

EUROPEAN PARLIAMENT

1999



2004

Session document

FINAL
A5-0352/2002

10 October 2002

REPORT

on the Commission's XXX1st Report on Competition Policy 2001
(SEC(2002) 462 – C5-0282/2002 – 2002/2142(COS))

Committee on Economic and Monetary Affairs

Rapporteur: Alain Lipietz

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PROCEDURAL PAGE

By letter of 29 April 2002, the Commission forwarded to Parliament its XXXIst Report on Competition Policy (SEC(2002) 462 – 2002/2142(COS)).

At the sitting of 1 July 2002 the President of Parliament announced that he had referred this report to the Committee on Economic and Monetary Affairs as the committee responsible and the Committee on Employment and Social Affairs, Committee on Industry, External Trade, Research and Energy and the Committee on Legal Affairs and the Internal Market for their opinions (C5-0282/2002).

The Committee on Economic and Monetary Affairs had appointed Alain Lipietz rapporteur at its meeting of 21 November 2001.

It considered the Commission report and the draft report at its meetings of : 21 May 2002, 10 July 2002, 12 September 2002 and 8 October 2002.

At the latter meeting it adopted the motion for a resolution by 16 votes to 7, with 17 abstentions.

The following were present for the vote: Christa Randzio-Plath, chairwoman; José Manuel García-Margallo y Marfil and Philippe A.R. Herzog, vice-chairmen; Alain Lipietz, rapporteur; Luis Berenguer Fuster (for Fernando Pérez Royo), Hans Blokland, Armonia Bordes, Hans Udo Bullmann, Niels Busk (for Carles-Alfred Gasòliba i Böhm, pursuant to Rule 153(2)), Richard Corbett (for Peter William Skinner), Manuel António dos Santos (for a full member to be nominated), Den Dover (for Theresa Villiers, pursuant to Rule 153(2)), Enrico Ferri (for John Purvis, pursuant to Rule 153(2)), Ingo Friedrich, Robert Goebbels, Mary Honeyball, Christopher Huhne, Anne Elisabet Jensen (for Karin Riis-Jørgensen, pursuant to Rule 153(2)), Othmar Karas, Giorgos Katiforis, Piia-Noora Kauppi, Eija-Riitta Anneli Korhola (for Lisbeth Grönfeldt Bergman, pursuant to Rule 153(2)), Werner Langen (for Christoph Werner Konrad), Astrid Lulling, Ioannis Marinou, Helmuth Markov (for Ioannis Patakis), David W. Martin, Hans-Peter Mayer, Miquel Mayol i Raynal, Paolo Pastorelli (for Generoso Andria , pursuant to Rule 153(2)), Karla M.H. Peijs (for Brice Hortefeux), Alexander Radwan, Bernhard Rapkay, Amalia Sartori (for Jonathan Evans, pursuant to Rule 153(2)), Olle Schmidt, Helena Torres Marques, Bruno Trentin, Jaime Valdivielso de Cué (for Mónica Ridruejo), Ieke van den Burg (for Pervenche Berès) and Stefano Zappalà (for Renato Brunetta, pursuant to Rule 153(2)).

The opinions of the Committee on Employment and Social Affairs and the Committee on Legal Affairs and the Internal Market are attached; the Committee on Industry, External Trade, Research and Energy decided on 4 June 2002 not to deliver an opinion.

The report was tabled on 10 October 2002.

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 XXX1st Report on Competition Policy 2001 (SEC(2002) 462 – C5-0282/2002 462 – 2002/2142(COS))

The European Parliament,

- having regard to the Commission report (SEC(2002) 462 – C5-0282/2002¹),
- having regard to written reply of the Commission to its resolution of 4 October 2001 on the Commission's thirtieth report on competition policy (2000)²,
- having regard to its resolution of 4 July 2002 on the Commission Green Paper on the review of Council Regulation (EEC) No 4064/89³,
- having regard to its resolution of 30 May 2002 on the draft Commission regulation on the application of Article 81(3) of the Treaty to categories of vertical agreements and concerted practices in the motor vehicle industry⁴,
- having regard to its resolution of 6 September 2001 on the proposal for a Council Regulation on the importance of the rules on competition laid down in Articles 81 and 82 of the Treaty and amending Regulations (EEC) No 1017/68, (EEC) No 2988/74, (EEC) No 4056/86 and (EEC) No 3975/87 ('Regulation implementing Articles 81 and 82 of the Treaty')⁵,
- having regard to its resolution of 6 February 2002 on the ninth Commission report on state aid in the European Union⁶,
- having regard to the 2001 state aid scoreboard (Spring 2002 update)⁷,
- having regard to its resolution of 13 November 2001 on the Commission communication on Services of General Interest in Europe⁸,
- having regard to its resolution of 13 March 2002 on the proposal for a directive of the European Parliament and of the Council amending Directives 96/92/EC and 98/30/EC concerning common rules for the internal market in electricity and natural gas⁹,
- having regard to the conclusions of the Laeken European Council of 14 - 15 December 2001,

¹ OJ C not yet published.

² OJ C 87 E, 4.10.2001, p. 230.

³ P5_TA-PROV(2002)0369.

⁴ P5_TA(2002)0260.

⁵ OJ C 72 E, 4.9.2001, p. 305.

⁶ P5_TA-PROV(2002)0045.

⁷ OJ C not yet published.

⁸ OJ C 140 E, 13.11.2001, p. 153.

⁹ P5_TA(2002)0106.

- having regard to the conclusions of the Barcelona European Council of 15 - 16 March 2002,
 - having regard to the conclusions of the Seville European Council of 20 - 21 June 2002,
 - having regard to Rule 47(1) of its Rules of Procedure,
 - having regard to the report of the Committee on Economic and Monetary Affairs and the opinions of the Committee on Employment and Social Affairs and the Committee on Legal Affairs and the Internal Market) (A5-0352/2002),
- A. whereas competition policy is an indispensable condition to ensure the success of the strategic objective fixed in Lisbon for this decade, facing significant challenges, such as globalisation and enlargement of the European Union,
 - B. whereas the EU's competition policy should work principally to the advantage of citizens and residents as consumers, bringing greater variety, better quality and lower prices for goods and services, but their awareness of this remains very limited,
 - C. whereas the Commission's activity during 2001 has been marked by an overall decline in the number of new cases in all fields,
 - D. whereas in the antitrust field, there has been a very large number of decisions to investigate and identify cartels, and fines have reached a record level,
 - E. whereas the number of decisions banning company mergers is the highest ever in a single year,
 - F. whereas reported state aid has declined by 30%, but the number of proceedings opened remains stable,
 - G. whereas the annual report for the first time contains a section on services of general interest, in accordance with the judgment handed down in the Ferring case that financial compensation granted to firms entrusted with the operation of a service of general economic interest does not constitute state aid, and whereas the European Councils of Laeken and Barcelona encouraged the Commission to establish guidelines to clarify policy on state aid to services of general economic interest,
 - H. whereas in July 2002 the Commission authorised a very large scale public recapitalisation of Railtrack in the United Kingdom,
1. Welcomes the XXX1st Report on competition policy which bears witness once again to the excellent work undertaken by the Commission services;
 2. Congratulates Commissioner Monti on the approach adopted and endorses the need for constant and rigorous monitoring of distortions of competition by public and private entities;
 3. Urges the Commission immediately to lodge a complaint against South Korea under the WTO disputes settlement procedure with regard to aid to shipyards, in order to put an end to the existing situation which places the European shipbuilding industry in an intolerable

position; recalls that South Korea has for a long time distorted competition on the shipbuilding market by offering the vessels which it produces for sale at prices below their true cost; observes that many years of talks between the European Union and South Korea with a view to bringing about healthy competition on the shipbuilding market have failed to yield any results;

4. Stresses that the European Parliament does not consider the recent judgment of the Court of Justice in the case *Airtours/First Choice* as disqualifying the work of the Commission;
5. Considers that the current system of appeal to the Court of Justice does not work in an optimal way, and asks the Commission to study the possibility of an independent body, such as a new judicial panel in accordance with Article 225A of the Nice Treaty in order to treat cases before the Court in a quick and effective way by judges with special knowledge of competition and state aid;
6. Asks the Commission to consider a new system whereby the final decision in a merger case, including the imposed conditions, should be subject to a preview by such an independent body in a fast-track procedure, giving a greater legal security for the companies involved and their competitors;
7. Considers that even in markets with low rates of mergers where competition theoretically exists, restrictive agreements may occur which promote price-fixing or excessively high margins;
8. Takes the view that it is in the consumer's interest to obtain better quality and improved services at a lower price, but that what consumers want above all is that the service required actually exists, and that the consumer is above all a citizen and resident who may use his vote to assert his demand for a general interest service in a specific form;
9. Welcomes the Commission conclusion that the functioning of the Technology Transfer Block Exemption 'is too prescriptive and seems to work as a straitjacket, which may discourage efficient transactions and hamper the dissemination of new technologies', which in turn may limit opportunities for job creation and employment growth;
10. Endorses the option chosen at the Stockholm Council, which was confirmed at Barcelona, to reorient sectoral state aid to horizontal objectives of common interest;
11. Takes the view that the principle of transparency requires that horizontal aids should be as well-defined as possible;
12. Welcomes the Commission recognition that agreements between SMEs are in general 'de minimis', and therefore fall outside EU competition policy rules;
13. Welcomes first editions of the public aid scoreboard as an important tool for promoting transparency and democratic control, but regrets the continued willingness to accept situations of blatant inequality in this respect;
14. Welcomes the inclusion of a chapter on services of general interest in the report;
15. Is of the opinion that the Commission and Council can no longer act as the only player in

the field of European competition policy; calls therefore for increasing the democratic legitimacy of the Treaty provisions relating to the competition policy and to implement the codecision procedure to future legislative rules on competition policy;

16. Draws the Commission's attention to the efforts made by and the results obtained by the candidate countries and calls for greater discipline in connection with state aid with only short transitional periods, if any;
17. Recalls that the rules on state aid must be applied to the candidate countries in a non-discriminatory manner;
18. Calls once again for an international competition system in the framework of the WTO, since in view of the growing number of world-wide mergers, regional and price cartels and oligopolies, distortions of competition and abuse of the market can only be counteracted by world-wide minimum standards governing competition, particularly for mergers and cartels, and by minimum standards for supervisory authorities in all WTO Member States;
19. Welcomes the proposed modernisation of Regulation 17 of 1962 implementing Articles 81 and 82 of the Treaty, but reiterates that this modernisation must not involve any renationalisation of competition policy;
20. Considers that European competition law is the only law applicable to competition agreements with cross-border effects;
21. Shares the concerns which have been expressed about the need for separation of the powers of the Commission, and calls for a wide ranging detailed analysis and examination of the options for addressing those concerns;
22. Welcomes the Commission's increased focus on investigating and penalising hard core cartels;
23. Welcomes Commissioner Monti's active promotion of greater dialogue and cooperation between international competition authorities in the framework of the WTO;
24. Reiterates its profound disappointment at the lack of progress in the effective liberalisation of European gas and electricity markets;
25. Reiterates its support for rapid and uniform progress towards liberalisation of the European markets in energy, transport and postal services;
26. 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;
27. Reiterates its call in the context of the new revision of the Treaty in 2004 for the codecision procedure to apply to future legislative rules on competition policy, where the Council acts by qualified majority;
28. Applauds the Commission's continued commitment to the European Competition Day held in the member state of the Presidency of the Council, and calls on the Commission to

continue to work to ensure that citizens of Europe become fully aware of the real advantages of an effective competition policy, leading to increased understanding and public support;

29. Welcomes the progress made in relation to the review of the block exemption relating to motor vehicle distribution, but calls for further action to challenge excessive pricing differentials between Member States;
30. Supports the Commission's continued commitment to reducing state aid still further;
31. Instructs its President to forward this resolution the Commission, the Council and the competition authorities of the Member States.

EXPLANATORY STATEMENT

The Report on Competition Policy bears the stamp of the economic theory behind that policy, which is undoubtedly its principal virtue and the reason for its success. Competition policy is the only European policy that is explicitly designed to protect the interests of European consumers on the basis of a simple but sound theory. In contrast with ritual calls for ‘wage flexibility’, this policy seeks to defend wage-earners’ purchasing power by preventing firms from imposing excessive profit margins by prohibiting them from abusing a dominant market position. At the same time, it seeks to preserve a level playing field for producers by prohibiting state aid except for ‘horizontal’ aid (which helps all businesses to implement a given policy, for example staff training). The Commission must be commended for successfully pursuing its objectives by boldly applying the instruments at its disposal. 2001 showed a marked decline in the number of cases considered, accompanied by a sharp rise in the number of fines imposed, which suggests that, now that most players have understood that the Commission means business, all that remains is to punish the most persistent offenders.

However, the time has come for both theory and practice to be fine-tuned.

(1) Concentration is not necessarily synonymous with abuse.

The Luxembourg Court, in quashing the Commission's decision to prohibit a merger between Airtours and First Choice, provided a timely reminder that oligopoly may yet be open to challenge, particularly if it is operating in a narrow segment of the market and one that is similar to others. This should not be construed as a withdrawal of support for the Commission but as a call for it to present more convincing arguments. Conversely, in sectors where there is very little concentration, customary rules may apply which guarantee excessive profit margins. It is important, therefore, to define the relationship between concentration per se and abuse.

(2) Residents are not just consumers.

Even as a consumer, a resident's main concern is that a service should exist (even if it is rather expensive). However, competition, by making it impossible to recoup substantial investment, can prevent a service from being introduced. Sometimes, therefore, the State has to organise the establishment of a monopoly: this happened years ago in the case of the railways, and the fact that it has been forgotten now appears to be jeopardising the introduction of UMTS and could threaten the survival of high-quality media.

More generally, certain services involving individual and social rights recognised in international treaties (including European Union treaties and the Charter of Fundamental Rights) presuppose the setting up, and strict regulation, of ‘universal services’ and ‘general-interest services’, sometimes accompanied by on-going subsidies to ensure their continued operation. These services, which require complex arrangements between public bodies involving complicated redistribution mechanisms and implicit pacts relying on the public-spiritedness of the workforce and the good will of the public, cannot be subject to abstract competition rules but must be governed by locally and democratically imposed rules.

Similarly, socio-economic guidelines laid down at European level, such as the Lisbon Conclusions, justify the policy of applying state aid ‘horizontally’ to all undertakings. However, such guidelines must be adhered to strictly: for example, allocating quotas of emission rights free of charge on the grounds of ‘acquired rights’ is, by definition, a form of

state aid aimed at existing undertakings, and is completely incompatible with the underlying policy. It would be better to auction such quotas and simultaneously assist all undertakings to limit their pollution emissions.

The recent decisions of the Commission on the taking back into public ownership of Railtrack, and the recent Ferring case law, show that these aspects of the theory of political economy (which date back more than half a century) are receiving attention once again. The Commission should set out its thinking on these matters, taking into account not only prices theory but organisational science (for example, there is no guarantee that separating the ownership and management of a network from the network users is always a safe and effective solution).

(3) Towards an international doctrine.

The following principles could provide the basis for any proposals put forward by the Union at WTO meetings: the legitimacy of state aid and regulation for the introduction and operation of universal services with a 'human rights' component (health, education, etc.), and the illegitimacy of excessive profit margins derived from abuse of a dominant market position. By the same token, international agreements should define 'horizontal' aids and rank them in order of importance. Absolute priority should be given, for example, to policies involving horizontal aid to help industry adjust to the Kyoto commitments.

In the case of the candidate countries, which eventually will have to comply with the same rules as the current Member States, the realities of the transitional period must be taken fully into account. Many jobs would disappear, and would not be replaced, if the EU insisted on abolishing state aid which did not have the effect of making local industries unfairly competitive. One means of ensuring a modicum of fairness would be to offer candidate countries equivalent treatment to that received by the southern European countries and the former East German Länder when they were incorporated into the European Union.

2 October 2002

OPINION OF THE COMMITTEE ON EMPLOYMENT AND SOCIAL AFFAIRS

for the Committee on Economic and Monetary Affairs

on the XXXIst Report on Competition Policy 2001
(SEC(2002) 462 – C5-0282/2002 – 2002/2142 (COS))

Draftsman: Harald Ettl

PROCEDURE

The Committee on Employment and Social Affairs appointed Harald Ettl draftsman at its meeting of 12 June 2002.

It considered the draft opinion at its meetings of 10 September and 30 September/1 October 2002.

At the last meeting it adopted the following conclusions unanimously.

The following were present for the vote: Theodorus J.J. Bouwman, chairman; Marie-Hélène Gillig, Winfried Menrad and Marie-Thérèse Hermange, vice-persons; Harald Ettl, draftsman; Jan Andersson, Elspeth Attwooll, Paolo Bartolozzi (for Enrico Ferri), Regina Bastos, Philip Bushill-Matthews, Chantal Cauquil (for Sylviane H. Ainardi), Alejandro Cercas, Luigi Cocilovo, Jillian Evans, Carlo Fatuzzo, Ilda Figueiredo, Fiorella Ghilardotti (for Enrico Boselli), Anne-Karin Glase, Roger Helmer, Stephen Hughes, Anna Karamanou, Arlette Laguiller, Jean Lambert, Elizabeth Lynne, Thomas Mann, Mario Mantovani, Ria G.H.C. Oomen-Ruijten (for Rodi Kratsa-Tsagaropoulou), Paolo Pastorelli (for Mario Clemente Mastella, pursuant to Rule 153(2)), Manuel Pérez Álvarez, Bartho Pronk, Herman Schmid, Gabriele Stauner (for Raffaele Lombardo), Helle Thorning-Schmidt, Ieke van den Burg, Anne E.M. Van Lancker, Johannes Voggenhuber (for Hélène Flautre), Barbara Weiler and Sabine Zissener (for James L.C. Provan).

SHORT JUSTIFICATION

The competition report is based solely on the accountability of the Commission, which has been given considerable competences in this field.

The high speed of technological development, the march of globalisation, and not least the European economy characterised by frequent mergers, combined with ever tougher competition policy, present us with major social challenges in the short and medium term. The strictness of competition policy and its lamentably poor supervision by the Commission are increasing the pace of restructuring within the European industrial landscape. This is an aspect which is particularly worth considering in the light of the enlargement of the EU.

While it is important that the competition rules, particularly those on EU aid, should be implemented rapidly in connection with the enlargement process in order to avoid ruinous competition over industrial locations between the EU and the candidate countries, the negative consequences on the labour market of the new Member States may be serious. Firms in the semi-private sector, which make up the social infrastructure in the candidate countries, will be particularly jeopardised if the competition rules are too strictly interpreted.

Both for the European Union and for the candidate countries, measures to secure and create jobs are of particular importance. In its initial stage, the implementation of competition rules always leads to changes on the labour market, with social repercussions. Consequently, employment measures and the EU's employment guidelines are especially significant in this context. However, it has already been seen that these guidelines and the means by which their implementation is traditionally monitored are no longer sufficient, where strong competitive pressure exists, to compensate quickly for the demand for jobs which emerges.

The strengthening of social dialogue, and the rapid introduction of a permanent tripartite social summit for growth and employment, could help in part to prevent rising unemployment.

Ever stricter competition rules require a global strategy incorporating structural reform, a coordinated European employment strategy, macro-economic policy and especially social protection.

The Commission's past decisions have favoured consumers' interests and consumer protection through greater competition and the accompanying opening up of the market. While the Commission's eagerness to implement the competition rules in a consistent way has a positive and very decisive effect on consumer policy, since increased competition can make product prices more attractive, a strict competition policy should not lead to excessive dismissals with the consequent loss of purchasing power.

Anti-cartel decisions, or measures such as this year's decision on the Group Exemptions Regulation in the car industry, have led to the opening of markets as well as to negative employment effects. The Commission is also planning an extension of the competition rules to cover services of general interest. However, precisely in this area it is not the Commission alone but the politicians who must have the power to decide on amendments.

Competition policy is undoubtedly of value in itself, but it must be reconciled with socially

important areas of general interest.

CONCLUSIONS

The Committee on Employment and Social Affairs calls on the Committee on Economic and Monetary Affairs, as the committee responsible, to incorporate the following points in its motion for a resolution:

Paragraph 1

Welcomes the fact that the Commission, in the year under consideration, took a large number of anti-cartel decisions, thus doing a great deal to promote the policy of the open market economy;

Paragraph 2

Welcomes the Commission recognition that agreements between SMEs are in general 'de minimis', and therefore fall outside EU competition policy rules;

Paragraph 3

Welcomes the Commission conclusion that the functioning of the Technology Transfer Block Exemption 'is too prescriptive and seems to work as a straitjacket, which may discourage efficient transactions and hamper the dissemination of new technologies', which in turn may limit opportunities for job creation and employment growth;

Paragraph 4

Considers that continuing globalisation and mergers currently present great social challenges to competition policy;

Paragraph 5

Notes with concern, however, that the Commission wishes to extend the competition chapter, as it has the power to do, to cover services of general interest; draws attention to the fact that the concept of competition is not incompatible with the existence of social aspects, particularly in connection with public contracts;

Paragraph 6

Criticises the Commission, as an actor in competition policy, for issuing its provisions in a way which rules out any democratic involvement by the European Parliament;

Paragraph 7

Calls for the social partners to be involved in the formation of competition policy, so that the employment and social consequences of restructuring measures in industry do not lead to excessive job losses for workers. The strengthening of social dialogue and the rapid introduction of a permanent tripartite social summit for growth and employment should help in part to prevent rising unemployment;

Paragraph 8

Notes that increasingly tight competition rules require a global strategy which incorporates structural reforms, the coordinated European employment strategy, macro-economic policy and in particular social protection;

Paragraph 9

Welcomes the Commission determination to speed up liberalisation of the European energy sector, and urges all Member States to support this;

Paragraph 10

Calls, therefore, on the Commission to accord greater acceptance to state reorganisation measures in connection with mergers of threatened firms;

Paragraph 11

Recalls that the candidate countries must implement the EU's competition and aid rules speedily in order to prevent ruinous competition over industrial locations between the EU and the candidate countries; calls, however, on the Commission to accept social flanking measures in this connection, as they are essential to cushion the impact of the major changes involved in implementing competition rules in the candidate countries. They should be viewed as active measures to facilitate conversion, diversification and the acquisition of new skills by the employees concerned.

30 September 2002

OPINION OF THE COMMITTEE ON LEGAL AFFAIRS AND THE INTERNAL MARKET

for the Committee on Economic and Monetary Affairs

on The 31st report on Competition Policy 2001
(SEC(2002)462 – C5-0282/2002 – 2002/2142 (COS))

Draftsman: Bert Doorn

PROCEDURE

The Committee on Legal Affairs and the Internal Market appointed Bert Doorn draftsman at its meeting of 20 June 2002.

It considered the draft opinion at its meetings of 9 September 2002 and 30 September 2002.

At the latter meeting it adopted the following conclusions unanimously.

The following were present for the vote: Giuseppe Gargani, chairman; Willi Rothley and Ioannis Koukiadis, vice-chairmen; Bert Doorn, draftsman; Luis Berenguer Fuster (for Maria Berger), Ward Beysen, Michel J.M. Dary, Raina A. Mercedes Echerer (for Heidi Anneli Hautala), Janelly Fourtou, Fiorella Ghilardotti, José María Gil-Robles Gil-Delgado, Malcolm Harbour, Klaus-Heiner Lehne, Hans-Peter Mayer (for The Lord Inglewood), Manuel Medina Ortega, Marianne L.P. Thyssen, Diana Wallis, Stefano Zappalà.

SHORT JUSTIFICATION

CONCLUSIONS

The Committee on Legal Affairs and the Internal Market calls on the Committee on Economic and Monetary Affairs, as the committee responsible, to incorporate the following points in its motion for a resolution:

1. Is pleased at the results achieved hitherto in modernising competition policy and calls on the Commission to come to a speedy conclusion in the area of legal certainty; Urges the Commission to complete negotiations by the end of 2002, as proposed by the Barcelona European Council;
2. Notes that the abolition of the requirement to notify competition rules leads on the one hand to a reduction in the administrative burden on businesses, but on the other hand offers less legal certainty; considers that the Commission must comply with the desire for more legal certainty on the part of businesses by creating the possibility in exceptional cases of issuing a generally valid ruling (business review letter) on the compatibility of agreements with the European competition rules;
3. Considers that modernisation only has any chance of success if the European competition rules are applied uniformly in all Member States. This requires firstly that the Commission ensure the creation of a right to appeal at European level against decisions by national competition authorities on the application of European competition rules. Secondly, the powers of national courts need to be restricted to the application of Articles 81(1) and 82;
4. Considers that the network of national competition authorities must be provided with a public-law statute creating a clear relationship among the NCAs and between the Commission and the NCAs. Calls for the new Member States also to be involved in this network;
5. Considers that European competition law is the only law applicable to competition agreements with cross-border effects;
6. Considers that safeguards of due process are extremely important in cases dealt with by the Commission, particularly since a single body deals with all the decision - making stages. Calls on the Commission to consider carefully its arrangements in this respect and to examine whether improvements may be made, for example in the supervision of procedural rules;
7. Welcomes the Commission's policy seeking to rationalise and modernise the supervision of state aid, but notes that decentralisation of supervision must not result in the uniformity of the aid policy of the internal market being impaired;
8. Calls, finally, for clear and high-quality legislation in the field of competition; considers that the democratic legitimacy of legislation which has such a profound impact on

the European Union's economic order requires that the European Parliament also be given the right of co-decision in this legislative area;

9. Welcomes the Commission's announced intention in the context of the Green Paper on mergers to consider the most appropriate test for the Community merger regime. Considers that it is important that mergers which significantly lessen competition to the detriment of consumers should be the subject of control, whether or not they create a dominant position.