Competition and Consumers

As befits a former professor, the Commissioner for Competition Policy, Mr Mario Monti, gives thoughtful and interesting speeches on the work of his Commission services; and in Lisbon recently he tackled the question of the consumers' interest in the enforcement of the competition rules. He is on good ground. References in the Treaties to the interests of consumers are relatively sparse. But the competition rules do refer to the consumer; and it is to the Commission's credit that it (generally) attaches importance to this aspect of competition policy.

"We need to do more," Mr Monti said, "to explain what our fight against cartels, our scrutiny of mergers and acquisitions and the control of state subsidies means to the man in the street: greater choice of products and services, better quality, better prices. We can be proud of the story we have to tell. It is thanks to the opening up of markets such as telecommunications and air transport to increased competition, that phone tariffs and air fares have dropped significantly all over Europe. Once EU citizens understand these facts, they will become our best supporters in the Member States, for example on the liberalisation of postal services - the Commission's latest challenge - or our challenging of unjustified subsidies to white elephants or inefficient firms which could see their money go wasted! We are all consumers, and we are all taxpayers."

As examples of individual cases in which the Commission's anti-trust decisions have directly benefitted the consumer, Mr Monti quoted the Volkswagen and British Airways cases. In 1998 Volkswagen incurred a record fine for agreeing with its Italian dealers not to sell cars to consumers living in Austria and Germany who had tried to take advantage of Volkswagen's lower prices in Italy: a clear violation of the special car distribution rules and a flagrant negation of a European single market for consumers, not just for companies. In 1999, British Airways was also fined for offering loyalty discounts to travel agents which had the effect of shutting out competing carriers and resulted in less choice for travellers.

In the field of mergers, the same concern for consumers led the Commission (according to Mr Monti) to take action in a number of supermarket mergers in Finland, Austria, France and Spain and in the recent acquisition of the French oil company Elf by its rival TotalFina, where it obtained the sale of 70 petrol stations and could have threatened consumer interests by gaining control of petrol prices on French motorways. Mr Monti was not as specific about state aid cases as he might have been: there are plenty of good examples of the point which he made in general terms about the interests of consumers both as such and as tax-payers. (There is a good example on page 130 of this issue: the CDA case.) But his speech was a great justification of the Commission's competition policy. ■