REPORT

on the Annual Report on EU Competition Policy
(2013/2075(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

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The European Parliament,

– having regard to the Commission Report on Competition Policy 2012 (COM(2013)0257) and the accompanying Commission staff working document (SWD(2013)0159),

– having regard to the Treaty on the Functioning of the European Union (TFEU), in particular Articles 101, 102 and 107 thereof,

– having regard to Council Regulation (EC) No 1/2003 of 16 December 2002 on the implementation of the rules on competition laid down in Articles 81 and 82 of the Treaty¹,

– having regard to Council Regulation (EC) No 169/2009 of 26 February 2009 applying rules of competition to transport by rail, road and inland waterway²,

– having regard to the proposal for a directive of the European Council and of the Council on certain rules governing actions for damages under national law for infringements of the competition law provisions of the Member States and of the European Union (COM(2013)0404),

– having regard to the Commission Communication on quantifying harm in actions for damages based on breaches of Article 101 or 102 of the Treaty on the Functioning of the European Union (C(2013)3440),

– having regard to the Commission staff working document entitled ‘Public consultation: Towards a Coherent European Approach to Collective Redress’ (SEC(2011)0173),


– having regard to the Commission Recommendation on common principles for injunctive and compensatory collective redress mechanisms in the Member States concerning violations of rights granted under Union Law (C(2013)3539/3),

– having regard to the study published by the Policy Department of the Directorate-General for Internal Policies, entitled ‘Collective redress in Antitrust’ of June 2012,

– having regard to the Commission Communication published pursuant to Article 27(4) of Council Regulation (EC) No 1/2003 in Case AT.39740 – Google (2013/C 120/09),

– having regard to the commitments offered to the Commission pursuant to Article 9 of

¹ OJ L 1, 4.1.2003, p. 1.

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– having regard to Council Regulation (EC) No 139/2004 of 20 January 2004 on the control of concentrations between undertakings (the EC Merger Regulation)¹,

– having regard to the Commission consultation of 27 March 2013 on EU merger control – draft revision of simplified procedure and merger implementing regulation,

– having regard to the Commission Communication of 13 October 2008 on the application of State aid rules to measures taken in relation to financial institutions in the context of the current global financial crisis (the Banking Communication)²,

– having regard to the Commission Communication of 5 December 2008 entitled ‘The recapitalisation of financial institutions in the current financial crisis: limitation of aid to the minimum necessary and safeguards against undue distortions of competition’ (the Recapitalisation Communication)³,

– having regard to the Commission communication of 25 February 2009 on the treatment of impaired assets in the Community banking sector (the Impaired Assets Communication)⁴,

– having regard to the Commission Communication of 23 July 2009 on the return to viability and the assessment of restructuring measures in the financial sector in the current crisis under the State aid rules (the Restructuring Communication)⁵,

– having regard to the Commission Communication of 17 December 2008 on a temporary Community framework for State aid measures to support access to finance in the current financial and economic crisis (the original Temporary Framework)⁶,

– having regard to the Commission Communication of 1 December 2010 on a temporary Union framework for State aid measures to support access to finance in the current financial and economic crisis (the new Temporary Framework), which ended on 31 December 2010⁷,

– having regard to the Commission Communication on the application, from 1 August 2013, of State aid rules to support measures in favour of banks in the context of the financial crisis (‘Banking Communication’)⁸,

– having regard to the issues paper from the Commission for the attention of the EFC on the revision of the State aid guidelines for the restructuring of banks,

– having regard to the study published by the Policy Department of the Directorate-General for Internal Policies, entitled ‘State aid – Crisis rules for the financial sector and the real

⁷ OJ C 6, 11.1.2011, p. 5.
economy’ of June 2011,

– having regard to the Commission Communication on the application of the European Union State aid rules to compensation granted for the provision of services of general economic interest¹,

– having regard to Commission Decision 2012/21/EU of 20 December 2011 on the application of Article 106(2) of the Treaty on the Functioning of the European Union to State aid in the form of public service compensation granted to certain undertakings entrusted with the operation of services of general economic interest²,

– having regard to the Commission Communication entitled ‘European Union framework for State aid in the form of public service compensation (2011)’³,

– having regard to the Commission Regulation (EU) No 360/2012 of 25 April 2012 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to de minimis aid granted to undertakings providing services of general economic interest⁴,

– having regard to its resolution of 15 November 2011 on reform of the EU State aid rules on Services of General Economic Interest⁵,

– having regard to the Commission Communication entitled ‘EU State Aid Modernisation (SAM)’ (COM(2012)0209),

– having regard to its resolution of 17 January 2013 on State aid modernisation⁶,


– having regard to the Commission guidelines on State aid for railway undertakings⁷,

– having regard to its resolution of 12 June 2013 on regional policy as a part of wider State

¹ OJ C 8, 11.1.2012, p. 4.
⁵ OJ C 153 E, 31.5.2013, p. 51.
⁶ Texts adopted, P7_TA(2013)0026
support schemes, having regard to the Framework Agreement of 20 November 2010 on relations between the European Parliament and the European Commission (hereinafter ‘the Framework Agreement’), in particular paragraphs 9, 12, 15 and 16 thereof,

– having regard to the legal action filed in one Member State claiming the violation of the basic legal principle ‘nulla poena sine lege’, according to which a company cannot be fined for a cartel infringement where the size of the fine has not been established by law;


– having regard to Rules 48 and 119(2) of its Rules of Procedure,

– having regard to the report of the Committee on Economic and Monetary Affairs and the opinion of the Committee on Employment and Social Affairs (A7-0357/2013),

A. whereas the equivalent of EUR 1.6 trillion was granted in State aid to banks in the EU in the period from 2008 until the end of 2011, and whereas State aid was generally provided by subscribing to debt or guarantee issues or, in exceptional cases, in the form of a grant;

B. whereas in many Member States a severe credit crunch is affecting SMEs, which account for 98 % of EU firms;

C. whereas each year losses of EUR 181-320 billion – approximately 3 % of EU GDP – accrue owing to the existence of cartels;

D. whereas the lack of liberalisation and openness in rail passenger and freight transport is partly due to the absence of truly independent supervisory bodies at national level in some Member States;

E. whereas the Annual Report on Competition Policy should serve as an instrument to further the Union’s overall competitiveness by expanding competition and opening up to new actors, thereby widening and deepening the internal market, and not only in relation to the

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1 Texts adopted, P7_TA(2013)0267.
6 OJ C 87 E, 1.4.2010, p. 43.
7 C 349 E, 22.12.2010, p. 16.
8 OJ C 136 E, 11.5.2012, p. 60.
practical implementation of competition policy by the Commission;

F. whereas the elimination of obstacles to the free movement of goods, services, people and capital is a precondition for growth;

G. whereas sectors in which the level of competition is lower are often the ones where economic output is underperforming;

H. whereas competition policy seeks to ensure the smooth running of the internal market and a level playing field, to protect consumers from anti-competitive practices and to optimise pricing; whereas the purpose of competition policy is not to micromanage but to enforce clear and fair rules within which market forces can effectively function;

I. whereas public action, public investment and services of general economic interest (SGEIs) play an essential role in ensuring social cohesion, particularly at a time of crisis;

J. whereas Article 14 of the TFEU establishes that codecision should be used to secure the conditions, particularly the economic and financial conditions, for the operation of SGEIs;

K. whereas Protocol No 26 to the TFEU guarantees public authorities wide discretion in providing, commissioning and organising SGEIs;

L. whereas the Altmark judgment establishes four criteria for distinguishing between compensation for a public service and State aid;

**Competition policy as a tool to foster the single market**

1. Welcomes the Commission report and its focus on the contribution of competition policy to merger control, as well as to eliminating barriers, abuses of dominant positions, collusion agreements and distortive State aid measures for the benefit of the single market, taking into account the evolution of the global economy;

2. Regrets the fact that in its 2012 report on competition policy the Commission focuses heavily on unfair competition practices resulting from State practices, while it pays relatively little attention to unfair practices due to the concentration of companies in the Single Market;

3. Believes that competition policy is a driver of economic growth and job creation, especially in crisis times;

4. Points out that competition policy and the smooth functioning of the single market are essential to confronting the crisis, encouraging growth and sustainable employment under the Europe 2020 Strategy and helping to achieve the goals of the European Union;

5. Agrees with the Commission, therefore, that the crisis should not be used as a pretext for relaxing the enforcement of competition rules;

6. Takes the view that competition policy should be adjusted so as to better respond to the challenges posed by globalisation;
7. Takes the view that it should be possible for the new EU competition policy to include flexibility clauses;

8. Acknowledges that too many sectors are still largely divided by national borders and by public or private artificial barriers, and agrees that competition policy has a fundamental role to play in fighting such fragmentation and in creating a level playing field in all sectors of the single market, taking into account the special needs of SMEs and of final consumers;

9. Highlights the fact that implementation of competition policy in the broader sense must not strengthen already established companies and providers of goods and services, but rather have as its overarching objective to facilitate the entry of new actors and the emergence of new ideas and techniques, thereby maximising the benefit to Union citizens;

10. Considers that competition policy should contribute to promoting and enforcing open standards and interoperability in order to prevent technological lock-in of consumers and clients by a minority of market players;

11. Considers that the 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; calls on the Commission to look into this problem and to come up with proposals to create a more transparent internal market, avoiding any unnecessary price differences, in the interest of consumers;

12. Welcomes the EU unitary patent as a step forward to complete the single market and to respond to the challenges of globalisation; calls for steps to be taken to ensure that all the Member States can participate in it; considers it necessary to reconcile intellectual property rights with the demands of competition, protecting the general interest and ensuring that patent holders do not abuse their rights to the detriment of the public; calls on the Commission to prosecute conduct aimed at unduly delaying the market entry of generic medicines;

Legitimacy and effectiveness of EU competition policy

13. Considers that it should have legislative codecision powers in the establishment of the competition policy framework; regrets the fact that Articles 103 and 109 of the TFEU provide only for consultation of Parliament; believes that this democratic deficit cannot be tolerated; proposes that this deficit be overcome as soon as possible through interinstitutional arrangements in the field of competition policy and that it be corrected in the next Treaty change; recalls that the political accountability of the Commission to Parliament covers competition policy and that the structured dialogue with the relevant Commissioner is an important tool with which to carry out sound democratic control in this field;

14. Considers that the type of dialogue engaged in by the Commissioner for Competition cannot replace genuine democratic control by Parliament; stresses that parliamentary control is all the more necessary since, under competition policy, the Commission monitors decisions taken by democratically-elected national and local authorities; also underlines the need to develop a better dialogue between the Commission, the Member
States, local and regional authorities and civil society;

15. Stresses 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; regrets the fact that this has not been respected by the Commission;

16. Stresses the need to instil a competition culture which promotes its own values and helps nurture a positive approach to compliance with a preventive and beneficial effect for the development of competition policy;

17. Points out that the cross-cutting facet of EU competition policy calls for complete consistency between that policy and EU policies in other fields, and that to ensure the smooth functioning of the internal market, sector-specific regulations need to comply with the principles of competition policy;

18. Believes that the Commission should put forward a proposal in order to regulate the competition issues related to minority shareholding;

19. Encourages the Commission to continue to issue soft law guidelines in the field of competition policy, duly taking into account the existing ECJ case law, in order to ensure some legal certainty for stakeholders; considers, however, that soft law cannot replace legislation in areas where legal certainty is crucial;

20. Stresses that imposing fines is a dissuasive tool, which plays an important role in competition policy and that quick action is needed for the success of investigations; believes that legal certainty, the simplification of procedures and the possibility of early termination by means of suitable agreements, are crucial, and therefore reiterates its call on the Commission to incorporate the rules on fines into Regulation (EC) No 1/2003; at the same time, considers that the Commission should increase unannounced inspections, taking action against suspected infringements;

21. Believes however that the use of ever higher fines as the sole antitrust instrument may be too blunt, not least considering potential job losses as a result of an inability to make payments; emphasises that a policy of high fines should not be used as an alternative budget financing mechanism; favours a ‘carrot-and-stick’ approach, with penalties that serve as an effective deterrent, in particular for repeat offenders, while encouraging compliance;

22. Calls 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; urges the Commission to take into account the level of illicit profit and loss incurred by those who were affected;

23. Reiterates that the number of requests for fine reductions on account of an inability to pay has increased, particularly from ‘mono-product’ undertakings and SMEs; continues to believe that a system of delayed and/or split payments could be considered as an alternative to fine reduction in order to avoid putting undertakings out of business;
24. Still awaits an adaptation of the fining guidelines concerning ‘mono-product’ undertakings and SMEs; welcomes, however, the fact that the Commission has recently taken into account the specific needs of ‘mono-product’ undertakings in its decision on ‘Mountings for windows’ (COMP/39452 of 28/03/2012);

25. Invites the Commission to increase its cooperation with national courts in order to facilitate private enforcement and the correct resolution of State aid disputes; welcomes the Commission’s training programmes for national judges;

26. Takes a positive view of the role played by judicial bodies in competition policy, and urges them to use their powers to obtain information and opinions from the Commission and to participate in Community training activities; recommends that the Commission cooperate closely with the judicial authorities, actively exercise its remit to make contributions to judicial bodies as an ‘amicus curiae’, which should be published in a timely manner on the Commission’s web site, and consider the possibility of taking legal action to avoid the EU being left without protection and to safeguard the interests it should protect;

27. Acknowledges the ‘Commission proposal of 11 June 2013 on actions for damages under national law for infringements of competition law provisions on which it is currently working; is determined to find a satisfactory outcome to address the specific issues arising in this field;

28. Maintains that the EU should actively promote the substantive and procedural convergence of competition rules in the international sphere; considers international cooperation to be essential to ensuring consistency and interoperability in the implementation of competition policy by the various competent authorities, with this helping to increase the effectiveness of research and create a level playing field;

29. Highlights the importance of fostering the global convergence of competition rules; encourages the Commission to conclude bilateral cooperation agreements on competition enforcement; is currently working on the proposed agreement between the EU and Switzerland concerning cooperation on the application of their competition laws; is determined to find a satisfactory outcome to address the specific issues arising in this field;

30. Considers that resources for the Commission’s Directorate-General for Competition should be brought into line with its increased workload and range of tasks, inter alia by redeploying resources from obsolete or underused budget lines, in order to enable more proactive action to be taken;

**Competition authorities**

31. Calls on the Member States to ensure the independence of all national competition authorities (NCAs) and sector regulators from national governments, making the nomination of non-political chairpersons and board members with no conflicts of interest – such as links to lobby groups – essential; calls on the Member States to ensure that the staff and resources of NCAs and sector regulators are sufficient and vary according to market-derived needs and those of the effective performance of their duties;
32. Stresses the importance of full transparency of NCAs and sector regulators; requests that all relevant information on cases and official decisions be made clearly visible and accessible online through an open database, taking account of confidential commercial information that may have a significant influence on competition;

33. Supports the structured cooperation within the European Competition Network (ECN), which allows EU-wide coherence of public enforcement of competition rules and encourages its further development, given that some markets tend to have more national dimensions than others, due to different legal, economic and cultural conditions; believes that, as a general rule, the working programmes and conclusions of ECN meetings should be made public on the DG Competition website;

34. Believes that NCAs and other national sector regulators should continue to cooperate to ensure complementary action, particularly in sectors where liberalisation is not yet completed or fully operative; suggests the creation of a wider network for European regulators including NCAs and sector regulators for the exchange of best practices;

**State aid and effects on the real economy**

*State aid to banks*

35. Acknowledges the important role played by State aid control since the beginning of the crisis as a restructuring and resolution mechanism for distressed banks;

36. Believes that State aid control during the crisis should focus on stabilising the banking system, tackling unfair segmentation of the credit conditions in the real economy as well as discrimination of SMEs and households in the single market; calls on the Commission, however, to ensure that the goal of stabilising the banking system does not lead to a further increase in public debt; urges the Commission to link the extension of temporary State aid to the banking sector with enhanced and more stringent conditions governing the focus to be placed on retail lending, and stronger restrictions and transparent rules on bonuses, fee structures and dividend distribution;

37. Recalls that it has urged the Commission to revise the rules on State aid to banks introduced in 2008 as temporary measures on several occasions; welcomes, therefore, the recent actions taken by the Commission in this field;

38. Calls on the Commission regularly to provide detailed country- and organisation-specific statistics on the State aid granted to the financial sector since the onset of the crisis, on consolidated losses and on developments in the repayments made, and to publish the results on the Commission’s website in order to ensure total transparency on the scale of public intervention since the beginning of the crisis and its impact on taxpayers;

39. Believes that accounting methods should be harmonised before any assessment is made of the amount of State aid to be given to banks, such that the accounting treatment of loans refinanced for the second time, for example, is the same regardless of the Member State concerned;

40. Stresses that, particularly in the case of banks receiving State aid, the refinancing of loans
should take fully into account the viability of the receiver; considers that, in the case of multinational corporations, the selling of assets and shares in participated companies should be made a condition for loan refinancing;

41. Urges the Commission to monitor closely those markets in the banking sector where concentration is high or growing, in particular as a result of restructuring in response to the crisis; recalls that oligopolistic markets are particularly prone to anticompetitive practices; fears that this concentration may ultimately harm consumers; stresses that excessive concentration poses a risk for both the financial industry and the real economy;

42. Stresses that banking sector consolidation has increased the market share of several major financial institutions; urges the Commission to maintain a close watch on the sector in order to enhance competition and consumer protection in European banking markets, including in investment banking, where retail deposits are cross-subsidised with riskier investment banking activities;

43. Urges the Commission to carefully consider the range of assets and holdings of financial institutions prior to the dispensation of State aid;

44. Underlines the fact that depositors with up to EUR 100 000 in their bank accounts should be afforded maximum protection and be excluded from any burden-sharing arrangement resulting from bank restructuring or resolution;

45. Believes that the Commission should consider the possibility of State aid to banks sometimes being made conditional on credit being granted to SMEs;

46. Emphasises that ‘SMEs have been disproportionately affected in their ability to access finance since the financial crises; points out that ‘SMEs constitute 98% of all euro area firms, employ around three-quarters of euro area employees, and generate around 60% of value added, and that access to finance is preventing them from investing and growing; calls on the Commission, therefore, to prioritise measures which recalibrate financial regulation in order to promote growth and ease the funding crisis which SMEs’ are going through;

47. Stresses that banks receiving State aid should not increase their size and complexity; urges the Commission to encourage them to focus their business model on the viable part of their activities, remuneration policy and fee structure and not to increase their exposure to public debt, especially if they are reducing the credit flow to SMEs and households at the same time; points out that a new, permanent regulatory system is necessary in order to tackle the flaws found in the pre-crisis legal system, in particular as regards the financial sector as well as to remedy distortions’ created during the financial and economic crisis, and to ensure that priority attention is paid to the consequences and benefits for taxpayers, consumers and the single market as a whole when banks are receiving State aid;

48. Deplores 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;
49. Stresses that external investors, too, should be encouraged to participate as much as possible in asset management companies (AMCs) created under State aid programmes as a means of separating impaired assets, to ensure that there is no conflict of interests between investors holding or transferring assets and the objectives of any given AMC;

50. Believes that AMCs should try to sell their assets as soon as possible in order to regain market normality and end public intervention in a specific sector;

51. Asks the Commission again 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; notes that, as a non-market player, this public rating agency is expected to have a more rational and long-term perspective in the assessment of the public debt and financial stability of the Union in general;

52. Believes that DG COMP’s experience in with regard to bank crises should be considered best practice and be used in the future as a means of prevention rather than for ex-post interventions;

*State aid modernisation*

53. Welcomes again the Commission’s communication on State Aid Modernisation (COM(2012)0209) and the Council’s recent adoption of revised State aid rules on block exemptions and procedures; calls on the Commission, however, to ensure that the stimulation of economic growth, as one of the overall aims of this reform, will not lead again to an increase in public debt;

54. Considers that companies should restructure in accordance with clear limits, keeping to a minimum any damaging effects for competitors which have not received support from public funding;

55. Is of the opinion that not only financial institutions but also industrial companies can become too big to fail, as was the case with General Motors, which had to be saved by the US Government; calls 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;

56. Notes the Commission’s general intention to exempt more measures from the notification requirement; stresses, however, that Member States will have to ensure ex ante compliance with State aid rules of de minimis measures and block-exempted schemes to preserve a sufficient level of control while the Commission will continue to exercise ex post control of such cases;

57. Shares the Commission’s view that State aid procedures need to be accelerated to allow more concentration on complicated cases with serious effects for competition on the internal market; notes the Commission’s proposal to raise its level of discretion to decide how to deal with complaints; calls on the Commission to provide for detailed criteria on how to distinguish important from less important cases in this context; points out that higher thresholds in the de minimis regulation and the extension of the horizontal categories in the enabling regulation and the general block exemption regulation are
appropriate ways of making this distinction;

58. Stresses that the Commission should ensure better exchanges with Members States in terms of quality and timeliness of submission of information and the ‘preparation of notifications; underlines the fact that effective national systems must ensure that State aid measures exempted from ex ante notification obligations comply with Union law; points out higher thresholds in the de minimis regulation and the extension of the horizontal categories in the enabling regulation and the general block exemption regulation are appropriate ways of making this distinction;

59. Notes that until now relevant information for State aid control cases has been delivered exclusively by the Member States; reiterates its request that the Commission assess whether additional human resources will be needed to extend its information gathering tools and enable it to receive direct information from market participants; notes, however, that the Commission should not be able to include additional quality and efficiency considerations in the compatibility assessment and that these decisions must be left to the granting authority;

60. Points to the lack of clarity in some Member States as to whether public funding to European Consumer Centres (ECCs) can be considered as unjustified State aid within the meaning of Union competition law; is concerned that this puts Member States’ support to ECCs at risk and has already resulted in the temporary suspension of funding for ECCs; urges the Commission, therefore, to ensure the proper functioning of ECCs by clarifying as soon as possible that this type of funding does not qualify as State aid under the terms of Union law, given that ECCs do not engage in economic activities but ensure support services for consumers;

Transport sector

61. Believes 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;

62. Calls on the Commission and the Member States to ensure open and fair competition in all transport modes;

63. Calls on the Commission to develop public transport networks with the aim of improving services for customers, who already contribute financially through their taxes;

64. Urges the Commission, with a view to countering the continuing rise of CO₂ emissions, to devote particular attention to taking stringent measures in the transport sector in order to meet the international commitment to limit global warming to two degrees Celsius (°C) above pre-industrial levels, as set as a goal for 2020;

Rail

65. Urges the Commission 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;

66. Calls on the Commission and the Members States to increase their efforts in order to guarantee the opening of the railway transport sector to fair competition, as well as a better quality of services;

67. Calls on the Commission to 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;

68. Stresses that the single market in the rail freight sector is affected by incorrect or incomplete transposition of EU law by Member States and by bottlenecks to cross-border mobility that harm competition and growth; calls on the Commission to verify whether market barriers put in place by operators or technical aspects that differ from one Member State to another, such as track gauges, energy supplies, signalling systems and other similar obstacles concerning the interoperability and accessibility of infrastructure, can be considered infringements of competition rules;

Aviation

69. Welcomes the intention of the Commission to revise the EU aviation and airport state aid guidelines by the end of 2013 which will have to eliminate any distortion of competition and establish a level playing field for all market participants;

70. Invites the Commission to provide a justified overview to ascertain which air carriers behave in an anti-competitive manner through undue use of special conditions or abuses of their dominant position in certain airports;

71. Encourages the Commission to 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 – are objectively justified and do not prejudice competition against European consumers’ interests;

Automotive sector

72. Calls on the Commission to ensure a fair balance of bargaining power between manufacturers and distributors, while emphasising the following:

– the importance of combating discriminatory practices in the field of online distribution as governed by the Vertical Restraints Block Exemption Regulation (Commission Regulation 330/2010), so as to safeguard the ability of distributors to use innovative distribution methods and to reach a greater number and spectrum of customers;

– the importance of dealers on the markets for the sale of new motor vehicles following the expiry of Commission Regulation (EC) No 1400/2002 on 31 May 2013;

asks the Commission to insist on the need to develop principles of good conduct between manufacturers and dealers with regard to vertical agreements in the motor vehicle sector, particularly with regard to the protection of investments after termination of a contract and
the possibility of transferring a business to another member of the same brand network, in order to promote transparency in commercial and contractual relations between the parties;

_Shipbuilding sector_

73. Calls for efforts to be made to ensure the competitiveness of the European shipbuilding sector by promoting shipbuilding in the EU in the face of an increasingly competitive international environment;

74. Stresses the need to guarantee legal certainty and equal treatment for European shipowners in all the Member States;

_Energy sector_

75. Notes that a single market for energy will not only result in lower prices for consumers but also increase the competitiveness of EU undertakings;

76. Welcomes the implementation of the Commission’s anti-monopoly measures in the energy sector;

77. Urges the Commission 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; urges the Commission to be resolute in continuing the steps taken in light of the sector inquiry to bring competition rules to bear effectively on the energy sector; welcomes, in this connection, the ongoing competition law procedures in the energy sector, aimed at completing the internal energy market by 2014 and eliminating obstacles re-established by energy suppliers;

78. Considers that a single European energy market would lower the price of energy paid by consumers and businesses alike, and would strengthen the competitiveness of European business operators on a global scale; believes that, for this reason, the Commission should be encouraged to develop a single European energy market by 2014;

79. Stresses that it is vitally important that the Member States and the Commission ensure timely and correct implementation of existing legislation for the energy market, including the regulatory work called for by the Third Internal Energy Market Package, in order to achieve an integrated and competitive European internal energy market by 2014;

80. Asks the Commission to ensure that energy regulations and directives are transposed and applied correctly in all Member States; calls on the Commission to be particularly vigilant when prices reach above the EU-average, as high prices distort competition and harm consumers;

81. Believes that the Commission needs to be strict with the introduction of energy market reforms to reduce its prices, particularly in those Member States under the excessive deficit procedure;

82. Calls on the Commission and the national regulatory authorities to investigate cases of
possible collusion between companies and abuse of dominant positions on the fuel retailing markets;

83. Welcomes in this connection the Commission’s recent inquiries into the oil sector, acknowledging that a violation of competition rules in this area has massive implications for consumers;

84. Calls on the Commission and national regulators to investigate whether the ‘Monday effect’ – an alleged manipulation of petrol prices by companies depending on the specific day of the week – is real; urges 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; invites the Commission to issue guidelines in order to improve the access of renewable energy sources to the energy network;

85. Calls on the Commission to examine in its next annual report the extent to which the concentration of critical raw material suppliers may be harmful to the activity of client sectors and a more eco-efficient economy, given that some of these are of paramount importance to the deployment of the eco-efficient technologies needed to achieve environmental goals;

86. Emphasises the role of smart grids in allowing two-way communication between electricity producers and customers, and points out that smart grids can allow consumers to observe and adapt their electricity use; stresses that Member States should make this information available on websites for consumers and for all relevant actors, such as builders, architects and suppliers of heating, cooling and electricity equipment;

**Payment services**

87. Is concerned that the European market for electronic payments is still fragmented and that competition issues remain to be solved; acknowledges the two Commission proposals of 24 July 2013 on interchange fees for card-based payment transactions and on payment services in the internal market, on which it is currently working; is determined to find a satisfactory outcome to address the specific issues arising in this field;

88. Stresses that, despite the fact that the Late Payments Directive (2011/7/EU) was to be transposed into national law by March 2013, not all Member States have implemented it; notes that this is harmful to competition in the single market, and affects SMEs in particular;

**Telecommunications**

89. Urges 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; calls 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;

90. Welcomes the Commission’s support for the deployment of broadband infrastructure
throughout Europe, which will generate economic competitiveness and social cohesion; wonders whether digital services in Europe can be classified as SGEIs;

91. Considers the contribution that competition policy has to make to the rolling-out of broadband services in the internal market to be of utmost importance in enabling a balance to be struck between public and private investment in order to meet the objectives of the Digital Agenda and ensure coverage in remote, rural and sparsely-populated areas of the EU;

**New technologies and innovation**

92. Stresses the overriding importance of ‘essential patents’ for innovation in the ICT sector and, in this respect, calls 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; highlights the fact that competition policy should include tools to prevent the creation of artificial obstacles to interconnection, interoperability and the development of economies of scale in the markets;

93. Welcomes the progress made in the Commission’s investigation of Google’s anticompetitive practices and recent news of a possible settlement by spring 2014; urges the Commission to act decisively on all concerns that have been identified, and, as a priority, to take all the necessary measures to ensure fair competition in the online search and search advertising markets, given Google’s dominance, with a market share of over 90 % in most Member States, and the possible abuse of this dominance;

94. Urges the Commission to market test the new proposals put forward by Google in order to thoroughly assess their adequacy and impact; stresses, given the importance that search engines have in the digital economy, that the Commission must – in any event – ensure that Google fully commits to, and implements, solutions to address the four areas of concern raised by the Commission; calls on the Commission, if this cannot be achieved through a settlement, to promptly send a Statement of Objections to the search ‘company;

95. Recalls that net neutrality is of the uttermost importance to ensure that there is no discrimination between internet services and that competition is fully guaranteed;

**State aid to football**

96. Welcomes the Commission’s action opening investigations into the existence of State aid in football as such aid creates a distortion in the use of public resources;

97. Believes that the Commission should carefully study any loan or any refinancing of loans from banks that have received State aid directed to football clubs, particularly the loan rates compared to the average rate in lending and its size compared to the debt of the football club in question;

98. Urges the Commission to address in a structured manner the relationships between professional sports and competition policy, particularly non-payment of social charges, the meeting of tax obligations by football clubs and termination clauses;
The food chain

99. Welcomes the creation of the Food Task Force within DG COMP with the aim of monitoring developments in competition in the food chain and its impact on consumers, as well as the launch of a study into the retail sector; considers that the establishing of a balanced system of relationships in the food sector must not be done to the detriment of competition policy or by way of a purely commercial approach which fails to reflect that policy’s basic principles;

100. Welcomes the actions of the Commission inspecting the supply of the white sugar market and looks forward to hearing the results of the investigation;

Social aspects

101. Notes that the principles of subsidiarity, democratic control and promoting the public interest are founding principles of the European Union;

102. Stresses that, in line with the general principles of the Treaties (non-discrimination, equal treatment, proportionality), the Member States and local authorities must be free to decide how social services of general interest (SSGIs) are financed and organised; draws attention, in this connection, to the Union’s social objectives and to the need to promote the quality, accessibility and effectiveness of these services, irrespective of whether they are provided by public or private operators;

103. Notes that the Union is faced with major challenges in the fields of reindustrialisation, energy transition and digital equipment, which call for considerable investments; and that investments in education, training and up-skilling designed to counter youth unemployment complement, rather than contradict, the goals of competition policy;

104. Points out that competition policy should be implemented in accordance with Article 9 of the TFEU, which states that, in defining and implementing its policies and activities, the Union shall take into account requirements linked to the promotion of a high level of employment;

105. Underlines the importance which should be given to taking social and environmental criteria into consideration in public procurement procedures;

106. Is convinced that a social convergence policy can be implemented in close coherence with robust economic and competition policies;

107. Takes 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; believes that the Commission should look out for intra-EU dumping practices, whereby a firm, internationally or domestically, sells units below the production price to bankrupt one or more competitors; believes that the Commission should therefore strive towards upward convergence of Member States in terms of economic and social performance; underlines the need for structural reforms to include an overhaul of the taxation system in order to combat fraud, tax evasion and tax havens;
108. Reiterates its call on the Commission to include a specific section on the impact of EU competition policy on employment and social affairs in future reports;

109. Instructs its President to forward this resolution to the Council, the Commission and the national competition authorities (NCAs).
EXPLANATORY STATEMENT

Today, 20 years after the single market was born, still many consumers are gravely affected by anti-competitive practices in many economic sectors. Sometimes, these practices have their roots in the private sector, as it is the case for cartels, but it’s widely common that the public sector also tends to be against the opening up of competition in many important economic sectors as rail, airports, telecoms or electricity.

Moreover, too many times, the public sector doesn’t provide with fully independent regulators that can ensure that markets keep functioning properly, in a fair and non discriminatory way. The same situation happens with competition authorities.

Another matter of great importance is the rules and practices regarding state aid. Particularly, state aid to banks has for long been controversial in some political circles. It’s understandable, as at the same time that in many parts of Europe social services have to be cut in order to regain fiscal sustainability, banks receive billions in public money. We should make sure that banks are fully accountable regarding the way they use this public money.

It is also fundamental for me to ensure that the bill for the taxpayer is as small as possible. Some policies that I propose include the obligation for banks to sell their stakes in other companies before receiving state aid.

I would also like to remark my concern over the situation of credit to SMEs in Europe. As the crisis deepens, credit to the real economy continues to fall and to be more and more expensive. Not because of the financial situation of the SMEs, but because of their location inside the eurozone. This situation has to be tackled as the transmission mechanism of monetary policy is de facto broken. Another distortion is created by the fact that some banks receiving State aid use this money to buy more sovereign debt when at the same time they reduce the credit to SMEs and households.

Another sector of fundamental importance for me is the transport sector. It is urgent to complete the implementation of the Single European Railway Area, and to ensure that the single market in the rail passenger and freight sector is not harmed by an incorrect or incomplete transposition of Community Law by Member States. In the field of aviation, I find that bilateral agreements between a Member State and a third country that force the consumer to use a determined airline or airport should be revised as soon as possible to eliminate such provisions.

Finally, in the report I also address some concerns on the energy and Internet sectors. These are markets where the preservation of fair competition is fundamental if we, as Europeans, want to create an innovative, competitive and sustainable economy.
OPINION OF THE COMMITTEE ON EMPLOYMENT AND SOCIAL AFFAIRS

for the Committee on Economic and Monetary Affairs

on the Annual Report on EU Competition Policy
(2013/2075(INI))

Rapporteur for the opinion: Françoise Castex

SUGGESTIONS

The Committee on Employment and Social Affairs calls on the Committee on Economic and Monetary Affairs, as the committee responsible, to incorporate the following suggestions in its motion for a resolution:

A. whereas competition policy seeks to ensure the smooth running of the internal market and a level-playing field, to protect consumers from anti-competitive practices and to optimise pricing; whereas the purpose of competition policy is not to micromanage but to enforce clear and fair rules within which market forces can effectively function;

B. having regard to the essential role of public action, public investment and services of general economic interest (SGEIs) in ensuring social cohesion, particularly at a time of crisis;

C. whereas the European Union is particularly concerned about youth unemployment in the single market, and whereas young people bear the brunt of unemployment caused by under-performing markets;

D. whereas Article 14 TFEU establishes that codecision should be used to secure the conditions, particularly the economic and financial conditions, for the operation of SGEIs;

E. whereas Protocol No 26 to the TFEU guarantees wide discretion to public authorities in providing, commissioning and organising SGEIs;

F. whereas the Altmark judgment1 establishes four criteria for distinguishing between compensation for a public service and state aid;

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1 Judgment of the Court of Justice of the European Union of 24 July 2003 in Case C-280/00, Altmark Trans and Regierungspräsidium Magdeburg.
1. Notes that the principles of subsidiarity, democratic control and promoting public interest are founding principles of the European Union;

2. Recalls the implementation, in 2012, of the State Aid Package; notes with satisfaction certain measures creating exemption from notification obligations for public investments; calls on the Commission to take stock of the implementation of the Package, including the possible quantitative and qualitative effects on jobs and services for citizens, in view of the fact that the crisis is continuing to damage the economy;

3. Stresses that, in line with the general principles of the Treaties (non-discrimination, equal treatment, proportionality), the Member States and local authorities must be free to decide how social services of general interest (SSGIs) are financed and organised; in this context, draws attention to the Union’s social objectives and to the need to promote the quality, accessibility and effectiveness of these services, irrespective of whether they are provided by public or private operators;

4. Notes the Commission’s speed of response in ensuring that numerous banks were rescued and remained in operation in 2012 and putting in place a temporary emergency regime; considers that it should be possible to adopt the same approach to help other crisis-hit industrial sectors;

5. Notes that the Union is faced with major challenges in the fields of reindustrialisation, energy transition and digital equipment, which call for considerable investments; considers that companies, focused on short-term profit, are generally less able to guarantee the long-term investments necessary for a return to sustainable, inclusive growth; considers that it is the responsibility of public authorities to promote these investments, which have significant employment potential; takes the view that competition policy must not act as a brake on these ‘investments of the future’; further notes that European labour markets suffer from a mismatch of skills and that social investments in education, training and up-skilling designed to counter youth unemployment complement, rather than contradict, the goals of competition policy;

6. Points out that competition policy should be implemented in accordance with Article 9 TFEU, which states that in defining and implementing its policies and activities, the Union shall take into account requirements linked to the promotion of a high level of employment; considers that this horizontal clause is extremely influential for the purposes of interpreting EU law and making decisions as regards sectors that have been hit by the crisis and have suffered widespread job losses; emphasises the need to have zero unemployment as the main goal of policies managing restructuring processes alongside the recognition that policies must deliver appropriate solutions for each and every worker, taking into account the fact that over decades global competition and company restructuring have led to the loss of employment in manufacturing industries in the Union, particularly among the low-skilled;

7. Highlights the importance of revitalising Europe’s industrial sectors by means of investment in modernising production tools and implementing a competition policy which will enable industrial groups on a global scale to emerge;

8. Welcomes the Commission’s support for the deployment of broadband infrastructure
throughout Europe which will generate economic competitiveness and social cohesion; wonders whether digital services in Europe can be classified as SGEIs;

9. Underlines the importance which should be given to taking social and environmental criteria into consideration in public procurement procedures;

10. Is convinced that a social convergence policy can be implemented in close coherence with robust economic and competition policies;

11. Questions the notion of ‘inappropriate aid’ introduced by the Commission, calls for the criteria defining effective aid to be specified and for a clear indication to be given of the rules which apply when Member States, local or regional bodies or the private sector make investments in various sectors providing economic or social services or a mixture of both; notes that the Court of Justice has found that economic efficiency is irrelevant for assessing the compatibility of funding with the common market;

12. Recommends that the Commission evaluate the interaction between competition policy on the one hand and the objectives of EU environmental, social and economic policies on the other, bearing in mind the difficulties faced in ensuring appropriate access to finance for the private sector and the social economy, achieving the 2020 targets and adhering to the budgetary and fiscal constraints required by the stability and growth pact;

13. Takes the view that the social economy and activities which contribute towards specific social, economic and environmental objectives should benefit from a degree of flexibility or their own set of special rules on state aid, bearing in mind the specific nature of their operation and objectives, given that supporting non-profit organisations and SSGIs does not cause market distortions; stresses that competition policy should not be used as a pretext for undermining SSGIs in the Member States;

14. Takes the view that subsidiarity has an important role to play in the social-housing sector and that Union competition policy should not hinder the drafting of national rules aimed at promoting social integration;

15. Considers that the type of dialogue engaged in by the Commissioner for Competition cannot replace genuine democratic control by Parliament; stresses that parliamentary control is all the more necessary since, under competition policy, the Commission monitors decisions taken by democratically-elected national and local authorities; also underlines the need to develop a better dialogue between the Commission, the Member States, local and regional authorities and civil society;

16. Takes 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 anti-competitive practice; believes that the Commission should look out for intra-EU dumping practices, whereby a firm, internationally or domestically, sells units below the production price to bankrupt one or more competitors; believes that the Commission should therefore strive towards upward convergence of Member States in terms of economic and social performance; underlines the need for structural reforms to include an overhaul of the taxation system in order to combat fraud, tax evasion and tax havens;
17. Reiterates its call for codecision on competition rules via interinstitutional agreements and in a forthcoming amendment of the Treaty;

18. Reiterates its call on the Commission to include a specific section on the impact of EU competition policy on employment and social affairs in future reports.
**RESULT OF FINAL VOTE IN COMMITTEE**

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<td><strong>Members present for the final vote</strong></td>
<td>Edit Bauer, Heinz K. Becker, Pervenche Berès, Vilija Blinkevičiūtė, Philippe Boulland, David Casa, Alejandro Cercas, Ole Christensen, Derek Roland Clark, Minodora Cliveti, Emer Costello, Frédéric Daerden, Sari Essayah, Richard Falbr, Marian Harkin, Danuta Jazłowiecka, Ádám Kósa, Jean Lambert, Verónica Lope Fontagné, Olle Ludvigsson, Thomas Mann, Csaba Óry, Sylvana Rapti, Licia Ronzulli, Elisabeth Schroedter, Joanna Katarzyna Skrzydlewska, Jutta Steinruck, Ruža Tomašić, Traian Ungureanu</td>
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<td><strong>Substitute(s) present for the final vote</strong></td>
<td>Françoise Castex, Philippe De Backer, Anthea McIntyre, Ria Oomen-Ruijten, Evelyn Regner, Birgit Sippel, Csaba Sógor, Tatjana Ždanoka</td>
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RESULT OF FINAL VOTE IN COMMITTEE

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| Members present for the final vote | Jean-Paul Besset, Udo Bullmann, George Sabin Cutaş, Rachida Dati, Leonardo Domenici, Derk Jan Eppink, Markus Ferber, Jean-Paul Gauzès, Sylvie Goulard, Liem Hoang Ngoc, Wolf Klinz, Jürgen Klute, Philippe Lamberts, Ivana Maletić, Marlene Mizzi, Ivari Padar, Anni Podimata, Antolin Sánchez Presedo, Peter Simon, Kay Swinburne, Sampo Terho, Marianne Thyssen, Ramon Tremosa i Balcells, Pablo Zalba Bidegain |
| Substitute(s) present for the final vote | Thijs Berman, Zdravka Bušić, Herbert Dorfmann, Ashley Fox, Roberto Gualtieri, Enrique Guerrero Salom |
| Substitute(s) under Rule 187(2) present for the final vote | Julie Girling, Phil Prendergast, Milan Zver |