



**COMPETITION COMMITTEE**

**ANNUAL REPORT ON COMPETITION POLICY DEVELOPMENTS  
IN SWEDEN**

**2003**

## **1. Changes to competition laws and policies, proposed or adopted**

### ***1.1 Summary of new legal provisions of competition law and related legislation***

#### ***1.1.1 Amendments to the Competition Act***

1. No amendments were made to the Competition Act during 2003.

#### ***New block exemptions***

2. A Swedish block exemption (SFS 2002:871) for vertical agreements in the motor vehicle sector entered into force on 1 January and a Swedish block exemption (SFS 2003:448) for agreements in the insurance sector entered into force on 1 August. The Swedish block exemptions correspond to the block exemptions adopted by the European Commission.

### ***1.2 Other relevant measures, including new guidelines***

#### ***1.2.2 Consequences for Sweden of the new EU implementing regulation***

3. The Commission on "Reforms in competition monitoring – Consequences for Sweden of the new EU implementing regulation" submitted its interim report (SOU 2003: 73) in July 2003. The Commission proposes that the possibility for undertakings to apply, under the national competition law, for negative clearance from the Competition Authority should be removed and that notification for individual exemption be replaced by a directly applicable exemption rule. This means that undertakings will in the future themselves determine whether their agreements and practices are compatible with the competition rules. The subsequent Government Bill will be discussed in Parliament before summer 2004.

#### ***1.2.3 The Act on Electronic Communication***

4. The Act on Electronic Communication entered into force 25 July and replaced the Telecommunications Act and the Act on Radio Communication. The new Act applies to electronic communication networks and communications services and related installations and services, as well as other uses of radio. The National Post and Telecom Agency (PTS) is the responsible authority. In order to ensure that the principles of competition law are correctly applied, PTS will consult with the Competition Authority and obtain a written statement from the Authority in cases involving market analysis and identification of players with significant market power.

#### ***1.2.4 Commission on Transparency***

5. In its report (SOU 2003:48) in April, the Commission on Transparency proposed new legislation for incorporating the European Commission's Directive on insight into public companies etc, also called the Directive on Transparency. It is proposed that the Swedish Competition Authority shall play a supervisory role.

## 2. Enforcement of competition laws and policies

### 2.1 Action against anticompetitive practices, including agreements and abuses of dominant positions

#### a) Summary of activities of:

##### *The Swedish Competition Authority*

6. The following table shows the number of new cases registered during 2003 under the Competition Act - mergers, agreements and complaints - and the number of decisions taken during the same period. The total number of cases pending at the end of 2003 amounted to 65.

	<u>Registered new cases</u>	<u>Decisions</u>
Mergers	65	68
Notifications for negative clearance or exemptions	25	42
Complaints	75	64
Other cases (inquiries etc.)	242	241
Total	407	415

7. An important task assigned to the Competition Authority is its consultative role on existing and proposed public regulations. A total of 150 formal opinions were submitted to governmental and public authorities.

#### Complaints

8. Complaints received from undertakings during 2003 have covered anticompetitive measures taken by one undertaking with respect to another, as well as competition problems related to the public sector. Many of these cases concern undertakings which are not able to obtain supplies of goods they want, or that a dominant undertaking is alleged to have restricted competition for other undertakings.

9. Complaints from undertakings concerning the public sector mainly involve how laws and ordinances in different ways prevent or make competition more difficult. One example is that public and private activities have different VAT rates. In areas where state authorities, municipalities and county councils are running activities in competition with private undertakings, complaints often relate to the public player's opportunity to use tax funds to set low prices or secure other competitive advantages by virtue of their role as an authority.

#### Decisions

10. During the last year, the Competition Authority has made 415 decisions under the Competition Act. Of these, 42 concerned applications for negative clearance or exemption. It happens that undertakings make changes to their agreements during a case so that an agreement fulfils the requirements for negative clearance or exemption. Such changes were made in three cases examined during the year. In six cases the Authority decided that there was no infringement of the Competition Act and issued a negative clearance. The provisions of the Act for granting time limited exemptions were fulfilled in 29 cases. The remaining application cases were either withdrawn or closed for other reasons.

11. Under Article 13 of the Competition Act, an undertaking which has notified an agreement for exemption automatically receives a time-limited exemption if the Competition Authority has not made a decision on the notification within four months of receiving the notification. By objecting to the agreement before the four month period elapses, the Authority has the opportunity of preventing an automatic exemption. An objection may be made if it is clear that there are circumstances requiring a more thorough investigation, or if there are other particular reasons for extending the period to allow more detailed examination of a case. During the year the Authority has opposed such agreements in two cases.

12. The Authority has made 68 decisions concerning concentrations between undertakings. Of these, no further action was taken within 25 working days in 67 cases. One case was not taken up for examination since there was no obligation to notify the transaction.

#### The Authority's application of EU Competition Rules

13. During 2003, the Competition Authority has not applied Article 81.1 or 82 of the EC Treaty.

#### *Courts*

##### Summons applications

14. During 2003 the Competition Authority initiated legal proceedings in two cases at the Stockholm City Court. The first case concerns eleven undertakings in the asphalt industry, which in the view of the Authority over many years had close and organised co-operation in contravention of the Competition Act. The Authority petitioned for approximately SEK 1.6 billion in fines. In the second case, the Authority considers that two undertakings in the ventilation industry have been involved in illegal price co-operation over the procurement of ventilation contracting services. The Authority petitioned for approximately SEK 23 million to be imposed in fines.

##### Appeals against decisions made by the Authority

15. During 2003, one of the decisions made by the Authority concerning an application for negative clearance was appealed.

b) Description of significant cases, including those with international implications

#### *The Market Court*

16. During 2003 the Market Court made four decisions under the Competition Act where the Competition Authority has been one of the parties. Below follows a report of the most important decisions.

##### Plastic pipes

17. In 2001 the Stockholm City Court ordered the plastic pipe manufacturers, Uponor Sverige, Svenska Wavin and KWH Pipe Sverige to pay fines of SEK 8 million, SEK 1.8 million and SEK 800 000 for anticompetitive co-operation which mainly concerned high pressure water pipes made out of polyethylene. According to the Stockholm City Court from 1 July 1993 (when the Competition Act entered into force) up to the summer of 1995, the undertakings had been guilty of infringing the Competition Act. The infringement involved i.a. market sharing, price co-operation and exchange of information. Uponor appealed the City Court's judgement to the Market Court which in January 2003 upheld the Stockholm City Court's decision and thus dismissed Uponor's appeal.

##### Vehicle tyres

18. The Market Court issued its decision in the case concerning Svenska Däckföreningen (Swedish Tyre Association). The case involved a common price list for services for the member companies of the Tyre Association, which in certain cases were binding. Such a form of horizontal price co-operation was considered by the Market Court to normally constitute a restriction on competition. The Association's market share of 25-30 percent means that application of a service price list would limit competition appreciably.

19. As had the Competition Authority, the Market Court found that the service price list infringed the prohibition against anticompetitive co-operation as laid down in Article 6 of the Competition Act and decided not to grant negative clearance. Neither had the Tyre Association shown that the co-ordination led to the efficiency gains required for fulfilment of the conditions for an exemption to be granted under Article 8 of the Competition Act. Purely on this basis, the exemption could not be granted. The Market Court dismissed the Tyre Association's appeal.

#### *The Stockholm City Court*

20. During 2003 the Stockholm City Court made a decision on the petrol cartel case and issued its intermediate judgement in the asphalt cartel case.

#### *The petrol case*

21. In April the Stockholm City Court gave its judgement on the petrol case, where the Competition Authority had petitioned for fines totalling SEK 651 million for co-operation over rebate adjustments on petrol between the petrol companies Norsk Hydro, OK-Q8, Preem, Shell and Statoil. The Stockholm City Court partially accepted the Authority's petition and ordered the petrol companies to pay fines totalling SEK 52 million.

22. The Stockholm City Court found that the petrol companies had been guilty of a serious infringement of the Competition Act when they had jointly agreed to implement a rebate adjustment of SEK 0.15 on 1 November 1999 and applied certain maximum rebates for a group of customers. However, the Stockholm City Court found that the petrol companies had not infringed the Competition Act as regards maximum rebates for other customer groups, co-ordination with respect to specific customers, a "ceasefire" where the undertakings would not be able to compete with each other and offer higher rebates, as well as the co-ordination of the price of petrol before and after 1 November 1999.

23. With reference to the fact that the Competition Authority did not achieve full success in the case, the Stockholm City Court decided that the state would meet a part of the legal costs of the petrol companies in the case. Both the Authority, and the petrol companies have appealed the Stockholm City Court's decision to the Market Court. The judgement is expected during 2005.

#### *The asphalt case*

24. In December, the Stockholm City Court issued an intermediate decision in the asphalt case (see below). The judgement means that Article 6 of the Competition Act can be applied to the procurements of the Swedish National Road Administration where the asphalt cartel rigged the tendering procedure despite the fact that the Swedish National Road Administration was one of the partners in the cartel. The judgement has been appealed, by amongst others, the Swedish National Road Administration.

#### *The Competition Authority*

25. To show what the Authority has done during the year to actively counteract harmful restrictions on competition, we present a selection of our cases. Decisions on obligations made by the Authority on the

application of the Competition Act, usually apply with immediate effect, and thus have direct effects on the market. This applies even though the decision may be appealed against.

*Anticompetitive co-operation*

Asphalt – bid rigging cartel

26. In March the Competition Authority submitted a summons application to the Stockholm City Court concerning eleven undertakings in the asphalt industry, which in the view of the Authority had over many years close and organised co-operation in contravention of the Competition Act. The Authority petitioned for approximately SEK 1.6 billion in fines. The case will be taken up by the Stockholm City Court in 2005 and the court is expected to issue its ruling in 2006.

27. The background was that the Authority received information indicating that a large number of state and municipal procurements for asphalt contracting services in Sweden over a long period had involved cartel co-ordination in procurements. In October 2001 the Authority carried out a dawn raid on the undertakings involved. In December 2003 the Stockholm City Court issued an intermediate judgement and stated that the Competition Act can be applied even though the Swedish National Road Administration had been one of the participants in the cartel. The judgement has been appealed.

Ventilation – price cartel

28. The Competition Authority submitted a summons application to the Stockholm City Court concerning two undertakings in the ventilation industry. The Authority considers that the undertakings have been guilty of, amongst other things, illegal price co-operation in the procurement of ventilation contracting services. The Authority has petitioned that Keyvent and ABB Building Systems pay SEK 660 000 and SEK 23 million respectively in fines. For ABB Building Systems, the fine has been reduced by 50 percent since the undertaking provided assistance in revealing the infringement.

29. In August 2001, the Competition Authority received a visit from ABB which provided information about the results of an internal audit of its wholly-owned subsidiary ABB Contracting. The material indicated that illegal restrictions on competition had taken place between ABB Contracting and representatives of competitors and contractors on the market for ventilation sub-contractors. The Authority carried out a dawn raid of the undertakings involved in September 2001.

Car dealers – price cartel

30. The Competition Authority became aware that a dealer of Volvo cars had sent an e-mail to seven other dealers in southern Sweden with information which could indicate an agreement on prices. For this reason the Authority carried out a dawn raid in December 2002 on a number of undertakings in southern Sweden in order to gather evidence of a possible infringement. In November 2003 the Authority presented its preliminary decision to the undertakings involved. In connection with this Bilvia, one of the undertakings involved, issued a press release and admitted that the Competition Act had been infringed. The investigation continues.

## Bitumen

31. The Authority has initiated an investigation into possible anticompetitive co-operation between undertakings on the bitumen market (binding agent used in asphalt). In addition, one of the undertakings is suspected of abuse of a dominant position. In June the Competition Authority carried out a dawn raid on a number of undertakings in the industry. The inspection was based on information from the Swedish Board of Civil Aviation on the procurement for the third runway at Arlanda, and also on information which was received from the Authority's investigation into the asphalt industry. The investigation continues.

## Car rescue services

32. The Competition Authority has initiated an investigation into possible illegal co-operation over prices in the car rescue services industry. For this reason, the Authority carried out at the end of January a dawn raid on a number of car rescue companies in mid-Sweden. The investigation continues.

## Bus transport – discontinued

33. During Spring 2003, the Competition Authority received information that there could have been infringements of the competition rules in the procurement of bus transport in the region of Östergötland. The Authority started an investigation into five bus undertakings, but has now made a decision to close the case. The Authority's view is that there have been contacts between the bus undertakings prior to the procurement, but there is no evidence that these contacts constituted an infringement of the Competition Act.

## Diesel – discontinued

34. In connection with the investigation into alleged illegal co-operation on the market for petrol, the Authority found information indicating that the undertakings had also co-operated in an illegal way on the market for diesel fuel oil. The Competition Authority's investigation, however, has not provided enough evidence of an infringement of the prohibition against anticompetitive co-operation. The case was therefore closed.

## *Exemption/negative clearance*

### Bus transport at Arlanda - negative clearance

35. The Swedish Board of Civil Aviation applied for negative clearance in order to introduce a traffic barrier system for charging fees to bus operators at Arlanda airport. The traffic barrier system would be applied so that the undertakings which operated buses to the terminals inside the barrier would pay a fee each time. However, some bus operators would not pay any fee. The Competition Authority found that such an application would constitute abuse of the Swedish Board of Civil Aviation's dominant position and rejected the application for negative clearance.

36. The Swedish Board of Civil Aviation then requested to be able to apply the barrier system without differentiating between bus operators. The Authority considered that this application could not be regarded as abuse of a dominant position and thus granted negative clearance. The decision has been appealed.

### Postal services - exemption

37. The Competition Authority has examined an application from Posten Sweden and the petrol company OKQ8 for exemption for agreements on the establishment of a service network concerning postal

services. The agreements would mean that OK-Q8 take over parts of Posten's activities, such as sales of stamps, and the receipt and distribution of mail and packages. Since Posten and OK-Q8 in a supplementary agreement made changes to the agreements, the Authority granted exemption for the co-operation until 20 January 2008, since the amended agreements would not restrict competition.

### *Abuse of a dominant position*

#### ADSL - price squeezing

38. The Competition Authority is investigating a practice which affects the market for access to broadband. After four operators had complained about the pricing used by TeliaSonera concerning ADSL services (Asymmetric Digital Subscriber Line; a technical system which makes broadband connections possible via the ordinary telephone network), the Authority decided on its own initiative at the end of December 2001 to further examine the question.

39. The Authority is investigating whether TeliaSonera has operated what is called price squeezing with respect to competitors over ADSL services. Price squeezing can simply be described as occurring when the margin between the price TeliaSonera charges for the wholesale service of other operators and the price TeliaSonera charges its own final customers is so small that other operators cannot operate at normal profitability, but in practice run the risk of being excluded from the market. Price squeezing can be a form of contravention which is in conflict with the prohibition in the Competition Act against abuse of a dominant position. The investigation continues.

### *Notification of obstruction of justice*

40. The Competition Authority received notification from the undertaking, Asfaltgruppen, which in 2001 informed the Authority about the asphalt cartel where the undertaking, NCC, together with others was thought to have acted in contravention of the Competition Act. The Authority has called the owner of Asfaltgruppen as a witness in the coming case which has provisionally been scheduled for Spring 2005.

41. In its notification, Asfaltgruppen states that NCC by incorrect business methods is trying to retaliate and exclude the undertaking from the market. It is crucial that those who come forward and inform the Competition Authority on contraventions of the Competition Act are protected from retaliatory measures. For this reason, the Competition Authority has notified the public prosecution authority in Linköping as there are grounds for believing that representatives of NCC may have obstructed justice.

## **2.2 Mergers and acquisitions**

42. During 2003 no cases on concentrations have been submitted to an in-depth investigation or contained commitments.

## **3. The role of competition authorities in the formulation and implementation of other policies, e.g. regulatory reform, trade and industrial policies**

43. The Competition Authority proposes changes to rules and other measures to eliminate obstacles to effective competition. The proposals are often presented in reports and statements.

### **3.1 Reports**

- There is no such thing as a free lounge – a report on frequent flyer programmes
- Competition and co-operation in the Media

- Deposit systems for aluminium cans and PET bottles

Below follows a brief presentation of the contents of these reports.

*SAS EuroBonus leads to higher ticket prices*

44. The SAS bonus programme has led to increased switching costs and higher ticket prices, states the Competition Authority in its report "There is no such thing as a free lounge – a report on frequent flyer programmes". The report was commissioned by the Government and the Authority has examined the effects on consumers and competition of a restriction on the airlines' use of bonus programmes in the Swedish domestic aviation market.

45. From the investigation, it appears that the application by SAS of its EuroBonus programme creates a threshold against changing airline through switching costs. There is empirical evidence to suggest that the SAS bonus programme has had a market impact in the form of higher ticket prices for SAS travellers both in relation to other companies and in relation to periods when no bonus programme was applied. The increase in SAS ticket prices for business travellers compared to other airlines corresponds to approximately 12 percent of the average ticket price for airlines on competitive routes. The Authority's view is that the bonus programme ties in passengers and limits competition when applied by a dominant airline.

46. At the end of 2001 the Market Court prohibited SAS from fully applying its bonus programme. The Competition Authority takes the view that the loyalty effects of the EuroBonus programme on the Swedish domestic aviation market have been limited as a result of the court's decision. This has enabled new airlines to establish themselves in Sweden in competition with SAS. Sweden should work to develop a harmonised view within the EU/EEA on the effects of frequent flyer programmes on competition.

*Competition on the media market*

47. On a commission from the Government, the Competition Authority has identified and analysed structural problems in the media market. To improve competition on this market, the Competition Authority presents the following proposals:

- Clarify through legislation the applicability and scope of the Competition Act to the media area. The different views existing today create an unsatisfactory state of affairs in terms of legal predictability.
- Review concession fees for commercial local radio in order to increase interest in radio stations to work more independently and produce a larger number of local programmes.
- Review distribution support to the daily press in order to change or phase out support. The Commission on the press set up by the Government should be given the task of reviewing support for operations, and analyse the effects of possible withdrawal of support.
- Adapt Swedish legislation in the TV area so it is fully compatible with the EU's TV directive.

*Deposit system for better competition and improving the environment*

48. On a commission from the Government, the Competition Authority has identified and analysed whether the Swedish deposit system for aluminium cans and PET bottles restricts competition and trade. The Authority examined how more suppliers can be connected to the deposit system, and also how imports and parallel imports can be facilitated. Competition conditions for retailing soft drinks have been given special attention. The Authority has studied the deposit system for bottles made from PET plastic and aluminium cans. Glass bottles and the special problems connected with packaging of drinks containing alcohol were not part of the task.

49. The report "Deposit systems for aluminium cans and PET bottles" shows a system which has restrictive effects on competition and trade, and which makes it particularly difficult for small and foreign players to enter the Swedish market. The Competition Authority has categorised these effects into six problem areas and provided proposals for solutions:

- Change the law so that all deposit systems which can be regarded as a monopoly are compelled to admit and connect new players.
- Abolish the current exclusive right on the recycling of aluminium cans. Cans made of steel should be part of the same deposit system as aluminium cans.
- Remove the requirement that imported packaging always needs to be relabelled. If relabelling is required, it should be sufficient to attach special labels.
- Abolish current import and administration fees. In this way the costs of bringing packaging into the deposit system will be held down.
- Allow one single authority to take responsibility for supervision and control of the deposit system. Better supervision is needed to safeguard both competition and the environment.
- Limit current requirements for a handling permit and fee payable to the authority. This would facilitate the entry of new competitors and imports.

50. If the proposals were implemented, the Authority considers that the restrictive effects on competition and trade would decrease and the system would be more accessible, not least for small and foreign undertakings. These changes will have an impact on the opportunities for imports and parallel imports into the Swedish market.

51. Increased trade and competition on the soft drinks market will in its turn lead to advantages to consumers in the form of lower prices and a greater range of products. The level of prices in Sweden for non-alcohol drinks is approximately 16 percent above the average in the EU. A study commissioned by the Competition Authority shows that soft drinks cost SEK 0.50–0.70 more per litre than they otherwise would, due to the deposit system. As a result of the proposals submitted in the report, consumers could expect lower prices on soft drinks amounting to SEK 250 million per year. If more aluminium cans and PET bottles come into the deposit system, fewer will end up as litter or waste.

*Report on Nordic electricity*

52. In a joint report the Nordic competition authorities presented results indicating that a possible merger of two large electricity producers in the Nordic area could lead to higher electricity prices for consumers. However, the electricity producers would benefit. The report is called "A Powerful

Competition Policy. Towards a more coherent competition policy in the Nordic market for electric power". According to the simulation model used, a concentration leads to a higher price level during periods with a heavy load on the transmission networks, but it would not appear to have an impact on the market during periods when the load is low. The analysis strengthens the Authority's view that possible major changes in structure in the Nordic electricity industry must be carefully examined.

53. In general, regulatory reform of the Nordic electricity market has been successful, even though there still remain certain obstacles to competition. According to the report, increased transmission capacity between countries would improve competition. The concentrated market, where cross-ownership and joint ownership of production facilities influence the competition situation, is mentioned as a competition problem. Bottlenecks in the transmission system mean that Nordic countries can to some extent still be regarded as different geographical markets. It is also possible for a small undertaking to exercise market power. In order to strengthen competition in the long-term, increased co-operation between the different authorities in the Nordic countries is important.

#### *Research reports*

54. The Competition Authority has issued a number of reports during the year presenting the findings of research commissioned by the Authority. We have also produced the research anthology "The Pros and Cons of Low Prices". The report "High prices in Sweden – a result of poor competition?" contains the analysis which provided the foundation for the report issued in 2002 "Swedish prices can be reduced!". Contributions to the report come from the Transport Research Institute, Statistics Sweden, the Swedish Institute for Food and Agricultural Economics, Göteborg University and the Research Institute of Industrial Economics/University of Colorado.

55. The report "Markets in the information age" is a contribution to the debate and research on changing market conditions which are being encountered today. In markets characterised by rapid change, the great challenge for the authorities is both to safeguard incubation conditions for innovation and effectively deter undertakings from creating obstacles to competition. Researchers have been invited to contribute to the report with essays based on their own material. They take up such aspects as market delimitation in high-technology industries, standardisation and sharing of patents, electronic trade and downloading music from the Internet.

#### *Reporting on Systembolaget*

56. In connection with Sweden's accession to the EU in 1995, the Competition Authority was commissioned to monitor Systembolaget, the retail monopoly for sales of alcohol beverages, and that it functions in a non-discriminatory way, so that all products have the same opportunity to reach Swedish consumers according to objective criteria and in a transparent way. This involves reporting twice a year to the European Commission on how Systembolaget's retail monopoly is functioning.

57. In the second report of the year, the Authority drew particular attention to the charges of bribery and other malpractices, as well as ongoing investigations, which will provide the foundation for further investigation and analysis by the Authority. The Authority also took up changes in the conditions for travel allowances, and also the Swedish rules for private imports, which the European Commission has questioned.

#### *Consequences for consumers – the telecom market*

58. The Competition Authority has co-operated with the Swedish Consumer Agency in their task of carrying out systematic studies of the consequences for consumers arising from markets recently exposed to competition.

59. The report "Consequences for consumers arising from markets recently exposed to competition – the telecom market" drawn up jointly by the Swedish Consumer Agency, the Competition Authority and the National Post and Telecom Agency, states that exposing the telecom market to competition has now led to the establishment of a range of active operators on the market for fixed telephony. The report also presents certain consumer problems on the market. One important conclusion, however, is that since the market was opened to competition, consumers have obtained a significantly wider range of choice, as well as access to a very broad range of telephony services.

### **3.2 *Statements of opinion***

60. By giving its views on proposals in reports and investigations, the Competition Authority at an early stage can influence the drafting of proposals and future decisions. The Authority devotes particular interest to proposals concerning finance, food, building and housing areas, as well as markets deregulated during the 1990s, such as the electricity and telecom markets. Here we present a selection of the 150 statements of opinion we submitted during 2003.

#### *Battery recycling*

61. The Competition Authority submitted its views to the Government on the European Commission's consultation on changes to the battery directive. The Authority would prefer a system where producers take responsibility for recycling and collection of batteries, instead of voluntary agreements between producers. The aim is to reduce the risks of anticompetitive behaviour between undertakings and to keep barriers to entry as low as possible thereby enabling new or potential undertakings to enter the market. Anticompetitive co-operation is made easier where regular meetings take place, for instance, through the framework of voluntary environmental co-operation between competing undertakings (Dnr 290/2003).

#### *The electricity market*

62. The Competition Authority submitted its views to the Government on the Swedish Consumer Agency's report "Consequences for consumers of markets recently exposed to competition – the electricity market". The Competition Authority shares the view that opening up the electricity market to competition has led to certain difficulties for consumers. The Authority considers that the problems are due i.a. to the continuing insufficient separation between the network monopoly and the activities exposed to competition within the same energy group.

63. Above all the community of interest between transmission companies and their affiliated electricity trading companies creates a risk that they will treat competing electricity trading companies worse, for example, when changing supplier. Insufficient separation also means that competition can be distorted through the possibility of cross-subsidisation between the net monopoly and other activities. It is important that the proposals for customer information, price comparisons, metering and sanction systems are implemented as soon as possible (Dnr 65/2002).

#### *EU's agricultural policy*

64. The Competition Authority submitted its views to the Government on "Referral for consideration of the mid-term review of the common agricultural policy: a long-term policy for sustainable agriculture". The regulation of agriculture within the EU is characterised by a complicated and somewhat confusing structure. The Competition Authority considers that the very foundations of agricultural policy must be reformed. The regulations prevent available resources from being used efficiently for the benefit of the national economy and consumers. According to the Authority, agricultural policy, which has so far been producer oriented, should instead become more consumer oriented (Dnr 132/2003).

*Services in the public interest*

65. The Competition Authority submitted its views to the Ministry of Foreign Affairs on the European Commission's Green book on services in the public interest, for example, postal services and communications. The Competition Authority emphasises that it is both a Community interest and a national interest that further service areas are opened up to competition and that competition takes place on as equal conditions as possible.

66. The Competition Authority is concerned that a general Community regulatory system in this area would be diluted and unlikely to function effectively. Sector specific legislation would still be needed. Such legislation should be designed so that the relevant market can be developed in a direction where, after a transitional period, general competition law would be a sufficient instrument for safeguarding effective competition. It is important to counteract attempts from individual states to exclude competition in order to protect nationally dominant undertakings. The Authority would prefer national supervisory bodies in preference to a common European regulatory body (Dnr 642/2003).

*European Convention on the future of the EU*

67. The Competition Authority submitted its views to the Ministry of Foreign Affairs on the proposals of the European Convention for the future Constitution of the EU. In general terms, the Authority considers it is positive that the distribution of powers between EU institutions is clarified, that decision-making instruments and decision procedures are simplified and clarified, and that the principle of public access is extended.

68. In those parts relating to competition rules, the Authority considers that the proposal would not lead to any material changes in relation to the currently applicable treaty text. It is important that rules and their application are kept up-to-date with changes in different markets so that competition takes place on equal conditions and positive development is promoted. Rapid adaptation will be facilitated by clear distribution of competence between different organs and by effective decision-making forms (Dnr 564/2003).

**IV. Resources of competition authorities*****I. Resources overall:***

*a) Annual budget: SEK 85.6 million (equivalent to USD 11.73 million in January 2003)*

*b) Number of employees (person-years):*

Economists	45
Lawyers	38
Other professionals	7
Support staff	18
All staff combined	108

**2. Human resources (person-years) applied to:**

a) Enforcement against anticompetitive practices;	64
b) Merger review and enforcement;	8
c) Advocacy efforts;	40

**3. Period covered by the above information: 2003**

**V. Summaries of or references to new reports and studies on competition policy issues**

*Available in English from the Swedish Competition Authority*

The Swedish Competition Authority. Functions and Organisation (April 2004)

Annual Report 2003 of the Swedish Competition Authority

Deregulation of the Swedish Electricity Market (1996:3)

Competition on Deregulated Markets (1996:4)

The Environment, Trade and Competition - playing rules for efficient markets (1998:1)

Deregulated markets in Sweden - a follow-up study. A report from the Swedish Competition Authority (1998:3)

Parallel Imports - Effects of the Silhouette Ruling. A report from the Swedish Competition Authority (1999:1)

The development of competition in Sweden in the 1990s - An executive summary of the report 2000:1

Sweden - a Part of the Single European Market. Why are there still price differentials? - An executive summary of the report 2000:3

Fighting Cartels – why and how? From The 3<sup>rd</sup> Nordic Competition Policy Conference in Stockholm September 2000

Evaluation of Optiroc's acquisition of Stråbruken – A summary, 2001

The mobile telecommunications market in Sweden from a consumer and competition perspective. Report 2001:3

The Pros and Cons of Merger Control. Contributions to the 10<sup>th</sup> Anniversary of the Swedish Competition Authority 2002

Competitive Airlines. Towards a more vigorous competition policy in relation to the air travel market. Report from the Nordic competition authorities, 2002

Safeguarding and promoting competition. What are the requirements for increasing consumer benefits? – Summary of the report 2002:2

Competition in Sweden 2002 - Executive summary of the report 2002:4

The price level in Sweden – a summary of the report 2002:5

Sweet Fifteen: The Competition on the EU Sugar Markets. Swedish Competition Authority Report 2002:7

The Pros and Cons of Low Prices. Swedish Competition Authority 2003

Commitments concerning concentrations between undertakings - Summary of a report from a Nordic working group 2003

A Powerful Competition Policy. Towards a more coherent competition policy in the Nordic market for electric power. Report from the Nordic competition authorities No. 1/2003

Markets in the Information Age. Swedish Competition Authority Report, July 2003

High prices in Sweden - a result of poor competition? Swedish Competition Authority Report, July 2003

There is no such thing as a free lounge – a report on frequent flyer programmes. Swedish Competition Authority Report 2003:1

Deposit systems for aluminium cans and PET bottles. A summary of the report 2003:3

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