Competition policy. 26th report 1996

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OBJECTIVE: the Commission's submission of its 26th report on competition policy (1996).
SUBSTANCE: In its report, the Commission stresses that the objective of competition policy, as with all the other Community policies, is, today more than ever, to enhance the economic prosperity of the Union and the wellbeing of all its people. The positive interaction between competition policy and other Community policy areas was particularly evident on the employment front in 1996. Competition policy plays its part in the overall strategy set out in the document 'Action for employment in Europe: a confidence pact' in order to boost economic growth and strengthen the link between job creation and growth. The 'confidence pact' proposes four types of structural action: a) to complete the internal market and implement it more effectively; b) to enhance the overall competitive environment in Europe; c) to help small and medium-sized enterprises (SMEs); d) to open up wider access to the world market. The first two involve essential competition policy objectives under Articles 85, 86 and 90 of the EC Treaty and Regulation 4064/89/EC on mergers. The third was pursued in 1996 in the policy on state aid, with the adoption of a new, simpler, and more broadly based 'de minimis' rule, the introduction of new guidelines on aid for SMEs and a notice on the monitoring of state aid and reduction of labour costs. As a structural policy, competition policy must, if it is to perform its function fully, work with and anticipate trends in the economy so as to ensure efficient operation of markets without acting as a brake on their performance. In particular, in the Commission's view, it must: - take account of globalization; - help develop the full potential of the internal market; and - modernize its instruments. On the request of the European Parliament, the Commission has included in its annual report a chapter on the developments it expects and the actions it intends to take in 1997. In the area of horizontal actions, seven legislative priorities are identified: 1) The Commission will continue with and intensify the process begun in 1996 of ensuring that competition policy is applied taking full account of the rapidly evolving nature of the marketplace. 2) Certain sectors will be opened up to competition, in particular telecommunications; the liberalization of voice telephony is expected to take effect on 1 January 1998. 3) The Commission will continue the process of modernizing procedural rules and simplifying and increasing the transparency of its policy (e. g:: the procedure for oral hearings will be simplified; and the competition rules will be applied to air transport, with particular reference to links between the EU and third countries). 4) In view of the structural problems still facing Europe, in particular with respect to employment, the Commission will lay especial stress on its aid policy (it will codify the regional aid rules, adopt a multisectoral framework for regional aid to encourage major investment projects, introduce a new shipbuilding regulation, and adopt a new framework for aids to the motor industry). 5) The Community competition rules will be applied in a decentralized fashion. 6) In international cooperation, the Commission will continue its efforts on three main priorities: a) preparation for enlargement and ongoing actions to encourage the countries of central and eastern Europe to adopt a competition policy and instruments to enforce it; b) cooperation with the Union's main trading partners (especially the US and Canada) on anti-trust matters; c) promotion of effective competition policies worldwide through discussions in the working party set up by the WTO Ministerial Conference in Singapore in December 1996, and in the OECD. 7) With a view to reducing the regulatory costs for EU industry to the lowest level possible, the Commission will concentrate resources on cases of major legal, economic or political interest for the Union. To do so, it will revise its 'de minimis' notice, widening its scope by focusing more closely on the economic consequences of agreements. As far as enforcement of the rules is concerned, the Commission states that in 1997, as in earlier years, its efforts will concentrate on the effective treatment of notifications, complaints and ex officio proceedings regarding Articles 85, 86 and 90 of the EC Treaty, mergers and state aid.