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Motor Vehicles

In the last issue there were reports of the introduction of new rules for motor vehicle distribution; and, in the present issue, the text of the block exemption regulation itself is set out in full. It came into force on 1 October 2002. It has far-reaching importance for motor vehicle manufacturers and repairers, manufacturers of motor vehicle components, dealers and consumers. For the time being, this is the last of the rather concentrated attention given to the motor vehicle sector, except perhaps to mention that state aid and other cases continue to arise. The BMW case, briefly noted on page 250, is an example. The case serves as an introduction to the arrangements for a wider set of rules on state aids.

The Multisectoral Framework rules

The existing state aid framework for motor vehicles expires in December 2002. From 2004 the motor vehicle sector will be fully integrated into the new Multisectoral Framework scheme on regional aid for large investment projects, which will come into force on 1 January 2004. The rules in the new Multisectoral Framework become progressively stricter with the size of the investment. Large projects will still be eligible for State aid, but the maximum allowable amount will be lower than it is today. In the meantime, in 2003, simple transitional rules will apply to the sector. According to these rules, projects in the motor vehicle sector will be eligible for aid up to 30% of the maximum allowable for each region (compared to up to 100% under the existing rules).

Substantive tests of merger control

On 28-29 September 2002, the International Competition Network held its Inaugural Conference in Naples and addressed the analytical framework of merger review. Competition-based standards of review come in varying guises. In Europe, the standard used is referred to as the "dominance test", justifying intervention only where a merger is likely to create or strengthen market power. Other jurisdictions employ different standards of review: many laws, for example, use a test similar to the "substantial lessening of competition" wording enshrined in the United States' 1914 Clayton Act (the earliest piece of merger control legislation). Some jurisdictions have recently changed their test (Australia and Ireland, for example) while others (such as the UK) are on the point of doing so. The review of merger policy begun by the Commission is now moving towards its closing phase: one of the key items on the review agenda is an examination of the effectiveness of the substantive standard. ■