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## Editorial

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### EC Commission Raids British Steel

In the early months of this year, officials of the EC Commission's Competition Directorate-General (DG IV) raided several of Europe's biggest steel producing companies, including divisional offices of British Steel on Teesside, in connection with the Commission's inquiries into an alleged price-fixing cartel in the industry. Many documents have been seized. The Commission has said that the investigation will take about a year. If found to be in contravention of Community anti-competition rules, the companies concerned face fines of up to ten per cent of annual turnover, which in British Steel's case is about £5 billion. Similar raids have since been reported in connection with an alleged cartel in cardboard production.

These episodes are indicative of the tougher line being taken by the

competition directorate against anti-competitive practices in Europe; in December, ICI was fined heavily for its part in running a soda ash cartel. The case serves also to highlight the fact that our own domestic machinery for enforcement in this area is seriously out of step with that of Brussels. Why has the British Government – which says that it is firmly committed to effective legislation against cartels – so far failed to put some real teeth into the gums of our own Office of Fair Trading. The latter is very keen to take on a more more vigorous role, but can at present do little more than watch from the touchline when Euro-raids of this kind take place, and it has very little power to tackle cartels operating in a purely British context?

The Government's declared commitment to legislation in this area does apparently envisage considerable strengthening of OFT's enforcement role: this was made clear in a consultative document on *Restrictive Trade Practices Policy* (Cm. 331, 1988).

A White Paper issued by Lord Young's DTI sixteen months later (*Opening Markets: A New Policy on Restrictive Trade Practices*, Cm. 727), envisaged a considerable extension of the role of the Director General of Fair Trading in investigating British cartels, and proposed exemplary penalties of up to 10 per cent of British turnover, up to an initial maximum of £1 million, to be determined by a restrictive practices tribunal acting under the auspices of the Monopolies and Mergers Commission.

Vigorous lobbying by the present Director General, Sir Gordon Borrie, for the proposed reforms to be implemented has so far made little visible headway against a strong commercial counter-lobby, which has a lot of support on the Conservative backbenches. The Government has been saying for the last two years or so that a Bill is imminent, but for one reason or another one has never materialised. We hope that the commitment will belatedly be honoured in the next Queen's Speech.

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