Competition policy – annual report 2023

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The European Parliament adopted by 481 votes to 42, with 93 abstentions, a resolution on competition policy – annual report 2023.

The role of competition and the policy response to the war in Ukraine, the US Inflation Reduction Act and the continuing challenges resulting from the COVID-19 pandemic

Parliament recalled that the response to the US Inflation Reduction Act must not be solely based on the use of State aid, but also on creating a more favourable environment for doing business and a renewed competition framework, providing speed and flexibility for companies investing and competing fairly in Europe, while complying with the EU's climate goals.

The Commission is called on to ensure that all temporary State aid instruments are sufficiently targeted to **avoid fragmentation of the single market**. Taking note of the update of the State aid rulebook that allows investments for the green and digital transitions, Parliament called on the Commission to carefully **avoid creating the conditions for a subsidy race** and to use the tools at its disposal to prevent and counteract unfair subsidy competition. It upholds that State aid should be consistent with EU policy objectives such as the Green Deal and the European Pillar of Social Rights.

Parliament called on the Commission to closely monitor, along with the national competition authorities, the consequences of anticompetitive conduct and its role in inflation developments. It reiterated that the Commission must make use of all the available tools under competition law to tackle the cost-of-living crisis.

Members welcomed competition authorities' initiatives across several Member States to introduce new market investigation powers as long as they do not lead to the fragmentation of the internal market. The Commission is invited to assess how EU competition principles have affected the supply of **services of general economic interest** (SGEI), also in the light of the COVID-19 crisis and increased costs of living.

Competition policy enforcement and global trends

Parliament welcomed the Commission's announcement that it will launch an **anti-subsidy investigation into Chinese electric vehicles,** underlining the importance of the effective implementation of EU instruments on foreign subsidies.

The resolution underlined that enforcing competition policy to the benefit of consumers should not only include considerations on price levels, but also sustainability considerations and impacts on citizens' privacy.

The Commission is called on to:

- **modernise public procurement rules** in order to deal with new priorities and operational challenges, with a view to helping foster greener industry and European standards;

- develop the influence of competition policy in the world, in particular by stepping up cooperation with non-EU countries via second generation cooperation agreements that allow for a more effective exchange of information between competition authorities;

- make greater use of additional evidential tools such as behavioural insights and financial analytics, as well as greater use of data, computer and AI scientists, and behavioural economists in competition law enforcement.

Merger control, antitrust and cartels

The buying out of start-ups by dominant players might dry up innovation and, eventually, competition. Parliament underlined the importance of the Commission paying close attention to the phenomenon of **'killer acquisitions'** in the digital sector and taking decisive action under the EC Merger Regulation where appropriate. It is also concerned by the far-reaching concentration in certain parts of the food supply chain, to the detriment of consumers, farmers, the environment and biodiversity alike.

Members called on the Commission to **speed up antitrust procedures**, set appropriate time limits for the procedures and ensure an effective follow-through of decisions in order to avoid lengthy procedures, such as in the case of Spotify, which filed a complaint against Apple in 2019, and wherein, in spite of the Commission having issued a statement of objections, no concrete actions have been taken to address Apple's restrictions.

Competition policy in the digital age

Parliament welcomed the designation of **six gatekeepers** – Alphabet, Amazon, Apple, ByteDance, Meta, Microsoft – for 22 core platform services under the Digital Markets Act, the four market investigations for the rebuttal as well as the first market investigation under the Digital Markets Act. The Commission is called to rigorously assess whether the gatekeepers are complying with the Digital Markets Act obligations before 6 March 2024 and to seek feedback from third parties as to whether the compliance solutions offered by gatekeepers lead to fairer and more contestable digital markets.

The **Internet of Things** is a growing market. Moreover, smart home devices, such as robot vacuum cleaners, are a major source of consumer data. Members noted that mergers and acquisitions in this sector can provide major competitive damage. They called on the Commission to include data as a source of market power in the evaluation of merger and acquisition cases in this sector, specifically when these cases involve established big tech companies.

The Commission is called on to:

- consider opening market investigations under the Digital Markets Act in the **cloud service sector**, given, in particular, the concentrated market structure;

- assess the need of launching a market investigation under the Digital Markets Act, adding new categories of core platform services in the light of the latest technological developments that may lead to new types of services that do not fall within the existing categories such as **generative artificial intelligence**;

- consider a revision of the current competition practice for the **telecom market** in order to facilitate the creation of a fully integrated single market for telecommunication services.

Lastly, the resolution stressed that Parliament should play an active role in shaping competition policy and should be more involved in the activity of working parties and expert groups. It considered that more frequent use should be made of Parliament's right to intervene in judicial proceedings concerning competition law.