Competition policy - annual report 2019

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The European Parliament adopted a resolution on competition policy - annual report 2019.

Members argued that competition policy must benefit all EU citizens, especially those in a weak consumer position, while promoting innovation and fair competition between businesses operating in the single market, in particular by ensuring that SMEs benefit from a level playing field.

Role of competition policy in globalised markets

Parliament called on the Commission to develop the influence of competition policy worldwide by pursuing an appropriate dialogue and strengthening cooperation with the United States, China, Japan and other third countries through second-generation cooperation agreements that allow for a more effective exchange of information between competition authorities.

The Commission was invited, inter alia, to :

- develop tools to facilitate better monitoring of foreign direct investment (FDI) in all Member States and to ensure a rapid implementation of the FDI screening mechanism;

- ensure reciprocity with third countries in public procurement, state aid and investment policy, also taking into account social and environmental dumping, and to work towards the accession of key third countries, such as China, to the WTO Government Procurement Agreement;

- ensure fair competition between the EU and the UK after its departure from the Union;

- apply state aid control equally to EU and third country operators by paying greater attention to foreign state-owned companies that are subsidised by their governments in ways that EU single market rules prohibit EU entities from doing;

- take a more favourable approach towards a strong EU industrial policy while supporting projects of strategic interest to the Union;

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

- ensure that the Union's trade and competition policy does not undermine respect for the Union's social and environmental standards or hinder the development of more ambitious standards.

Adapting competition to the digital age

Parliament called on the Commission to review merger and acquisitions rules, to strengthen anti-trust action and to take account of the market and network power associated with both personal and financial data. The Commission is also invited to consider the monitoring of such data as an indicator of the existence of market power under its guidelines on the application of Article 102 TFEU.

The Commission should also review the concept of 'abuse of a dominant position' to ensure that it is appropriate in the digital age and consider a revision of the thresholds used for merger control purposes, so as to include factors such as the number of consumers involved and the value of related transactions.

Members welcomed the Commission's EU data strategy, presented on 19 February 2020, as well as the Commission's plans to legislate on data use and access. They alerted the Commission to the acquisitions by foreign monopolies of digital data operators, particularly in the fields of health, finance and education, and the privacy risks they pose.

The Commission is invited to identify the key digital players and establish a set of indicators to define their systemic nature, such as abuse of practices of certain extensive networks, control of a significant volume of non-reproducible data, an unavoidable situation in a multifaceted market or the player's ability to define market rules themselves.

Effectiveness of competition policy instruments

Although fines may have an impact on the reputation of the companies penalised, Parliament called on the Commission to use alternative behavioural and, if necessary, structural remedies nature, in order to fully ensure the effectiveness of the Union's competition policy. While welcoming the Commission's efforts to combat abusive behaviour by major platforms, Members highlighted the slow pace of antitrust investigations, as in the Google Shopping case, and stressed the need to review cases where the proposed remedies have been clearly ineffective in restoring competition in the market.

Deploring the fact that a single search engine with a market share of over 92% in the online search market in most Member States has become a 'gatekeeper of the Internet', Members called on the Commission to consider a proposal aimed at unbundling search engines from their commercial services in order to achieve fair competition in the European digital market.

Competition rules supporting the Green Deal for Europe

Parliament expressed its support for the Commission's review of the guidelines on state aid in all relevant sectors, particularly in transport, including air and maritime transport, in line with the objectives of the Green Deal for Europe by applying the just transition principle.

In the context of the forthcoming revision of the guidelines on state aid for environmental protection and energy, the Commission was called on to: (i) introduce more flexibility for aid granted to citizen-generated renewable energy, (ii) create a framework for new investments in energy efficiency and building renovation, as well as in the renewal of energy production systems, hybrid projects and electricity storage.

Competition policy responses to COVID-19

Parliament welcomed the Commission's rapid reaction in adopting a temporary framework for state aid and expressed its support for the Commission and the Member States in making full use of the flexibility allowed by the temporary state aid framework during the COVID-19 crisis.

Members supported the application of the temporary state aid framework for as long as necessary during the recovery period and asked the Commission to evaluate in due time whether the temporary framework should be extended beyond 2020. They also welcomed the extraordinary financial means and state aid provided to support businesses and workers to counter the pandemic's economic fallout. However, the Commission is called on to define common minimum standards in order to clarify the obligation for companies receiving financial support to comply with ESG criteria and taxation transparency.

Parliament also noted that the COVID-19 crisis has highlighted shortcomings in EU supply chains, a lack of strategic EU sovereignty in areas such as medical products or food and the need to protect strategic European companies and assets from hostile takeovers by large dominant players.

Better focus on citizens through Parliament

Parliament confirmed its wish to play a greater role in defining and developing the general framework for competition policy. It has called for the regular use of the ordinary legislative procedure in competition policy, as a matter of course.

Members called on the Commission to: (i) report regularly to Parliament on the implementation and monitoring of competition cooperation agreements, as regards the screening of foreign direct investment, (ii) involve Parliament in the definition of instruments such as notices and guidelines, and (iii) organise multi-sectoral fora involving businesses, national regulators, including data protection authorities, consumer groups and other relevant stakeholders.