Competition policy - annual report 2021

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The European Parliament adopted by 436 votes to 70, with 95 abstentions, a resolution on Competition policy - Annual report 2021.

Parliament stressed that the challenges arising from the COVID-19 pandemic must be duly taken into account and that the guiding principle should be the **reasonable phasing out of specific support measures** in a progressive and proportionate manner, in full compliance with EU competition rules. However, it stressed the need to prevent an asymmetric recovery and to avoid the risk of further widening gaps in the single market.

Members stressed that the EU should not be overly dependent on global supply chains, especially in sectors of proven importance for strategic autonomy and the resilience and sustainability of the economy. They called for a strong and effective competition policy that allows the EU economy to remain on the road to recovery and to make its twin green and digital transition in a socially and territorially sustainable and inclusive way.

The resolution stressed the need to:

- take into account SMEs that may face difficulties in accessing finance;

- overcome unjustified barriers that continue to hamper the development of the single market in services, in particular by ensuring the application of competition rules;

- a thorough review and effective implementation of existing competition instruments and, where necessary, the **development of new instruments adapted to digital market investigations**. The in-depth review should focus on preserving the integrity of the single market, supporting sustainable and inclusive economic growth that benefits consumers and strengthening consumer rights, both online and offline.

Political reaction to the COVID-19 pandemic

While noting the six-month renewal of the temporary framework for State aid measures, which was put in place in response to the COVID-19 crisis, Parliament called on the Commission to **monitor any distorting effects** and to avoid possible fragmentation of the industrial strategy for Europe. State aid measures that are part of national recovery and resilience plans should be treated with flexibility and as a matter of priority.

Members stressed the importance of the Commission and Member States launching a post-COVID-19 roadmap to phase out public support provided in the light of the COVID-19 pandemic, with non-distortive and better targeted State aid in order not to disrupt economic recovery. They also stressed the need for the **post-COVID-19 roadmap** to take into account SMEs from rural and less-developed areas.

Competition policy on enforcement and globalisation

Parliament stressed the importance of safeguarding the competitiveness of European companies in a context of increasing global competition, working towards **reciprocity** and ensuring fair competition within the single market. It stressed the need for a global level playing field.

The resolution stressed the importance of:

- structured dialogue and cooperation at global level on competition policy enforcement, including on State aid issues;

- promoting a **European regulatory framework** encouraging foreign investment and international business activity in the EU. The Commission should carry out merger reviews, foreign direct investment screening and foreign subsidy control in a coherent manner.

Members believe that the EU should **effectively target the negative impact of foreign subsidies** on the internal market, taking into account the potential negative effects of regulation. The Commission is urged to apply competition policy rigorously while seeking to maintain a constructive dialogue and cooperation on key technological and economic issues with like-minded partners.

Competition policy and state aid fit for new challenges

Stressing that digital transformation is exacerbating the need for the adaptation of enforcement of competition policy, the resolution stressed the need to ensure specific expertise on digital issues. The Commission is called upon to enhance the **transparency of the State aid evaluation process**, which should include clear reasoning, a description of State aid and measurable indicators allowing for *ex-post* monitoring and evaluation.

Parliament took note of the Commission's new guidelines on **State aid rules for climate, environmental protection and energy**, as well as the Commission's efforts to strengthen the 2014 guidelines and align them with the Green Deal for Europe. It argued that environmentally friendly State aid is essential to achieve the Union's climate, energy and environmental protection objectives, while ensuring a just transition. It called for the guidelines to take account of those suffering from rising energy costs.

Parliament welcomed the new chapter in the guidelines on State aid for climate, environmental protection and energy on aid for early closure of coal, oil shale and peat activities.

The Commission is asked to pay attention to State aid decisions regarding the connectivity of **island, peripheral and isolated regions** of the Union, especially as they have been particularly hard hit by the pandemic. Members also called for caution to be exercised in the consolidation of the **EU airline sector**, given the very large amounts of State aid allowed for some EU airlines, so as to ensure that airlines will not be enabled to eliminate or take over smaller EU competitors as a result.

Mergers

Parliament called on the Commission to consider a **revision of the merger guidelines** to take into account the challenge of EU industrial competitiveness. It asked the Commission to review its merger and acquisition rules when it comes to the assessment of personal data. It called on the Commission to assess **personal data assets** in the same way as all other traditional physical assets when taking decisions on digital mergers and acquisitions.

Antitrust and cartels

Parliament supports a substantial **review of the current regime on vertical agreements**, the finetuning of the safe harbour rules, and the adoption of rules to match the needs of ecommerce and platform business to prevent market restrictions arising as a result of the ambivalent effects of those agreements, while ensuring alignment with the currently formulated rules on digital markets.

Members noted that the consumer **Internet of Things sector** will expand significantly in the coming years, but that there are still shortcomings in this sector, which could reduce competition and choice for

consumers. The Commission is invited to prepare a thorough analysis of the possible impact on the internal market, including a cost-benefit analysis of any regulatory intervention.

Parliament is also concerned about the large-scale concentration in the **EU's agricultural and food supply chain**. It called on the Commission to analyse the extent and effects of buying alliances, paying particular attention to ensuring fair competition and greater transparency in supermarket and hypermarket chains' commercial practices.