

Exercise 1: Detecting Collusion

Competition authorities and contracting authorities should pay particular attention to specific red flags in firms' bids or behaviours as they could be important warning signs of collusion. These red flags could be evident in bid submission; in the documents submitted; in the prices offered and in bidders' behaviours.

Considering the list below, please identify (1) two pieces of evidence that in your opinion are likely to prove an illicit coordination; and (2) two pieces of evidence that in your opinion are not informative. Justify your selections.

1. Several bids are submitted at the same time, but from different IP address and/or geographical position.
2. Anticipated discounts or rebates disappear unexpectedly.
3. Bidders offer similar technical proposals, but different prices.
4. Financial transactions among bidders.
5. Certain companies always submit bids, but never win.
6. Bids present different cost-structure for homogeneous products/services.
7. The winning bidder repeatedly subcontracts work to unsuccessful bidders.
8. Two or more firms submit a joint bid even though one of them (or both) could have bid on its own.
9. Bid's price increasing with the distance of the bidder from the contracting authority and/or site of the project.
10. One (or more) bidders react with diverging products/prices modifications to new entered competitor.
11. A large difference between the price of a winning bid and other bids.
12. Low participation in tenders characterized by high participation in the past.
13. Bidders in the same market announce price variation to all potential consumers/buyers as a consequence of negative supply shock.
14. Significant reductions from past price levels after a bid from a new or infrequent supplier
15. Some suppliers unexpectedly withdraw from bidding.
16. Identical (and high) bid amounts.
17. A bidder does not submit any offers in all available lots, but prefer to focus on its strategic interests/region.
18. Bid documents from one company make express reference to competitors' bids or use another bidder's letterhead or fax number.
19. Being in a booming phase of the economy, the bidder's sales-force has the incentive to maximize the market-share.
20. Sudden and identical increase in price or price ranges by bidders that cannot be explained by cost increases.