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It is a great pleasure to be here in Hangzhou to participate in this International Seminar on the draft Anti Monopoly Law of the Peoples' Republic of China.

The Directorate-General for Competition has been following with great interest the development of this law draft. We are happy with the progress of the law project and are looking forward to seeing in China a full fledged competition regime in operation, which covers antitrust rules, merger control and measures to tackle public restraints to competition, and which follows internationally accepted standards.

We have already had a few occasions to submit written comments on the draft law and to discuss it with the Chinese authorities involved in the drafting process. The present seminar on the draft law takes place at a very important stage in the development of the law. In my understanding the law is due to be soon submitted to the National Peoples' Congress. We hope that the views we express in this seminar will contribute to this process and will assist China to put a new competition regime in place.

In my presentation today I will address some key issues relating to the following six main substantive areas on the draft law:

(1) objectives of competition policy;
(2) basic conditions for an effective and efficient competition authority and the relationship between a competition authority and sector regulators;
(3) prohibition of anti-competitive agreements and practices (called in the draft law as monopoly agreements);
(4) prohibition of an abuse of a dominant position;
(5) control of mergers and acquisitions and
(6) public restraints to competition (called in the draft law "administrative monopolies").

I will therefore cover most of the substantive and organisational issues in the law. In view of the discussion topics set for later today and tomorrow, I look forward bringing in our comments also on the rest of the law text, including for instance issues relating to the merger notification procedures, antitrust enforcement procedures and interface between intellectual property rights and competition policy.

Objectives of competition policy

I will start with the question on objectives of competition policy, which is a fundamental matter that any developing competition regime needs to address at the very beginning of the development of a competition law and enforcement system. In the draft Anti-Monopoly Law the intended objectives of the regime are spelled out in the first Article, which reads as follows:

"This Law is enacted for the purposes of prohibiting monopolistic conducts, safeguarding the order of market competition, protecting the legitimate rights and interests of consumers and public interests, and ensuring the healthy development of the socialist market economy."

I have based myself here on the July 2005 draft. While we are aware that there have been developments in the law draft also thereafter, this is the latest draft that has been given for international experts and observers for comments. Unless otherwise mentioned, references to the draft law in my speech derive from this version of the law.

The general consensus between major jurisdictions is that the ultimate objective of competition policy should be limited to economic efficiency and consumer welfare. Competition in this context is not an end in itself, but a mean to achieve these objectives.

Adoption of a competition law is, however, a political act and therefore it is natural that the debate on objectives is not limited to economic arguments, but social and political considerations also play an important role in the initial discussions. It appears that this type of discussion is also behind the draft AML which includes in the objectives concepts such as *"public interest"*, *"rights of consumers"* and *"development of the socialist market economy"*. However, usually the outcome of political debate is, and I strongly think that it should be, that other social and political objectives are pursued by other instruments, not via competition policy. In the European Union, for example, we have distinct instrument for policies such as industrial policy, protection of small and medium sized enterprises, employment, consumer protection or fight against inflation.

Including this type of public interest objectives to the competition law can open the way to arbitrary interpretations and raises a risk of conflicting objectives for competition policy..

It is understandable that in a new competition regime fierce political debate may occur on objectives of competition law, because in the short run maintenance of competition may conflict with other objectives such as employment and social cohesion. But the perspective should not be on short run outcomes. In the medium or longer run effective competition in an open market economy will be far better for employment and other positive social development.

It is not because there are different economic and social policy goals that a particular instrument should be used to attain all or several of these goals. It is the totality of different policies that should ensure a better society, with a proper balance between economic efficiency and social justice. This approach does not deny the need to co-ordinate different policies, but it does raise objections to the blurring of the focus of each individual policy.

It is essential to be clear on the objectives of competition policy from the outset. This is vital for legal certainty of companies that are subject to the competition rules. This makes it also easier for the general public to understand the purpose of competition policy.

Hence, to be clear, competition policy should not be overloaded with a multitude of objectives that may impair the true objective of competition policy. For competition policy the goal should remain to protect competition, to keep markets competitive, to achieve efficiency in the economy for the ultimate benefit of consumers.

The competition authority, its functions and relationship with sector regulators

Another key issue to be addressed at the outset is the establishment of the organisation that will implement the competition law. According to the draft Anti-Monopoly Law, the competition authority will be set up under the State Council. The draft law gives also further specifications on the authority, its functions and its role vis à vis the judiciary and other sectoral authorities that are due to have also competences in competition matters in sector under their regulatory responsibility.

It is of outmost importance to set a competition authority that would be both effective and credible in implementing its tasks. In this respect, we can outline some basic conditions for a competition authority. **The first**, crucial condition is *independence*. A competition authority needs to be explicitly entrusted with independently enforcing competition law in individual cases and it should also independently set its law enforcement objectives.

In most jurisdictions competition authorities enjoy a large degree of independence from government. Independence means in this context primarily that other branches of government are not allowed to intervene in the decision making process in individual cases. Furthermore, in many countries the members of the competition authority are not designated by government but by other political bodies (Parliament, President of the Republic). While the governments and parliaments act in the legislative role, they should not interfere in the daily execution by the competition authority of its tasks. Also, when the state is involved in economic activity and it has an interest in the economic results of such activity, it should not have any influence on the decisions of the competition authority concerning such economic activities. Ultimately, independence of the authority depends on whether the government subscribes the competition principles and gives political support for competition policy, including that it supplies enough resources for effective enforcement.

Second condition that I wish to stress is *non-discriminatory application of the law*. The Competition authority should apply competition rules equally to all undertakings irrespective of their origin or status. Also, same rules should apply to all undertakings and, while it is acknowledged that no two situations are exactly the same, decisions of the authority should always be consistent.

Thirdly, for competition policy to be effective, business and other parts of the government need to understand the rules of the game. To this end, competition *law and policy should be transparent and implementation should be predictable*. The authority should demonstrate transparency both with regard to its decisions and its policy lines. An essential requirement is that the decisions of the authority are published so that the general public has easy access to those. I would also recommend publication of policy lines to increase clarity and legal certainty. This is the approach that the European Commission has taken and it has proven to be effective; we have published a number of notices and guidelines to inform the public on the way in which we interpret and implement our law in practice. Competition matters often require complex analysis all of which can not be spelled out in law.

Fourthly, it is also necessary that the competition authority can respect the due process guarantees, i.e. *procedural fairness*. The rights of defence of the parties must be observed as from the first acts of investigation undertaken by the authority and during every subsequent stage of the procedure thereafter. For instance, it would be appropriate that once all the investigation material has been gathered and the competition authority has formed an opinion, a statement of objections is presented to the firms so that they can reply and comment on these objections. We will have tomorrow an opportunity to discuss more in detail the enforcement procedures and I can more fully describe what we at the European Commission see as being the essential due process guarantees in the competition policy field.

The fifth essential condition I wish to stress in this context is the *capability to protect confidential information*. The competition authority will acquire a lot of confidential business information when carrying out its tasks. It is necessary that it also protects such information from being divulged to third parties. Disclosure of confidential business information can significantly harm a person or undertaking. We are happy to note that contrary to earlier drafts, a provision on protection of confidential information has been included in the draft Anti-Monopoly Law since July 2005.

The sixth condition I would like to mention is a *capability to decide quickly*. To increase the legal certainty for undertakings, it would be advisable to develop clearly and swift procedures for decision-making of the competition authority.

Finally, we would recommend having one *single authority and one substantive law dealing with competition matters in all sectors of the economy as far as possible*. In EU we have only one competition agency at the European level and an efficient division of work with the EU Member States competition authorities. We have also only one set of law that applies to agreements or practice that have effect on trade between EU Member States or to mergers and acquisitions with Community dimension.

In China, in contrast, there are currently several administrative bodies that have responsibilities and powers in competition policy and several pieces of legislation that include competition law provisions..

This issue seems to have been one of the most debated parts of the draft law in the past months and we are not yet sure what the exact outcome of the discussions will be. In any case, the developments seem to go in the direction of a more complex system with a number of authorities involved and potentially also with separate substantive rules depending on the sector of economy. What we would like to say in this respect is that in our view, a system with one single authority and one substantive competition law dealing with competition matters concerning all sectors of economy reduce the risk of inconsistencies, increases efficiency of enforcement, reduces red tape for companies and provides them with more legal certainty. One further reason for concern is that competition authorities and sector regulators have different policy approaches and different core competencies. There is perceived antagonism between competition and regulation. Matching these two areas is a challenge and authorities around the world have been developing their own solutions. In 2005 the OECD Global Forum on Competition held a roundtable discussion on this matter. The OECD Secretariat's issues paper[1] for that discussion starts from an important finding: competition authorities and sector regulators should be on the same side because: (i) economic growth is enhanced by pro-competitive regulation and (ii) many of the objectives of the respective

[1] The OECD Secretariat's issues paper is available at the OECD web-site: www.oecd.org.

authorities are in fact very similar. Regulatory authorities too are concerned on reducing barriers to market entry.

In many countries efforts are made to reduce regulation or reform them in order to free markets for competition as much as possible. In the EU sector regulation has been increasingly determined by a competition policy perspective and therefore regulatory and competition tools are now regarded as complementary tool. They deal with a common problem and try to achieve a common aim: the problem is the abuse of high levels of market power and the aim is to put the end user at the centre of any economic activity. Hence, in the EU we are moving across the field in sector regulation on competition analysis based law and practice. In fact, our approach is what the above referred OECD Secretariat's paper describes as an ideal relationship, where cooperation between competition authorities and regulators is "driven by a central government that promotes broad review of existing regulations with a pro-competitive lens, ensuring that a competition culture encompasses both sector regulators and competition authorities".

In the setting that is likely to emerge in China, the relationship between competition authority and sector regulators has added importance, in particular if the regulatory authorities would also be implementing the competition law.

Prohibition of anti-competitive agreements and practices

The first substantive rules in the law concern anti-competitive agreements and practices (hereafter "agreements"). These are called as monopoly agreements in the draft law. The draft prohibits any "agreement, decision or concerted action" among business operators with the "purpose or effect of eliminating or restricting competition". The law also lists as examples various types of restrictive agreements such as price fixing, market sharing and output limitations.

The prohibition follows the approach taken in Article 81 of the EC Treaty, except that it makes a distinction between horizontal and vertical agreements. In addition, while the list of restrictive agreements is very close to Article 81(1) of the Treaty establishing the European Community (the EC Treaty[2]), there are some differences in the wording. In particular, when it comes to the clause on agreements concerning technology, the choice of different wording might lead to different outcome. While in the EU agreements that "*limit or control production, markets, technical development or investment"* are prohibited, in China the prohibition concerns agreements that "*limit the purchase of new technology or new facilities, or the development of, new products or new technology"*. The first part of the prohibition in the Chinese law can be interpreted as opening the door for compulsory licensing or other undue restrictions for appropriate application of intellectual property rights. The EU provision does not contain similar prohibition of agreements on purchase of technology and in our view it is sufficient that the prohibition covers agreements that appreciably limit or control technical development. In our legal system, there is no presumption that intellectual property as such gives rise to competition concern, but under the draft Anti-Monopoly Law, certain elements inherent to use of an intellectual property by the innovator (such as for instance the

[2] The Treaty establishing the European Economic Community was signed in Rome on 25 March 1957 and entered into force on 1 January 1958. It has been amended several times, most notably by the Treaty on the European Union (signed in Maastricht on 7 which changed the name of the European Economic Community to the European Community and the Treaty of Amsterdam (signed on 2 October 1997) which amended and renumbered the EC Treaty. The Treaty of Nice (signed on 26 February 2001) merged the Treaty on the European Union and the EC Treaty into one consolidated version.

limiting of the scope of the licence to a certain field) can, however, be interpreted as prohibited agreements.

The draft follows basically the EU approach of exempting certain agreements from the general prohibition. However, the exemption in the draft law covers also crisis cartels, export cartels and cooperation among small and medium sized enterprises. Such exemptions are in our view unduly broad and not in the interest of economic efficiency or consumer benefit. In the vast majority if not all instances such cases are better left to the normal workings of the market. If some exemptions are granted, those should be subject to strict conditions that limit the anti-competitive effects of the exempted agreements. Also importantly, under the EU law no exemption can be granted if the agreement affords the companies concerned a possibility to eliminate competition in respect of a substantial part of the products in question. We consider this to be an essential element in our exemption system in order to ensure effective competition in the market.

The draft law foresees a voluntary notification system which resembles the facultative notification system that we had in use in the EU until May 2004, when we moved to a directly applicable exemption system. Our new system means that there is no longer any prior notification and approval by the competition authority. Moving to such a system was possible for us as we have a long term practical experience and vast case-law from the EC Courts from around 40 years time.

The notification system proposed in the draft law has one important difference with the previously applied EU system: the authority would have only 30 working days to make a decision and, if no decision is made in the said time limit, the agreement is deemed to be allowed. In view of the fact that it can not be predicted how many and how complex agreements will be notified, the 30 working days period for a decision making is extremely short, particularly as the authority will have no experience in dealing with such matters. Such a short time period will allow hardly any time for the authority to do further fact-finding. However we realize that this has to be put in balance with the right of the companies to get a clear and quick reaction from the Competition Authority in order to be able to pursue with their normal economic activity. We would therefore encourage the Chinese law makers to reflect more carefully what they would aim to achieve with the envisaged notification system and to adapt it accordingly.

Abuses by dominant companies

Regarding the question on how to analyses market power and abuse of market power, it should be first noted that this is an especially challenging area of competition law for economies that are in transition to market based systems. In such situations competition law starts for the first time to be fully applied to former legal monopolies. In addition, a real market economy means that the State intervention in the economic process should be cut down. China is now facing such a situation. Analysing abuses of dominant positions is also challenging both for new and mature Competition Authorities because it involves complex economic analysis.

Enforcement agencies should be cautious about intervening in the functioning of markets unless there is clear evidence that they are not functioning well. It is far too easy to get the analysis wrong in these types of cases. Therefore we would advice for any new competition regime to approach this type of cases with a particular caution.

Even the international community and advanced competition agencies are still debating on this matter. The European Commission DG Competition has begun an internal reflection on the policy underlying our legal provisions on abuse of dominance (Article 82 of the EC Treaty), and the way in which we should enforce that policy. In December 2005 the Commission published a Staff Discussion Paper which raises various points on exclusionary abuses for discussion with third parties. This public consultation exercise ran until 31 March 2006 and on 14 June 2006 we will organise in Brussels a public discussion of the most important topics raised by the submissions made in connection with the Discussion Paper[3]. In the US the two Competition agencies, DoJ and FTC are organising a series of hearings on Unilateral Conduct. Also the OECD has consecrated in the recent past a considerable amount of time to discussions on these issues and will continue to do so in the near future. Finally, the International Competition Network is now tackling this area, after having concentrated for years on questions relating to merger control and action against hard core cartels.

I will make observations on the draft Anti-Monopoly Law both as to definition of dominance and as to the approach to various forms of dominance. Regarding the definition of dominance, as in the EU, market power is the central criterion on finding of a dominant market position in the draft Anti-Monopoly Law. The existence of a dominant position in a particular market is normally inferred from a variety of factors. Main factors used in the EU are: (i) market position of the allegedly dominant firm; (ii) market position of competitors; (iii) strength of buyers and their ability to sponsor new competition on the market; and (iv) barriers to entry. These factors guide the market analysis which is required in abuse of dominance cases. At the same time they are sufficiently flexible to accommodate the extensive heterogeneity of individual cases and cover a number of issues that have been suggested by different commentators to be added to the Anti-Monopoly Law (such as market concentration and relative size of the companies that are active on the market). We would suggest further reflecting these factors when finalising the Anti-Monopoly Law.

In addition to the above discussed market status factors, the draft law also includes market share presumptions for dominance. The first threshold is the 50% market share of a single undertaking. While market share is relevant there is much more to dominance than a market share. Market share is only a proxy. If the market share presumption for a single firm dominance is retained, it should at least be mentioned that it only applies when competitors have considerably smaller markets shares and there are significant barriers to entry.

The draft Anti-Monopoly Law also provides that there is a presumption of (collective) dominance when two undertakings account for more than 2/3 of the market or three undertakings account for more that 3/4 of the market. These presumptions can be problematic as they will far too quickly lead to a finding of collective dominance. The problem with the market share presumptions becomes apparent when they are coupled with the various forms of abuses listed in the draft law. For instance, if the prohibition on discrimination is applied to each of three oligopolists with a joint market share of 75% or more, it will facilitate collusion in the market since it hampers deviation from official price lists. We would advice to handle issues raising allegations on collective dominance with particular care. From our experience, detailed analysis going far beyond market shares is required.

[3] Submissions are available at DG Competition web-site: http://europa.eu.int/comm/competition/antitrust/others/article_82_contributions.html . Other forms of abuse, such as discriminatory and exploitative conduct, will be the subject of further work by the Commission in 2006.

As for the various forms of abuses, on the basis of our ongoing reflection in this field we can draw some experiences that are relevant for the draft law. First, we consider that the focus should be clearly on protection of competition for the ultimate benefit of consumers. As for the competitive harm, , one should take into account not only short term harm, but also medium and long term harm – even though those are inherently more difficult to predict. Often the medium or long term effects are those that ultimately count. A competition authority needs also to take into account that the same type of conduct can have efficiency-enhancing as well as competition restricting or eliminating effects.

Finally, experience shows that abusive conduct can assume many shapes and forms. Therefore we welcome the fact that it is now made clear in the draft Anti-Monopoly Law that the list of abuses in the law is not meant to be exhaustive. This leaves scope for dealing with types of conduct that does not fit neatly into one of the pre-defined categories of abuses. Some further work would, however, be needed in drafting of this part of the law to streamline it with internationally accepted standards.

Control of mergers and acquisitions

Regarding the control of mergers and acquisitions, we will discuss tomorrow more in detail on the merger notification procedures. Therefore, today I will address questions on what thresholds to apply for notification and what legal standard to apply for determining whether a merger should be authorised or not.

The draft Anti-Monopoly Law employs *turnover threshold* to establish whether a concentration is subject to notification. This is also the approach we have in the EC merger control. In our system, if the annual turnover of the combined business of the merging parties exceeds specific thresholds in terms of both global and European sales, the proposed merger must be notified to the European Commission which will examine it. Below these thresholds national competition authorities in the EU Member States may review the mergers.

One important difference in the concept of the turnover threshold between the EU system and the draft Anti-Monopoly Law is that in the latter the local turnover threshold is required to be met only by one party. In our system it is required that the combined turnover of at least two of the undertakings concerned meets the local (European sales) turnover threshold. We consider that the local turnover (or assets) thresholds should be confined to the relevant entities or businesses that will be combined in the proposed transaction.[4] This ensures that each of the jurisdictions having merger control will leave out from notification obligation transactions that are unlikely to result in appreciable competitive effects within its territory. Requiring notification of such transactions would impose costs for companies and unnecessary commitment of competition agency resources without any corresponding enforcement benefit. In the scenario proposed in the draft Anti-Monopoly Law, it is foreseeable that the competition authority will be overloaded with merger notifications that have not impact what so ever in the Chinese market. We would recommend for the Chinese legislator to set the thresholds based on combined turnovers (and/or assets) of at least two of the undertakings concerned.

In the drafting process of the Anti-Monopoly Law, various alternatives have been presented for the threshold. The July 2005 draft still gives as an alternative a threshold which is based

[4] This would also be in line with the International Competition Network recommended practices for merger notification and review procedures. The recommended practices document is available on the ICN web-site: http://www.internationalcompetitionnetwork.org/guidingprinciples.html.

on the size of the companies: mergers involving one or more of top 15 firms in the relevant Chinese market would need to be notified. We recommend opting for a clear turnover threshold. Companies should be able to know in a simple manner whether they have to notify a transaction and notification thresholds should be based on information that is readily accessible for the merging parties. That is not the case if the threshold would require the parties to define the relevant markets and/or their position at the market prior to the notification. Turnover thresholds, on the other hand, are well suited for this purpose.

As for *the legal standard* for determining whether a merger should be authorised or not, the one envisaged in the draft Anti-Monopoly Law is that of elimination or restriction of competition. This is not far from the EU test, which is "significant impediment to effective competition". Previously our test was based on finding creation or strengthening of a dominant position. The new test in the EU has not brought about any substantial change and dominance is still the most important criterion[5]. In fact, under the former dominance test, the Commission was already following an "effects-based approach" which is now formally and directly the standard under the new test. An emphasis is put on the likely effects flowing from mergers, and in particular on possible "non-coordinated effects".

To increase clarity in the Anti-Monopoly Law test, we would, in line with our test, suggest adding an element which would define that only mergers with "significant" effects will be prohibited.

The draft Anti-Monopoly Law also lists factors on the basis of which the authority will make its decision on a merger case. These factors are broadly in line with the EC merger regulation, except for the following item: *"the effect of the proposed concentration on the development of the national economy and public interest"*. As I mentioned before, these types of objectives are subject to distinct policies and should be covered by different rules of law. Moreover, it is unclear how "public interest" is defined as it is inherently subjective concept. Such standard creates high uncertainty on application of the law, while one of the key conditions for credibility of a competition authority is that its application of competition law and policy is predictable and the law should be transparent. This provision lacks transparency and it is not advisable to include it in the law.

Public restraints to competition

In addition to instruments dealing with private restraints of competition, the July 2005 draft for the Anti-Monopoly Law also addressed public restraints of competition. This has been one of the major positive parts of the law. Intervention of public authorities in the economy is sometimes necessary and justified in order to correct market failures or ensure the provision of public goods and services. There are, however, some types of intervention that could distort competition.

The authors of the EC Treaty, back in 1957, recognised that public restraints to competition would constitute the single most important obstacle to the establishment of a functioning common market in Europe. That is why they set out the "four freedoms" – to combat obstacles to cross-border trade resulting from State legislation and regulation. These freedoms are the free movement of goods, persons, services and capital.

[5] See for reference Article 2 of the EC Merger Regulation.

The authors of the EC Treaty also made sure that the Treaty provides tools to tackle State measures that have a direct impact on competition between undertakings and that the executive body of the EU, the European Commission (the Commission) has necessary powers to tackle such measures[6]. As a result, there are a number of ways in which distortions of competition resulting from national legislation or from the actions of public authorities can be tackled under the EC Treaty:

- the general antitrust provisions,[7] which are applicable to all undertakings - public and private alike;

- control of public subsidies to the business (so called State aid control[8]);

- prohibition on EU Member States from implementing or maintaining in force measures, in connection with public undertakings and undertakings to which it has granted special or exclusive rights, which are contrary to the competition rules; and

- obligation on EU Member States not to distort competition by compelling the conclusion of or facilitating anti-competitive agreements or practices between undertakings.

The July 2005 draft for the Anti-Monopoly Law contained similar provisions under the section entitled "*Prohibition of administrative powers to restrict competition*".

However, we understand that this part of the draft law has been heavily debated in China and that strong positions have been taken both for and against including in the domain of the law the control of public restraints of competition. It would be a great loss if measures to tackle these types of restrictions to competition would not be taken at the same time when private restraints to competition are legislated. Without provisions prohibiting these types of public restraints of competition, the competition law in China would probably cover only a fraction of practices that appreciably eliminate or restrict competition. Experts have pointed out that in China among the main forms of anti-competitive practices the regional protectionism and administrative monopolies have a major role. In this respect the Chinese market resembles a lot the post World War II Europe.

At that time in EU reliance on the market and on free and undistorted competition did not seem evident at all. Those that had the courage to implement the market economy were in the early days faced with scepticism from almost all political parties and a large part of the population. At that time, many people, who were lacking the most basic products, simply could not believe that their needs could be catered for without the state or state-run bodies organising the economy, fixing prices etc. Also, not too many years ago it seemed to be an eternal truth in Europe that telecommunication services could best be provided by one public operator per country. Since then, liberalisation of the telecommunication markets throughout Europe has led to an unprecedented increase in the quality and variety of services combined with an equally unprecedented decrease in prices for the consumer. Hundreds of new companies have entered the market and since the beginning of 1998 thousands of new jobs have been created. All this thanks to the policy that has taken major steps in removing public restraints to competition.

[6] This task is assigned to the Commission by virtue of Article 3(g), read with Article 211, of the EC Treaty.
[7] Articles 81 to 86 of the EC Treaty
[8] Articles 87 and 88 of the EC Treaty

The liberalisation experience of recent years at European level is a striking example of how the courage to rely on market forces is still needed today. It is also fresh evidence that the market mechanism is the most efficient way to meet the demand of consumers for goods and services and will bring companies to increase productivity, to expand output, to innovate and to create jobs. As we see from the European example, particularly during economic transitions or times of reform, the benefits of an open market cannot be fully realised unless public restraints to competition are removed.

. A key for the success in this area is that the central government promotes sound competition principles and competition policy across the economy. . I agree in this respect with the recommendation that the Asian Development Bank made in its Asian Development Outlook for 2005 that competition policy must be incorporated into the broader economic policy framework. This is what we have done in Europe and I would suggest for China that a case can be made that competition policy should be viewed as one of the cornerstones of government economic framework along with monetary, fiscal and trade policies.

Ladies and gentleman, the recent history of the European Union provides us with "*a living proof*" that competition rules are the best tool to secure benefits such as increased innovation, lower prices and a stronger economy. Each country is different and of course the Chinese authorities need to keep in mind the specificities of this big and wonderful country. But, while keeping in mind that some adaptations must be necessary, we should ask ourselves why what has worked for Europe shouldn't work for China?

The answer for me is that a good Competition Policy is **The Way.**

Thanks for your attention!