Derivatives of vitamin A, the retinoids, are being evaluated at present as potential cancer preventing agents. Recent results demonstrate their contribution in treating specific pre-malignant lesions and reducing the incidence of second primary tumours on patients with prior primary head and neck, cancers. It is not yet known, however, whether retinoids will prevent primary tumours at these sites.

The Commission considers the above results on somatostatin and retinoids not adding any relevant information which could help to give further light on the efficacy of Di Bella multitherapy regime or will justify its re-assessment. This method, based on a multidrug regime, included a variety of other components in addition to these two such as melatonin, bromocriptine, adrenocorticotropic hormone (ACTH), cyclophosphamide and hydroxyurea and was administered to cancer specific sites different than those reported above. Extrapolations on the potential efficacy of Di Bella multitherapy based on the above findings are therefore not possible.

The clinical efficacy and antitumour activity of the Di Bella multitherapy was already evaluated, at the request of the Italian Ministry of Health, through a multi-center phase II clinical trial study performed in 26 hospital cancer divisions and enrolling 386 patients with advanced cancer. The conclusion of this trial was that Di Bella multitherapy did not show sufficient efficacy on patients with advanced cancer to warrant further clinical testing. The full report on this trial was published in the international peer review journal British Medical Journal (1).

Cancer research in the 6th Framework Programme is supported within the Thematic Priority ‘Life Sciences, genomics and biotechnology for health’. Amongst other issues, cancer research will concentrate in supporting clinical research, particularly clinical trials, aimed at validating new and improved interventions as well as supporting translational research aimed at bringing basic knowledge through to applications in clinical practice and public health.

In this context, the programme offers opportunities, amongst other subjects, for relevant research applications regarding somatostatin, vitamin A and retinoids in the treatment of cancer.


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(2004/C 33 E/029)

WRITTEN QUESTION E-0044/03

by Christa Randzio-Plath (PSE) to the Commission

(21 January 2003)

Subject: Application of competition law to rating agencies and auditors

The accountancy and financial market scandals of recent years have done severe damage to investor confidence. The authorities in the USA and the EU are concentrating on regulatory and supervisory measures. Is it not a failure of the system of monitoring fair competition that external ratings are decided upon by five agencies, and the auditing of over 80% of the 100 largest businesses in Belgium, France, Italy, the United Kingdom and the Netherlands and well over 50% of those in other EU countries is carried out by four accountancy firms?

1. What is the Commission’s assessment of rating agencies’ dominant market position and the lack of competitive mechanisms between them? What further distortions of competition are associated with initial contracts in the relatively new European rating market?

2. How does the Commission ensure that rating agencies do not gain a more dominant market position by offering additional services?

3. What forms of cooperation exist to meet the challenges posed by world market dominance?
4. Are there new findings indicating trends towards market dominance and/or distortion of competition among accountancy firms? Is the European Commission sure that there is no collusion on prices or territory?

5. Would it not be appropriate, from the point of view of competition policy and competition law, to introduce provisions establishing a set rotation system for the selection of accountancy firms in order to safeguard the interests of consumers?

**Answer given by Mr Monti on behalf of the Commission**

(12 March 2003)

1. The Commission agrees with the Honourable Member on the importance of rating agencies and accountancy firms for the well functioning of our economies, and in particular for investor confidence in light of recent events. In particular, the Commission thanks the Honourable Member for having brought the rating agencies’ market to its attention. So far, the Commission has received no complaints regarding anti-competitive behaviour of rating agencies nor has there been any merger in this sector, which fell upon the Commission to review. Therefore, the Commission has not taken any position so far concerning any competition problems in this market.

2. The existence of few rating agencies world-wide does not automatically imply that they hold, separately or jointly, a dominant position. In fact, even a reduced number of competitors may make the market competitive if they compete vigorously with one another. The Commission has not investigated up to now and could not conclude that there is a ‘lack of competitive mechanisms between them’. In any case, having a dominant position is not per se an abuse. Reinforcing a dominant position could be considered an abuse in some circumstances; however, the offer of additional services does not seem to be an abusive behaviour, insofar as it increases the choice of services available for the consumer. If the Honourable Member has any information on precise behaviour of the rating agencies that could be construed as anti-competitive, she is welcome to share it with the Commission. On the basis of the elements presented, the Commission might decide to launch an investigation.

3. The Commission co-operates closely with other competition authorities, and in particular with the two American agencies (Federal Trade Commission and Department of Justice), however the issue of rating agencies has never been raised in bilateral contacts with these two agencies. The American Securities and Exchange Commission in January 2003 has issued a report on the Role and Function of Credit and Rating Agencies in the Operation of the Securities Market. This report concludes that the American Securities and Exchange Commission will explore the extent to which allegations of anti-competitive or unfair practices by large credit rating agencies have merit and, if so, how to address them, as well as if there is scope for reducing potential regulatory barriers to entry. The Commission will monitor the developments of these investigations.

4. Concerning the international market for accountancy services, the Commission has looked at this market most recently in the summer of 2002, when it analysed three transactions under the Community Merger Regulation involving the former accountancy firm ‘Andersen’. Only three transactions had Community dimension: the United Kingdom, Germany and France. These three mergers were cleared in first phase.

The final decisions can be found on the Internet:

- M.2810 Deloitte & Touche/Andersen UK, Article 6(1)(b) decision on 1 July 2002;
- M.2824 Ernst & Young/Andersen Germany Article 6(1)(b) decision on 27 August 2002;
- M.2816 Ernst & Young/Andersen France, Art. 6(1)(b) decision on 5 September 2002. http://europa.eu.int/comm/competition/mergers/cases/index/by_cy_a.html#an_

The Commission had already looked at this industry in 1998, when Price Waterhouse and Coopers & Lybrand merged. At the time, a five-month investigation had taken place to look at the possible risks of collective dominance between the large players but no such risk had been found. So, when confronted with another concentration, the Commission had a careful look at the structures of the
industry. However, this time it was not a global merger, but a series of national mergers and the Commission paid particular attention to the specifics of each national market. The transactions were cleared mainly on the basis that, in any case, Andersen would not be able on its own to keep its large customers. Therefore, the mergers, on its own, would not impact the possible worsening of competition resulting from the loss of one of the Big Five auditors.

The Commission has not found any anti-competitive behaviour in this market. It will, however, continue to pay attention to developments in this industry.

5. The Commission Recommendation 2002/590/EC of 16 May 2002 — Statutory Auditors’ Independence in the EU: A Set of Fundamental Principles features a set of demanding, high level principles and in particular recommends that auditors should be prohibited from carrying out a statutory audit — one required by law — if the auditors have any relationship with their client that might compromise the auditor’s independence. This may include any financial, business, employment or other link, or any situations where the auditors provide to the same client services additional to the audit.

The Recommendation deals with two key independence issues raised by the collapse of Enron, namely ‘provision of additional services’ by auditors and their ‘employment with the audit client’. The Recommendation also recommends a rotation of auditors every seven years. Although the Recommendation is not legally binding, it will serve as a clear benchmark of good practice that the Commission expects to be immediately applied throughout the Community’s audit industry. In 2005 the Commission will review how the Recommendation has been applied in practice and will consider whether binding Community legislation may then be required. However, the Commission may act earlier if it is not satisfied with Member States’ application of the Recommendation.


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WRITTEN QUESTION P-0065/03

by Cristiana Muscardini (UEN) to the Commission

(15 January 2003)

Subject: Funding for Guatemala

The serious problems inherent in the shortage of roads and facilities to ensure traffic safety are jeopardising the safety of the inhabitants of large cities (a study carried out in Quetzaltenango, the second largest city in Guatemala, revealed a sharp increase in the number of road accident victims) and adversely affecting the government of the country, which needs to find large amounts of funding to rebuild basic urban infrastructure. Can the Commission say how much of the funding provided under existing cooperation programmes, in particular the PRRAC (Regional Programme for the Reconstruction of Central America), has been given to the government of Guatemala and how much of its allocation is still available?

Answer given by Mr Chris Patten on behalf of the Commission

(5 February 2003)

From the outset, aside from development issues the Commission’s cooperation work with Guatemala has concentrated mainly on the need to achieve peace and democracy in a country gradually emerging during the 1990s from a major civil war that lasted for more than thirty years.

Since 1997 the main objective of Community cooperation with Guatemala has been to support implementation of the peace agreements signed in December 1996. Specifically, this has involved, inter alia, projects to help with reintegrating demobilised armed forces into the social fabric, providing assistance to refugees, setting up a civil police force, creating a national land register and strengthening the judiciary. These objectives were also set as priorities in the ‘2002-2006’ strategy paper for Guatemala.