

# Annual report on EU competition policy

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The Committee on Economic and Monetary Affairs adopted an own-initiative report by Tibor SZANYI (S&D, HU) on the annual report on EU competition policy.

Members welcomed the annual report by the Commission on competition policy, which demonstrates that proper EU competition policy can help to restore a sufficient level of investment and innovation by creating a fair competition environment.

**Single market integration:** stressing that without an effective EU competition policy the internal market cannot attain its full potential, Members stressed that an effective competition policy has to allow for the specific market conditions applying to SMEs, micro-enterprises and start-ups, and must protect workers' rights and make for fair taxation.

The report insisted, *inter alia*, on the need to:

- prioritise the **strengthening of the post-Brexit Single Market** by ensuring full compliance with EU competition laws and by further increasing cooperation between Member States on tax issues;
- investigate thoroughly all the cases where it is suspected that the aim is illegal tax optimisation by multinationals in order to put an end to unfair tax competition (including illegal tax benefits granted) by Member State;
- establish a **common consolidated corporate tax base** (full CCCTB), which will help to eliminate distortions of competition and provide a guarantee that no profit leaves the EU untaxed;
- prevent the misuse of EU funds and stimulate accountability in public procurement; Members urged the establishment of the European Public Prosecutor's Office;
- **enforce single market rules** also at Member State level and for infringements to be dealt with in order to tackle fragmentation of the single market;
- further reinforce the single market by removing the remaining barriers and obstacles: a robust framework for **budgetary and fiscal convergence** would reinforce the EU's economic cohesion and competitiveness and improve its capacity to face global competition,
- **fight against fiscal and social dumping**, abusive tax planning and tax evasion to ensure fair competition across the single market;
- complete the implementation of the **Single European Railway Area**.

**Single market:** given that the digital single market could create hundreds of thousands of new jobs and contribute EUR 415 billion per year to the EU economy, Members called for **greater attention** to be focused on the new business models used by digital companies.

Members recommended:

- taking ambitious steps to **eliminate illegitimate obstacles to online competition**, in order to ensure barrier-free online shopping for EU consumers purchasing from sellers who are based in another Member State;
- assessing the potential impact of every initiative, notably those aiming to promote e-commerce and clarify the permanent establishment status for the digital sector, on the **ability of SMEs** to benefit from the digital single market;
- creating a toolkit, which is indispensable in order for the numerous forms and variants of the **sharing economy** to receive support at EU level;

- speeding up all procedures against anti-competitive behaviour which infringes EU antitrust rules by a number of companies, in particular by **internet and telecom giants** and other media companies, film studios and TV distributors;
- bringing forward a regulatory strategy taking into account technology convergence and, in particular, the multiplication of platforms;
- safeguarding competition in the **internet search and telecommunications sectors**, including with regard to internet services and spectrum allocation;
- conducting in-depth consultations with network operators and relevant stakeholders on how to bring down charges for intra-EU calls to the level of local calls in the most efficient way.

**State aid:** Members welcomed the overhaul of the State aid rules and suggests that a specific annual report be sent to Parliament. They reminded the Member States that the aim was to **better target aid measures** towards long-term, sustainable economic growth, quality job creation and social cohesion, while ensuring an equal level playing field and the free functioning of the social market economy.

The Commission is called upon to launch a **road map** for less but better-targeted State aid, aiming to open up the possibility of reducing State aid by lowering taxes, therefore stimulating new businesses and fair competition.

The report noted that in order to achieve a properly functioning **Energy Union** and to avoid non-compliance with State aid rules and also misuse of EU funds, all State aid cases and public procurement irregularities connected to energy and environmental investments must be **strictly monitored and investigated in depth**, such as the controversial project to enlarge Hungary's Paks nuclear power plant.

The Commission is called upon to consider the introduction of **sanctions** in cases where illegal State aid has been granted, in addition to repayment of the original State aid.