

businesses or the EC Commission to obtain remedies for infringements of the amended supplies and public works procurement rules. A proposal for similar review procedures for contracts coming under the Utilities Directive was released by the EC Commission during July, 1990.⁹⁶

Finally, the EC has also taken steps to curtail the use of Member State procurement practices favouring economically depressed regions. In a 1989 policy statement, the EC Commission rejected the use of such preferences in relation to contracts coming under the EC public procurement directives. Although this statement did not rule out the use of regional preferences in relation to smaller contracts, it provides that such preferences should be transparent and open to examination by the Commission while not having a significant impact on intra-EC trade and competition.⁹⁷

2. Competition Policy Development in Highly Restricted Areas of the European Economy

EC competition legislation has been upheld as applicable to private restraints of competition even in highly regulated sectors such as air travel, telecommunications and financial services. However, the potential effectiveness of EC competition policy in these sectors has been limited by regulatory and other restraints on entry, pricing and other forms of competition. The removal of these restraints in connection with the Europe 1992 initiative, therefore, should greatly expand the scope for promoting competition through active enforcement of Articles 85 and 86 of the EEC Treaty. Indeed, as noted above, effective application of the EC competition rules may be necessary to ensure that anti-competitive regulations are not replaced by private arrangements having the same effect.

The extension of EC competition policy into previously highly restricted areas of the European economy has become a major source of activity for EC competition authorities. In the air travel sector, there have been numerous investigations under Articles 85 and 86 of the EEC Treaty into potentially anti-competitive arrangements. For example, in one recent case, EC competition authorities examined a proposal by Air France to acquire two smaller French air carriers.⁹⁸ This case was resolved by an