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REPORT

on the Commission's XXXth Report on competition policy 2000
(SEC(2001) 694 – C5-0312/2001 – 2001/2130(COS))

Committee on Economic and Monetary Affairs

Rapporteur: Alejandro Agag Longo

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PROCEDURAL PAGE

By letter of 7 May 2001, the Commission forwarded to Parliament its XXXth Report on competition policy 2000 (SEC(2001) 694 – 2001/2130(COS)).

At the sitting of 5 July 2001 the President of Parliament announced that she had referred the report to the Committee on Economic and Monetary Affairs as the committee responsible and the Committee on Legal Affairs and the Internal Market for its opinion (C5-0312/2001).

The Committee on Economic and Monetary Affairs appointed Alejandro Agag Longo rapporteur at its meeting of 29 May 2001.

The committee considered the Commission report and the draft report at its meetings of 29 May, 25 June, 12 September and 13 September 2001.

At the last meeting it adopted the motion for a resolution by 34 votes to 5 .

The following were present for the vote: Christa Randzio-Plath, chairwoman, Philippe A.R. Herzog, vice-chairman, Alejandro Agag Longo, rapporteur; Generoso Andria, Pedro Aparicio Sánchez (for Peter William Skinner, pursuant to Rule 153(2)), Richard A. Balfe, Luis Berenguer Fuster, Pervenche Berès, Hans Blokland, Hans Udo Bullmann, Gérard Caudron (for Bruno Trentin, pursuant to Rule 153(2)), Harald Ettl (for Simon Francis Murphy), Jonathan Evans, Carles-Alfred Gasòliba i Böhm, Robert Goebbels, Lisbeth Grönfeldt Bergman, Christopher Huhne, Pierre Jonckheer, Othmar Karas, Giorgos Katiforis, Christoph Werner Konrad, Alain Lipietz, Astrid Lulling, Jules Maaten (for Karin Riis-Jørgensen), Thomas Mann (for Piia-Noora Kauppi), Ioannis Marinos, Miquel Mayol i Raynal, Ioannis Patakis, Fernando Pérez Royo, John Purvis (for José Javier Pomés Ruiz), Alexander Radwan, Bernhard Rapkay, Olle Schmidt, Charles Tannock, Marianne L.P. Thyssen, Jaime Valdivielso de Cué (for José Manuel García-Margallo y Marfil), Ieke van den Burg (for Helena Torres Marques), Theresa Villiers and Karl von Wogau.

The Committee on Legal Affairs and the Internal Market decided on 26 June 2001 not to deliver an opinion.

The report was tabled on 13 September 2001.

The deadline for tabling amendments will be indicated in the draft agenda for the relevant part-session.

MOTION FOR A RESOLUTION

European Parliament resolution on the Commission's XXXth Report on competition policy 2000 (SEC(2001) 694 – C5-0312/2001 – 2001/2130(COS))

The European Parliament,

- having regard to the Commission report (SEC(2001) 694 – C5-0312/2001¹),
- having regard to the written reply of the Commission to its resolution of 24 October 2000 on the XXIXth Report on competition policy (1999),²
- having regard to its resolution of 21 September 2000 on the Commission communication on competition rules relating to horizontal cooperation agreements³,
- having regard to the Communciation by the Commission relating to the revision of the 1997 notice on minor agreements which do not fall under Article 81(1) of the Treaty /(SEC(2001)747)⁴,
- having regard to the proposal for a Council regulation on the implementation of the rules on competition laid down in Articles 81 and 82 of the Treaty and amending Regulations (EEC) Nos 1017/68, 2988/74, 4056/86 and 3975/87⁵,
- having regard to the Commission's evaluation report on motor vehicle distribution and servicing under Regulation (EC) No 1475/95 (COM(2000) 743),
- having regard to the conclusions of the Stockholm European Council of 23-24 March 2001,
- having regard to the conclusions of the Nice European Council of 7-9 December 2000,
- having regard to Rule 47(1) of its Rules of Procedure,
- having regard to the report of the Committee on Economic and Monetary Affairs (A5-0299/2001),

A. whereas competition policy should work principally to the advantage of consumers, bringing greater variety, better quality and lower prices for goods and services,

¹ OJ C not yet published

² OJ C 146, 17.5.2001, p. 106

³ OJ C 197, 12.7.2001, p. 96

⁴ OJ C 149, 19.5.2001, p. 18-20

⁵ OJ C 365 E, 19.12. 2000, p. 284

- B. whereas the public's awareness of the benefits of the European competition policy remains very limited,
- C. whereas competition policy is facing significant challenges, such as globalisation and the growth of the 'new economy', the imminent enlargement of the Union and the introduction of the euro,
- D. mindful of the success in raising awareness of the European Competition Day, held every six months in the country holding the Presidency of the Council and created on the initiative of the European Parliament,
- E. whereas an effective competition policy promotes the competitiveness of European firms, and is thus an essential requirement for sustained economic growth, employment and attaining the European Union's strategic objective, agreed at the Lisbon European Council, of becoming 'the most competitive and dynamic knowledge-based economy in the world' by 2010,
- F. whereas the best results have generally been obtained in conditions of free and fair competition between private firms,
- G. whereas three of the main tasks of European competition policy in 2001, to be addressed by Parliament in separate reports, are the updating of Regulation No 17 on the implementation of Articles 81 and 82 of the Treaty, the debate on the future of the system of motor vehicle distribution, currently covered by a block exemption regulation, as well as the reform of the Merger Regulation No 4064/89,
- H. whereas, with regard to the previous point, the Commission's evaluation report pointed out that the exemption system had not achieved all of its objectives, and that consumers in particular did not appear to be receiving their fair share of the benefits of this distribution system; whereas, further, the Commission's most recent report on vehicle prices confirmed that there are still great variations in the price of new cars between the Member States,
- I. whereas 345 new mergers took place in 2000, marking a new peak; whereas the number of mergers has doubled over the last three years,
- J. whereas the simplified procedure introduced for mergers has been a success, and has helped to speed up the decision-making process,
- K. whereas, despite some progress, liberalisation continues to be introduced at different rates in the Member States, distorting competition and preventing the introduction of the same rules for all in the various sectors concerned,
- L. whereas this situation has had a particularly serious effect in sectors such as the electricity industry, where there are evident inequalities between publicly-owned firms pursuing highly aggressive acquisition strategies outside their home markets, and liberalised or privatised firms unable to respond on the same terms,

- M. whereas the so-called 'national champions' still dominate recently liberalised markets such as the local call market in the telecommunications sector, where 'the incumbents are still in a position of "de facto monopoly" in the local call market, with a market share of nearly 100% in all Member States',
- N. whereas the total lack of transparency in the setting of electricity tariffs in some Member States gives rise to suspicions that State aids in various forms are being used to try to strengthen the position of domestic firms and are acting, inter alia, as barriers to entry by firms from other Member States,
- O. whereas the Nice European Council statement on services of general economic interest confirmed that 'the opening up to the market of certain services of general economic interest has had a positive impact on the availability, quality and pricing of such services', whereby universal access to services of general interest and their security of supply requirements are ensured,
- P. whereas illegal State aids will be examined in greater detail in a separate report on the Commission's ninth study on State aid in the European Union,
- Q. whereas, unfortunately, the proportion of illegal State aid that is paid back is low, which undermines the effectiveness of controls on State aid,
- R. whereas the Commission's view is that the new economy does not require new competition rules, and that an interpretation of the existing general rules should be sufficient to address new situations and new problems,
- S. mindful of the dizzying pace of the development of new information and communication technologies, and the European Union's clear disadvantage in the introduction thereof compared with some of its trading partners,
1. Welcomes the XXXth Report on competition policy as a valuable and informative document and stresses that, while the report confirms once more the overall picture of competition policy as one of the EU's most successful policies, it also makes the point that there is a need for constant and rigorous monitoring of distortions of competition by both public and private entities;
 2. Regrets that the Commission has not followed up, or will not be following up, its threat to initiate proceedings in respect of unfair competition in the form of tax concessions or exemptions, and calls for the investigation of distortions of competition caused by tax policy in the EU, which are not in accordance either with the principle of the internal market or with the spirit of the Community;
 3. Welcomes the system chosen by the Commission for the new block exemption regulations, which are supplemented by guidelines to assist economic operators;

4. Welcomes as a necessary step the proposed modernisation of Regulation No 17 of 1962 implementing Articles 81 and 82 of the Treaty, provided that this does not involve any renationalisation of competition policy, but draws attention to the technical difficulties involved, on the basis of which it expresses doubts regarding its practical implementation;
5. Welcomes the spirit of decentralisation that informs Article 3 of the proposal, but stresses that there is a need to further define and put in objective terms the criterion of 'affect(ing) trade between Member States' since, given its importance, the current lack of precision could give rise to uncertainty and undermine the objective of uniform implementation of Community rules;
6. Considers excessive the Commission's powers under the reform proposal as regulator, judge and executor of Community rules, and expresses doubts as to the gains for firms in terms of legal certainty under the proposal in its current form;
7. Emphasises the importance of effective international cooperation between competition authorities owing to the inherently global nature of the new economy, and welcomes the proposed creation of an international competition forum, but points out that effective cooperation begins at home, and thus urges the Commission, in the context of the modernisation of competition rules, to ensure that cooperation between European competition authorities functions correctly and efficiently;
8. Calls once again for an international competition system in the framework of the WTO, since in view of the growing number of worldwide mergers, regional and price cartels and oligopolies, distortions of competition and abuse of the market can only be counteracted by worldwide minimum standards governing competition, particularly for mergers and cartels, and by minimum standards for supervisory authorities in all WTO Member States;
9. Believes that the Commission should pay particular attention to attempts to restrict access to the Internet, and welcomes its commitment to ensuring that the Internet remains an open medium, which is essential to the development of the economy;
10. Regrets, however, the Commission's lack of foresight and its delay in drawing attention to the potential risks of the third generation of mobile telephones (UMTS technology), despite calls to do so by Parliament;
11. Expresses its disappointment at the failure of the Stockholm European Council to agree on a timetable for final liberalisation of the European gas and electricity markets;
12. Calls on the Member States to proceed at a rapid and uniform pace towards the liberalisation of the markets in energy, transport and postal services;
13. stresses the utmost importance of services of general interest; calls therefore for strong and legal certainty in the application of competition rules towards services of general interest

to be maintained and developed in order to secure supply requirements and universal access to services of general interest;

14. Urges the Commission to act on conclusion 17 of the Stockholm European Council, which states that the Commission shall 'ensure that those enterprises which still benefit from a monopoly situation on their national market will not unduly benefit from that situation';
15. Urges the Commission to investigate the acquisition activities of firms in the electricity sector and the setting of electricity tariffs with respect to Community rules on illegal State aid;
16. Condemns the Council's lack of political will in failing to make the best possible use of qualified majority voting on competition policy, thereby preventing progress in the liberalisation of sectors fundamental to the competitiveness of the European economy;
17. Reiterates, in the context of a new revision of the Treaty in 2004, its call for the codecision procedure to apply to future legislative rules on competition policy where the Council acts by qualified majority;
18. Calls on the Commission to publish a table of objective indicators on privatisation in the Member States, and stresses that the purpose of such a table would not be to pass judgement on ownership patterns in the Member States but, rather, to act as a valuable source of information providing the requisite transparency;
19. Regrets the report's lack of reference to the pharmaceutical industry, a key sector currently experiencing specific competition-related problems, but welcomes the fact that the European Competition Day held during the Belgian Presidency is to be devoted to this area;
20. Stresses that in order to maximise the benefits of the single market, consumers must be able to buy products where they are available at the lowest price within the single market, and urges the Commission to continue fighting attempts to restrict parallel imports in sectors where prices are not regulated by the State;
21. Calls on the Commission to continue to work to ensure that the citizens of Europe become fully aware of the real advantages of an effective competition policy, which will lead to increased understanding and public support;
22. Calls on the Commission to review the content of its communication of 18 July 1996 on favourable treatment, which was applied for the first time in 2000, focusing in particular, inter alia, on its excessive inflexibility and its non-legislative status;
23. Eagerly awaits the Commission's proposal on the future of vehicle distribution, which must take due account of the interests of consumers, and stresses that the question of whether a further exemption from implementing Community rules in this sector is really justified must be studied carefully;
24. Welcomes the Commission's draft "de minimis" notice, as it reduces the compliance

burden of SMEs as regards EC competition rules; welcomes in particular the more economic approach reflected in the draft notice, when compared with the current (1997) notice,

25. Welcomes the initiatives adopted by the Commission in the fuel sector in connection with its call for national authorities to investigate vertical restraints and examine the situation of independent firms that do not form part of a network;
26. welcomes the Commission's proposal to start during 2001 a formal consultation process on the Merger Regulation N° 4064/89 setting out recommendations and amendments for change; underlines the interest of the European Parliament to be consulted from the very beginning of this consultation process in the form of a good code of conduct between European institutions concerned before any concrete recommendations are proposed;
27. Agrees with the Commission that although the level of State aid in relation to GDP is decreasing, it remains too high and should be reduced further still;
28. Notes, however, that subsidies must not be condemned across the board, but that a subsidy must be judged on the basis of qualitative criteria to see whether the aim it seeks to achieve justifies a possible temporary distortion of the market, or whether it may even eliminate existing market distortions in the medium term;
29. believes that public spending and investments providing high-quality infrastructures might be important in order to create a competitive and dynamic knowledge-based economy; calls therefore for detailed information and monitoring on the use, quality and necessary redirection of public spending and the corresponding European and national budgets;
30. Applauds the creation, in response to requests by Parliament, of a public register of state aid and scoreboard as important tools for promoting transparency and democratic control, but regrets the continuing willingness to accept situations of blatant inequality in this respect;
31. Calls on the Commission to retain the annual reports on state aid in the European Union, even after the table of results has been introduced;
32. Regrets that the Commission has been unable to provide reliable data and statistics on the number of cases where illegal State aid has been repaid, and calls on the Commission to investigate this matter and publish its findings as soon as possible, and calls upon the Commission to prepare common EU rules on the reimbursement of unduly paid state aid;

33. Seeks to bring about an improvement in the legal position of the undertakings affected; the Commission and the Member States should work toward greater involvement of third parties; it will be beneficial to introduce proper competition studies and public hearings in conjunction with the Commission's treatment of individual cases;
34. Welcomes the progress made by the candidate countries in matters of competition policy, and the fact that competition authorities have been established and begun their work; calls for greater discipline in connection with state aid, with only short transitional periods if any;
35. Instructs its President to forward this resolution to the Commission, the Council and the competition authorities of the Member States.

EXPLANATORY STATEMENT

Competition policy is a fundamental pillar of any system that considers itself democratic, and as such is vitally important to the EU in its present situation, with the single currency about to become a reality, forthcoming enlargement, the single market being more firmly consolidated and the EU's increasing impact on the rest of the world in a global context.

The Treaty of Rome explicitly describes the European economy as 'an open market economy with free competition'. It thus clearly recognises that improving the welfare of European citizens requires the establishment of free and fair competition conditions to ensure the optimum allocation of resources and provide individuals with the necessary incentives to pursue productive efficiency, quality and innovation. In general, as indicated in the draft resolution, competition between private undertakings produces the best results and makes the best contribution to improving the competitiveness of enterprises and creating employment and sustained economic growth.

There is no doubt that competition policy is one of the EU's most important and successful policies and has enormously significant implications for other areas of the EU's activities, such as the development and stability of economic and monetary union, the single market and policies on consumer protection and environmental protection. However, the importance of competition policy goes far beyond its potential benefits for the economy. The concept of competition signifies a step forward for freedom, building freer societies where all individuals, whether entrepreneurs or consumers, can freely carry out their activities and at the same time enjoy more and better goods and services at lower prices. Competition is not only advantageous for consumers but is their right, and should be considered as the extension into the marketplace of the fundamental democratic rights of all European citizens which are the fundamental pillar of our common project. Your rapporteur therefore shares the Commission's view that preserving the mechanisms and conditions of the free market economy requires constant vigilance.

This growing importance of competition policy in the EU's institutional framework is apparent in the Commission's 30th annual report on the application of Community competition policy in 2000. In 2000 the Commission continued to work intensively to apply Community competition law. The total number of new cases was 1 206, comprising 297 antitrust cases (under Articles 81, 82, and 86), 345 merger cases, and 569 State aid cases.

There was a considerable decrease (from 388 to 297) in the number of new antitrust cases, which can be attributed to recent policy developments. The new block exemption on vertical restraints has drastically reduced the need for notification of this type of agreement. Similarly, the new guidelines on vertical agreements and the publicly debated proposals for new rules on horizontal agreements have clarified the framework for assessment under the competition rules and may have reduced the need for bringing cases to the Commission's attention.

Similarly, the Commission should be congratulated on the reduction in the number of cases directly related to competition (297 new cases and 345 cases concluded) and on the increase (18%) in the number of merger cases, which reached a new peak in 2000 with 345 new cases, a figure that has doubled over the last three years; with 345 formal decisions taken during the

year, there is a 28% increase from 1999. In fact, controlling mergers is increasingly complicated, requiring a simultaneous analysis of several different markets, a situation resulting from development of the internal market, transparency due to EMU and globalisation.

Public information policy

Despite this ongoing increase in the Commission's work, the general public still has a very limited appreciation of the benefits of competition policy, which is a matter of particular concern in the light of the challenges the EU is about to face: globalisation, the 'new economy', enlargement and the introduction of the euro.

Keeping the public informed of its successes is important for the support, coherence and stability of competition policy. Gradually, people are becoming aware of competition policy in the context of large mergers or the prohibition of State aid which, regrettably, they perceive as something negative in most cases. Often, the use of business jargon unfamiliar to ordinary people obscures the basic concepts behind this policy and discourages consumers from participating actively in its development.

Your rapporteur welcomes the Commission's efforts to improve communication and endorses the request made by last year's rapporteur with regard to implementing a coherent information policy, using various methods at European and national level to target specific groups, such as the general public, the press, business circles and national authorities. However, since everyone has a responsibility for competition policy, as everyone benefits from it, consumers must participate actively in the everyday assessment of how competition works in practice. If the market is functioning correctly, consumers should be able to take decisions that affect the behaviour of businesses. Creation of and participation by consumer organisations must therefore be encouraged actively, as through their knowledge of the markets, in particular mass markets, they will act as a natural and legitimate counterweight to the economic power of supply side operators.

In this context the initiative, originally proposed by Parliament, of a 'European Competition Day' held every six months in the country holding the Council Presidency has provided valuable information on the Commission's work in this area. Even more benefit could be derived from this occasion if there were more dialogue between Commission and Parliament to agree on the format, content and information channels to enable this event to receive the widest possible publicity.

Role of the European Parliament

With regard to Parliament's role in forming Community competition policy, the Commission has fulfilled its democratic obligation to report to Parliament's Committee on Economic and Monetary Affairs, not only with this annual report but also through Commission representatives periodically attending meetings of this committee. Cooperation and scrutiny of the Commission's implementation of policy gives it the necessary democratic legitimacy and transparency to avoid any attempt to politicise something that benefits all European citizens.

Nonetheless, as has been expressed in previous reports on competition policy, the

Commission must maintain and intensify its efforts to involve Parliament as far as possible in the development and application of competition policy. The Council's lack of political will in not making the best possible use of qualified majority voting on competition policy, including on many large 'packages' for negotiation, runs counter to the liberalising intentions of some Member States and prevents the public from perceiving the true scope and importance of this Community policy. Your rapporteur therefore endorses Parliament's repeated calls, in the context of a further revision of the Treaty in 2004, for the codecision procedure to be applied in future legislation on competition policy where the Council now decides by qualified majority.

Modernisation of Community competition rules

The draft resolution endeavours to show the key importance of the proposal for a new implementing regulation for Articles 81 and 82 of the EC Treaty. While recognising the exceptional work Mr Evans is doing as the rapporteur for the report following the Commission proposal, your rapporteur has used this opportunity to express reservations and doubts aroused by a reform which by any reckoning is necessary but at first sight seems to lack what is necessary and desirable for its practical implementation.

To sum up, these reservations centre on the following main aspects: firstly, the spirit of decentralisation in Article 3 of the proposal is welcome, but it is doubtful whether the objective of consistent and uniform application of the rule will be fulfilled, as the exclusive application of Community law implies discrimination in the treatment of similar agreements, depending on whether or not they affect intra-community trade, as two different sets of laws and procedures will be applied. In addition, the rule for settling conflicts between the national and Community legal systems is based on imprecise criteria, as the criterion of affecting Community trade, despite its importance, is not clearly defined in legal or practical terms, so that establishing this criterion could give rise to uncertainty and be used by the conflicting parties to delay the proceedings. At all events, it would have to be codified in the new regulation, a task which would certainly be fraught with technical and legal difficulties.

Secondly, there is no discernible improvement in legal certainty for enterprises in changing from the present system to what is proposed. The present system of notification requires enterprises to seek approval for the agreements they conclude and thus avoid being fined if the agreements are considered incompatible with Community rules. The proposed system would oblige enterprises to supply information about the agreements they conclude, apparently in the interest of transparency and consistent application of Community law, but this registration would not confer any rights.

Finally, the powers conferred on the Commission seem excessive, reinforcing its roles as regulator, judge and executor of Community rules. Specifically, the Commission's powers to impose structural solutions to put an end to non-compliance with the law seem inappropriate, as the proposal does not set any limits to the use of this power or give detailed information on when and how it might be applied. Moreover, the White Paper preceding this proposal for a regulation made no reference to this new power, which suggests that a more detailed debate is needed on this aspect in particular.

New Economy

The aspects of competition policy relating to the introduction of new information and communication technologies must be emphasised as they are essential, as the Lisbon Council pointed out, to bring the European economy into a stable, more competitive and dynamic knowledge-based economy in the world in 2010.

The Commission's commitment to ensuring that the Internet remains an open medium is welcome, as it is essential for economic development, but the de facto monopoly in the local call market in most of the Member States means that after liberalisation of the telecommunications sector, the concentration of market share in the hands of the former State monopolies ('national champions') is still about 100%.

Moreover, given the dizzying speed of development of these technologies, which have a much shorter maturation process than usual, and since the EU is clearly falling behind some of our trading partners such as the USA in bringing these technologies into the economy's general production system, the Commission has shown an unacceptable lack of judgement and foresight in delaying drawing attention to the risks of developing the third generation of mobile phones (UMTS technology).

More than a year ago, in March 2000, your rapporteur addressed oral and written questions to the Commissioner, concerning future operators' excessive exposure to risk because of the large amounts that were being paid out, inter alia for guarantees to enable them to take part in the auctions for licences being held at that time. We would certainly have hoped, by March 2001, that the Commission would have drawn attention to the risks of developing this technology for the same reasons that Parliament had outlined a year before, while the Commission only produced sober replies about the neutrality of the contending systems. This lack of foresight is unacceptable and is unlikely to assist technological development.

Liberalisation and structural reform

The horizon of 2010, which in Lisbon all the Member States were prepared to see as a reference point for our efforts, is clouding over. This is why, despite progress in consolidating the single market and the dream of monetary union having become a reality, none of what has been achieved so far has any sense if we are not capable of making progress in fulfilling our commitments. The reluctance of some countries to carry out the liberalisation which has been approved by all and the resistance of countries like France to detaching themselves from some of their flagship State enterprises are creating a two-speed Europe, where countries that fulfil their collective obligations see their progress threatened by the suspiciously aggressive tactics of enterprises that are still State-run towards recently liberalised sectors outside their national markets.

This aspect is particularly serious in sectors such as electricity, where there is a clear imbalance between State enterprises involved in very aggressive buying strategies outside their national markets and liberalised or private enterprises which are unable to respond under the same conditions. Moreover, the total lack of transparency in setting electricity tariffs in those particular Member States arouses suspicion that enterprises may be benefiting from indirect and covert State aid to finance these acquisitions outside their national markets (a

phenomenon known in other systems as ‘deep pocket’).

The failure of the Stockholm European Council to agree on a timetable for final liberalisation of the European gas and electricity markets is disappointing, and the Commission is urged to act on Conclusion 17 of the Stockholm European Council, stating that the Commission shall ‘ensure that those enterprises which still benefit from a monopoly situation on their national market will not unduly benefit from that situation’, and to investigate the acquisition activities of firms in the electricity sector and the setting of electricity tariffs in the context of Community rules on illegal State aid.

At stake are the credibility of our common project and the confidence of international investors in our currency and in our ability to lead the globalised project in the new century. But above all, what is at stake is the legitimacy of the Community Institutions in the eyes of European citizens themselves, who are witnessing a dangerous interaction between grand words and little action.

The EU must embark on a far-reaching debate on State participation in key industrial sectors. This should take place in a context of mutual evaluation and learning which would help to fine-tune the operation of the single market and, on the basis of a table of objective indicators on privatisation, would make it possible to unite different attitudes to the principles of competition, freedom of establishment and free movement of capital. The European citizens demand this debate; they have embraced competition as an efficient method of allocating resources, but see their markets suffering the effects of inefficiencies imported from countries that are ideologically opposed to economic reform.

State aid

On a subject as important as illegal State aid, your rapporteur prefers to wait for the first exchange of views in Parliament’s Economic Affairs Committee on the Commission’s 11th study on illegal State aid. This is why in the draft resolution the sections on State aid referring to action by the Commission are couched in general terms.

The resolution agrees with the Commission that although the level of State aid in relation to GDP is decreasing, it remains too high and should be further reduced. It also applauds the creation, in response to requests by Parliament, of the register of State aid and the scoreboard as important tools for promoting transparency and democratic control, but regrets the continuing willingness to accept situations of blatant inequality in this respect. Finally, it draws attention to the low level of repayment of illegal State aid, which is undermining the Commission’s effectiveness in establishing control over State aid.

International dimension

With regard to international cooperation on competition, effective international cooperation between competition authorities is important because of the inherently global nature of the new economy. It is questionable whether the main thrust of cooperation should be dedicated to concluding bilateral agreements with countries of relatively minor economic importance (e.g. Switzerland) or creating new international bodies such as the Global Competitions

Forum when, at the outset of a reform such as is proposed, what is needed is to step up cooperation among the Member States and between them and the Commission.