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FAIR TRADING COMMISSION

'Promoting Competitive Markets'

Vol. XVIII, January 2014

COMPETITION 20/20

Looking back, looking forward



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Competition Matters, published annually by the FAIR TRADING COMMISSION, has been rebranded as “**Compete**”. This magazine highlights aspects of Competition Law and Policy in Jamaica; and it is distributed free of charge to readers in Jamaica as well as overseas.

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Opinions and views expressed in **Compete** are those of the writers, and not necessarily those of the Fair Trading Commission, the Government of Jamaica or organizations with which the writers are affiliated.

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Compete

Compete represents the shift in focus of the FTC: a developmental-centered focus on the promotion of competition. As indicated by Chairman Samuda in his *FTC 20th Anniversary Message*, “our commitment to infuse the spirit and letter of the Fair Competition Act ... is simply not only regulatory, it is developmental and capacity building”.

Compete will therefore highlight not only the work of the FTC but also initiatives by the private sector and the Government considered to promote competition, improve productivity and increase consumer welfare. It will focus specifically on competition-based activities that are geared towards economic growth and national development for the prosperity of all Jamaicans.

Foreword

Competition 20/20: Looking back, looking forward

This special edition of our magazine comes as the Commission celebrates its 20th anniversary. The name has been changed from “Competition Matters” to **Compete**. This year’s theme, *Competition 20/20: Looking back, looking forward*, highlights FTC’s intervention into several key Jamaican markets; and provides a snapshot of the FTC’s way forward.

As the Commission celebrates twenty years of existence, we look back on markets that have been impacted by competition intervention. One notable example is that of the telecommunication industry where consumers have benefited tremendously from competition in this market over the past ten years.

We share with you our valued readers, some of our milestone achievements since 1993; and include a few matters that we have undertaken in 2013 as we work to unearth anticompetitive business practices.

The Commissioners and Staff look forward to continuing, with even more vigor, the execution of our mission to provide for the maintenance and encouragement of competition in all Jamaican markets.

We know you will enjoy this special edition of **Compete** as much as we enjoyed putting it together.

Happy reading!

Kristina Barrett & Paul Cooper

Magazine Coordinators

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Messages



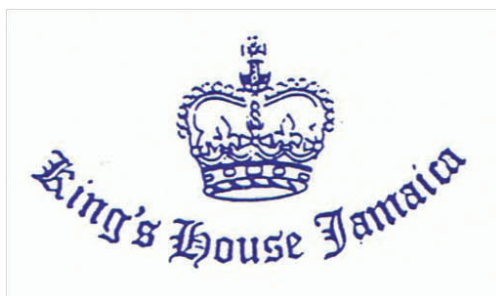
Since its inception in 1993 the Fair Trading Commission (FTC) has helped businesses and consumers to better appreciate the benefits to be derived from an economic environment unencumbered by anti-competitive activity. I congratulate the Commission as you celebrate twenty years of dedicated and faithful service as you strive to promote Jamaica's competitiveness and heighten consumers' awareness of their rights and responsibilities.

Fair competition is an important component of global trade, investment and commerce, on which our country's economic growth is heavily dependent. Thus, the successful operation of the FTC is essential not only for the health of our economy, but also for safeguarding the interests and rights of investors and consumers. The FTC allows legitimate businesses to have the assurance of an equal opportunity to participate on a level playing field, while consumers enjoy a range of choices in quality products and services at competitive prices.

As Jamaica seeks to achieve its Vision 2030, the FTC's position will become increasingly important in the thrust for new opportunities for businesses and investments from which job opportunities will flow. I am confident that your experiences across these past twenty years have prepared you for enhanced service in the national effort to grow Jamaica's economy. I trust that the recognition you have earned will also boost Jamaica's attractiveness to both domestic and external investors.

Best wishes as you commemorate this milestone achievement and as you plan for the future.

His Excellency the Most Honourable Sir Patrick Allen
ON, GCMG, CD
GOVERNOR GENERAL



Messages

It is of great historical moment to reflect this year on the 20th anniversary of the Fair Trading Commission (FTC). I wish to congratulate this organisation on its lasting contribution to improving the integrity and competitiveness of the Jamaican economy. Jamaica looks forward to World Competition Day on December 5, 2013 assured that, through the FTC, we are well-placed to achieve competitiveness and fair practices in accordance with internationally accepted standards.

The early 1990s and the Year 1993 represented a pivotal period for Jamaica. The Government of Jamaica sought to place the Jamaican economy on a more modern and competitive foundation. It needed to establish an agency to ensure that business practices were fair under a new drive to expand the market economy. This would obviously be good for business. The GoJ sought to ensure that competitive practices were in accordance with global standards under an emerging globalization. Very importantly, it also sought to protect the consumer from unfair and unscrupulous pricing, market exclusion and other harmful practices to the extent possible.

The Fair Trading Commission is now well-established and well-known amongst Jamaica's business and consumer communities. Nonetheless, it is important that the FTC keeps educating Jamaicans about its business to ensure fair trade in business while protecting consumer welfare. I am happy to endorse this information supplement and encourage Jamaicans to understand the FTC more through the information that is being published during this period.

Under the Fair Competition Act., the FTC has the authority to investigate complaints made about unfair practices. It has found reason to investigate even Jamaica's largest companies. The FTC has been fair and fearless.

The FTC also plays an important role in research. It studies different sectors such as tourism, petroleum and the pricing of consumer goods to see how competitive they could become or how to address price distortions and discrepancies.

I can say that the Government of Jamaica is satisfied that the FTC has grown, learned, and served the country well. However, there is more work ahead for the FTC.

As Jamaica pursues economic reform and transformation there will be new investments in the economy. Part of this programme of reform is to make it easier to do business in Jamaica. We therefore expect a denser economic space for more diverse business activity to result.

The next twenty years will be busy years for the Fair Trading Commission. I trust in its experienced leadership. I ask all businesses to cooperate with the FTC and for complaints to be investigated to the satisfaction of consumers. Let us all work to make the economy, not just free, but fair. Let all those who want to do business have a fair chance in the economy.

I wish the FTC well.

The Most Honourable Portia Simpson Miller, ON, MP
PRIME MINISTER



Messages

The Ministry of Industry, Investment and Commerce congratulates the Fair Trading Commission (FTC) on the celebration of its 20th anniversary. As the administrative body responsible for implementing the Fair Competition Act (FCA), the work of the Commission is invaluable to the business environment and by extension to the growth of the economy.

In an era characterized by the erosion of protectionist barriers and the resurgence of competition as a centerpiece of the trading environment, the role of the FTC must evolve and be realigned to support the new realities of global trade. The Commission must now be called upon to play an even greater role as a watchdog, to ensure that there is fair competition in the marketplace.

The FTC has continued to support the business sector and consumers through the provision of general information on their rights and obligations under the FCA, and publication of reports on studies regarding matters affecting the interests of consumers.

Competition is critical to the development of new and higher standards in the global marketplace, and demands that the manufacturing and export sectors avail themselves of the highest levels of certification in order to compete on global platforms. Fair competition facilitates the unleashing of resources and focusses these resources into productive channels, which contribute to the growth and development of the economy.

Government, through this Ministry, is working towards reforming the business environment, and several key reform initiatives with attendant milestones will be implemented during the course of the fiscal year. These include the Security of Interest in Personal Property Act, which will allow borrowers to pledge moveable property as security for loans, thereby improving access to credit; the Insolvency Legislation; and amendments to the Trade Marks and Copyright Acts. These, along with the Fair Competition Act, will enhance the environment for doing business in Jamaica.

Removing bureaucratic impediments and improving the business environment remains a key focus of the National Competitiveness Council which seeks to implement reforms to foster a more investor and export friendly business environment. It will also shore up Jamaica's ranking in key benchmarking reports such as the Doing Business Report. Jamaica's recent improvement in its rankings (from 94 – 97) on the World Economic Forum's Global Competitive Index is an indication of the positive on the part of Government to strengthen the country's business competitiveness platform.

The Ministry of Industry, Investment and Commerce lauds the Fair Trading Commission for its contribution to the Jamaican economy. In this highly globalized economy, the Fair Trading Commission is critical to safeguarding free and fair competition as Jamaica integrates into the global value and supply chains.

The Honourable Anthony Hylton, MP

MINISTER OF INDUSTRY, INVESTMENT & COMMERCE



Messages

It is almost incredible to think that 20 years have passed since the establishment of the Fair Trading Commission (FTC), but I am proud and happy to have been a part of the history of this organisation in its formative years.

From its earliest days, when Prime Minister the Most Honourable PJ Patterson appointed me to the committee established to develop and promulgate the legislation creating the FTC, I realised how important it was in an increasingly liberalised economy, for the government to create and maintain an environment conducive to business. The FTC we envisioned then would be integral in ensuring that businesses and individuals abide by rules and regulations and that there is a level playing field and balance in all business ventures.

As we prepared to launch the FTC, we did wide consultation with stakeholders and the public alike. We discovered then that to develop public buy-in would be our biggest task: all parties believed that the FTC was a noble and worthwhile project, but that it should not apply to their particular group. And so from our first day in our freshly-painted office, with myself as the Chief Executive Officer, a staff of twenty and not one item of furniture, the entire FTC staff committed themselves to making this organisation a model institution.

And we did. With a tremendous commitment from the staff, the FTC rapidly developed a reputation as an effective body, fearless in its pursuits, and proactive in tackling low hanging fruits, such as false advertising. Later, when I left the FTC to enter representational politics, I was appointed Minister with responsibility for the body, and watched the FTC come into its own.

I am proud that years later, the FTC has maintained those high standards the original staff cohort set. If there is any disappointment, it is that Jamaicans do not yet use the law and assert their rights for protection as consumers. There is still too much reliance on the FTC to police trade, even in simple situations. It is my hope that in the years to come, the FTC continues its growth and maturity as an essential agency of Government, and that in time, it can focus on resolving pure competition issues instead of moderating consumer affairs.

In the meanwhile, I am confident that the FTC will continue to be a model institution, as it continues to promote competitive markets and improvements in consumer welfare. Congratulations on 20 successful years, and God's richest blessings for the years to come.

The Honourable Phillip Paulwell, MP

MINISTER OF SCIENCE, TECHNOLOGY, ENERGY & MINING



Messages



The Private Sector Organisation of Jamaica is pleased to congratulate the Fair Trading Commission (FTC) on celebrating its 20th anniversary.

The FTC has played a major role over the years in the promotion of competitive markets and fair business practices. As a membership organisation that represents a wide cross section of companies across a variety of industries, we believe in and understand the need for a competitive business environment.

It is a global fact that the private sector in any country is the engine of growth for economic and social transformation, and fiscal sustainability, and a competitive business environment is a necessary ingredient for this to take place. We thank the FTC for their strident work in this area, and look forward to their continued efforts in making our business environment more competitive. This will go a far way in the country's ability to attract overseas investments, which is critical to the country being able to lift itself out of its current economic abyss.

In addition to pursuing its core mandate of encouraging competition, the FTC has also placed the spotlight on improving consumer welfare. It is our view that you have managed to combine these two causes, effectively encouraging competition that also benefits the consumer. An excellent example of this is the telecommunications industry, where through continuous advocacy on the part of the FTC, we have seen a healthy landscape emerge that has given the consumer the powerful ability to make choices that are suitable for them.

Twenty years by any measure is a significant milestone. The PSOJ once again congratulates the FTC on this incredible feat and wishes the organisation much success as it transitions into another decade of stellar achievements.

Christopher Zacca

PRESIDENT, THE PRIVATE SECTOR ORGANISATION OF JAMAICA



With the burgeoning of trade globally, the growing commercialization of almost every facet of social life and the aggression of technological developments which have transformed businesses and business practices, the mandate of the Fair Trading Commission to promote fair competition becomes all the more imperative.

Our commitment, therefore, to infuse the spirit and enact the letter of the Fair Competition Act in national trade and commerce is simply not only regulatory: it is developmental and capacity building.

Amidst sectoral competition for market and territorial dominance, the growing awareness of the inalienable rights of the consumer and the ongoing bid of many business concerns for economies of scale, the scales of competition have to be balanced and the rationale for such equilibrium has to be understood by all players as a critical index of a modern prosperous society.

Competition is healthy! Fair competition is inevitably wholesome! Let us, therefore, as a nation aspiring for nationhood understand and heed the call for equity on a level field of play. For our part at the Commission, the goalposts will not move and the officiating will be transparent and fair.

Christopher L. Samuda

CHAIRMAN, FAIR TRADING COMMISSION

New Logo, New Tagline

In line with its new thrust (see page 17), the Fair Trading Commission (FTC) has redesigned its logo. The design is a twist on the logo that has served the FTC for 20 years; and is symbolic of a shift in focus. The depiction of the map of Jamaica encased in a circle represents the thrust of the FTC in utilizing completely all facets of competition law and policy in aiding in the development of Jamaica through promoting competitive markets.

The new tagline, '*promoting competitive markets*', states clearly and precisely the charge of the FTC as the Commissioners and Staff embrace the

urgent need for increased focus on competition-based markets into competitive and efficient contributors to activities geared towards steering market performance Jamaica's economic and social development.



towards economic growth.

As such the FTC continues, with even more vigor, to sharpen the three competition-based tools necessary to curb anti-competitive business practices; and to carve business behaviour and government policies into those that effectively promote competitive markets. These tools are enforcement, advocacy and education. Focused enforcement actions, targeted advocacy initiatives and interventions and comprehensive education programmes are extremely critical to the FTC as it matures and keeps abreast of the changing business environment; and further positions itself to transform

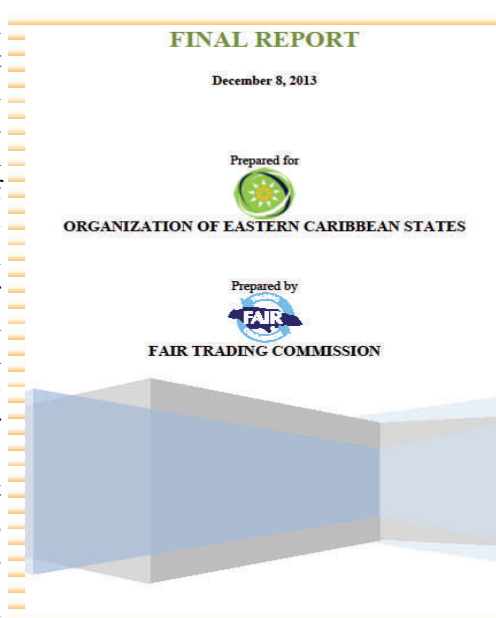
Promoting competitive markets

FTC completes work with the OECS

In December 2013, the FTC completed work under a consultancy agreement with the Organization of Eastern Caribbean States (OECS) to propose a structure and budget for an institution that will have oversight responsibility of competition, consumer protection, anti-dumping as well as subsidies and safeguard matters. The OECS Member States agreed to establish a sub-regional authority, the Eastern Caribbean Competition Commission (ECCC), to enforce competition, consumer protection, anti-dumping and subsidies and safeguard legislation in Antigua & Barbuda, Dominica, Grenada, Montserrat, St. Kitts & Nevis, St. Lucia, St. Vincent & the Grenadines.

The Consultancy was a ten-week project designed to assist the OECS Member States in agreeing upon a feasible structure for the ECCC, taking into consideration the expertise required in the focal areas, the anticipated volume of work, areas in which the major demands are likely to be made and projected increases in volume and complexity of work over the first five years of the operation.

Managed by Mr. David Miller, Executive Director, the project covered the legal framework that is required,



institutional design, operational aspects and a financial plan for the first five years of operation.

He was supported by Ms. Ann-Marie Grant, General Manager, who dealt with budget and human resources issues; Dr. Delroy Beckford who handled technical matters regarding the legal aspects; and Dr. Kevin Harriott who handled the economics aspects. The work included a review of specific legislation, obligations of the Member States in respect of the Revised Treaty of Basseterre, the Revised Treaty of Chaguaramas Establishing the Caribbean Community (CARICOM) including the CARICOM Single Market and Economy, and the Economic Partnership Agreement

(EPA) between the European Union and CARICOM. Also reviewed were documents specific to the formation of the ECCC; the structure and operations of other national and regional competition authorities as well as other regional regulators. There were also consultations with key stakeholders within the region.

The Staff of FTC will continue to be available to provide expertise in Competition Law to countries within and outside of the CARICOM region.

14th Annual Shirley Playfair Lecture

Emerging Business Strategies & Implications for Competition



Mr. Brian Pengelley

Mr. Brian Pengelley, President of the Jamaica Manufacturers Association, presented the Fourteenth Lecture in the Annual Shirley Playfair Lecture Series on Monday, September 16, 2013 at the Jamaica Pegasus Hotel in Kingston, Jamaica. Mr. Pengelley spoke to the theme **“Emerging Business Strategies & Implications for Competition”**; wherein he articulated the economic concept of vertical integration with the use of examples of both local and international industries; and brought a practical understanding of the benefits which may accrue to business enterprises as well as consumers.

Listing the key drivers of integration in Jamaica as (a) a lack of depth in the economy where companies are forced to drive more efficiency into their operations; (b) greater opportunity for profitable specialization in narrower segments of the value chain; (c) a need for better supply chain management and reliability; and (d) a desire for firms

to become more consumer driven, Mr. Pengelley made reference to several medium sized and large established firms. He cited the experience of a major supplier of chicken meat that is involved in feed production, chicken rearing, preparation and distribution and its competitor which is also involved in egg distribution as well, as success stories.

Other examples from Jamaica’s economic landscape that were discussed include a food distributor that is also involved in farming and which has a chain of supermarkets; bakeries which supply baked products islandwide; a seafood retailer that produces and distributes as well; a paint manufacturer which also distributes and retails; and several companies that are involved in production of its inputs, distribution and retailing of its line of products that it manufactures.

The benefits of vertical integration in Jamaica were discussed extensively with the audience. Competitive positioning, market and supply chain expansion, expansion in core competencies, reduced transportation and distribution costs, opportunity for increased investments and barriers to entry through competitive strength were among the benefits discussed. In contrast, risks arising from the need to balance capacity within the firm, internal complacency, organizational bureaucracy and the likelihood of monopolization were identified.

Mr. Pengelley used the experience of the Apple Inc. which manufactures, distributes and retails its apple line of products worldwide, as a company that has been successful in making vertical integration work. Through control of its computer hardware & software products as well as its retailing operations through its stores and the Internet, he stated that Apple ensures quality and consumer value for the benefit of its shareholders; and it has done this without forcing other firms out of the respective markets or preventing new entrants in which it operates.

In response to the question as to whether there exists a limit to vertical integration, he explained that there is no limit because it has been proven that vertical integration actually allows for specialization to take place, which gives rise to unique high quality products. He noted that it drives consumer value, creates opportunity to drive sectoral linkages and highlighted the role of the Fair Trading Commission in the proper functioning of markets.

At the Lecture



From left to right: The Honourable Anthony Hylton, Minister of Industry, Investment & Commerce; and Mr. Brian Pengelley



From left to right: Dr. Densil Williams, Commissioner; and Mr. David Miller, Executive Director



Ms. Kristina Barrett and Ms. Deborah Wilson registering attendees.



Mr. Marc Jones, Legal Officer introducing the Presenter



Section of the audience.

FTC signs consent agreements

For the year 2013, the FTC entered into consent agreements with Singer Jamaica Limited (Singer) and LIME Jamaica (LIME); and recovered legal cost totaling \$150,000. With respect to Singer, the FTC received a complaint that Singer advertised a clearance sale in the Daily Gleaner newspaper where refrigerators were priced as low as \$31,995, however, refrigerators were not available for less than \$37,000. With respect to LIME, the matter concerned certain advertisements regarding its \$2.99 Talk EZ plan; and a consent agreement was agreed upon.

The FTC enters into Consent Agreements in situations where it believes that the FCA has been breached and the Respondents are amenable to settling the matter out of



Court. The FCA allows for a fine of up to JA\$5 million in the case of an enterprise and up to JA\$1 million in the case of an individual, where the Court determines that the FCA has been breached.

FTC launches competition law courses

To enhance competition culture and the general understanding of Competition Law in Jamaica and in the Caribbean, the FTC has launched three courses. These are an Introductory level, Intermediate level and Advanced level Course in Competition Law and Policy; and the target group include regulators, competition law practitioners, business persons, judges, economists, attorneys and policymakers. The Introductory level, which is a 3-hour course is offered monthly. The Intermediate level, a two-day course, is held quarterly while the Advanced level, a week-long course, is offered annually in August.

The inaugural Intermediate level Course was held on October 28-29, 2013; and was conducted by Dr. Kevin Harriott, Competition Bureau Chief and Dr. Delroy

Beckford, Senior Legal Counsel. In attendance were eight Attorneys-at-Law and two Economists, from both the private and public sector. The syllabus included discussions on the objectives and benefits of Competition Law; market definition; market power assessment; and the interaction between competition law and sector specific laws. The next Intermediate level Course is scheduled for January 27-28, 2014.

A better understanding and appreciation of competitive effects assessments and of the benefits of Competition Law, by policymakers, business persons, practitioners and adjudicators, are extremely important in the promotion and fostering of competitive markets as an impetus for productivity and economic growth.



Dr. Delroy Beckford and Course participants..

FTC contributes to the lowering of mobile call rates

In June 2013, the Office of Utilities Regulation (OUR) reduced the mobile termination rate to \$1.10 per minute, effective July 1, 2013; which resulted in an almost immediate reduction in call rates by LIME and Digicel, each moving to offering rates of as low as \$2.99 per minute.

This follows on the FTC's June 2010 report on its investigation into Digicel's pricing strategy regarding calls terminated on its mobile network. The FTC concluded that Digicel's pricing strategy was likely to substantially lessen competition and harm subscribers of the fixed and mobile voice services. The FTC concluded also that a lax regulatory environment facilitated this anticompetitive conduct and recommended that the OUR regulate mobile

termination rates. At the same time, the FTC recommended that all mobile networks should be subjected to cost-oriented regulation of mobile termination as this would yield substantial long-term benefits to subscribers.

Arising from these recommendations, the Telecommunications Act was amended on May 24, 2012, to allow for the OUR to set termination rates for all telecommunications providers; and an interim termination rate of \$5 per minute was set with effect from July 15, 2012. As a result, LIME had reduced its retail price for prepaid mobile service from \$12 per minute to \$6.99 per minute; and Digicel had reduced its retail price from \$14 per minute to \$6.99 per minute.

FTC pushes for gated community standard

Regarding the matter of a standard for classifying housing developments as gated communities, the FTC has expressed its concerns to the Real Estate Board which is now in the process of identifying areas of concerns regarding gated communities with a view to having legislation to address those concerns. The FTC has asked



that issues relating to the maximum number of entrances and exits and the existence of and type of perimeter wall be considered.

From as far back as 2002, the FTC has been receiving complaints from purchasers of housing units, which are advertised as being located in a gated community. They complained that the infrastructure that is provided by the respective developers does not meet their expectation of what they consider to be a gated community.

FTC consultation into the exclusive use of prescribed valuers

The FTC has been having consultative discussions to understand the cause, nature and consequence of a common practice by institutions in some industries to restrict the pool of professionals from which the institutions' customers can acquire third party valuation services. The purpose of the consultations is to assist the FTC in determining whether and the extent to which the practice is adversely affecting competition and, if so, identify measures to mitigate the adverse effects.

The final consultation was held on October 25, 2013. Representatives from Financial Services Commission, Realtors Association of Jamaica, the Real Estate Board, commercial banks, credit unions, building societies and insurance companies and third party service providers were present. Participants revealed that over the years, the unreliability of reports produced by some of the third party services providers posed a considerable financial risk. To

mitigate this risk, the financial institutions independently established exclusive panels to identify providers who are likely to produce reliable reports.

The FTC concluded that while the decision of individual institutions to establish panels is a legitimate response to the perceived risk posed by unknown third party providers, the decentralized establishment of panels created a significant barrier to entering the market for third party service providers; and therefore recommended that a central public body be authorized to establish the panel of service providers from which all financial institutions would agree to pool from. Representatives of financial institutions present at the final consultation accepted this recommendation, in principle.

As this is a widespread practice, which limits consumers' choice, the FTC intends to pursue this matter and work with the respective industries to ensure a workable solution.

FTC welcomes the supply of low sulphur diesel fuel

The FTC welcomed the introduction of an ultra low sulphur diesel fuel by Petrojam Limited in June, 2013. In February 2013, the FTC issued a report on a study which highlighted the negative effects of the high sulphur content diesel fuel on the engines of diesel-powered vehicles.

Investigations by the FTC had revealed that the newer diesel-powered vehicles are designed to use diesel fuel with very low sulphur content, usually lower than 30 parts per million – a fuel that was unavailable in Jamaica prior to June 2013. These investigations started as a result of several

complaints from unsuspecting consumers regarding the declining performance of their diesel-powered vehicles and their preliminary investigation which pointed to the fuel type as being the cause of the reduced performance.

Given that Jamaica's sole refinery, Petrojam Limited, is Government owned, recommendations were made to the relevant Government Ministries and Agencies that steps be taken to have available on the market a diesel fuel with a lower sulphur content.

Fair Trading Commission

COMPETITION LAW & POLICY COURSE – INTERMEDIATE LEVEL

Who Should Attend?

- Economists
- Attorneys
- Business persons
 - Regulators
 - Policymakers
 - Competition Law Practitioners

2014 Dates

January 27-28th

April 28-29th

July 28-29th

October 27-28th

Course Content

- Objectives and benefits of Competition Law and Policy
- Economics of Competition Law
- Collusive agreements, mergers and acquisitions, restrictive agreements and abuse of dominance
- Market Power Assessment
- Market Definition
- Administration and enforcement of Competition Law

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Looking Back

Major Achievements and Milestone Events 1993 - 2013

1993	The Fair Competition Act took effect on September 9. The doors of the FTC was opened in November 1993.
1994	FTC's intervention ended discrimination and collusive practices regarding commission paid to advertising agents.
1995	Telecommunications of Jamaica (TOJ) agreed to roll back its Internet access charges after the FTC had determined that the charges were unjustifiable and that TOJ's action represented an abuse of dominance.
1996	Agreement with TOJ removing the requirement that consumers use only TOJ's equipment in their homes.
1997	First issue of <i>Competition Matters</i> , an annual publication which highlights the work of the FTC. In 2013 the magazine was renamed, ' <i>Compete</i> '.
1998	Signed Consent Agreement with Executive Motors Limited regarding a misleading representation.
1999	Settlement Agreement with Cable & Wireless Jamaica Limited regarding misleading representation and abuse of dominance relating to its messaging service.
2000	Launch of the Annual Shirley Playfair Lecture, held in honour of the Mrs. Shirley Playfair, the first Chairperson of the FTC.
2001	Court of Appeal Judgement handed down in a suit brought by the Jamaica Stock Exchange against the FTC. It later formed the basis for amendments to the Fair Competition Act.
2002	Following on research into the conduct of Banks, the FTC collaborated with the Jamaica Bankers Association to ensure that information such as the posting of exchange rates, advertising of interest rate, computation of interest charges for credit card purchases, are clearly disclosed to customers.
2003	Issued Guidelines to consumers for the purchase of used cars.
2004	Agreement reached with the individual airlines and the Board of Airline Representatives of Jamaica that all airline advertisements indicate the cost of an airline ticket, as well as the relevant taxes and levies.
2005	The principle that intention is not a consideration for the offence of Misleading Advertising was established in Judgement in favour of the FTC in the matter brought against SBH Holdings Limited and Forrest Hills Joint Venture Limited.
2006	The FTC's Court action led to consumers who had purchased a particular type of vehicle from Key Motors Ltd., obtaining replacement of the defective dashboards and full compensation for related loss and inconvenience caused.
2007	Made representation in Parliament on the Jamaica Dairy Development Board Bill advocating that farm gate prices of milk be determined by individual farmers instead of being set by the Board.
2008	Comprehensive revision of Case Selection Criteria. The Criteria guides the process of selecting and prioritizing matters to be investigated; and ensures transparency, certainty and uniformity in the case selection process.
2009	Completed a 4-year Inter-American Development Bank project geared at Strengthening the Technical Capacity of the FTC.
2010	Issued a Report on fees and charges of Commercial Banks, following which there was an increase in promotional rates, rebates and removal of some fees.
2011	Filed suit in the Supreme Court against Digicel and Claro regarding their acquisition agreement.
2012	The FTC raised concern that the diesel fuel sold in Jamaica is unsuitable for use in some diesel-powered vehicles, due to the high sulphur content. Ultra Low Sulphur Diesel was introduced to the market in the following year.
2013	Launch of Competition Law Courses and Consultancy Services offered by the FTC.

Looking Forward

To the next 20 years

Twenty years have passed since the FTC commenced operations and much has been done in creating the foundation for building the institution into one which is independent, credible, responsible and accountable. Our achievements are numerous and Jamaica's economic landscape, business environment and development potential is much the better for having the FTC. In creating the list of major achievements on page 16, it was indeed a tough task to single out only one achievement each year as we made several significant interventions in each of those years.

The next twenty years will see even more interventions from the FTC. Moving in tandem with our new tagline of *"promoting competitive markets"*, economic growth, influencing competition policy, shaping business behavior and facilitating the development of markets will be our part in assisting Jamaica to obtain its Vision 2030 national outcomes of having an enabling business environment and having internationally competitive industry structures.

Building a culture of competition is one of the challenges which both new and established Competition Agencies face, and Jamaica has been no different. In the context of having competition policy engrained in our society, and in the actions of our people, twenty years is not a long time. This building process is ongoing and is treated as integral to our work; and it will continue to be given priority. Our core values of credibility, effectiveness, accountability and independence will remain at the forefront of our work. The process of achieving the International Organization for Standardization (ISO) certification has begun and we will be certified by 2015.

Sharpening the three competition-based tools, namely public education, advocacy and enforcement, will be our focus and new initiatives will complement existing activities. We will:

- ♦ have enhanced quality control;
- ♦ conduct training courses in competition policy;
- ♦ offer services that develop and/or strengthen institutions in their knowledge of competition and trade related matters;
- ♦ complete the process of amending the Fair Competition Act (FCA) to strengthen several provisions as well as provide the FTC with stronger enforcement powers; and
- ♦ have a faster turn-around time for completion of

investigations and market studies.

We will continue to build on several aspects of our operations, use the tools in the manner which we have been using them and in keeping with our culture of inward looking and continuous evaluation and assessment of ourselves, these tools will be strengthened or they will be used in different ways to achieve our objectives. As Sir Winston Churchill said "To improve is to change; to be perfect is to change often".

Education Programmes:

- ♦ Increase the volume and quality of information provided to stakeholders.
- ♦ Strengthen communication at all stages towards the relevant target groups.
- ♦ Continue with the process of repositioning the FTC as the premier competition agency in the region.

Advocacy:

- ♦ Target Government policies which restrict competition by conducting analyses on the effects of current and proposed policies and legislation.

Enforcement:

- ♦ Focus on proactive enforcement and impartiality and use an effect-based approach in the selection of cases. Direct internal mechanisms, structures and processes towards transparent, open and objective decision-making, reporting and effective communication.
- ♦ Build enforcement strategies on the basis of: (a) prioritizing the sectors that are at the forefront of the economy; (b) employing deterrence mechanisms; and (c) promoting a culture of results primarily through public education.
- ♦ Take matters to be heard by the Court; and enter into Consent Agreements with enterprises where appropriate and where necessary.
- ♦ Conduct investigations into and undertake market studies on issues which are topical and which negatively affect the competitive environment and consumers.

David Miller
Executive Director
January 2014

Jurisdiction Overview *Then & Now*

“By three methods we may learn wisdom...by reflection, which is noblest;... by imitation, which is easiest;... by experience, which is bitterest.”

By Wendy M. Duncan

These words were spoken by the well-known Chinese sage, Confucius, thousands of years ago; and the lessons of the past twenty years at the Fair Trading Commission (FTC) have reconfirmed their truth. Bits of legislation, sometimes seemingly copied from other jurisdictions and slapped into the Fair Competition Act (FCA) have, in some cases, turned out to be an uncomfortable fit. In other instances, the practical application of some provisions of the Act has led to costly and bitter outcomes.

We have learned firsthand, therefore, the value of reflection in moving forward. About a decade ago, in an earlier edition of this Magazine, I explored the issue of jurisdiction under the FCA and some of the practical challenges which had arisen and were likely to arise. It is an appropriate time to revisit the issue in this Special Edition and measure the extent to which jurisdiction may prevent the FTC's intervention in certain markets.

Section 3 of the FCA sets out the circumstances in which the Act does not apply including combinations or activities of employees for their reasonable protection; arrangements for collective bargaining with respect to employment conditions; certain intellectual property issues; business practices authorized by the Commission; activities subject of treaties or agreements to which Jamaica is party, activities of professional associations for the enforcement of professional standards; and activities exempted by Ministerial Order. There are also exemptions which are created by the definition of goods and services under section 2 of the Act; for example, money and securities are excluded under the definition of goods.

In its first decade, the FTC received complaints touching on jurisdiction with respect to breaches of the Act occurring on the Internet, consumer rights with regard to imported items, and alleged breaches by enterprises based outside of the jurisdiction; as well as the position of professional and other regulatory bodies in relation to the Act.

The Internet, or *cyberspace*, had presented a new set of challenges for the FTC – as with other competition agencies around the world. As the Internet and ‘going on-line’ became more affordable and accessible, many persons in

Jamaica and worldwide began ‘travelling’ through cyberspace in order to explore the global marketplace stocked with information about various goods and services. The FTC was faced with a number of issues arising from the Internet.

The FCA allows the FTC to carry out investigations in relation to the conduct of business in Jamaica. Further, the FTC only has jurisdiction over persons who carry on business in Jamaica. Some questions which arose were, when information on the Internet is misleading, who is to be held responsible? When an ‘advertiser’ is based in a foreign jurisdiction, are there circumstances when the FTC can exercise extra-territorial jurisdiction?

Some of the complaints received focused on these issues. In one complaint, a consumer visited a Japanese website containing information on certain motor vehicles being sold in Japan via the Internet and made arrangements for it to be shipped to Jamaica. On arrival, the vehicle turned out to be different from the one which had been advertised. In other complaints, Jamaican consumers identified various products on the Internet, for example, on United States and Canadian websites, and paid for them by credit card. After the items were mailed to Jamaica, it was discovered that they had defects. In both these instances, the FTC had no jurisdiction to intervene and referred the consumers to competition agencies in the relevant jurisdictions.

Despite the obvious challenge of jurisdiction in these instances, the FTC attempted to ‘intervene’ and address some of these issues on the Internet by liaising with competition enforcement agencies worldwide. On October 16, 1997, the FTC participated in a worldwide sweep of the Internet for scams involving the use of promotional ‘gimmicks’ such as the offer of fake credit cards, tickets in phony lotteries and useless investments. More than thirty enforcement agencies around the world, including the United States Federal Trade Commission (USFTC), joined forces for a day to locate the ‘scamsters’ offering scams in a wide range of countries. The sweep day was spearheaded by the Australian Competition and Consumer Commission under the auspices of the International Marketing Supervision Network (MSN).

Another common area of complaints to the FTC during

its first decade related to consumers' rights in respect of imported goods. Consumers travelling abroad and purchasing goods there, on returning to Jamaica and faced with malfunctioning goods, sought redress from the FTC but were advised to pursue their complaints with the USFTC.

Arising from some of these complaints, however, was an appreciation of the utility of section 37(4) of the FCA as a tool of intervention where the FTC would have otherwise lacked jurisdiction. Section 37(4) provides that where goods sold in Jamaica are accompanied by statements, warranties and guarantees that are made by foreign manufacturers, a representation will be deemed to have been made by the Jamaican importers who will be held responsible for honouring the warranties. In such cases, the FTC, though unable to exercise jurisdiction over the manufacturer abroad, exercised it over the importer who stands in the shoes of the manufacturer.

During the last decade the FTC has continued to receive complaints involving misleading information on the Internet, that have raised jurisdiction issues. The FTC has continued to liaise with Competition agencies outside of the jurisdiction and has referred both complaints and consumers to these agencies where appropriate.

The FTC's jurisdiction was a recurring issue in its first decade and first arose in the Supreme Court case of the *General Legal Council (GLC) v FTC*.¹ In that case the FTC challenged the Jamaican Bar Association on the basis of the Commission's view that some of the Canons of Professional ethics (such as Canon 11 that contains certain restrictions on advertising by attorneys-at-law) were inconsistent with and possibly in breach of certain provisions of the FCA by adversely affecting competition. The Supreme Court established in essence that the FTC cannot regulate a professional body if that professional body has a statutory basis for exercising its powers. The Court found that the FCA, as an enactment of general scope, does not repeal any of the specific statutory provisions of the Legal Professional Act which vests jurisdiction in the GLC. The case was the first to bring into sharp focus the question of the extent to which the FTC may exercise concurrent jurisdiction with another statutory body.

The GLC case was quickly followed by a similar issue with respect to the Medical Council of Jamaica. The FTC initiated an investigation on the issue of advertising by doctors; taking the position that members of the public ought to be provided with clear information on all aspects of the service and that tasteful advertisement must be permitted by the medical profession. The FTC was unable to intervene and pursue the matter because of the precedent set by the GLC case.

Toward the end of the decade, the Jamaica Stock

Exchange Case² explored in depth the issue of concurrent jurisdiction with respect to the FCA, a more general statute, and the Securities Act, a more specific and later piece of legislation which governed securities. It was held that the later and more specialized Act prevailed and that therefore the FCA did not hold concurrent jurisdiction with the Securities Act.

Although proposals have been submitted, no amendments to the FCA have taken effect as yet. There have been, however, developments which have touched on certain aspects of the issue of concurrent jurisdiction. For example, largely as a result of the FTC's advocacy in the encouragement of competition in markets, there are regulatory bodies such as the Betting Gaming & Lotteries Commission³, which have amended their statutes to specifically provide for concurrent jurisdiction of the FCA. Advocacy at various levels (policy, industry, consumers) has been a highly effective tool of intervention by the FTC in markets where jurisdiction issues prevent more direct means of intervening.

The FTC's most recent battle and, undoubtedly, the landmark competition case of this decade – *FTC v Digicel Jamaica Ltd & Oceanic Digital Jamaica Ltd* has revisited and explored in depth the issues of concurrent jurisdiction. This time, the wrestle is between the FCA and the Telecommunications Act 2005. It is hoped that the decision of the Court of Appeal to be delivered on October 25, 2013, will establish useful precedent as well as establish clear principles on the issue of concurrent jurisdiction.

The last two decades have highlighted potentially crippling jurisdictional issues in enforcing the FCA; and an urgent need for amendments to the Act and the establishment of helpful judicial precedent. This shortfall, however, has not prevented the FTC from intervening in markets where necessary. When jurisdiction is questioned, the FTC continues to make use of tools available to it such as cooperation with other agencies and networks, advocacy, and ultimately, Court proceedings to determine the issue.

Looking back, the FTC has made the best use of the tools that were available. Now on the cusp of 21 and full-fledged 'adulthood', and having done our due diligence, we look forward to receiving all of the tools – particularly amendments - which we need to fully and effectively carry out our mandate to provide for the maintenance and encouragement of competition in the conduct of trade, business and the supply of services in Jamaica with a view to providing consumers with competitive prices and product choices.✿

Wendy M. Duncan is a Legal Officer at the Fair Trading Commission.

Endnotes

¹Suit No. E. 35 of 1995.

²*Jamaica Stock Exchange v FTC*, Supreme Court Civil Appeal No. 92/97

³The Betting, Gaming and Lotteries (Amendment) Act, 2010 s 22(4)

Should Jamaica Celebrate the 20th Anniversary of the FTC?

By Kevin Harriott

Twenty years have passed since Parliament established the Fair Trading Commission (FTC) in 1993 with the primary objective of positioning competition as the driving force behind economic activity in Jamaica. In the current fiscal year, approximately \$73.5 million of scarce public resources have been approved to fund the FTC. Although this represents only one hundredths of 1% of the overall budget for central Government, the public deserves to know whether the FTC is providing value for money or is merely another charge on the public purse.

Activities of the FTC

The FTC has been active in numerous industries in Jamaica during the preceding two decades. Over this period, it has confronted private and public bodies whose conduct, wittingly or unwittingly, posed a threat to competition. These industries include telecommunications, cement, poultry, dairy milk, pharmaceuticals, financial services, petroleum, automobile, real estate, household furniture and live entertainment. In each instance, the objective of the FTC was to neutralize any anticipated threat to competition within the respective industries. The motivation behind the FTC's actions is that competition offers the proper incentives for businesses to offer consumers high quality goods at the most affordable prices.

Benefits of the FTC

Even if it was accepted in principle that competition offers benefits to the public, the continued support of the FTC could not be justified unless it was shown also that the benefits exceeded the \$73.5 million used to fund it. A careful review of its activities indicates that consumers now enjoy considerable benefits which are attributable to the actions of the FTC. For example, subscribers of telecommunication services enjoy considerable benefits with a wide variety of handsets and services to choose from. The benefit of competition is readily discernible to subscribers in Jamaica since they have experienced the industry with and without competition. The telecommunications industry today is vastly different from the sector which operated prior to 2000 when Telecommunications of Jamaica (now LIME) was the monopoly service provider. During the period of monopoly, mobile services were secured by only the privileged few as handsets and services were limited and considerably

expensive, relative to the market today. Very few persons are aware that during its second year of existence, the FTC toppled the first domino that caused a rippled effect that eventually led to the revocation of the monopoly license ('Big blow to TOJ's monopoly', **Observer**, December 22, 1994). In fact, during the most intensely competitive period of the telecommunication sector (2007-2010), competition between two telecommunications service providers generated consumer benefits in excess of \$4,182 million annually in the form of increased promotions and value offers and reduced calling rates. This means that the benefits to consumers derived from protecting competition in the telecommunications industry alone is at least 56 times as large as the cost of funding the FTC.

The cement industry is another industry in which the FTC has measured the benefits of competition. Since there is only one producer of cement in Jamaica, competition is driven through international trade (importation) which is limited to satisfying no more than 20 percent of the domestic demand. Again, the FTC was able to measure the benefits of competition because Jamaica experienced a period in which there was no competition (i.e. no importation) and a period in which there was competition (i.e. importation). The FTC showed that even the restricted competition from imported cement generated consumer benefits in excess of \$297 million annually in the form of reduced prices ('Cement debate: Consumers win when cement market opens to competition', **Gleaner**, June 5, 2009). The FTC continues to advocate for easing the quota restriction on imported cement. This means that the benefits (savings) to consumers derived from protecting competition in the cement industry alone is at least 4 times as large as the cost of funding the FTC.

Conclusion

Based on the above, it is clear that Jamaica should be celebrating with the Fair Trading Commission on the occasion of its 20th anniversary since the institution has generated benefits to the public that far exceeds the funds utilized to run its operations.

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Agency of the Ministry of Industry, Investment and Commerce



ILAC MRA Signatory

Giving business the green light - a look at Authorization under the Fair Competition Act

By Marc Jones

There is a myriad of perspectives on the Fair Competition Act. From the perspective of business owners and managers the Act may be seen as a form of regulation by the state. Its general thrust is certainly to constrain their conduct in relevant markets on the premise that the constrained conduct may either hinder the process of competition or injure consumers as stakeholders in said process. So that when businesses decide to take action in a market(s), either unilaterally or mutually, they should consider the provisions of the statute. An important set of provisions are to be found in Part V of the Act which deals with authorization. These provisions which number from sections 29 to 32 enable the Fair Trading Commission to authorize either “an agreement or practice” that is “affected or prohibited” by the Act. In other words once the requirements of the sections are met businesses may get the “green light” to act in their relevant markets in ways that may otherwise have been constrained under the Act.¹

The first step in seeking authorization is to make an application for same to the Commission under section 29(1). Upon receipt it has discretion under section 29(2) to either grant or refuse authorization. The application must satisfy the Commission that the proposed “agreement or practice” is “likely to promote the public benefit”. This “public benefit” requirement is critical to the exercise of discretion. It is therefore in the interests of businesses or their professional advisers to understand this requirement so that they may successfully utilize the provisions. For ease of explanation the concept will be deconstructed in a series of questions-and-answers herein.

1. Who is the “public”?

The Act does not define who constitutes the “public”. However guidance may be sought from the treatment of the issue under the Australian Trade Practices Act, 1974.² The Australian Trade Practices Tribunal in authorization proceedings under the said Act has defined “public” broadly to include not only consumers in a narrow market sense but also society as a whole.³ Therefore when considering a proposed transaction affected by the Act some consideration may be given to the positions of relevant stakeholders such as employees, shareholders and the wider community in addition to the traditional focus on consumer welfare.

2. What qualifies as a “public benefit”?

The upshot of the broad definition of “public” aforesaid is that a “public benefit” potentially includes anything that may be viewed as good for society. Indeed the Trade Practices Tribunal views a “public benefit” as

“...anything of value to the community generally, any contribution to the aims pursued by the society including...the achievement of the economic goals of efficiency and progress. If this conception is adopted, it is clear that it could be possible to argue in some cases that a benefit to the members or employees of the corporations involved served some acknowledged end of public policy even though no immediate or direct benefit to others was demonstrable.”⁴ [emphasis mine]

On this view applicants for authorization can, in their application, claim benefits that are likely to accrue primarily to their business. So for example in the **Qantas Airways Ltd** case Qantas claimed, in the context of its application for authorization of a merger with Air New Zealand, that the merger would allow it to profitably expand its domestic and international networks thereby enabling it to more effectively compete with its rivals. The Australian Competition Tribunal (successor to the Trade Practices Tribunal) accepted this as a public benefit because it was in “the national interests of Australia for Qantas to be a strong and efficient airline...”⁵

Even though benefits that are likely to be enjoyed primarily by the applicant(s) can qualify as “public benefits” it does not necessarily follow that a proposed transaction which only benefits them will be authorized. It remains highly relevant to the decision-making process for applicants to demonstrate that their proposed transaction is likely to benefit other members of the community, in particular consumers.

Interestingly the Qantas Airways case also considered whether benefits likely to be enjoyed by the shareholders of foreign-owned corporations can be treated as “public benefits”. This issue may be of some relevance in the Jamaican context where foreign direct investment in the



economy is encouraged.

The approach to the issue, where it arises, will largely depend on the specific circumstances of the application. So for example if a foreign-owned corporation applies for authorization of a transaction which may have anti-competitive effects in a relevant market, any likely distribution to its shareholders of supra-competitive profits thereby generated may not be considered a public benefit. The position may however be different if there is evidence that the return to shareholders is likely to be re-invested in the local economy.

3. What is meant by “likely to promote”?

Although applicants may claim almost “anything of value to the community generally...” there are some constraints built into the decision-making process which can affect the outcome of applications. In this regard any claimed benefits must be “likely” which essentially means that there must be a real chance of the benefit occurring. The Tribunal in *Qantas Airways* explained this requirement as follows:

“Thus, for a benefit or detriment to be taken into account, we must be satisfied that there is a real chance, and not a mere possibility, of the benefit or detriment eventuating. It is not enough that the benefit or detriment is speculative or a theoretical possibility. There must be a commercial likelihood that the applicants will, following the implementation of the relevant agreements, act in a manner that delivers or brings about the public benefit...”⁶

The Tribunal’s reference to “detriment” is a reference to the balancing of benefits and detriments likely to arise from a proposed transaction. This is an exercise expressly required under some of the authorization provisions in the Australian statute.⁷ Section 29(2)(a) of the Fair Competition Act however does not mention “detriment” but it is arguable that the anti-competitive effects of a proposed transaction should be considered, and where appropriate, set-off against the

claimed benefits to arrive at the likely net effect of the proposal on the market for authorization purposes.⁸

On this approach the onus is on applicants to satisfy the Commission that any public benefits claimed by them are sufficient to outweigh any detriment likely to arise from a proposed transaction so as to justify authorization. Applicants should be especially mindful of this balancing exercise in putting forward claims of public benefit because such claims do not all carry the same weight.

Greater weight may be accorded to some public benefits over others so that the net outcome of a proposed transaction may depend to a degree on the nature and character of the benefits claimed. In this regard the Tribunal in *Qantas Airways* also viewed the question of who is likely to enjoy the benefits as highly relevant to weighting. As one commentator has put it “the narrower the private group benefited, the more suspect the public benefit argument.”⁹ So that a claimed benefit which is not likely to be passed on to consumers may be given less weight than one which is likely to be passed on in the form of lower prices or new or better products.

In light of the foregoing there are a number of issues with which applicants need to be familiar if they hope to get the green light for transactions they propose to enter that may be affected by the Act. These issues must be dealt with in a substantive way which requires applicants to support their benefit claims with factual material. Such material usually consists of documentary evidence, which depending on the nature of the benefit claimed may involve either quantitative estimates or detailed qualitative explanations. Applicants are however cautioned that “any estimates involved in benefit analysis should be robust and commercially realistic, in the sense of being both significant and tangible. The assumptions underlying their calculation must be spelled out in such a way that they can be tested and verified.”¹⁰ ❖

Marc Jones is a Legal Officer at the Fair Trading Commission.

Endnotes

¹Section 30 of the Fair Competition Act. Note authorization is prospective; it is not retrospective. Accordingly the application for authorization must relate to a proposed “agreement or practice”.

²The “public benefit” requirement is common to the authorization provisions of both the Australian statute and the Fair Competition Act. See sections 90(6)-(9) of the Trade Practices Act 1974 amended up to 1994.

³See *Re Queensland Co-operative Milling Association Ltd* [1976] 25 FLR 169.

⁴*ibid.*

⁵See *Qantas Airways Limited* [2004] ACompT 9.

⁶*ibid.*

⁷Sections 90(8) and (9) of the Trade Practices Act 1974 which provide for authorization of exclusionary agreements and mergers and acquisitions do not mention “detriment” and as such are similar to section 29(2)(a) of the Fair Competition Act.

⁸This approach can be supported on a purposive interpretation of the word “promote” used in the section bearing in mind the general policy behind the Act which is opposed to business conduct likely to result in substantial lessening of competition in a market. Furthermore the Trade Practices Tribunal has said that the tests for authorization under the Australian statute are the same regardless of whether or not the balancing requirement is expressly stated. See *Re Media Council of Australia (No 2)* (1987) 88 FLR 1.

⁹Ransom, A, “*The Fair Competition Act, 1993 (Jamaica) – Analysis and Comment*, Part 2 – Vol. 4, No. 2, Dec. 1994, Caribbean Law Review pp. 295-6.

¹⁰See *Qantas Airways Limited* [2004] ACompT 9.

“MiKyaahnBada”

Consumer Behaviour and Competitive Markets

"You don't have to take the bad service. Instead of saying 'I can't bother', say 'I won't pay',"

Cory Mills, Deputy Public Defender

As part of its mandate, the Consumer Affairs Commission (CAC) routinely provides consumers with information and analyses on goods and services. However, while consumers complain about high prices and poor customer service, they appear to be unwilling to exercise their power to choose. For example, when a consumer complained to the CAC of unfair pricing by a particular gas station, she was encouraged to visit other locations to benefit from more affordable prices. Her response was, ‘Mikyaahnbada¹,’ although being well aware of stations with lower prices.

She was willing only to complain for better service, not to actively seek it out among competing suppliers. While this attitude is not representative of consumers in general, the CAC is concerned that this “kyaahnbada” culture is sufficiently widespread to potentially undermine competition.

The CAC has welcomed the work of the Fair Trading Commission (FTC) in encouraging competition, because when firms compete, consumers are expected to win. Competition results in lower prices, higher quality and higher rates of product innovation relative to markets in which competition is hindered. However, the Jamaican consumer might be unaware of the power they can wield within a free market and that the proliferation of the “kyaahnbada” consumer behaviour can impede the efficient operation of the market.

The relationship between demand (represented by the consumer) and supply (represented by the firm) directs economic activities. When the behaviour of either side does not facilitate the perpetuation or improvement of the relationship, economic stagnation or disintegration occurs. For instance, some argue that while monopolistic firms facilitate trust and reliability through branding, they nevertheless undermine innovation, decrease efficiency, increase costs and, by extension, harm the market. On the other hand, the market needs well informed, confident, rational and effective consumers to thrive. According to the UK's Office of Fair Trading², for consumers to drive competition, they need to access information about offers in the market; access these offers in a well-reasoned way; and act on this information and analysis by purchasing the good or service that offers the best value to the customer.

Where consumers act appropriately, firms are led to act in ways that are beneficial for them and the market. For example, the consumer that not only actively searches for the best deals, but actually capitalises on them, encourages firms

to appeal to these consumers. This forces such firms to improve costing, quality, delivery and the overall experience for the consumer. The *Economist*³ noted that since the last major economic recession, consumers in the United States of America and Europe were seriously reconsidering the value of the goods and services they habitually consume. “The winners will be those that adapt intelligently to the new reality. The losers will be those who think they can win simply by telling consumers to “Want It!””

On the one hand, Jamaican consumers should be applauded for their persistence. Currently the CAC receives about 160 complaints monthly⁴, as Jamaican consumers seek redress for unfavourable service. Additionally, despite financial struggles, they rank 85th in the world for household final consumption⁵ (HFC) per capita, with a steadily climbing HFC as a percentage of gross domestic product (GDP) since 2003⁶. Many consumers seem to be aware of their right to choose, and make the effort to exercise same.

On the other hand, Jamaican consumers must guard against the “kyaahnbada” culture prevailing. In May of 2013⁷, the CAC conducted a small exploratory survey online on consumers’ buying patterns in response to rising food prices and the upward movement in the Jamaican Dollar. The findings suggest that, instead of substituting to cheaper alternatives (i.e. products and sources), consumers reduced consumption of higher priced goods from the same outlet or source.

In a 2010 CAC study⁸ on the knowledge and behaviour of bank customers, only 31% were aware that banks charged for its services. Of this group, only 5% of them were aware of the actual amount charged. This widespread ignorance on the part of consumers serves as a significant market friction since a substantial proportion of the respondents indicated they would switch to another bank with more affordable charges, all other things being constant. The study however showed that over 80% of respondents had remained with the bank they had originally joined years ago, despite annual rate increases. This suggests that although rates and fees are important factors for consumers, there are more important factors driving the consumer decision making process. For instance, 46% indicated that they choose banks based on convenience; very few were motivated by the rates and fees charged (4%). Consumers could select a high price service for a variety of other reasons: convenience, brand confidence, and quality, among others.

Responsibility for the “kyaahnbada” consumer behaviour

is not solely to be laid at the feet of consumers. When consumers attempt to switch away from a high price supplier, certain factors make it infeasible to do so. For example, during an interview for the CAC, one respondent illustrated that the problem was not merely an unwillingness to exercise their power, but incapability given certain hindrances,

“For persons who have the time to shop around, it may be useful[,] but for me, it's a waste of time because unless the stores are in close proximity to each other, it really doesn't make sense to be running from one to the other just for one item. It may cost you more in the long run: re: gas if you drive or taxi fare”

Empowering consumers and keeping them aware of their rights and responsibilities have to be a shared public and private sector partnership. While legislative measures have been put in place and even changed recently (the 2012 Amendments to the Consumer Protection Act), government agencies like the FTC and CAC require additional assistance. Working with the media, we can help to keep both firms and consumers in check. Companies can play their part as well, by putting in mechanisms to improve goods and services despite consumer behaviour, and encouraging consumers to exercise their rights and responsibilities. For example, encouraging and consistently responding to consumer complaints can motivate consumers to demand better services. Consistently and positively responding to these complaints can also improve consumer confidence, leading many to re-enter the market and spend. Reducing switching costs and increasing consumers' access to reliable and relevant consumer information could increase the ability of consumers to actually make a choice. It is only by working together that consumers can be made aware of not only the irregularities and misconduct within the economy, but of **the power they have to effect positive change.**

When local television station Television Jamaica (TVJ) purchased the rights to air *The Voice*, local viewers took to social media to voice their disapproval. The very next morning, the broadcasters moved to appease the angry viewers by airing the show live on Reggae Entertainment Television (ReTV), instead of two hours delayed as originally planned. The voice of the Jamaican consumer is loud and



effective, but their actions are not as obvious. Given the threat this poses to the economy, it would be wise for firms and civil society to assist the consumer in exercising their power in the market. This will encourage firms to improve the production and delivery of their goods and services and engage in healthy competition that will develop the economy and, potentially, the country at large.

The Consumer Affairs Commission remains committed to fostering ethical relations between the providers and consumers of goods and services in the Jamaican market place through effective advocacy, research, public education, and complaint resolution, utilizing the available technology, legal framework, and professional staff; within the context of a competitive environment. The relationship between consumers and suppliers is symbiotic – each meets its needs through the other. We therefore appeal to consumers whose attitude is “MiKyaahnBada!” Our message will continue to be “... But you must!”⁹.

Contributed by the Consumer Affairs Commission.

Endnotes

¹Jamaican Patois for “I can’t be bothered.”

²Office of Fair Trading. 2010. “What does behavioural economics mean for competition policy?”, http://www.oft.gov.uk/shared_of/economic_research/oft1224.pdf

³The Economist . 2009. “From Buy, Buy to Bye-Bye.” <http://www.economist.com/node/13415207>

⁴Number of complaints for year to date (April 1-August 31, 2013)- 691

⁵The World Bank defines household final consumption expenditure (formerly private consumption) as the market value of all goods and services, including durable products (such as cars, washing machines, and home computers), purchased by households. (<http://data.worldbank.org/indicator/NE.CON.PETC.ZS>)

⁶“Household final consumption expenditure per capita (constant 2000 US\$) | Data | Table”. Data.worldbank.org. Retrieved 2012-08-20.

⁷Consumer Affairs Commission. 2013. Consumer Buying Pattern Study, Consumer Affairs Commission, Kingston

⁸Consumer Affairs Commission. 2010. Country Report: Jamaica’s Banking Sector, Consumer Affairs Commission, Kingston

⁹Consumer Affairs Commission. 1993. Bulletin Series: MiCaanBodder, But Yu Must!

Implementation and Enforcement of Community Competition Policy

The Next 5 years



January 18, 2013, marked the fifth anniversary of the CARICOM Competition Commission (CCC) headquartered in Paramaribo, Suriname. Established under Chapter VIII of the Revised Treaty of Chaguaramas (RTC), the CCC has a mandate to (a) apply the rules of competition, in respect of anti-competitive cross-border business conduct; (b) promote and protect competition in the Community and co-ordinate the implementation of the Community Competition Policy; and (c) provide assistance to Member States for the enhancement of consumer education and consumer welfare.

During its first five years, the CCC focused primarily on building its own institutional, human resource, advocacy and legislative capacity. This created a strong platform from which the CCC is better prepared to execute its mandate at the national, regional and extra-regional dimensions of competition law and policy, and consumer promotion and protection in CARICOM.

In the next five years, the CCC's strategic plans will focus on Member States of CARICOM which have not yet established the required legislative and institutional frameworks for competition law and policy and consumer protection as mandated under Chapter VIII. The CCC will continue to emphasize advocacy as a major component of its work programme.

Competition Policy

In 2013, the CCC lent its experiences and technical capacity to Belize in crafting a strategy for establishment of a national competition authority (NCA). This will be followed-up with country missions with a view to supporting implementation of the national strategy.

The Organisation of Eastern Caribbean States (OECS) competition strategy envisages an operational sub-regional competition authority as agreed to by the Council on Trade and Economic Development (COTED), by 2014. In this regard, the CCC provided technical assistance and knowledge sharing to a meeting convened by the OECS Secretariat to national focal points, in the areas of competition and consumer protection in May 2013. A key output from the consultation was the development of a Draft Action Plan for the establishment and operation of the Eastern Caribbean Competition Commission.

The CCC continues to support the national competition

law and policy initiatives in Belize, the OECS, Suriname and Trinidad and Tobago, with a view to ensuring that these Member States meet their national obligations under Chapter VIII.

In June 2012 the CCC delivered training seminars to key stakeholders in the business community and government sector of Suriname on "*Anti-competitive aspects of information sharing*". The CCC also took the opportunity to promote the Rules of Procedure, as well as provide an overview of the work of the Commission.

Continuing his work started in 2012 on major amendments to the draft Suriname Competition law in January 2013, Commissioner Lim A Po delivered a presentation on the Suriname Competition Law at a national consultation outlining some of the key issues that had been addressed. Chairman Kusha Haraksingh delivered opening remarks in support of the work of the Republic of Suriname.

In July-August 2013, the CCC prepared and submitted a paper to the Guyana Competition and Consumer Affairs Commission (CCAC) on their Draft Rules of Procedure in response to a request for technical support. The paper provided by the CCC will assist the Guyana CCAC towards finalizing their Draft Rules of Procedure provided by their consultants. In support of regional trade policy, the CCC continues to provide advice and technical support to other regional agencies such as the CARICOM Secretariat Office of Trade Negotiations (OTN) and the Economic Partnership Agreement (EPA) Implementation Unit on competition provisions in FTAs being negotiated, as well as those contained in signed FTAs.

In November 2012, the CCC participated as a technical resource in the "*1st Meeting of the CARICOM Working Group on Competition Policy in the CARICOM-Canada Negotiations*". The meeting was convened by the OTN via video-conference with representatives responsible for competition policy from Member States of CARICOM.

In February 2013, the CCC collaborated with the Jamaica Fair Trading Commission (JFTC) in submitting revised text for certain provisions of the draft "*Agreement Between the Governments of [Signatory CARICOM States] and the Government of Canada regarding Cooperation in the Application of Competition Law*" to the OTN. This submission supported the OTN's efforts to finalise the text of the competition agreement for approval

by Member States.

In June-July 2013, the CCC prepared a concept note for action by the EPA Implementation Unit for training initiatives aimed at building national and regional capacity for enforcement of Community competition policy. These interventions will be funded under the European Union 10th EDF programme in: (i) development of human resource capacity, and (ii) development of regional and national institutional capacity in competition authorities.

The continued harmonisation of national competition legislation within the broad objectives of Chapter VIII is a major undertaking for the CCC. This will assist the CCC in enforcing its mandate in individual Member States when required, more effectively.

The CCC has identified certain impediments to the enforcement of Community Competition law that need to be monitored and addressed. These include: a lack of regional Merger Control Provisions (MCP) in Chapter VIII of the RTC; sectoral exemptions in some national competition laws (eg. financial services); and incorporation of national MCP provisions in Member States that currently have no such provisions.

The COTED in 2011, agreed to incorporate regional MCP provisions into Chapter VIII. Consensus and agreement amongst Member States with regard to the methodology for assessing regional mergers is ongoing. The incorporation of regional MCP would enable the CCC to more effectively assess mergers that may have possible cross-border effects, and also ensure that Chapter VIII reflects current international best practice.

National sectoral exemptions from competition law are of concern. This is especially in regard to anti-competitive business conduct that could be exempted nationally but have a cross-border effect regionally. The CCC will advocate for the removal of national exemptions where they exist.

The CCC is undertaking a review of Chapter VIII. The CCC will where necessary, recommend amendments to Chapter VIII to reflect the experiences of the CCC, developments in competition law and policy, and international best practice. Any recommendations made will be subject to the approval of COTED before incorporation into Chapter VIII.

Promotion and Protection of Consumers

With respect to consumer protection, the CCC continues to build on the work done by the Consumer Protection Forum (CPF) established in 2012. The CPF provides a sustainable model for the promotion of consumer welfare and the protection of consumer interests in CARICOM.

Additionally, the CCC will forge stronger relationships with national consumer authorities, promote cooperation between individual national consumer organisations, develop a regional data collection and analysis framework, and in time a regional framework for cross-border complaint resolution.

The CCC has developed two research proposals to collect baseline data on (i) awareness of consumer protection law and policy; and (ii) the level of consumer detriment in

Member States. These will be executed when funding is sourced.

In the first quarter of 2013, a Project Steering Committee (PSC) was formed by the CCC with the participation of the Barbados Fair Trading Commission (BFTC), Office of Public Counsel Barbados, Guyana CCAC, JFTC, and Consumer Affairs Commission (CAC) Jamaica. The PSC convened in March 2013 to finalize the two project proposals for re-submission to the full membership of the CPF for final approval.

Advocacy

As mentioned earlier, advocacy will continue to be a major component of the CCC's work programme. In that regard, the CCC is in the process of developing programmes based on its own experiences, as well as the needs and experiences of Member States with existing NCAs.

These programmes will be geared towards developing (a) competition culture among Member States in the process of establishing their own NCAs; (b) similar programmes for consumer protection, to ensure the CCC fulfils its mandate in supporting Member States in achieving their Treaty obligations through the work of their national consumer authorities, and non-governmental organisations; (c) other programmes that cater specifically to stakeholder groups such as the judiciary, media, business, and government agencies. The CCC is expanding the informal cooperation structure amongst existing NCAs, into a Regional Competition Forum in anticipation of welcoming new NCAs next year.

The CCC continues to make information more easily accessible to stakeholders through all available media outlets. The CCC launched its website www.caricomcompetitioncommission.com in July 2013 to provide a platform for information dissemination on competition and consumer protection in CARICOM.

Extra-Regional and International Cooperation Initiatives

The CCC expects to engage more regularly with our counterparts identified under the CARIFORUM/European Union EPA and the CARICOM-Dominican Republic (DR) FTA. Consequently, the CCC will continue to lend its voice and expertise to the drafting of modalities for cooperation and engagement under the competition component in the consultations for a CARICOM-Canada Trade Agreement.


Additionally, interventions with the competition authority in the Dominica Republic are expected, given the competition provisions of the CARIFORUM/European Union EPA and their coming into force in 2013.

The CCC as a young competition agency has faced challenges, but has achieved much in the first five years of its operation, and is well placed to build on these achievements for the betterment of the region's social and economic development.✿

Contributed by CARICOM Competition Commission.

The economic significance of competition policy: *Jamaica's Perspective*

By Desroy Reid

 Economists have long argued that a competitive economy is ideal for maximizing societies' welfare. In 1776, Adam Smith in his magnum opus, "An inquiry into the Nature and Causes of the Wealth of Nations" argued that the free trade system, in which prices are determined by demand and supply, ultimately serves to be the most beneficial outcome to consumers. A competitive economy, which manifests itself through this free trade system, conveys benefits to consumers such as favourable prices, innovative products and satisfactory consumer services more efficiently than its alternatives. Smith, however, points out that for this economy to function effectively and thereby deliver its full benefits, the rules that govern it must be observed.

Competition Policy: An Historical Overview

Competition policy is a set of rules and laws that are created to protect the market from anti-competitive conduct by market participants. The existence of modern competition policy, as documented, finds its roots in North America, beginning in Canada in 1889 and United States of America in 1890. The need for competition policy arose out of the transportation and communication revolution, which linked markets globally. The globalization of markets meant market participants were exposed to competition and a growth in large firms, who could abuse their market power. The Sherman Antitrust Act, passed by the US senate in 1890, is aimed at eliminating any restriction on production in order to influence price. The Act was necessary for the government, who witnessed the abuse of monopoly power by large firms (See Hans Thorelli (1955) *The Federal Antitrust Policy: Origination of an American Tradition*. Baltimore: Johns Hopkins University Press, 1955).

In Jamaica, competition policy became increasingly significant beginning in the 1980's with the adoption of a more liberal view of trade, resulting from the introduction of



structural adjustment policies, supported by the International Monetary Fund and the World Bank. Prior to this period the Government of Jamaica (GoJ) imposed import substitution policies supported by tariffs and quotas, which led to the fixing of prices by private institutions (See Cezley Sampson (1997) *Competition Policy: Jamaica's Experience. Economic Reform Today No. 1*). In 1992, price controls were abolished and the Jamaica Price Commission, which monitored the production of goods subject to price control, was made defunct. The GoJ, in 1993, passed the Fair Competition Act (FCA) to promote efficiency of the market by encouraging competition. The Fair Trading Commission (FTC) enforces the Act as it was given the mandate of safeguarding the

country from the fangs of anticompetitive conduct. The FTC's goal is to ensure that competition is unencumbered and the passing of the Act was synchronized with the liberalization of trade in Jamaica. Hughes (2006) highlighted the progression of trade liberalization, which had roots in the 1980's then accelerating in the 1990s. During this latter period, trade and payments had been almost fully liberalized. "Jamaica's average tariff levels fell from 29.1 percent in 1991 to 15.5 percent at the end of the 1990s. In 1991, capital controls were lifted and by the end of 1992, foreign exchange markets were fully liberalized."

Competition Policy: A Practical Overview

Liberalization of the economy saw an increase in the need for the establishment of the FTC. The duty of the FTC is to preserve healthy competition in the economy. Practices that may lead to a disruption in competition include deceptive or misleading advertising. Since its inception, the FTC has had to deal with thousands of these cases. These cases span multiple industries including health, food, motor vehicles and live entertainment.

On the contrary competition is strengthened when there are limited barriers to entry, buyers and sellers are informed, and firms cannot influence prices. The telecommunication sector in Jamaica is a prime testament of the benefits of competition. In 2001, competition was introduced in Jamaica's telecommunication market. Prior to its introduction, there was only one provider of telecommunication services and liberalization saw Jamaicans benefitting from the firms' competition for market shares. Price of calls were reduced, variety of phones increased, promotions were increased and overall the service got better (See USA Today's article at http://usatoday30.usatoday.com/tech/wireless/2006-08-27-digicel_x.htm Retrieved August 14, 2013).

In 1994, the Staff of the FTC challenged the limits of Telecommunications of Jamaica (TOJ) right of exclusivity to supply customers' equipment. The FTC took court action to introduce competition to allow consumers to source their own equipment. In 1995, TOJ agreed to allow Internet Service Providers to interconnect with the public telephone network. Four years later, in 1999, the FTC again challenged TOJ, now Cable and Wireless Jamaica (C&WJ). This time its unilateral installation of 'free' voicemail services to its customer base came under scrutiny. The installation caused a disruption in some basic telephone services such as making and receiving calls. After negotiations, C&WJ adopted the FTC's recommendation to allow consumers to choose their service provider. These investigations proved to be the precursor for the introduction of competition in the telecommunications market in Jamaica (See Martin Lodge & Lindsay Stirton (2002). Embedding regulatory autonomy: The reform of Jamaican telecommunications regulation 1988-2001. London: London School of Economics).

Role of Consumers

The success of the FTC is inextricably linked to the

participation of consumers. A significant number of cases investigated by the Commission stems from consumer complaints. Consumers must therefore have a clear understanding of their role in ensuring the survival of a competitive economy. Where there is a lack of understanding the competitive process and ultimately consumers will suffer. For example, Sampson (1997) outlined a case in which consumers did not embrace the merits of competition. According to him, in 1991, when the GoJ removed the price controls on bread and construction blocks, bakers and block makers colluded to impose a single price. They claimed that this price fixing was in the interest of the consumers. Consumers believed that the removal of the price controls would be harmful to them. They were of the view that prices would be fair only if they were set by the government. They failed to understand that price controls limited the forces of competition which ultimately benefits them. This lack of information lends credence to one of the FTC's functions of making information available to the public regarding matters affecting the interests of consumers.

Consequently, it is generally accepted that asymmetric information hinders consumers' actions in making informed decisions. Another example of this is shown in a survey done by the Consumer Affairs Commission on the banking sector in Jamaica, which found that information available to consumers regarding interest and fees charged was limited. (See <http://www.jftc.gov.jm>). To increase the information available in the banking sector and thereby its competitiveness, consumers must demand the necessary information from banks, make the relevant comparisons and be willing to act on the results. As Michael Waterson (2001) declares "if everyone thinks the competitive process works well, it doesn't work." Action by consumers is needed to move the competitive process along. One promising result of the survey, for the competitive process, is the expressed willingness of a significant number of consumers to switch to another bank, if they were aware of more favourable fees and interest rates. Solving the asymmetric information problem means making the relevant information more accessible to the general public.

Concluding Remarks

A competitive market is generally accepted to be one that is most beneficial to consumers and the economy. Historically, economists have identified the competitive market as the preferred means of organising economic activity, since it provides firms with the proper incentives to offer consumers the highest quality products at the most affordable prices. It is also recognized that consumers are the primary drivers of the competitive process. It is their actions that determine what is produced, how much is produced and ultimately what price goods are sold for. Competition policy outlines the rules under which firms compete for customers and the FTC ensures that these rules are observed.✚

Desroy Reid is a Competition Analyst at the Fair Trading Commission.

Petrojam introduces Ultra Low Sulphur Diesel

Petrojam Limited introduced Ultra Low Sulphur Diesel (ULSD) to the Jamaican market on June 24, 2013. ULSD is a grade of diesel fuel with a maximum sulphur content of fifteen (15) parts per million (ppm).

Why ULSD?

As environmental and public health awareness increases worldwide, vehicle manufacturers have been producing motor vehicles with improved emission-controlling devices, to reduce the amount of sulphur emissions to the atmosphere.

Petroleum refineries have in turn sought to produce cleaner burning fuels that are less harmful to the environment and which are necessary for the operation of these new engines.

The introduction of ULSD to Jamaica has been primarily driven by market demand for vehicles designed with advanced emission control systems. These require a grade of diesel with sulphur content lower than that which Petrojam is currently able to produce.

“The current infrastructure that we have for diesel production does not facilitate the production of Ultra Low Sulphur Diesel with the current crude slates available nor the requisite process units that we have now at Petrojam. However, we continue to pursue the Refinery Upgrade; and one outcome is to have the refinery in the position to produce the Ultra Low Sulphur Diesel and other products” - Telroy Morgan, Production Manager, Petrojam.

The current grade of diesel supplied by Petrojam is in accordance with the specifications of the Petroleum Quality Control Act.

ULSD introduction to Jamaica has been facilitated by an amendment to Government regulations and the specifications for diesel available in the country. These specifications which are in conformity with international standards were arrived at through consultations with industry stakeholders – Ministry of Science, Technology, Energy and Mining, (MSTEM), the Automotive Dealers and the Bureau of Standards.

Will ULSD Cost More?

ULSD is available at a cost higher than regular diesel; which is consistent with the pricing of the fuel on the international market due to a more complex hydrotreating process involved in the production of the fuel. However the short and long term benefits to the environment and motorists far outweigh the immediate costs.

ULSD is in the range of approximately 10% above regular diesel.

Use of ULSD will result in reduced emissions to the environment and longer maintenance intervals for vehicles which require its use. Motorists will experience a reduction in exhaust smoke, sulphur emissions and exhaust odour and improved vehicle performance.

Regular Diesel Dyed Red

In anticipation of the introduction of ULSD to the market, Petrojam began to dye the regular diesel red to enable motorists to easily differentiate it from ULSD. The ULSD has a light yellow (straw) colour.

In the meantime, persons with vehicles that do not explicitly require ULSD do not have to purchase the fuel. However those with diesel vehicles with advanced emission control systems that require ULSD are advised to use this fuel only. Any other fuel can negatively impact the emission control systems.

Petrojam continues to blaze a trail in innovation with regard to product development in the petroleum industry locally and regionally.

The company has a number of firsts to its credit. In 2009 the company achieved complete phase out of the use of MTBE as an octane enhancer and was the first in the Caribbean to introduce ethanol-blended gasoline. Petrojam is also the first in the Caribbean to introduce Ultra Low Sulphur Diesel.

Throughout its thirty years of operation the company has sought to provide quality petroleum products to the market, which comply with or exceed international standards.

Content provided by Petrojam Jamaica Limited



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SERVING JAMAICA'S ENERGY NEEDS



FTC Statistics

Number of complaints received by the FTC
during the period April 1, 2011 - September 30, 2013

PRODUCTS AND SERVICES	Financial Year 2011/2012	Financial Year 2012/2013	April-September 2013
Automobile	44	60	47
Business Practices	-	1	2
Clothing/Accessories & Textiles	6	1	4
Computer	4	11	2
Construction/Home Repair Supplies	5	4	3
Education	17	11	3
Energy	2	4	3
Financial Services	18	9	8
Food/Supplements & Beverages	10	6	4
Funeral Supplies	-	-	-
Gaming & Contest	8	6	1
Gardening Supplies/Equipment & Horticultural Products	1	-	-
Government Services	3	1	-
Household Appliances & Accessories	7	11	9
Household Furnishings	5	3	1
Insurance ¹	1	2	-
Leisure & Recreation	3	6	1
Medical Supplies, Services & Devices	2	3	1
Office Furnishings/Equipment & Supplies	1	-	1
Personal Care	-	-	1
Petroleum Products & Accessories	1	5	2
Professional & Specialist Services	4	11	9
Real Estate	3	11	1
Telecommunications	69	48	36
Tourism	1	-	-
Transportation Systems	6	2	3
Utilities	7	4	2
Other ²	8	10	5
TOTAL	236	230	149

¹ Includes Auto, Health, Life and Peril.

² Includes product areas such as Agricultural Products, Auto Repair Services and Industrial Machinery & Products

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 - Drivers License, National ID/Voters ID or passport
- ② **Proof of Income**
 - Last 2 payslips or letter from employer or remittance receipts

Self Employed Persons:

 - Last 2 months statements from your Bank, Credit Union or Building Society
- ③ **Proof of Address**
 - Any utility bill: water, electric or telephone; mortgage receipt or rent agreement
- ④ **2 References**
 - 2 persons known to you for over 5 years:
1 family member and 1 close friend

Specific terms & conditions apply, all finance terms are subject to credit approval.



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