DRAFT REPORT

on the annual report on EU competition policy (2016/2100(INI))

Committee on Economic and Monetary Affairs

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MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

on the annual report on EU competition policy
(2016/2100(INI))

The European Parliament,

– having regard to the Commission report of 15 June 2016 on Competition Policy 2015 (COM(2016)0393) and to the Commission staff working paper published as a supporting document on the same date,

– having regard to the Treaty on the Functioning of the European Union (TFEU), in particular Articles 101 to 109 thereof,

– having regard to the relevant Commission rules, guidelines, resolutions, communications and papers on the subject of competition,

– having regard to its resolution of 19 January 2016¹ on the 2014 annual report on EU competition policy and its resolution of 10 March 2015² on the 2013 annual report on EU competition policy,


– having regard to Rule 52 of its Rules of Procedure,

– having regard to the report of the Committee on Economic and Monetary Affairs and the opinions of the Committee on International Trade, the Committee on the Internal Market and Consumer Protection, the Committee on Transport and Tourism and the Committee on Agriculture and Rural Development (A8-0000/2016),

A. whereas a strong and effective EU competition policy has always been a cornerstone of the European project;

B. whereas EU competition policy is an essential instrument for a properly functioning internal market in the Union;

¹ Text adopted, P8_TA(2016)0004
² Text adopted, P8_TA(2015)0051
C. whereas competition prevents the over-concentration of economic and financial power in the hands of a few;

D. whereas competition policy keeps markets efficient and open, thus leading to lower prices, better-quality products and services and greater choice for consumers, also promoting innovation and growth;

E. whereas competition policy can and should make a significant contribution to key political priorities such as boosting innovation, quality jobs, growth and investment, protecting consumers and reinforcing the single market, with particular regard to the digital single market and the Energy Union;

F. whereas EU competition policy is also defined by the values of social fairness, political independence, transparency and due process;

1. Welcomes the annual report by the Commission on competition policy, which can help to restore a sufficient level of investment and innovation by creating a fair competition environment; also reiterates that Europe’s future should be based on innovation;

**Integration of the single market**

2. Welcomes the Commission’s goal of opening up new opportunities for citizens and businesses by allowing people, goods, services and capital to move freely within the single market;

3. Reiterates that all market players should pay their fair share of tax; Welcomes the Commission’s in-depth investigations into anti-competitive practices such as selective tax advantages or excess profit ruling systems;

4. Stresses the need to reinforce the single market through a fiscal union, and calls for the treaties to be amended accordingly;

**The digital single market**

5. Welcomes the Commission’s Digital Single Market Strategy; reiterates that a unified digital single market could create hundreds of thousands of new jobs and could contribute EUR 415 billion per year to the EU economy;

6. Calls on the Commission to take more ambitious steps to eliminate 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;

7. Stresses that the sharing economy is offering EU consumers numerous innovative products and services; reiterates that beside the taxation and security aspects, the Commission should also examine its competition aspects; underlines that national or EU rules must not impose the same conditions for different kinds of services;

8. Welcomes, furthermore, the current Commission practice whereby instant messaging (IM) applications are not compared with services of a different nature provided by the general telecommunications sector;
9. Welcomes the Commission’s investigations into certain anti-competitive practices by a number of companies, in particularly Google, Amazon, Qualcomm and other media companies, film studios and TV distributors; calls on the Commission to speed up all procedures against behaviour which infringes EU antitrust rules;

10. Considers that competition in the telecommunications sector is essential, not only to drive innovation and investment in networks but also to encourage affordable prices and choice of services for consumers; calls on the Commission, therefore, to safeguard competition in this sector, including with regard to spectrum allocation;

11. Considers that ending roaming charges in the EU is not sufficient and that intra-EU calls must be also regulated on the same level as local calls; calls on the Commission to submit a legislative proposal for regulating intra-EU calls;

State aid

12. Welcomes the overhaul of the state aid rules; reminds the Member States, nonetheless, that the aim was to better target aid measures towards economic growth, quality job creation and social cohesion; also reminds the Commission of the need to prevent certain governments from acting in bad faith as they do when misspending EU funds;

13. Stresses that – as the Commission has stated for the sixth time in its annual competition report – the temporary state aid granted in the financial sector was necessary for the stabilisation of the global financial system, but must quickly be reduced, or totally removed and scrutinised, once the Banking Union is completed;

14. Calls on the Commission to clarify the rules and procedures that apply to state aid in the financial sector by taking account of the difference in timing between the recent rules in the banking sector on burden-sharing and those on the full bail-in; invites the Commission, together with the SRB and the SRM, to conduct a careful assessment of the transition period and to ensure that, in line with the requirements of the legislation, the new rules are implemented with the necessary proportionality and fairness; calls on the Commission and the European Securities and Markets Authority (ESMA) to guarantee appropriate investor protection;

Antitrust, cartel proceedings and merger control

15. Welcomes the Commission’s efforts to prepare guidance on its procedures and its continuous evaluation of the EU legal framework;

16. Calls on the Commission to keep its cartel enforcement record strong and effective in all cases where it has sufficient evidence of infringement; welcomes last year’s five decisions relating to a total of EUR 365 million in fines; also calls, however, for extra vigilance regarding airlines’ ‘anti-competitive cooperation practices’;

17. Notes that the number of notified mergers increased significantly in 2015; asks, therefore, for the relevant services to be provided with the necessary resources enabling them to continue to deal effectively with this situation;

Sectoral aspects
18. Welcomes the Commission’s Framework Strategy for a Resilient Energy Union with a Forward-Looking Climate Change Policy, and agrees with its five interrelated policy dimensions; also stresses that the EU needs to move away from an economy driven by fossil fuels;

19. Welcomes the different antitrust investigations, in particular those into against Gazprom and Bulgargaz, aimed at ensuring market integration in the Energy Union; regrets, however, the practice on the part of certain Member States of buying gas through offshore companies, as being a typical example of tax avoidance and an act that is contrary to a properly functioning Energy Union;

20. Welcomes the efforts of the Commission to promote the market integration of renewable energy sources in order to avoid distortions of competition; underlines, however, the responsibility of Member States in promoting and financing the production and use of renewable energy;

21. Stresses that excessive taxation of the agri-food industry could easily destroy competition and would be against the interests of consumers;

**Towards more effective national competition authorities in the EU**

22. Welcomes the decentralised enforcement of EU competition rules in Europe, but considers that the effectiveness of the protection of citizens and companies from anti-competitive practices should not depend only on the Member State in which they are resident;

23. Considers it essential, therefore, that the national competition authorities in the EU have the means and instruments they need to be effective enforcers of EU competition rules, including the tools to detect, tackle and sanction infringements and the leniency programmes that will be essential if companies are to come clean about cartels across Europe;

24. Reiterates that the independence of national competition authorities is of paramount importance, and that this includes ensuring that they have the resources they need to perform their tasks;

25. Calls on the Commission to put forward a proposal for EU action to ensure that the national competition authorities are more effective enforcers, so that the full potential of the decentralised system of EU competition enforcement can be realised;

**Democratic strengthening of competition policy**

26. Calls for the continuation of the regular structured dialogue between the Commissioner responsible for competition and the European Parliament, and in particular the Committee on Economic and Monetary Affairs and the Working Group on Competition Policy;

27. Stresses that Parliament should also be granted codecision powers in the field of competition policy, and regrets that this area of Union policy has not been strengthened in its democratic dimension in recent treaty amendments; calls for the treaties to be
amended accordingly;

28. Instructs its President to forward this resolution to the Council and the Commission.
EXPLANATORY STATEMENT

Competition policy has always been one of the core policies of the EU that is crucial for the proper functioning of the Single Market. Today the European Union needs a strong and firmly enforced competition policy more than ever.

Rigorously observed competition rules provide countless benefits to European citizens. It gives European consumers access to a wide range of quality products and services. It creates more level playing field for businesses operating throughout the EU and prevents the over-concentration of economic and financial power in the hands of a few. It boosts quality jobs, growth, innovation and investment. It makes sure that all companies respect their responsibilities and pay their taxes and that no business receives preferential treatment. However, the process works the other way around as well. The more business and Member States violate these rules deliberately, the more they harm consumers, businesses and the Single Market as a whole. Every illegitimate tax benefit, or other kind of state aid, every antitrust practice and every protectionist, innovation-hampering government decision has serious effect on the life of Europeans citizens.

Especially today, when the biggest threat to the European integration comes from within the EU itself in the form of Eurosceptic populism, continued unfair tax practices favouring big corporation can lead to further public distrust towards the EU.

EU competition policy cannot and is not supposed to solve all the challenges of the Union, but has a great potential to achieve robust improvements in many areas. Fortunately, these improvements are already happening. The Commission’s in-depth investigations on anti-competitive practices, such as preferential tax advantages, show the dedication and the effectiveness of the EU.

Recently the Commission has identified several cases where multinational corporations deprived national budgets of billions of euros of tax money often with the help of Member States. These incidents are highly alarming and call for a closer scrutiny of suspected state aid cases and the immediate termination of tailor-made tax solutions, such as growth tax credit or the excess profit tax schemes. Furthermore, to reinforce the Single Market and enforce greater fiscal discipline the adoption of a fiscal union will be necessary.

It is important to mention here the work of TAXE and TAXE II special committees, as their efforts to retrace Member States’ tax ruling practices and examine ways to combat unfair tax competition and tax evasion in the EU, were fully in line with the Commission’s work. The TAXE committees actively fought tax evasion and tax fraud and made some far-reaching revelations and recommendations in order to restore tax justice. The Commission was an essential partner of the Parliament in this work and in order to deliver further positive results, the active cooperation between the Commission and the European Parliament both on competition and tax matters is needed.

Competition policy also makes significant contribution to the EU’s current key political priorities, and reinforces the Single Market with special regard to the Digital Single Market and the Energy Union.

As the Digital Single Market could create hundreds of thousands of new jobs and contribute
€415 billion per year to our economy. Member States are expected to overcome obstacles such as problems with broadband accessibility or infrastructure. Member States must make sure that there are no online barriers in front of European citizens and businesses, especially SMEs and start-ups that prevent them to fully enjoy the benefits of online services and digital technologies.

Similarly, national regulators must find solutions in order not to undermine online platforms and innovative businesses that fall into the category of sharing economy and which have the potential to provide hundreds of thousands of jobs and affordable services to customers. Instead of partial or full ban of online platforms (as it happened in the case of the American online transportation network company Uber in Belgium, Germany, Hungary and Netherlands), Member States should follow the existing positive examples and look into regulatory options.

Furthermore, the Commission should continue investigations against anti-competitive practices within the digital and online sector and significantly speed up all on-going procedures related to antitrust and taxation issues in order to ensure SMEs and digital start-ups a more balanced and fairer competition on a market often defined by multinational tech giants.

The Rapporteur calls on the Commission to safeguard competition in the telecommunications sector, with special attention to the allocation of spectrum, and with an aim to encourage affordable prices and choice in services for consumers. Regulating high-priced intra-EU calls would fit into this concept, as the next necessary step after the abolition of roaming charges in the EU.

The Energy Union, another priority project of the EU, also relies on the Commission’s ability to ensure fair competition in order to guarantee affordability, sustainability and achieve the Union’s 2020 targets for energy and environment. Therefore, state aid cases and public procurement irregularities connected to energy and environmental investments, (such as the controversial enlargement project of Hungary’s Paks nuclear power plant) must be strictly monitored and investigated in depth.

Overall, the Commission’s effort to prevent and correct anti-competitive behaviour is welcome. The recently refurbished State aid rules are the result of those efforts. However, Member States must be reminded that the aim was to better target aid measures towards economic growth, quality job creation and social cohesion. It must also be noted that although temporary State aid in the financial sector was necessary at the given time, now it must quickly be reduced, or totally removed if the Banking Union is to be completed. Clarification by the Commission regarding the rules and procedures applied to State aid in financial sector is therefore needed.

Finally, the on-going high profile investigations and the fines imposed show the efficiency of the Commission’s work. However, to be able to prevent anticompetitive behaviour and the violation of competition law, national competition authorities must play a bigger role. Thus, it is essential that the national competition authorities - strengthened in their independence, have the necessary means and instruments to effectively enforce EU competition rules.

Regrettably, in spite of the tangible results, European consumers and taxpayers are still seriously affected by the anti-competitive practices of both private and public sector. These
practices have direct adverse effect on the level of innovation, while they also undermine trust towards the Union and the Single Market. After the United Kingdom has voted to leave the European Union, our job is to strengthen the trust of European citizens, businesses and investors in the Single Market, and upholding the principles of fair competition is one of the key ways to achieve this goal. But for that to happen, the close cooperation of the Commission, the independent national competition authorities and the Parliament must be continued and further reinforced.