Basic information

2014/2158(INI) INI - Own-initiative procedure	Procedure completed
Annual report on EU competition policy **Subject** 2.60 Competition	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
ECON Economic and Monetary Affairs	MESSERSCHMIDT Morten (ECR)	22/07/2014
	Shadow rapporteur DE LANGE Esther (PPE) LANGEN Werner (PPE) SZANYI Tibor (S&D) TREMOSA I BALCELLS Ramon (ALDE) LÓPEZ BERMEJO Paloma (GUE/NGL) REIMON Michel (Verts/ALE)	

Committee for opinion	Rapporteur for opinion	Appointed
EMPL Employment and Social Affairs	The committee decided not to give an opinion.	
ITRE Industry, Research and Energy	The committee decided not to give an opinion.	
IMCO Internal Market and Consumer Protection	KALLAS Kaja (ALDE)	17/07/2014
JURI Legal Affairs	The committee decided not to give an opinion.	

European Commission

Commission DG	Commissioner
Competition	VESTAGER Margrethe

Key events

Date	Event	Reference	Summary
06/05/2014	Non-legislative basic document published	COM(2014)0249	Summary
24/11/2014	Committee referral announced in Parliament		
27/01/2015	Vote in committee		
04/02/2015	Committee report tabled for plenary	A8-0019/2015	Summary
09/03/2015	Debate in Parliament		
10/03/2015	Decision by Parliament	T8-0051/2015	Summary
10/03/2015	Results of vote in Parliament		
10/03/2015	End of procedure in Parliament		

Technical information

Procedure reference	2014/2158(INI)
Procedure type	INI - Own-initiative procedure
Procedure subtype	Annual report
Legal basis	Rules of Procedure EP 55
Other legal basis	Rules of Procedure EP 165
Stage reached in procedure	Procedure completed
Committee dossier	ECON/8/00965

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE541.465	03/11/2014	
Amendments tabled in committee		PE544.265	17/12/2014	
Committee opinion	IMCO	PE539.870	23/01/2015	
Committee report tabled for plenary, single reading		A8-0019/2015	04/02/2015	Summary
Text adopted by Parliament, single reading		T8-0051/2015	10/03/2015	Summary

European Commission

Document type	Reference	Date	Summary
	COM(2014)0249		

Commission document (COM)		06/05/2014	Summary
Commission response to text adopted in plenary	SP(2015)344	20/07/2015	

National parliaments

Document type	Parliament /Chamber	Reference	Date	Summary
Contribution	PT_PARLIAMENT	COM(2014)0249	12/08/2014	

Annual report on EU competition policy

2014/2158(INI) - 06/05/2014 - Non-legislative basic document

PURPOSE: presentation of the Commission Report on Competition Policy 2013.

CONTENT: in its 2013, the Commission stressed that there have been encouraging signs that an economic recovery is underway in Europe. Moreover, the **European Parliament's 2013 study on competition policy** concluded: “Competition plays a crucial role in promoting productivity and innovation as drivers of economic growth. This means that competition policy, which intensifies competition, will stimulate growth.”

In 2013, all competition-enforcement instruments have contributed to promote growth and competitiveness across the European economy.

Promoting competitiveness by fighting against cartels: antitrust enforcement has deterred and punished the artificial fragmentation of the internal market.

Cartels often concern input and intermediate goods and the Commission has focused its enforcement efforts on this area.

The Commission is currently dealing with a number of cases in the area of **financial services**. On 4 December, the Commission fined 8 banks a total of EUR 1 712 468 000 for participating in cartels in markets for financial derivatives covering the EEA.

The Commission also has several ongoing cases in the **food sector**, an area of direct concern to consumers.

In addition to those decisions, in April the Commission sent a Statement of Objections to a number of suppliers of **smart-card chips** for their alleged participation in a cartel.

The Commission adopted an additional key initiative for the antitrust regulatory environment: the proposal for a Directive on how citizens and companies can claim damages when they are victims of infringements of the EU antitrust rules, such as cartels and abuses of a dominant market position.

Furthermore, the Commission adopted a series of measures aiming to **simplify mergers**.

State Aid Modernisation: State aid Modernisation has been developed to encourage the design of growth-enhancing public spending. In 2013, the main elements on which the Commission focused its work on were as follows:

- adoption of new **Regional Aid guidelines** for 2014-2020;
- revised guidelines for the application of EU State aid rules to the **broadband** sector;
- revised State Aid guidelines devoted to the **promotion of risk-capital investments in SMEs**;
- new State Aid guidelines on **rescue and restructuring** to support firms in temporary difficulties;
- revised State aid guidelines for **research**, development and innovation (R&D&I), with a view to adopting new rules in 2014;
- revised future State aid guidelines for **energy and environment** which should lead to the adoption of new rules in 2014.

Strategic sectors: important decisions have been taken in sectors of strategic importance such as financial services, telecoms, the digital economy, and energy.

- ***In the financial sector***: most of the efforts focused on: (i) focus on derivatives and benchmark rates, with a proposed draft Regulation to restore confidence in those benchmarks to ensure the integrity of benchmarks by guaranteeing that they are not subject to conflicts of interest; (ii) state aid in the banking sector, revamped based on the Banking Communication; (iii) the enforcement and regulatory efforts in the payments area, with the revised Payment Services Directive and the Proposal for a Regulation on interchange fees for card-based payments.
- ***In the energy sector***: the measures to be taken aim to provide the EU with a common framework for energy, investing in infrastructure, increasing energy efficiency, and encouraging more efficient and better market-integrated aid to renewables. Competition is part of the policy mix that can address those challenges. In 2013, antitrust enforcement actions have contributed or will contribute in the future to curbing energy prices by combatting abusive or collusive behaviour leading to segmentation of markets and inefficient allocation of energy.
- ***In the digital sector***: effective scrutiny of the behaviour of dominant firms, as well as quick reaction in case of abuses, is particularly important, since illegal practices may cause the early exit from the market of small and innovative competitors. The Commission sought to: (i) facilitate

the dissemination of intellectual property and knowledge is also important in the digital industries; (ii) combine competition-policy instruments to address the challenges of fast-moving market; (iii) promote connectivity and tackling Single Market fragmentation in the telecoms sector; (iv) remove obstacles to innovation in the knowledge economy.

International cooperation: international co-operation in competition policy-making and enforcement helped to tackle the challenges posed by the growing internationalisation of business. As encouraged by the European Parliament, the Commission continued to engage in multilateral and bilateral policy dialogues with the authorities in a number of other jurisdictions so as to promote convergence on both substantive and procedural competition rules.

Annual report on EU competition policy

2014/2158(INI) - 04/02/2015 - Committee report tabled for plenary, single reading

The Committee on Economic and Monetary Affairs adopted the own-initiative report by Morten MESSERSCHMIDT (ECR, DK) on the Annual Report on EU Competition Policy.

The report stressed the fact that competition policy plays a **key role in reinforcing the holistic approach to the single market** aimed at to addressing Europe's economic, social and environmental challenges. It highlighted the essential role of competition policy enforcement in creating a level playing field that **fosters innovation, productivity, job creation and investment** by all players across the single market and across all business models, including SMEs. The Commission is called upon to:

- consider the **social and labour impacts** of its interventions in the field of state aid, especially in those regions with high levels of unemployment;
- identify possible **imbalances** between Member States which could distort competition, as well as their causes and economic impact;
- respect the **needs of citizens**, consumers and SMEs by placing their concerns at the centre of the decision-making process;
- significantly widen and deepen its investigations into **fiscal state aid,** in light of the LuxLeaks revelations.

State aid and Services of General Economic Interest (SGEIs): the report reaffirmed the importance of the SGEI designation for universally accessible services that are of vital significance to European citizens, from healthcare to social security to housing provision. However, the Commission should ensure that compensation granted to SGEIs is compatible with EU state aid rules.

Antitrust and cartels: in order to increase the effectiveness of the penalty system, the Commission is called upon to:

- assess the possibility of complementing cartel fines with **individual sanctions** such as individual fines and disqualification of directors;
- **put in place an institutional mechanism** which would ensure that whenever a national authority takes an antitrust decision there would be an automatic follow-up check;
- provide a **comprehensive legal and economic assessment** of antitrust and cartels cases, particularly in fast-moving markets.

They called, in that connection, for details to be provided of the conditions subject to which **parent companies** that exercise a degree of influence over their subsidiaries can be held severally liable for breaches of antitrust law by the latter even if they themselves were not directly involved.

Merger control: the Commission is called upon to be attentive to those cases where just after a merger is cleared, consumer prices rise or there is a relevant reduction of a product's quality. The report also called for much clearer definitions to be drawn up of the concepts of market share, market power and definition.

Sector developments: the report:

- stressed that competition policy should take account of the threefold objective of the affordability, sustainability and **security of energy supply** for the European economy and its competitiveness when addressing the current fragmentation of the market;
- recognised the role of competition policy in the **pursuit of a Digital Single Market** and called on the Commission to review existing competition law instruments in order to determine whether they meet the demands of the digital age;
- called on the Commission to analyse how to accommodate the rise of the **sharing economy** in the European legislation;
- invited the Member States to implement the new EU **public procurement** rules and the Commission to ensure their application;
- highlighted the contribution of cartel enforcement to a more transparent financial services sector; it called for a swift end to the state aid crisis regime for the banking sector;
- stressed the importance of conducting a thorough analysis of each Member State's tax laws with a view to putting forward **tax harmonisation measures which support SMEs and foster their growth** and which ensure that Member States are competitive on world market;
- called on the Commission and the Member States to ensure a level playing field which allows free but also fair competition **in all transport modes**; the Commission is invited to complete the implementation of the Single European Railway Area.

International dimension: the report called for the inclusion of a competition chapter, to include provisions covering antitrust, mergers, state-owned enterprises, subsidies and unequal market access, within the **Transatlantic Trade and Investment Partnership agreement**.

Role of the European Parliament: Members considered that the **fundamentals and key guidelines** of competition policy should in future be drawn up and adopted in closer cooperation with Parliament in order to strengthen the democratic legitimation of the competition authority.

Members called on the Commissioner to commit to frequent meetings with the relevant committees of Parliament, as well as with the Competition Working Group of Parliament's Committee on Economic and Monetary Affairs.

Lastly, they considered that the European Parliament should have **codecision powers** in competition policy.

Annual report on EU competition policy

2014/2158(INI) - 10/03/2015 - Text adopted by Parliament, single reading

The European Parliament adopted by 526 votes to 108, with 59 abstentions, a resolution on the Annual Report on EU Competition Policy.

Parliament stressed the need to focus more on promoting competition for the achievement of the ambitious objectives for jobs, growth, investment and the global competitiveness of the European economy. It highlighted the essential role of competition policy enforcement in creating a level playing field that **fosters innovation, productivity, job creation and investment** by all players across the single market and across all business models, including SMEs. The Commission is called upon to:

- enforce antitrust, state aid and merger control rules with a view to achieving a well-functioning internal market and social progress;
- consider the social and labour impacts of its interventions in the field of state aid, especially in those regions with high levels of unemployment;
- respect the needs of citizens, consumers and SMEs by placing their concerns at the centre of the decision-making process;
- state clearly its concerns in the sphere of taxation and ensure that competition policy instruments must not be misused as a means of implementing tax measures.

State aid and Services of General Economic Interest (SGEIs): Parliament reaffirmed the importance of the SGEI designation for universally accessible services that are of vital significance to European citizens, from healthcare to social security to housing provision. However, the Commission should ensure that compensation granted to SGEIs is compatible with EU state aid rules.

Members reiterated that EU Structural Funds may not be used in a way that directly or indirectly supports the **relocation** of services or production to other Member States.

Antitrust and cartels: each year losses of EUR 181-320 billion – approximately 3% of EU GDP – accrue owing to the existence of cartels. In order to increase the effectiveness of the penalty system, the Commission is called upon to:

- assess the possibility of complementing cartel fines with **individual sanctions** such as individual fines and disqualification of directors;
- **put in place an institutional mechanism** which would ensure that whenever a national authority takes an antitrust decision there would be an automatic follow-up check;
- provide a **comprehensive legal and economic assessment** of antitrust and cartels cases, particularly in fast-moving markets.

Merger control: the Commission is called upon to be attentive to those cases where just after a merger is cleared, consumer prices rise or there is a relevant reduction of a product's quality. The report also called for much clearer definitions to be drawn up of the concepts of market share, market power and definition.

Sector developments: Parliament made the following recommendations:

- as regards **energy and environment**, competition policy should take account of the threefold objective of the affordability, sustainability and **security of energy supply** for the European economy and its competitiveness when addressing the current fragmentation of the market;
- review existing competition law instruments in order to determine whether they meet the demands of the **digital age**; enforce properly both ex post and ex ante competition rules in order to prevent excessive market concentration and abuse of dominance;
- analyse how to accommodate the rise of the **sharing economy** in the European legislation; companies related to the so-called sharing economy must pay taxes and comply with regulations in the same way as traditional businesses;
- implement the new EU **public procurement rules** in a timely manner, including the provisions on criteria linked to the subject-matter of the contract, including social, environmental and innovative characteristics, and on e-administration, e-procurement;
- maintain a close watch on the **banking sector** in order to enhance competition in European banking markets; return to the conventional application of state aid control as soon as this is viable for the banking sector;

- strengthen the links between **competition policy and transport policy** in order to improve the competitiveness of the European transport sector and complete the implementation of the Single European Railway Area.

On fiscal state aid, Parliament is concerned over possible illegal corporate tax practices in Member States. It called on the Commission to conclude its ongoing investigations into tax rulings as speedily as possible using all available evidence, notably in light of the publication of the 'LuxLeaks' documents.

International dimension: the resolution called for the inclusion of a competition chapter, to include provisions covering antitrust, mergers, state-owned enterprises, subsidies and unequal market access, within the **Transatlantic Trade and Investment Partnership agreement**.

Role of the European Parliament: the resolution considered that the **fundamentals and key guidelines** of competition policy should in future be drawn up and adopted in closer cooperation with Parliament in order to strengthen the democratic legitimation of the competition authority.

Members called on the Commissioner to commit to frequent meetings with the relevant committees of Parliament, as well as with the Competition Working Group of Parliament's Committee on Economic and Monetary Affairs.

Lastly, they considered that the European Parliament should have **codecision powers** in competition policy.