

RESULTS OF THE MIDAC PROJECT (COLLABORATION OF NAIDER WITH THE FAEII DEPT OF THE UPV)

Posted on 12/01/2011 by Naider



Friday, January 14 at 11 in the morning In the Salón de Grados de Sarriko, the main results of the MIDAC project (Integrated Method of Competition Analysis) will be presented, a collaborative project between Naider and the Department of Fundamentals of Economic Analysis II of the UPV/EHU.

The event will be presented by **Dr. Begoña Ochoa**, Director of Scientific Policy of the Department of Education, Universities and Research of the Basque Government. Next, **Mr. Mr. Juan Luis Crucelegui**, Vice President of the Basque Competition Tribunal (TVDC), will give a presentation on competition problems in the Basque Country and the main lines of work of the TVDC. **Professors Javier García and Jesús Vázquez** will briefly present the main results of the MIDAC research project.

Finally, the event will conclude with the delivery of the *Nider Award to the best student of the Master in Economics: Empirical Applications and Policies (EAP) 2009-2010*, directed by the Department of Fundamentals of Economic Analysis II and which constitutes another element of collaboration between Naider and the University. The recipient of the award is **Hua Wang** who is currently doing her doctoral studies at the University of Siena.

In a context of **change in the production model** in which innovation is increasingly important, **collaboration between the University and companies** is configured as a fundamental element to access an R&D that companies cannot undertake in isolation on many occasions. At Naider we are aware of this and of the importance of transferring part of the knowledge generated in universities and for this reason we have been regularly collaborating with some university departments, particularly with the Department of Fundamentals of Economic Analysis II of the University of the Basque Country.

Within this framework of collaboration, during 2010 we have developed a **research project** financed in part by Grants for carrying out Research and Technological Innovation projects from the Department of Education, Universities and Research of the Basque Government . The project, called **MIDAC**, has focused on how to **analyze the competition in different markets**. The defense of competition and competition policy in general has become an area of intense development in recent years, constituting one of the fundamental pillars in the European construction project. Understanding the competition in the different markets and understanding its effects on the behavior of companies is therefore key in this context.

However, the very definition of competence and how to measure its degree is an issue that has not yet been resolved. There is a battery of indicators that are commonly used (concentration indices, analysis of barriers to entry, company profit margins, elasticity of demand, elasticity of profits, price analysis, etc.) each of which has a number of advantages and disadvantages. Each one also measures some specific aspect of the competition while ignoring others. The multidimensional nature of competition is rarely recognized and indicators that measure different dimensions are used, although the tendency of competition courts is to consider different aspects that allow for conclusions consistent with the absence or presence of competition.

The project that we have been developing this year systematizes the different **indicators and measures** that have been used up to now, developing an **instrument that allows them to be prioritized and analyzed selectively depending on the characteristics of the market of interest and the availability of data**. The objective is to be able to provide the different competition agencies, sectoral groups and even companies with an instrument that allows for the analysis of competition in a market in a clear and orderly manner, thus being useful for making decisions on economic policy (sanctions, regulations, etc.) and also to make strategic business

decisions about entering different markets.

To do this, on the one hand, the different **indicators used so far** are reviewed, ordered and related to the aspect of competition with which they have to do, determining their complementarity and the need or not to use different indicators. to have a clear idea of the degree of real competition in a market. On the other hand, an **alternative indicator** is developed, based on the asymmetric response of prices in different stages of the value chain of the products to be studied, robust and simple compared to other more complicated alternatives to implement. . The asymmetry in the transmission of prices throughout the value chain of a product, together with the battery of indicators developed in the first part of the project, is a powerful tool to corroborate the dimension of the absence of competition and its real effect. in end consumers.

There are no comments yet.