
14 November 2017

**Directorate for Financial and Enterprise Affairs
COMPETITION COMMITTEE**

Annual Report on Competition Policy Developments in Norway

-- 2016 --

5-6 December 2017

This report is submitted by Norway to the Competition Committee FOR INFORMATION at its forthcoming meeting to be held on 5-6 December 2017.

JT03422868

Table of contents

Executive summary	3
1. Changes to competition laws and policies, proposed or adopted	4
1.1. Summary of new legal provisions of competition law and related legislation	4
1.2. Other relevant measures, including new guidelines.....	5
1.3. Government proposals for new legislation	5
2. Enforcement of competition laws and policies.....	5
2.1. Action against anticompetitive practices, including agreements and abuses of dominant positions	6
2.1.1. Summary of activities of competition authorities	6
2.1.2. Summary of activities by courts.....	7
2.1.3. Description of significant cases, including those with international implications.	8
2.2. Mergers and acquisitions	9
2.2.1. Statistics on number, size and type of mergers notified and/or controlled under competition laws	9
2.2.2. Summary of significant cases.....	10
3. The role of competition authorities in the formulation and implementation of other policies. 12	12
3.1. Cooperating bodies.	12
3.2. International cooperation.	12
3.3. Expressing competition concerns related to existing or proposed regulations	12
3.3.1. Sharing economy.....	13
4. Resources of the competition authorities.....	13
4.1. Resources overall (current numbers and change over previous year).....	13
4.1.1. Annual budget (in NOK and USD):.....	13
4.1.2. Number of employees (person-years):	13
4.2. Human resources (person-years) applied to mergers, anti-cartel, dominance-related issues and advocacy	13
4.3. Period covered by the above information	15
5. Summaries of or references to new reports and studies on competition policy issues	15
5.1. Regulations restricting competition	15
5.2. Waste management – circular economy	15
5.3. Funding research in competition law and economics	15
5.4. The petroleum industry: Buyer power can be good for competition and consumers	16

Tables

Table 1. Investigative Work Activities 2010-2016	6
Table 2. Applications for leniency 2010-2016.....	7

Figures

Figure 1. Notifications of mergers and acquisitions.....	10
--	----

Executive summary

1. In 2016, a major event for the Norwegian Competition Authority (henceforth the NCA) was the Statement of Objection sent to the major telecom company in Norway, Telenor, for abuse of its dominant position. Telenor was informed that a fine of 906 million NOK (almost 100 million EUR) was considered based on the NCA's view that Telenor had abused its dominant position by engaging in conduct that impeded the entry of a third competing mobile network. This is a record high fine for the Authority. The Statement of Objections marks a major milestone in a work that started with unannounced inspections at the premises of Telenor Norge and Telenor ASA, 4th to 13th of December 2012, and has required substantial resources over the years.

2. Uncovering illegal cartels and bid rigging has for many years been a key priority for the Norwegian Competition Authority. In this regard, two companies were fined for bid rigging in a tender on sewage services for the municipality of Bergen. This is one of the most recent in many bid rigging decisions the authority has had the last five years, and it shows the authority's strong efforts in fighting bid rigging. In 2016, the Authority also started a project on uncovering cartels (ex officio), benefitting from active participation in the ECN Cartel working group's project on how CAs deal with informants.

3. Related to merger control, three mergers were banned: in the ferry market, the forestry industry and in the pizza market. Two of these decisions were appealed, but upheld. In the ferry market, a tender shortly after our decision clearly illuminates the effects of antitrust. The bids showed a difference of over one billion kroner between the two competitors that otherwise would have merged. Most probably ferry passengers would have had paid for at least some of these extra costs by means of more expensive tickets if the merger had been approved.

4. With respect to advocacy, one prioritized area has been the heavily regulated taxi-market, where the NCA for many years has argued for a deregulation. Recently, a government-appointed committee proposed, in line with the Authority's arguments, legal changes in order to reduce entry barriers in this market. In addition, the Authority has been active to promote competition in airport parking and waste management. It has also pointed out the restrictive effects of capital requirement for banks limiting competition between domestic and subsidiaries of foreign banks, advocated a more narrow exemption from the Competition Act for the agricultural sector and argued that the book market will benefit from a removal of the legal exemption of RPM and a combination of competition and more targeted cultural policy measures. More generally, the Authority has been active in the media explaining the importance of a solid enforcement of competition law, and the direct and indirect effects of enforcement for consumers.

5. In 2016, some important changes in the NCA's framework were introduced. The Authority became the only authority that controls mergers in the media industry. Before 2016, mergers in the media industry also had to be approved by the Norwegian Media Authority. At the same time, the SLC-test for intervention in mergers was replaced. According to the new amendments, the NCA shall prohibit concentrations that will significantly impede effective competition, in particular as a result of the strengthening of a dominant position (the SIEC-test; Significant Impediment to Effective Competition). The new standard harmonizes the Norwegian legal basis for intervention in merger review with the EU/EEA merger control rules, and will be interpreted in line with EU precedents. Moreover, as a measure to enhance the NCA's independence, an independent competition complaints board has been established. The board will be the appellate body for all decisions by the NCA, in mergers as well as cartel and abuse of dominance cases.

At the same time, the possibility to reverse the NCA's decisions based on public interest considerations was abolished. The proposals were adopted by the Parliament (Stortinget) in 2016 and was implemented in spring 2017.

1. Changes to competition laws and policies, proposed or adopted

6. The Competition Act entered into force on 1st of May 2004. The purpose of the Act is to further competition and thereby contribute to the efficient utilization of society's resources. The Act is to a large extent harmonized with EU competition rules and includes prohibitions against cartels and abuse of dominance. A pre-merger notification system has also been introduced.

7. The Norwegian Competition Authority's main task is to enforce the Competition Act, prevent and deter competition crime and affect market structure in a direction that promotes healthy competition.

1.1. Summary of new legal provisions of competition law and related legislation

8. The most recent revision of the Competition Act entered into force July 2016.

9. One legal change relates to merger review, which became even more harmonized with EU-merger regulations. According to the new amendments, the NCA shall prohibit concentrations that will significantly impede effective competition, in particular as a result of the strengthening of a dominant position (the SIEC-test; Significant Impediment to Effective Competition). Thus, the SLC-test for intervention in mergers are replaced by a SIEC-test. The new standard harmonizes the Norwegian merger control review standard with the EU/EEA merger control rules, and will be interpreted in line with EU precedents. One consequence of the new and EU-harmonized standard is a shift in the role of the evaluation of efficiencies. Following the amendments, the NCA must now focus on to what extent the merger are to the benefit or detriment to consumers.

10. The revision also introduced the possibility for settlements in cartel cases, similar to Commission procedures. Companies that are found to have participated in a cartel can settle their case by acknowledging their involvement in the cartel and getting a smaller fine in return.

11. Besides these two changes, there have been some minor amendments in both law and regulations to clarify new rules and deadlines with the revisions introduced in 2014, which ia. introduced substantially higher merger notification thresholds.

12. As a measure to enhance the NCA's independence, the Ministry of Industry, Trade and Fisheries proposed to establish an independent competition complaints board in 2015. This board was established in 2017. Consequently, the possibility to reverse the NCA's decisions based on public interest considerations is abolished. Previously, the NCA's decisions to intervene in merger cases had to be appealed to the Ministry for Industry, Trade and Fisheries. The NCA's decisions issuing administrative fines in cartel and abuse of dominance cases had to be tried in the courts. The competition complaints board is now the first instance to review the NCA's decisions in mergers as well as cartels and abuse of dominance cases. The competition complaints board was officially established 1st of April 2017, and decisions from after this date will be appealed to this board.

13. The Norwegian Complaints Board for Public Procurement (KOFA) is a national complaints body that enforces the Norwegian regulations on public procurement. The NCA had the administrative responsibility for the Board's Secretariat until 2017. However, in 2017 the secretariat became part of a new organization, merging several appeal boards. The new competition complaints board will also be a part of this new organization.

14. New law and regulations on public procurement entered into force 1st of January 2017. Rules are simplified, as well as adapted to the revised EU-directives in the field of public procurement.

15. Finally, it can be mentioned that as of 1st of July 2016, the Competition Authority is the only authority to control mergers in the media industry. Previously, mergers in the media industry also had to be approved by the Norwegian Media Authority.

1.2. Other relevant measures, including new guidelines

16. Since 2014, the NCA has the responsibility to allocate funds for research in competition law and economics for about 6 million Norwegian kroner per year (corresponding to approximately 650.000 EUR).

17. In Norway, severe infringements of the Competition Act can result in individual sanctions (fines or imprisonment). If an infringement of Section 10 (cartels) is made under severely aggravating circumstances, imprisonment of up to six years may be imposed. In June 2016, the NCA published guidelines that clarifies considerations the NCA will take into account before deciding whether to report individuals to the Norwegian National Authority for Investigation and Prosecution of Economic and Environmental Crime for criminal prosecution. The guideline intends to increase predictability for individuals considering applying for leniency.

1.3. Government proposals for new legislation

18. In 2016, a committee was appointed by the government to review the terms of competition between public and private firms, ie. to what extent existing regulations are competition neutral. The committee will deliver its recommendations in January 2018. The NCA's Director of external relations is heading the secretariat for the committee.

19. On 8th of September 2017, the director generals for the competition authorities of the Nordic countries signed a co-operation agreement between the respective competition authorities. The preceding 15-year-old agreement has now been revised following the OECD recommendation concerning International Co-operation on Competition Investigations and Proceedings of 2014 as well as the EU Council Recommendation /EC) No. 1/2003, and provides for ia. cross-border exchange of confidential information as well as investigative assistance. Some amendments to the Norwegian Competition Act will have to be made before the agreement can enter into force. It is expected that these changes will be implemented in the first part of 2018.

2. Enforcement of competition laws and policies

20. According to the Competition Act, the primary responsibilities of the NCA are as follows:

- Monitor adherence by businesses and industry to the Competition Act's prohibitions against competition-restricting cooperation and abuse of a dominant market position.
 - Ensure that mergers, acquisitions and other forms of concentrations do not significantly restrict competition.
 - Implement measures to increase the transparency of markets.
 - Enforce Articles 53 and 54 of the EEA Agreement.
 - Call attention to any restrictive effects on competition of public measures and, where appropriate, submit proposals aimed at furthering competition and facilitating market access by new competitors.
21. The NCA can impose administrative fines on businesses for violations of the provisions in the Competition Act.

2.1. Action against anticompetitive practices, including agreements and abuses of dominant positions

22. Activities of the NCA, as in cases that are not decided upon, are summarized first, followed by a description of cases handled by court. Cases that were closed by *decisions* are summarized under '2.1.3 Description of significant cases'.

2.1.1. Summary of activities of competition authorities

23. In 2016, the NCA secured evidence in one case on three different locations. 17 formal statements were taken in connection with investigations in four different cases.

Table 1. Investigative Work Activities 2010-2016

	2010	2011	2012	2013	2014	2015	2016
Securing evidence section 25 – cases/locations	4/19	4/9	2/5	1/3	6/17	1/2	1/3
Depositions (formal statements) section 24 – cases/locations	6/32	9/48	5/10	4/20	4/34	5/45	4/17

24. The NCA did not start many new investigations in 2015-2016, but continued with investigations initiated in 2014, a year with a record high amount of dawn-raids. In addition to these investigations, the NCA continued its market monitoring in the dairy sector, the wholesale market for electricity and the domestic air transport market. The fuel market and the grocery market are also in the Authority's focus.

25. As of October 2017, conducted dawn raids are published (with some exceptions) on the NCA's website, with information on market (at an aggregated level), infringement and status of the investigation. In 2017 so far, the NCA has publicised news about dawn raids in two cases. The NCA conducted a dawn raid to secure evidence regarding the market for alarm and security services. In January, a dawn raid was conducted on the premises of Ringnes, to find out whether or not Ringnes has abused its dominant position. The case involves Ringnes's operations regarding sale of beer to eateries in Norway.

26. Leniency was introduced by the Competition Act of 2004. Even though the threshold for seeking leniency appears to be relatively low, also larger cases have been the result of the leniency program.

Table 2. Applications for leniency 2010-2016

	2010	2011	2012	2013	2014	2015	2016
Number of applications	6	3	6	2	3	3	3

27. The NCA has adopted a more proactive approach to discover cartels. In this regard, it can be mentioned that the Authority has started a project on uncovering cartels *ex officio*, benefiting from active participation in the European Competition Network cartel working group's project on how competition authorities deal with informants.

Statement of objection for abuse of dominant position to Telenor

28. In November 2016, the NCA issued a Statement of Objections to Telenor for abuse of a dominant position, and informed Telenor that it is considering imposing a fine of NOK 906 million (almost 100 million EUR) for the infringement. The NCA's preliminary view is that Telenor abused its dominant position in the period between 2010 and 2014 by engaging in conduct that impeded the entry of a third competing mobile network. The conduct amounted to two separate abuses that put the roll out of the third mobile network at risk.

29. Norway is one of the few countries in Europe having only two mobile network providers with nationwide coverage: Telenor and Telia. The entry of a third network has been crucial in order to increase competition in the Norwegian mobile market. From 2007 onwards, Network Norway and Tele2 established a third mobile network in Norway. During the network roll-out phase, Telenor was required to provide them with access to its network in areas where the third network was not yet present. The first abuse regards Telenor's conditions for giving Network Norway access to its network when the third network was under construction. These conditions reduced the profitability of building the third network. Mobile communications companies that do not possess their own networks need access to established networks, in order to provide their customers with mobile communications services. The second abuse regards the fact that Telenor entered exclusive supply agreements with four mobile operators, reducing the ability of the third network to get customers.

30. The statement of objections marks a major milestone in a case that started with unannounced inspections at the premises of Telenor Norge and Telenor ASA in December 2012. The case has required substantial resources. Telenor submitted its comments on the Statement of Objections in spring 2017. A final decision in the case has not been made.

Closes investigation on possible abuse of dominance of Jotun

31. In 2016, the NCA decided to close the investigation of Jotun A/S regarding a possible violation of the Competition Act's prohibition of abuse of a dominant position. Jotun is an undertaking in the market for sales of decorative paints in Norway. The Competition Authority completed a dawn raid at the premises of Jotun in Sandefjord in February 2014.

2.1.2. Summary of activities by courts

32. As mentioned above, the Ministry of Trade, Industry and Fisheries was the appellate body for administrative decisions in merger cases until the establishment of the Competition Complaints Board in 2017.

33. Companies appealed against two merger decisions in 2016. These cases, concerning pizza and pulpwood, are addressed to in part 2.2.2. In both cases, the decisions by the NCA were upheld by the Ministry.

34. The following cases were handled in Court:

Supreme Court rules in favour of the NCA in taxi case

35. In a judgment of 22nd of June 2017, the Norwegian Supreme Court dismissed an appeal from two taxi companies against a ruling of the Court of Appeal, which upheld a decision by the NCA concerning the submission of joint bids in tender procedures. In its decision from 2011, the Authority had concluded that the two taxi companies were actual or potential competitors and that the submission of joint bids constituted restrictions of competition by object that infringed the Norwegian Competition Act. The purpose of the tender procedures, organised by Oslo University Hospital, was to conclude framework agreements for the provision of patient transport services for the South-Eastern Norway Regional Health Authority.

36. The NCA's decision was not upheld by the Court of First Instance in February 2013. The Competition Authority appealed this ruling, and the case was handled by the Court of Appeal in 2015. The Court's decision agreed with the Authority's finding that the cooperation was a violation by object of the competition law. However, the Court reduced the fines from 2.85 million (in total for all three companies) to 1.3 million NOK in total (from approx. 310,000 EUR to 140,000 EUR). The counterpart appealed to the Supreme Court, but this appeal has now been dismissed.

37. The Supreme Court ruling confirms that the submission of joint bids in a tender procedure where the operators concerned could have submitted separate bids amounts to an infringement of the Competition Act. The judgment concerns an issue of principle for the enforcement of the competition law: whether co-operation between competitors which takes place openly vis-à-vis the procuring authority can constitute a restriction "by object" in violation of Section 10 of the Competition Act. The judgment also makes clear that possible efficiencies resulting from such co-operation must be assessed under Section 10, third paragraph, of the Competition Act as maintained by the Authority in its decision.

2.1.3. Description of significant cases, including those with international implications.

Fines for collusion in the publishing industry

38. In June 2016, the NCA imposed fines totalling NOK 32 million (approximately 3.5 million EUR) on four publishers for illegal collusion. Publishers Aschehoug, Cappelen Damm, Gyldendal and Schibsted Forlag violated competition law, by cooperating in the form of a collective boycott of the distributor Interpress, and exchanged competitively sensitive information. The NCA found that the purpose of the cooperation was restricting competition in the mass market for books. This market includes retail outlets for books that are not traditional bookstores, such as kiosks, grocery stores and gas stations. The four publishers account for the majority of books supplied to Norwegian consumers. The boycott meant that books were supplied to only one of the two distributors. The only real competitor to Interpress was Bladcentralen, a distributor in which all four publishers were owners. Three of the four parties have appealed the case, which has not been handled in Court yet.

Illegal cooperation in the electrical installation sector in Oslo

39. The Norwegian Competition Authority imposed fines in September 2017, after sending a statement of objections in 2016, exceeding NOK 18 million (approximately EUR 2 million) on six undertakings in the electrical installation sector for illegally cooperating on a tender for school buildings in Oslo. The cooperation took place in the spring of 2014, and the tender was for the maintenance and repair of electrical installations in schools managed by Undervisningsbygg Oslo KF, the city of Oslo's company for managing school construction and maintenance.

40. Five competitors agreed on identical prices and exchanged other competitively sensitive information instead of competing to submit the best offer to Oslo Municipality. The chain of electricians, El Proffen / EP Contracting, initiated and organized the cooperation between the five competing member companies in the tender competition. They jointly submitted bids to Undervisningsbygg. The undertakings did not try to conceal their cooperation from the procuring authority. Undervisningsbygg reacted to the cooperation and contacted the Competition Authority. It is the Competition Authority's assessment that the individual companies could have submitted independent bids and that, as a consequence, it was illegal to cooperate.

41. As per October 2017, it is not known yet whether (some of) the parties will appeal the decision. In case of appeal, this will be the first case handled by the newly established complaint board for competition cases.

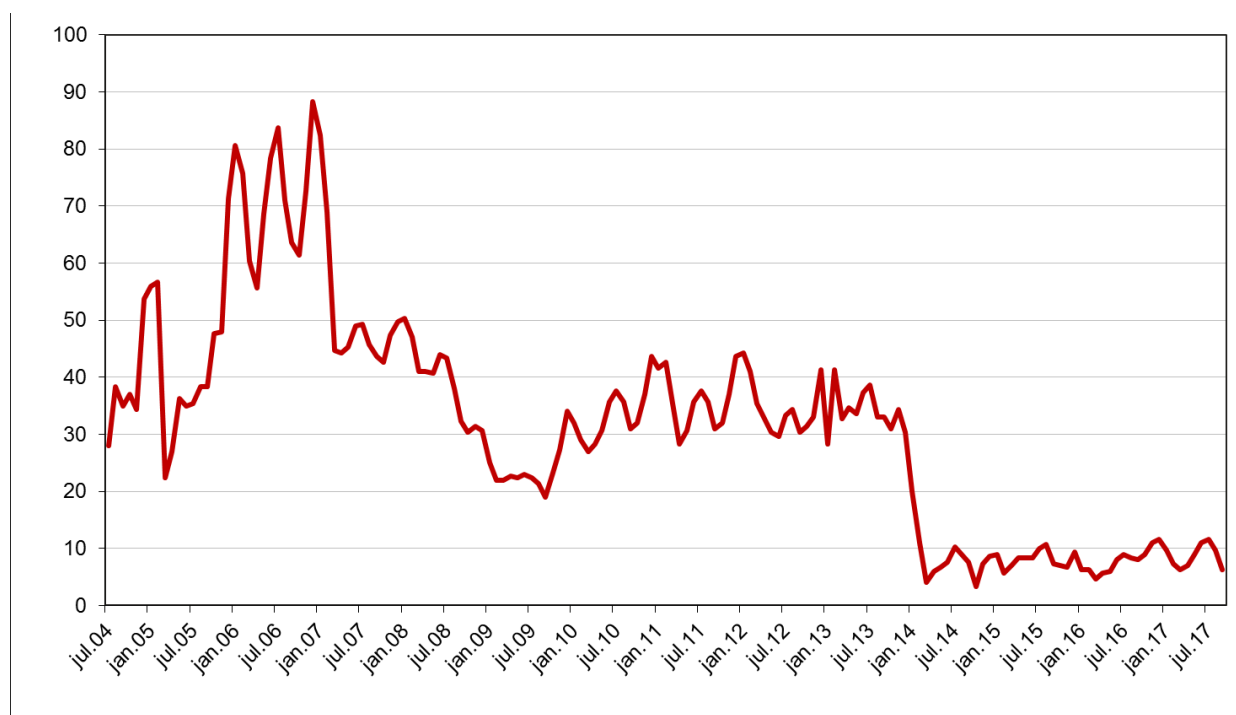
Fines for collusive bidding in Bergen

42. The NCA imposed fines totalling NOK 6.5 million (approximately 0.7 million EUR) on two companies for illegal collusion by submitting a joint bid on the collection, transport and final treatment of sewage sludge in Bergen municipality. Two competitors worked together to submit a joint bid with a common price in a tender organized by Bergen Vann KF (Bergen Water Municipal Company) in 2014. According to the NCA's assessment, both companies could have competed to win the different lots, but chose instead to work together to deliver a joint bid with a common price for all the lots together. The competitors had exchanged information on prices and available processing capacity beforehand. The companies were the only ones who were prequalified in the competition. The NCA considers that the companies could fix the price in the joint bid with little risk of losing the tender. The case has been appealed, but has not been handled in Court yet.

2.2. Mergers and acquisitions*2.2.1. Statistics on number, size and type of mergers notified and/or controlled under competition laws*

43. The number of notifications of mergers and acquisitions has been quite stable the last three years, after threshold levels were increased significantly as from January 2014.

Figure 1. Notifications of mergers and acquisitions



44. With the higher thresholds, there is a higher risk that some mergers and acquisitions potentially of concern will not be notified. In order to still be able to follow developments in highly concentrated markets, the NCA has the power to oblige actors in certain markets with high concentration to notify *all* acquisitions, eg. in power production and the groceries market. As in 2017, 18 companies in various markets have this obligation.

45. Moreover, in addition to this obligatory notification requirement, the NCA has the power to impose a duty to notify a concentration it has become aware of, if there is reason for concern about the effects on competition of the merger. This obligation has to be notified within three months after the merger contract is signed or carried out (whichever comes first).

46. In addition to assessing notified mergers, the NCA followed up mergers that previously had been approved on conditions. In most of these cases a monitoring trustee, appointed by the NCA, makes sure conditions are met.

47. A summary of the most significant merger cases in 2016 is given below.

2.2.2. Summary of significant cases

48. The NCA intervened in three concentrations in 2016.

Pizza merger was blocked

49. The NCA prohibited Umoe Restaurants AS from buying Dolly Dimple's Norge AS, two nationwide chains and close competitors, operating both in the restaurant and take-away markets. The acquisition would have led to significant restriction of

competition in the markets of restaurants and take-aways, both nationally and in 20 local markets.

50. To assess the competitive situation in local and national markets, the NCA, inter alia, interviewed customers in several of the merging parties' restaurants, as well as performed a web-based survey among a selection of the parties' customers.

51. The NCA's decision in this case was appealed, but was upheld by the Ministry of Trade, Industry and Fisheries. Pizza Pizza Norway, partner of Domino's Pizza Group, acquired Dolly Dimple's in 2017.

Blocked acquisition in market for saw timber and pulpwood

52. In order to stop further concentration in this market, the NCA forbid the acquisition of NEG Skog by AT Skog. This intervention signalled to market actors that the NCA will not easily approve of other acquisitions putting local competition at risk.

53. The NCA's decision in this case was appealed, but the decision was upheld by the Ministry of Trade, Industry and Fisheries.

Blocked acquisition in the ferry market

54. Three of four main shipping companies in the Norwegian ferry market are considered as close competitors. Torghattens acquisition of 50 % of the shares in F1 Holding, which again controlled Fjord1, involved two of these. In Norway, ferries are an essential part of the national transport infrastructure. This acquisition would have limited competition and could have meant higher prices and a reduction of services for ferry passengers. The case was not appealed, and 26% of the shares in F1 Holding were bought by another actor which already owned a part of Fjord 1: Havilafjord. In a tender after this acquisition, the competitors showed a difference in pricing which revealed that Norwegian ferry passengers are much better off with healthy competition in this market.

Follow-up of earlier decision in fuel market

55. The Authority has repeatedly pointed out the limited state of competition in the fuel market. The NCA therefore handles every case on notified concentrations in this market profoundly. Pursuant to the acquisition of Smart Fuels AS by St1 Nordic, the NCA imposed a duty to divest St1 Nordic's existing fuel retail business in Norway. In 2016, the NCA decided that the proposed purchaser, Blue Energy Holding AS, did not meet the requirements set forward in the decision to allow the merger, in particular that the purchaser should be independent of the seller, and that it should hold the requisite financial resources to effectively compete on the fuel market.

56. In 2017, the Ministry of Trade, Industry and Fisheries approved of the acquisition of St1 by Blue Energy Holding, but under new conditions, that, according to the Ministry, ensured the buyer's independency.

3. The role of competition authorities in the formulation and implementation of other policies

3.1. Cooperating bodies.

57. The NCA holds regular meetings for information and contact purposes with cooperating bodies such as the Financial Supervisory Authority of Norway, the Norwegian Post and Telecommunications Authority, the Norwegian Water Resources and Energy Directorate and the Agency for Public Management and eGovernment.

58. In addition to an agreement with the Norwegian Post and Telecommunications Authority, the NCA has cooperation agreements with the Consumer Ombudsman and the Norwegian Consumer Council. The three institutions have regular cooperation on specific cases, in addition to the ordinary contact meetings twice a year.

3.2. International cooperation.

59. For the NCA, international cooperation has a high priority, with the Nordic network, the ECN, ICN and the OECD as its most important networks. The NCA aims to be an active contributor to these networks. In addition, the NCA has regular contact with the EFTA Surveillance Authority on ongoing cases with a cross-border dimension.

60. In 2014, a working group from the Nordic competition authorities started its work on a joint report on competition in waste management markets. The report was published in 2016 (see chapter 5 for more information).

61. The NCA submitted three written contributions for meetings in the OECD Competition Committee in 2016, and presented several cases in ECN Working Groups. The NCA is also co-chairing the ICN working group on Agency Effectiveness. In this regard, the NCA in 2016 contributed to an ICN Agency Effectiveness workshop in Botswana, with more than 100 representatives, especially from southern Africa.

3.3. Expressing competition concerns related to existing or proposed regulations

62. According to section 9 of the Competition Act, the NCA shall supervise competition in the various markets, i.e. by implementing measures to promote market transparency, and by calling attention to any restrictive effects on competition caused by public measures (section 9e). In its advocacy role, the NCA especially focuses on regulations harming competition.

63. By acting as a hearing body, the NCA ensures that the competition perspective is given due consideration when new policies are being adopted. The authority prioritises cases where its influence is most likely to result in a positive outcome for competition. This has shown to be an effective use of resources.

64. In 2016, the NCA issued ten hearing statements expressing concerns related to consequences for competition of proposed laws and regulations.

3.3.1. Sharing economy

65. In February 2017, a committee appointed by the government delivered its report on sharing economy¹. The committee proposes, among others, a further deregulation of the taxi market, in order to stimulate innovation and a more effective use of resources, as well as reduce entry barriers. In its hearing statement, the NCA supports this conclusion, which is in line with recommendations by the NCA, pointing out the need for deregulation of the taxi market.

66. In advocacy matters, the Authority in addition has aimed at airport parking, waste management, capital requirement for banks limiting competition between domestic and subsidiaries of foreign banks, and the exemption from the Competition Act for the agricultural and book sectors. The NCA has showed its concern that the introduction of an air passenger excise duty could lead to unintended effects on competition, by preventing competition neutrality between airlines, especially for transfer traffic.

67. The authority has been active in media explaining the importance of a solid enforcement of competition law, and the direct effects for consumers.

4. Resources of the competition authorities

4.1. Resources overall (current numbers and change over previous year)

4.1.1. Annual budget (in NOK and USD):

68. The annual budget for the NCA for 2016 was 101 million NOK (almost 11 million EUR).

4.1.2. Number of employees (person-years):

69. Of the NCA's 98 employees per 31st of December 2016, 38 were economists and 33 were lawyers. In total, 74 out of 98 worked on competition enforcement (non-administrative staff). These numbers include staff on leave of absence. In person-years for 2016, the numbers are:

- Economists: 32,6
- Lawyers: 25,0
- Other professionals: 2,4
- Support staff: 22,4
- All staff combined: 82,4

4.2. Human resources (person-years) applied to mergers, anti-cartel, dominance-related issues and advocacy

70. The NCA is organized by sector. Thus, the case handlers are organized in market departments with responsibilities towards specific markets. All case handlers work with all types of competition cases within the markets allocated to them. In addition, the NCA

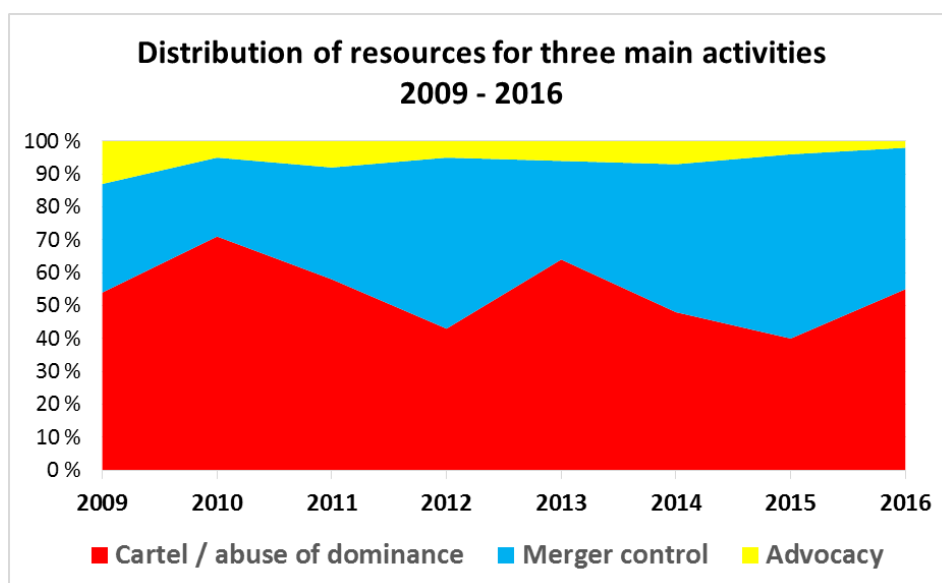
¹ A summary can be found here: <https://www.regjeringen.no/no/aktuelt/dep/fin/pressemeldinger/2017/delingsokonomien-gir-muligheter-og-utfordringer/nou-20174-delingsokonomien--muligheter-og-utfordringer/factsheet/id2537776/>

has an investigations staff with four to five staff members dedicated to cartel investigations and anti-cartel networking only. The investigations staff supports the market sections in cartel cases. Specialized legal and economic support and quality assurance is provided by the legal director's team and the chief economist's team. In principle, all case handlers can be engaged in advocacy work. There is a close cooperation between the department of communications and PR and the other departments to ensure that target groups are reached with important messages and outcome in cases.

71. The NCA uses an internal activity-monitoring tool. Administrative tasks and training/competence excluded, resources registered on the different core activities were in 2016:

- Merger review and enforcement: 30%
- Enforcement against anticompetitive practices - Anti-cartel: 25%
- Enforcement against anticompetitive practices - Dominance-related issues: 15%
- Other (eg, advocacy): 30% - other main activities are advocacy, various requests by the Ministry, market monitoring and international activities. Advocacy by responding to hearings takes less than 5% of the total case handler resources (as shown below), but an increasing amount of resources is used on publishing articles, presentations on conferences and other ways to increase the focus of both decision makers and market actors on the benefits of healthy competition, and the consequences of breaching competition regulations.

72. The amount of resources used on mergers is dependent on the amount of cases notified, and is therefore hard to plan on a long-term basis. In 2016, there was a notable decrease in the share of the NCA's available resources used on merger cases compared to 2015. Consequently, the NCA could allocate more resources to ongoing investigations related to cartels and especially abuse of dominance. In the figure below, total resources used on merger control, cartel and abuse of dominance and advocacy that was directly related to cases are divided among these categories. The resource share on advocacy in this figure is mostly relating to hearing statements and not including other advocacy activities, therefore the shares are somewhat different from the list above. Data is based on case handlers' registration in the Authority's internal activity-monitoring tool.



4.3. Period covered by the above information

73. Numbers of staff as of 31st of December 2016. Person-years and resource use on core activities are based on registrations by employees for the whole of 2016.

5. Summaries of or references to new reports and studies on competition policy issues

5.1. Regulations restricting competition

74. In 2015, the Ministry of Trade, Industry and Fisheries asked the NCA to coordinate a study on methodology to identify regulations possibly harming competition. The result was a report published by Menon Economics in March 2016, which presents a framework designed to identify and analyse regulations potentially harmful to competition in the service sectors. The report includes three case studies to exemplify the framework, ie. in the sectors of kindergartens/preschool, transport of goods on roads, as well as retail banking. OECDs Competition Assessment Toolkit was a major reference guidance for the proposed framework.

5.2. Waste management – circular economy

75. In 2014, the Nordic competition authorities started a joint market study work on the waste management market. In the last decade, the waste markets have evolved with an increased emphasis on waste prevention, reuse, recycling and other forms of recovery of materials or energy. The use of market mechanisms in waste management has also increased in recent decades. Moreover, the European Union recently implemented the “circular economy” as one of its main policy objectives. The aim of the circular economy is to move from the linear industrial economy of taking resources, using them, and then disposing of them once the lifetime of the product is over, to an economy where materials are reused, recycled and finally reintroduced back into production. The report takes a circular economy perspective on waste management, assessing current policies in the Nordic countries. In the report, it is argued that the authorities need to move from a traditional management approach to dealing with waste, to a perspective where focus is on the basis for and management of markets in the different parts of the waste chain. The main recommendations are: i) increased use of market solutions, ii) clarification of public roles and goals, and increased dialogue, iii) sufficient tools to tackle competitive neutrality issues; iv) better use of procurement procedures, v) improved statistics and common definitions, vi) ensuring the efficiency of EPR schemes. The report was published in February 2016.

5.3. Funding research in competition law and economics

76. In 2014, the government gave the NCA the responsibility to allocate funds for research in competition law and economics in the order of approximately 6 million NOK per year (approximately 650.000 EUR). Funds were allocated both in 2015 and 2016, and more funds will be allocated in December 2017. Articles based on research projects that are finished are published on the NCA's website: <http://www.kt.no/nb-NO/aktuelt/forskningsmidler/rapporter/>

5.4. The petroleum industry: Buyer power can be good for competition and consumers

77. In 2016, the NCA provided, under a commission from the Ministry of Trade, Industry and Fisheries, a general description of the conditions of competition in the petroleum industry and assessed how competition policy instruments can be used to counteract the harmful effects of buyer power. In recent years, oil prices have dropped significantly, and this has imposed changes and cost-cutting that have particularly affected the supply sector to the petroleum industry. The negotiating power between the supplier industry and the oil companies has been influenced a great deal. From a professional competition policy standpoint, it is nevertheless difficult to see that the use of purchasing power could limit competition and harm consumers. Buyer power is in many cases beneficial for both customers and society. Buyer power means that a purchaser could trigger competition among suppliers and thus obtain lower prices, but also stimulate the supplier industry to innovate. For buyer power to be a competition problem, the strong buyer also needs to have selling power. Oil companies have a limited ability to influence their sales prices in international markets. Through merger control, prohibitions on anticompetitive cooperation and abuse of a dominant position, the Competition Authority may intervene against the use of purchasing power that restricts competition and leads to consumers being harmed.