



FTCNewsLine is an on-line quarterly newsletter of the **FAIR TRADING COMMISSION** that contains information on competition matters dealt with by the Fair Trading Commission as well as competition agencies from around the world. The aim is to provide insights into some of the matters that are prosecuted in other jurisdictions; and to assist persons in better identifying issues that may pose competition concerns.

Competition legislations are specific to each jurisdiction and activities that are prohibited in one jurisdiction are not necessarily prohibited in other jurisdictions. For information on the prohibitions under the Jamaica's competition legislation, the **FAIR COMPETITION ACT**, please visit our website at www.jftc.gov.jm.

In this Issue we feature matters undertaken by the FTC during the period January 1 to March 31, 2012.

Complaints investigated during Financial Year 2011/2012

Over the period April 1, 2011 to March 31, 2012, the FTC investigated a total of 349 cases. This comprises 113 cases that were unresolved at the end of the previous Financial Year; and 236 cases which were received during the 2011/2012 Financial Year. For the period, 224 cases were resolved. Matters regarding the telecommunications sector continue to represent the largest category of complaints received, amounting to 34 percent of the matters investigated.

Of the 349 cases investigated, 247 were classified as matters concerning 'misleading advertising'; 35 as offences against competition; 8 as request for opinion; and 2 as sale above advertised price. Fifty-three complaints were considered as being outside the purview of the Fair Competition Act; and were therefore forwarded to relevant agencies for consumer redress.

FTC Annual Magazine

The FTC issued the 16th edition of its annual magazine *Competition Matters* in January 2012. The theme *Competition in a Recovering Economy*, broaches a discussion that supports competition as the best option for organizing economic activities in these challenging economic times. The articles touch on several industries including tourism, bauxite, sports, distribution of food and petroleum products, health and agriculture. Authors include representatives of the Ministry of Tourism, the Jamaica Bauxite Institute, JAMPRO and Petrojam as well as lecturers from the University of the West Indies and the Staff of the FTC. The magazine includes reports on significant activities of the FTC during 2011.

Seven hundred copies have been distributed to Government Ministries and Agencies, academic institutions, business enterprises and professionals, both local and overseas. The magazine is available at www.jftc.gov.jm.

COMPLETED MARKET STUDY

Report on the variation in petroleum prices

In January 2012, the Staff concluded its study on the variations in petroleum prices in the Jamaican market over the period January to September 2011. The study sought to identify some of the crucial factors causing the observed variation in the retail price of petroleum products across dealer locations; and focused on two structural characteristics of retail petroleum markets: (i) the number of competing dealers; and (ii) the extent of controlling influence of marketing companies over dealers.

The study finds that motorists benefitted from lower prices in areas where more dealers are located; and that within some areas, difference in gasoline prices is as high as \$7.80 per litre, while within other areas there were no differences in prices. This means that motorists are not taking full advantage of the lower prices in instances where the price differentials are great. Through more discriminatory purchasing decisions consumers can give dealers the proper incentive to reduce price differences.

Due to the huge volume in which gasoline is consumed, even small savings in pump price could amount to a significant reduction in expenditure annually. The FTC estimated that, for the first 9 months of 2011, with a saving of as low as \$2.17 per litre consumers could have benefitted from savings of approximately \$2.2 billion.

The results of this study were the subject of several radio and television talk shows in which the Executive Director, Mr. David Miller, was interviewed.