Annual report on EU competition policy

During the March I plenary part-session, the European Parliament is expected to discuss the annual report on EU competition policy (2019), adopted by the Committee on Economic and Monetary Affairs. The report highlights the growing importance of the international dimension of competition policy in a globalised world and the challenges stemming from the digitalisation of the economy. It also points to issues related to the effectiveness of competition policy instruments, as well as how they may support the European Green Deal.

Background

The European Parliament’s role in this area is principally to scrutinise policy developed by the European Commission, and one of its main tools for doing so is the annual report on competition policy produced by the Committee on Economic and Monetary Affairs (ECON). For its part, the Commission publishes an annual report on competition policy, in which it provides information on its most significant policy and legislative initiatives, as well as on decisions that it has taken while applying EU competition law.

European Parliament position

The ECON committee adopted its report on 18 February 2020. The report calls for a stronger international dimension to EU competition policy, through actions such as monitoring foreign direct investment, and ensuring reciprocity with third countries in public procurement and investment policy, as well as equal application of State aid between European and non-European operators. It also calls for a policy conducive to the emergence of innovative European leaders, promotion of important projects of common European interest in disruptive technologies, and possible establishment of a legal framework for mandatory due diligence in global value chains. The committee supports stronger international standard-setting to ensure a level playing field. To adapt EU competition policy to the digital age, the committee calls for a review of merger rules and stronger antitrust action, taking the effects of market and network power associated with data concentration into account. It also asks the Commission to consider rules enhancing data sharing and interoperability, and increased scrutiny of dominant players when buying-out start-ups. The ECON report suggests revision of certain fundamental concepts such as ‘abuse of dominance’, ‘essential facilities’ and ‘market power’, and invites the Commission to consider imposing ex-ante obligations on markets where entities, acting as both platforms and suppliers, may impose unfair terms on competitors and introduce legislation when these practices are systemic. The report asks the Commission to consider preparing a proposal unbundling search engines from their commercial activities. Furthermore, the ECON committee recommends drawing up new ‘data ethics guidelines’ to improve transparency and data security.

To improve the effectiveness of policy instruments, the report suggests increasing the use of behavioural and structural remedies, as well as fast-track antitrust procedures and new incentives such as leniency. The Commission should examine the possibility of using interim measures to end harmful practices and of including social and environmental costs in its merger analysis. The report also supports the use of State aid for the European Green Deal, as long as it does not distort competition. On sectoral policies, the report calls on the Commission to carry out systematic investigations in sectors that are essential to the everyday life of citizens, such as mobility and health and to consider fining countries for breach of State aid rules. To ensure competition policy takes greater account of citizens, the report calls for regular use of the ordinary legislative procedure in competition policy, stronger Parliament involvement in international activities related to competition, and greater stakeholder participation when formulating and implementing competition policy.

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