Basic information

1998/2087(COS) COS - Procedure on a strategy paper (historic)	Procedure completed
Competition policy. 27th report 1997 **Subject** 2.60 Competition	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
ECON Economic and Monetary Affairs, Industrial Policy	RIIS-JØRGENSEN Karin (ELDR)	21/01/1998

Committee for opinion	Rapporteur for opinion	Appointed
JURI Legal Affairs, Citizens' Rights	SIERRA GONZÁLEZ Angela del Carmen (GUE/NGL)	17/03/1998

Council of the European Union

Key events

Date	Event	Reference	Summary
15/04/1998	Non-legislative basic document published	SEC(1998)0636	Summary
01/07/1998	Committee referral announced in Parliament		
10/11/1998	Vote in committee		Summary
10/11/1998	Committee report tabled for plenary	A4-0421/1998	
27/01/1999	Debate in Parliament		
09/02/1999	End of procedure in Parliament		
28/05/1999	Final act published in Official Journal		

Technical information

Procedure reference	1998/2087(COS)
Procedure type	COS - Procedure on a strategy paper (historic)
Procedure subtype	Commission strategy paper

Legal basis	Rules of Procedure EP 148
Stage reached in procedure	Procedure completed
Committee dossier	ECON/4/10012

Documentation gateway				
European Parliament				
Document type	**Committee**	**Reference**	**Date**	**Summary**
Committee report tabled for plenary, single reading		A4-0421/1998 OJ C 398 21.12.1998, p. 0003	10/11/1998	
Text adopted by Parliament, single reading		T4-0074/1999 OJ C 150 28.05.1999, p. 0017-0053	09/02/1999	Summary
European Commission				
Document type		**Reference**	**Date**	**Summary**
Non-legislative basic document		SEC(1998)0636	15/04/1998	Summary
Document attached to the procedure		COM(1998)0417	01/07/1998	Summary

Competition policy. 27th report 1997

1998/2087(COS) - 01/07/1998 - Document attached to the procedure

PURPOSE : presentation of the 6th report of the Commission on state aids in the European Union. CONTENT : This report covers the period from 1994 to the end of 1996 (the 5th report covered the period 1992-94) and, for the first time, covers the three new EU Member States (Austria, Finland and Sweden). The approach followed by the report is that of maximum transparency of state aids granted by the Member States as in the previous reports but with greater attention given to international developments (accession negotiations with the CEECs, the WTO context). On the methodological front, the report covers state aids granted to the following sectors : manufacturing, agriculture, fishing, transport (rail and air), financial services and energy (coal). It contains a detailed analysis of the volume of national aids categorised by their type and objectives. It would appear, in the manufacturing sector, that the granting of aids is on a regular downward trend (38.3 thousand million ECUs in EUR 15 in 1994-96 instead of 37.5 thousand million in EUR 12 in 1992-94) but that this downward trend is relatively modest since state aids still represent 3% of the value added in the manufacturing sector (that is, 1,200 ECUs per employee). The report observes, among other things, that the regional disparities remain important. From the cohesion perspective, the volume of aids in the 4 beneficiary countries (Greece, Ireland, Portugal and Spain) rose from 6.5% to 8.8% of the total aids (EUR 12) while the share of the aids in the four largest economies (Germany, Italy, France and UK) fell by 88% during the 1992-94 period as against 83% in 1994-96. More specifically, the financing from the budget constitutes a form of aid preferred by the Member States (an approach that is particularly appreciated by the Commission because of its transparency). However, the report points to a new trend favouring sectorial aids or so-called 'ad hoc' aids granted to individual companies (thus, outside the regime for horizontal, sectorial or regional purposes). The manufacturing, financial services and transport sectors are the sectors where the 'ad hoc' aids are the most prevalent and the least transparent. They are generally for the rescue or the restructuring of companies and have risen from 6% of overall aid to these sectors in 1992 to 16% in 1996. In conclusion, the report considers that the global volume of aids remains, as a general rule, too high in a competitive environment such as that of the single market. To recapitulate, Art. 92 of the Treaty prohibits state aids or only authorises them in the case where a derogation is applicable (R&D, SME, training, environmental protection, regional development). An excess of state aids, according to the Commission, can only damage the proper operation of the single market in the context of the growing globalisation of the economy and is always a sign of an inexorable fall in competitiveness. State aids weigh heavily on the public expenditure of Member States (and therefore on taxes), curtailing potentially more productive private investment and endangering the budgetary discipline associated with the Euro. The Commission announces that it will in the future be more vigilant in the control of state aids, that it will limit as rigorously as possible those aids towards the rescue and restructuring of companies ('ad hoc' aids) and that it will propose a co-ordinated strategy of selective reduction of aids.

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.

Competition policy. 27th report 1997

1998/2087(COS) - 09/02/1999 - Text adopted by Parliament, single reading

The European Parliament approved the resolution on the XXVIIth report by the Commission on Competition Policy - 1997. This report by Karin Riis-Jorgensen (ELDR,DK) calls for better coordination and integration of resources as well as further exchanges of staff between the Commission and national authorities of Member States in order to safeguard fair competition. As regards democratic accountability, the European Parliament demands that the Commission should formally send it all draft implementing proposals in the field of Community competition policy and that information meetings between the Commissioner for competition policy and the Parliament's relevant committee should become standard practice. The report also calls for further assessment in the Annual Report of the impact of competition policy on other policy areas and a debate on the application of the competition rules to the regulated professions. As regards the application of Articles 85 and 86, the Parliament seeks assurance that the new notice on agreements of minor importance which do not fall within the meaning of Article 85(1) of the EC Treaty will provide legal certainty, especially for SMEs, over the criteria for vertical and horizontal agreements. It wishes to see Commission analysis of the de minimis notice threshold to support its assertion that such agreements have no significant effect on competition or intra-Community trade while minimising bureaucracy and legal costs for SMEs, as well as demonstration in future Competition Policy reports of how the Commission uses the de minimus notice in certain cases. It is anxious that the new de minimus notice should not lead to any "renationalisation" of competition policy. The Parliament reiterates its position as stated in its own resolution on the Commission's Green Paper on vertical restraints. As regards the abuse of a dominant position, the report requests the Commission to examine, on the basis of the ownership criterion, predatory pricing and other unfair practices, regulatory and non regulatory barriers in telecommunications, media, air transport and the banking and financial sectors and to publish suitable guidelines, especially for SMEs, on the definition of the relevant market in Competition Policy regulation. It also requests a Commission presentation to the relevant Parliamentary committee giving an overview of the implications for competition policy of the liberalisation and privatisation of the telecommunications and energy sectors in the different Member States and an examination of possible abuses of dominant positions, of the links between these two sectors and with the banking sector. The Parliament believes that the future development of a liberalised Competition Policy should be coupled with an enhanced consumer policy, should have consumer protection at its heart and help boost employment by means of an improved system of allocating resources. As regards State aid, the report recalls the main findings of the VIth Survey on State aid 1994-1996 and recommends the introduction of a published and regularly updated register of all State aids, including those agreed under block exemptions and similarly, publication on the Commission web-site of all State aid agreements. When supervising State aid for regional development, the Parliament wishes to see that economic and social cohesion is ensured and account is taken of the legalconcept of ultraperipherality. It proposes a "scoreboard" to show which Member States provide the highest and lowest levels of State aid, that stability and convergence programmes should also be subject to competition considerations and more account should be taken of tax exemptions or tax relief. The report emphasises the need for consumers to be protected in the light of the Energy Market Liberalisation Directive (96/92/EC). As regards international cooperation, it points to the need for a new approach to EU competition policy in the light of globalisation. The Parliament favours

an increasing role for the WTO in international competition policy and asks for the Commission to be mandated to pursue negotiations in order to reach a multilateral agreement on international competition law as a supplement to the Agreement establishing the WTO. It finally expresses concern that enlargement could create tensions over the adoption of competition policy legislation and therefore welcomes the Commission's assistance to the applicant countries in the application of anti-trust legislation.