



SAMKEPPNISEFTIRLITID

Transparency and competition policy

Pros and Cons of Information Sharing

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What is transparency?

From the point of view...

...of securities markets

...of consumer rights

...of competition...

...it is...

...beneficial

...beneficial

...good, bad or even ugly



What is the difference between transparency and information sharing?

Competition authorities...

...don't want to be fooled,...

... don't want their findings/actions to promote collusion...

...and therefore might tend to be sceptical towards transparency / information sharing...

...and often rightly so:

- Danish ready-mixed concrete.
- Association of Icelandic Insurance Companies found to be in violation of the Competition Act (e.g. information sharing on prices and strategy). To exclude further collusion the Competition Authority made the following requirements towards the Association:
 - Ban on any kind of information sharing, e.g. price, financial situation or strategy.
 - Ban on advocating prices or services on behalf of insurance companies.
 - Managers of insurance companies excluded from being members of the board of the Association.
- Icelandic gasoline retailers: Major cartel activities with extensive information sharing, both on past performances and future plans.

And Competition Authorities are clearly more sceptical than many other authorities when it comes to transparency

Example:

- **Recent introduction of competition in generation and sale of electricity in Iceland:**
- Highly oligapolistic markets.
- National Energy Authority and the Consumer Authority
 - = > eager to develop a calculator on the internet to facilitate consumer decisions and promote competition.
- The Competition Authority
 - = > sceptical and decided not to take part in the project.

The risks related to transparency are.....

higher....

...in oligopolistic markets,
...where barriers to entry
are high,
...when information is not
made public,
...when trade associations
are involved,

but



lower....

...in more competitive
markets,
...where barriers to entry
are low,
...when information is also
available to consumers,

...depending on the circumstances.

And the Icelandic Competition Authority is therefore cautious when it comes to information sharing ...

...tough on private information sharing

...tough on trade associations