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(2000)

1. The competition law in Iceland was modified in the year 2000, the changes taking effect in December of that year. The law which has been in force since 1993, is mainly based on the abuse principle but including prohibition provisions to cover the most harmful restrictions. Thus horizontal agreements or measures for co-ordination of prices, sharing of markets and bid rigging are prohibited. The same goes for retail/resale price maintenance. On the other hand the Competition Act contained no general provision prohibiting agreements or concerted practices that restrain competition. Nor contained the law a prohibition against the abuse of dominant positions. With the new modifications, agreements or concerted practices that restrain competition are prohibited, as is the abuse of dominant positions. However, in those circumstances the Competition Authority could intervene, (ex-post), against anti-competitive behaviour.
2. The changes made last year to the Competition Act have, in a way changed the overall character of the law, with the result that by now it can be said that the law fills the category of competition laws, including those of the EU, that are based on the prohibition approach/principle.
3. In line provision on merger control has been strengthened. Now, the Competition Authority may intervene in a merger that leads to oligopolistic dominant positions/joint dominance?
4. The rules on procedures in merger cases have been made clearer and the period for handling cases has been extended/prolonged. Another important change is the Authority's possibility to postpone temporarily a notified merger while its effects are investigated.
5. The Icelandic Competition Act has since 1993 had a unique provision relating to undertakings in the public sector. According to this provision, the Competition Authority, in cases of public undertakings or undertakings operating to some extent under State monopoly or protection, may order financial segregation of the operations conducted and shall see to that operations conducted in competition with private parties are not subsidised by operations which enjoy State protection.
6. This has been a very valuable provision in creating equal conditions for competition in the Icelandic market. This provision remains unchanged in the law, but a new paragraph has been added which states that the Competition Authority may take measures against acts of public parties to the extent they may have detrimental effects on competition, provided that special legislation (*lex specialis*) does not contain special provisions regarding authorisation or obligation for such an act.
7. Finally, regarding the recent changes of the competition law, it can be added that the provision on fines has been made clearer and brought more in line with comparable provisions of EU law in this field. This includes a provision which enables the Competition Authority, when deciding on the amount of a fine, to take into consideration the guilty undertaking's will (or lack of will) to cooperate.
8. During the first years of the enforcement of the present competition law, the Competition Authority dealt mainly with competition restrictions in the public sector. Thus, in the first four years about sixty percent of pure competition cases were of that kind. Gradually, however, the focus has been turning to abuse of dominant positions and merger cases.

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9. In the year 2000 the Competition Authority investigated a number of mergers, the most noteworthy being in the banking sector. In line with increased emphasis on cartel detection in other countries the Competition Authority has been devoting increased resources to such work for the past two years. The most serious cartel case dealt with last year concerned a price fixing and market-sharing cartel in the fruit and vegetable markets. Cartels will continue to be high on the Competition Authority's agenda together with surveillance of the recently liberalised telecommunications and energy markets.

10. In addition to case investigations, the Competition Authority worked on two surveys at the request of the Government. The first is a study on the consequences of increased concentration in the retail market for daily consumer goods/food; in particular to what extent the concentration has led to price increases. The second one is a research and mapping of ownership, board representation and other structural links in Icelandic industries. This report will be of great value as part of the Competition Authority's increased focus on the oligopoly markets and concentrated market power. The report will hopefully cast some light on as to what extent cross ownership of companies, portfolio of controlling interests in a number of companies which are not necessarily vertically or horizontally linked and interlocking board representation, affects the market behaviour of Icelandic companies. Both these reports have been published.

11. Finally, it should be mentioned that at the initiative of the Competition Authorities of Denmark, Iceland and Norway these countries signed in the year 2000 an international agreement on cooperation in the investigation of cartel cases which will enable the competition authorities of these countries to exchange confidential information as they have undertaken to respect one another's confidentiality obligations.