

Procedure file

Basic information		
INI - Own-initiative procedure	2005/2209(INI)	Procedure completed
Competition policy. 34th 2004 report		
Subject 2.60 Competition		

Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	ECON Economic and Monetary Affairs		04/07/2005
		Vers/ALE LIPIETZ Alain	
	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	The committee decided not to give an opinion.	
European Commission	Commission DG Competition	Commissioner	

Key events			
17/11/2005	Committee referral announced in Parliament		
13/03/2006	Vote in committee		Summary
21/03/2006	Committee report tabled for plenary	A6-0065/2006	
03/04/2006	Debate in Parliament		
04/04/2006	Results of vote in Parliament		
04/04/2006	Decision by Parliament	T6-0120/2006	Summary
04/04/2006	End of procedure in Parliament		

Technical information	
Procedure reference	2005/2209(INI)
Procedure type	INI - Own-initiative procedure

Procedure subtype	Initiative
Legal basis	Rules of Procedure EP 54
Stage reached in procedure	Procedure completed
Committee dossier	ECON/6/29596

Documentation gateway

Document attached to the procedure	SEC(2005)0805	17/06/2005	EC	Summary
Amendments tabled in committee	PE367.967	27/01/2006	EP	
Committee report tabled for plenary, single reading	A6-0065/2006	21/03/2006	EP	
Text adopted by Parliament, single reading	T6-0120/2006	04/04/2006	EP	Summary
Commission response to text adopted in plenary	SP(2006)2095	11/05/2006	EC	
Commission response to text adopted in plenary	SP(2006)2311	30/06/2006	EC	

Competition policy. 34th 2004 report

In 2004 the work of the Directorate-General for Competition (DG Competition) was affected by major changes: enlargement of the EU to 25 members, the modernization of competition rules, the arrival in November of a new Commission, and the internal reorganization. These developments are reflected in the general objectives of the Commission's competition policy for 2005. The 2004 Annual Competition Report therefore provides the appropriate occasion to set out for a wider public the direction that will be taken by the Commission's work in the competition policy field in the medium term.

The key objective on the political agenda of the new Commission is to reinvigorate the Lisbon process launched by the European Council in 2000, the overall aim of which is to make the EU the most dynamic and competitive knowledge-based economy in the world. In this context, the Commission will make progress with its ambitious legislative review process in the competition policy field, with special reference to state aid, and will pursue the modernization of antitrust rules and the substantial merger control reforms started in 2004. The Commission intends to promote proactive enforcement of competition rules across the EU. Among the key priority policy areas identified as important to the achievement of the Lisbon objectives, competition policy can make important contributions in three respects:

Promoting the knowledge-based society: Strong competitive pressure provides powerful incentives for companies to continuously engage in innovation and research and development (R&D). By strengthening the incentives for innovation while focusing on those restrictions that can seriously hinder competition, competition policy can contribute to making the EU economies more dynamic. In particular, state aid policy may contribute to the knowledge-based society by better targeting the resources available for public support in fields such as research and development, innovation and training.

Fostering the internal market: Twelve years after its completion on paper, the internal market has not yet realized its full potential. One reason is that there is no automatic link between removal of barriers to cross-border trade and effective competition. Both the regulatory framework and its enforcement have to create an environment which actually induces and favours competition, new entry and innovation. Open and competitive European markets will make European companies more competitive internationally, to the benefit of European consumers and European employment. The very enforcement of competition rules, which is intended to remove the major obstacles to market competition, helps to create sound conditions for growth.

Promoting a favorable business climate: Competition policy can make a significant contribution to creating conditions that are favourable to business. State aid rules play an important role in the efforts to increase the availability of risk capital for start-ups and small and medium-sized enterprises. Also, international competition policy helps develop global coherence and the predictability that business needs. Finally, competition principles can allow screening of new and existing regulatory frameworks in other important policy areas, so as to ensure that regulation does not unnecessarily curb competition.

General competition policy objectives are as follows:

Enforcement priorities: focusing enforcement actions on the most harmful anticompetitive practices for the European economy. The new Antitrust and Merger Regulations will allow DG Competition to better prioritise its enforcement activity, in order to focus on the most harmful practices and mergers in terms of impact on consumer welfare.

In the antitrust field, Regulation 1/2003/EC created a new enforcement system in which the Commission and Member States are all competent to fully apply EU competition rules. To that end, the Commission and the 25 Member States have created a European Competition Network (ECN) in which DG Competition plays a central role. However, it will require a better surveillance of markets in order to identify those practices which are likely to create the greatest harm to competition and the consumer. The new Regulation was also the first step in strengthening private enforcement before national courts by giving the latter the power to also apply Article 81(3).

In the field of merger control, the new Regulation has enhanced the possibilities for referring cases from Member States to the Commission and vice versa, which should help the Commission to focus its enforcement activities on cases that have a clear cross-border impact.

Moreover, the new substantive test of 'significant impediment to effective competition' has made it clear that all anticompetitive mergers are covered by the new Regulation.

In the state aid field, DG Competition will focus more particularly on the enforcement of negative decisions and the reimbursement on incompatible state aid. Moreover, improved international cooperation, both bilateral and multilateral, will continue to be crucial to guaranteeing the effectiveness of European competition policy in combating anticompetitive practices with international scope.

Enhancing competitiveness within the EU by helping to shape the regulatory framework: Regulation, at both Community and national level, may unnecessarily hold back competition and curb the potential of the internal market. In certain sectors, such as the liberalised network industries, and in particular in the energy sector, there is a need to promote a regulatory framework creating the conditions for market entry and promoting competition. Competition advocacy and policy screening should therefore be used to influence national and EU legislation in order to ensure that safeguarding competitive markets is given due consideration.

Competition rules on monitoring state aid should be reviewed to ensure that they take more account of the specific market failures affecting the level of EU investment in R&D and access to risk capital, on the one hand, and the persistence of disparities in regional development, on the other.

Focusing action on key sectors for the internal market and the Lisbon agenda: Emphasis should be put on removing obstacles to competition in the recently liberalised sectors as well as certain other regulated sectors, notably telecommunications, postal services, energy and transport. These sectors provide essential inputs to many other economic sectors and are of key importance for Europe's competitiveness. Opening up the possibilities for an increased number of service providers to compete should lead to wider choice, better quality and lower prices for consumers. The evolution of the telecommunications sector in the last ten years is a good example of the benefits of liberalisation. The recently liberalised sectors are, however, affected by various distortions of competition, ranging from harmful commercial behaviour on the part of the undertakings concerned to inadequate regulation or even state aid. Due consideration should be given to the fact that these sectors may be characterised by public service obligations, as regards the provision of services of general economic interest (SGEI), which must be fulfilled. Nevertheless, the Commission has to ensure that subsidies granted for the functioning of these public services do not exceed what is needed. Moreover, it is necessary to be more explicit in identifying which problems are most appropriately solved through the application of competition law. In this regard it is important to strive for an integrated sectoral regulatory and enforcement policy.

A number of other sectors which are important for the global competitiveness of Europe's economy feature considerable self-regulation or a mix of self-regulation and regulation by the State. This is the case in particular of financial services. Creating an efficient and liquid capital market is one of the key objectives of the Financial Services Action Plan. A number of internal market policy initiatives, culminating in the new Investment Services Directive, were launched during the last Commission's term of office to remove barriers to cross-border securities trading and facilitate competition between investment firms. Competition policy constitutes an important complement to this liberalisation process. In addition, retail financial services play a major role in the everyday life of European Union citizens. These services must be provided under competitive conditions, which mean that the individual consumer has a larger choice of products and services of a higher quality at the best possible price.

Competition policy. 34th 2004 report

The committee adopted the own-initiative report originally drawn up by Alain LIPIETZ (Greens/EFA, FR) in response to the Commission's 2004 annual report on competition policy. The committee amended every substantive paragraph of the rapporteur's original draft, changing it so much that he voted against the final version. The report as finally adopted gave a generally positive assessment of the Commission's competition policy, and also made a number of specific recommendations.

The committee urged the Commission to promote the correct application of the competition rules in all Member States and to intervene in good time where the competition rules are being applied unsatisfactorily or in a discriminatory manner. It called for clarity on the "sometimes obscure relationships" among national competition authorities and 'national champions' to remove any suspicion of complicity.

The report expressed concern at the continued failure to achieve full liberalisation in the EU gas and electric markets and welcomed the Commission's inquiry into the sector as well as the inquiry into bank payment systems and the business insurance market, although in these two cases it urged that adequate time be allowed for full and thorough responses to the Commission. It suggested that in the case of major networked services, competition must be guided by strong public service obligations.

MEPs called on the Commission to issue a "clear and precise interpretative communication on the fourth criterion set out in the Altmark judgement" on state aid for public services. They also called for a detailed analysis of the problems associated with collective bargaining sensitive economic sectors, such as agriculture, particularly the relationship between small producers and major processors and marketing firms.

Highlighting the importance of consumer information in ensuring a genuine competition culture, the committee said that there was a need to "consider at Community level private compensation in cases of anti-competitive conduct".

Lastly, the report reaffirmed the call for Parliament to gain a more active role in the development of competition policy through enhancement of its codecision powers in this field.

Competition policy. 34th 2004 report

The European Parliament adopted the own-initiative report originally drawn up by Alain LIPIETZ (Greens/EFA, FR) in response to the Commission's 2004 annual report on competition policy. It should be noted that the rapporteur did not agree with the changes made to his original text at committee stage and confirmed by the plenary, therefore he withdrew his name from the report before the final vote. (Please refer to the summary dated 13/03/2006 for the specific recommendations).

