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Assessing the impact of competition authorities' activities – Contribution from Chile

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Chile

1. Introduction

1. Competition authorities are increasingly expected to show the benefits they generate, given the growing emphasis on accountability, transparency and evidence-based decision-making. The FNE has built up relevant experience in this respect, concentrated in two areas: *ex ante* assessments of the benefits expected from the FNE's regulatory recommendations, mainly following market studies; and *ex post* evaluations of the effects actually produced by specific interventions. These are discussed in Sections III and IV, after a description of the FNE's general practice (Section II); Section V concludes.

2. The FNE's general practice

2. The FNE does not currently carry out or publish a periodic estimate of the expected impact of all its activities. Its approach is case-specific: it quantifies impact where the intervention, the data available and the policy objective make a rigorous estimate both feasible and useful. Estimates are typically prepared by the case teams, not by a dedicated unit.

3. *Ex ante* assessment of regulatory recommendations

3.1. Market studies, regulatory recommendations and the role of quantification

3. Since 2016, the FNE has been empowered to carry out market studies and, for this purpose, to request information from public bodies and private parties (Article 39(p) DL 211). Under Article 39(q) DL 211, it may propose to the President of the Republic, through the relevant Minister of State, the amendment or repeal of legal and regulatory provisions that it considers contrary to competition, as well as the enactment of provisions needed to promote it.[1] These non-binding proposals may follow a market study or an investigation.

4. The FNE has published ten market study Final Reports to date and, almost invariably, has accompanied its recommendations with an estimate of the benefits expected from their implementation, or of the cost of the competition problems they address.

5. The main purpose of these estimates is to persuade. A figure in *dollars (or CLP) a year* draws the attention of the public and policymakers to the relevance of a study's findings, the cost-effectiveness of its proposals (many of which consist of removing regulatory barriers at little fiscal cost), and/or the advisability of implementing them.

6. Two habilitating conditions make possible the estimation of the benefits of implementing the recommendations of a market study. The first is data. In the context of a market study, the FNE has access to detailed information, oftentimes describing millions of transactions. The second is technical capacity. The FNE's market studies team includes economists, with advanced data science skills, able to leverage cutting edge computational tools to handle large scale datasets and carry out sophisticated econometric exercises. This,

[1] Article 39(p) and (q) DL 211. English version of DL 211 [non-official], available at: https://www.fne.gob.cl/wp-content/uploads/2018/09/DL_211_English.pdf [last accessed: October 2026].

in turn, allows building sensible evidence-based, counterfactual scenarios. In this way, for its impact estimations, the agency relies on market-specific information and knowledge rather than on generic assumptions.

3.2. Methods

7. In the context of market studies and the regulatory recommendations that follow from them, the FNE calculates and presents impact assessments in essentially three ways: *(i)* by estimating the counterfactual savings from the recommendations; *(ii)* by calculating the cost of the competition problem identified; and *(iii)* by presenting estimates of benefits based on illustrative scenarios.

8. *Counterfactual savings from the recommendations*. The most direct approach estimates what consumers would pay if the regulatory recommendations were implemented. In the *Market Study on Life Annuities* (2018), the FNE estimated that pensions would have been 2.4% higher on average, or USD 61 million a year over the previous ten years, had retirees chosen the best-priced offer among those competing directly with the one they accepted, and 3.5% higher (USD 99 million a year) had they chosen the best offer received.[2]

9. In the *Market Study on Pharmaceuticals* (2020), the FNE modelled the recommended pricing regime (a fixed dispensing fee added to the retailer's acquisition cost) under a base and an extended scenario and three fee levels, and benchmarked the margin on over-the-counter medicines against the margin obtained on cosmetics. The estimated savings for 2018 ranged between USD 76 and 380 million.[3]

10. In the *Market Study on Funeral Services* (2023), the FNE used estimates of marginal costs and of the average mark-up in the markets studied (1.77) to estimate that access to an alternative coffin could save a family around CLP 260,000 (approximately 306 USD at the time), a third of the median price of a funeral; with a 15% uptake, savings would reach USD 6.3 million a year. For the full set of recommendations, it conservatively estimated savings of around USD 45 million a year.[4]

11. In the *Market Study on School Textbooks* (2019), it estimated savings of between USD 5.6 and 19.4 million a year, resulting from lower printing costs in public tenders and wider choice in the private market, under scenarios in which 10%, 40% or 75% of private schools adopted the textbooks procured by the Ministry of Education through public tenders. It also noted, without quantifying it, the expected improvement in the quality of textbooks.[5]

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[2] FNE, Market Study on Life Annuities (EM01-2017), Final Report (February 2018), para. 417. Available (in Spanish) at: https://www.fne.gob.cl/wp-content/uploads/2018/02/Informe-Final-EM01.pdf [last accessed: October 2026].

[3] FNE, Market Study on Pharmaceuticals (EM03-2018), Final Report (January 2020) ("Pharmaceuticals Study"), para. 709. Available (in Spanish) at: https://www.fne.gob.cl/wp-content/uploads/2020/01/Informe-Final.pdf [last accessed: October 2026], paras. 708–713. The public market was excluded for lack of the information needed for a reasonable estimate (para. 708).

[4] FNE. Market Study on Funeral Services (EM07-2021), Final Report (January 2023), paras. 598 and 747. Available (in Spanish) at: https://www.fne.gob.cl/wp-content/uploads/2023/01/Informe-Final_EM07.pdf [last accessed: October 2026].

[5] FNE. Market Study on School Textbooks (EM04-2018), Final Report (June 2019), paras. 458–465. Available (in Spanish) at: https://www.fne.gob.cl/wp-content/uploads/2019/06/Informe_Final_EM04.pdf [last accessed: October 2026].

12. In the *Market Study on Public Procurement* (2020), the FNE compared, for a sample of product markets, the amounts actually spent through framework agreements with the amounts that would have been spent had buyers paid the lowest price observed. It estimated that a framework-agreement design prioritising competition could probably have saved over USD 240 million a year, or 11% of annual spending through this instrument. The FNE described the figure as an underestimate, since it captures only the reduction in price dispersion and not the lower price level that more intense competition would bring. It also reported a margin of error of 54% and validated the procedure by checking that the same method, applied to total spending, produced an interval containing the observed value.[6]

13. *The cost of the competition problem.* The FNE has also estimated the impacts of its recommendations with the cost of the problem these address, which gives an order of magnitude of the benefits at stake. In the *Market Study on Notaries* (2018), for example, it estimated monopoly rents of around USD 25 million and productive inefficiencies of around USD 80 million a year, together equivalent to 67% of the revenues of the notaries concerned; including indirect costs to users, aggregate savings could reach USD 138–149 million a year.[7]

14. In the *Market Study on Gas* (2021), the FNE found that wholesale distributors of liquefied petroleum gas had not fully passed on the fall in international prices at the end of 2014 and estimated the resulting cost to final consumers at around USD 181 million a year, or 15% of the retail price of a cylinder. Since retail prices for the roughly 5,600 retailers in the market were not available, it conservatively applied the smallest additional margin observed across distribution channels. In natural gas segment of the market, it estimated that the price increase of between 12.7% and 20.2% paid by residential customers of the main distributor in Santiago since February 2017 was worth USD 78–87 million a year in additional revenue.[8]

15. In the *Market Study on the Accommodation Industry* (2024), the agency related its recommendations for an updated regulatory framework to a 17% increase in accommodation prices relative to the pre-pandemic period, equivalent to a loss of consumer welfare of over USD 350 million.[9]

16. *Illustrative scenarios.* Lastly, in the *Market Study on Higher Education* (2026), the FNE presented scenarios rather than point estimates. It assessed the cost of student dropout at USD 267.5 million a year, so that a 10% reduction would save USD 26.7 million a year. It also estimated that, if 10% of the students who enrolled in 2023 in programmes with negative net present value had chosen a programme with non-negative returns, the benefit

[6] FNE, Market Study on Public Procurement (EM05-2019), Final Report (November 2020) ("Public Procurement Study"), para. 534. Available (in Spanish) at: https://www.fne.gob.cl/wp-content/uploads/2020/11/Informe-Final-EM05.pdf [last accessed: October 2026], paras. 532–535 and n. 556.

[7] FNE. Market Study on Notaries (EM02-2017), Final Report (July 2018), paras. 361–363. Available (in Spanish) at: https://www.fne.gob.cl/wp-content/uploads/2018/07/Informe-Final-optimizado.pdf [last accessed: October 2026].

[8] FNE, Market Study on Gas, Final Report (December 2021), pp. 17 and 23. Available (in Spanish) at: https://www.fne.gob.cl/wp-content/uploads/2021/12/1.-Informe_Final_publicado.pdf [last accessed: October 2026].

[9] FNE, Market Study on the Accommodation Industry (EM08-2023), Final Report (April 2024), paras. 541–542. Available (in Spanish) at: https://www.fne.gob.cl/wp-content/uploads/2024/04/03.Informe_Final.pdf [last accessed: October 2026].

would be at least USD 825 million a year (12% of the sector's revenues), rising to around USD 2.1 billion and 4.1 billion if 25% and 50% of them did so.

17. The study also showed econometrically that better outcomes in employability and income significantly increase graduates' satisfaction, a non-price dimension of the benefits at stake.[10]

3.3. Scope and limits

18. As shown above, these estimates are conservative. They report ranges and state which segments are excluded for lack of data. The quantitative estimations tended to focus on static price effects; dynamic and quality effects are often noted but rarely quantified. FNE's assessments in this context tend to be conditional on full implementation (no discount is applied for the uncertainty of adoption).[11] Thus, the *ex ante* figure is not a prediction, but rather a measure of what is at stake: the expected benefit, under conservative assumptions, of fully implementing the recommendations.

4. *Ex post* evaluations of specific interventions

19. In 2024, the FNE began to carry out and publish *ex post* evaluations of the effects actually produced by specific interventions.[12] Two evaluations of this sort have been published to date: one on the implementation of regulatory recommendations on mortgage-related insurance tenders (March 2024), and one on the outcome of an enforcement action concerning Celecoxib (January 2026).[13] They were selected because enough time had passed and reliable data existed for both periods.

20. Because they measure observed outcomes and link them to an identifiable action, these evaluations make it possible to demonstrate convincingly the benefits of competition policy and of the FNE's work.

4.1. Mortgage-related insurance tenders

21. When granting a mortgage, Chilean lenders require borrowers to take out credit life insurance and fire insurance. Most borrowers obtain these through group policies

[10] FNE, Market Study on Higher Education (EM09-2024), Final Report (January 2026), paras. 1291–1295 and Table 2. Available (in Spanish) at: https://www.fne.gob.cl/wp-content/uploads/2026/01/EM092024FNE_Informe_Final_VF.pdf [last accessed: October 2026].

[11] OECD Guide, Section 3.4.

[12] On the distinction, see OECD, Reference Guide on Ex-post Evaluation of Competition Agencies' Enforcement Decisions (2016). Available at: https://www.oecd.org/en/publications/reference-guide-on-ex-post-evaluation-of-competition-agencies-enforcement-decisions_262476ff-en.html [last accessed: October 2026].

[13] FNE. Evaluación de Impacto: Implementación de las Recomendaciones Normativas de la FNE en Licitaciones de Seguros Hipotecarios (March 2024) ("Insurance Evaluation"), and press release. Available (in Spanish) at: https://www.fne.gob.cl/recomendaciones-de-la-fne-para-aumentar-la-competencia-en-el-mercado-de-seguros-hipotecarios-permitieron-ahorros-de-us-25-millones-anuales-a-los-consumidores/ [last accessed: October 2026]; and FNE. Evaluación de Impacto: Intervención de la FNE en el Mercado del Celecoxib (EI02-2026), public version (January 2026) ("Celecoxib Evaluation"), and press release. Available (in Spanish) at: https://www.fne.gob.cl/acciones-de-la-fne-permitieron-el-ingreso-de-11-laboratorios-al-mercado-del-antinflamatorio-celecoxib-entre-2017-y-2024-y-una-caida-de-56-en-su-precio-de-venta-en-farmacias-y-de-97-para-los-servicios/ [last accessed: October 2026].

contracted by the lender which, following regulatory changes in 2012, must be awarded through open tenders. Tenders delivered significant savings, but an own-initiative investigation by the FNE found that competition in the brokerage of these policies remained weak: in 94.8% of the tenders held between 2012 and 2017, the only broker participating was the one related to the lender, and in 99.96% of the cases in which a related broker existed, it was awarded the contract. Independent brokers, when they participated, charged substantially lower commissions.[14]

22. The FNE traced this outcome to the regulation in force, which allowed lenders, often vertically integrated with a broker, to require insurers' bids to include a broker, to set the requirements brokers had to meet, and to replace the broker included in the winning bid with another that matched its commission. In August 2019, the FNE recommended to the President, through the Minister of Finance, that the lenders' right of replacement be eliminated, that their power to require a broker be removed, and that the services that may be required of brokers be regulated.

23. Law No. 21,314 of 13 April 2021 adopted most of these proposals: it eliminated the right of replacement and the lenders' power to require a broker, which became a decision for the insured, and entrusted the Financial Market Commission (CMF) with regulating brokers' services.

24. The *ex post* evaluation compared a pre-recommendation period (1 January 2017 to 19 August 2019) with the period following the entry into force of the law (13 April 2021 to 31 December 2023), using public CMF data on the tenders of lenders accounting for 98% of mortgage borrowers. It examined the participation and success of bids by broker type, the level of brokerage commissions and the resulting annual savings. Savings were calculated, for each lender and type of insurance, as the difference between the average commission awarded before the recommendations and the commission awarded in the latest tender after the reform, multiplied by the premium rate and the insured amount in that tender. The significance of the changes was tested statistically.[15]

25. The share of bids with a related broker fell from 74% to 57%, and its share of contracts awarded from 71% to 59%, while bids without a broker rose from 8% to 28% of bids and from 9% to 22% of contracts awarded; some segments of borrowers no longer pay for brokerage at all.

26. Moreover, the average commission across the system, weighted by insured amount, fell from 17% of the premium in 2019 to 3% in 2023, a reduction of 85%. The commissions of related brokers fell from 17% to 6%, and the gap between related and independent brokers narrowed from eight percentage points to one.

27. The FNE estimated annual savings of UF 613,593, or around USD 25.5 million, for more than 1,280,700 mortgage borrowers, 70% of which corresponds to fire and earthquake insurance.[16] The evaluation thus traces the full chain from an Article 39(q) proposal to its adoption and a measurable gain for consumers.

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[14] Insurance Evaluation, pp. 1–2; and FNE, Recommendation Report and Resolution, Investigation No. 2416-17 FNE (August 2019). Available (in Spanish) at: https://www.fne.gob.cl/wp-content/uploads/2020/11/doc_2416-17.pdf [last accessed: October 2026].

[15] Insurance Evaluation, pp. 3–5 and Methodological Annex, p. 8. CMF data available at: https://www.cmfchile.cl/portal/estadisticas/617/w3-propertyvalue-26236.html [last accessed: October 2026]. Changes in shares were tested with Boschloo's test and changes in commissions with a t-test, at the 95% confidence level.

[16] Insurance Evaluation, pp. 4–7. UF and USD values as of 31 December 2023. The Unidad de Fomento (UF) is an inflation-indexed unit of account calculated by the Central Bank of Chile.

4.2. Celecoxib

28. Following a complaint by a private party, in March 2015 the FNE opened an investigation into G.D. Searle LLC (Searle), a subsidiary of Pfizer Inc., in the market for medicines containing Celecoxib, an anti-inflammatory marketed mainly under the brand CELEBRA®. The investigation found that Searle had artificially extended its exclusivity beyond the expiry of its original patent in 2014 by obtaining, maintaining and enforcing a secondary patent on minor modifications of the product (a practice known as *evergreening*), with the aim of delaying the entry of bioequivalent medicines until 2029. To that end, Searle sent warning letters throughout the supply chain, sued laboratories that launched bioequivalent versions, seeking injunctions, and offered them settlements that allowed sales in exchange for royalties.[17]

29. In June 2016, the FNE filed a complaint for abuse of dominance before the Competition Tribunal. The proceedings ended with a settlement approved by the TDLC on 10 November 2016, under which Searle undertook, among other things, to grant any current or potential competitor in Chile a free, non-exclusive, irrevocable and sublicensable licence over the secondary patent; to refrain from bringing actions based on it and to withdraw those already filed; to terminate the paid licences granted until then; and to refrain for two years from promoting its own second brands to physicians.[18]

30. A key methodological choice was the point separating the periods before and after the intervention. The opening of the investigation, the filing of the complaint and the settlement could each have affected Searle's conduct, including through the deterrent effect of the investigation itself. The assessment therefore excluded 2015 and 2016 entirely, comparing a pre-intervention period (2009–2014) with a post-intervention period (2017–2024). The analysis covered the retail channel, using pharmacy sales data from IQVIA, and the public institutional channel, using public procurement data; together these accounted for around 94% of the market in 2015. The private institutional channel was excluded for lack of complete data.[19]

31. The analysis revealed that the number of laboratories selling Celecoxib in the retail channel rose from one in 2014 to twelve in 2024, and the HHI fell below 1,500 points, a low level of concentration under the FNE's merger guidelines. The weighted average retail price fell by 56%, from USD 1.24 to USD 0.54 per tablet, while units sold rose from 46.1 million to 222.0 million between the two periods. In public procurement, where competition centres on a homogeneous product and prices adjust faster, the average price fell by 97%, from USD 1.13 to around USD 0.04 per tablet.[20]

32. The FNE quantified the benefits as the change in the surplus of consumers, including the State as a purchaser. This comprises the transfer from the producer to consumers, measured as the difference between the pre-intervention price and the post-intervention price in each year, applied to the pre-intervention quantity, and the reduction in deadweight loss associated with the larger quantities sold. Because retail demand had been growing before the intervention, the FNE also calculated an alternative deadweight-loss scenario based on demand projected at the pre-intervention growth rate of 12% a year.

[17] Celecoxib Evaluation, pp. 2 and 4–5.

[18] TDLC, Case No. C-310-2016, "Requerimiento de la FNE contra G.D. Searle LLC"; and Celecoxib Evaluation, p. 5.

[19] Celecoxib Evaluation, pp. 6–7 and nn. 2–3. Preliminary results for the public channel, using 2016 as the inflection point, were presented in "Competition in the Healthcare Sector – Note by Chile" (OECD LACCF, October 2025).

[20] Celecoxib Evaluation, pp. 8–13 and Table 1.

On this basis, benefits amount to approximately USD 77.9–97.2 million in the retail channel and USD 249.4 million in the public channel in 2017–2024. Total benefits reach around USD 346.6 million for the period, or USD 43.3 million a year on average, and would reach approximately USD 563.2 million if the horizon were extended to 2029, when the secondary patent would have expired.[21]

33. The evaluation also identified benefits that consumers have not yet captured. Around 5% of retail consumers continue to buy the original product or a branded bioequivalent instead of the cheapest bioequivalent available. Had the cheapest bioequivalent been dispensed systematically, as the FNE recommended in its *Market Study on Pharmaceuticals*, consumers would have saved an additional USD 98.5 million in 2017–2024. The *ex post* evaluation of an enforcement action thus also quantified the cost of not implementing an earlier recommendation.[22]

34. These findings are among the reasons why the FNE decided to launch a second market study on pharmaceuticals in June 2026.[23]

5. Use of results, challenges and lessons learned

35. The FNE uses its estimates mainly for communication and advocacy: *ex ante* figures keep regulatory recommendations on the agenda during long legislative processes, while *ex post* figures show the value of competition policy to the public, the Government, and Congress. They are not used as a formal performance indicator but contribute to highlight the benefits and impact associated with FNE's activities.

36. The main challenges concern data, attribution and time. Some segments could not be covered for lack of data; before-and-after designs do not by themselves isolate an intervention from other changes. The FNE addresses this through complex econometric analysis and conservative assumptions in its assessments, but some degree of uncertainty is inevitable. *Ex post* evaluation also requires a certain amount of time to elapse before the effects of an intervention become observable.

37. Between simplicity and accuracy, and between comparability and case-specific analysis, the FNE has favoured accuracy and case-specific analysis: its estimates are more credible, but more resource-intensive. Its experience suggests three lessons: first, credible evidence of impact does not necessarily require a cross-cutting framework; second, quantifying the expected benefits of non-binding recommendations is a useful advocacy tool; third, *ex post* evaluations need time to provide the most convincing evidence of the benefits of competition policy.

[21] Celecoxib Evaluation, pp. 13–17 and Table 2.

[22] Celecoxib Evaluation, pp. 17–18; and Pharmaceuticals Study, pp. 238 et seq.

[23] FNE. "FNE anuncia nuevo Estudio de Mercado sobre Medicamentos" (19 june 2026). Available (in Spanish) at: https://www.fne.gob.cl/fne-anuncia-nuevo-estudio-de-mercado-sobre-medicamentos/ [last accessed: October 2026].