InBrief
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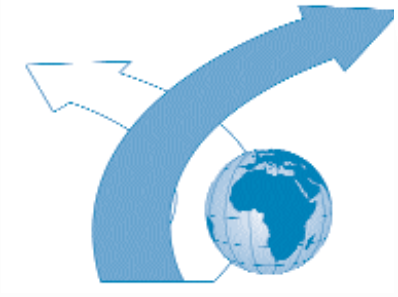
Comparing EU free trade agreements

Competition Policy and State Aid



Stefan Szepesi

The aim of this *InBrief* series is to provide a synthesis of various chapters of the ten free trade agreements (FTAs) recently concluded by the European Union with developing countries, as well as other relevant trade agreements when appropriate. Each *InBrief* offers a detailed and schematic overview of a specific set of trade and trade-related provisions in these agreements.

Competition policy is a relatively new feature in international trade agreements. It has arisen in response to the recognition that international trade can provide both the rationale and the opportunities for firms to engage in anti-competitive behaviour. In the absence of effective competition policy, domestic firms can collude to keep foreign competitors out of their markets, *de facto* barring the benefits of market opening. Similarly, exporting firms can abuse their dominant position in different foreign markets by dividing those markets amongst themselves. Collusion and mergers and acquisitions (including those between foreign and domestic firms) can also reduce competition in the international marketplace. Another issue is that of public (state) aid or special treatment targeted to improve the performance of either domestic import-competing firms or the position of domestic exporting firms. Such subsidies can be seen as competition-distorting and therefore be included in the competition provisions of trade agreements.

To date, no single framework for competition policy has as yet been developed in a GATT/WTO agreement (Box 1). The failure of the Fifth Ministerial Meeting in Cancún in September 2003 put in serious doubt further multilateral negotiations on competition issues. The absence of such regulation at the multilateral level seems increasingly to foster the inclusion of competition provisions in bilateral trade agreements.

Competition in EU agreements

All recent bilateral free trade agreements (FTAs) concluded by the European Union(EU) have included provisions on competition issues, albeit to very different degrees of detail. The agreements specify that insofar as anti-competitive practices affect trade between the parties, cooperation, consultation, and/or mutual recognition of competition authorities are to safeguard the benefits from the agreement by countering such practices.

The precise content of the competition provisions in the agreements seems closely related to the degree to which the EU's trading partners had domestic competition legislation in place when the FTAs were signed. The agreements with Chile and Mexico contain clear provisions that recognise the parties' respective competition authorities. South Africa was

Box 1 Competition in the WTO and the Doha Round

Many GATT/WTO articles and agreements address, implicitly or explicitly, the question of anti-competitive behaviour. Examples are the General Agreement on Trade in Services (GATS), the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS), the Sanitary and Phytosanitary (SPS) Agreement, the Agreement on Trade-Related Investment Measures (TRIMS), the Agreement on Technical Barriers to Trade (TBT), the Agreement on Safeguards, the Agreement on Antidumping (Article VI), the Agreement on Pre-Shipment Inspection, the Plurilateral Agreement on Trade in Civil Aircraft, and GATT Article XVII on state trading enterprises.

However, there exists no single WTO framework for competition provisions. After the 1996 Singapore Ministerial Conference, a Working Group discussing the interaction between international trade and competition policy was established. In the Doha Ministerial Declaration (2001), members agreed to clarify rules laying down core principles for a multilateral framework for competition policy, the modalities for voluntary co-operation, and support for competition institutions in developing countries. However, this was all done under the condition that explicit consensus would be reached on the modalities for such negotiations at the Fifth Ministerial Conference in Cancún (2003). The breakdown of this Ministerial Conference showed that WTO members are still in wide disagreement over the question of whether any real regulation should be negotiated in this area

The ongoing Doha Round negotiations can be followed at http://docsonline.wto.org/ under TN/DS/W.

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still in the process of implementing its competition legislation when it signed an FTA with the EU, and this is reflected in its chapter on competition. Finally, some of the Euro-Mediterranean Association Agreements (the so-called MED agreements) essentially commit partners to introduce competition legislation similar to that of the EU.

The Euro-Mediterranean Association Agreements

Since the first Euro-Mediterranean Conference in November 1995, the EU and twelve Mediterranean countries have engaged in negotiating Association Agreements. The overall objective is to form, by 2010, one Euro-Mediterranean free trade area out of the separate agreements that are currently being implemented. To date, seven bilateral Association Agreements have been concluded, with Israel (1995), Tunisia (1995), Morocco (1996), Jordan (1997), the Palestinian Authority (1997), Algeria (2001) and Lebanon (2002).

Though many trade provisions in the seven MED agreements are identical, the ones on competition are not. Between the earlier "nineties" agreements with Israel, Jordan, Morocco, the Palestinian Authority and Tunisia, and the more recent ones with Algeria and Lebanon, a number of differences are worth highlighting.

Variety in provisions: loose wording...

The agreements with Lebanon and Algeria contain only succinct provisions on competition policy. In both agreements, the parties agree that concerted practices as well as the abuse of a dominant position, whenever they affect trade between the parties, are incompatible with the agreement (e.g. Art. 41.1 of the Algeria-EU agreement). "Administrative cooperation" in the implementation of competition legislation is added as a means to prevent or counter these anti-competitive practices (Art. 41.2). In case practices are deemed incompatible with Article 41.1, either party can take appropriate measures after consultation within the Association Committee (Art. 41.3). The precise meanings of "appropriate measures" or "incompatible practices" are not defined however: there is no reference to competition authorities or the internal legislation of either party.

As for discrimination against third parties in favour of '[s]tate monopolies of a commercial character', Article 42 stipulates that such discrimination should be eliminated after a transitional period of five years. Within the same timeframe, no measures that disturb trade by granting special or exclusive treatment to (public) enterprises shall be adopted or maintained (Art. 43). In contrast to the other MED agreements, there are no provisions regarding state aid in the agreements with Algeria and Lebanon.

...rules and transparency...

A second type of MED agreement with regard to competition policy is the agreement with Israel. Besides the provisions on concerted practices, abuse of a dominant position and discrimination of state monopolies and special or exclusive treatment for domestic enterprises, which are similar to those in the Lebanon and Algeria agreements (see Art. 42 and 43 above), this agreement also explicitly covers state aid. Competition-distorting state aid is deemed to be incompatible with the agreement, except when it concerns certain agricultural products (Art. 36.1 and 36.4 of the Israel agreement). Further, transparency must be ensured in the area of state aid: each party is required to report annually on the total amount and distribution of state aid, and parties must provide information requested by the other party (Art. 36.3).

Unlike the agreements with Lebanon and Algeria, the agreement with Israel specifies that within three years of entry into force, the Association Council must adopt the rules necessary to implement Article 36.1 (on concerted practices, abuse of dominant position and state aid). Until that time, the relevant GATT provisions will be applied (Art. 36.2). In case one party considers a certain practice to be both incompatible with the aforementioned articles and to threaten its interests, it can take 'appropriate measures' after consultation with the Association Committee, or after 30 working days following such consultation (Art. 36.5). As for state aid, the agreement with Israel further specifies that any 'appropriate measures', during the three-year transition period, should be adopted in accordance with the relevant provisions under GATT.

...or importation of EU competition rules

The agreements signed with Jordan, Morocco, the Palestinian Authority and Tunisia constitute a third type of MED agreement with regard to competition. In most provisions, the wording is identical to that of the agreement with Israel. However, in one key aspect the agreements differ significantly.

As in the agreement with Israel, these agreements leave the precise competition rules to be decided upon by the Association Council at a later stage (within five years of the agreement's entry into force). Yet, unlike the other MED agreements, these four agreements explicitly refer to the core legislation of EU competition and state aid policy (Art. 36.2 in the agreement with Tunisia). This means that any practices that run counter to Article 36.1, which covers concerted practices, abuse of dominance and state aid, will be assessed on the basis of Articles 81, 82 and 87 of the Treaty of the European Community (TEC). In case of products falling within the scope of the European Coal and Steel Community (which expired in 2002), the rules of Articles 65 and 66 of the Treaty establishing that Community will apply.

The direct reference to European Community law in Article 36.2 signifies that all four trade partners have committed to "import" EU legislation where it concerns competition or state aid that could touch upon trade with the EU. The timeframe set out for implementing the necessary rules in the four countries is the five years after the agreements enter into force.

State aid for economic development

As for state aid, during the transitional period, the corresponding GATT rules will be applied. Further, for Tunisia, Morocco and Jordan, Article 36.4(a) states that during the five-year transitional period any state aid granted in EU partner countries 'shall be assessed taking into account the fact that [the country] shall be regarded as an area identical to those areas of the Community described in [Article 87.3(a)] of the Treaty establishing the European Community'. The reference to this TEC article is crucial because it allows – at least during the transitional period – for 'aid to promote the eco-

Box 2
Where to find articles on competition policy and state aid in EU trade agreements

MED agreements: Art. 41–46 (EU-Algeria), Art. 36–38 (EU-Israel) and Art. 36–41 (EU-Morocco).
http://europa.eu.int/comm/external_relations/euromed/med_ass_agreemnts.htm

TDCA (South Africa): Art. 35-44 and Annexes VIII and IX.
http://europa.eu.int/eur-lex/en/archive/1999/l_31119991204en.html

Global Agreement (Mexico): Annex XV to EC/Mexico Joint Council Decision No. 2/2000 of 23 March 2000: Art. 1–10.
http://www.europa.eu.int/comm/trade/issues/bilateral/countries/mexico/docs/en2_decision_goods.pdf

Association Agreement (Chile): Art. 172–180.
http://europa.eu.int/comm/trade/issues/bilateral/countries/chile/docs/euchlagr_xxiii.pdf

For other agreements, see the Trade Agreements Database and Archive by the Dartmouth Tuck School of Business. http://mba.tuck.dartmouth.edu/cib/research/trade_agreements.html

nomic development of areas where the standard of living is abnormally low or where there is serious underemployment' (Art. 87.3(a) in the consolidated version of the TEC). *De facto*, most state aid in Morocco, Jordan and Tunisia is therefore deemed compatible with the MED agreements. In less detail, the agreement with the Palestinian Authority states similarly that competition-distorting state aid may be used by the EU partner 'to tackle its specific development problems' (Art. 30.4) during the transitional period. Whether TEC Article 87.3(a) can still be referred to after the first five years depends on the Association Council that, according to Article 36.4(a), 'shall, taking into account the economic situation of [the partner country], decide whether the period should be extended every five years'.

Hence, though precise rules still need to be adopted, Jordan, Morocco, the Palestinian Authority and Tunisia have effectively committed themselves to the EU legal framework regarding competition and state aid policies. In the transitional period, most if not all state aid is *de facto* authorised. As in the agreement with Israel, certain agricultural products (listed in Annex II of the TEC) are excluded from rules on state aid, which is also allowed for Jordanian, Moroccan and Tunisian steel products if 'it leads to the viability of the recipient firms under normal market conditions' and the aid aims at rationalising capacity and is limited to what is absolutely necessary (Art. 36.4(a)). Furthermore, transparency is called for by providing information (through annual reports) on the total amount and distribution of aid, and, if so requested, on 'particular individual cases of official aid' (Art. 36.4(b)).

Overall, the third type of MED agreement entails a remarkably detailed commitment by EU partners to competition rules shaped after those employed within the EU. Moreover, the agreements outline a transitional period in which Jordanian, Moroccan, Palestinian and Tunisian state aid already comes under closer scrutiny due to the obligation to inform the other party on the distribution of that aid. Hence, the latter parties have committed themselves to develop competition policies that closely or fully resemble European standards. This contrasts with the first and second type of MED agreement, wherein either no explicit reference is made to the obligation of establishing such policies (Lebanon and Algeria) or no specific criteria are outlined according to which such policies should be formed (Israel).

The EU-South Africa TDCA

The Trade, Development and Cooperation Agreement (TDCA) between the EU and South Africa was signed on 11 October 1999 and has been in force, provisionally and partially, since January 2000, and fully since May 2004.

Cooperation...

Compared to the MED agreements, the TDCA is overall more detailed in its competition provisions. Since South Africa was already implementing its own competition policy at the time the agreement was signed, the TDCA stresses coordination and cooperation between the competition authorities of the respective parties.

Like the MED agreements, the TDCA denounces practices that affect trade through (i) the prevention or lessening of competition in either South Africa or the EU and (ii) the abuse of market power in those two territories (Art. 35). Where they have not done so, the parties must ensure that the necessary laws and regulations to implement Article 35 are in place within three years of the entry into force of the agreement (Art. 36). A separate annex on competition policy states that any anti-competitive practices affecting trade shall be assessed by the EU on the basis of TEC Articles 81 and 82 (on concerted practices and abuse of dominant position) and by South Africa on the basis of South African competition law (Annex VIII to the TDCA). Hence, in terms of the commitments of EU trade partners to draft competition legislation, the difference between the four MED agreements and the agreement with South Africa is that the latter is not specifically bound to introduce the type of competition legislation prevalent within the EU.

In case anti-competitive practices occur and domestic authorities do not act upon them, Article 37 stipulates that 'the Party concerned may take appropriate measures consistent with its own laws, after consultation within the Cooperation Council, or after 30 working days following referral for such consultation'. Hence, the TDCA also recognises the competency of both competition authorities, but prescribes consultation before any further action is undertaken.

...consideration...

Similarly, Article 38 provides the possibility for one competition authority to request the other authority to take 'appropriate remedial action' in cases where anti-competitive practices in the territory of the latter party have a harmful effect on the former. Subsequently, the article stresses that such a request will not restrict the requesting authority from taking action itself should it desire to do so (Art. 38.2). The authority receiving the request must carefully consider the views and documents provided by its counterpart. However, this does not prejudice the former's 'functions, rights, obligations or independence' (Art. 38.3).

...and consultation

In case any of the competition authorities decide to undertake an action that 'may have important implications' for the other party, another consultation round is provided for upon the request of either party (Art. 38.4). Hence, the agreement commits the competition authorities of both parties to engage in effective communication (or consultation) on those matters where mutual interests are concerned, without setting out specific procedures or any mandatory course of action.

Table 1 Basic characteristics of competition policy in EU FTAs

EU FTAs	Substance of competition policy provisions					Reference to legislation		State monopolies and public enterprises		Technical cooperation
	Total No. of art.	Mergers and acquisitions	Abuse of a dominant position	Concerted practices	Public (state) aid	Mutual recognition of legislation	Sole reference to EU legislation	Ban on positive discrimination for commercial state monopolies	Ban on special and exclusive rights for (public) enterprises	
MED1	10	-	✓	✓	-	-	-	✓	✓	-
MED2	9	-	✓	✓	✓	-	-	✓	✓	-
MED3	9, 10	-	✓	✓	✓	-	✓	✓	✓	-
TDCA	16	-	✓	✓	✓	✓	-	-	-	✓
Mexico	23	✓	✓	✓	-	✓	-	-	-	✓
Chile	23	-	✓	✓	✓	✓	-	-	✓	✓

MED1: Agreements with Algeria and Lebanon, MED2: Agreement with Israel, MED3: Agreements with Morocco, Jordan, the Palestinian Authority and Tunisia.

State aid for a 'specific public policy objective'

As for state aid, Article 41.1 defines to be incompatible with the agreement 'aid favouring certain firms or the production of certain goods, which distorts or threatens to distort competition, and which does not support a specific public policy objective or objectives of either Party'. No precise criteria are defined, in particular on the interpretation of 'specific public policy objectives'. This provision therefore seems to leave public authorities considerable leeway to grant state aid.

Annex IX of the TDCA on public aid is more elaborate in this respect, stating that the provisions of Article 41 should not obstruct the performance of services of 'general economic interest assigned to public undertakings'. With regard to 'public policy objectives', Annex IV outlines that, as a general rule, employment, environmental protection, rescue and restructuring of firms in difficulty, research and development, support to firms in deprived urban areas, and training can be considered as such public policy objectives; hence, public support in these areas is deemed compatible with the agreement. In addition, Annex IX states a number of objectives for which public aid can also be considered as compatible with the agreement: 'regional development, industrial restructuring and development, promotion of the micro enterprises and small and medium-sized enterprises, the advancement of previously disadvantaged persons or affirmative action programmes'.

Notwithstanding these provisions, the main agreement states that public aid should be granted in a fair, equitable and transparent manner (Art. 41.2). Here transparency implies that the parties 'shall provide information on aid schemes, on particular individual cases of public aid, or on the total amount and the distribution of aid given' taking into account the limitations posed by business or professional secrecy requirements (Art. 43).

Article 44.2 provides for a form of consultation in the area of state aid because it obliges the Cooperation Council to periodically review the progress made in the cooperation in and understanding of the measures taken in this regard. Furthermore, in cases where the implementation of Article 41 is constrained by the absence of rules or procedures, reference is made to GATT and WTO agreements on subsidies and countervailing measures (Art. 44.1). In comparison to the MED agreements, the TDCA puts more emphasis on coordination and consultation on competition issues. This is further underlined by the agreement's explicit mention of technical assistance (Art. 39) by means of the exchange of experts and the organisation of seminars and training activities.

As most of the MED agreements, the TDCA covers the main competition and state aid issues. However, the agreement emphasises mutual recognition and cooperation/coordination in the Cooperation Council rather than any specific competition provisions in EU law. Its provisions concerning state aid offer scope for a broader interpretation due to the possibility to keep this in place in cases where 'specific public policy objectives' are pursued, which is in principle the aim of state aid.

The EU-Mexico Global Agreement

The EU and Mexico signed the Economic Partnership, Political Coordination and Cooperation Agreement, also known as the Global Agreement, on 8 December 1997. The agreement entered into force in October 2000. In its competition provisions, the Global Agreement is similar in spirit to the TDCA, but it differs substantially in certain provisions. In some areas, such as consultation and information exchange, the agreement is much more detailed, whereas in others, such as state aid and transparency, provisions are entirely absent.

Mutual recognition...

The competition provisions within the Global Agreement are outlined in Annex XV to the agreement, in which the first article (Art. 1.1) directly emphasises mutual recognition: both parties commit to apply their respective competition laws to safeguard the benefits of the agreement. The respective competition laws as well as the enforcing authorities in both territories are subsequently defined (Art. 2). Article 1.3 stresses aspects that should be given 'particular attention' in this regard: for the EU, this concerns 'concerted practices between companies, the abuse of a dominant position, and mergers'; for Mexico it concerns 'absolute or relative monopolistic practices and mergers'. This specification of areas where attention should be focused is a novelty compared to the other agreements. Another noteworthy difference is the absence of provisions on state aid, not even with regard to transparency.

...early notification...

In terms of cooperation between the competition authorities of the two parties, the Global Agreement goes beyond the MED agreements and the TDCA. When the enforcement activities of one competition authority are relevant for the other authority, notification is required in the initial phase of the procedure in order to enable the notified competition authority to express its opinion (Art. 3.2). This notification must be substantially detailed, allowing for a description of the competition-restricting effects, the market concerned and estimated deadlines for resolution of the case (Art. 3.3). Further, the agreement stresses that notification will be undertaken in case of administrative or judicial proceedings and any measures that may 'enhance competition in specific-regulated sectors' (Art. 3.4).

...and sympathetic consideration

As in the TDCA, when an investigation by a party's competition authority is considered to affect the interests of the other party, the latter can request consultations with the former. Subsequently, the former 'should give full and sympathetic consideration' to the views expressed by the latter, though this must be without prejudice to any action under the respective competition laws. Similarly, such consultations can be requested if one party feels it is adversely affected by anti-competitive practices in the territory of the other party (Art. 6.2). The Global Agreement's emphasis on cooperation and coordination is made clear by Article 7, which is solely aimed at the prevention of conflicts between the competition authorities (Box 3).

In order to promote a better mutual understanding of the respective legal frameworks,

Table 2 Public (state) aid in EU FTAs

EU FTAs	Covered by the agreement	Transparency	Periodic review of measures by Cooperation Council	Annual reporting on total amount of public aid	Reference to EC state aid legislation
MED1	-	-	-	-	-
MED2	✓	✓	-	✓	-
MED3	✓	✓	-	✓	✓
TDCA	✓	✓	✓	-	-
Mexico	-	-	-	-	-
Chile	✓	✓	-	✓	-

MED1: Agreements with Algeria and Lebanon; MED2: Agreement with Israel; MED3: Agreements with Morocco, Jordan, the Palestinian Authority and Tunisia.

Article 4 provides for the exchange of information on known anti-competitive activities and the application of competition laws, legal theory and case law. Technical assistance to be provided by both parties includes the training of officials of both parties' competition authorities and seminars for civil servants.

The Global Agreement has the most extensive provisions with regard to the parties' competition policies. An important exception though is the exclusion of state aid provisions. Besides the explicit recognition of both parties' competition laws, the agreement specifies coordination and cooperation in a variety of fields, and lays out detailed procedures on how these provisions should be implemented.

The EU-Chile Association Agreement

To date, the most recent FTA concluded by the EU is the one with Chile, signed in November 2002 and provisionally in effect since February 2003. In addition to the provisions on political dialogue and cooperation issues, it is the trade chapter in the Association Agreement that stands out as the most far-reaching in EU agreements so far.

The Association Agreement largely mirrors the competition provisions of the Global Agreement. It stresses cooperation between competition authorities through (early) notification, consultation, exchange of non-confidential information and technical assistance, and recognises competition laws and authorities in both territories (Art. 172–174). The Association Agreement is, however, less detailed in terms of coordination: (i) the agreement does not specifically describe the information that is to be provided by a notification; (ii) there is no article that separately addresses the avoidance of conflicts; (iii) technical assistance is not further defined; and (iv) the agreement does not identify the types of information that can or should be exchanged. Consultation in case the interest of one party is adversely affected by an activity in the other party's territory is described in similar, albeit less compelling wording (no obligation to give 'full' and 'sympathetic' consideration to the views of the other party is included in this agreement) (Art. 176).

Information exchange on state aid

A notable difference with the Global Agreement is that the agreement with Chile *does* provide for the exchange of information on state aid. In line with the second type of MED agreement and the TDCA, it is agreed that information is exchanged (on an annual basis) on the total amount of aid and 'if possible, the segregation by sector'. Furthermore, '[e]ach party may request information on individual cases affecting trade between the Parties' (Art. 177.3).

Box 3 Preventing conflict over competition in the Global Agreement Article 7 of Annex XV of the EU-Mexico Agreement

Avoidance of conflicts

1. Each Party shall [...] take into consideration the important interests of the other Party in the course of its enforcement activities.

2. If adverse effects for one Party result, [...] the competition authorities shall seek a mutually acceptable solution. In this context, the following may be considered:

(a) the importance of the measure and the impact which it has on the interests of one Party, by comparing the benefits to be obtained by the other Party;

(b) the presence or absence, in the actions of the economic agents concerned, of the intention to affect consumers, suppliers or competitors;

(c) the degree of any inconsistencies between the legislation of one Party and the measures to be applied by the other Party;

(d) whether the economic agents involved will be subject to incompatible requests by both Parties;

(e) the initiation of the procedure or the imposition of penalties or remedies;

(f) the location of the assets of the economic agents involved; and

(g) the importance of the penalty to be imposed in the territory of the other Party.

Provisions on public and private monopolies

Another difference is that, in contrast to the Global Agreement, the Association Agreement entails a provision concerning (public) enterprises (including monopolies) entrusted with special or exclusive rights. Article 179.2 stipulates that no measure distorting trade in this regard be enacted nor maintained and 'such enterprises shall be subject to the rules of competition insofar as the application of such rules does not obstruct the performance, in law or in fact, of the particular tasks assigned to them'. Article 179.1, however, rules out that this will have implications for certain monopolies, as nothing can prevent a party 'from designating or maintaining public or private monopolies according to their respective laws'. The Association Agreement stands out as the only agreement with such an explicit recognition of the laws that regulate monopolies. A similar excluding provision is found for dispute settlement: Article 180 states, 'Neither Party may have recourse to dispute settlement under this Agreement for any matter arising under this [competition] Title.'

The Association Agreement with Chile incorporates most of the competition provisions of the Global Agreement. But unlike the latter, it also provides for increased transparency on potentially trade-distorting state aid. In contrast to some of the MED agreements, it does not restrict either party from maintaining public or private monopolies as long as these are in accordance with domestic laws. On the whole, whether both competition and state aid provisions will be interpreted to the letter of the agreement remains an open question: the Article 180 provision that excludes competition issues in the agreement from any dispute settlement procedure appears to make room for more flexible interpretations on both sides.

Competition and state aid: loose wording, importing policy or mutual recognition?

Over the past decade, competition policy has played an increasing role in EU bilateral trade agreements. Obviously, the growing emphasis on more detailed competition provisions does not solely reflect increased awareness of its importance. More so, the institutional level of competition laws and regulating bodies within EU partner countries would seem the main determinant of the kind of competition provisions included within EU FTAs. The agreements with Mexico and Chile emphasise the mutual recognition of laws alongside close coordination at the technical level (of the competition authorities) as the main instruments to prevent or counter anti-competitive behaviour that may affect trade. The TDCA with South Africa does so to a lesser degree, obligating the parties to engage in high-level consultation within the Cooperation Council before cases are referred to the respective competition authorities.

The MED agreements stand out because not all partner countries had introduced, let alone implemented, domestic competition legislation when the agreements were signed. In the most recent MED agreements, this resulted in rather loose wording on 'appropriate measures', and a direct referral to the Association Committee (rather than competition authorities) to resolve any dispute in this area. An earlier group of MED countries, however, is distinguished by their *de facto* commitment to adopt EU-type competition legislation. In this respect, the agreements with Jordan, Morocco, the Palestinian Authority and Tunisia can be said to aim at "locking in" domestic policy reforms in competition policy. In these agreements, rather than through a legal entity (such as a competition authority), consultation and cooperation takes place through a political body (the Association Council) that is to ensure progress regarding the implementation of competition policy.

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Acronyms

ACP	African, Caribbean and Pacific
EU	European Union
FTA	Free Trade Agreement
GATT	General Agreement on Tariffs and Trade
TEC	Treaty of the European Community
MED	Euro-Mediterranean Association
TDCA	Trade Development and Cooperation Agreement
WTO	World Trade Organization

InBrief series on trade for 2004-2005

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ILEAP
180 Bloor Street West
Suite 904
Toronto, ON, Canada, M5S 2V6

Tel +1 (0)416 946 3107
E-mail ileap@ileapinitiative.com

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European Centre for Development Policy Management
Onze Lieve Vrouweplein 21
NL-6211 HE Maastricht
The Netherlands

Tel +31 (0)43 350 29 00 Fax +31 (0)43 350 29 02
info@ecdpm.org www.ecdpm.org

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