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### ECONOMIC COMMISSION FOR EUROPE

COMMITTEE FOR TRADE, INDUSTRY AND  
ENTERPRISE DEVELOPMENT

Working Party on International Legal and Commercial Practice  
Item 3 of the provisional agenda

#### INFORMATION BULLETIN NO. 1

#### FORUM ON NEW COMPETITION LAWS AND THEIR IMPLICATIONS FOR BUSINESS IN CENTRAL AND EASTERN EUROPE

Organized by the United Nations Economic Commission for Europe and the Czech Office for the Protection of  
Competition

Venue: Brno, Czech Republic  
Date: 29 November-1 December, 1999

#### Background

During the initial phase of the transition to a market economy, after decades of State control and a focus on large State-owned monopolies, the framework for promoting competition and penalizing anti-competitive practices was either weak or non-existent in the countries of central and eastern Europe and the Commonwealth of Independent States. Governments at this early stage of the transition tended to give greater priority to what were seen as more urgent objectives, such as the attraction of foreign direct investment (FDI) and/or the privatization of State-owned enterprises, and in carrying out these policies sometimes used incentives and protectionist measures that conflicted directly with their competition policies. Generally, the use of competition policy, law and practice as a positive tool for economic development was relatively underdeveloped.

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More recently, a new phase in the development of competition law and policy has begun. Governments are giving a higher priority to their competition policies. This has come about as a result of a number of factors, notably, the progress of several transition countries in their accession negotiations with the European Union and the need to apply EU competition legislation; an acceleration in the privatization and deregulation of State monopolies; and the increased incidence of national and international mergers and acquisitions, which is affecting many of the world's leading industries.

The implementation of new competition legislation presents the competition authorities of central and eastern Europe with major challenges. The drafting, enactment and implementation of a large number of new laws takes time. In undertaking this work, competition authorities often come under pressure and lobbying from domestic producers for continued protection or from national and international firms seeking to preserve their dominant market position. Governments, too, have to be sensitive to these issues: taking positions on these questions can sometimes bring them into dispute with their competition authorities. There is a need to define clearly exceptions to the application of competition laws and the grounds for their exemption.

The task of the new competition authorities in transition economies is not a simple one. It needs to take into account the economic development priorities of the countries concerned and the need to create a "level and fair playing field" with simple and transparent rules. The problems are not the same as faced by advanced western market economies. Competition laws and their application should be done in such a way that economic growth is supported, not prevented or obstructed. The experience of other transition countries, along with that of the competition authorities in western market economies, can help competition authorities to meet these objectives.

At its last session (October 1998), the UN/ECE Working Party on International Commercial and Legal Practice (WP.5) agreed to hold its next Forum on the above-mentioned topic and, in a departure from its normal procedures, to organize the Forum in a central European country. It was further proposed that this event be organized in close cooperation with the EU.

### Purpose

The purpose of the Forum is fourfold, namely to:

- Identify the key challenges facing the region's competition authorities
- Exchange experience on the adaptation and application of new laws
- Examine how cooperation amongst competition authorities could help them in managing their new responsibilities
- Increase understanding, cooperation and efficiency in the relationships between competition authorities and the private sector.

## Main issues

The Forum will focus on the following issues:

Application of laws: Experience of the associated countries to the EU with the harmonization and application of new EU competition laws and the relevance of, as well as lessons to be gained from, the similar experiences of new EU member countries (Austria, Finland, Sweden) with regard to application of the EU competition laws.

State aids : The threat that State aid poses to the implementation of new rules on competition; the significance of block exceptions in competition rules; the continuing requirements to provide State aid; the need for transparency; and the experience of EU countries with the inspection of State aid.

Natural monopolies: Introduction of competition in natural monopoly areas and the experiences of EU countries in the initial phase of liberalization e.g. telecommunications; the role of the “new” regulators and their relationships with “national” competition authorities, etc.

Public procurement: Enactment of new legislation and the problems and obstacles surrounding the complete harmonization of public procurement legislation within Europe.

Cooperation among competition authorities: For example, in approving acquisitions by companies and mergers involving multinational companies; the investigation of cartels and other restrictive business practices; and the monitoring of dominant market positions.

Economic development: The impact of competition on the growth of domestic and international trade and the role of national authorities and of international bodies, such as the World Trade Organization, in fostering the positive benefits from greater competition.

## Participants and speakers

Competition authorities of UN/ECE member countries are the main target group for this meeting. Other interested parties from UN/ECE member States, related international governmental and non-governmental organizations, specialized agencies, academic institutions and private companies will also be welcome to attend. In addition to the EU, the United Nations Commission on International Trade Law, the Organisation for Economic Co-operation and Development and the United Nations Conference on Trade and Development will be invited to participate. Experts who wish to speak at the Forum under the above-mentioned topics should contact the UN/ECE secretariat.

### Timing and schedule

The Forum and the associated meeting of the Working Party on International Commercial and Legal Practice will last two and a half days. On the afternoon of the second day and the morning of the third day, the Working Party will convene its 48<sup>th</sup> session. It will discuss its work relating to intellectual property rights, real estate laws, private finance of infrastructure and international commercial arbitration.

### Documentation

In consultation with the Czech Competition Office, the secretariat of the UN/ECE will prepare documentation for the meeting based on a survey of competition authorities in the region. This survey will aim to identify the key challenges, the various approaches and the possible role that greater cooperation amongst the competition authorities could play in making their work more effective.

### Organization of the Forum

In view of the scale of this event and the need for arrangements to be made to take delegates from Prague to Brno, a private company, the Business and Investment Promotion Group (BIP) is assisting the UN/ECE secretariat in the organization of the Forum. Parties who might wish to sponsor activities related to the holding of this Forum should contact:

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Chairman, BIP Group  
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### Registration

Registration forms should be sent to the UN/ECE.

### Interpretation

Interpretation will be available into the UN/ECE's official languages: English, French and Russian, as well as into Czech.

### Fees

There will be no registration or attendance fees.

**Annex**

**REGISTRATION FORM**

**FORUM ON NEW COMPETITION LAWS AND THEIR IMPLICATIONS FOR BUSINESS  
IN CENTRAL AND EASTERN EUROPE**

Organized by the United Nations Economic Commission for Europe and the Czech Office for the Protection of  
Competition

Venue: Brno, Czech Republic

Date: 29 November-1 December 1999

**Please return the completed Registration Form as soon as possible to:**

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