment 1, if only because it exposes you to more sources of information.

#### Learning outcomes

After completing the activities from this session you will be able to

- Demonstrate CIT, research and teamwork skills in respect of competition policy.
- Identify situations where agreements may have substantial benefits for society.
- Analyse situations in which firms adopt the classic textbook characteristics of collusive behaviour.
- Critically evaluate the nature and effectiveness of EC policy in respect of collusive agreements.

#### Activities

You are to work in groups of four and divide up the work equally. You are to examine the following articles obtainable from

<http://europa.eu.int/comm/competition/publications/cpn>

De Bronett G (2000) Commission Fines ADM, Ajinomoto, others in lysine cartel, *Competition Policy Newsletter*, no.3, October, pp39-40.

Font Galarza A (1999), The British Interactive Broadcasting Decision and the application of competition rules to the new digital interactive services, *Competition Policy Newsletter*, no. 3. October, pp. 7 - 15.

Joshua J (1999), Cartel Enforcement, *Competition Policy Newsletter*, no. 1. October, pp. 27 – 30.

Krause-Heiber U and Schumm K (2000) Judgement by the Court of First Instance of July 2000 concerning Commission Decision 98/273/Volkswagen of 28 January 1998, *Competition Policy Newsletter*, no.3, October, pp 50-53.

Write a brief summary of each in no more than 100 words and consider the following questions:

1. Why did the European Commission intervene in each of these cases?  
Could national regulators have been more effective?
2. Using the case study of digital interactive services identify why an understanding of the product market is important.

3. Do you note any of the traits associated with collusive behaviour such as cheating or punishments in those cases that were found to be detrimental to the establishment of a Common Market? Explain.
4. To what extent is the process of intervening to control collusive behaviour like 'trawling for minnows'?

**You are to discuss your findings with the rest of your group. You must then collate your findings and one of you (I will nominate who in the class) must send that information by email to me with copies to other team members.**

**Your information is to be received by the end of the week.**

*Other Sources of information*

*You can also use other cases in these 'Newsletters' to examine agreements and they may help you in determining the topic for your first assessment. Note too that these articles make reference to Press Releases so that you may be able to follow a case through from beginning to end (although here the only case that has gone to the Court of First Instance is that of Volkswagen)*