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THE NORWEGIAN
COMPETITION AUTHORITY

1999 ANNUAL REPORT




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The competition authorities are the King, the Ministry and the Norwegian Competition Authority. (Norwegian Competition Act § 2-1)



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The objective of the Competition Act is to achieve efficient utilisation of society's resources by providing the necessary conditions for workable competition. Competition in a market induces trade and industry to utilise raw materials, capital, labour and transport systems as efficiently as possible. Competition stimulates the development of more efficient production processes as well as new products and services. This stimulates companies to produce their goods in accordance with consumers' wishes and at a lower cost. Consumers benefit from having a better range of goods and services in respect of both price and quality.



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MISSION STATEMENT



Vision

The Competition Authority is to be the central national authority for competition policy within all areas of commercial activity and the foremost centre of competence in all matters concerning this area of policy.

Business concept

The Competition Authority is to contribute to effective utilisation of society's resources by providing the necessary conditions for competition in trade and industry and by monitoring competition in the markets.

Main aims

To take action against enterprises placing restraints on competition in contravention of the objective of efficient utilisation of society's resources.

To ensure that the exercise of public authority does not place restraints on competition in contravention of the objective of efficient utilisation of society's resources.

To help to ensure that all players in the market have the information they need in order to be able to optimise their economic behaviour.

TASKS

The basis of the Competition Authority's activities is the enforcement of the Competition Act and supervision of competition in the various markets. The Competition Act encompasses all commercial activities, i.e. both private enterprise and public sector economic activities.

- In most cases agreements between entrepreneurs concerning collusion on prices, tenders and market sharing are harmful to competition and therefore unlawful. The Competition Authority is to promote workable competition in trade and industry by ensuring that unlawful collusion occurs as little as possible.
- The Competition Authority may intervene against mergers and other forms of activity or agreements following careful assessment of each individual case if these prove to be damaging to competition.
- The Authority shall also assess and point out any anticompetitive effects of public measures.
- The Competition Authority shall assist EFTA's surveillance authority and the European Commission. in the enforcement of the competition rules in the EEA Agreement and in work on achieving efficient competition within the European Economic Area (EEA).

Consumer-oriented activities

Provisions on price information shall help to ensure that consumers get the information they need to be able to make rational decisions.

- The Competition Authority shall control that orders concerning price labelling of goods and services are met.
- The Authority shall carry out regional and nation-wide price surveillance in order to monitor developments in particular markets and in order to stimulate the price-consciousness of consumers.
- The Competition Authority shall also be responsible for enforcing the duty to provide information in accordance with the Credit Purchases Act and is the appellate body for cases arising under the Rent Restrictions Act. The Authority shall also assist the Consumer Ombudsman in the enforcement of the Marketing Control Act.



FOREWORD



This annual report describes certain competitive conditions in seven selected markets. In addition, we present an overview of Norwegian competition policy issues by presenting some of the major cases on which the Competition Authority has worked in 1999. Certain individual cases are also discussed because they are important in principle and should therefore be of interest to both consumers and players in trade and industry.

The objective of the Competition Act is to ensure the efficient utilisation of society's resources by providing the necessary conditions for workable competition. Workable competition is thus a means to an end, rather than an end in itself. The main task of the Competition Authority is to enforce the Competition Act.

Efficient utilisation of society's resources - or economic efficiency - relates to the use of all the country's resources, i.e. labour, capital, energy and other natural resources. In a market with workable competition suppliers will compete to win customers and customers will prefer suppliers with lower prices and the best possible products. It is the undertakings with the lowest costs which will be most able to maintain low prices. In the long term, therefore, it will be the most efficient companies which survive in the market if competition is workable.

The prices in a well-functioning market convey information concerning the resource situation and signal profitable investments and efficient use of resources in the best interests of both consumers and producers. Preventing the abuse of market power is in the consumers' interest and contributes to economic efficiency.

A number of markets in Norway are characterised by historically established and natural monopolies. Some players in the market operate in market arenas under special conditions which require regulation and/or public operation in accordance with special guidelines. Similarly, there is a tradition of having important services within education, care and health services produced in the public sector. Since the public sector has an important role as a service producer, it is therefore in a special position as regards competition. However, the borders between public and private service production are changing. Like many other countries in Europe, we are seeing a tendency for public services to be exposed to competition. New technology and changing needs are the

driving force behind new services being offered alongside and in competition with the traditional services.

The Competition Act encompasses all economic activity, whether in the public or the private sector. It is important that the competition authorities do not neglect the competitive interface between public and private undertakings and unfortunate effects of public regulations and arrangements. Although individual cases may seem trifling, the overall gains accruing from the arrangement of alternatives and increased efficiency in public service production may be great.

The work of the Competition Authority in 1999 has been characterised by a number of major merger cases. The Authority has uncovered infringements of the Competition Act's prohibition on market sharing and collusion on pricing and tendering, and fines have been imposed by the National Authority for Investigation and Prosecution of Economic and Environmental Crime in Norway. The Competition Authority has pointed out several anticompetitive issues associated with public enterprise. Work in future will follow the main lines laid down in the strategy plan for 1999-2001. If the proposals in Odelsting bill no. 97 (1998-1999) on amendments to the Competition Act are passed the organisation of closer international co-operation on individual cases will provide new opportunities to combat unlawful cartel activity.

The Ministry of Labour and Government Administration is preparing for a major review of the Competition Act, partly in order to assess whether the Competition Authority should be given competence to enforce articles 53 and 54 of the EEA Agreement. In addition, the EU is preparing for decentralisation and simplification in the enforcement of its competition rules. Through the EEA Agreement this requires follow-up and organisation on the part of the Competition Authority, although it will probably be some time before the amendments are passed.

Happy reading!

Oslo, March 2000

A handwritten signature in black ink, which appears to read "Knut Eggum Johansen". The signature is written in a cursive, flowing style.

Knut Eggum Johansen

REVISION OF THE COMPETITION ACT

In 1999 the Norwegian Government put forward a proposal for certain amendments to the Norwegian Competition Act and in connection with this gave advance notice of a broader review of the competition rules.

The Competition Act of 1993 laid the foundations for a competition policy aimed at efficient utilisation of society's resources. The Act has now been in force for over six years and has functioned in parallel with the competition rules set out in the EEA Agreement, which apply when trade in the European Economic Area is noticeably affected.

Need for revision

There is a desire for revision of the Competition Act. Following a review of the need for revision of the Act, in January 1999 the Competition Authority forwarded a report to the Ministry of Labour and Government Administration with a draft for revision of the competition rules. The Government proposed certain amendments to the Competition Act in bill no. 97 (1998-1999) submitted to the Storting (the Norwegian Parliament).

Proposed amendments

The proposal primarily involves technical changes. If the Storting gives its assent, the Competition Authority will be authorised to prohibit temporarily the implementation of business acquisitions or to take other measures until the Authority has carried out a final assessment of the acquisition. In addition, it is proposed that the Authority be authorised to obtain and exchange confidential information in connection with co-operation with the competition authorities in other countries.

Decentralised enforcement

The bill before the Storting signals a desire for a broader review of competition policy and Norwegian competition rules. Such a review would be based on experience of the Competition Act and the development of the EC/EEA competition policy in recent years. The proposal for modernising the rules on enforcement of the EC competition rules and signals of greater decentralisation of the enforcement of the competition rules from the EC Commission to national authorities raise issues concerning organisation of the competition authorities and the appeals system under the Norwegian Competition Act.



COMPETITION IN THE NORWEGIAN ECONOMY

The Competition Act covers all commercial activities. The field of work of the Competition Authority therefore encompasses all sectors of the Norwegian economy.

If cases are to be handled effectively in such a broad sphere of work, considerable requirements are made of routines for access to information.

Market information

The Competition Authority needs market information both to reveal competition problems and possible breaches of the competition rules as well as for the case handling under the exemption and intervention provisions. Legislators have primarily given the Authority opportunity to obtain the necessary information through rules on the duty to provide information. However, an alert and independent press is also an important source of information. Other sources of information include official information and statistics, tips from the public and the market knowledge built up within the Authority. The Authority is permitted to seize evidence where there are reasonable grounds for assuming a breach of the competition rules.

Measurement of the intensity of competition?

To assess the degree to which the competition authorities succeed in contributing to the objective of efficient utilisation of resources the Competition Authority is concerned with attempting to explore the effects of the Authority's activities. In co-operation with the other Nordic competition authorities the Competition Authority has in this connection assessed the possibilities for drawing up various competition indicators for the economy. This work has shown that it is very difficult to define and calculate simple indicators of competition which are capable of expressing the intensity of competition throughout the economy.

On the coming pages brief analyses of competition and competition policy issues in individual markets are presented. The markets have been selected to illustrate the breadth of the Competition Authority's activities and to provide examples of concrete problems which may be of significance for competition in individual markets. It does not aim to give a complete picture of competition in the markets discussed.



CIVIL AVIATION DOMESTIC SCHEDULED PASSENGER TRAFFIC

The civil aviation market was gradually deregulated during the 1990s and for several years licensed companies have been free to offer services within the European Economic Area.

The market for domestic aviation has traditionally been characterised by strict regulation in respect of scheduled services, capacity and ticket prices. There are now no formal restrictions to prevent airlines based in one country affiliated to the EEA Agreement from establishing scheduled services in Norway. Services between Norway and countries outside the EEA continue to be regulated.

Flights are basically a fairly homogeneous service. However, we can see differentiation of what is offered in respect of ticketing conditions and the service provided to the passengers. Passengers often have alternative means of transport to choose from; they may to varying degrees choose between air, rail, bus, boat or car. The choice of means of transport will depend on price, time taken, convenience and other factors. Competition in the domestic market is dominated by the Scandinavian Airlines and Braathens. The Scandinavian Airlines is also the majority shareholder in the third largest company, Widerøe. There are also a number of smaller regional companies, but none of these are large enough to be strong competitors to the two major airlines.

Availability of slots

The opening of the new main airport for Oslo at Gardermoen in autumn 1998 increased the availability of landing and departure slots. The availability of slots is assumed no longer to be an entry barrier for services to and from Oslo. Around the same time as Gardermoen was opened Color Air was established as a competitor to the two big players in Norway. This resulted in a considerable increase in supply. There was excess capacity in the market and the operating results of all the companies deteriorated. Since Color Air ceased operating in autumn 1999 capacity on a number of routes has been reduced.

Block exemption from the competition rules

The major airlines are linked up with common ticketing systems, which mean that the companies can observe their competitors' prices for different categories of ticket fairly easily. So-called inter-line tickets allow passengers to fly with a different company than that from which the ticket was bought. Such tickets also allow an inclusive price to be quoted for trips encompassing a number of legs. A block exemption from

the EEA competition rules allows players in the market to meet up in order to consult each other on changes in interline prices and other terms. In the opinion of the Norwegian Competition Authority, this collaboration results in reduced price competition for this type of ticket. The price level may leave room for hidden discount competition for big customers and may have a standardising effect on other prices. The Authority believes that the advantages to the passengers of greater freedom, choice of carrier and time of travel can be achieved without the companies having to consult each other on prices.

Loyalty schemes and competition

The major airlines have a number of loyalty schemes. Frequent flyer programs give individual passengers benefits such as free trips, etc. depending on how much they travel, irrespective of who pays for the trip. The system may also have a lock-in effect in that the benefits are generally obtained by accumulating points through repeat purchases. Other means of promoting loyalty may include agreements with major customers and agreements with travel agencies which give the agencies benefits from prioritising certain airlines. For many of the loyalty generating instruments there may be competition for customers when the agreements are entered into, but the customer finds there is a cost associated later if he wishes to switch to another airline. This can cause problems for potential entrants, both because potential customers are locked into existing airlines and because customers may be reluctant to switch to a company which does not have a relatively large network of services established. The loyalty schemes can also affect competition between established companies in that they also benefit less from competing for each other's customers.

Seat tax

Entry conditions are also affected by public regulations. Where a seat tax is imposed on routes, this can make it difficult to set up new services. In the start-up phase a new player must expect lower capacity utilisation than established players. The seat tax may then hit new entrants particularly hard.

Securing competition between players in the market for air transport is one of the challenges of competition policy. It must therefore be ensured that the established players see that they have an interest in competing with each other for customers and that entry barriers are not too large. The Competition Authority is therefore following developments in the market carefully.



Report on competitive terms in aviation

In 1999 the Norwegian Ministry of Financial Affairs appointed a working group which in September submitted a report on the significance of various taxes and duties for the competition conditions in civil aviation. The working group was headed by a director from the Competition Authority and other members of staff managed the secretariat for the working group.





RETAIL FUEL SALES

The market for retail fuel sales is characterised by a limited number of suppliers and stable market shares. The major factor behind changes in market share in recent years has been mergers and acquisitions.

Petrol and automotive diesel are each homogeneous goods for which price, accessibility and service are the most important competitive parameters. In 1999 sales of petrol amounted to a value of over NOK 20,000m including taxes, whilst sales of taxed automotive diesel amounted to roughly half this value.

The establishment of low-price chains has affected competition at the retail stage of the market for petrol in recent years. Four players of relatively similar size (Statoil, Shell, Esso and Hydro Texaco) account for around 95% of sales since Shell took over Norske Fina in 1999. The low-price player Conoco Jet accounts for just under 5% of the market, whilst Rema petrol has a market share of around 0.5%.

Taxes

The recommended price for a litre of unleaded petrol on 15 January 2000 was approx. NOK 9.80. Of this, NOK 7.10 goes to the state in the form of taxes, whilst the remaining NOK 2.70 covers the cost of the raw material, distribution and profit. The figure shows the various cost components.

Vertical ties

There are strong vertical ties between the oil companies and the retail sector of the fuel market. The ties vary

from direct ownership and franchise agreements to exclusive distribution agreements. It is common for vertical agreements to be entered into in respect of maximum retail prices and discount sharing. Discount sharing agreements are based on the retailer undertaking to reduce his own selling price by a certain amount in return for the oil company reducing its price to the retailer. Such agreements are generally prohibited under the Competition Act, but following closer assessment the Competition Authority has granted exemptions in accordance with § 3-9 of the Competition Act because in the opinion of the Authority the agreements may strengthen competition between the companies.

Freight equalisation

In Norway the transport of fuel and heating oil is subsidised through the freight equalisation scheme for petroleum products. The costs of transporting petroleum products from the nearest depot have been calculated for all postal areas in Norway. No costs are covered in the immediate vicinity of the depots. If petrol or diesel are transported outside the vicinity of a depot the incremental costs are covered. The scheme means that all oil companies get the same subsidy per litre supplied within the same postal area.

Barriers to entry

One barrier to effective competition follows from the fact that for various reasons some municipalities do not allow further petrol stations to become established. In several cases the Competition Authority has pointed out to municipalities that it is invidious to refuse new entry to protect existing players. Another barrier is the availability of fuel in the wholesale market. In Norway storage facilities along the coast are of particularly great significance because the alternative means of transport (overland by road tanker) is relatively expensive. New players' access to depots has been assessed in connection with an earlier case (the "Jet case", decision A 98-3), in which the Authority found that there was no basis for intervening against the right of the established companies to dispose over their own storage facilities. In the current market only Jet and Rema do not have their own depots in Norway. Their petrol is supplied from depots in Sweden.

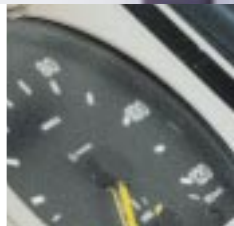
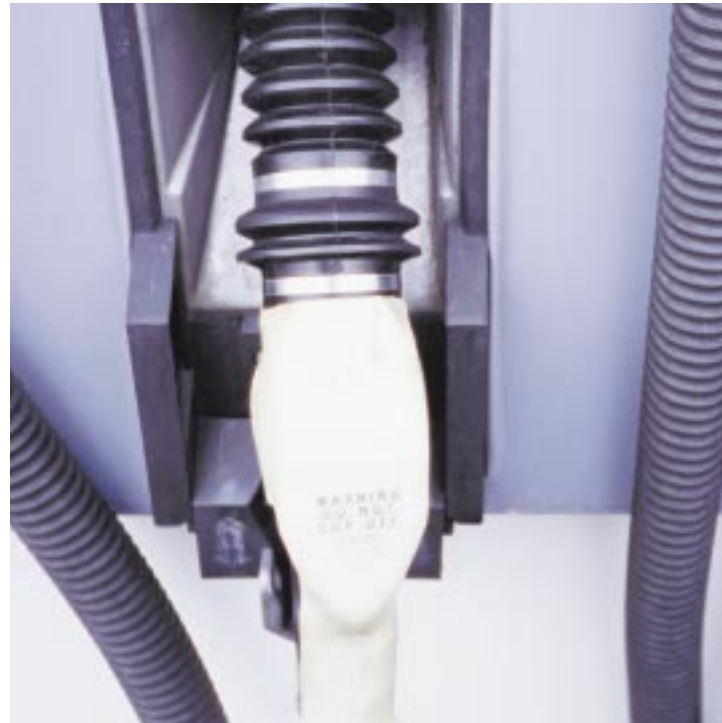
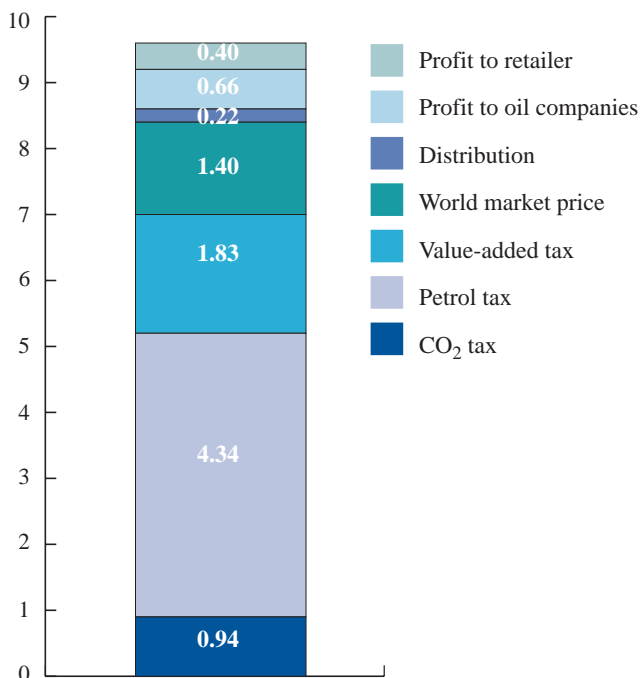


Price wars

The establishment of self-service stations, particularly by Jet and Rema, has led to price wars in certain areas in certain periods. Their prices have often been substantially lower than the recommended price and in some cases the price has scarcely covered the cost of the goods plus taxes. Price wars may reduce the incentive for new entries by the automatic chains and may be used as a “penalty” by companies which reduce their prices to below a level which their competitors find desirable. Such a discipline mechanism may deter companies from reducing their prices in the future in fear of a price war. Although consumers may benefit from a price war in the short term, in the longer term this may lead to reduced competition.

The fuel market is an oligopolistic market and the products are largely homogeneous. Players in the market can presumably reap major gains by acting in a co-ordinated way. The Competition Authority is therefore observing the market closely to ensure that the provisions of the Competition Act are being met.

The price of a litre of unleaded petrol by cost components, January 2000



FINANCIAL SERVICES



The structure of the financial markets is undergoing rapid change. The Government can regulate the structure through the use of concessions and by exercising public ownership, amongst other things.

The major players in the finance sector as a whole are the DnB group, Union Bank of Norway/GjensidigeNor Insurance, The Christiania Bank group, the Sparebank1 group and the Storebrand group. All have their strengths in different segments of the market. The biggest companies in the banking segment are DnB, Christiania Bank, Union Bank of Norway and the Sparebank1 group. The biggest players in life insurance are Storebrand, KLP Insurance, Vital (DnB) and Gjensidige. Life insurance is the most concentrated segment in the financial sector in Norway, where the market share of the three biggest players is over 80% for most products.

Integrated groups

Over time the number of composite financial groups and affiliations has increased. DnB's acquisition of Vital and the co-operation between Union Bank of Norway and Gjensidige are examples of this. This development can be seen most clearly in banking services and the various forms of saving: bank savings, unit trusts and life assurance. This is partly due to cultural conditions and the terms of contract law and tax. Non-life insurance has not become integrated with banking services and savings to the same extent. One indication of this is the merger of the non-life insurance activities of the Norwegian company Storebrand with those of Skandia of Sweden and Pohjola of Finland.

New technology

Telecommunications and Internet technology mean that physical proximity between the buyer and seller in the private market is of less significance. This has provided a basis for the establishment of new players using alternative forms of communication. Increased sector convergence is partly a result of changed savings patterns. Unit trusts and insurance policies have become more of an alternative to bank savings than previously.

Globalisation

Increased globalisation, among other things as a result of the EEA Agreement, makes cross-border business easier. A number of foreign players have entered Norwegian markets through acquisitions and/or by establishing branches and subsidiaries. We have not

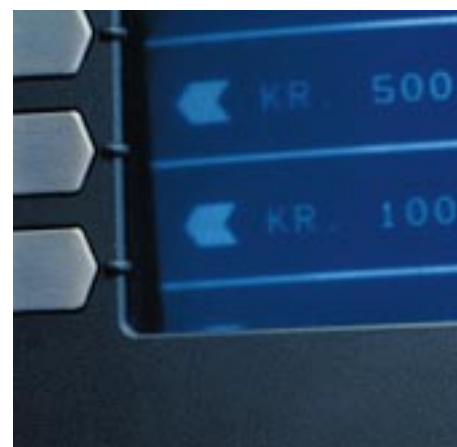
seen the same entry level by foreign companies in the market for life assurance as in other segments of the finance industry. In non-life insurance we are seeing entry by foreign players using alternative channels of distribution, such as the Danish insurance company Trygg Hansa's sale of non-life insurance through Oslo co-operative building association (OBOS). To a certain extent customers can also buy financial services abroad. However, due to exchange rate risk and transaction costs this is primarily relevant only for major players in trade and industry.

Entry and mergers

The EEA Agreement makes it easier for financial players from other EEA countries to enter Norwegian markets. The entry opportunities are affected in part by access to the infrastructure required in order to be able to offer services. Examples of such infrastructure are networks for electronic payments and cash withdrawals through automatic teller machines. The Competition Authority is concerned that the access conditions for such networks are non-discriminatory.

Several attempted mergers among the major players have run aground. MeritaNordbanken's bid for Kreditkassen gave rise to new debate concerning the market structure, national ownership and the state's disposal of its shares in the DnB group and Christiania Bank.

The Competition Authority is keeping track of developments in the financial sector and will assess the effects of structural changes carefully. The Authority can intervene if a specific business acquisition would bring about or reinforce a substantial restraint on competition and this is not outweighed by efficiency gains. Intervention may involve either prohibiting the acquisition or setting conditions to counter the anticompetitive effects. The merger of activities in adjoining market segments in the financial sector can also provide a basis for more detailed assessment if this results in portfolio power which is able to exclude smaller players in individual segments from the market.



AGRICULTURE



Agriculture is excepted from the provisions of the Competition Act prohibiting price collusion and market sharing. However, like all other trade and industry agriculture is covered by the Act's provisions on intervention.

In Norway agriculture is subject to a number of regulatory arrangements that do not exist in other sectors. The instruments used in agricultural policy are discussed in report to the Storting No. 19 (1999-2000) on Norwegian agriculture and food production. In this report it is pointed out that agriculture has many social tasks. The Government has emphasised the social benefit of agriculture in the short and the long term and wishes to increase the consumer orientation of food production:

“In line with society's needs agriculture shall:

- produce high-quality, safe food based on consumer preferences
- produce other goods and services based on the overall resources of the sector
- produce public goods such as sustainable settlements, a broad range of environmental and cultural benefits and a long-term food supply.”

The report further stresses that agriculture policy shall provide the necessary conditions for efficient use of resources and that production must take place as cost-effectively as possible within the given framework.

Subsidies

Agricultural subsidies include subsidies to primary producers, market regulation at the point of sale and import barriers. An indicator of the level of subsidies in the agricultural sector has been elaborated by the OECD and measures both direct and indirect subsidies to agriculture relative to the framework conditions of trade and industry in general. This indicator is known as the Producer Subsidy Equivalent (PSE) and is defined as the sum of budget subsidies and trade protection subsidies. In the case of Norway the indicator shows that subsidies to agriculture in 1998 amounted to 70% of the production value of the sector. Norway has one of the highest levels of agricultural subsidies in the OECD, along with Switzerland, Iceland and Japan. For the sake of comparison the EU average was 45% and the OECD average was 37%.

Regulation of the market at the point of sale

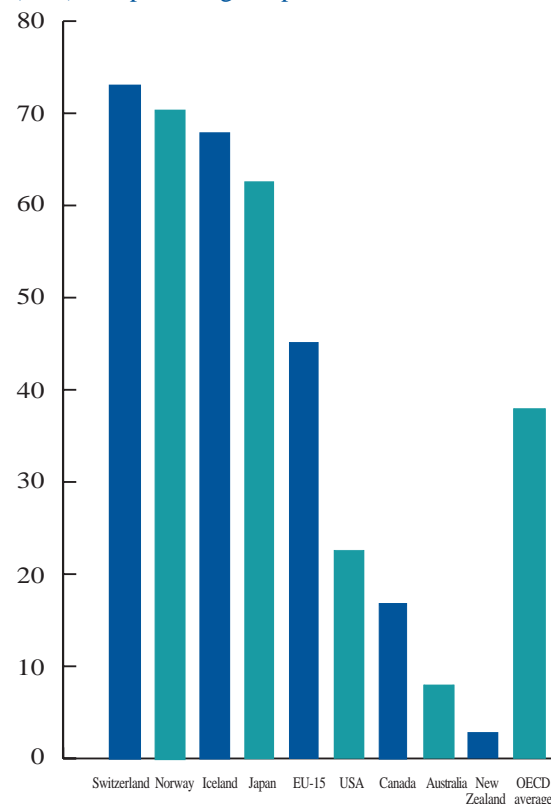
Market regulations at the point of sale contribute to restricting competition in several agricultural sectors. One reason for the failure of competition to function is the role which the co-operating players have as market regulator in

the various sectors. This role results in significant asymmetrical access to information in (and about) the market. A co-operating player has a dominant market position because he has control over raw materials production and is at the same time responsible for market regulation.

The production of agricultural goods in Norway is so small that it scarcely has any influence on prices on the world market. In some cases prices on the world market are considerably lower than prices in Norway. Regulatory exports reduce domestic sales volumes and make prices higher than would otherwise have been the case. The sales council finances the scheme of sales duties.

The Competition Authority will work towards the development of instruments which can achieve the aims of agricultural policy in the most efficient way possible. In this connection it is natural for the Authority to focus on market regulation and sales arrangements which have a restraining effect on competition between different players. (Cf. examples of cases handled by the Authority in the agricultural sector, p. 22.)

Production subsidies to the agricultural sector (PSE) as a percentage of production value, 1998



Source: OECD



BROADCASTING

Competition in the market for the broadcasting of television signals takes place in a number of arenas. Competition for viewers and advertising revenues is central, and makes television companies vie for procurement of programmes and for the best possible distribution.

Television signals can be distributed through a terrestrial network of transmitters, by cable or via satellite.

Allocation of licences

Terrestrial transmission is regulated through the allocation of licences which are issued by the Mass Media Authority, with the exception of nation-wide broadcasts, which are regulated by the Ministry of Cultural Affairs. The channels which broadcast through the terrestrial transmission network are TV2, NRK and local television. TVNorge also broadcasts on the local television companies' frequencies. At present only TV2 has been granted a licence for nation-wide broadcasts financed by advertising. TV2 is subject to obligations concerning programme content and coverage in its licensing conditions. Since frequencies are a scarce resource, licences should be allocated in a way which secures efficient utilisation of this scarce resource as far as possible.

Cable networks

The distribution of television signals by cable is currently dominated by two players: UPC Norge and Telenor Avidi. In addition, there are a number of smaller local operators. The distribution of television signals by cable involves considerable costs in respect of building up and maintaining an infrastructure. There is therefore seldom direct competition between parallel networks in local markets. The result is that each supplier is often a monopoly within its area. The exception is Oslo, where there are alternative suppliers in certain areas.

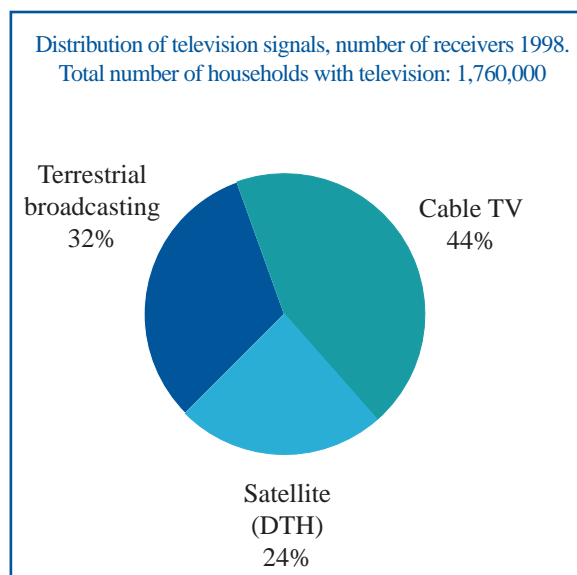
Satellite - smart cards

The market for the distribution of television signals via satellite is dominated on the one hand by Telenor, which is in a strong position as a satellite distributor in Scandinavia, and on the other by two players which distribute the programmes directly to subscribers using smart card technology (known as "Direct To Home" or DTH). The two players in the smart card market are ViaSat, owned by the Swedish media company Modern Times Group, and Canal Digital Norge (CDN), owned by Telenor, TV2 and Canal Digital. In 1999 CDN took over the third player, Norgeskanalen, from TV2. In connection with

this the Competition Authority intervened in respect of a clause in the agreement which secured CDN exclusive rights to smart card distribution of TV2, since it was considered that giving exclusivity to one of the channels with the highest level of public subscription would strengthen an already significant restriction of competition. This decision was appealed against to the Ministry of Labour and Government Administration, which rescinded the Authority's decision in January 2000. (*Cf. the discussion of the intervention case Canal Digital Norge AS, p. 24.*)

Digital technology

The development of digital broadcasting technology will affect competition in the market. When analogue broadcasts are phased out the capacity of the networks will increase considerably, providing room for new suppliers to become established. Which solutions are chosen for navigation in the increased range on offer (electronic programme guide) may have an influence on market competition. Digital technology also opens up the way for new forms of distribution; "video on demand" and various Internet solutions will come into competition with traditional broadcasting. An important challenge of competition policy is to find a balance between regulation which provides sufficient incentives for investment in new technology and regulation which ensures that players are not excluded from the market.



THE BOOK TRADE

In the book trade prices and other terms of competition are regulated by a set of agreements. Central to this is the book trade agreement between Norwegian Publishers' Association and the Norwegian Booksellers' Association. This agreement regulates a large part of sales in the market.

Books to a value of around NOK 5,000m are sold in Norway annually. There are around 350 publishing houses in total, both large and small. Around 50 of these are members of the Norwegian Publishers' Association. There are around 570 booksellers, all of which are members of the Norwegian Booksellers' Association. The annual value of book sales through the booksellers is estimated at around NOK 3,000m.

Changes in the industry agreement

Previously, booksellers had an exclusive right to sales of all types of books covered by the trade agreement. The current agreement allows some books to be sold through other channels such as the Internet. The booksellers still have an exclusive right to sales of school books. The price of new books is set by the publishing houses and the retailers are not allowed to change the price in the year of publication or the subsequent year. In the case of

school books the price is fixed without a time limit. This eliminates price competition. The agreement also regulates sales through other channels, including book clubs.

The retailer can now negotiate his purchase price with the publishing house. When granting exemption to the agreement the Competition Authority made it a condition that the agreement should not encompass school books. The decision was appealed against and this condition was rescinded by the Ministry of Labour and Government Administration in March 1999.

Extensive joint ownership

Members of the Norwegian Publishers' Association account for around 80% of book sales, including sales through book clubs owned by members of the Association. The biggest publishing houses are Aschehoug & Co, Gyldendal Norsk Forlag and Cappelen Forlag. Gyldendal and Aschehoug jointly own significant enterprises such as Forlagssentralen, Kunnskapsforlaget and De norske bokklubbene. When dealing with the acquisition of the publishing house Universitetsforlaget by two other publishing houses – Gyldendal and Aschehoug – in autumn 1999 the Competition Authority emphasised the fact that the companies' interest in competing with each other might be weakened when they co-operate in parts of the market. Joint ownership may therefore provide a basis for a common understanding between the companies even in segments which are not covered by the joint ownership.

Formation of chains

The booksellers' market share in the overall book market is around 60%, whilst the share of book clubs is over 20%. In recent years significant chains have been formed. The four largest chains are Libris, Interbok, Unipa and Nexus. Libris is the biggest with a market share of over 20% of book sales through booksellers. The competition between the chains is of significance for competition between booksellers in local markets. Strong chains can negotiate favourable agreements giving their members lower costs and increased resources for marketing, product profiling, implementation of special offers, etc. On the other hand, the trade agreement places strict restraints on the ability of the chains to compete on price, both locally and nationally.

Increasing vertical integration

Vertical integration in the sector has increased through the acquisition by Gyldendal of several retailers in the Libris chain in 1999. Vertical integration may be unfortunate from the point of view of competition if competitors are excluded from the market. However, this requires market power at one stage of the value chain.



E-commerce

The book sector is likely to face major changes. In many cases electronic publishing is an alternative to traditional publishing and trade via the Internet has become established as an alternative to bookshops. It is expected that such changes will be of increasingly great significance and thus affect the competition conditions in the industry. The Competition Authority is concerned that agreements and regulations do not hinder the development of efficient production and distribution systems.

Cultural and regional policy

The restraints on competition set out in the book trade agreement are justified by the parties on the grounds that the agreement safeguards important cultural and regional policy objectives. In dealing with the agreement the Competition Authority questioned whether there were not alternative instruments capable of safeguarding these aims more effectively. In the opinion of the Authority there are effective ways of subsidising the production and spread of literature in Norway. The more direct measures such as production subsidies, direct subsidies to booksellers and public purchasing schemes may be more accurate measures than the book trade agreement. Direct subsidy schemes may result in a more economically effective book market than a market which is regulated by a competition-restraining trade agreement and will in addition reveal the costs of achieving these cultural and regional policy aims.

GROCERY TRADE

Following considerable consolidation in the grocery trade over the past 10-15 years nearly 100% of sales through traditional grocery shops is now concentrated in the four umbrella chains NorgesGruppen, Hakon Gruppen, NKL and Reitangruppen.

Annual turnover of groceries at the retail stage is around NOK 92,000m. In addition, the service trade (primarily petrol stations and kiosks) has sales amounting to around NOK 15,000m.

Sector convergence

Although a substantial part of sales comes from traditional kiosk goods, this suggests that to some extent petrol stations and kiosks compete with the grocery trade. There is a tendency towards sector convergence because the petrol station chains are constantly being developed with a view to sales of groceries, whilst Rema has become established in the petrol market. At the same time there is increasing integration between the grocery groups and the service trade, e.g. Hakon Gruppen has become a shareholder in Statoil's retail trade division.

International integration

There is also a tendency towards international integration in the grocery sector. Hakon is now a subsidiary of the Swedish company ICA AB, which is in turn 50% owned by the Dutch group Royal Ahold, whilst a merger of the co-operative associations in Scandinavia is being prepared.

Vertical integration

In parallel with increased concentration on the retail stage there has been vertical integration between the retail and wholesale levels. Reitangruppen has acquired its own principal wholesalers, which now form part of the group, and the wholesaler Joh. Johansson has been integrated with NorgesGruppen in respect of ownership. All the umbrella chains in the grocery trade are thus integrated with their main wholesalers.

In addition to vertical integration with main wholesalers, exclusive supply agreements with other suppliers have become more widespread, e.g. within the area of fruit and vegetables. Exclusive supply agreements can contribute to more efficient use of resources through more efficient distribution, but can have unfortunate effects on competition if small suppliers are excluded from the market.



Private brands

Private brands are brands which are exclusive to a retail chain. The private brands' share of turnover is low in Norway compared with the rest of Europe, but is increasing. Its share increased from 3.7 % in the first quarter of 1996 to 6.6% in September 1998 (Gabrielsen & Sjørgard: Vertikal integrasjon, private merker og konkurranse i matvarehandelen [Vertical integration, private brands and competition in the grocery trade], SNF 1998). Whilst private brands are not very widespread they probably contribute to increasing competition in the grocery market. However, if private brands account for a larger share they could have the opposite effect, reducing consumers' ability to compare prices and quality between the different chains.

In 1999 the Competition Authority passed a new regulation on price information for goods. The unit price is now required to be stated for most goods. This will make price comparison between substitutable products easier for consumers and may counteract potential competition problems resulting from private brands becoming increasingly widespread.

Discount schemes

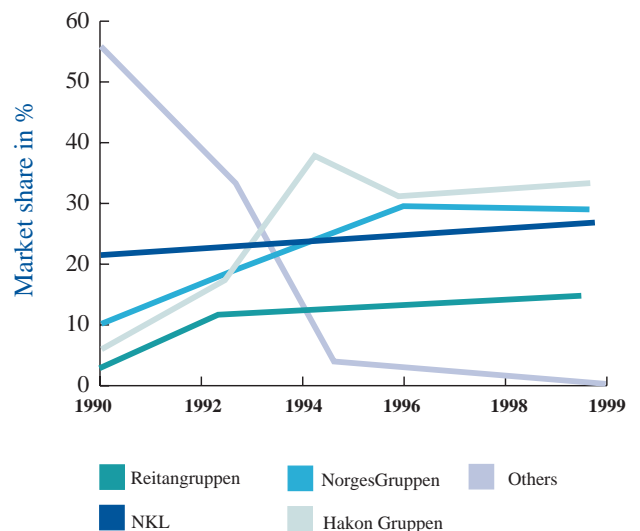
Three of the four umbrella chains in the grocery trade now offer discount cards. NKL (the Consumers' co-operative) has had membership schemes for a long time, whilst NorgesGruppen and Hakon have each run a discount scheme in co-operation with other retailers

since spring 1997. The Competition Authority is of the opinion that as designed at present the discount schemes in the retail trade have little effect on loyalty and thus have no significant effect on competition.

Shift in market power

The development of strong grocery groups has changed the distribution of power and relative strengths in the value chain which extends from producer to consumer. Traditionally the producers have been the strong link, but this has now changed such that the producers' selling power is increasingly countered by the purchasing power of the distributors. All in all the development of umbrella chains appears to have helped to strengthen competition because the purchasing power of the chains is able to contain the selling power of the producers. The introduction of private brands, for example, is assumed to have contributed to putting pressure on producers. However, it would be harmful to competition if the concentration in the grocery trade means that the umbrella chains' incentive for competing with each other is reduced. Thus, in view of the high level of concentration in the market the Competition Authority will be following the development of the market carefully.

Market shares of the umbrella chains at the retail stage



Source: ACNielsen Norge AS



ACTIVITIES OF THE COMPETITION AUTHORITY

SURVEILLANCE AND ENFORCEMENT OF THE PROHIBITIONS

In 1999 the Competition Authority dealt with 114 cases concerning the prohibition of price collusion and resale price maintenance.

The number of cases is substantially lower than in 1998. The main reason for this is that significant individual cases were given priority at the expense of less significant cases. Control of unlawful restraints on competition was given priority in 1999. It is considered important that breaches of legislation are sanctioned.

The Competition Authority has emphasised support of the prosecuting authority in cases reported and has in addition given priority to controlling that the Authority's decisions are being complied with. Supporting the prosecuting authority has included calculations of gain and preparation for court cases. A number of control cases have been labour-intensive in respect of investigations and legal follow-up.

Seizure of evidence

In the course of the year evidence has been seized in six cases in accordance with § 6-2 of the Competition Act. Evidence was seized in the following sectors: wholesale of electrotechnical products, furniture industry (two cases), sports items (two cases) and in the market for cleaning appliances. The controls were carried out in line with guidelines aimed at ensuring that the case handling is efficient at all stages and safeguards central guarantees of legal protection.

Follow-up and assessment of effects

Work on assessment of effects is organised in interdisciplinary working groups. Amongst other things, the groups analysed the economic evidence in the cases and on a more general basis assessed matters concerning excessive prices and confiscation. The Competition Authority has considered the handling of electronically stored information in order to establish effective and secure routines. Assessments of and calculations of gains are important in the handling of cases and when supporting the prosecuting authority in cases concerning gross infringements of the provisions of the Competition Act.

It is difficult to measure the effectiveness of the control activities. Over time the control activities and the

prohibitions of the Competition Act have become well-known amongst most entrepreneurs and their legal advisers. The Competition Authority follows up indications of significant unlawful restraints on competition and attempts to investigate such cases thoroughly. Accepted penalties and fines for unlawful restraints on competition in 1999 were amongst the highest ever given in Norway. It must therefore be assumed that control activities have a preventive effect.

Current cases

- In January 1999 the Competition Authority carried out investigations of a number of wholesalers of electro-technical products. The case concerns assumed infringement of the prohibition of price collusion in the form of suspected co-ordinated action in the period 1994-99. Investigations have been extensive. The case is expected to be concluded during the first half of 2000.
- The Competition Authority has previously reported Dale Garn and Trikotasje to the police for unlawful retail price maintenance. In 1999 Dale accepted a fixed penalty of NOK 500,000.



Control and enforcement cases	1996	1997	1998	1999
Dealt with	189	121	214	114
Dropped	112	38	97	92
Enjoined	71	81	114	20
Period penalty payment	0	1	0	1
Reported to the police	1	1	3	1

- The Competition Authority ordered the fabric supplier Røros Tweed to pay a period penalty because the company failed to comply with the Authority's intervention in respect of a refusal to supply. Røros Tweed appealed against the period penalty payment, which was later rescinded by the Ministry of Labour and Government Administration.
- The prohibition against price fixing was enjoined on the Norwegian Booksellers' Association in connection with collusion on the pricing of plastic jacketing of school books.
- In December evidence was seized at Gresvig due to suspected infringement of the Competition Authority's decision of 10 October 1997. This is the first time the Authority has followed up compliance with a decision in this way. Follow-up of the case was given high priority.
- The furniture industry was the subject of two seizures of evidence in 1999. One case concerned suspected unlawful price collusion between two chains of furniture sellers. Evidence was seized in December and the case is being investigated. The other investigation was carried out in March based on suspected unlawful resale price maintenance.

Electricity – penalty imposed on essential players

In June 1998 the Competition Authority reported the companies ABB and Siemens and five people in these companies to the the National Authority for Investigation and Prosecution of Economic and Environmental Crime in Norway. The case concerned suspected unlawful collusion on prices and tenders over several years in the market for technical supplies to power stations. The companies had a turnover of at least NOK 1,500m in this market over the period. In May 1999 the prosecuting authority issued penalties of NOK 13.5m and 6.5m respectively, which were immediately accepted. The case in respect of the persons reported was dropped. The Competition Authority assisted the prosecuting authority in its assessment of the effects of the collusion and concluded that it had resulted in considerable excessive pricing for the two enterprises on a number of projects. Despite the fact that the penalties were amongst the highest given in Norway, the Competition Authority questioned whether the sanctions had sufficient preventive effect.

Background to the prohibitions in the Competition Act

The prohibitions of market sharing, price fixing and collusive tenders are important instruments in the work on promoting workable competition. The main reason for the prohibitions is that such regulation of competition is economically harmful in that the prices and the cost level will normally be higher than in a competitive market. Infringement of the Competition Act's prohibition of restraints on competition can result in fines and imprisonment as well as confiscation of the gains resulting from the unlawful collusion. The main area in which the prohibitions of the Act have an effect is clandestine cartels, where competitors restrict competition between themselves.

In collusion on tenders two or more competitors co-ordinate prices and terms prior to a tender or bid being submitted. Such collusion is close to fraud from the customers' point of view.

Price collusion between competing players means that the competition in a market is a weakened or eliminated. The price level in the market will be higher and companies need to take little account of competition from more efficient players. In market sharing competition between potential competitors is eliminated by agreeing to divide up markets by area, customers, product specialisation or by setting quotas. The players can then increase their prices with less concern that the demand will go to their competitors instead because customers have fewer possible choices.

In addition to higher prices, the various forms of cartels have in common the fact that they hardly stimulate efficient operation and the development of new products and processes. Unnecessary high costs are incurred at the individual stages of the sales chain and the economy as a whole suffers an efficiency loss. Competition stimulates efficient operation and development in that the most efficient players succeed, whilst less efficient players gradually drop out of the market.

The prohibitions are enforced by ordinary control visits or by seizing evidence with the consent of the magistrate's court in serious cases. Over the past 13 years 27 cases of competition criminality have been reported to the police. In the EU and USA there is increasing focus on the unlawful cartel activities and sanctions are often very severe.

INTERVENTIONS AGAINST ANTICOMPETITIVE CONDUCT

In 1999 the Competition Authority considered 69 cases of collaboration involving restraints on competition and abuse of market power in accordance with its authority to intervene as set out in § 3-10 of the Competition Act.

By far the majority of cases were handled following a request from trade and industry or the public at large. Five intervention decisions were taken, two of these being regulations. In 17 cases it was found after careful analyses that there was no basis for intervention, whilst 46 cases were dropped during an early phase of the proceedings. One decision was taken to rescind an earlier decision.

Current cases

Taxi fares have long been regulated on the basis of § 3-10 of the Competition Act. Price regulation of taxi transport has been under discussion since the Competition Authority proposed that this regulation be withdrawn. The Ministry of Labour and Government Administration decided that the regulation of maximum prices could be rescinded in areas with two or more taxi companies if the Authority considers that the conditions are proper for competition between the companies. The price regulation will be rescinded in spring 2000 and the Authority will follow developments in the market carefully.

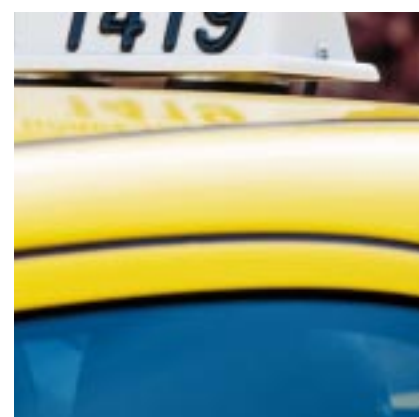
The Competition Authority has intervened in respect of TONO's contracts with rights-holders and rules on voting rights within the organisation. TONO is a co-operative society which manages the interests of rights-holders in connection with public performance of music. The intervention means that the holders of the rights can choose to have TONO administer only some of their work and that TONO must change the rules to enable more rights-holders to meet the requirements for becoming members of the co-operative.

Interventions in accordance with § 3-10 of the Competition Act	1996	1997	1998	1999
Dealt with in total	61	79	52	69
Interventions	3	11	4	5

No basis for intervention

The Competition Authority has assessed several cases under the authority to intervene without finding a basis for intervention. Lefdal, a retailer of consumer electronics, complained that Bang & Olufsen was refusing to supply its products. Following an assessment the Authority found that there were sufficient alternative suppliers in the market. The Authority considered the terms of the charges imposed on shuttle buses for calling at Oslo's Gardermoen Airport, the requirements of the Banking Association for the design of BankAxept cards and several refusals to supply, but in the assessment of the Authority none of these circumstances resulted in a restraint on competition in contravention of the objective of the Competition Act.

The Competition Authority has considered a decision from 1994 which prohibited one clause in Interflora's rules which prevented members from also being members of competing flower ordering companies. The Authority considered that the competitive circumstances in the market indicated that the criteria for a continued prohibition no longer existed and therefore rescinded the decision.





Municipal health studio - request for intervention

Vefsn municipality runs the Kippermoen Sports Centre, which consists of sports halls, swimming baths and strength training facilities. Operation of the centre is financed via the municipal budget. The rates for payment for use of the facilities are set by the local council.

In the opinion of the Competition Authority there are many indications that Vefsn municipality is indirectly subsidising the operation of Kippermoen health studio, which is part of the facilities. The subsidy conflicts with the objective of the Competition Act concerning efficient utilisation of resources because it may lead to the only competitor in the area being forced out of the market and to the municipal health studio being in a monopoly position. If it is desirable to subsidise training in a health studio the subsidies should be as neutral to competition as possible.

In the case of decisions directed at municipal bodies the competence to intervene lies with the Ministry of Labour and Government Administration. The Competition Authority recommended the Ministry to intervene against Vefsn municipality's subsidisation of Kippermoen health studio. The Authority suggested that the health studio be organised as a separate organisational unit and that the charge for training should basically reflect the actual costs of training in the health studio. The organisation as a separate unit with independent accounts would make it easier to control that the entity is being operated on equal terms with private players in the market.

Following an overall assessment of the aspects of economic efficiency, municipal self-rule, health policy aspects and competition which the case raises, in a letter of 10 December 1999 the Ministry stated it did not wish to intervene against Vefsn municipality.

Intervention in the agriculture market

On two occasions in 1999 the Competition Authority intervened in respect of the Norwegian Egg and Poultry Co-operative's (Prior) terms for the slaughter of chickens and other fowl.

In large parts of the country Prior is the only enterprise slaughtering fowl. Some of the co-operative's regional organisations were offering egg producers different terms for the slaughter of fowl depending on whether they supplied their eggs to the egg co-operative or to the co-operative's competitors. The Competition Authority found that the differentiated conditions had a restraining effect on competition between the egg packing plants. Neither did any economic efficiency gains result from this arrangement. A decision was therefore taken to prohibit Prior from setting different terms for the slaughter of fowl depending on where the producers supplied their eggs.

The Competition Authority also intervened in respect of Prior's refusal to buy table chickens on the grounds of "parent-imported" animals, i.e. imported brood stock. The refusal to deal concerned the only two hatcheries which are not members of the Egg and Poultry Co-operative. The co-operative justified the requirement on the grounds that there are no longer restrictions on the import volume of live poultry and that provisions on quarantine for imported poultry have been lifted.

The Authority took as its basis the fact that veterinary rules and national follow-up safeguard the standards of animal health. If these standards are met, the consequences for competition of any supplementary requirements must be the deciding factor. Prior has around 90% of the market for table chickens, which gives Prior a dominant position in the market. The Authority's assessment was that the requirement of the chickens' breeding pyramid has a competition-restraining effect which benefited Prior. The Authority therefore ordered Prior to accept table chickens from Norwegian suppliers irrespective of the breeding pyramid of the animals.



BUSINESS ACQUISITIONS

In 1999 the Competition Authority dealt with a total of 31 business acquisitions. 17 cases were dropped in an early phase of the process. In two cases the Authority intervened by imposing conditions on the acquisition, whilst in the other cases a decision was taken not to intervene following closer assessment.

The acquisition of the publishing house Universitetsforlaget by the publishing houses Gyldendal and Aschehoug, and Canal Digital Norge's acquisition of Norgeskanaalen were important cases in 1999.

When Statkraft acquired a significant shareholding in BKK, the municipal power company of the Bergen peninsula, the Competition Authority initially notified its intention to intervene. However, after discussion with the parties it found that there was no basis for intervention.

Gyldendal acquired a large number of the bookshops in the Libris chain in 1999. Despite the fact that the Competition Authority considers that Gyldendal has market power at the publishing and wholesale level as a result of a significant joint ownership with Aschehoug, the assessment of the Authority was that the acquisition did not result in restraints on competition which provided a basis for intervention. However, the Authority pointed out that it will carefully consider any further acquisitions of bookshops carried out by Gyldendal in accordance with § 3-11 of the Competition Act, taking into consideration the high share of ownership that Gyldendal has in Libris and which provides Gyldendal with more information on and influence at the retail stage.

In connection with the case handling of a joint venture between Wilh. Wilhelmsen ASA and Walleniusrederierna AB the Competition Authority issued a legal clarification of when a joint venture is to be considered under the Competition Act's provisions on business acquisitions (§ 3-11) and when the prohibitions in the Competition Act are to be applied. The Authority found that the case in question had to be dealt with under § 3-11, but that the acquisition did not lead to restraints on competition which conflicted with the objective of the Act.

Business acquisitions	1996	1997	1998	1999
Dealt with in total	46	41	46	31
Interventions	1	3	2	2



Aschehoug and Gyldendal's acquisition of the Universitetsforlaget publishing house

Aschehoug and Gyldendal have owned 25% of the Universitetsforlaget publishing house since 1988. In June 1999 they made a joint offer to the other shareholders in Universitetsforlaget to buy all the shares in the company. The Competition Authority approved this acquisition subject to conditions.

The Competition Authority believes that competition in the school book markets was significantly restricted already prior to the acquisition of Universitetsforlaget. Aschehoug and Gyldendal have significant market shares in these markets and the acquisition of Universitetsforlaget contributes to these two publishing houses acquiring an even stronger market position. The companies have opportunity and incentive to act jointly and can thereby exploit substantial market power in these markets. The acquisition of Universitetsforlaget results in an increase in the publishing houses' opportunity to exploit market power.

In discussions with the parties the Competition Authority found a solution which takes into consideration the competition problems. The solution involves Universitetsforlaget's schools editorial department and the Økonomiforlaget publishing house being sold to an independent third-party and Gyldendal buying Aschehoug's shareholdings in Yrkesopplæringen. When considering the solution the Authority took into account the cost savings in which the acquisition of Universitetsforlaget is expected to result.

Intervention against Canal Digital Norge AS' acquisition of Norgeskanalen AS

In 1998 Canal Digital Norge acquired TV2's subsidiary Norgeskanalen, which distributes satellite-broadcast television signals to consumers using smart card technology. As payment TV2 got 16% of the shares in Canal Digital Norge. At the same time Canal Digital Norge was given exclusive rights to distribution of TV2's satellite broadcasts. The primary objection of the Competition Authority was that Canal Digital Norge was given exclusive rights to smart card distribution for TV2. In the opinion of the Authority, if competitors are not given equivalent access to distribute TV2 this will reinforce an already significant restraint on competition in the market. Although the exclusivity agreement may also provide efficiency gains, the Authority believes that these gains cannot outweigh the economic loss of the restraint on competition.

The Competition Authority therefore prohibited TV2 from entering into agreements giving Canal Digital Norge exclusive rights to smart card distribution for the channel. In the opinion of the Authority, a prohibition on exclusivity may contribute to more effective competition between Canal Digital Norge, ViaSat and any new competitors. The decision was appealed against to the Ministry of Labour and Government Administration. In a decision of 21 January 2000 the Ministry rescinded the Authority's decision by reference to the fact that an incorrect legal basis had been applied in the intervention against the exclusivity agreement.

Felleskjøpene/Stormøllen/Statkorn

In 1999 Felleskjøpene - purchasing co-operatives in the agricultural sector - took over the energy feed activities of Stormøllen AS and 50% of the shares in Statkorn AS. The co-operatives have a high market share in the markets for energy feed and other agricultural operating materials.

In large parts of the country Stormøllen has been the only competitor of the co-operatives in recent years as regards sales of these goods. The takeover of Stormøllen's energy feed activities means that the co-operatives are in a monopoly position in these areas.

Sales of grain are dominated by Felleskjøpet Øst Vest (the East West Co-operative) and Statkorn. The co-operatives' acquisition of Statkorn weakens competition between the two main players.

In the opinion of the Competition Authority competition in several markets affected was significantly restricted prior to the acquisitions. These transactions strengthened the restriction of competition. The Authority therefore notified that it would intervene against the acquisitions in November 1999. In February 2000 the Authority approved the acquisitions subject to certain conditions. The co-operatives must sell two production plants for energy feed and competitors must have first right to purchase any plant which the co-operatives close down.

The Competition Authority has laid down other conditions which make it difficult for the co-operatives to use their position in Statkorn to prevent the formation of new grain trading companies or to impose worse terms on its competitors in the energy feed industry.

EXEMPTIONS

§ 3-9 of the Competition Act gives the Competition Authority the right to grant exemptions to agreements which contravene the prohibitions in the Act subject to certain conditions.

The conditions for granting exemption are that competition in the market concerned is increased, that efficiency gains are expected to more than compensate for the loss due to restriction of competition, that the restraints on competition have little significance for competition or that there are special grounds for doing so.

Number of exemptions

In 1999 the Competition Authority dealt with a total of 85 exemption cases. In 53 cases exemption was granted for all or parts of the co-operation concerning which the application was made, of which 34 were applications for co-operation in chains or groups. 6 applications were rejected, whilst 26 cases concerned the rescinding of earlier exemptions.

Exemption cases

All the four big umbrella organisations in the grocery market sought exemption for price fixing for one or more of their retail chains. The Competition Authority believes that such price fixing in the grocery market provides a basis for greater competition on price between the various umbrella chains. All the applications were therefore granted on condition that all retailers are free to set lower prices than those stipulated centrally.

In 1999 members of the Bademiljø chain (retailers of bathware products) were granted exemption to collude on joint pricing of goods. The Competition Authority had previously rejected the chain's application for exemption for similar agreement due to vertical links with the biggest distributor in the market. Once these ties were loosened the Authority found there to be a basis for exemption.

The Norwegian Independent Meat Association sought exemption to set recommended prices in the market for cut meat after the maximum price regulation for meat was rescinded. The Competition Authority found that this might restrict competition without giving rise to efficiency gains outweighing the unfortunate effects. Neither did the Authority find that there were any particular grounds to take into consideration and therefore rejected the application for exemption.

Exemption cases	1996	1997	1998	1999
Handled	150	129	131	85
Granted	130	101	70	53
Rejected	12	7	1	6
Lapsed/cancelled	8	21	60	26

Basis of exemption	1998	1999
§ 3-9 a) competition increased	29	21
§ 3-9 b) efficiency gains	18	8
§ 3-9 c) little significance for competition	19	22
§ 3-9 d) special grounds	6	6

Provisions from which exemption was granted	1998	1999
§ 3-1, subsection 1 and 2, price collusion and price maintenance	66	47
§ 3-2, collusion on tenders	3	6
§ 3-3, market sharing	16	10
§ 3-4, associations of enterprises	13	8

The tables show the prohibitions from which exemption was granted and the legal basis of these exemptions. In some decisions a number of legal bases may apply or exemption may be granted from several provisions at the same time.



The Film Rental Agreement

The National Association of Municipal Cinemas, Norway; The Norwegian Film Distributors' Association and the Municipalities' Films Centre (Kommunenes Filmcentral) have had film rental agreements since 1953.

The Film Rental Agreement regulates the rental charges which the cinemas pay for films. It prevents cinemas and film bureaux negotiating individual rental terms. Competition between both cinemas and film bureaux is restricted.

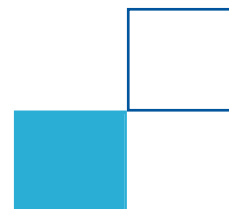
The Competition Authority considers that in the short term there is no real alternative to the Film Rental Agreement as a means to secure a proper supply of cinema services in the regions. The Agreement thus contributes to the achievement of cultural and regional policy aims. The Authority has exempted the Film Rental Agreement from the Competition Act on condition that cinemas shall be able to negotiate with film distributors to get earlier access to films against payment of a higher film rental charge than that specified in the Agreement. Only cinema owners are to be able to take the initiative for such negotiations. The Authority believes that this condition does not remove the basis of the Film Rental Agreement.

The National Association of Municipal Cinematographers appealed against the decision made by the Competition Authority. The Authority has given the appeal deferring effect whilst it is dealt with by the Ministry of Labour and Government Administration.

Rejection: standard for calculation of no-claims discount in motor insurance

In 1999 the Competition Authority rejected an application from the Norwegian Insurance Association for exemption of a common standard for the calculation of no-claims discounts in motor insurance. There has been such co-operation in the industry previously, but in recent years there have been competing systems of no-claims discounts. In 1997 the exchange of discount information ceased. The total premiums for motor insurance in 1998 amounted to around NOK 8,500m.

In the opinion of the Competition Authority an industry standard for calculating discounts would restrict price competition in the market for motor insurance. This would clearly be unfavourable to consumers. Moreover, the insurance companies' many criteria for risk assessment (vehicle make, year, locality, age and sex of the insured, etc.) meant that a common discount system could only marginally make customers' choices easier. The Authority's rejection was appealed against to the Ministry of Labour and Government Administration, which did not accept the appeal.



PUBLIC MEASURES

Under § 2-2 d) of the Competition Act the Competition Authority shall call attention to the restraining effects on competition of public measures, where appropriate by submitting proposals aimed at increasing competition and facilitating entry for new competitors.

Work in this area includes the submission of opinions in consultation processes as well as direct references to anticompetitive conditions.

Number of cases

In 1999 the Competition Authority handled 182 consultation cases. In 78 of these cases the Authority

had comments to make. In 17 cases the Authority called attention to restraining effects in accordance with § 2-2 d) of the Competition Act, ten to ministries/directorates and seven to local authorities/county councils. (See table.)

Contact with municipalities

In 1999 the Competition Authority had a special initiative directed at the municipal sector. The regional offices held visits and discussions with the administrative and political leadership of selected municipalities. 14 such municipal visits were carried out in autumn 1999, spread all over the country, and in 2000 efforts will be expanded to encompass a greater number of municipalities. The municipalities account for a significant part of overall resource consumption in the



public sector. The theme of the initiative towards the municipal sector is markets for municipal procurement. One objective is to make the purchasing staff of the municipalities aware of the prohibition of collusion on prices and tenders, so that the municipalities contact the Authority if there are any indications of such collusion. The Authority will contribute to creating greater consciousness in the municipalities of the significance of placing emphasis on competition and efficiency aspects in the purchasing and tendering processes. The Authority argues that the municipalities should start using written procurement rules and points out the advantages of using open forms of competition which do not favour particular suppliers. The Authority also discuss other types of competition matters by this form of contact.

Calling attention to distortion of competition

The Competition Authority has dealt with several cases in which private players have complained of conditions which distort competition with public goods and service production. Examples of cases include driving courses held by public players (the South Norway Naval District) as well as lodging and conference services (the state canteens organisation). It was pointed out to Eidskog municipality that activities connected with a nursing home in the municipality selling laundry services to private customers should be separated out as a distinct profit unit in the municipal budget. Such cases raised general competition issues concerning the organisation of public production in separate profit units and competition-distorting effects of public subsidy schemes. (See also request for intervention in the *Kippermoen case*, p. 22).

Cases in accordance with the § 2-2 d) of the Competition Act	1996	1997	1998	1999
Calling of attention in accordance with § 2-2 d) of the Comp. Act	4	11	51	17
Consultation cases dealt with	154	180	159	182

Consultations on fisheries and aquaculture

In 1999 the Competition Authority submitted opinions on a number of proposed amendments to the regulations on fisheries and aquaculture.

• Draft regulation on unit quota schemes for the cod trawler fleet, the seine fleet and the Greenland prawn fleet, as well as the merger scheme for small trawlers

This regulation deals with the conditions for the allocation and sale of quotas in fisheries, amongst other things. In the view of the Competition Authority the proposed restrictions on sales of quotas will in most cases result in inefficient use of resources in that the quotas will not accrue to those fishermen who are operating most efficiently and therefore have greatest willingness to pay. Further restrictions on the saleability of the quotas was proposed to ensure the supply of raw materials to certain regions or land units. In the opinion of the Authority the individual fisherman should be free to supply his catch to the land unit which he finds it most profitable to supply, since this will contribute to efficient utilisation of society's resources.

• Draft new act on sea ranching

The draft new act on sea ranching deals with rules for the planting out and recapture of crustaceans, molluscs and echinoderms for nutritional purposes. The Competition Authority commented that the allocation of permits should take place through an auction scheme and that the permits should be saleable after allocation. In an optimally organised auction the permits will accrue to the most efficient players, who will therefore be willing to pay most for the permits. This will contribute to better allocation of sea ranching resources. The consultation draft also proposes regulation of production. Efficient utilisation of resources is best secured by the individual player in the market being able to adapt his production to demand in the market. In the opinion of the Authority, therefore, the production should not be regulated due to market considerations.

• Draft rules on control of ownership changes within the farming of salmon and trout

The concession scheme for farming salmon and trout involves the allocation of exclusive rights to sites along the coast. The proposal involves a restriction on the maximum farming concession volume allocated in which a single owner may hold majority interests, either directly or indirectly. The Authority pointed out that is not possible to set a general limit on when acquisition is harmful in economic terms. Too low a limit may prevent realisation of significant efficiency gains. Moreover, it is not necessary to introduce the proposed restrictions on ownership from the point of view of competition because the Authority can intervene against acquisitions which are unfortunate from an economic point of view, including within the aquaculture industry.





INTERNATIONAL CO-OPERATION

Work on EEA cases is given high priority in the international work of the Competition Authority. In 1999 there was extensive legislative activity in the General Directorate for Competition of the European Commission.

One important case for the Competition Authority has been the European Commission's White Paper containing proposals for revision of the procedural rules which apply to restrictive practices and abuse of dominant position. If the European Commission proposals are passed this will mean radical changes in the enforcement of the competition rules in the EEA Agreement. A Norwegian consultation process has been completed and an extensive Norwegian consultation statement drawn up, which has formed the basis of a statement by the EFTA/EEA countries in the case.

Amongst other legislative work within the EU/EEA, work on the new regulations for vertical regulation has been the most significant. The new block exemption provides exemption for vertical agreements between two or more enterprises where the relevant market share is less than 30%, with certain specified exceptions. This is a change from the previous block exemption in the area, which largely specified the types of agreements which were permitted rather than those which are prohibited. The new block exemption was passed by the European Commission in December 1999 and will enter into force in summer 2000. The block exemption has been implemented in Norwegian law.

The European Commission dealt with a number of important merger cases of significance for Norway. Amongst the most important individual cases are Telia/Telenor and the insurance merger between Storebrand/Skandia/ Pohjola.

OECD

All 29 OECD countries are represented on the OECD's Competition Committee, in addition to certain non-members such as Argentina, Brazil and Russia. The Committee is important international forum for discussion of competition policy. The Competition Authority participates in the Committee and its associated working groups.

Its work include issues concerning international enforcement of competition rules. In 1998 the OECD Council approved a recommendation for the implementation of effective measures against cartels. The Competition Authority took part in two working groups in order to exchange experience of follow-up of this recommendation. In addition, a roundtable conference was organised on

the exchange of information between the countries in respect of the enforcement of the prohibition of cartels, at which problems associated with control of international mergers were discussed. Another central theme is competition issues in deregulated markets, i.e. markets which have been wholly or partly opened up to competition. Roundtable conferences on the competition conditions for postal services, professionals and the collection of refuse have been held. A recurring theme is markets with natural monopoly elements, such as railway tracks, local distribution of post and the destruction of refuse.

The Competition Committee has held roundtable conferences on the member states' prioritisation of surveillance resources and competition policy in aviation and oligopolistic markets. In addition, the Committee is a central forum for the exchange of experience.

Nordic co-operation

In 1998 the Nordic competition authorities appointed two working groups. The subject-matter of one group was Nordic co-operation on enforcement, whilst the other was to consider the calculation of competition indicators for the Nordic economies.

The group which assessed Nordic enforcement work submitted its report in December, but is continuing to work on proposed guidelines and to discuss the possibilities of entering into agreements that are binding under international law.

The European Commission White Paper on modernisation of rules of procedure

The European Commission has drawn up a White Paper proposing revision of the rules of procedure relating to the competition rules in the EU (Articles 81 and 82, corresponding to Articles 53 and 54 of the EEA Agreement). If approved, the European Commission's proposal represents a departure from the current notification system for agreements which place restraints on competition. One of the reasons for this is that the current system of advance notification to the European Commission has resulted in such a heavy burden of work that it has exceeded other work, including control that the competition rules are being observed. The proposed reform is based on three pillars:

- removal of the regime involving advance control and notification
- decentralised enforcement of the competition rules
- reinforcement of subsequent (ex post) controls



The removal of the current system will give companies greater responsibility, since they themselves must then assess their behaviour relative to the competition rules. Decentralised enforcement represents a redistribution of competence between the European Commission and the national authorities. The European Commission will be responsible for competition policy, whilst national competition authorities and courts will have a greater role in enforcement.

The Telenor/Telia merger

Following a request from the Ministry of Labour and Government Administration the Competition Authority drew up a report concerning the competition circumstances in the telecommunications sector in connection with the merger between the stateowned telecom companies Telia of Sweden and Telenor of Norway. The report was also sent to the EFTA Surveillance Authority, which forwarded it to the European Commission.

The report focuses on an analysis of the competition situation in the markets in Norway in which Telenor and Telia's subsidiary in Norway have overlapping activities.

The Competition Authority concluded that the merger would contribute to bringing about further restraints on competition in these markets. In view of this, the Competition Authority considered that Telia's activities in Norway should be divested to one or more other players.

The Commission took up the matter and following a thorough assessment found that the merger could not be regarded as compatible with the common market and the EEA Agreement.

After a process of consultation and meetings of the Advisory Committee the parties agreed on commitments which should ease competition problems. These include the sale of competing businesses in Norway, Sweden and Ireland, disposal of the parties' cable TV activities in Norway and Sweden and giving competitors access to the parties' networks for local access in Norway and Sweden.

The Commission approved the merger subject to conditions on 13 October 1999. The Competition Authority represented Norway in meetings with the Commission throughout the process.

PRICE INFORMATION AND PRICE SURVEILLANCE

In 1999 the Competition Authority used less resources than previously on measures relating to price information and on carrying out price surveillance.

This was due to a conscious decision to move towards contacting and affecting industry associations rather than carrying out time-consuming individual controls, as well as a reprioritisation in order to strengthen work on control cases.

Control of the price labelling provisions	1996	1997	1998	1999
Number of controls	2804	2970	2586	976
Infringements enjoined	1559	1581	1075	587

Nation-wide price surveillance

Six price surveys were carried out in 1999, five of which were nation-wide. The surveys cover the prices of fuel, periodic checks on vehicles, telecommunications services, silver cutlery and furniture. Current electricity prices are displayed on the Competition Authority's home pages on the Internet, where they are constantly updated. In the opinion of the Authority, publishing electricity prices has satisfied consumers' need for easily available information.

Unit pricing

In December 1999 a new regulation on price information for goods was passed. The EC directive on consumer protection on the indication of the prices of products offered to consumers formed part of the basis of this regulation. Two rounds of consultations were held and there was extensive contact with industry interests before the regulation was passed.



The regulation entered into force on 1 January 2000 and generally orders the statement of unit prices for goods sold to consumers. Unit prices make it easier for consumers to compare prices of different goods irrespective of the size of the packaging. It has been drawn up in line with the EC Directive and attempts have been made to harmonise regulations in the Nordic countries.

Price information for services

The regulation on price information for services, which entered into force in 1998, has been followed up with spot checks and information to trade and industry. Modifications and interpretations have been organised in a number of sectors. So far the overall impression following the random checks indicates satisfactory compliance with the provisions, although certain sectors are lagging behind.

Price information for telecommunications services

The need to improve price information in the markets for telephony services has been assessed. The provisions on price information in this sector are administered by the Norwegian Post and Telecommunications Authority. In consultation with the Post and Telecommunications Authority it was concluded that there was no need to change the current arrangements. However, a price survey of telecommunications services was carried out with a view to facilitating consumers' choice of supplier and product variant. The survey was carried out as a co-operation project between the Consumer Council of Norway, the Post and Telecommunications Authority and the Competition Authority.

Pricing and freight equalisation

The Competition Authority was commissioned by the Ministry of Labour and Government Administration to investigate prices of fuel and assess the effects of the freight equalisation scheme on pricing. (*Cf. case concerning freight equalisation, p. 32*).

OTHER TASKS

The Competition Authority also has a number of tasks outside its core areas.

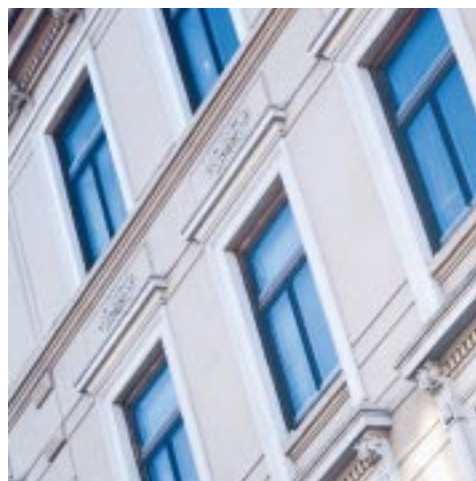
A new Rent Restrictions Act which entered into force on 1 January 2000, § 2 of the Price Policy Act on unreasonable prices and enforcement of the Credit Purchases Act are all examples of tasks on which the Authority has worked during the year.

Tasks under the Rent Restrictions Act

In 1999 the Competition Authority handled 58 cases in accordance with the old Rent Restrictions Act, compared with 106 cases in 1998. In 11 of the 58 cases a new decision was made and 5 decisions were rescinded. The scope is largely speaking restricted to unfurnished pre-war dwellings in Oslo and Trondheim. The authority to intervene under the Rent Restrictions Act lapses with the new Act. It is uncertain what this will mean for the Authority's use of resources in the future.

Price Policy Act

In 1999 29 complaints were dealt with relating to the prohibition of unreasonable pricing set out in § 2 of the Price Policy Act. As previously, a large proportion of the complaints involved artisan services. All the cases were dropped. In three of the cases the demands were reduced without the suppliers being requested to do so.



The Credit Purchases Act

Enforcement of the Credit Purchases Act is carried out amongst other things through information meetings with central players and advertising consultants for major newspapers. There are clear signs that these measures have led to improved marketing. However, the enforcement has had the result that credit terms are not stated in advertisements as frequently as previously and that some dealers of cars are now marketing leasing rather than loans.

Assistance given to the Consumer Ombudsman

The Consumer Ombudsman has been given local assistance in the enforcement of the Marketing Act in line with co-operation agreements entered into previously. The Consumer Ombudsman is responsible for enforcement policy and has consistently expressed satisfaction with the work of the regional offices.

Other tasks

The Ministry of Labour and Government Administration has commissioned the Competition Authority to draw up forecasts of the development of the consumer price index. The Authority also administers schemes for freight subsidies for fuel and for fruit and vegetables.



Freight equalisation for petroleum products

In its budget proceedings in autumn 1998 the Norwegian Government proposed a new self-financing freight equalisation scheme for fuel. The proposal was not passed by the Storting, which felt that the case had not been sufficiently prepared. A new proposal was therefore put forward in autumn 1999 in Odelsting bill no. 73 (1998-1999).

Having administrative responsibility for payment of transport subsidies, the Competition Authority has provided the Ministry of Labour and Government Administration with information and assessments of the economic and administrative consequences of various alternative proposals amending the arrangements. The Authority has issued general opinions on the economic consequences of the freight equalisation scheme.

In the opinion of the Competition Authority the freight equalisation scheme for petroleum products results in economic costs in that there is less incentive for oil companies to distribute their goods efficiently. The benefit of the scheme is uncertain, since we can probably achieve the same regional policy objectives by other means. For the individual consumer the scheme is of little significance in most cases. The subsidies for transporting petrol and diesel are around a quarter of a percent of total sales.

The proposal for a self-financing scheme was not passed by the Storting. The state-financed scheme has been continued in the state budget for 2000. In its statement the Storting's finance committee required the Government to help new players in the petrol market gain access to established depots.

The Competition Authority had considered new players' access to depots in connection with an earlier case. At that time the Authority found that there was no basis to intervene against the established companies' right to dispose over their own storage facilities. (See also discussion of the market for retail fuel sales, pp. 10-11).

ORGANISATION

The activities of the Competition Authority are entirely covered by grants in the national budget.

The figures below provide an overview of the Authority's grants and consumption in recent years. The figures encompass all grants including extra grants, cuts and compensation for wage settlements. The figures for 2000 represent grants as at 1 January 2000, prior to the removal of around NOK 1.5m to allow for the fact that the Authority now receives direct refunds of social security in the event of sickness.

Number of staff

The Competition Authority had 154 employees in total on 31 December 1999. 57 were employed at regional offices outside Oslo, whilst 97 were associated with the central unit. 44% of employees are female and 56% are male. 145 man-years and around 3 man-years of overtime were worked in 1999.

Women in management

Of 23 managers with responsibility for personnel, 4 were women as at the end of 1999. At the beginning of the year 2 female managers had personnel responsibilities. Three managerial positions were advertised and filled in 1999. Women were appointed to two of these positions. The objective is to achieve a share of at least 30% women in managerial positions in 2001. The management group currently consists of four men and two women.

Staff turnover

16 members of staff left the Authority in 1999 and 17 new appointments were made. As at 31 December 1999

	1996	1997	1998	1999	2000
Grants (in NOK k)	54 876	61 140	66 189	66 999	65 750

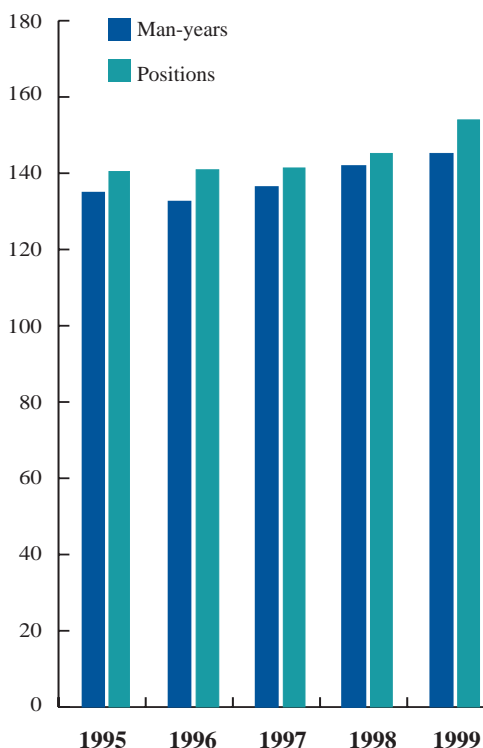
	1996	1997	1998	1999
Total consumption (in NOK k)	56 395	63 082	64 412	65 624
Of which: wages and salaries	37 030	40 057	43 458	46 495
Of which: goods and services	9 365	23 025	20 953	19 129

nine members of staff were on leave. Staff turnover in 1999 is calculated at 10.5%. (Staff turnover is the number of people formally resigning from their appointment as a percentage of the total number of employees at the start of the year.) The equivalent figures in 1998 and 1997 were 16% and 12% respectively. The average seniority in the Authority is around 13 years.

Relevant competence

The general level of competence is high. Around 75% of staff have an academic background, cf. figure on next page showing the percentage of various educational groups. All case handlers and managers at the central unit have completed relevant further education. However, there will be a need to develop and maintain specific competence within the areas of competition law and economics. The Competition Authority has implemented measures to maintain and develop the specialist competence of its staff. New tasks and challenges also require competence to be developed further and in this connection we would refer in particular to the competence-enhancing initiatives for the regional offices. (Refer to p. 36.)

Number of positions and man-years



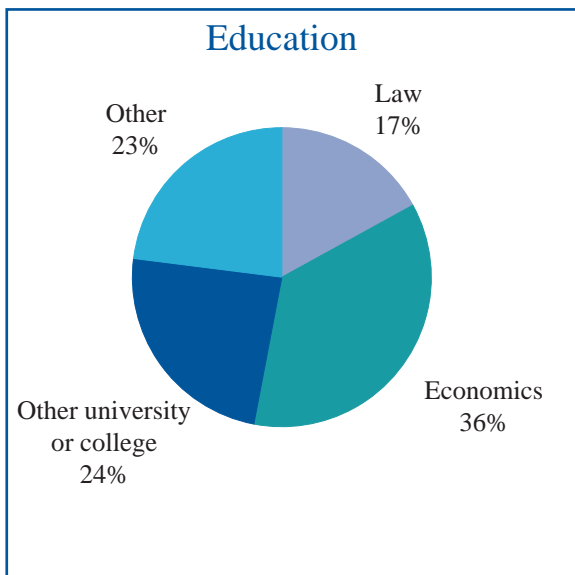


Working environment

Good management is based amongst other things on good communication between managers and staff. This is a precondition for a good working environment. Efforts have been put into improving the communications interfaces in the Competition Authority by developing results evaluation and staff reviews in connection with the work on a new pay and rewards policy. The conditions have been put in place for more flexible use of the state pay system with particular focus on forms of reward other than wages. Project work is contributing to the development of competence and to strengthening the working environment. The Authority is concentrating on this form of work. A number of major projects were implemented in 1999. Co-operation with representatives of the civil servants' organisations and the working environment committee is good.

Health, safety and the environment

The rate of absence due to sickness in 1999 was 4.8%. This represents almost a halving compared with the past three years. The majority is long-term absence. The sick leave rate is now below the national average. Annual action plans are drawn up for following up HSE work in the Competition Authority.



Prerequisites for the regional apparatus

In its national budget for 1999 (Storting bill no. 1 (1998-1999)) the Norwegian Government stated that in order to meet the increasing demands faced by the Competition Authority it is necessary to strengthen efficiency and competence throughout the organisation. The Government also commented on the organisation of the regional apparatus and stated that this should be maintained with local representation in eight geographical areas and manning of 45-50 man-years. It was considered that the individual offices may be of different sizes.

When handled by the Storting's Family, Culture and Administration Committee a majority supported the Government's proposal. Based on optimal usage of resources a model was taken as a basis involving greater specialisation in the individual office units with different types of specialist competence being developed in each unit.

Units within the Competition Authority

The **Competition Department** ensures that trade and industry is organised in a way which promotes competition, as the law prescribes.

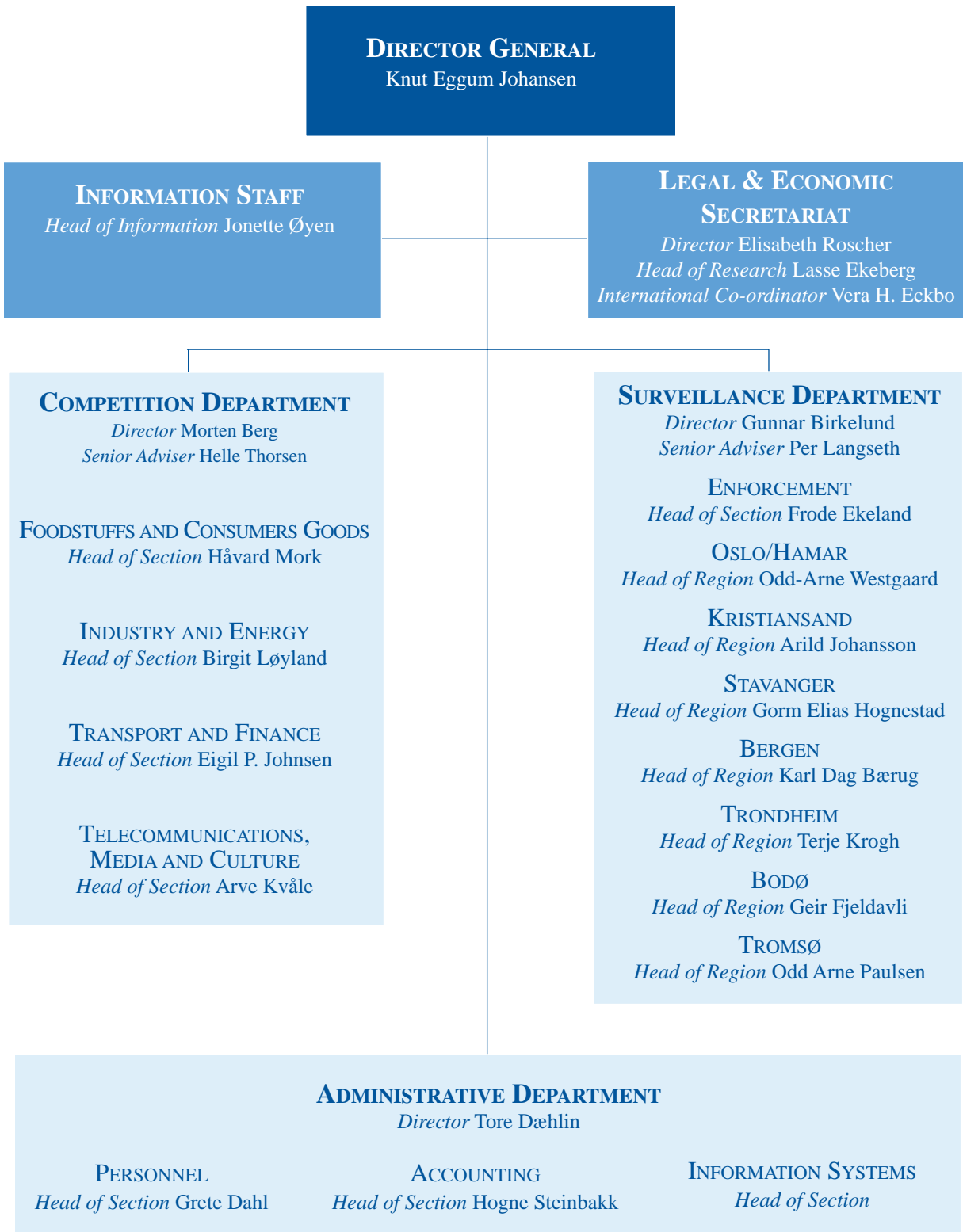
The **Surveillance Department** ensures that trade and industry acts in accordance with the orders and prohibitions of the Competition Act and contributes to sufficient price information in the markets.

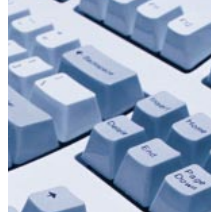
The **Legal and Economic Secretariat** carries on legal and economic investigation work and work associated with national and EEA-related legislation. The Secretariat assists the Competition Director and the specialist departments of the Authority in ongoing cases and matters of principle and works on building up competence internally.

The **Administrative Department** provides services to the whole of the organisation in respect of personnel administration, accounting, documentation, IT and other shared administrative services.

The **Information Staff** develops and follows up the information strategy and assists the Director General and managers in their information work.

ORGANISATION IN MARCH 2000





COMPETENCE - AN AREA OF PRIORITY

There is particular focus on rewards and the need to develop competence in the regional apparatus of the Competition Authority.

The Competition Authority is concentrating on developing competence and further education of its staff. In autumn 1999 an internal series of over 40 hours of lectures was implemented within the subjects of competition law and economics for those dealing with cases. Contributions were made by both internal and external speakers.

Changed competence requirements

Over time the tasks of the Competition Authority have changed in nature as regards content and complexity, partly because of greater focus on competition policy and the phasing out of direct price regulation. This sets new requirements of specialist competence in economics and law within the Competition Authority. It is expected that the case handlers will carry out competition analyses independently to a greater extent than previously.

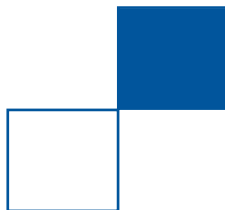
To meet these challenges a development programme is being implemented for the staff of the regional apparatus in order to raise the formal level of competence in economics. The programme has been developed in co-operation with the distance learning section of the Norwegian School of Management BI. Some of the teaching is being carried out using the Internet. A number of training measures are also being implemented directed at specific tasks of the Authority, such as investigation techniques and measures aimed at the demand side.

Other competence measures

Wage policy was reviewed in 1999 by a group comprising a number of parties. On the basis of this a provisional agreement on wage policy was drawn up which specifies how the Competition Authority should be organised in order to recruit, maintain and develop competence through wage and other rewards. Emphasis was placed on rewarding results and competence. Wage is an important instrument, but other forms of reward are also actively being taken into use.

The development of the Competition Authority's managers is an important area of work. Managers meet regularly at management forums and in 1999 three management forums were held, each lasting two days. The purpose is to create a common understanding of important management matters. Central topics in 1999 included pay policy and media strategy. The Authority is a member of the AFF Management Forum and our managers participate in the AFF's networking groups. Some managers have also completed Statskonsult's programme of middle management training.

The programmes for developing competence will be continued.



INFORMATION AND COMMUNICATION

The Internet has now been taken into use not only as an important source of information for the activities of the Competition Authority, but also as an important communication and service channel for target groups.

Information is one of the central instruments which the Competition Authority has for achieving its aims. Its information activities are based on the main principles of the national information policy.

The Internet as information channel

The Competition Authority's website has been considerably expanded over the past year. Today decisions, opinions, legislation, electricity prices, press releases and other news are all available on the Internet.

Internet access is easing access to important information for the Authority's target groups and has brought about a significant reduction in the number of contacts by telephone and letter. In 1999 47 press releases were placed on the Authority's web pages.

Media interest in the work of the Competition Authority is high and there is a constant increase in the number of requests from journalists. The Authority records all discussions with the media and in 1999 the number of media clips recorded increased compared with previous years.

Information on the Competition Authority can be found at www.konkurransetilsynet.no, where all publications, opinions, resolutions and decisions are continuously set out. Updated information includes current electricity prices, press releases and other news - a service for our target groups.

The journal of the Competition Authority

In 1999 four editions of the Competition Authority's journal on competition policy, *Konkurransen*, were issued. The costs of issuing our own journal are relatively high. Work has been started on assessing alternative forms of publication for the material from the Authority dealing with competition. Amongst the measures being considered are further use of the Internet with "print on demand" solutions.

New design profile

The work on a new design profile has been started. The Competition Authority hopes to emerge with a more uniform and clear profile, not just on a visual level, but with a profile and a message which is in line with the Authority's overall aims and strategy.



THE NORWEGIAN COMPETITION AUTHORITY

NUMBERED DECISIONS IN 1999

Exemptions - individual decisions in accordance with § 3-9 of the Competition Act concerning exemption

	Name/identification
V99-1	Hakon Gruppen AS/Rimi Norge AS
V99-2	Rema 1000 Norge AS
V99-3	Meny BA/Prima
V99-5	Unipa AS
V99-7	SAS/Widerøe and Braathen (JETPAK)
V99-10	Åssiden Dyreklinikk
V99-11	FM Nord AS
V99-12	Alcatel Kabel Norge/Viken Energinett
V99-13	Norsk Logopedlag
V99-18	Norwegian Independent Meat Association
V99-22	Elsam AS
V99-24	Intersport AS
V99-25	Norsk Kjøttindustri AS
V99-26	Rieber & Søn ASA/Toro Storkjøkken
V99-30	Binders Norge AS
V99-31	Nord-Troms Trafikkskolesenter AS
V99-34	Marine Mastic Ltd.
V99-35	National Association of Municipal Cinemas, Norway et al
V99-44	NKL's grocery chains, Obs stormarknad, Mega, S-marked and Prix
V99-45	NKL's kiosk chain Strax
V99-46	NKL's specialist chains, Bygg & Bo, Ideel, Pro-Sport, Stilig and Bygg-mix
V99-47	Telenor Mobil AS
V99-48	EMO AS
V99-51	Elektrotema AS
V99-52	Norengros AS
V99-54	ASAK Miljøstein
V99-55	National Association of Municipal Cinemas et al
V99-56	Elgros AS
V99-58	Telemark Goldsmiths' Association
V99-60	Esso Norge AS
V99-61	Bademiljø AS
V99-63	Mestergull AL
V99-64	Skoringen a.m.b.a., Denmark
V99-67	Carriers for Hudesby AS
V99-71	Norengros AS
V99-72	Bjørklund Norge AS (the Bjørklund Group)
V99-73	Flisram Transport et al, Voss
V99-74	Sparebanken NOR and 12 local savings banks
V99-76	Super Dekk Service
V99-77	Apokjeden AS
V99-78	The EITele companies and Bane Tele
V99-79	Bladcentralen ANS
V99-81	Varme & Bad chain
V99-82	Norwegian Writers' Association et al
V99-83	National Administration Service (oil products)
V99-84	Norwegian Publishers' Association et al
V99-85	Naturkjeden BA
V99-86	Norwegian Medical Association
V99-90	Jens Bjelland AS m/flere
V99-91	Skan kjeden AS
V99-92	Norwegian Independent Meat Association
V99-94	Skeidar Møbler & Interiør
V99-95	Gresvig Kjededrift AS

Rejections of exemption in accordance with § 3-9 of the Competition Act

	Name/identification
V99-14	Norwegian National Association of Music Teachers, Oslo
V99-16	Trøndelag Trotting Trainers' Association
V99-19	Norwegian Insurance Association
V99-29	Norwegian Independent Meat Association
V99-50	Norwegian Motor Trade and Repair Association
V99-93	Helseleveranser AS

Regulations

	Name/identification
V99-4	Regulation on exemption for members of machinery rings
V99-17	Regulation on intervention setting maximum prices for taxi services
V99-70	Regulation on exemption for transport centres
V99-75	Regulation on intervention setting maximum prices for taxi services
	Regulation on price information for goods (unit prices)

Individual decisions and interventions in accordance with §§ 3-10 and 3-11 of the Competition Act

	Name/identification
V99-15	Canal Digital Norge AS/Norgeskanalen
V99-21	Prior Central Norway et al
V99-33	TONO
V99-53	Prior Norway et al
V99-59	TONO (change in time limit in order V99-33)
V99-62	Interflora Norge AL (rescinding of intervention decision)
V99-88	TONO (change in time limit in order V99-33)
V99-89	Aschehoug/Gyldendal

Other

	Name/identification
V99-8	Røros Tweed AS (period penalty)
V99-23	Northern Craft (rejection of complaint of non-intervention)
V99-36	Telenor Mobil AS (duty to provide information)
V99-66	Bang & Olufsen (document insight)
V99-68	Nationen (document insight)

Rescinding of exemptions with separate resolution numbers

	Name/identification
V99-6	Rica Hotell-Restaurant chain
V99-9	Tuva's Aerobic Studio and World Classic Treningssenter
V99-20	Norwegian Plumbers' Association
V99-27	Norwegian Association of Electrical Contractors
V99-28	Trønderbakst AS, Flatåsen
V99-32	Norwegian Writers' Association/Den norske Bokklubben
V99-37	Konservesfabrikkenes Servicekontor
V99-38	Tønsberg Turf Association
V99-39	Moss Association of Meat and Sausage Producers
V99-40	Pølsemaker S. Grimstad et al, Trondheim
V99-41	Beito Landhandleri et al
V99-42	Lower Telemark Association of Meat and Sausage Producers
V99-43	Sarpsborg and District Association of Meat and Sausage Producers
V99-49	Norwegian Motor Trade and Repair Association
V99-57	Varme og Trivsel
V99-65	Skoringen a.m.b.a, Denmark
V99-69	Sparebankkort AS
V99-87	Norwegian Writers' Association et al

Numbered decisions

	Name/identification	Basis of processing	Decision
A99-1	Salten Kraftsamband	Application for exemption	No need for exemption
A99-2	Norske Skog Supply	Cross-subsidisation	Terms for intervention not met
A99-3	Tomatpakkeriet Finnøy/ Norgesfrukt and Bama	Refusal to deal	Terms for intervention not met
A99-4	BOAT/TV2 and 4 newspapers	Refusal to supply	Terms for intervention not met
A99-5	Domino/Banking Associations	Refusal to supply	Terms for intervention not met
A99-6	Aurstad Park/OSL	Refusal to supply	Terms for intervention not met
A99-7	Scanfoto/NTB Pluss	Business acquisition	Terms for intervention not met
A99-8	Nordcirc/Narvesen	Refusal to deal	Terms for intervention not met
A99-9	Norwegian Motor Trade and Repair Association	Application for exemption	No need for exemption
A99-10	Logtek/Western Atlas	Refusal to supply	Terms for intervention not met
A99-11	Medicus et al/Nycomed Pharma	Refusal to supply	Terms for intervention not met
A99-12	CD Pakkeriet/silver cutlery producers	Refusal to supply	Terms for intervention not met
A99-13	Norsk Varedatabase	Application for exemption	No need for exemption
A99-14	Lefdal/Bang & Olufsen	Refusal to supply	Terms for intervention not met
A99-15	Drøbak parf./Norelor and Parfums Christian Dior	Refusal to supply	Terms for intervention not met
A99-16	W. Wilhelmsen/ Walleniusrederierna	Joint venture	Terms for intervention not met
A99-17	Gyldendal/Libris	Business acquisition	Terms for intervention not met

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