

European Community



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INFORMATION NOTE

"SOFTENING THE RIGOURS OF MARKET FORCES"

EC Commission Warns Against Excessive Protection

Reaffirming its determination to keep a tight rein on European competition (antitrust) policy, the EC Commission says it is willing to make some allowances, especially in the area of state aids, for enterprises in serious trouble as the EC economy undergoes a difficult period of transition.

In its Seventh Report on Competition Policy, the Commission emphasizes that it will vigorously employ the anti-combines authority vested in it by the Rome Treaty against companies which attempt to abuse a dominant market position (as happened in February this year when United Brands was fined over \$1 million for the price-fixing of bananas) and stresses the need for close surveillance of operations aimed at "organizing" particular sectors of industry.

On the problems of restructuring and streamlining industry to cope with reduced demand and pressure from imports, the Report warns that "the illusion must be resisted that enterprises can protect themselves against those necessary changes by coming to terms with their competitors or by seeking excessive protection from national authorities", for the costs of such measures are ultimately borne by consumers or taxpayers.

The Commission has, meanwhile, drafted a regulation that would enable the Commission to authorize "crisis cartels" in sectors which are particularly stricken by the current economic recession.

In a survey of concentration in the EC, the Report identifies over 100 markets in which the most important undertakings hold a share of over 50 per cent and expresses the Commission's support for small and medium-sized firms.

Two Canadian firms operating within the EC, Hiram Walkers and Seagrams, are rated by the Report as the third and fortieth most profitable respectively of beverage companies operating within the United Kingdom; it rates Hiram Walker-Gooderham as the tenth most profitable food firm in the Western nations (data from 1974).