It was with great pleasure that I accepted an invitation to write a few words by way of introduction to this publication as it contains a compilation of reports based on a sophisticated analysis of highly complex issues that are of direct relevance to the current crisis. Indeed, one cannot underestimate the importance for an institution, such as the one I serve, to benefit from the views of practitioners, business and academia in these turbulent times when creative and critical thinking are absolutely key for policy making and enforcement.

In her opening speech at the 8th GCLC conference in November 2012, which was dedicated to the question: “Competition Law In Times of Crisis: In Need for Adjustment?” and for which the various reports integrated in this book were originally prepared, Inge Govaere expressed the wish that at the end thereof the question mark, occurring at the end of the conference theme, could be removed. By that, I understood, she meant that the answer to the question should be given, not that the conclusion would be reached that there is effectively a need of fundamental adjustment of competition law.

Indeed, going through the various reports, it strikes me that the overall view is that, as eloquently put by Fréderic Depoortere in his contribution, our business should be “business as usual but in very unusual circumstances”. Others as well have pointed out that there is no need to fundamentally revisit the principles on which competition law is founded but that these extraordinary times may justify some degree of flexibility, often in terms of procedure though. At any rate, some of the reforms suggested in the reports are already underway but one can wonder whether they would have or should have not been initiated anyway, that is to say independent...

* The author is Director in the Legal Service of the European Commission and a Guestprofessor of International and European Competition Law at the Free University of Brussels. The views expressed in this foreword are strictly personal.
from the crisis and therefore as part of the Commission’s permanent duty to improve its output, to adapt to the constantly changing environment in which it operates and to remain as much as possible business relevant. I also understand from reading the reports that the crisis is often regarded as an opportunity to carry out reforms, or that the crisis has revealed the pre-existing need for reform or refinement, but that is not the same thing as arguing that they are necessary because of the crisis. That is how I perceived for instance, Enrique Gonzalez’ contribution about the failing firm defence in the context of merger control and Eric Morgan de Rivry’s contribution on the Restructuration & Rescue aid guidelines. More generally, none of the authors argues to introduce a social welfare standard in competition law, instead of or in addition to the generally accepted consumer welfare standard. I particularly appreciated Jacques Bourgeois’ contribution, putting, for the purposes of this exercise, competition law not only in a historic perspective but also in liaison with other economic policies that are necessary to pursue in order to address the deep economic and monetary crisis in which the EU finds itself. He too came to the conclusion that the case for enforcement of competition law has never been clearer than in these times, at least if we agree that (i) above all, the EU needs well functioning markets, delivering the growth and innovation, indispensable not only in order to get out of the crisis but also to in order to face the huge challenges of globalisation and (ii) competition law and policy is perhaps not the only but certainly a very important tool to achieve this. For the same reason, I read with great interest the contribution made by Nicolas Petit and Norman Neyrinck on the nexus between industrial policy, trade policy and competition law enforcement. For me it is clear that there is a nexus. It is the nature of what that nexus should be that is the subject of debate. And this brings me to the essence of my remarks.

Today the Union is facing its biggest test to date. It suffice to look at some alarming macro-economic trends:

- More than 25 million people are unemployed; this corresponds to more than 12% of the active population and nearly a quarter of the young has no job. Since the beginning of the sovereign debt crisis in September 2009, 3 millions jobs have been lost in industry and every month, 100,000 persons more are made redundant.

- Inflation in the EU has reached a level of approximately 3%, a very high rate if one considers most Euro Area Member States are going through a period of recession.

- Public debt has risen from 60% of Euro Area-GDP in 2010 to 90% in 2011. The budget deficit in the same period has increased from 4% of GDP to 6%.
• Some Member States do no longer have autonomously access to financial markets to collect the funds necessary to reimburse their loans of the past; others are not that far from that situation and in order to more or less contain this crisis, public aid for an amount of more than a trillion euro has been committed in order to enable Euro Area Member States in difficulty to reimburse their debts. At the same, in these Member States, foreign investments have reached an all time low or even have come to a complete halt and this is one of the reasons why they are faced with negative growth not only this year but probably also in the years to come. For the EU as a whole, growth remains weak.

• And more generally, the EU as a whole is losing competitiveness. In the last decade, our productivity increased only by 4% compared to 9% in the US and 11% in Japan whereas emerging countries are climbing fast the value-added ladder.

Now – in the face of the greatest challenge to the Union to date – we have a clear choice: are we going to invest in progress, that is to say in increased competitiveness, or are we simply going to manage decline?

Member States have no choice, I would submit. Not only must they be genuinely committed but also they must be able to implement the necessary structural reforms in order to increase their competitiveness up to a level allowing their trade and industry to grow again so that sovereigins can collect the necessary tax revenues enabling them to reimburse or at least substantially reduce their debts. So the question, in the context of this crisis, is whether and if so how competition law can contribute to its resolution. The answer to that question cannot be that competition law and the ensuing discipline needs to be relaxed. Not only is that an intellectual shortcut; more importantly, such an approach pre-supposes that competition law contributes to the crisis, is part of the problem and that is simply not a correct premise. It should be part of the solution and this means that it should be – and in fact is, as noted by Jacquelin McLennan – part of a more general policy geared toward increasing competitiveness. This was also the thrust of Massimo Merola’s contribution and I would like to give tribute to Massimo’s idea, which is at the origin of this book, of exploring the link between the economic crisis and the various facets of competition policy.

In fact, after reading the various reports, I believe more than ever that the Commission’s State aid control policy, probably more than its anti trust and merger control policy, has an important role to play in the resolution of the crisis. Indeed, since the beginning of the sovereign debt crisis in September 2008, State aid control has proven to be an essential coordination tool to ensure the effectiveness of Member States’ rescue packages,
and is also bound to have contributed to their sustainability in terms of public finance. At the same time, it has limited the risk of a subsidy race among Member States and of overcompensation of the beneficiary companies.

In conclusion, I would like to quote European Commission Vice President Joaquin Almunia: “Competition policy is not only about ensuring that companies behave in a pro-competitive way. Competition policy is also about setting the adequate framework for governments to make better use of their scarce public resources, gearing them to spending on the most efficient areas”. This shows clearly the strong macro-economic dimension of State aid law and policy, a dimension which, in my view, has not been developed because of the crisis but which has become more visible by the crisis and distinguishes it from antitrust and merger control policy.

The confines of this foreword do not allow me to do justice to the full intellectual richness of the various contributions in this book. But let me again reiterate how much we appreciate in the Commission the authors’ creative investment for the benefit of the general good.