WRITTEN QUESTION E-2092/00
by Reino Paasilinna (PSE) and Ulpu Iivari (PSE)
to the Commission

Subject: Definition of a geographical market

The Commission has taken a hard line in defining the concept of 'relevant markets' when intervening in the purchase of undertakings, mergers and certain types of agreement. The Commission has prohibited the above-mentioned activities and has imposed conditions on them if they have had an influence on a relevant product market or geographical market in such a way that a commanding market position is created or strengthened. However, the Commission's interpretation of a 'relevant geographical market' diverges from the concept of a market as seen by business. Businesses understand a market area to mean the sales area or area of industry in which they operate. On what exactly is the Commission's interpretation of a commanding market position based? How does it justify the fact that its definition differs so radically from the concept of a market as seen by business?

In practice the Commission's interpretation hitherto in the light of the above-mentioned principles has led firms, particularly those from economically small areas to regard the Commission's intervention in their mutual cooperation arrangements as illegal. The present application of the competition rules places business cooperation systems in large and thinly populated border areas on an unequal footing with those in the centre of the EU. The Commission has been much keener to intervene in business consortiums in border areas, even though their market share is relatively small, than in cases where the market share is perceptibly larger. No intervention takes place in comparable consortiums in the centre of the EU. How does the Commission propose to take account of this state of affairs and ensure that its interpretation of a market area does not harm the development of competitive units in small market areas?