

Economic Efficiency and Competitiveness

Professor Tommaso Valletti

Imperial College London

t.valletti@imperial.ac.uk

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