Annual report on EU competition policy

2014/2158(INI) - 10/03/2015 - Text adopted by Parliament, single reading

The European Parliament adopted by 526 votes to 108, with 59 abstentions, a resolution on the Annual Report on EU Competition Policy.

Parliament stressed the need to focus more on promoting competition for the achievement of the ambitious objectives for jobs, growth, investment and the global competitiveness of the European economy. 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:

- enforce antitrust, state aid and merger control rules with a view to achieving a well-functioning internal market and social progress;
- consider the social and labour impacts of its interventions in the field of state aid, especially in those regions with high levels of unemployment;
- respect the needs of citizens, consumers and SMEs by placing their concerns at the centre of the decision-making process;
- state clearly its concerns in the sphere of taxation and ensure that competition policy instruments must not be misused as a means of implementing tax measures.

State aid and Services of General Economic Interest (SGEIs): Parliament 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.

Members reiterated that EU Structural Funds may not be used in a way that directly or indirectly supports the **relocation** of services or production to other Member States.

Antitrust and cartels: each year losses of EUR 181-320 billion – approximately 3% of EU GDP – accrue owing to the existence of 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.

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: Parliament made the following recommendations:

- as regards **energy and environment**, 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;

- review existing competition law instruments in order to determine whether they meet the demands of the **digital age**; enforce properly both ex post and ex ante competition rules in order to prevent excessive market concentration and abuse of dominance;

- analyse how to accommodate the rise of the **sharing economy** in the European legislation; companies related to the so-called sharing economy must pay taxes and comply with regulations in the same way as traditional businesses;

- implement the new EU **public procurement rules** in a timely manner, including the provisions on criteria linked to the subject-matter of the contract, including social, environmental and innovative characteristics, and on e-administration, e-procurement;

- maintain a close watch on the **banking sector** in order to enhance competition in European banking markets; return to the conventional application of state aid control as soon as this is viable for the banking sector;

- strengthen the links between **competition policy and transport policy** in order to improve the competitiveness of the European transport sector and complete the implementation of the Single European Railway Area.

On fiscal state aid, Parliament is concerned over possible illegal corporate tax practices in Member States. It called on the Commission to conclude its ongoing investigations into tax rulings as speedily as possible using all available evidence, notably in light of the publication of the 'LuxLeaks' documents.

International dimension: the resolution 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: the resolution 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.