

Annual report on EU competition policy

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PURPOSE: presentation of the report on Competition Policy 2014.

CONTENT: 2014 was marked by the European elections and a new European Commission.

Following the European elections, the European Parliament gave its green light to the new European Commission on the basis of the priorities outlined in President Juncker's Political Guidelines. The mission letter addressed to Margrethe Vestager, Commissioner for Competition, states that competition policy would "contribute, as appropriate, to our jobs and growth agenda, including in areas such as: (i) the digital single market, (ii) energy policy, (iii) financial services, (iv) industrial policy and (v) the fight against tax evasion". Indeed, competition policy encompassed all these areas in 2014.

(1) Towards a connected digital single market: the Commission believes that competition policy can help building a genuine Digital Single Market:

- in the knowledge based sectors, vibrant competition is essential to stimulate innovation and spread the benefits of technological development among Europe's citizens;
- effective enforcement of antitrust and merger policy makes it easier for small businesses to thrive and gain access to markets in sectors dominated by network effects;
- the application of State aid rules to the broadband sector helps to provide good coverage at affordable prices.

The Commission seeks to:

- promote **infrastructure** development and competitive markets for broadband and telecoms networks;
- ensures that **broadband and mobile networks** remain open and competitive, a sine qua non for building a vibrant Digital Single Market;
- ensure that competition policy actions focus on **smart devices** and online services.

In the increasingly important field of **online services**, the Commission continued carrying out its investigation into certain of **Google's** business practice. It is investigating concerns that Google may be abusing its dominant position in the markets for web search, online search advertising and online search advertising intermediation (i.e. the display of Google search advertising on partner sites) in the European Economic Area.

An important feature of the area of smart mobile devices concern **standard-setting procedures and interoperability**. In this context, the Commission adopted two important decisions on the enforcement of **standard essential patents** (SEPs) in April: a prohibition decision against Motorola Mobility, and a commitment decision with regard to Samsung.

Lastly, in March, the Commission adopted new rules for the **assessment of technology transfer agreements** under EU antitrust rules.

(2) Making energy markets work better: In the energy sector, competition policy:

- ensures that companies do not maintain or re-erect barriers to protect themselves from competition, hampering the establishment of a European Energy Union;
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- helps to ensure fair and non-discriminatory access to energy infrastructure, removes obstacles to market integration, and fosters competition between and within Member States.

In April 2014, the Commission adopted the [new Guidelines](#) on State aid for environmental protection and energy (EEAG). Moreover, the revised State aid rules on energy and environment assist Member States to better target their support for example to renewable energy sources, infrastructure investments, generation capacity or relief of electro-intensive users from the financing of renewables support.

Antitrust enforcement actions in the energy sector contributed in particular to **tackling high energy prices** by addressing segmentation of markets and abusive or collusive behaviour, especially in Eastern and Central European markets.

The Commission remains vigilant on energy markets also using its **State aid and merger control tools**. In particular, it makes sure that powerful upstream players do not attempt to integrate downstream and thereby excessively strengthen their control over the value chain.

(3) Fairer and more transparent financial sector: the Commission has been particularly vigilant in financial services with the main goal of bringing a stable and fairer financial sector back to its core function of lending to the real economy:

- the creation of the Banking Union is increasing the confidence of European citizens and markets in the European banking system;
- enforcement actions coupled with regulatory efforts also focused on tackling anticompetitive practices in financial derivatives and in the payments sector.

In order to promote healthy competition in the payment sector to the benefit of European consumers, the Commission is continuing to tackling anti-competitive business models based on [multilateral interchange fees](#) (MIFs).

In February, the Commission rendered legally binding the commitments offered by Visa Europe to significantly cut its MIFs for credit card payments, as well as to reform its rules to facilitate cross-border competition.

(4) Boosting competitiveness of European industry: the new State aid framework is designed to channel government support where it matters most for growth and competitiveness.

- New Risk Finance State aid Guidelines were adopted giving EU countries better tools to facilitate access to finance for European SMEs and midcaps in their early development stage.
- The Commission adopted [new rules](#) to facilitate the granting of aid in support of research, development and innovation.
- In the framework of the State Aid Modernisation, the Commission adopted a [communication](#) on Important Projects of Common European Interests (IPCEI) which opens new avenues for Member States to finance certain projects.
- In November, the Commission announced the creation of the [European Fund for Strategic Investment](#) (EFSI), with the objective to enhance investment in Europe by generating EUR 315 billion investment. To maximise the impact of such investments, the Commission will formulate a set of core principles, for the purpose of state-aid assessments, which a project will have to meet to be eligible for support under the Fund.
- In 2014 the Commission also completed the revision of the [Guidelines on State aid](#) for rescuing and restructuring non-financial undertakings in difficulty.
- In addition, in 2014 the Commission investigated and punished several cartels concerning input and intermediate products.

(5) Fight against tax avoidance and evasion: the new Commission will continue to focus on the fight against tax avoidance and tax evasion. In 2014, the Commission **tightened its control of fiscal State aid**, by using EU competition tools to make sure that EU countries do not help selected multinational companies avoid paying their fair share of taxes.