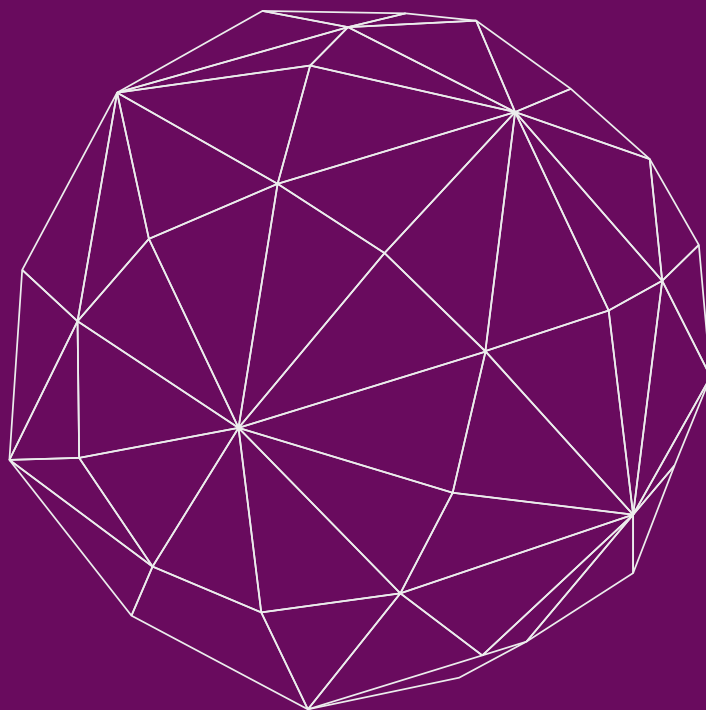


European Competition Practice



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Charles River Associates is at the forefront of European competition economics. We are based in London, Brussels and Paris and work closely with our network of academic economists across Europe. Together we have advised many clients on a wide range of competition issues, including several milestone cases which have contributed to the development of competition policy in Europe. We are also closely integrated with CRA experts in our North American offices – drawing on each other's expertise and working together on transatlantic transactions.

We can quickly mobilise our analytical and data-handling resources to help clients navigate the competition investigation process and make the best possible economic case. We focus on giving clear and accurate advice: getting meaningful evidence out of the available data; communicating clearly with the client; supporting the legal team in developing the key competition arguments; and engaging constructively on substance with the competition authorities.

To learn more visit us at www.crai.com/ecp



Unpacking the theories

We combine technical economic expertise with an understanding of the practical drivers of business decisions. By translating the reality of our client's business environment into the economic framework used by competition authorities, we address the economic concerns put forward.

Dealing with competition issues is challenging: whether pursuing a merger with a rival, supplier or customer; facing allegations of abuse of a dominant position; defending against accusations of being involved in a cartel; or dealing with a damages claim – or equally when pursuing a complaint against a supplier or rival. These challenges often involve high stakes and complex questions of law and economics that call for external advice and assistance.

This is where we can help. The 'theories of competitive harm' considered by competition authorities are often based on sophisticated economic analyses, making use of recent developments in economic theory as well as high-end econometric techniques. These theories may sometimes seem abstract or even far-fetched from a business perspective. We translate those theories into the real language of business and work with clients to respond to them. Liaising closely with the business and legal teams, we study the facts and help examine the competition implications of business practices and market structures.

We provide the interface between business reality and the economic models of behaviour which underpin modern competition law.

Whether the client's business is in fast-moving consumer goods or energy, high-tech industries or commodities, construction or services, we have the skills and the experience to understand and explain how competition in the industry operates in an economic framework. We quickly deploy our resources and bring our energy and expertise to bear to identify and respond to the key issues in every new case.



The sum of our parts

Each of our senior economists has over 10 years' experience advising on competition matters, providing support to leading businesses on hundreds of competition investigations, including some of the most influential cases of recent years. We use economic theory and empirical tools to analyse markets, identify the key questions, assist in locating information relevant to these questions, and formulate an engaging and persuasive economic response.

Mergers

The past decade has seen a revolution in the role of economics in merger cases, with empirical and theoretical analyses now central to investigations. Theories of harm are closely tested against data and internal documents, often including detailed transaction data. Our advice is often sought at the planning stage of a transaction: to identify competition problems as early as possible and undertake pre-emptive work that can smooth and speed up the progress of the investigation. We have helped many clients gain approval in the first phase of an inquiry, avoiding a full-scale investigation. We have also worked on some of the most controversial Commission and Court cases of recent years, including landmark cases that have changed the course of competition enforcement in Europe – including Airtours/First Choice, Tetra Laval/Sidel and GE/Honeywell.

Abuse of dominance

The European Commission's Guidance paper has embraced a more economics-based approach to abuse of dominance, focusing on the effect rather than merely the form of behaviour. Practices such as bundling and discounts can strengthen rather than hinder competition, even when carried out by a dominant firm, and therefore careful analysis of the effects of conduct is vital. We have worked on some of the most high-profile cases in recent years – including Microsoft, Tomra and Intel. We also often advise on these issues outside the confines of an official investigation, working with the client's legal team to assess whether existing or planned conduct might constitute an abuse.

Vertical and horizontal agreements

Effects-based analyses are also playing a much greater role in the assessment of agreements – whether vertical (between suppliers and customers) or horizontal (including JVs and information exchanges). Vertical agreements often carry strong efficiency benefits, making an effects-based economic analysis particularly crucial in distinguishing problematic from beneficial cases. Even in cartel cases economics is playing a greater role due to the increased opportunity for customers to pursue damages claims, the extent of which must be estimated using economic analysis. In some cases the effectiveness of cartels can be taken into account even during the settlement process – with agreements that can be shown to have had little effect typically being easier to settle.

State aid

Recent years have seen State Aid become a central concern of the European Commission and this has coincided with a much more economic approach to their assessment. State Aid cases have taken on a new dimension in the wake of the 2008 financial crisis, with the unprecedented severity of the crisis resulting in significant amounts of State support being granted to financial institutions and other companies. We have advised on the terms of some of the most high-profile government interventions.

Regulated industries

We have a very strong record advising clients on competition issues in regulated industries – with a particular focus on energy, telecoms and broadcasting, where competition is playing an ever more active role. Recent mergers in regulated sectors have often attracted close scrutiny, with complex remedy packages designed to accelerate liberalisation. CRA combines strength in competition analysis with detailed knowledge of a broad range of regulated industries.

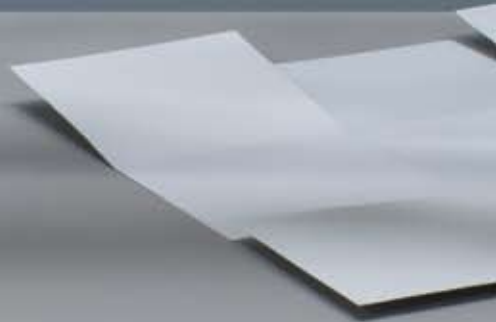


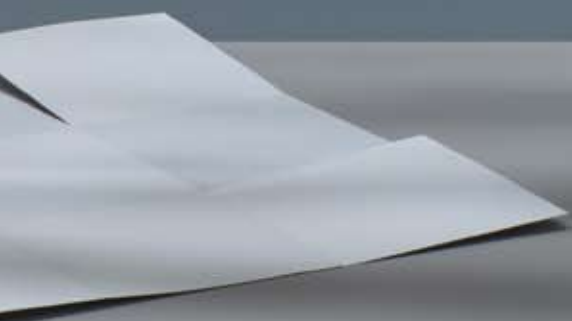
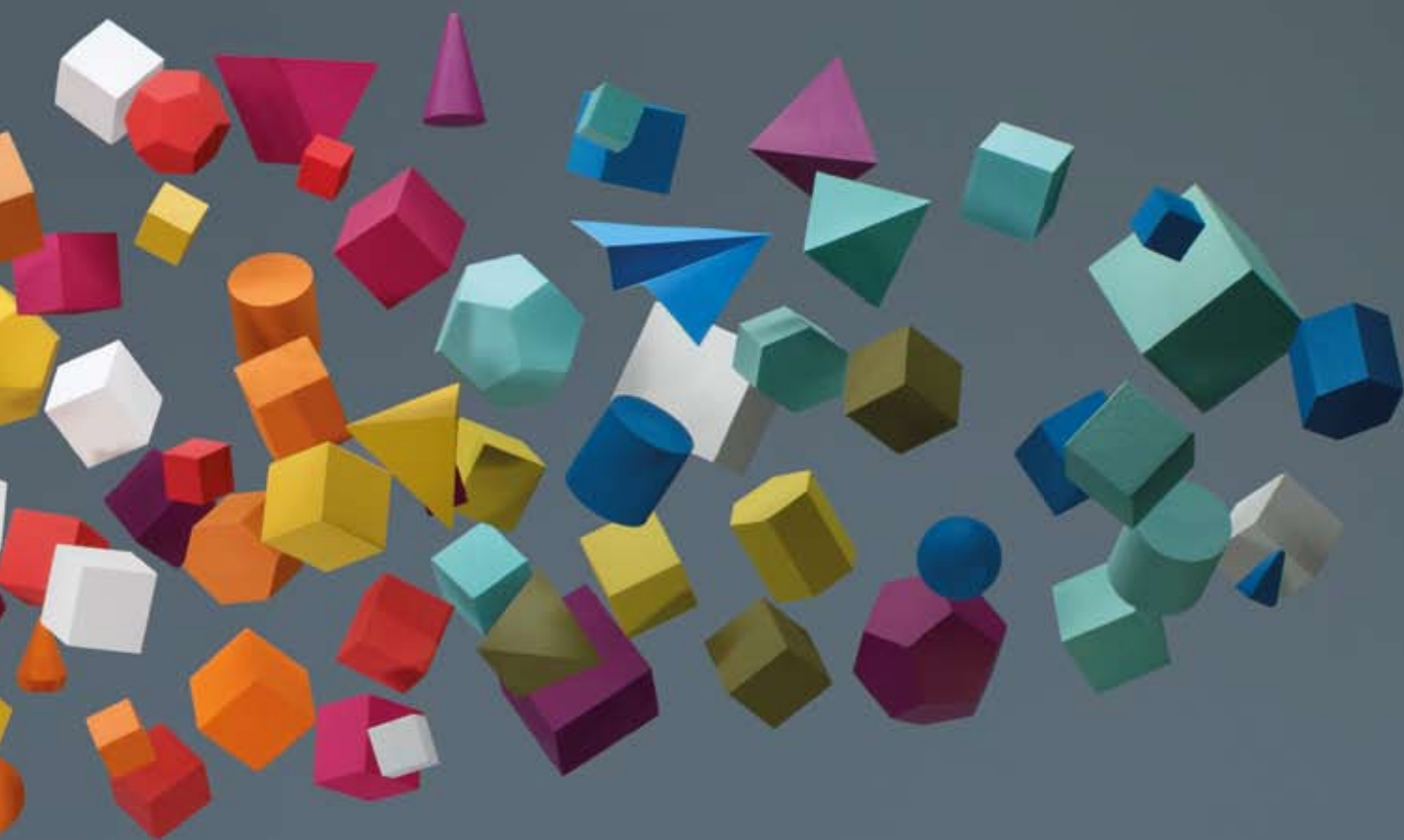
A range of experience: mergers

The past decade has seen a revolution in the role of economics in merger cases, with empirical and theoretical economic analyses now central to merger investigations. CRA has advised on many of the most important merger cases of recent years before the European Commission, the national European competition authorities and in South Africa.

European Commission		Other jurisdictions	
INEOS/Tessenderlo S-PVC Assets	2011	Jewson/Build Center	2011
Caterpillar/MWM	2011	Saint Gobain/Brossette	2011
INEOS/BASF Styrolution JV	2011	Kerry Foods/Headland Foods	2011
News Corp/BSkyB	2010	BATS Trading/Chi-X Europe	2011
Unilever/Sara Lee Personal Care	2010	STS/Butlers	2011
Novartis/Alcon	2010	AIB/EBS Building Society	2011
Schlumberger/Smith International	2010	Unilever/Alberto Culver	2011
P&G/Sara Lee Air Care	2010	Travis Perkins/BSS	2010
Cisco/Tandberg	2010	GXS/Inovis	2010
Panasonic/Sanyo	2009	Ambassador Theatre/Live Nation	2010
Lufthansa/Austrian Airlines	2009	Eurovia/Tarmac	2010
EDF/British Energy	2009	Capita/IBS	2009
Pfizer/Wyeth	2009	Centrica/Lake Acquisitions	2009
Lufthansa/SN (Brussels Airlines)	2009	TF1/TMC-NT1	2009
Posten/Post Danmark	2009	Gas Natural/Union Fenosa	2008-09
Sanofi-Aventis/Zentiva	2009	Vodacom/StorTech	2008-09
Sappi/M-real	2008	Vodacom/Gateway	2008-09
Pernod Ricard/Vin & Spirit	2008	Dunfermline Press/	
BAT/STK	2008	Berkshire Regional Newspapers	2008
TomTom/Tele Atlas	2008	Lloyds TSB/HBOS	2008
Huntsman/Hexion	2008	Co-op/Somerfield	2008
Oracle/BEA	2008	Home Retail Group/Focus stores	2008
Randstad/Vedior	2008	Seawell/Noble UK	2008
Saint-Gobain/Maxit	2008	Alliance Santé France/Depolabo	2008
Thomson/Reuters	2008	Macquarie Funds/Airwave Safety	
INEOS/Kerling	2008	Communications	2007
Yara/Kemira GrowHow	2007	Mittal/Saldanha	2007
Ryanair/Aer Lingus	2007	Essent/Nuon	2007
Kraft/Danone Biscuits	2007	Netcare/Community Hospital Group	2007
SCA/P&G	2007	Kemira GrowHow/Terra Industries	2006-07
CVC/Ferd/Elopak/SIG	2007	Telkom/BCX	2006-07
Owens Corning/Vetrotex	2007	Arqiva/BT SBS	2006-07
INEOS/BP Dormagen	2006	Pan Fish/Marine Harvest	2006
Inco/Falconbridge	2006	Stericycle International/	
Alcatel/Lucent	2006	Sterile Technologies Group	2006-07
Linde/BOC	2006	Boots/Alliance Unichem	2006
T-Mobile/tele.ring	2006	Sonaecom/Portugal Telecom	2006
adidas/Reebok	2006	Millennium bcp/BPI	2006
Telefónica/O2	2006	Impress/U.S. Can	2006
GDF/Suez	2006	Gas Natural/Endesa	2005-06
Sea-Invest/EMO-EKOM	2005-06	Francisco Partners (GXS)/	
E.ON/MOL	2005	G-International	2004-05
Saint-Gobain/BPB	2005	Sasol/Engen	2004-05
P&G/Gillette	2005	Harmony/Gold Fields	2004-05
ENI/EDP/GDP	CFI appeal – 2005	Ellerines/Relyant	2004-05
Oracle/PeopleSoft	2004	British Sugar/Billingtons	2004
News Corp/Telepiù	2003	Assa Abloy/Black & Decker	2003-04
		Iron Mountain/Hayes	2003
		Anglo American/Kumba	
		Resources	2002-03









A range of experience: anti-competitive practices

Economic evidence is essential in the assessment of allegedly anti-competitive behaviour, anti-competitive agreements with competitors, and damages arising from a cartel. We have advised a large number of clients across a wide range of industries and types of case.

Abuse of dominance allegations

Posten	2010-11
Telkom	2010-11
Thomson Reuters	2009-11
BT	2009-11
Intel	2006-11
Janssen-Cilag	2009-10
ENI	2007-10
Comair	2009-10
Qualcomm	2009
SFR	2009
Vivendi	2009
Groupe Canal+	2009
SNCF	2009
Messageries Lyonnaises de Presse	2008
Mittal Steel	2004-08
Sun Microsystems	2001-07
AOL	2001-07
Tomra	2004
Astra Zeneca	2004
Wiseman	2005
Bacardi	2002
SIS	2002
Bus Eireann	2001

Sector inquiries

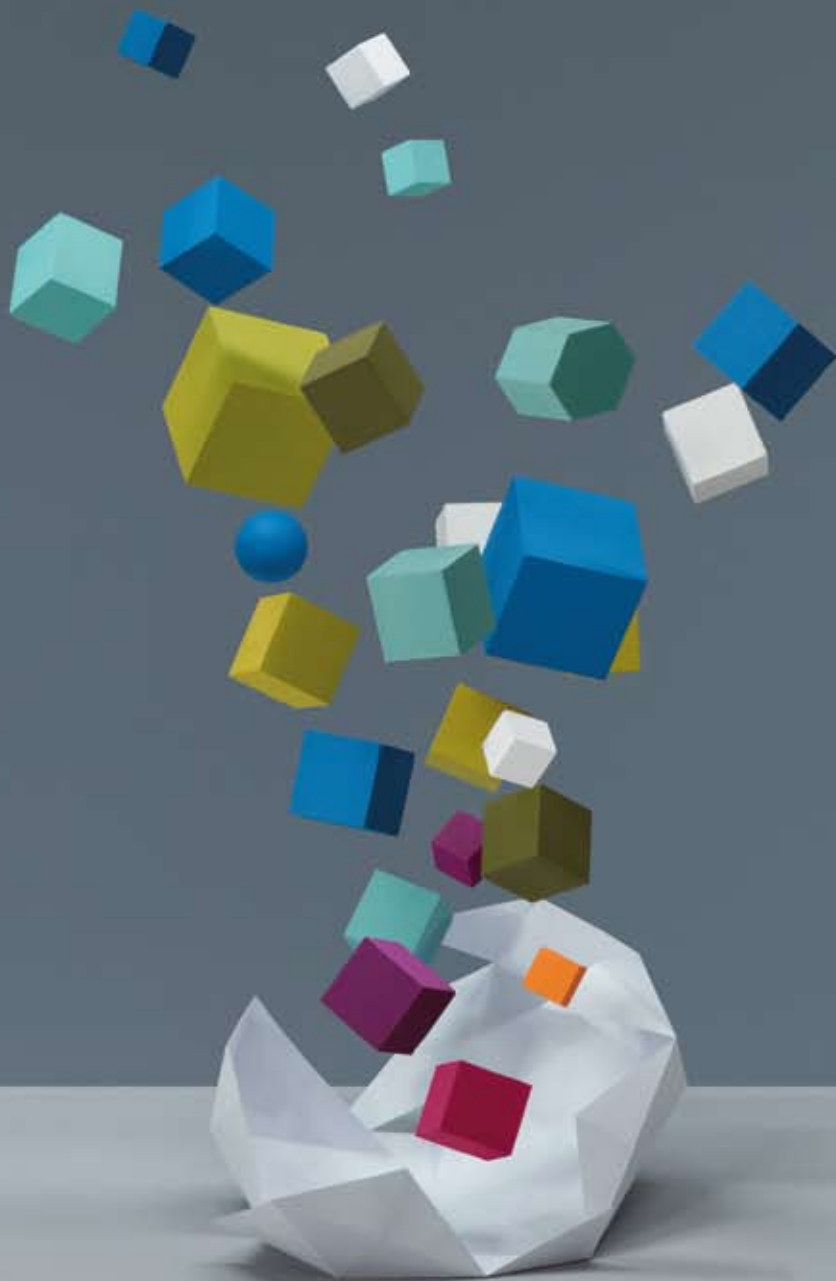
Mobile Call Termination	2002-11
Payment Protection Insurance	2008
Classified Directory	
Advertising Services	2007
Northern Ireland PCA	2007
Energy Markets	2006-07
Store Cards	2005
Domestic Bulk LPG	2005
SME Banking	2002
Retail Fuel	2002
Scottish Milk	2000
Supermarkets	2000
Banking	2000

Restrictive agreements

Luxury goods	2010
Supermarkets	2010
Airfreight	2008-10
Cathode Ray Tubes	2009
LCD Screens	2007
Freight forwarding	2007
Waste collection	2009
Consumer products	2008
Steel	2008
Construction	2007-08
Bananas	2007-08
Dairy products	2006-08
Jet fuel	2006-08
Employment agencies	2007
Electric cables	2007
Gas-insulated switchgear	2006-07
Lifts	2004-07
Chemical tanker shipping	2003-07
Offshore services	2006
Synthetic rubber	2004-06
Plasticisers	2005
Rubber Chemicals	2004-05
Fertilisers	2004-
Carbon black	2003
Football kits	2002-03
Tobacco	2002
Bank charges	2000

State aid

Lloyds Banking Group	2008-
Irish Department of Finance	2008-10
Dutch Central Bank	2009
Hellenic Republic/Olympic Airlines	2008



Precision analysis

Our teams include PhD-qualified economists focusing on econometric analysis and developing economic models of firms' and consumers' behaviour in markets – drawing from industrial organisation theories, bargaining and auction theories and behavioural economics.

In each case we assemble a team with the right expertise to address the competition question in the most efficient and effective way – with a close eye on the fit of the model to the industry in question and the data available.

Modelling how markets work

We are at the forefront of developments in competition economics and contribute to the evolution of the agencies' thinking and practice. This ensures the analyses we submit are persuasive and credible. For instance, competition agencies in a number of jurisdictions are adopting a version of the 'price pressure tests' which have been incorporated into the 2010 Revision of the US Horizontal Merger Guidelines. CRA economists have been heavily involved in this process, contributing to the debate over the adoption of these techniques in the US and Europe. This puts us in a strong position to engage with the authorities as they put these new techniques into practice.

Empirical work

Our reputation is for rigorous and innovative empirical analysis, careful attention to detail and the ability to work effectively as part of a wider team of advisors. While we benefit from a large and experienced team of econometric experts, all our analysis is rooted in an understanding of the realities of our client's industry and of the available data. In this way we can avoid the pitfalls that arise when too much emphasis is placed on a high-tech technique at the expense of a thorough understanding of the underlying industry facts and data. Similarly there are many industries where a creative approach to data collection is necessary. Often the most interesting and insightful 'data' is the knowledge of our clients' financial and marketing teams, rather than in an existing database. We are experienced in gathering such information and presenting it in a meaningful way to competition authorities.

We also have the ability to draw on a wide network of academic associates – each a leading thinker in their field of expertise. We integrate rigorous analysis with practical support to clients and their legal advisors in responding to information requests from the competition authorities. Such requests often require clients to extract, collate and format large volumes of data to meet the authorities' requirements within tight timescales. We work with clients and economists in the authorities to make the process of responding to such requests as efficient as possible.



Many parts, one picture

We put our reputation behind the arguments we present and are known for careful and rigorous analysis – ensuring that a CRA submission or testimony carries weight with competition authorities around the world. In addition to more general support throughout the process, we often provide expert reports or – in court proceedings – expert witness testimony.

CRA senior staff have acted as experts before the courts across Europe and the US, as well as before specialist tribunals such as the UK Competition Appeal Tribunal, the South African Competition Tribunal and the International Court of Arbitration. Expert witness work requires the ability to defend the analysis undertaken in the face of cross-examination. Our experience and analytical rigour ensures a strong performance when working on these cases.

Even where expert testimony is not needed, we apply the same attention to detail and accuracy in our written reports. Working with client and legal team to develop evidence for key submissions, we are often asked to produce an economic report to shed light on certain key aspects of the legal argument. We have a strong reputation for the type of high-end, sophisticated quantitative analyses that is necessary to convince the technical specialists within the competition authorities – although we are also highly skilled in making highly technical concepts accessible to a non-technical audience.



A shape that fits

We know that what counts is getting the right result. Bringing together our economic expertise with your business knowledge and your legal advisors' insights, we work as part of an integrated team. This allows us to communicate the competitive reality of your market as effectively as possible to the authorities, while minimising the inevitable burden on your internal resources.

Whether you are pursuing a merger or defending an abuse of dominance claim, we will use our energy and insight to get to the bottom of the economic issues and find solutions: building the economic arguments to support your case, and where necessary thinking creatively about remedies to resolve concerns.

To learn more about our expertise and service offerings, contact our nearest regional office or visit us online at www.crai.com/ecp

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