



FAIR TRADING COMMISSION

COMPETITION LAW SEMINAR

COMPETITION ADVOCACY DURING AND IN THE AFTERMATH OF THE COVID-19 CRISIS

October.14.2021

Kevin Harriott, Ph.D. (economics)
COMPETITION BUREAU CHIEF
Kharriott@jftc.gov.jm

DISCLAIMER

The views expressed during this presentation and on the following slides are attributable solely to the presenter. They do not necessarily reflect the views of the Fair Trading Commission or any of its Commissioners.

TALKING POINTS

1. Define Competition Advocacy
2. Characterise COVID-19 pandemic
3. Identify Pre-requisites for State Intervention
4. Describe Responses of Competition Authorities
5. Sketch Policy Prescriptions for Economic Recovery
6. Summarise and Conclude

DEFINE COMPETITION ADVOCACY

“Non law-enforcement methods
used to promote competition culture”

Involves discussion with:

- Government and public bodies
- Private Sector
- Civil Society

TALKING POINTS

1. Define Competition Advocacy
2. Characterise COVID-19 pandemic
3. Identify Pre-requisites for State Intervention
4. Describe Responses of Competition Authorities
5. Sketch Policy Prescriptions for Economic Recovery
6. Summarise and Conclude

CHARACTERISE COVID-19 PANDEMIC

- Threatened life
- Disrupted healthcare system
- Disrupted supply chains
- Disrupted socialisation
- Disrupted delivery of services
- Created uncertainty

CHARACTERISE COVID-19 PANDEMIC

- Threatened life X
- Disrupted healthcare system X
- Disrupted supply chains X
- Disrupted socialisation X
- Disrupted delivery of services X
- Created uncertainty

CHARACTERISE COVID-19 PANDEMIC

- Threatened life
- Disrupted healthcare system
- Disrupted supply chains
- Disrupted socialisation
- Disrupted delivery of services
- **Created uncertainty**

CHARACTERISE COVID-19 PANDEMIC (CONT'D)

Evidence of uncertainty

CHARACTERISE COVID-19 PANDEMIC (CONT'D)

Evidence of Uncertainty

- Panic Buying (Toilet Paper, Petrol)

CHARACTERISE COVID-19 PANDEMIC (CONT'D)

Evidence of Uncertainty

- Panic Buying (Toilet Paper, Petrol)
- Pro-Vax versus Anti-vax debate

CHARACTERISE COVID-19 PANDEMIC (CONT'D)

Evidence of Uncertainty

- Panic Buying (Toilet Paper, Petrol)
- Pro-Vax versus Anti-vax debate

COVID → Uncertainty → Information Asymmetry

TALKING POINTS

1. Define Competition Advocacy
2. Characterise COVID-19 pandemic
3. Identify Pre-requisites for State Intervention
4. Describe Responses of Competition Authorities
5. Sketch Policy Prescriptions for Economic Recovery
6. Summarise and Conclude

IDENTIFY PRE-REQUISITES FOR STATE INTERVENTION

Two Reasons for State Interventions in Markets

1. Redistribution of *surplus* (between consumers and producers)
2. *Market Failure* (free markets are inefficient)
causes:
 - Externalities
 - Asymmetric Information

IDENTIFY PRE-REQUISITES FOR STATE INTERVENTION

Two Reasons for State Interventions in Markets

1. Redistribution of *surplus* (between consumers and producers)
2. *Market Failure* (free markets are inefficient)

causes:

- Externalities
- Asymmetric Information

Consequence:

- Coordination failure

COVID → Information Asymmetry → Market Failure → Justifies State Intervention

TALKING POINTS

1. Define Competition Advocacy
2. Characterise COVID-19 pandemic
3. Identify Pre-requisites for State Intervention
4. Describe Responses of Competition Authorities
5. Sketch Policy Prescriptions for Economic Recovery
6. Summarise and Conclude

DESCRIBE RESPONSES OF COMPETITION AUTHORITIES

1. Address shortage of essential goods.
2. Advise government on how to deal with health and economic crisis. (competition advocacy)
3. Address price gouging of essential goods.
4. Relax application of competition law to certain types of agreements between companies.

DESCRIBE RESPONSES OF COMPETITION AUTHORITIES

1. Address shortage of essential goods.
2. Advise government on how to deal with health and economic crisis. (competition advocacy)
3. Address price gouging of essential goods. ✘
4. Relax application of competition law to certain types of agreements between companies. ✘

DESCRIBE RESPONSES OF COMPETITION AUTHORITIES (CONT'D)

1. Address shortage of essential goods.
2. Advise government on how to deal with health and economic crisis. (competition advocacy)
3. Address price gouging of essential goods.
4. Relax application of competition law to certain types of agreements between companies. **X**

DESCRIBE RESPONSES OF COMPETITION AUTHORITIES (CONT'D)

- Relax application of competition to certain types of agreements between companies (to address panic buying)
- Companies allowed to share information and prioritise parts of the country

Example: United Kingdom

“Fear of disruption” causes panic buying

Mar 2020 → relaxed competition law for supermarkets

Sep 2021 → relaxed competition law for oil industry

DESCRIBE RESPONSES OF COMPETITION AUTHORITIES (CONT'D)

- Relax application of competition to certain types of agreements between companies (to address panic buying)
- Companies allowed to share information and prioritise parts of the country

Example: United Kingdom

“Fear of disruption” causes panic buying

Mar 2020 → relaxed competition law for supermarkets

Sep 2021 → relaxed competition law for oil industry

Problem with approach: Leaves Market vulnerable to collusion post COVID

TALKING POINTS

1. Define Competition Advocacy
2. Characterise COVID-19 pandemic
3. Identify Pre-requisites for State Intervention
4. Describe Responses of Competition Authorities
5. **Sketch Policy Prescriptions for Economic Recovery**
6. Summarise and Conclude

SKETCH POLICY PRESCRIPTIONS FOR ECONOMIC RECOVERY

Create a stock of “common knowledge” by treating information as any other good:

- Product Specs. (What message/info is relevant?)
- Intended consumer (Who is the audience?)
- Product Variety (Should message vary by audience?)
- Quality (What is the most credible source of information for a given audience?)
- Quantity (How frequent should messages be produced?)
- Distribution channels (Through which media should the messages be disseminate?)
- Consumer Feedback (How should information flow from consumers to Government?)

SUMMARISE AND CONCLUDE

1. COVID-19 led to information asymmetry.
2. Information asymmetry led to market failure (especially coordination failure).
3. Relaxing competition law is not an option.
4. Policymakers should augment the stock of “common knowledge” to mitigate coordination failure.

Q&A
