Annual report on EU competition policy

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The Committee on Economic and Monetary Affairs adopted the own-initiative report by Morten MESSERSCHMIDT (ECR, DK) on the Annual Report on EU Competition Policy.

The report stressed the fact that competition policy plays a **key role in reinforcing the holistic approach to the single market** aimed at to addressing Europe's economic, social and environmental challenges. It highlighted the essential role of competition policy enforcement in creating a level playing field that **fosters innovation, productivity, job creation and investment** by all players across the single market and across all business models, including SMEs. The Commission is called upon to:

- consider the **social and labour impacts** of its interventions in the field of state aid, especially in those regions with high levels of unemployment;
- identify possible **imbalances** between Member States which could distort competition, as well as their causes and economic impact;
- respect the **needs of citizens**, consumers and SMEs by placing their concerns at the centre of the decision-making process;
- significantly widen and deepen its investigations into **fiscal state aid,** in light of the LuxLeaks revelations.

State aid and Services of General Economic Interest (SGEIs): the report reaffirmed the importance of the SGEI designation for universally accessible services that are of vital significance to European citizens, from healthcare to social security to housing provision. However, the Commission should ensure that compensation granted to SGEIs is compatible with EU state aid rules.

Antitrust and cartels: in order to increase the effectiveness of the penalty system, the Commission is called upon to:

- assess the possibility of complementing cartel fines with **individual sanctions** such as individual fines and disqualification of directors;
- **put in place an institutional mechanism** which would ensure that whenever a national authority takes an antitrust decision there would be an automatic follow-up check;
- provide a **comprehensive legal and economic assessment** of antitrust and cartels cases, particularly in fast-moving markets.

They called, in that connection, for details to be provided of the conditions subject to which **parent companies** that exercise a degree of influence over their subsidiaries can be held severally liable for breaches of antitrust law by the latter even if they themselves were not directly involved.

Merger control: the Commission is called upon to be attentive to those cases where just after a merger is cleared, consumer prices rise or there is a relevant reduction of a product's quality. The report also called for much clearer definitions to be drawn up of the concepts of market share, market power and definition.

Sector developments: the report:

- stressed that competition policy should take account of the threefold objective of the affordability, sustainability and **security of energy supply** for the European economy and its competitiveness when addressing the current fragmentation of the market;

- recognised the role of competition policy in the **pursuit of a Digital Single Market** and called on the Commission to review existing competition law instruments in order to determine whether they meet the demands of the digital age;

- called on the Commission to analyse how to accommodate the rise of the **sharing economy** in the European legislation;

- invited the Member States to implement the new EU **public procurement** rules and the Commission to ensure their application;

- highlighted the contribution of cartel enforcement to a more transparent financial services sector; it called for a swift end to the state aid crisis regime for the banking sector;

- stressed the importance of conducting a thorough analysis of each Member State's tax laws with a view to putting forward **tax harmonisation measures which support SMEs and foster their growth** and which ensure that Member States are competitive on world market;

- called on the Commission and the Member States to ensure a level playing field which allows free but also fair competition **in all transport modes**; the Commission is invited to complete the implementation of the Single European Railway Area.

International dimension: the report called for the inclusion of a competition chapter, to include provisions covering antitrust, mergers, state-owned enterprises, subsidies and unequal market access, within the **Transatlantic Trade and Investment Partnership agreement**.

Role of the European Parliament: Members considered that the **fundamentals and key guidelines** of competition policy should in future be drawn up and adopted in closer cooperation with Parliament in order to strengthen the democratic legitimation of the competition authority.

Members called on the Commissioner to commit to frequent meetings with the relevant committees of Parliament, as well as with the Competition Working Group of Parliament's Committee on Economic and Monetary Affairs.

Lastly, they considered that the European Parliament should have **codecision powers** in competition policy.