



**FTCNewsLine** is an on-line quarterly newsletter of the **FAIR TRADING COMMISSION** that contains information on competition matters dealt with by 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](http://www.jftc.gov.jm).

*In this Issue we feature matters being handled by the FTC in addition to several news items.*

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## **FTC recommends that Digicel adjust its termination rates**

The FTC conducted an investigation into whether Digicel (i) retails its on-network fixed to mobile voice service at a price which is less than the price it charges for mobile voice termination services, which is an essential input for rivals to offer competing voice services; and (ii) took steps which directly resulted in competing voice services being more than twice as expensive as Digicel's service. Specifically, Digicel charges its fixed-line business subscribers \$4.00 per minute to call its mobile subscribers while causing LIME, its main rival, to retail competing fixed-line services for \$8.50 per minute.

The conclusions and recommendations are as follows:

1. Digicel's pricing strategy to retail its on-network fixed to mobile voice service at a price which is less than the price it charges for mobile voice termination services, is likely to substantially lessen competition in the market and harm consumers in the fixed and mobile voice services market in Jamaica.
2. The most effective means to restore competition would be to alter the regulatory environment to remove Digicel's undue influence over the price of its rivals' voice services.
3. Given that it would take considerable time for the regulatory framework to be implemented, the price that Digicel charges its business fixed-line voice (BFV) subscribers to call its mobile voice (MV) subscribers should be no different from the price that Digicel causes LIME to charge its BFV subscribers to call Digicel's MV subscribers. Further, this price should be no greater than is necessary to cover an appropriately measured cost of providing the service.

### **Singer Jamaica Limited takes corrective action following the intervention of the FTC**

The FTC launched an investigation into the pricing practices of Singer Jamaica Limited (Singer) based on allegations that the company was overcharging their customers.

The allegations were that Singer was charging customers General Consumption Tax (GCT) at 17.5% instead of 16.5% on items purchased up to December 31, 2009 but slated for delivery in 2010. Singer claimed that its action was necessary based on the fact the GCT rate had been increased from 16.5% to 17.5% effective January 1, 2010. It claimed further that, items purchased and not delivered before January 1, 2010 would incur the new GCT because invoices are created on the date of delivery. This would therefore result in the customer paying more despite the fact that the purchase was already made and is pending delivery.

On the intervention of the FTC, Singer has indicated that, with respect to the affected transactions, it has reduced the selling price of the items by 1% while maintaining the new GCT structure. This was seen as adequate by the FTC; and therefore the matter has been closed.

### **FTC investigates B-Can Business Vocational Training Network regarding misleading overseas job placement offers**

The FTC launched an investigation into the conduct of B-Can Business Vocational Training Network on the basis that it engaged in misleading advertising regarding overseas job placement offers. The FTC received a complaint from a former student of the institution who alleged that, it was represented to her that she would get overseas job placement upon completion of a six week training course. The complainant sought the assistance of the FTC when the job placement offer was not forthcoming.

The FTC wrote to B-Can Business Vocational Training Network and requested that it provide information regarding the representation it had made to students at the start of the course about its overseas job placement offers. The investigation continues.

### **FTC investigates Claro's new call credit validity periods and 'Free Nights'**

Having received a number of complaints regarding Claro's change in its call credit validity period and its 'Free Nights' offer, the FTC has launched an investigation to ascertain whether adequate notice was given to consumers with respect to the change in validity period; and whether Claro's advertisements regarding 'Free Nights' are misleading.

The FTC believes that Claro's notice, which appeared as a footnote in an advertisement on the day before the new call credit validity periods would take effect, was inadequate; and has requested from Claro certain specific information relating to all notices to its customers regarding the new call credit validity periods.

## OTHER NEWS

### New Commissioners Appointed

In April 2010, Mr. Robert Collie and Mr. Christian Tavares-Finson, Attorneys-at-Law, were appointed as Commissioners of the Fair Trading Commission. Dr. Derrick McKoy was reappointed as Chairman, while Mr. Jasper Burnett and Mrs. Dorothy Carter-Bradford were reappointed as Commissioners. The appointments are for a two year-period.

### Upcoming 11<sup>th</sup> Shirley Playfair Lecture

The 11<sup>th</sup> Shirley Playfair Lecture will be held on September 9, 2010 at 3:00pm at the Jamaica Pegasus Hotel. This year's theme is "Competition and Regulation in the Banking Sector". The two speakers will be the Honourable Audley Shaw, Minister of Finance & the Public Service and Mr. Bruce Bowen, Chief Executive Officer of the Bank of Nova Scotia Jamaica Limited. As is customary, the Lecture is open to the general public; and admission is free.

### 2010 Newsletter

This year we will be publishing our 15<sup>th</sup> annual newsletter, **Competition Matters**, which provides insight into the work of the Commission; and presents articles and interesting news relating to competition issues and consumer protection. The theme this year is "*Market Structure and Economic Performance*"; and we will explore market performance as a byproduct of the economic structure within which market players operate.

We are currently soliciting relevant articles for publication. Articles should be between 1,000 and 1,500 words; and be submitted by August 20, 2010.