

## Competition Policy

- neo-liberal revolution, collapse of the Soviet Union, single market programme  
⇒ neo-liberalism as dominant principle
- *competition policy today:*
  - key EU competence      - support from ECJ
  - powerful treaty            - entrusted to DG COMP
- *Competition policy & member states (MS)*
  - West European MS: tension between competition policy and support of industry
  - East European MS: neo-liberalism “natural alternative”, competition policy embodied in *acquis communautaire*: essential component to make enlargement work

---

## The Substance of Policy

### 1. Antitrust: Restrictive Practices

- Art. 81 ETC: prohibition on agreements between firms that limit competition
- → interpretation by officials in DG COMP, mostly confirmed by ECJ
- “block exemptions”: (1) technology, (2) R&D, (3) maritime transport, (4) insurance
- success: very successful

### 2. Antitrust: Abuse of Dominance

- Art. 82 TEC: Prohibition of monopolies and oligopolies, weak law regarding oligopolies ⇒ commission hesitates
- Until 1992 no encouragement by CFI, today still not sufficiently robust

- Commission can fine, ‘cease and desist’ order, enforce diversification
- Success: little

### 3. Merger Control

- Enacted by European Council 1989/90, Regulation No 4064/89
- Established the prestige and influence of DG COMP, “globally pre-eminent”
- two stages: (1) within one month cleared, (2) in more depth difficult cases ⇒ efficient
- major setbacks since 2000 (criticism from USA; CFI overturned judgement in 2002]
- 2004 reform: transparency, more flexibility allocating cases between commission and MS

### 4. State Aid

- Arts. 87& 88 TEC: aid to businesses, whether private or state owned, which distorts competition is incompatible with the common market.
- Treaty powers less clear, process of implementation less powerful
- Commission can prohibit state aid and demand repayment, but prefers persuade NG
- technique: “name and shame” (periodic surveys, state aid register, online score-board)

### 5. The Liberalization of Utilities

- Arts. 31& 86 (3) TEC: power to require MS to liberalize utilities  
➤ telecom, energy, water, post, transport, airlines, financial sector, insurance, media
- Commission did not feel politically confident enough until the late 1980s
- Success: considerable liberalization, especially telecoms; late 1990: progress slowed down