

This dissertation deals with the topic of economic regulation, focusing on applying empirical methods to assess the efficiency of regulatory measures used in different areas of the EU economy. It consists of three parts, the first part looks at the functioning of the EU merger control, the second and third focus on the relationship between regulation, competition and investment in telecommunications markets.

The first chapter deals with the EU competition policy and the specific area of merger control, analysing empirically the impact of introducing more economic approach in evaluating competition effects of mergers at the EU level. Our key finding is that the regulatory reform introduced in 2004 has, to some extent, enhanced the efficiency of European merger control. This implies that the Commission's assessments of mergers under the new regulation post the 2004 reform are more consistent with the independent market evaluations. We find that the probability of an anti-competitive deal being cleared decreases significantly under the new regulatory framework. Nevertheless, the occurrence of unnecessary remedies imposed on pro-competitive mergers has not decreased as the result of the new merger control. Overall, our results indicate that more economic approach applied post 2004 reform increased the efficiency of merger control regulation and led to better outcomes for EU consumers.

The second chapter explores the regulatory model applied to promote market entry and competition in the markets for fixed telecommunications services. The chapter focuses on the market for broadband internet, the application of so called 'Ladder of Investment' (LoI) principle in regulation of these markets, and looks at the outcomes of this approach in the new EU member states of Central Eastern Europe (CEE countries). We find that the LoI regime has not proved to be an efficient form of regulation in the CEE markets, as telecommunications entrants largely chose to bypass the LoI, by directly investing in their own networks. The implication of this result is that policy makers and regulators should not consider the LoI a universally applicable theory which explains the evolution of competition in all broadband markets. Rather its applicability depends on several country specific factors which were not present to the same degree in CEE counties compared with Western Europe.

The third chapter looks at the specific situation of mobile service industry. This sector developed through market forces and with relatively less regulatory control, compared to fixed telecommunications. The prevailing model of competition is so called network-based competition where multiple operators compete relying on their own network infrastructure. Recently, there has been increasing debate whether this model is efficient and sustainable going forward. In particular, we consider whether mobile markets would benefit from removing network duplication by creating single wholesale networks (SWNs) and moving towards more 'service-based' competition. Our main finding based on empirical evidence is that mobile network competition has delivered superior outcomes to single networks in terms of higher coverage, take-up and innovation. Therefore, there are significant risks of regulatory inefficiency from moving away from the network competition model into the world of single wholesale networks. Our results suggest that there could be considerable consumer harm, which may be difficult to reverse, and cost and benefits of particular SWN proposal should therefore be considered carefully by policy makers.