

# Promoting Competition Challenges & Ambition

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Mövenpick Hotel and Resort Al Bidaa, Kuwait

## Synergies between competition policy and other public policies

### *Examples in developing countries*

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# Competition law enforcement has positive externalities over other public policies in developing countries

- **Competition law enforcement** main objective is the protection of competitive process to enhance economic efficiency and consumer welfare
- Even when trade offs are usual among public policies, there is much space for synergies between **competition policy** and other welfare enhancing public policies in developing countries
- No need to broaden competition law enforcement goals, with risk of legal uncertainty, to exploit synergies
- **Prioritization**, allocating resources cases with high impact on public policy goals, and **updating and developing antitrust theories of harm** addressing new issues, are ways to avail synergies

# Synergies between competition policy and public interest goals. Examples from Latin America

Agency Country	Year	Case	Public interest goals
<u>COFECE Mexico</u>	2021	Collusion between 17 football (soccer) clubs: Caps on female players' salaries and segmenting the players' market. Positive effects: on the labor market of football players, eliminating restrictions on competition, but also and particularly, reducing the gender wage gap	Employment, labor market conditions, gender equality
COFECE Mexico	2019-20	Competition advocacy actions (including constitutional controversy against Supreme Court) to avoid exclusionary rules affecting entry and expansion by solar and wind electricity generators ( <u>Greco &amp; Viegens, 2021</u> )	Sustainability
<u>SIC Colombia</u>	2021-	Investigation against the football association and 16 clubs for anti-competitive agreements (no-poach agreements, preventing competing clubs from hiring players ending their contractual relationship with a club)	Employment, labor market conditions
<u>CADE Brazil</u>	2019-	Investigation for collusive conduct (leniency application) in the market of workers in the industry of products, equipment and related services for health care, in Sao Paulo. Systematic exchange of information between competitors regarding remuneration to employees, and wage fixing episodes.	Employment, labor market conditions
CNDC Argentina	2016-2021	Competition advocacy and antitrust investigation: recommendations to eliminate regulatory barriers to competition, antitrust structural and behavioral remedies to allow competition. The case was key to unlock Fintech development and competition in digital payment markets, allowing access to financial services to previously excluded consumers ( <u>Greco &amp; Viegens, 2020</u> )	Financial inclusion
Several	1980-2020	At least 21 percent of the cartels detected in LAC involved essential products such as sugar, toilet paper, wheat, poultry, milk, and medicines, directly and disproportionately affecting poor households. ( <u>World Bank, 2021</u> )	Protection of vulnerable households



# Prisma Digital Payments Case in Argentina



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## Chronology of the case

2016: CNDC market enquiry, pro-competitive recommendation to Central Bank, Ex Officio Investigation

2017: Commitment to structural and behavioral remedies

2019: Prisma 51% divestiture and open competition in acquirors market

2021: 49% divestiture, end of vertical and horizontal integration

## Impact

- Lower prices 2016-2021
  - + 50% Interchange Fees reduction
    - Credit 2.8% to 1.3%
    - Debit: 1.4% to 0.6%
  - + 40% Merchant Discount Rates reduction
    - Credit 3% to 1.8%
    - Debit: 1.5% to 0.8%
- New and more players with more competition
- **Greater innovation:** possibilities for users to access new technology products. E-wallets, digital payment platforms
- **Business development** of unicorns
- **Financial inclusion.** 2015-2019 Argentina climbed from 40th to 7th place, according to the financial inclusion indicator by Economist Intelligence Unit

# Thank You



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