Competition policy - annual report 2019

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The Committee on Economic and Monetary Affairs adopted an own-initiative report by Stéphanie YON-COURTIN (Renew Europe, FR) on competition policy – annual report 2019.

General aspects

According to the 2019 report, competition policy must be adapted to tackle digital, ecological, geopolitical, industrial and social challenges, and must be in line with the priorities outlined in the European Green Deal and the objectives of the Paris Agreement.

Globalised markets

In a globalised world, international cooperation is crucial to ensure effective competition enforcement. In this regard, Members called on the Commission to:

- further develop the influence of EU competition policy in the world, in particular by continuing pertinent dialogue and stepping up cooperation with the USA, China, Japan and other third countries, where possible, via second-generation cooperation agreements that allow for a more effective exchange of information between competition authorities;

- develop tools to facilitate better monitoring of foreign direct investment (FDI) in all Member States;

- guarantee fair competition between the European Union and the United Kingdom following its departure from the EU in order to ensure a level playing field and avoid dumping;

- examine the recent proposal to add a pillar to EU competition law that gives the Commission appropriate investigative tools in cases where a company is deemed to have engaged in distortionary behaviour;

- reconcile the EU competition rules, industrial policy and international trade, which must go hand in hand with sustainability and respect for the environment;

- pay attention to the role of international standard setting for fair competition whilst warning against the nationalisation of standard-setting approaches particularly in the context of China’s Belt and Road Initiative and other connectivity enhancing strategies.

Support for SMEs

Underlining that SMEs play a vital role in international trade, accounting for an estimated 30 % of the EU’ s goods exports to the rest of the world, Members considered that the internal market continues to be, by far, the most important market for SMEs. In order to help SMEs cope with the greater challenges of entering new markets and enable them to compete on their own merits, EU trade and competition policy should contribute to economic diversity and an SME-friendly trade environment, and that this should include considering modernising the EU’s definition of SMEs, in particular by adding qualitative criteria.

Digital age and merger reviews

The report highlighted that recent data scandals, investigations and evidence have shown how personal data is being collected, used and sold to third parties by platforms and how dominant technology players and platforms have been tracking consumers online systematically.

The Commission is called on to review merger and acquisition rules and strengthen antitrust action and to take into account the effects of market and network power associated with both personal and financial data. Members proposed that every merger in the market for such data should be subject to prior informal declaration.

According to Members, resolute action against such abuses of dominant positions, which are harmful to the fluidity of financial markets and run counter to the interests of sustainable development should be taken. EU best practice guidelines should be created on data ethics that companies and businesses can apply to their business models. Such data ethics would complement data protection rules and would increase consumer safety and trust. These guidelines on data ethics should include key principles such as transparency and data safety.

State aid

The report stated that that taxation is sometimes used to grant indirect State aid, creating an uneven playing field in the internal market. Members called on the Commission to update its existing guidelines on the notion of State aid to ensure that the Member States do not grant State aid in the form of a tax advantage. The Commission should look into the possibility to fine countries found in breach of State aid rules.

European Green Deal

The committee called on the Commission to examine, in the context of the review of the Energy Taxation Directive, whether the current tax exemptions provide for unfair cross-sector competition conditions. Members stressed the need for the Commission to prevent any potential negative side-effects where larger companies use public aid granted in view of ‘greening’ their business models for other objectives such as reinforcing its dominant position in a given sector. An enabling framework is needed for further investments in energy efficiency and building renovation, as well as on repowering, hybrid projects and electricity storage.

A better focus on citizens through Parliament

Members called, without Treaty change, for regular use of the ordinary legislative procedure in competition policy. The Commission is urged to report regularly to Parliament on the implementation and monitoring of cooperation agreements with reference to competition, on the screening of foreign direct investments.

High transparency standards should be maintained and Parliament should be more involved in the activity of working parties and expert groups. The Commission should particularly involve Parliament when devising soft-law instruments such as notices and guidelines. The complaint form in order to give ordinary citizens the possibility to send in complaints should be simplified and the complainant should be given a confirmation of receipt and a notification upon the launch of the investigation, including an expectation of the length of the investigation.