



## **European Competition Policy**

### **for social cohesion, quality of life and an efficient and dynamic economy**

Competition policy is an area where the EU has extensive powers to prevent anti-competitive behaviour by companies or public authorities. They were re-enforced by the Lisbon Treaty, which classifies competition policy as an exclusive competence of the EU.

The aim is to prevent abuses - especially by big companies - of a dominant position in the market; to prevent cartels (ie groups of companies) from working together against the public interest; to control State aid, so that businesses compete on a level playing field; and to control company mergers and takeovers.

The S&D Group supports a strong competition policy for many reasons:

- to prevent abuses of economic power
- to ensure fair conditions of competition among businesses
- to avoid distortions of the internal market
- to encourage efficient allocation of economic resources
- to prevent taxpayers' money swelling company profits or propping up uneconomic businesses
- to encourage the dynamism which competition can promote.

Competition policy can also be a powerful tool for social and territorial cohesion, by keeping down the costs to consumers of essential goods and services, or by setting limits to the in-built advantages of long-established firms in competing with up-and-coming businesses.

### **What's happening now in competition policy?**

#### ***Economic crisis and State aid***

In the current economic crisis, competition policy has a crucial role in helping to safeguard the European internal market from economic and political pressures which could undermine competition.

Following the financial sector meltdown of 2008, substantial State support was essential in most Member States to save the economy from deep recession, but the proliferation of support

inevitably creates a risk of distortions of competition, with some businesses getting an unfair advantage from more generous public funding.

The risk of recession justified the measures introduced by the Commission from the end of 2008 to adapt the competition policy to the fragile economic situation and to direct the Member States in the definition and the adoption of their rescue operations, in particular in the banking sector. We strongly believe, for instance, that certain forms of recapitalisation of the banking sector were both justified and compatible with the EU Treaty. Among the lessons of the financial meltdown is the need for better procedures, to accelerate the attribution of aid in times of crisis. Outside the realm of competition policy, the Group is determined to ensure that the interests of citizens and taxpayers are never again put at such risk by the financial sector - see our proposals on [link: financial sector reform].

However, as economic recovery progresses, the S&D group wants to see a return to the normal application of competition policy and a transparent and coordinated phasing-out of aid, to correct distortions of competition and to avoid moral hazard.

### ***Sectoral competition surveys and inquiries***

The S&D group has strongly supported the sectoral surveys led by the Commission on sensitive sectors such as retail banking, pharmaceuticals and energy. These can uncover anti-competitive practices which lead to high prices, barriers to innovation and restricted consumer choice.

An S&D rapporteur (Gianni PITTELLA) wrote the [EP's report](#) (adopted on 05/06/2008) on the survey of retail banking which identified a lack of competition among banks and low consumer mobility. The EP report calls for vigorous Commission action to encourage consumer mobility and thereby increase pressures on banks to raise their standards of service and value for money.

The European Commission has partly followed up on the EP demands especially in the area of payment cards and in the framework of the SEPA (Single Euro Payments Area) direct debit scheme. But more still needs to be done on payment services charges for instance where the industry is too slow to move to a true European system of payments with all related benefits for consumers in terms of efficiency, safety and price. The S&D group will certainly remind the Commission in case of inaction.

The S&D group is calling for wide-ranging Commission investigations of anti-competitive practices in:

- food retailing and distribution, notably for milk products;
- large investment banks
- post market (clearing and settlement facilities)
- auditing firms
- credit rating agencies.

### ***Cartels and abuses of dominant position***

In 2008, the [Commission's annual report](#) on competition included for the first time a chapter on cartels and the consumer. This was an important departure because cartels are a major threat to the interests of consumers and to the efficient operation of the economy.

The S&D group therefore welcomes the penalties, notably fines, imposed by the Commission on companies which broke competition rules of competition. But we want consideration to be given to other types of sanctions and to stronger measures in case of repeat offending.

In the **car industry**, the S&D group followed very closely the recent reform of competition policy, covering car sales, spare parts, repair and maintenance. These are big expenses for households. Competition among car and spare part manufacturers and among garages must be sharpened, to bring down prices for consumers. Besides the adoption of a [Resolution](#) in May 2010, the S&D group will remain vigilant to ensure that competition rules foster the emergence of small actors.

#### MEPs working on competition policy

\*Gianni Pittella, substitute member of ECON;

[giovanni.pittella@europarl.europa.eu](mailto:giovanni.pittella@europarl.europa.eu) - tel. +32 (0)2 28 45159

\*Antolin Sanchez-Presedo, member of ECON;

[antolin.sanchezpresedo@europarl.europa.eu](mailto:antolin.sanchezpresedo@europarl.europa.eu) - tel. + 32 (0)2 28 45471

\*Udo Bullmann, member and S&D coordinator in ECON;

[udo.bullmann@europarl.europa.eu](mailto:udo.bullmann@europarl.europa.eu) - tel. + 32 (0)2 28 45342

\*Elisa Ferreira, member of ECON;

[elisa.ferreira@europarl.europa.eu](mailto:elisa.ferreira@europarl.europa.eu) - tel. +32 (0)2 284 5164

#### S&D Staff

Marcel Mersch, Head of Unit, Economic and Social model;

[marcel.mersch@europarl.europa.eu](mailto:marcel.mersch@europarl.europa.eu) - tel. +32 (0)2 28 42785

Annabel Garnier, Political advisor;

[annabel.garnier@europarl.europa.eu](mailto:annabel.garnier@europarl.europa.eu) - tel. +32 (0)2 28 41604