Economic Efficiency and Competitiveness

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Economic Efficiency

• Static
  – Allocative
  – Productive

• Dynamic
Dynamic Efficiency in Theory
Mobile Mergers

• Genakos, Valletti, Verboven (2015)

• Empirical study:
  – Period: 2002-2014
  – 33 countries: (26 Europe, Australia, Canada, Chile, Japan, Korea, Mexico, New Zealand)
  – 8,000 observations
  – Impact of market concentration on prices (bills), investments (CAPEX), profits (EBITDA), etc

• Results:
  – Concentration drives prices and investments up

• Hypothetical symmetric 4 to 3 merger:
  – Prices go up by 16.3%
  – Capex by operator increases by 20%

• Reactions:
  – Operators
  – EC
UK Mobile Merger
Competition and Brexit

- **Substance**
  - UK competition law modelled on EU system
  - CMA/UK courts not bound by European case law

- **State control**
  - EU State Aid rules will no longer apply
  - Would UK government restrict itself?
  - UK government could not regulate other countries
  - International Externalities (roaming)

- **Procedure/enforcement**
  - Concurrent proceedings
  - Duplication for companies
  - No longer a one-stop-shop for notification of mergers

- **Legal professional privilege**
Competition Policy and Brexit

- Bad for Europe and the profession
- UK influential in promoting effects-based approach
- EU competition law will shift towards formalism