Basic information	
2012/2306(INI) INI - Own-initiative procedure	Procedure completed
Annual report on competition policy **Subject** 2.60 Competition	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
ECON Economic and Monetary Affairs	SÁNCHEZ PRESEDO Antolín (S&D)	29/11/2011
	Shadow rapporteur HÖKMARK Gunnar (PPE) IN 'T VELD Sophia (ALDE) LAMBERTS Philippe (Verts /ALE) EICKHOUT Bas (Verts/ALE) EPPINK Derk Jan (ECR) KLUTE Jürgen (GUE/NGL)	

Committee for opinion	Rapporteur for opinion	Appointed
EMPL Employment and Social Affairs	UNGUREANU Traian (PPE)	12/12/2012
ITRE Industry, Research and Energy	The committee decided not to give an opinion.	
IMCO Internal Market and Consumer Protection	SCHWAB Andreas (PPE)	21/06/2012
TRAN Transport and Tourism	KAMALL Syed (ECR)	18/06/2012

European Commission

Commission DG	Commissioner
Competition	ALMUNIA Joaquín

Key events

Date	Event	Reference	Summary
30/05/2012	Non-legislative basic document published	COM(2012)0253	Summary
15/01/2013	Committee referral announced in Parliament		
11/04/2013	Vote in committee		
25/04/2013	Committee report tabled for plenary	A7-0143/2013	Summary
11/06/2013	Debate in Parliament		
12/06/2013	Decision by Parliament	T7-0268/2013	Summary
12/06/2013	Results of vote in Parliament		
12/06/2013	End of procedure in Parliament		

Technical information

Procedure reference	2012/2306(INI)
Procedure type	INI - Own-initiative procedure
Procedure subtype	Annual report
Legal basis	Rules of Procedure EP 148-p1
Other legal basis	Rules of Procedure EP 165
Stage reached in procedure	Procedure completed
Committee dossier	ECON/7/09862

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE494.535	18/07/2012	
Amendments tabled in committee		PE496.675	29/10/2012	
Committee opinion	IMCO	PE497.806	19/12/2012	
Committee opinion	TRAN	PE497.858	24/01/2013	
Committee opinion	EMPL	PE505.984	20/03/2013	
Committee report tabled for plenary, single reading		A7-0143/2013	25/04/2013	Summary
Text adopted by Parliament, single reading		T7-0268/2013	12/06/2013	Summary

European Commission

Document type	Reference	Date	Summary

Commission document (COM)	COM(2012)0253	30/05/2012	Summary
Commission response to text adopted in plenary	SP(2013)626	15/11/2013	

Annual report on competition policy

2012/2306(INI) - 30/05/2012 - Non-legislative basic document

PURPOSE: Commission report on competition policy in 2011.

CONTENT: the Commission notes in its report that the fragile signs of economic recovery in 2010 and early 2011 were not sustained throughout the year:

- the last few months were marked by increasing instability and difficulties in the public sector;
- Member States continued to assist financial institutions, many of which had to receive liquidity support from central banks;
- public deficits have become a source of concern regarding sovereign risk, which has led to disturbances on financial markets.

In that economic context, the Commission considers that fair competition continues to be an **essential condition** for the full realisation of the internal market and a key component of a common strategy to contribute to the recovery of the European economy and thrive at the global level.

The Communication shows how the Commission used competition policy in 2011, as an instrument in the resolution of the financial and sovereign debt crises and how, generally, competition policy contributed to the wider policy objectives of the Europe 2020 strategy and supported growth, jobs and the competitiveness of the EU economy.

1) Contribution towards maintaining financial stability:

- ***The EU State aid framework***: the worsening of the sovereign debt crisis during the summer led Member States and the Commission to agree on a package of measures to strengthen banks' capital and to provide guarantees on their liabilities (the banking package).

In October, the ECOFIN Council concluded that **the EU State Aid Framework should continue as the sole EU level coordination tool** and that – in the short or medium term – no further framework was required.

On 1 December, the Commission prolonged the State aid crisis measures for the financial sector, clarifying and updating the rules on pricing and other conditions. Once the situation stabilises, a more permanent set of State aid rules will be established for banks.

Responding to a request from the European Parliament the Commission published a Staff Working Document, which explains how the Commission's State aid policy responded to the financial and economic crisis.

The Commission has used the State aid instrument in a manner that has **fostered bank restructuring while maintaining a level playing field in the market.** Conditions for crisis State aid rules for banks were set down with a triple objective: (i) safeguarding financial stability, (ii) preserving the internal market, and (iii) restructuring aid beneficiaries for long-term viability. Banks were required to **move away from unsustainable business models** based on excessive leverage and overreliance on short-term wholesale funding and encouraged to **focus again on their core business**.

In 2011, the Commission continued its approach to failing banks through a number of important State aid decisions.

- ***Countries with economic adjustment programmes (Programme countries):*** the Commission, together with the IMF and the European Central Bank (ECB), has been closely associated with the restructuring of the financial sector in Programme countries (Greece, Ireland and Portugal), to ensure that the massive support necessary to keep those institutions alive in a difficult macro- economic environment does not result in undue distortions of competition. The Commission has authorised the prolongation of the existing bank guarantee and recapitalisation schemes for the three Eurozone countries. It ensures that State aid is limited to the minimum necessary and that moral hazard is properly addressed, not only by requiring that **banks remunerate and eventually repay the aid they received, but also that they share the burden of the restructuring** and take measures to address the competition distortions brought by the aid.

- ***Fight against collusion and abuse of dominant positions:*** the Commission is striving to ensure that financial markets are open and competitive through its antitrust investigations in the over-the-counter (OTC) derivatives market, the payments services sector, and the distribution of trading data and financial information to the market.

Amongst other things, the Commission has proposed:

- to improve the regulation of Credit Default Swaps (CDS) and other OTC derivatives through European market infrastructure regulation (EMIR);
- to revise the Directive on markets in financial instruments (MiFID);
- a new regulation to promote the transition from the current domestic to new, pan-European SEPA credit transfer and direct debit schemes.

Along with these regulatory initiatives, the Commission is seeking to **tackle barriers to new entrants and innovation through antitrust scrutiny** in order to promote efficient pan-European payment systems that will lower the costs of payments, produce innovative payment methods, and ultimately facilitate trade across the EU.

- ***Application of merger rules***: the Commission considers that **trading and post-trading infrastructures, for cash and derivatives, operating in a safe, efficient and competitive manner** are essential components of capital markets which allow companies and investors to remain competitive at a European and global level. Since stock exchanges are crucial actors in capital markets, competition between them is of utmost importance.

On 29 June, Deutsche Börse (the owner inter alia of the Frankfurt Stock exchange) and NYSE Euronext (the owner of the New York, Paris, Brussels, Amsterdam and Lisbon Stock exchanges, amongst others) formally notified their proposed merger to the Commission under the EU Merger Regulation. The Commission concluded that the merger would have led to a near-monopoly in the area of exchange-traded European financial derivatives resulting in fewer possibilities for free competition and less innovation.

2) Competition policy contributing to the Europe 2020 strategy: competition enforcement also serve other wider long-term objectives such as enhancing consumer welfare, supporting the EU's growth, jobs and competitiveness in line with the Europe 2020 Strategy for smart, sustainable and inclusive growth.

- ***Consumer welfare (food sector):*** **rising and volatile food prices** have raised the awareness of policymakers and regulators about potential problems in the food supply chain, and led them to take action on the matter. At EU level, the Commission established in 2010 a **High Level Forum** for a Better Functioning Food Supply Chain (HLF), with a mandate until the end of 2012. Concerns about **uneven bargaining power in the food supply chain** have also been the subject of discussion in the context of CAP reform.

Furthermore, competition authorities have continued to **monitor the food markets** in order to ensure that they work efficiently: cereals, dairy and a category of multi-products are the most investigated sectors in antitrust cases. The orange juice and sugar industries also were subject to merger review in 2011.

- ***Research, development and innovation***: the Commission considers that competition is a crucial factor in innovation and gives several examples of the action it has taken in this area:

- the investigation of alleged practices by some publishing houses to exert collective control over the development of **e-books**, possibly hurting the prospect of development of a competitive and digital single market in this area;
- investigations against **Google** with regard to its activities in online search, online search advertising and online search advertising intermediation;
- the opening of two cases in the **pharmaceutical** sector on agreements and contractual arrangements to delay market entry for generic products.

- ***Green growth:*** competition policy encourages the most efficient use of existing technologies and resources. The Commission has authorised joint ventures in the solar (both thermal and photo-voltaic) and wind power sectors. Member States have provided funding to measures in support of energy from renewable sources under the horizontal Environmental Aid Guidelines, while at the same time, several Member States aimed to promote environmental friendly cars and green products.

- ***Network industries:*** the Commission's work in the antitrust field has focused on improving the market functioning of key sectors of the economy such as network industries. It also scrutinised almost EUR 2 billion of State funds to finance the rollout of broadband and next generation networks in various European countries.

In the energy sector, competition enforcement can contribute to resolving security of supply issues, by facilitating access to the market and encouraging investment.

- ***Improving the functioning of the air transport sector:*** the process of liberalisation in air transport meant that there has been substantial consolidation amongst airlines. The Commission's merger and antitrust investigations in 2011 have considered both the competitive effects of the **increased concentration of supply on certain routes and the competitive impact of coordination between airlines.**

The Commission increased scrutiny of aid to **regional airports and low cost carriers**, and continues investigating restructuring aid to flag carriers. In December 2011, it adopted a proposal for a new Slot Regulation, which aim to facilitate market entry and encourages more efficient use of airport capacity.

Structured dialogue with the European Parliament: in 2011, the Commissioner for Competition visited the ECON committee three times in order to take part in the structured dialogue, to present the Commission Work Programme for 2011 (in March), the Annual Report on Competition Policy (in July) and the Commission Work Programme for 2012 (in November). He also attended a hearing on collective redress and a meeting with the competition-working group.

Annual report on competition policy

2012/2306(INI) - 25/04/2013 - Committee report tabled for plenary, single reading

The Committee on Economic and Monetary Affairs adopted the own-initiative report by Antolín SÁNCHEZ PRESEDO (S&D, ES) on the Annual Report on EU Competition Policy.

The report stresses that competition policy is a **cornerstone of the European social market economy.** It underlines the importance of strengthening antitrust, state aid and merger control measures.

Competition policy should not aim at strengthening established companies or providers of goods and services, but should, rather, have as its **overarching objective the facilitation of the entry of new actors** and the emergence of new ideas and techniques.

Members are concerned at the fact that, while the state aid crisis regime was intended to be temporary in nature, it seems to have become not that temporary. They recall that Parliament has emphasised the need to discontinue these temporary measures as soon as possible. They regret the fact that in some cases the approach has been failing, and insists that the lessons from previous interventions must be learned and practices adopted accordingly.

The Commission is asked **strictly to enforce antitrust and merger control rules** in order to achieve better-regulated, transparent, open and fair financial markets.

Supporting sustainable growth, jobs and competitiveness: Members feel that strong competition and a proactive industrial policy are needed in order to deepen the single market, return to economic growth, strengthen the attractiveness of the European market at a global level, achieve the Digital Agenda and encourage research and innovation. The Commission is asked to enforce competition policy effectively and to promote **environment-friendly** technologies and resources.

Services of General Economic Interest (SGEIs): European citizens want a high-quality, area-wide and affordable supply of necessary and important public services, while increasing competition and promoting a more level playing-field between providers of those services, whether the latter are public or private. Members highlight that, to that end, **safeguarding competition between different providers** is crucial. The report stresses that the recent SGEI package could lead to a simpler, clearer and more flexible framework in this regard.

It calls on the EU competition authorities to **monitor the pharmaceutical, health and insurance services markets** (in particular the markets in generics and innovative medicines), identifying potential misuse of patent rights and discriminatory behaviour.

Improving consumer welfare: the report invites the Commission to:

- scrutinise competition in the **agro-industrial sector** in terms of support, transparency and consumer price evolution at all levels of the value chain. Members want the Commission to take initiatives to tackle speculation on food markets;
- pursue the **full implementation of the internal energy market package and monitor competition in energy markets**, specifically wherever privatisation of public utilities starts out from a system of monopolistic or oligopolistic markets;
- examine developments on the EU **air cargo and express services market**. Members stress that since European cargo airlines are denied access to the US domestic market, this unequal market access distorts competition and finally hurts the European logistics industry and its customers.

Promoting legitimacy and effectiveness for competition policy: Members support an **active role for Parliament** in shaping competition policy, including co-legislative powers. The Commission must be fully accountable and must follow up Parliament's resolutions; the structured dialogue should be strengthened. The Commission should also ensure **better structuring of its cooperation with consumer organisations.**

The Commission is asked to:

- continue acting impartially and objectively and to be open to **improvements in competition procedures,** noting the right of undertakings to have access to the Commission's file prior to being heard;
- promote a **fair competition culture** by identifying general principles and supporting companies' actions in this area;
- take into consideration the use of **Alternative Dispute Resolution** and to present the long overdue proposal under the ordinary legislative procedure to facilitate individual and collective private actions for damage suffered by companies and consumers as a result of breaches of EU antitrust law.

Fining policy: Members recommend that the **settlement procedure** and, where appropriate, **dissuasive and proportionate fines** should be used, while avoiding the adverse economic and social consequences of driving stressed undertakings out of the market. Concerned that the use of fines as the sole instrument may be too limited, the report calls for the development of a **wider range of more sophisticated instruments**. It favours a '**carrot-and-stick'** approach with penalties that serve as an effective deterrent while encouraging compliance. Members also call for the Commission' to incorporate a **detailed basis for calculating fines**, based on the principle of legality, into Regulation (EC) No 1/2003, along with new fining principles.

Sector-specific considerations: the report calls on the Commission and the Member States to **make progress towards completing the single market in transport**, while ensuring open and fair competition and while respecting other Union policy objectives such as properly functioning transport and mobility services, policy objectives in the areas of public services, social standards, safety and environmental protection, and the EU targets for reducing CO2 emissions and oil dependency.

The report draws attention to the following points:

- the need to speed up the implementation of the **Single European Sky** legislation, with a view to making the pricing of services more transparent, thereby facilitating the monitoring of compliance with competition rules;
- the need to open up the **railway sector** to fair competition as well as to ensure a better quality of services, without compromising public service provisions;
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the need to avoid unfair competition within the liberalised **road transport sector** by guaranteeing the proper application of social, safety and environmental rules, with special attention to the opening of this market for cabotage and to dumping practices;

- the implementation of the **third Postal Directive** by Member States. The Commission is asked to examine closely the social consequences of the liberalisation of the postal market and the universal service obligation in this field, including the financing of the universal service;
- the necessary measures and enforcement in the **European market in electronic payments** to ensure a more open, transparent, innovative and competitive single market in payments, in such a way that it brings advantages and choice to all consumers with regard to card, internet and mobile payment options and mobile wallets, interoperability, costs and portability;
- the application of competition rules and intervention where there is excessive **media concentration** and where media pluralism is in danger;
- better integration of competition policy with respect to the employment **targets of the EU 2020 Strategy,** allowing better support for SMEs, which are the main job creators.

The Commission is asked to make a specific reference to the impact of competition policy on employment and social affairs in future Annual Reports.

Annual report on competition policy

2012/2306(INI) - 12/06/2013 - Text adopted by Parliament, single reading

The European Parliament adopted a resolution on the Annual Report on EU Competition Policy.

The resolution stresses that competition policy is a **cornerstone of the European social market** economy. It underlines the importance of strengthening antitrust, state aid and merger control measures. Better access for SMEs and the third sector and the related participation in the internal market call for an active competition policy.

Members feel that competition policy should not aim at strengthening established companies or providers of goods and services, but should, rather, have as its overarching objective the facilitation of the entry of new actors and the emergence of new ideas and techniques.

Members are concerned at the fact that, while the state aid crisis regime was intended to be temporary in nature, it seems to have become not that temporary. Parliament recalls that it has emphasised the need to discontinue these temporary measures as soon as possible.

EU competition authorities are asked to **monitor** the behaviour and market impact of **large financial players and oligopolies such as credit rating agencies (CRAs), along with episodes of price volatility related to financial markets, and to give top priority to investigating the alleged rate-rigging at LIBOR, EURIBOR and TIBOR.**

Supporting sustainable growth, jobs and competitiveness: Members feel that strong competition and a proactive industrial policy are needed in order to deepen the single market, return to economic growth, strengthen the attractiveness of the European market at a global level, achieve the Digital Agenda and encourage research and innovation. The Commission is asked to enforce competition policy effectively and to **promote environment-friendly technologies and resources.** In this respect, the new ETS guidelines should contribute to preventing carbon leakage, preserving price signals and minimising distortions.

Services of General Economic Interest (SGEIs): European citizens want a high-quality, area-wide and affordable supply of necessary and important public services, while increasing competition and promoting a more level playing-field between providers of those services, whether the latter are public or private. Members highlight that, to that end, **safeguarding competition between different providers is crucial**. They stress that the recent SGEI package could lead to a simpler, clearer and more flexible framework in this regard.

Parliament calls on the EU competition authorities to **monitor the pharmaceutical, health and insurance services markets** (in particular the markets in generics and innovative medicines), identifying potential misuse of patent rights and discriminatory behaviour.

Improving consumer welfare: Parliament invites the Commission to:

- scrutinise competition in the **agro-industrial sector** in terms of support, transparency and consumer price evolution at all levels of the value chain. Members want the Commission to take initiatives to tackle speculation on food markets;
- pursue the **full implementation of the internal energy market package** and monitor competition in energy markets;
- examine developments on the **EU air cargo and express services market**. Members stress that since European cargo airlines are denied access to the US domestic market, this unequal market access distorts competition and finally hurts the European logistics industry and its customers.

Promoting legitimacy and effectiveness for competition policy: Members support an **active role for Parliament** in shaping competition policy, including co-legislative powers. The Commission must be fully accountable and must follow up Parliament's resolutions; the structured dialogue should be strengthened. The Commission should also ensure **better structuring of its cooperation with consumer organisations.**

The Commission is asked to:

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Fining policy: Members recommend that the **settlement procedure** and, where appropriate, **dissuasive and proportionate fines** should be used, while avoiding the adverse economic and social consequences of driving stressed undertakings out of the market. Concerned that the use of fines as the sole instrument may be too limited, the report calls for the development of a wider range of more sophisticated instruments. It favours a 'carrot-and-stick' approach with penalties that serve as an effective deterrent while encouraging compliance.

Sector-specific considerations: Parliament calls on the Commission and the Member States to make progress towards completing the single market in transport, while ensuring open and fair competition and while respecting other Union policy objectives such as properly functioning transport and mobility services, policy objectives in the areas of public services, social standards, safety and environmental protection, and the EU targets for reducing CO2 emissions and oil dependency.

The resolution draws attention to the following points:

- the need to speed up the implementation of the **Single European Sky** legislation, with a view to making the pricing of services more transparent, thereby facilitating the monitoring of compliance with competition rules;
- the need to complete the **implementation of the Single European Railway Area**, to open up the railway sector to fair competition as well as to ensure a better quality of services, without compromising public service provisions;
- the need to avoid unfair competition within the liberalised **road transport sector** by guaranteeing the proper application of social, safety and environmental rules, with special attention to the opening of this market for cabotage and to dumping practices;
- the **implementation of the third Postal Directive** by Member States. The Commission is asked to examine closely the social consequences of the liberalisation of the postal market and the universal service obligation in this field, including the financing of the universal service;
- the necessary measures and enforcement in the **European market in electronic payments** to ensure a more open, transparent, innovative and competitive single market in payments, in such a way that it brings advantages and choice to all consumers with regard to card, internet and mobile payment options and mobile wallets, interoperability, costs and portability;
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- better integration of competition policy with respect to the **employment targets of the EU 2020 Strategy**, allowing better support for SMEs, which are the main job creators.

The Commission is asked to make a specific reference to the impact of competition policy on employment and social affairs in future Annual Reports.