Past Clouds the Future of Europe’s New Antitrust Enforcer

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BRUSSELS — When the financial crisis erupted more than a year ago, Joaquin Almunia, as the European Union’s economics and monetary affairs commissioner, projected an air of competence and seriousness, helping to calm markets.

But criticism was swift when he did not sound louder alarms while in charge of enforcing rules governing the European monetary union, particularly with the problems plaguing Greece.

As he takes on the job of the antitrust chief for the European Union this month, his inauspicious history is clouding his new role, in which he must keep companies and countries from breaching rules on market-rigging and government subsidies.

Mr. Almunia’s predecessor as antitrust commissioner, Neelie Kroes of the Netherlands, had a reputation for bargaining long and hard with powerful people like Steven Ballmer, chief executive of Microsoft.

At the height of the financial crisis, she insisted that rules on competition be respected as governments bailed out banks, auto companies and other businesses. Giants like the Dutch bank ING and the Royal Bank of Scotland were required to make significant divestitures.

Now, the question is whether Mr. Almunia will be up to his new job’s challenges, including the protectionist tendencies rising in conjunction with unemployment in many European countries and the potential for trans-Atlantic tensions, especially as companies like Google continue to expand globally.

His spokeswoman, Amelia Torres, said Mr. Almunia would not grant interviews so early in his nearly five-year term as competition commissioner.

Last Monday, in his first public appearance in the role, Mr. Almunia brushed aside questions about whether he could have done more before the Greek situation became a crisis.

But Kevin Featherstone, a professor at the London School of Economics and a specialist on European Union affairs and Greek politics, said Mr. Almunia had done more to prevent the current fiasco by investigating the situation in Greece more aggressively.
European governments were openly flouting deficit limits before the credit crisis and the explosion of public debt, and the government in Athens had a long record of misleading Brussels about its financial data.

“A key question is whether Mr. Almunia could have lifted up the carpet and done some prying into the Greek situation, or whether he was too worried to do so out of fear of unleashing a Pandora’s box of problems,” Mr. Featherstone said. “The opportunity was there to do more as economics commissioner, but he did not seize it.”

Ms. Torres insisted that the European Commission had “wasted no time” in tackling problems with the troublesome statistics that arose in Greece in 2004. She added that during his term, Mr. Almunia had sought greater powers to monitor wayward member states, but the governments would not grant them.

As competition commissioner, Mr. Almunia, 61, has the authority to make decisions without having to always answer to national capitals—which makes the job one of the most powerful in Brussels.

Ms. Kroes appeared to relish imposing huge fines on Microsoft and other technology companies, including Intel, accusing them of bullying competitors, despite protests from the American government.

Mr. Almunia is more low-key. He grew up in Bilbao, Spain, and studied law and economics in the Basque country. He did further study at L’École Pratique des Hautes Études in Paris and at the John F. Kennedy School of Government at Harvard.

In Spain he is regarded as a moderate left-winger who sought to push the Socialists to the political center. But he lacked the charisma to direct those efforts himself. In 2000, as the party’s candidate for prime minister, he led it to its worst performance in a general election in nearly two decades, then resigned as party leader.

Antitrust specialists predicted that Mr. Almunia would contrast sharply with Ms. Kroes, who seemed to regard confrontation as part of her job description, but was often left tongue-tied by legal questions.

They also expect Mr. Almunia to try to make fewer headlines. Ms. Kroes was criticized for appearing to prejudge the outcome of investigations, as when she said something was “rotten” in the pharmaceutical sector before gathering evidence of actual wrongdoing. “It’s the end of show business competition policy,” said Nicolas Petit, a lecturer in competition law and economics at the University of Liege in Belgium.

It seems almost certain that Mr. Almunia’s upbeat nature will be tested by differences with the United States.

Christine Varney, the head of the antitrust division at the United States Justice Department, warned European regulators in a speech on Monday to restrict imposing obligations to the European Union on American companies that are doing business globally.

Regulators in Europe are under pressure from governments, media companies and technology developers to blunt the market power that Google has amassed by running the world’s most popular Internet search tools.

Perhaps the toughest cases to land on Mr. Almunia’s desk will require him to decide whether to rein in the huge scale of state support provided to some of the European region’s largest banks. In his previous role, Mr. Almunia sometimes favored giving the banking sector a freer hand to manage the crisis to maintain financial stability, in contrast to Ms. Kroes’s call for a stricter approach.

Mr. Almunia must soon decide whether to allow the new alliance between British Airways and American Airlines. Authorities in the United States approved the deal last week, with conditions.

Mr. Almunia also will need to resolve whether to give greater freedom to online merchants like eBay and Amazon which, like Google, are based in the United States. Some specialty goods and luxury goods brands, in particular LVMH of France, have lobbied hard to require that merchants have traditional shops as a precondition for selling goods over the Internet.
At his speech Monday, Mr. Almunia acknowledged that it would be difficult to attain the right balance between protecting the European economy and opening up to trade and competition.

It is necessary to start “looking inwards at the European internal market that needs to be protected and needs to be developed and deepened,” he said. At the same time, he said, Europe’s ability to be a major player in the global economy would not come from public subsidies or “from artificial schemes.”