Competition policy. 27th report 1997

1998/2087(COS) - 15/04/1998 - Non-legislative basic document

OBJECTIVE: The XXVIIth annual report on European competition policy reports on the Commission's activities in this area in 1997 and outlines some perspectives for the future. SUBSTANCE: Presenting the statistical report on its activities, the Commission points out that 1997 was characterised by particularly intensive monitoring activities in all the areas in which it is competent. The total number of new cases registered during the year was 1338, 500 of them were cases relating to Articles 85, 86 and 90 of the EC Treaty on concentrations and 656 concerning State aid, which is a considerable increase of 92 cases compared with 1996. The three categories have not increased to the same extent; the number of new State aid cases has stabilised, while new notifications of concentrations has grown considerably (+31%). The report lists the traditional objectives pursued by the Commission's competition policy - improving the competitiveness of small and large enterprises, opening up markets, increasing consumer choice, balancing the objective of liberalisation with maintaining quality public services, modernising competition law and adjusting policy with regard to State aid, and the Commission highlights three areas which will present challenges for competition policy in the coming years: economic and monetary union, employment and EU enlargement. (1) Economic and monetary union: adopting a single currency in an increasingly integrated market will certainly speed up the competition process. Under these circumstances, the Commission will be particularly vigilant with regard both to concentrations, which will certainly increase, and to State aid which will be sought for this restructuring, particularly in sectors with chronic structural problems. The single currency will also encourage greater price transparency throughout the EU, as it will enable prices charged in each of the Member States to be compared against the euro. This competition will necessarily entail price convergence downwards, which could provoke defensive reactions by some operators tempted to stem this process. The Commission will be particularly severe to such operators and the Member States which protect them. The single currency will also show up more clearly the differences between national tax and social security systems. This new transparency will weigh heavily on decisions concerning capital movements. Therefore the Commission will review its policy on State aid in the taxation area to combat distortions from 'fiscal' competition which harm the Union and will consider minimum harmonisation in the social security area. (2) Employment policy: at the Luxembourg European Council of 20 and 21 November 1997, the Member States reached an agreement on the guidelines to reinforce EU action on employment. These guidelines advocate aid systems which encourage economic efficiency and employment without entailing distortions of competition. In the Commission's opinion, competition policy can certainly contribute to the success of a global employment policy through its effect on market structures, through opening up markets and through controlling State aid. The Commission is, however, well aware that more intense competition also leads to restructuring which can have negative effects on employment in the short term. In an effort to respond to this situation through social policy, the Commission advocates: - respect for the social dialogue, - involving employees in an enterprise's strategic decisions, - introducing a certain amount of flexibility into the job market, - providing incentives for occupational and geographic mobility. The Commission will pay particular attention to state aid for employment. It will attempt to ensure that aid for employment, particularly in the form of reducing social security charges, does not amount to protection measures for certain sectors which will transfer employment problems to other Member States. (3) EU enlargement: the Commission's first task will be to support the countries of Central and Eastern Europe in their efforts to set up and develop a competition culture, which forms the basis of all market economies. After an initial phase of collaborating in setting up legislation and establishing supervisory authorities, the Commission's measures will now focus on technical assistance with the actual application of competition rules. Enlargement will also inevitably lead to a growing number of notifications of agreements and state aid. To prepare for this development, the Commission has embarked on revising its policy with regard to notifications of minor agreements, asked national competition authorities to decentralise application of Articles 85 and 86 of the EC Treaty for purely national cases, begun a wide-ranging debate on vertical restrictions and adopted a Green Paper on this subject.