

EU competition policy. Annual report

2013/2075(INI) - 29/10/2013 - Committee report tabled for plenary, single reading

The Committee on Economic and Monetary Affairs adopted the own-initiative report by Ramon TREMOSA i BALCELLS (ALDE, ES) on the Annual Report on EU Competition Policy.

Legitimacy and effectiveness of EU competition policy: Members stated that they should have **legislative codecision powers in the establishment of the competition policy framework**. They regret the fact that Articles 103 and 109 of the TFEU provide **only for consultation of Parliament**. They considered that this **democratic deficit cannot be tolerated**. It stressed the importance of treating **Parliament and Council equally** as regards access to meetings and the provision of information for the preparation of legislation or soft law in the field of competition policy, as provided for in the Framework Agreement.

On State aid:

- **State aid to banks:** the report acknowledged the important role played by State aid control since the beginning of the crisis as a restructuring and resolution mechanism for distressed banks. The Commission should regularly provide **detailed country- and organisation-specific statistics on the State aid granted to the financial sector** since the onset of the crisis.

- **SMEs:** the report called on the Commission to prioritise measures which recalibrate financial regulation in order to promote growth and ease the funding crisis which SMEs' are going through. Members deplored that SMEs undergoing adjustment programmes in the Member States have difficulties in accessing credit from banks and are obliged to pay higher interest rates solely on account of their location in the eurozone, creating distortions in the single market.

- **Credit ratings:** the Commission is asked to come forward with a **proposal for the creation of a public rating agency** which would be the only agency allowed to assess sovereign debt inside European Union.

- **State aid modernisation:** Members considered that not only financial institutions but also industrial companies can become too big to fail. The Commission is called upon to examine at what point companies become too big to fail and to consider which measures can be taken at national or EU level to **prevent companies becoming dependent on future government bailouts**.

On **transport**, Members stated that the Commission should **further strengthen the links** between competition policy and transport policy in order to improve the competitiveness of the European transport sector.

- **Rail:** the Commission is urged to:

- complete the implementation of the **Single European Railway Area**, ensure full transparency in the flows of money between infrastructure managers and railway undertakings, and verify that each Member State has a strong and independent national regulator;
- study the possibility of adopting a **legislative proposal** for a European regulatory body that would cooperate with existing national regulators and act where they do not exist or, where appropriate, when they are inactive;
- verify whether market barriers put in place by operators or technical aspects that differ from one Member State to another can be considered infringements of competition rules.

- **Aviation**: the Commission is urged to:

- **revise the EU aviation and airport state aid guidelines by the end of 2013**;
- provide a justified overview to ascertain which **air carriers behave in an anti-competitive manner** ;
- investigate whether certain practices regarding the designation of **specific hub airports** are objectively justified and do not prejudice competition against European consumers' interests.

- **Automotive sector**: the report urged the Commission to:

- ensure a fair balance of bargaining power between manufacturers and distributors;
- insist on the need to develop principles of good conduct between manufacturers and dealers with regard to vertical agreements in the motor vehicle sector.

As regards the **energy sector**, the report noted that a single market for energy will not only result in lower prices for consumers but also increase the competitiveness of EU undertakings. It welcomed the implementation of the Commission's **anti-monopoly measures** in the energy sector. The Commission is urged to **pursue the full implementation of the internal energy market package**, given that an open and competitive single market in the energy sector has not yet been fully achieved.

The Commission should also be encouraged to develop a **single European energy market by 2014**. It should also ensure that energy regulations and directives are transposed and applied correctly in all Member States. The Commission should be particularly vigilant when prices reach above the EU-average. Members urged the Commission to **closely monitor the level of competition** since the three largest players still represent about 75 % (electricity) and above 60 % (gas) of the market despite the gradual opening of the markets in the mid-1990s.

The report also emphasised the role of **smart grids in allowing two-way communication** between electricity producers and customers, and pointed out that smart grids can allow consumers to observe and adapt their electricity use.

As regards **payment services**, Members highlighted that the European market for electronic payments is **still fragmented** and that competition issues remain to be solved. They noted that this is harmful to competition in the single market, and affects SMEs in particular.

For **telecommunications**, Members urged the Commission to **redouble its efforts in the telecommunications markets** to help end their fragmentation and prevent abuses of dominant positions by operators with power in those markets. They called on it to ensure that the services provided by operators, and in particular internet access, are transparent, comparable and free of any contractual obstacles to competition.

On **new technologies and innovation**, the report stressed the overriding importance of '**essential patents**' for innovation in the ICT sector and, in this respect, called on the Commission to act swiftly to ensure that their holders grant fair, accessible and non-discriminatory licences to other operators to enable continued technical progress and the development of new products to the benefit of consumers.

Members take the view that ensuring a level playing field for companies in the internal market also depends on **combating social dumping**, which should be regarded as an anticompetitive practice. There is also need for structural reforms to include an overhaul of the taxation system in order to **combat fraud, tax evasion and tax havens**.