

Extracts from a minute titled "**EC Competition Rules: vertical agreements: European Commission Review**" from an official in the Competition Policy Directorate, DTI, to Dr Howells, copied to the Secretary of State and others, dated 16 November 1998

[...]

The UK Competition Act

13. The UK Competition Act introduces a domestic prohibition on agreements preventing, restricting or distorting competition, based on Article 85 of the EC Treaty. The Act provides that agreements which are exempt from Article 85(1) by virtue of an EC Block Exemption are also exempt from the prohibition in the Competition Act. A future Commission block exemption Regulation for vertical agreements would therefore automatically apply under the new domestic regime. In addition, the UK intends to exclude a broader range of vertical agreements from the Chapter I prohibition, provided there is no price-fixing. This in part reflects the fact that the Commission's legitimate concerns with single market issues are not relevant to the domestic treatment of vertical agreements by the UK competition authorities and in part that the UK power of exclusion is wider than that of the Commission's power of exemption, enabling us to take a more relaxed attitude. Importantly, however, provision will be made for the DGFT to 'clawback' particular agreements from the exclusion enabling a case by case approach to dealing with problematical vertical agreements, largely responding to complaints.

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