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ANNUAL REPORT ON COMPETITION POLICY DEVELOPMENTS IN SWEDEN

-- 2011 --

This report is submitted by Sweden to the Competition Committee FOR DISCUSSION at its forthcoming meeting to be held on 13-14 June 2012.

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TABLE OF CONTENTS

Executive Summary	3
1. Changes to competition laws and policies proposed and adopted	3
2. Enforcement of competition laws and policies	3
2.1 Action against anti-competitive practices, including agreements and abuses of dominant position.....	3
2.2 Description of significant cases, including those with international implications	4
2.3 Mergers and acquisitions	5
2.4 Stakeholders' views	6
3. The role of the competition authority in the formulation and implementation of other policies, e.g. regulatory reform, trade and industrial policies.....	7
3.1 Advocacy	7
3.2 Research.....	8
3.3 Knowledge	10
3.4 Public procurement	11
3.5 International work.....	14
4. Resources of the Swedish Competition Authority	15
4.1 Resources overall.....	15
4.2 Human resources (person years) applied to:	15
4.3 Period covered by the above information	15
4.4 Organisational reform	16
5. Summaries of or references to new reports and studies on competition policy issues.....	16
5.1 Food and market	16
5.2 Twelve ways to detect bid-rigging cartels	16
5.3 Annual Report for 2011	16
5.4 The Pros & Cons series.....	16

Executive Summary

1. 2011 was an eventful year. The Swedish Competition Authority (SCA) launched 21 judicial proceedings, which is more than during any other previous year.¹ The Authority also conducted 10 unannounced inspections, also a record high number compared to previous years.

2. The new powers of the SCA to go to court seeking the imposition of fines for the illegal direct award of a contract have yielded results. It is expected that the new case-law will make more authorities comply with the procurement rules in the future. However, continued effective enforcement and advocacy efforts by the SCA will of course be required. We also brought several cases under the new rules prohibiting anti-competitive activities by public entities before the courts. Also in this area, the SCA must continue its enforcement and advocacy efforts in order to shape administrative behaviour and judicial practice.

3. The Stockholm City Court agreed with the SCA in all respects and found that the telecommunications company TeliaSonera had abused its dominant position in the broadband/ADSL market by means of margin squeeze.

4. We initiated four in-depth merger reviews. We requested the Stockholm City Court to prohibit the acquisition by broadband provider Com Hem of rival provider Canal Digital. The transaction was subsequently abandoned by the parties. In another case, Sweden's largest dairy company, Arla, undertook to dispose of a dairy plant and certain trade marks in order to secure clearance of its acquisition of a competing dairy, in a case that also raised failing firm issues.

1. Changes to competition laws and policies proposed and adopted

5. No amendments to competition laws and policies have been proposed or adopted in 2011.

2. Enforcement of competition laws and policies

2.1 *Action against anti-competitive practices, including agreements and abuses of dominant position*

2.1.1 *Summary of activities of the Swedish Competition Authority*

- Anti-competitive cooperation and abuse of dominant position

During 2011, the SCA made 138 decisions pursuant to Chapter 2, Articles 1 and 7 of the Swedish Competition Act and Articles 101 and 102 of Treaty on the Functioning of the European Union (TFEU). Several investigations were closed due to the parties eliminating the competition concerns in the course of the investigation.

During the year, the Authority issued one fine order and one commitment decision subject to a penalty payment in case of default.

¹ This figure includes proceedings pursuant to the Swedish Competition Act and Articles 101 and 102 TFEU, as well as the Swedish Public Procurement Act.

- Mergers

The SCA adopted 57 decisions relating to concentrations between undertakings. In one case, the SCA requested the Stockholm City Court to prohibit an acquisition. In-depth investigations were carried out in four cases and in one case the SCA accepted commitments, subject to a penalty payment in case of default.

- Anti-competitive sales activities by public entities

The SCA made 21 decisions on cases relating to anti-competitive activities by public entities. The SCA instituted proceedings before the Stockholm City Court to prohibit anti-competitive activities by public entities in three cases.

- Tip-offs and complaints

The SCA received around 1,000 tip-offs and complaints from companies, customers and consumers in 2011. Approximately 80 of these related to anti-competitive sales activities by public entities and 340 related to public procurement, including illegal direct award of contracts, unclear contract documents or decisions that were being called into question by suppliers.

2.1.2 *Decisions and rulings of the courts in 2011*

- The Stockholm District Court - ADSL

The Stockholm City Court ordered the telecom company TeliaSonera to pay SEK 144 million (EUR 16 million), as requested by the SCA, in administrative fines for abusing its dominant position in the broadband market through margin squeeze.

In 2009, the City Court had requested a preliminary ruling from the European Court of Justice asking a series of questions on the interpretation of Article 102 TFEU. In the preliminary ruling of 17 February 2011, the Court confirmed, *inter alia*, that margin squeeze is a standalone abuse, regardless of whether the dominant has a legal obligation to supply its downstream competitors.

2.2 ***Description of significant cases, including those with international implications***

2.2.1 *Anti-competitive cooperation*

- Fine order – transport of combustion residues

The SCA issued a fine order regarding two companies in the contracting sector that were found guilty of prohibited cooperation during procurement of the transport of residual products from incineration. The two companies agreed to pay SEK 175,000 (EUR 19,370) and SEK 293,000 (EUR 32,430) respectively. (Ref. no. 327/2010)

- Swedish Automobile Sports Federation – obligation subject to a fine for default

The SCA decided to impose an obligation on the Swedish Automobile Sports Federation. The Federation was obliged to amend its common rules so that they no longer prevented license holders from applying for, participating in or being functionaries at motor races that have not been sanctioned by the Automobile Sports Federation. This obligation is subject to a penalty payment for default of SEK 1 million (EUR 110,700). An appeal against this decision has been made to the Market Court, which is the specialized and final court when it comes to cases related to the Swedish Competition Act. (Ref. no. 709/2009)

2.2.2 *Abuse of a dominant position*

- Suspected abuse of a dominant position – financial sector

The SCA opened an investigation into whether OMX and Verizon Sweden have violated Chapter 2 Article 1 of the Swedish Competition Act and Article 101 TFEU by having agreed or concerted to foreclose OMX competitor Burgundy from the market for trading in Nordic securities. Since OMX is likely to be dominant in this market, OMX may also have breached Chapter 2 Article 7 of the Competition Act and Article 102 TFEU through an exclusionary abuse. (Ref. no. 629/2010)

2.2.3 *Anti-competitive sales activities by public entities*

- Summons application – Mälarenergi

The SCA submitted a summons application to the Stockholm City Court requesting that Mälarenergi Stadsnät in the Municipality of Västerås be prohibited from conducting sales activities in the Municipalities of Eskilstuna and Hallstahammar. The summons application also includes a request for a penalty payment of SEK 3 million (EUR 332,100) in the event of default. (Ref. no. 438/2011)

- Summons application - Räddningstjänsten Dala-Mitt

The SCA submitted a summons application to the Stockholm City Court requesting that the municipal company Räddningstjänsten Dala-Mitt (Dala-Mitt Rescue Services) be prohibited from refusing competitors access to a rescue training area owned by the municipal authority. The summons application also includes a request for a penalty payment of SEK 1 million (EUR 110,700) in the event of default. (Ref. no. 392/2011)

- Summons application – Skelleftebuss

The SCA submitted a summons application to the Stockholm City Court requesting that the municipal company Skelleftebuss be prohibited from selling bus charter services to customers other than the Municipality of Skellefteå. The summons application also includes a request for a penalty payment of SEK 1 million (EUR 110,700) in the event of default. (Ref. no. 391/2011)

2.3 *Mergers and acquisitions*

2.3.1 *Statistics on number, size and type of mergers notified and/or controlled under competition law*

6. The following table shows the number of new cases registered during 2011 under the Competition Act and the number of decisions during the same period. The total number of cases pending at the end of 2011 amounted to ten.

	2010	2011
Registered new merger cases	57	63
Merger decisions	58	57

2.3.2 *Summary of significant cases*

- Arla's purchase of Milko

The SCA conducted an in-depth investigation of the dairy group Arla's acquisition of Milko, a competing dairy. Customers and competitors of both companies expressed concerns about the consequences of the acquisition. For example, there was a risk of a reduction in the range of available products, as well as of higher prices for consumers. Following an in-depth investigation, the SCA decided to approve the merger, subject to the divestiture of Milko's largest dairy and biggest brands. The commitment decision was combined with a penalty payment of SEK 100 million (EUR 11.1 million) in the event of default. (Ref. no. 445/2011)

- Com Hem's purchase of Canal Digital

The SCA conducted an in-depth investigation of Com Hem's acquisition of Canal Digital. Both companies supply broadband and television services to households. After an in-depth investigation, the SCA decided to submit a summons application to the Stockholm City Court requesting the prohibition of the acquisition. The SCA subsequently withdrew its application when Com Hem announced that the parties no longer intended to proceed with the transaction. (Ref. no. 513/2011)

2.4 *Stakeholders' views*

7. It is stated in the Annual Governmental Appropriation Directions for 2011 that the SCA should report and comment on the views of its stakeholder regarding its law enforcement work. The SCA's most important stakeholders are: large companies (200 employees or more), SMEs, trade associations, municipal authorities and county councils, business lawyers, journalists and the group 'public authorities and agencies'. This was the nineteenth year in a row that the SCA has conducted a stakeholder survey. The findings of the survey conducted by Institutet för kvalitetsindikatorer are briefly summarized below.

2.4.1 *Effects*

8. All interest groups have a very positive attitude towards competition and hold the view that competition benefits consumers. As regards the question about whether the Swedish Competition Act has helped to generate properly functioning markets, most respondents in all of the interest groups consider this to be the case, with the exception of the group 'public authorities and agencies'. It is alarming that the belief that stakeholders are knowingly breaching the Act has increased among all interest groups, with the exception of large companies and trade associations. Most respondents in all sub-groups, with the exception of the group 'public authorities and agencies', think that the SCA is actively counteracting adverse restrictions on competition. The negative attitude of public authorities and agencies is probably linked to the enlargement of our compliance functions within public procurement and sales activities by public entities.

2.4.2 *Attitude*

9. The general attitude towards the competition legislation is quite similar among the various interest groups. The proportion of positive respondents ranges from 49 per cent (small enterprises) to 72 per cent (trade associations), which is slightly less than the previous year. A clear majority of those who have been in contact with the SCA awarded it high marks for accessibility, response and competence.

2.4.3 *Confidence*

10. When taking into account all the interest groups, 57 per cent answered that their level of confidence in the SCA was 'high' or 'very high'. The corresponding figure was similar in 2010. The proportion of respondents with a high level of confidence is lowest among small enterprises (40 per cent) and highest for trade associations (73 per cent).

2.4.4 *Assessment of the SCA's handling of cases*

11. The overall opinion of respondents who assessed our handling of merger notifications was positive. Most respondents awarded high marks in respect of all of the detailed questions about the handling of their cases. There was a marked fall in the proportion of negative views compared to 2010.

12. Most respondents who had been in contact with the SCA regarding other competition issues thought that it had been easy to get in contact with us and were satisfied with the response they received. The score improved slightly regarding the SCA's understanding of the case, the competence and knowledge of SCA's staff and regarding information about the handling of the case. More respondents were positive in relation to how transparent our handling of the case was compared with last year (41 per cent positive compared to 36 per cent for the previous year, 23 per cent negative compared to 32 per cent in 2010).

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

3.1 *Advocacy*

13. One of the tasks of the SCA is to be aware of obstacles to effective competition in public and private operations. The SCA must follow up developments within the area of competition and, where necessary, formulate proposals for opening up competition and for regulatory reform through reports, responses to official consultations and official communications to the Government. The SCA also provides comments and opinions to other public authorities that would like to obtain its views on a particular issue, for example proposals for legislative amendments.

3.1.1 *Reports*

14. In our reports we analyse how different markets function and present proposals for improvement measures.

- Food and market – from farmer to the table

At the request of the Government, the SCA made an inquiry of the food market. The report includes a competition analysis of all the levels of the food market. The SCA concludes that there is a high concentration both in the Swedish retail of daily consumer goods and in the food industry. A small number of undertakings account for a large proportion of activities within both of these sectors. While economies of scale can sometimes be good for consumers, high concentration may lead to a weakening of competition. However, the SCA concluded that competition in the food market generally functions relatively well. (SCA report series 2011:3)

3.1.2 *Official communications to the Government*

- Following up anti-competitive sales activities by public entities

In 2011, the SCA took the initiative to report in an official communication to the Government on its work to enforce the Competition Act rule on anti-competitive sales activities by public entities, which was introduced on 1 January 2010. The official communication includes a description of the work undertaken by the SCA to enforce the new rules, the number of cases submitted, measures taken by stakeholders to rectify identified competition problems and the need for continued follow-up. (Ref. no. 265/2011)

3.1.3 *Responses to official consultations*

15. By commenting on proposals contained in reports and other inquiries, the SCA can become involved in and influence the preparation and drafting of legislative proposals and decisions at an early stage. For example, the SCA attended a public questioning at the Parliamentary Committee on Health and Welfare in April 2011 relating to our experiences concerning the reregulation of the pharmacy market. The following is another example:

3.1.4 *Important to develop the Internal Market*

16. In the SCA's statement of opinion concerning a Communication of the European Commission entitled 'Internal Market Power – The Way Forward', we support the Commission's initiative to create Internal Market Power. The SCA welcomes in particular proposals to develop e-commerce, e-signatures, amend the regulatory framework for standardisation, the simplification and modernisation of the procurement rules, service concessions and the development of energy infrastructures. (Ref. no. 609/2010)

3.2 **Research**

17. The SCA has a special Government appropriation to be used to contribute to research in both the areas of competition and public procurement. The appropriation for 2011 was just over SEK 14 million (EUR 1.5 million). The research should result in an increased level of knowledge among the SCA's staff and stakeholders. The SCA primarily finances research in the fields of law and economics.

3.2.1 *The Pros and Cons series*

18. The SCA has for several years published a series of books and arranged research conferences to describe different aspects of key issues relating to competition and procurement in order to disseminate and deepen understanding of these issues. The theme for this year was "The Cost of Different Goals of Public Procurement" and on 11 November the various authors presented their contributions to the book at the 10th international conference in the Pros and Cons series. Those attending the conference included around a hundred researchers, people from the academic community, lawyers and representatives of competition authorities from some 15 countries. The SCA published a research anthology entitled The Pros and Cons of Consumer Protection in conjunction with the conference.

3.2.2 *Research seminar*

19. This was the fourth time that the SCA arranged an international workshop on research in the areas of competition and procurement together with, among others, Uppsala University. There was a great deal of interest among those invited to attend.

3.2.3 *Projects granted support in 2011*

20. Our most important task within the area of research is to support research projects. Over the year we received 22 applications for research grants within the areas of competition and procurement. The SCA granted a total of SEK 6 million (EUR 664,190) for six new research projects in the field of competition and three in the field of procurement. The SCA also allocated about SEK 5.5 million (EUR 608,840) for ten on-going projects, seven of which involve competition research.

21. The following shows the new research projects that refer in particular to competition issues:

- The market economy and systems of choice
- Municipal entrepreneurship as a restriction of competition – the perspective of businesses
- Competition and risk-taking: An experimental approach
- Market power and price responses in Swedish food markets: The case of coffee
- Organizing a Nordic conference in industrial organization in Copenhagen
- Organizing a research conference on industrial economics

3.2.4 *Commissioned research*

22. The SCA contracts outs ‘commissioned research’ where the Authority sees a direct need to investigate a certain area or where there is a particular issue that requires clarification. Findings are generally published in a special report series for commissioned research.

23. In 2011, the SCA published the following commissioned research reports:

- The Effects of Firm Size and Network Span on Return on Capital in Swedish Electricity Distribution,
- Business Activity and Exclusive Right in the Swedish PSI Act.

3.2.5 *Essay competition*

24. The SCA organises an annual essay competition to promote interest in competition and procurement issues among students. The competition is open for all subjects relevant to the activities of the SCA. Twenty-seven essays were submitted in 2011 and six winners shared the reward of SEK 75,000 (EUR 8,300).

3.2.6 *Council for Research Issues*

25. The Council for Research Issues has been assigned to foster research in the areas of competition and procurement and to present the SCA with the results of developments, primarily within those fields of law and economics that are relevant to its activities. Members of the Council are appointed by the SCA for a term of two years. The Council met three times in 2011 to discuss general research issues, process applications for research grants and entries for the essay competition.

3.3 *Knowledge*

26. The SCA has the task of disseminating knowledge regarding the content of competition rules and SCA's enforcement of the latter. The following are some of the initiatives implemented by the SCA in 2011.

3.3.1 *Official communications to the Government*

27. *The SCA's initiative to improve service and guidance for entrepreneurs:* In an official communication to the Government, the SCA reported on the initiatives the Authority has taken to further develop and improve services directed at prospective and existing entrepreneurs, *inter alia*, through information and guidance. For example, we describe our tip-off function, information about the healthcare choice reform for entrepreneurs and information activities relating to new features of the Competition Act. (Ref. no. 546/2011)

3.3.2 *Raising awareness about bid-rigging cartels*

28. In 2011, the SCA continued to prioritise the fight against bid-rigging cartels. The SCA's campaign aimed to make public procurers aware of certain patterns in public procurement that may signal the existence of a cartel. We held several meetings across the country, the largest of which was held in Stockholm and was attended by over 400 people, where we provided information on how to detect bid-rigging cartels. This year we translated our checklist entitled 'Twelve ways to detect bid-rigging cartels' and a leaflet into English.

3.3.3 *Information on leniency and trading prohibitions*

29. The SCA previously produced a film, primarily aimed at companies and managers, about the possibilities of avoiding fines for those who are first to inform us about an illegal cartel. The film is available in both Swedish and English languages and can be found on the SCA's website, as well as on Youtube. Last year, we showed the film through various channels, directed at the primary target group for the message.

3.3.4 Ungkonsument.se

30. The SCA cooperated with the Swedish Consumer Agency on a joint website called ungkonsument.se. This website is steadily getting more visitors and is updated at regular intervals. Teachers in primary and secondary schools use the website in their teaching and there is an adapted lesson tool. Ungkonsument.se also has its own page on Facebook.

3.3.5 www.konkurrensverket.se

31. The SCA's website is its primary channel for getting out information and knowledge to the Authority's stakeholders. The website has around half a million visitors every year. The SCA launched a new version of the website in January. This was produced following extensive qualitative and quantitative evaluations among the Authority's most important stakeholders.

3.3.6 *Electronic newsletter 'Competition'*

32. This electronic newsletter is issued once a month and provides 2,500 subscribers with current information about what is happening in the area of competition.

3.3.7 *Speeches*

33. Trade associations, municipalities, universities and other institutions are welcome to engage SCA's staff as speakers. Presentations are often published on the SCA's website.

3.4 *Public procurement*

34. Supervisory activities have been prioritised and the focus of the SCA's compliance work was on the illegal direct award of contracts and actions for procurement fines. In 2011, the SCA submitted seven applications to the administrative court for procurement fines on our own initiative and made eight applications for mandatory procurement fines. In addition, the SCA adopted 22 other supervisory decisions in accordance with the public procurement laws. The Authority has also carried out supervision in accordance with the Act on System of Choice in the Public Sector.

3.4.1 *Law enforcement and supervision*

35. The following is a list of the most important applications for procurement fines submitted to the administrative court by the SCA on its own initiative in 2011.

	Authority	Procurement fine requested	Reason
Government authority	Akademiska hus (Ref. no. 348/2011)	SEK 10 million (EUR 1.1 million)	Akademiska hus conducted the direct award of a works contract worth approximately SEK 1 billion (EUR 110.7 million).
	Swedish Migration Board (Ref. no. 435/2011)	SEK 5.5 million (EUR 608,840)	The Swedish Migration Board conducted the direct award of a contract for rebuilding work worth SEK 69 million (EUR 7.6 million).
Municipality/ county council	Municipality of Falun (Ref. no. 739/2011)	SEK 10 million (EUR 1.1 million)	Municipality of Falun conducted the direct award of a contract for street maintenance and operation at a value of SEK 161 million (EUR 17.8 million).

36. *Supervision project for service concessions.* Last year, the SCA concluded a report regarding pitfalls for works contracts. We also conducted an investigation into the enforcement of exceptions for service concessions. The intention of the investigation was to find out how the exception is being enforced among contracting authorities and to identify contracts that have been incorrectly classified as service concessions. (Ref. no. 402/2011)

37. *The SCA monitors legal developments.* The SCA has been assigned to monitor and report on both national and international developments in the field of public procurement. The SCA's database for court rulings contains judgments from administrative courts, administrative courts of appeal and the Supreme Administrative Court. The database also contains rulings from EU courts.

38. *The Public Procurement Issues Council.* The Public Procurement Issues Council provides important support to the SCA. The Council is a forum for the exchange of experience about both general procurement issues and measures to support the development of effective public procurement. Council Members are appointed by the SCA.

39. *Stakeholders' views on enforcement.* This was the fifth year in a row that we have conducted a stakeholder survey focusing solely on issues relating to public procurement. The survey has been conducted by *Institutet för kvalitetsindikatorer*.

40. *Attitude.* The proportion of respondents with a positive attitude ranges from 24 per cent (small enterprises) to 39 per cent (public authorities and agencies). The proportion of respondents who are positive to public procurement has fallen for all interest groups, with the exception of the group ‘municipal authorities and county councils’ where the proportion remained the same as in 2010 (37 per cent). Uncertainty, among other things as a consequence of several on-going investigations in the area of procurement, may have caused this reduction in the number of positive respondents.

41. *Assessment of the SCA’s handling of cases.* This was the fourth year in a row that we have conducted a survey of individuals who have contacted us about procurement issues. The proportion of respondents who awarded us high marks was higher for all questions compared with last year. Seventy-five per cent of those questioned were satisfied with the response they received and the proportion of respondents who were positive about the competence and knowledge of staff rose from 55 per cent to 69 per cent. There was a high proportion of first-time contacts with the SCA (60 per cent). Seventy-six per cent stated that they would contact the SCA again if they encountered any problems relating to procurement. The ambition of the SCA is to continue its work to increase the proportion of respondents who consider that they are able to find out information about their case quickly and easily.

3.4.2 *Advocacy*

42. Turnover from public procurement in Sweden is approximately 16-19 per cent of GDP, corresponding to around SEK 500-600 billion (EUR 55-66 billion). Public procurement thus represents a large and important part of the national economy. Public procurement may also promote better preconditions for SMEs to enter and grow in various markets. In light of this, the SCA has on a number of occasions presented proposals for tangible improvement measures over the year directed at both the legislator and public procurers. These proposals are contained in SCA reports, responses to official consultations and official communications to the Government.

43. *Figures and facts for public procurement.* This report provides a short introduction to public procurement and presents basic facts and statistics. The report contains among other things statistics on numbers and values of procurements with prior publication in Sweden and how many procurements have been reviewed. (SCA report series 2011:1)

44. *Pitfalls in the procurement of works contracts.* A lack of knowledge may lead to major procurements of works contracts being conducted in violation of the applicable rules. The SCA has on its own initiative reviewed a number of public procurements of works contracts conducted by municipal authorities and government authorities. This supervision resulted in four cases of illegal direct award of contracts being revealed. The report is intended for contracting authorities and suppliers that would like to improve their knowledge about the rules governing public procurement of works contracts. (SCA report series 2011:2)

45. *Food and market – public procurement.* Public procurement has increasingly been used as a means of achieving targets in other policy areas – environmental, social and ethical considerations as well as animal welfare. However, the requirements imposed on, for example, the procurement of food products to achieve such objectives often restrict competition and may be in conflict with public procurement rules. (SCA report series 2011:4)

46. *Better statistics for public procurement.* The SCA has conducted a pilot project to collect procurement statistics from notices and award notices. A lack of follow-up and statistics makes it difficult to differentiate between good and poor procurement. The report presents proposals for how statistics can be improved in order to contribute to better procurements and a more effective use of taxpayers’ money. (SCA report series 2011:5)

47. *Follow-up of healthcare choice systems – interim report.* The Government assigned the SCA to follow up the work of county councils in relation to healthcare choice systems from a competition perspective. An interim report relating to specialist outpatient care was submitted to the Ministry of Health and Social Affairs on 13 May 2011, followed by a final report in February 2012. (SCA report series 2012: 2)

48. *Clarification of procurement rules.* In a statement relating to the European Commission's Green Paper on the Modernisation of EU Public Procurement Policy, the SCA is of the opinion that the original objective of the procurement rules – to increase the effectiveness of public expenditure – must be shown more clearly. According to the SCA, the amended procurement legislation should be based on four fundamental principles: simpler rules, satisfactory information, transparency and an effective legal system to prevent infringements of the procurement rules. (Ref. no. 141/2011)

3.4.3 Research

49. Over the year we received 22 applications for research grants within the areas of competition and procurement. The SCA granted funds for six new projects within competition research and three within procurement research, jointly amounting to SEK 6 million (EUR 664,190). We also paid out around SEK 5.5 million (EUR 608,840) for ten on-going projects, of which the following three involve research relating to procurement.

- Mandatory considerations
- Procurement and competition
- Following up the quality of procured elderly care

50. The SCA published the following commissioned research reports in 2011:

- Strategically unsound tendering in public procurement
- Barriers to entry for private care centres

51. The SCA organized an international research conference with the topic 'What should be the objectives of public procurement?' with people attending from 25 countries. This conference coincided with the introduction of Sweden's chairmanship of the Public Procurement Network.

3.4.4 Knowledge

52. It is the task of the SCA to promote a uniform implementation of the national public procurement rules and provide contracting authorities, contracting entities and suppliers with appropriate information about important decisions, the SCA's implementation of the rules and the content of these rules. This year, the SCA focused specifically on information about procurement fines. The Authority also prioritized information that helps to make it easier for SMEs to be able to participate in public procurement and for them to want to do so.

53. *Environmental and social requirements in public procurement.* An increasing number of contracting authorities and entities are imposing various forms of environmental and social requirements in conjunction with public procurement. For this reason, the SCA has produced a document illustrating the consequences of this form of requirement. This document has been distributed within the public sector, to trade associations and to other stakeholders.

54. *Act on Systems of Choice in the Public Sector*. The SCA published a document last year on systems of choice, which was directed at contracting authorities and suppliers. The document contains basic information about the Act on Systems of Choice in the Public Sector.

55. *Electronic newsletter 'Procurement'*. The newsletter is issued once a month and provides 3,000 subscribers with current information about what is happening in the area of procurement.

3.5 *International work*

3.5.1 *Competition*

- European Competition Network (ECN)

The SCA cooperates closely with the European Commission and the competition authorities of the Member States (NCAs) within the framework of the European Competition Network in the application of Articles 101 and 102 TFEU. For example, the SCA carried out five unannounced inspections at the request of the European Commission and NCAs. The SCA also assisted one NCA by requiring a Swedish company to submit written information.

- Nordic cooperation

The Nordic competition authorities have liaised closely for many years now. The 52nd meeting was held in Helsinki in August. Vertical agreements and merger control were among the items discussed at the meeting. A meeting was also held relating to the work on a joint Nordic report led by the SCA, to be finalised in 2012. The Nordic report will contain thematic in-depth studies on the impact of competition policy on health care, on the prospects for economic growth, on the innovation climate and on consumer benefits, as well as an analysis of the methods for the effective implementation of competition policy. It will also contain an overview of the legal and institutional framework for competition policy implementation in the Nordic countries. A workshop on dominance issues was also held under the auspices of the SCA.

- International Competition Network (ICN)

In 2011, the SCA led a working group focusing on the abuse of market power together with two other competition authorities – Bundeskartellamt (Germany) and the Federal Trade Commission (US). We actively participate in all of the ICN's working groups.

- Other cooperation

Last year, the SCA initiated an aid project with Georgia, which will run until 2013. The project is funded by the Swedish International Development Agency. The primary aim of the project is to strengthen the capacity of the authority in charge of enforcing competition and public procurement rules and to improve its operations in terms of transparency and efficiency.

3.5.2 *Public Procurement*

- Cooperation within the EU

International cooperation relating to procurement issues largely takes place within the framework of the European Commission's advisory committee and those working groups linked to the committee in which members of our staff participate. One of the working groups is dealing with issues relating to economics and statistics and another is focusing on electronic procurement.

- Public Procurement Network (PPN)

The PPN is a network comprising civil servants whose work specifically involves public procurement. Among the objectives of the PPN is to get European companies to participate in public procurement across national borders. The SCA is chairing the PPN from 1 July 2011 until 31 December 2012. As chair, the SCA is focusing on issues such as the reform of the EU Procurement Directives, fighting illegal direct award of contracts, opening up EU's Internal Market to third countries and enhancing the exchange of experience between network members.

- Nordic cooperation

Twice a year, representatives of the Nordic competition authorities and ministries in charge of public procurement issues meet to discuss current issues relating to procurement law. These meetings also result in useful contact networks. In 2011, meetings were held in Iceland and Denmark. Items discussed at the meetings included procurement fines and strategic tenders. The European Commission's Green Paper on Public Procurement was also on the agenda.

4. Resources of the Swedish Competition Authority

4.1 Resources overall

4.1.1 Annual budget

- 2010: SEK 129 million, or 14.5 EURO (average exchange rate for 2010)
- 2011: SEK 135 million, or 15 EURO (average exchange rate for 2011);

4.1.2 Number of employees

- Economists: 47
- Lawyers: 68
- Other professionals: 16
- Support staff : 9
- All staff combined:140

4.2 Human resources (person years) applied to:

- Enforcement against anti-competitive practices and merger review: 115 (no. of employees)
- Advocacy efforts; integrated into the work of the enforcement of competition departments: 83% of time registered refers to law enforcement
- Public procurement: 19

4.3 Period covered by the above information

- 2011

4.4 Organizational reform

56. In September 2011, the SCA conducted a reorganisation to increase the Authority's focus on substantive matters and reduce administration. The Communication and Research Department was terminated and its work tasks transferred to the Administrative Department and Competition Department 4. One Head of Department post and five administrative posts were withdrawn. The SCA has reduced the number of Deputy Director-Generals from three to two (one focusing on law enforcement and the other on administration), effective as of 1 November 2011. Deputy Heads of Department have been appointed in six of the departments. Method Support Officers have been appointed to increase the efficiency of the handling of cases across departments. A decision to create a new department, the Office of the Chief Economist, was adopted in 2011, effective as of January 2012.

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

5.1 Food and market

57. The report to the Government comprised two parts: 'Food and market – from the farmer to the table'² and 'Food and market – public procurement'.³ (SCA report series 2011:3 and 2011:4)

5.2 Twelve ways to detect bid-rigging cartels

58. This year the SCA translated its checklist entitled 'Twelve ways to detect bid-rigging cartels' and a leaflet into English.⁴

5.3 Annual Report for 2011

59. The Annual Report for 2011 is available at the Authority's website.⁵

5.4 The Pros & Cons series

60. 'The Pros & Cons of Consumer Protection'⁶ was the theme of the 2011 international conference. On 11 November, the authors presented their contributions to the book at the tenth international conference in the Pros and Cons series.

² Available at http://www.konkurrensverket.se/upload/Filer/Trycksaker/Rapporter/rapport_2011-3.pdf, summary and conclusions in English on p. 19.

³ Available at http://www.konkurrensverket.se/upload/Filer/Trycksaker/Rapporter/rapport_2011-4.pdf, summary and conclusions in English on p. 25.

⁴ Available at <http://www.konkurrensverket.se/upload/Filer/ENG/Publications/Checklist.pdf>.

⁵ Available at: http://www.konkurrensverket.se/upload/Filer/ENG/Publications/annual_report_2011.pdf

⁶ Available at http://www.konkurrensverket.se/upload/Filer/Trycksaker/Rapporter/Pros&Cons/rapport_pros_and_cons_consumer_protection.pdf.