

A Competition Assessment Framework

Investment Climate Team

DFID

London

How to select sectors and markets

- First step:
 - Important to the economy?
 - Important for consumer welfare?

- Second step: If 'yes' to either, do any of these apply?
 - Sector highly concentrated?
 - High entry barriers?
 - High barriers to carrying on business?
 - History of anti-competitive conduct?
 - Indications of concern from consumers or firms?
 - Strong vested interests opposed to change?

If any apply – a possible candidate.

How to analyse competition (1)

- Identify the relevant markets and competitors
- Examine the market structure
- Consider vested interests
- Look for barriers to entry: natural, strategic, regulatory
- Look for signs of anti-competitive conduct by firms

How to analyse competition (2)

- Ascertain if other government policies or institutions limit competition
- State-owned enterprises
- Public procurement
- Regulated sectors
- Trade policies and industrial policies

Draw conclusions

- What are the effects of weak competition?
- Who Profits?
- Who loses?
- What corrective action is possible?
- Who would benefit?
- Likely effects on the economy?

Further information

- National competition authority websites
- UNCTAD
- OECD
- World Bank
- International Competition Network (ICN)
- DFID

Draft Competition Assessment Framework

Comments invited from participants at:

National Conference, State of Competition in the Indian Economy
New Delhi, 14 March 2007

To: Roger Nellist r-nellist@dfid.gov.uk

or John Preston j-preston@dfid.gov.uk