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Global competition

In Washington, DC, on 29th March of this year, there was a Global Competition Forum, at which the European Commissioner for Competition Policy, Mario Monti, presented a characteristically thoughtful paper on trends in world-wide competition policies. He pointed to the rapid progress towards a market economy, especially in developing countries and former Communist countries; to the reduction in trade barriers and the dramatic increase in the volume of cross-border trade; and to the remarkable technological advances resulting in a marked inter-dependence between economies worldwide. Globalisation presents major challenges for competition authorities around the world, and has highlighted the need to ensure a maximum of convergence between the growing number of competition enforcement systems.

Two separate responses have been made to these major challenges. There are bilateral arrangements in operation, of which the US-EU agreement is not only the principal example but also perhaps a model for similar arrangements elsewhere. Then there is the proposal that the World Trade Organisation should conclude a world-wide agreement among the Organisation's members on the enforcement of competition rules and that a global competition forum should be created.

In the Commissioner's view, the bilateral agreements between the United States and the European Union have been a "marked success" substantially reduced the risk of divergent rulings. Inter-agency discussions tend to focus on issues such as the definition of markets, the likely competitive impact of a transaction on those markets, and the viability of any remedies suggested by the merging parties. Merger invest-igations involving close transatlantic cooperation included the Alcoa/ Reynolds, MCI WorldCom/ Sprint, Novartis/ AstraZeneca, Boeing/ Hughes and AOL/ Time Warner cases, as well as the ongoing case General Electric/ Honeywell.

But, as the EU and its Member States have recognised for some time, bilateralism has its limitations: it is time to intensify, with the new US administration's support, the pursuit of multilateral solutions. The more individual jurisdictions develop their own competition rules, the more expensive it is going to be for companies operating in a number of different countries to comply with all the different legal requirements. Moreover, the introduction of competition policy is an essential part of efforts by developing countries and countries in transition to restructure their economies and integrate them fully to the world economy in order to be able to exploit new opportunities to compete. These are among the many reasons for giving further momentum to the process of establishing international rules. ■