Competition policy. 29th report 1999

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PURPOSE : to present the XXIXth report on competition policy 1999. CONTENT : there are two principle objectives that underlie Community competition law. The first is the maintenance of competitive markets. Competition policy serves as an instrument to encourage industrial efficiency, the optimal allocation of resources, technical progress and the flexibility to adjust to a changing environment. The Community needs a competitive home market in order for it to be competitive on the world markets. Thus the policy has always taken a very strong line against price fixing, market-sharing cartels, abuses of dominant positions and anticompetitive mergers. It has also prohibited unjustified state-aid which does not guarantee the long-term viability of firms but distorts competition by keeping them artificially in business. The second objective is the single market. An internal market is an essential condition for the development of a single market. The Commission has used competition policy to prevent those wishing to erect private barriers to trade. It fines heavily the parties to two main types of agreement: distribution and licensing agreements that prevent parallel trade between Member States, and agreements between competitors to keep out of one another's territories. The implementation of these two objectives and the drive to modernise competition rules are described in some detail in this report. With regard to the candidate countries, progress has been made in the preparation or adoption of new competition laws. This progress is further described in the report. The Commission has also adopted a series of measures designed to inform the public of the positive impact of competition policy. In 1999, the total umber of new cases was 1201, comprising 388 antitrust cases (under Articles 81, 82 and 86), 301 merger cases, and 512 state aid cases. This indicates an increase in merger and state aid cases as compared to 1998. In the antitrust sphere there were two notable features: the first an increase in the number of cases closed by way of formal decision. Secondly, there was a drop in the number of new cases, comprising notifications, complaints, and ex officio proceedings. The drop in notifications can be partly attributed to companies anticipating the Commission's reforms in the area of vertical restraints, with the publication in 1988 of the Communication setting out the reforms in this area. The reduction in the number of complaints can probably be explained by sectoral factors, such as the tied cases in the brewing sector in the UK. Moreover, some cases which may previously have been dealt with by the Commission are now being handled by the national authorities. The main factors underlying the current merger wave are the globalisation of the markets, the introduction of the euro, the completion of the single market and the forthcoming enlargement. These factors will continue to generate high levels of merger activity in Europe for the foreseeable future.