of all EC countries in the ERM, and increased economic cooperation and coordination between them. The second stage involves definition of a Single Monetary Policy and the creation of a European Central Bank (EUROFED) tentatively scheduled for January 1, 1994. The final stage calls for the implementation of a Single Monetary Policy and the creation of a common European currency.

Moving towards European Monetary Union is expected to reduce uncertainty associated with multiple currencies and increase price stability. It will also reduce the costs of currency conversion, an amount estimated at between $18.3 billion and $26.8 billion a year. In addition to having a positive economic impact on the Community, the process is a powerful symbol of the EC's successful drive toward economic integration and of its desire for further political integration.

Competition and anti-trust

Originally, the European Commission could not block mergers and acquisitions prior to their taking effect, but it did have some powers to act after the event. During the 1980s, however, pressure mounted for increased authority to police mergers at the Community level before they occurred. To this end, the Merger Control Regulation was adopted, entering into force in September 1990. It was originally thought that joint ventures were excluded from the scope of this regulation, but this changed with the European Commission's ruling on the joint venture between Mitsubishi of Japan and Union Carbide of the U.S.

The Merger Control Regulation monitors the potential anti-competitive effects of corporate concentration within the European Community, especially as 1993 approaches. The regulation's provisions apply only to those link-ups, mergers or acquisitions with a "Community dimension," i.e. where the aggregate worldwide turnover of all the undertakings concerned is more than $7.4 billion and the aggregate Community-wide turnover of each of at least two of the undertakings concerned is worth more than $371.5 million.

The Commission must be notified within *one week* of signing an agreement or launching of a tender offer. The Commission then has *one month* to decide if an investigation is necessary. And finally, the Commission has *four months* to investigate and provide a ruling on an agreement or tender.

The EC Committee of the American Chamber of Commerce in Belgium, had this to say about the change: "Rather than see the Commission intervene a posteriori... and take the risk of being forced to back down from an already effective concentration, business favors a rapid and confidential procedure by which Community-wide mergers could be definitely cleared by the Commission." (See *Europe 1992 Working Group Report on Competition Policy,* EAITC, January 1991).

The Mitsubishi-Union Carbide ruling: joint ventures now fall under EC merger controls

On January 7, 1991, the European Commission ruled that a joint venture between Mitsubishi of Japan and Union Carbide of the United States did not contravene the anti-competitive regulations of the EC. By doing so, it brought joint ventures under the European Merger Control Regulations for the first time. It is also the first time the Commission has made a competition ruling on a deal between two non-EC firms.

The joint venture involved Mitsubishi purchasing a 50% share in Union Carbide's UCAR Carbon Company and its 10 international subsidiaries. The joint venture is active in graphite, carbon and related products.

The European Commission ruled that control of the joint venture rests with neither parent company and that neither parent company remains active as a producer or trader in UCAR's markets. The venture was therefore found to be compatible with EC competition policy.