

Procedure file

Basic information		
INI - Own-initiative procedure	2013/2075(INI)	Procedure completed
EU competition policy. Annual report		
Subject 2.60 Competition		

Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	ECON Economic and Monetary Affairs	ALDE TREMOSA I BALCELLS Ramon Shadow rapporteur PPE SCHWAB Andreas S&D SÁNCHEZ PRESEDO Antolín Verts/ALE EICKHOUT Bas ECR EPPINK Derk Jan	14/01/2013
European Parliament	Committee for opinion	Rapporteur for opinion	Appointed
	EMPL Employment and Social Affairs	S&D CASTEX Françoise	17/04/2013
European Commission	Commission DG Competition	Commissioner ALMUNIA Joaquín	

Key events			
10/06/2013	Committee referral announced in Parliament		
17/10/2013	Vote in committee		
29/10/2013	Committee report tabled for plenary	A7-0357/2013	Summary
10/12/2013	Debate in Parliament		
11/12/2013	Results of vote in Parliament		
11/12/2013	Decision by Parliament	T7-0576/2013	Summary
11/12/2013	End of procedure in Parliament		

Technical information	
Procedure reference	2013/2075(INI)
Procedure type	INI - Own-initiative procedure
Procedure subtype	Annual report
Legal basis	Rules of Procedure EP 142-p1
Other legal basis	Rules of Procedure EP 159
Stage reached in procedure	Procedure completed
Committee dossier	ECON/7/12416

Documentation gateway					
Committee draft report		PE514.676	21/06/2013	EP	
Amendments tabled in committee		PE519.467	13/09/2013	EP	
Committee opinion	EMPL	PE513.392	26/09/2013	EP	
Committee report tabled for plenary, single reading		A7-0357/2013	29/10/2013	EP	Summary
Text adopted by Parliament, single reading		T7-0576/2013	11/12/2013	EP	Summary
Commission response to text adopted in plenary		SP(2014)260	06/05/2014	EC	

EU competition policy. Annual report

The Committee on Economic and Monetary Affairs adopted the own-initiative report by Ramon TREMOSA i BALCELLS (ALDE, ES) on the Annual Report on EU Competition Policy.

Legitimacy and effectiveness of EU competition policy: Members stated that they should have legislative codecision powers in the establishment of the competition policy framework. They regret the fact that Articles 103 and 109 of the TFEU provide only for consultation of Parliament. They considered that this democratic deficit cannot be tolerated. It stressed the importance of treating Parliament and Council equally as regards access to meetings and the provision of information for the preparation of legislation or soft law in the field of competition policy, as provided for in the Framework Agreement.

On State aid:

- State aid to banks: the report acknowledged the important role played by State aid control since the beginning of the crisis as a restructuring and resolution mechanism for distressed banks. The Commission should regularly provide detailed country- and organisation-specific statistics on the State aid granted to the financial sector since the onset of the crisis.

- SMEs: the report called on the Commission to prioritise measures which recalibrate financial regulation in order to promote growth and ease the funding crisis which SMEs are going through. Members deplored that SMEs undergoing adjustment programmes in the Member States have difficulties in accessing credit from banks and are obliged to pay higher interest rates solely on account of their location in the eurozone, creating distortions in the single market.

- Credit ratings: the Commission is asked to come forward with a proposal for the creation of a public rating agency which would be the only agency allowed to assess sovereign debt inside European Union.

- State aid modernisation: Members considered that not only financial institutions but also industrial companies can become too big to fail. The Commission is called upon to examine at what point companies become too big to fail and to consider which measures can be taken at national or EU level to prevent companies becoming dependent on future government bailouts.

On transport, Members stated that the Commission should further strengthen the links between competition policy and transport policy in order to improve the competitiveness of the European transport sector.

- Rail: the Commission is urged to:

- complete the implementation of the Single European Railway Area, ensure full transparency in the flows of money between infrastructure managers and railway undertakings, and verify that each Member State has a strong and independent national regulator;
- study the possibility of adopting a legislative proposal for a European regulatory body that would cooperate with existing national regulators and act where they do not exist or, where appropriate, when they are inactive;
- verify whether market barriers put in place by operators or technical aspects that differ from one Member State to another can be considered infringements of competition rules.

- Aviation: the Commission is urged to:

- revise the EU aviation and airport state aid guidelines by the end of 2013;
- provide a justified overview to ascertain which air carriers behave in an anti-competitive manner;
- investigate whether certain practices regarding the designation of specific hub airports are objectively justified and do not prejudice competition against European consumers interests.

- Automotive sector: the report urged the Commission to:

- ensure a fair balance of bargaining power between manufacturers and distributors;
- insist on the need to develop principles of good conduct between manufacturers and dealers with regard to vertical agreements in the motor vehicle sector.

As regards the energy sector, the report noted that a single market for energy will not only result in lower prices for consumers but also increase the competitiveness of EU undertakings. It welcomed the implementation of the Commission's anti-monopoly measures in the energy sector. The Commission is urged to pursue the full implementation of the internal energy market package, given that an open and competitive single market in the energy sector has not yet been fully achieved.

The Commission should also be encouraged to develop a single European energy market by 2014. It should also ensure that energy regulations and directives are transposed and applied correctly in all Member States. The Commission should be particularly vigilant when prices reach above the EU-average. Members urged the Commission to closely monitor the level of competition since the three largest players still represent about 75 % (electricity) and above 60 % (gas) of the market despite the gradual opening of the markets in the mid-1990s.

The report also emphasised the role of smart grids in allowing two-way communication between electricity producers and customers, and pointed out that smart grids can allow consumers to observe and adapt their electricity use.

As regards payment services, Members highlighted that the European market for electronic payments is still fragmented and that competition issues remain to be solved. They noted that this is harmful to competition in the single market, and affects SMEs in particular.

For telecommunications, Members urged the Commission to redouble its efforts in the telecommunications markets to help end their fragmentation and prevent abuses of dominant positions by operators with power in those markets. They called on it to ensure that the services provided by operators, and in particular internet access, are transparent, comparable and free of any contractual obstacles to competition.

On new technologies and innovation, the report stressed the overriding importance of essential patents for innovation in the ICT sector and, in this respect, called on the Commission to act swiftly to ensure that their holders grant fair, accessible and non-discriminatory licences to other operators to enable continued technical progress and the development of new products to the benefit of consumers.

Members take the view that ensuring a level playing field for companies in the internal market also depends on combating social dumping, which should be regarded as an anticompetitive practice. There is also need for structural reforms to include an overhaul of the taxation system in order to combat fraud, tax evasion and tax havens.

EU competition policy. Annual report

The European Parliament adopted by 604 votes to 48 with 41 abstentions a resolution on the Annual Report on EU Competition Policy.

Members welcomed the 2012 report but regretted the fact that the Commission paid relatively little attention to unfair practices due to the concentration of companies in the Single Market. They agreed with the Commission, that the crisis should not be used as a pretext for relaxing the enforcement of competition rules. They took the view, however, that competition policy should be adjusted so as to better respond to the challenges posed by globalisation, to include flexibility clauses.

Parliament noted that prices of products still vary from one Member State to another, e.g. as regards medicines, due to different agreements between Member States and the pharmaceutical industry. It called on the Commission to look into this problem and to come up with proposals to create a more transparent internal market.

Legitimacy and effectiveness of EU competition policy: Members stated that they should have legislative codecision powers in the establishment of the competition policy framework. Regretting the fact that Articles 103 and 109 of the TFEU provide only for consultation of Parliament, they suggested correcting this democratic deficit through interinstitutional arrangements in the field of competition policy in the next Treaty change.

It stressed the importance of treating Parliament and Council equally as regards access to meetings and the provision of information for the preparation of legislation or soft law in the field of competition policy, as provided for in the Framework Agreement.

Parliament called on the Commission to ensure that its fining and enforcement policy restores a balanced market and incentivises companies to identify infringements internally and implement restorative action voluntarily.

State aid and effects on the real economy:

State aid to banks: Parliament acknowledged the important role played by State aid control since the beginning of the crisis as a restructuring and resolution mechanism for distressed banks. The Commission should regularly provide detailed country- and organisation-specific statistics on the State aid granted to the financial sector since the onset of the crisis.

SMEs: Parliament called on the Commission to prioritise measures which recalibrate financial regulation in order to promote growth and ease the funding crisis which SMEs are going through. Members deplored that SMEs undergoing adjustment programmes in the Member States have difficulties in accessing credit from banks and are obliged to pay higher interest rates solely on account of their location in the eurozone, creating distortions in the single market.

State aid modernisation: Parliament called on the Commission to examine at what point companies become too big to fail and to consider which measures can be taken at national or EU level to prevent companies becoming dependent on future government bailouts. It shared the

view that State aid procedures needed to be accelerated to allow more concentration on complicated cases with serious effects for competition on the internal market.

Transport sector: Members stated that the Commission should further strengthen the links between competition policy and transport policy in order to improve the competitiveness of the European transport sector. They called for open and fair competition in all transport modes, and for public transport networks with the aim of improving services for customers.

Rail: Parliament urged the Commission to:

- complete the implementation of the Single European Railway Area, and verify that each Member State has a strong and independent national regulator;
- study the possibility of adopting a legislative proposal for a European regulatory body that would cooperate with existing national regulators and act where they do not exist or, where appropriate, when they are inactive;
- verify whether market barriers put in place by operators or technical aspects that differ from one Member State to another can be considered infringements of competition rules.

Aviation: the Commission is urged to:

- revise the EU aviation and airport state aid guidelines by the end of 2013;
- provide a justified overview to ascertain which air carriers behave in an anti-competitive manner;
- investigate whether certain practices regarding the designation of specific hub airports based on the terms of the over 1000 bilateral air services agreements signed by Member States with non-EU countries distort competition.

Automotive sector: Members urged the Commission to:

- ensure a fair balance of bargaining power between manufacturers and distributors;
- insist on the need to develop principles of good conduct between manufacturers and dealers with regard to vertical agreements in the motor vehicle sector.

Energy sector: Parliament noted that a single market for energy will not only result in lower prices for consumers but also increase the competitiveness of EU undertakings. It welcomed the implementation of the Commissions anti-monopoly measures in the energy sector. The Commission is urged to pursue the full implementation of the internal energy market package, given that an open and competitive single market in the energy sector has not yet been fully achieved.

The Commission should also be encouraged to develop a single European energy market by 2014. It should be particularly vigilant when prices reach above the EU-average. Members urged the Commission to closely monitor the level of competition since the three largest players still represent about 75 % (electricity) and above 60 % (gas) of the market despite the gradual opening of the markets in the mid-1990s.

The resolution also emphasised the role of smart grids, which can allow consumers to observe and adapt their electricity use.

Payment services: Members highlighted that the European market for electronic payments is still fragmented and that competition issues remain to be solved. They note that late transposition of the Payments Directive ((2011/7/EU) was harmful to competition in the single market, and affects SMEs in particular.

Telecommunications: Parliament urged the Commission to redouble its efforts in the telecommunications markets to help end their fragmentation and prevent abuses of dominant positions by operators with power in those markets. It called on it to ensure that the services provided by operators, and in particular internet access, are transparent, comparable and free of any contractual obstacles to competition.

New technologies and innovation: the resolution stressed the overriding importance of essential patents for innovation in the ICT sector and, in this respect, called on the Commission to act swiftly to ensure that their holders grant fair, accessible and non-discriminatory licences to other operators to enable continued technical progress and the development of new products to the benefit of consumers.

Members welcomed the progress made in the Commissions investigation of Googles anticompetitive practices. They urged the Commission to act decisively on all concerns that have been identified, given Googles dominance, with a market share of over 90 % in most Member States.

Members took the view that ensuring a level playing field for companies in the internal market also depends on combating social dumping, which should be regarded as an anticompetitive practice. There is also need for structural reforms to include an overhaul of the taxation system in order to combat fraud, tax evasion and tax havens.