Basic information

2015/2140(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	LANGEN Werner (PPE)	11/05/2015
	Shadow rapporteur SANT Alfred (S&D) MESSERSCHMIDT Morten (ECR) THEURER Michael (ALDE) LÓPEZ BERMEJO Paloma (GUE/NGL) REIMON Michel (Verts/ALE)	

Committee for opinion	Rapporteur for opinion	Appointed
INTA International Trade	SZEJNFELD Adam (PPE)	21/09/2015
IMCO Internal Market and Consumer Protection	COFFERATI Sergio Gaetano (S&D)	23/06/2015

European Commission

Commission DG	Commissioner
Competition	VESTAGER Margrethe

Key events

Date	Event	Reference	Summary
04/06/2015	Non-legislative basic document published	COM(2015)0247	Summary

09/07/2015	Committee referral announced in Parliament		
07/12/2015	Vote in committee		
17/12/2015	Committee report tabled for plenary	A8-0368/2015	Summary
18/01/2016	Debate in Parliament		
19/01/2016	Decision by Parliament	T8-0004/2016	Summary
19/01/2016	Results of vote in Parliament		
19/01/2016	End of procedure in Parliament		

Technical information	
Procedure reference	2015/2140(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/8/03568

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE565.169	23/09/2015	
Amendments tabled in committee		PE569.789	21/10/2015	
Committee opinion	IMCO	PE567.474	10/11/2015	
Committee opinion	INTA	PE567.764	20/11/2015	
Committee report tabled for plenary, single reading		A8-0368/2015	17/12/2015	Summary
Text adopted by Parliament, single reading		T8-0004/2016	19/01/2016	Summary

European Commission

Document type	Reference	Date	Summary
Commission document (COM)	COM(2015)0247	04/06/2015	Summary
Commission response to text adopted in plenary	SP(2016)220	01/06/2016	

Annual report on EU competition policy

2015/2140(INI) - 19/01/2016 - Text adopted by Parliament, single reading

The European Parliament adopted by 500 votes to 137, with 73 abstentions, a resolution following the 2014 Annual report on EU Competition Policy.

Welcoming the report by the Commission, which underlines the importance of competition policy in the EU, Parliament called on the Commission **not to implement internal EU competition policy in such a way as to restrict firms' market strategies**, so that they can compete on world markets with actors from outside the EU.

An effective and credible competition policy must not be directed exclusively towards bringing down prices for consumers, but must also be **mindful of the strategic interests of the European economy**, such as: the ability to innovate; investment; competitiveness and sustainability; the special competitive conditions for SMEs, start-ups and microenterprises; and the need to promote high labour and environmental standards.

The Commission was called upon to:

- put a stop to **social dumping**, and ensure that competition policy decisions take particular account of the social impact;
- adapt its competition policy to the **specificities of the digital economy sector**, and support all initiatives connected with the development of e-government;
- **complete the internal market** in areas where it is still fragmented and incomplete, and to end unjustified market restrictions and distortions of competition as soon as possible wherever they are found;
- ensure that competition policy strengthens **social cohesion** in the Union;
- ensure that the Member States implement the new **public procurement legislation** in a timely manner, in particular as regards the deployment of e-procurement and e-administration, and the new provisions on consideration of social and environmental criteria and on the division of contracts into lots;
- promote **better convergence of, and cooperation** among, national competition authorities in the EU;
- safeguard competition in the **telecommunication** sector, including in the allocation of spectrum;
- scrutinise the unfair and unlawful clauses and practices employed by the **banking sector** in consumer contracts;
- examine **ATM networks** from the perspective of competition policy, given that this is a network infrastructure;
- ensure coherence between the **Union's trade and competition policies and the objectives of its industrial policy**, and ensure at the same time that the Union's competition policy should not hinder the emergence of European industrial champions in economy;
- review EU State aid rules for **energy-intensive industries**, guaranteeing effective carbon leakage protection and providing fair opportunities for EU industries.

Antitrust proceedings – cases of abuse of dominant position: in this regard, Parliament also asked the Commission:

- to increase its efforts as regards investigations of instances of abuse of dominant market positions to the detriment of EU consumers;
- take action internationally against cartels and anticompetitive, oligopolistic and monopolistic practices that are damaging to competition;
- incorporate the rules on **fines,** such as those imposed in cartel proceedings, into a legislative instrument; the fines should be high enough to act as a deterrent;
- carry out, on the basis of new criteria, a **comprehensive legal and economic assessment of fast-moving markets** and ephemeral business models employed by digital undertakings, in order to obtain a clear understanding of the market structure and market trends, take appropriate measures to protect consumers;
- provide effective protection for standard **essential patents** (SEPs) and to exercise close supervision to ensure that patent users obtain licences in the proper way.

Parliament called into question the **long duration of the investigations into US internet giant Google,** and regretted the fact that these investigations have already dragged on for several years, with no transparency and creating uncertainty for all parties.

The Commission was asked to: ((i) conduct a thorough investigation into the Google practice whereby the '**Android**' operating system is offered only in conjunction with other Google services, and whereby manufacturers may not pre-install rival products; (ii) examine in detail Google's dominant market position in the area of **direct hotel bookings**.

The resolution noted that the Google case has triggered a general discussion on the power of **dominant internet platforms** such as eBay, Facebook, Apple, LinkedIn, Amazon, Uber, Airbnb, etc., their influence on markets and on the public sphere, and the need to regulate them to protect both.

State aid: Parliament:

- called on the Commission, the Member States and the **authorities at regional and communal** administrative levels actively to promote compliance with EU competition policy and to explain its legal basis;
- emphasised the importance of addressing horizontal and vertical State aid in the same way but took the view that remote or outlying regions and islands should be given greater leeway than at present when it comes to applying rules on State aid;
- called on the Commission to examine evidence provided by the Member States more rigorously, and improve fact security, since there are regular attempts to circumvent the legal basis and the legal constraints, or to seek more or fewer borderline compromises;
- recalled that the **structural** funds may not be used in a way that directly or indirectly encourages the relocation of services or production to another Member State.

Members welcomed the introduction of **new guidelines on State aid for risk financing**, the primary purpose of which is to make it possible to promote more effectively SMEs, innovative midcaps and start-ups, which have a significant size disadvantage.

Financial aid and taxation: Members recalled that the temporary State aid in the financial sector was necessary for the stabilisation of the global financial system, but must **quickly be reduced, or totally removed and scrutinised,** if the Banking Union is to be completed. They called on the Commission to: (i) clarify the rules and procedures under which State aid in the financial sector can be authorised; (ii) consider the possibility of linking State aid to banks to conditionality on credit to SMEs.

Unfair tax competition between Member States is another problem raised in the resolution, which brought to light the key importance of EU subsidy law in the **fight against tax avoidance by multinational undertakings.** Members welcomed the investigations initiated by the Commission in 2014 into unlawful State aid, through unfair tax competition, to the benefit of certain individual companies, which was extended to all the 28 EU countries in 2015. They called furthermore, on Member States in future to present to the Commission all relevant information about their tax practice, and, at long last, to comply with their obligation to disclose to the Commission and to Parliament details of any special arrangements that may have an impact on other Member States and SMEs. The Commission should use the findings of the current investigations as the basis for **more precise and effective guidelines for tax-related State aid.**

In view of studies estimating the annual value of tax fraud and tax avoidance to up to EUR one trillion (1 000 000 000 000), Member States must ultimately tackle and restrict this practice. Parliament called for an **EU legislative framework** to prevent distortions of competition by **aggressive tax planning and tax evasion**. It recommended the introduction of an automatic mandatory exchange of tax rulings, a common consolidated corporate tax base (CCCTB) and a guarantee that no profit leaves the EU untaxed.

Democratic strengthening of competition policy: Members welcomed the regular dialogue between the Competition Commissioner and Parliament, but considers that the right to a hearing on essential matters of principle is not sufficient. They considered that Parliament should have **co-decision powers** in competition policy, particularly with regard to fundamental legislative directives and binding guidelines. The Commission was asked to put forward **proposals for a corresponding amendment to the Treaties** to extend the scope of the ordinary legislative procedure to cover competition law as well.

Annual report on EU competition policy

2015/2140(INI) - 17/12/2015 - Committee report tabled for plenary, single reading

The Committee on Economic and Monetary Affairs adopted an own-initiative report by Werner LANGEN (EPP, DE) following the 2014 Annual report on EU Competition Policy.

Welcoming the report by the Commission, which underlines the importance of competition policy in the EU, Members called on the Commission **not to implement internal EU competition policy in such a way as to restrict firms' market strategies**, so that they can compete on world markets with actors from outside the EU.

An effective and credible competition policy must not be directed exclusively towards bringing down prices for consumers, but must also be **mindful of the strategic interests of the European economy**, such as: the ability to innovate; investment; competitiveness and sustainability; the special competitive conditions for SMEs, start-ups and microenterprises; and the need to promote high labour and environmental standards.

The Commission was called upon to:

- put a stop to **social dumping**, and ensure that competition policy decisions take particular account of the social impact in remote or isolated regions;
- adapt its competition policy to the **specificities of the digital economy sector**, and support all initiatives connected with the development of e-government;
- **complete the internal market** in areas where it is still fragmented and incomplete, and to end unjustified market restrictions and distortions of competition as soon as possible wherever they are found;
- ensure that competition policy strengthens **social cohesion** in the Union;
- ensure that the Member States implement the new **public procurement legislation** in a timely manner, in particular as regards the deployment of e-procurement and e-administration, and the new provisions on consideration of social and environmental criteria and on the division of contracts into lots;
- promote **better convergence of, and cooperation** among, national competition authorities in the EU;
- safeguard competition in the **telecommunication** sector, including in the allocation of spectrum;
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Antitrust proceedings – cases of abuse of dominant position: in this regard, Members asked the Commission:

- to increase its efforts as regards investigations of instances of abuse of dominant market positions to the detriment of EU consumers;
- take action internationally against cartels and anticompetitive, oligopolistic and monopolistic practices that are damaging to competition;
- incorporate the rules on **fines,** such as those imposed in cartel proceedings, into a legislative instrument; the fines should be high enough to act as a deterrent;
- carry out, on the basis of new criteria, a **comprehensive legal and economic assessment of fast-moving markets** and ephemeral business models employed by digital undertakings, in order to obtain a clear understanding of the market structure and market trends, take appropriate measures to protect consumers;
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Members called into question the **long duration of the investigations into US internet giant Google,** and regretted the fact that these investigations have already dragged on for several years, with no transparency and creating uncertainty for all parties. The Commission was asked to: ((i) conduct a thorough investigation into the Google practice whereby the '**Android**' operating system is offered only in conjunction with other Google services, and whereby manufacturers may not pre-install rival products; (ii) examine in detail Google's dominant market position in the area of **direct hotel bookings**.

State aid: the report called on the Commission, on Member States and on **authorities at regional and communal** administrative levels actively to promote compliance with EU competition policy and to explain its legal basis. It emphasised the importance of addressing horizontal and vertical State aid in the same way but took the view that remote or outlying regions and islands should be given greater leeway than at present when it comes to applying rules on State aid. It recalled that the **structural** funds may not be used in a way that directly or indirectly encourages the relocation of services or production to another Member State.

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Unfair tax competition between Member States is another problem raised in the report, which brought to light the key importance of EU subsidy law in the **fight against tax avoidance by multinational undertakings.** Members welcomed the investigations initiated by the Commission in 2014 into unlawful State aid, through unfair tax competition, to the benefit of certain individual companies, which was extended to all the 28 EU countries in 2015. They called furthermore, on Member States in future to present to the Commission all relevant information about their tax practice, and, at long last, to comply with their obligation to disclose to the Commission and to Parliament details of any special arrangements that may have an impact on other Member States and SMEs. The Commission should use the findings of the current investigations as the basis for **more precise and effective guidelines for tax-related State aid.**

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Democratic strengthening of competition policy: Members welcomed the regular dialogue between the Competition Commissioner and Parliament, but considers that the right to a hearing on essential matters of principle is not sufficient. They considered that Parliament should have **co-decision powers** in competition policy, particularly with regard to fundamental legislative directives and binding guidelines. The Commission was asked to put forward **proposals for a corresponding amendment to the Treaties** to extend the scope of the ordinary legislative procedure to cover competition law as well.

Annual report on EU competition policy

2015/2140(INI) - 04/06/2015 - Non-legislative basic document

PURPOSE: presentation of the report on Competition Policy 2014.

CONTENT: 2014 was marked by the European elections and a new European Commission.

Following the European elections, the European Parliament gave its green light to the new European Commission on the basis of the priorities outlined in President Juncker's Political Guidelines. The mission letter addressed to Margrethe Vestager, Commissioner for Competition, states that competition policy would "contribute, as appropriate, to our jobs and growth agenda, including in areas such as: (i) the digital single market, (ii) energy policy, (iii) financial services, (iv) industrial policy and (v) the fight against tax evasion". Indeed, competition policy encompassed all these areas in 2014.

(1) Towards a connected digital single market: the Commission believes that competition policy can help building a genuine Digital Single Market:

- in the knowledge based sectors, vibrant competition is essential to stimulate innovation and spread the benefits of technological development among Europe's citizens;
- effective enforcement of antitrust and merger policy makes it easier for small businesses to thrive and gain access to markets in sectors dominated by network effects;
- the application of State aid rules to the broadband sector helps to provide good coverage at affordable prices.

The Commission seeks to:

- promote **infrastructure** development and competitive markets for broadband and telecoms networks;
- ensures that **broadband and mobile networks** remain open and competitive, a sine qua non for building a vibrant Digital Single Market;
- ensure that competition policy actions focus on **smart devices** and online services.

In the increasingly important field of **online services**, the Commission continued carrying out its investigation into certain of **Google's** business practice. It is investigating concerns that Google may be abusing its dominant position in the markets for web search, online search advertising and online search advertising intermediation (i.e. the display of Google search advertising on partner sites) in the European Economic Area.

An important feature of the area of smart mobile devices concern **standard-setting procedures and interoperability.** In this context, the Commission adopted two important decisions on the enforcement of **standard essential patents** (SEPs) in April: a prohibition decision against Motorola Mobility, and a commitment decision with regard to Samsung.

Lastly, in March, the Commission adopted new rules for the **assessment of technology transfer agreements** under EU antitrust rules.

(2) Making energy markets work better: In the energy sector, competition policy:

- ensures that companies do not maintain or re-erect barriers to protect themselves from competition, hampering the establishment of a European Energy Union;
- helps to ensure fair and non-discriminatory access to energy infrastructure, removes obstacles to market integration, and fosters competition between and within Member States.

In April 2014, the Commission adopted the new Guidelines on State aid for environmental protection and energy (EEAG). Moreover, the revised State aid rules on energy and environment assist Member States to better target their support for example to renewable energy sources, infrastructure investments, generation capacity or relief of electro-intensive users from the financing of renewables support.

Antitrust enforcement actions in the energy sector contributed in particular to **tackling high energy prices** by addressing segmentation of markets and abusive or collusive behaviour, especially in Eastern and Central European markets.

The Commission remains vigilant on energy markets also using its **State aid and merger control tools**. In particular, it makes sure that powerful upstream players do not attempt to integrate downstream and thereby excessively strengthen their control over the value chain.

(3) Fairer and more transparent financial sector: the Commission has been particularly vigilant in financial services with the main goal of bringing a stable and fairer financial sector back to its core function of lending to the real economy:

- the creation of the Banking Union is increasing the confidence of European citizens and markets in the European banking system;
- enforcement actions coupled with regulatory efforts also focused on tackling anticompetitive practices in financial derivatives and in the payments sector.

In order to promote healthy competition in the payment sector to the benefit of European consumers, the Commission is continuing to tackling anti-competitive business models based on multilateral interchange fees (MIFs).

In February, the Commission rendered legally binding the commitments offered by Visa Europe to significantly cut its MIFs for credit card payments, as well as to reform its rules to facilitate cross-border competition.

(4) Boosting competitiveness of European industry: the new State aid framework is designed to channel government support where it matters most for growth and competitiveness.

- New Risk Finance State aid Guidelines were adopted giving EU countries better tools to facilitate access to finance for European SMEs and midcaps in their early development stage.
- The Commission adopted new rules to facilitate the granting of aid in support of research, development and innovation.
- In the framework of the State Aid Modernisation, the Commission adopted a communication on Important Projects of Common European Interests (IPCEI) which opens new avenues for Member States to finance certain projects.
- In November, the Commission announced the creation of the European Fund for Strategic Investment (EFSI), with the objective to enhance investment in Europe by generating EUR 315 billion investment. To maximise the impact of such investments, the Commission will formulate a set of core principles, for the purpose of state-aid assessments, which a project will have to meet to be eligible for support under the Fund.
- In 2014 the Commission also completed the revision of the Guidelines on State aid for rescuing and restructuring non-financial undertakings in difficulty.
- In addition, in 2014 the Commission investigated and punished several cartels concerning input and intermediate products.

(5) Fight against tax avoidance and evasion: the new Commission will continue to focus on the fight against tax avoidance and tax evasion. In 2014, the Commission **tightened its control of fiscal State aid**, by using EU competition tools to make sure that EU countries do not help selected multinational companies avoid paying their fair share of taxes.