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DG Competition Annual Management Plan 2009

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Personal message by the Director General - This year's challenges

The current global financial crisis has emphasised the need for better market governance systems at national, European and the global level. Rigorous enforcement of all aspects of competition policy is a vital part of this.

EU competition policy provides an objective, adaptable and comprehensive framework for Member States and companies alike: it avoids subsidy races and distortions of competition. At the same time it delivers billions of euros of direct and indirect benefit to European citizens each and every year.

In autumn 2008, it has been essential for the Commission to respond rapidly and decisively but flexibly to the need for Member States to support banks and other financial institutions in a manner which fully respects internal market, competition and State aid rules. The careful application of the State aid rules has been pivotal to respond to the threats created by the current financial crisis in a coordinated manner. It has been equally important to ensure that corporate restructuring in the financial sector does not impede effective competition.

DG Competition's matrix organisation has demonstrated its effectiveness in these unforeseen and unforeseeable circumstances by the rapid re-allocation of additional resources to the financial area. Our efforts have helped to ensure non-discriminatory, time-limited and Europe-wide responses to the crisis, in line with both Treaty obligations and market conditions. Applying State aid and competition rules is now seen as an important part of the solution.

The wider economic implications of the global financial and economic crisis are now taking shape. We can expect a marked increase in complex State aid and merger control cases in 2009.

DG Competition will therefore have to deal with the consequences, especially potential restructuring cases resulting from individual application of either guarantee schemes or recapitalization schemes and additional possible restructuring cases in several economic sectors. Further resources will be devoted to assessing notifications relating to State aid (i.e. SMEs, regional investment, R&D&I, risk capital, environment) compensating for the lack of funding coming from private financial institutions.

Additional resources will be invested in ensuring that the assessment of complex merger cases is underpinned by robust legal and economic analysis.

Despite these additional areas, DG Competition must continue to help make markets work better across the whole economy. This requires a careful selection of sectors which are the most important for the competitiveness of the EU economy and which are also important parts of citizen's household expenditure. In line with the Annual Policy Strategy for 2009, competition policy will therefore contribute to ensuring competitive markets in industries, such as energy, ICT, transport, electronic communications and financial services. In particular, we will continue our efforts on competition enforcement in network industries and innovative sectors, including by bringing a number of follow-on priority enforcement cases resulting from the energy and financial services sector inquiries to an end. We will also continue to deal with a number of pending standardisation and interoperability cases in ICT that require timely intervention.

The fight against cartels will remain a priority. Cartel enforcement will continue in order to further increase deterrence, our main goal in this area. We will further step up efforts to detect more cartels ex-officio and to reduce the average duration of investigations originating from the leniency programme. The new Settlement instrument will be implemented to help close investigations faster while keeping the same level of due process guarantees.

In 2009, DG Competition will propose a final report on its sector inquiry into pharmaceuticals for adoption by the College. Based on the experience from previous sector inquiries, the report is likely to be followed by advocacy efforts aimed at removing barriers to market entry for innovative and generic pharmaceuticals and potentially by enforcement action in individual cases.

As regards policy initiatives, we will report on the review of Regulation 1/2003 and the EC Merger Regulation, and will also consider what follow-up to give to the White Paper on compensating consumer and business victims of breaches of the competition rules, published in 2008. We will adopt a code of best practices in State aid, containing agreed joint commitments of both the Commission and the Member States to speed up and streamline State aid procedures, thereby improving their efficiency, transparency and predictability.

Cooperation in the ECN will continue, aiming at an appropriate level of competition policy response to concerns relating to national markets, such as food distribution or professional services.

In order to advocate competition principles, DG Competition will contribute to a more in-depth monitoring of competition reforms in Member States under the Lisbon strategy. In the frame of the legislative Commission work and the inter-institutional relations, we will intensify the screening of any relevant Commission's initiatives and provide input when necessary such as our on-going contribution from a State aid perspective to the Energy and Climate Change agenda. We will also take part to current and new in-depth market monitoring exercises in the framework of the Single Market Review, in particular in the areas of food and retail trade, a priority initiative of the Commission in 2009.

DG Competition will continue to participate actively in ongoing debates in international fora (OECD, ICN,...) on issues such as rising food and commodity prices, buying power, unilateral conduct, competition policy and IP rights, standard setting, the effectiveness of competition authorities etc.

All of DG Competition's priority initiatives, both policy and cases, will be accompanied by focused external and internal communications efforts. Effectively communicating the benefits of competition and the impact of our activities to citizens, businesses and policy makers is indispensable to foster a competition culture, to raise awareness and to facilitate compliance.

Finally, in accordance with the Commission working methods, we will enhance the ex post evaluation of competition enforcement activities.

1. Mission statement

The mission of the Directorate General for Competition (DG COMP) is to enable the Commission to make markets work better for the benefit of European consumers and businesses through the development and enforcement of competition rules and competition advocacy, ensuring that competition in the internal market is not distorted and that markets operate as efficiently as possible.

In the context of the current economic climate, State aid control is particularly important to help ensure that intervention by Member States remains targeted and to avoid that the level playing field in the Single Market is unduly distorted.

Effective competition contributes to a larger choice of products and services, lower prices and better quality. It stimulates knowledge and innovation and creates incentives for businesses to invest, leading to increased productivity and the creation of more and better jobs. It is a crucial factor for the creation of proper conditions for economic growth and prosperity.

2. General objectives

The general objectives of DG COMP are i) to protect competition on the market as means to enhance consumer welfare ii) to support growth, jobs and competitiveness of the EU economy and iii) to foster competition culture.

These general objectives follow the strategic objectives set out at the start of the Commission's mandate — prosperity, solidarity, security and freedom, and a stronger Europe in the world. They are in line with the key objective of the political agenda of the Commission: to reinvigorate the Lisbon strategy with the overall aim of making the EU the most dynamic and competitive knowledge-based economy in the world. These general objectives remain valid even under exceptional circumstances, such as those resulting from the global financial crisis.

Competition policy should prioritize its actions where it is likely to have the biggest impact on the functioning of markets. Therefore, making markets work better requires, in the first place, a careful selection of sectors which are the most important for the competitiveness of the EU economy and the functioning of which has the greatest - direct or indirect – effect on consumers. An increased focus on key sectors maximises the contribution of competition policy to achieving the EU's overall objectives.

For example, in line with the priorities set out in the Annual Policy Strategy for 2009, competition policy will contribute to ensuring competitive markets in network industries, such as energy, transport, electronic communications and financial services, which are all vital for the competitiveness of the EU economy and important parts of citizen's household expenditure.

2.1. To protect competition on the market as a means to enhance consumer welfare in the EU

A key objective of EU competition policy is to ensure that competition on the market is protected against distortive State aid, mergers that significantly impede effective competition, anti-competitive agreements or exclusionary and exploitative conduct by one or more dominant undertakings.

Undistorted competition on the market is a means which enhances consumer welfare by driving both static efficiency, including productive and allocative efficiency, and dynamic efficiency, in particular in the form of innovation.

By distorting the incentives at the very basis of a functioning market mechanism, State aid is in general harmful to both total and consumer welfare in the long run. Even State aid granted to remedy a serious disturbance in the economy of a Member State resulting from the global financial crisis may cause avoidable harm through long term negative effects on competition resulting from, for example, discriminatory or disproportionate State aid that could delay the necessary restructuring of certain operations or give undue advantages to firms over others. Such State aid would not only harm consumers' but also the overall public interest in a properly functioning Single Market.

The more harmful anti-competitive practices are, the greater the need there is for competition policy to intervene. For example, cartels are clearly the most harmful restrictions of competition and therefore high priority continues to be given to the effective detection and deterrence of cartels. Similarly, abuses of a dominant position and anti-competitive mergers with the greatest harm to consumers must also continue to be targeted by enforcement action.

Furthermore, by targeting international cartels, mergers and abusive practices of firms of any nationality which harm European consumers, EU competition policy helps to protect European consumers against the potentially harmful aspects of globalization and to ensure that the benefits of globalisation are passed through to them.

The progress made in protecting and increasing competition can be indicated through the estimated value of the future customer savings resulting from the application of competition policy tools. Based on the impact indicators set out for the individual activities below, a rough estimate of the customer savings resulting from cartel, antitrust, liberalisation and merger cases in 2008 would amount to at least 9 billion euros¹. However, this estimate – which itself is based on a number of assumptions and is limited to the presumed impact of a selected group of competition policy actions - does not take into account the indirect effects of the deterrent effect of cartel and antitrust cases, of the effects of State aid control and of the effects of the policy, coordination, European Competition Network and international cooperation activities.

2.2. To support growth, jobs and competitiveness

Competition enforcement and advocacy initiatives ensure that private and public restrictions do not hold back competition to the detriment of the achievement of the internal market and of the competitiveness of the EU economy, especially in key sectors for the internal market and the Lisbon agenda. For example, competition in financial services, the IT sector and in network industries in general, influences the input costs and hence the competitiveness of various sets of services. Better functioning financial markets are necessary to reach the goals of offering a more efficient access to finance and insurance for businesses. Similarly, a fully competitive single European energy market is vital for the Lisbon process.

Protecting the competitive process enables an efficient allocation of resources and stimulates technological development and innovation, which in turn bring about higher productivity and faster growth in the economy. The pharmaceutical sector, as a knowledge based industry, thus merits particular attention.

By promoting a pro-competitive regulatory framework at EU and national level, competition policy contributes to the better regulation agenda of the Commission and makes Europe a more attractive place to invest. By breaking up cartels and prohibiting abuses of a dominant position in markets for intermediary products or services, competition policy lowers the input costs of businesses, thereby making them more competitive.

¹ Rough estimate of the customer savings resulting from cartel, antitrust, liberalisation and merger cases in 2008, as aggregated on the basis of calculations set out in footnotes 23, 26, 27 and 30.

At the same time, the State aid framework helps Member States spend less and better targeted aid by allowing “good aid”, i.e. sustainable aid addressing market failures in the interest of growth and jobs, such as aid for research and development and innovation, training, environmental protection, risk capital or aid to small and medium-sized enterprises (SMEs) and prohibiting “bad aid”, i.e. unnecessary and/or disproportionate aid.

The current crisis has triggered a broad wave of support schemes for financial sector aid from many Member States. In that sense, there is a demand for more aid which the Commission has to assess carefully. The careful application of the State aid rules is a vital European contribution to a coordinated reaction to threats that are emerging because of the crisis: be it threats to the viability of individual financial institutions, or to the stability of the financial system as a whole. State aid rules guarantee a level playing field between financial institutions and between banking communities in different Member States. In the absence of state aid rules, governments could be tempted to get into a subsidy race, and healthy companies could be put out of business because their competitors received unfair state subsidies. State aid rules therefore contribute to stabilising markets and complement measures taken by Central Banks and Governments. They avoid harmful transfers of savings from one financial institution to the other threatening their continued operation.

Through opening markets and keeping them open competition policy continues to contribute to improved economic efficiency, increased productivity and thereby faster economic growth.² In the past 4 years, GDP per capita (at purchasing power parity) experienced a double-digit growth in the EU, but it is still lower than in the US by roughly a third. In 2007, average annual labour productivity per person employed grew faster in the EU-27 than in the US, but GDP per hour worked is still 28% higher in the US. There is clearly scope for improvement and competition policy has much to contribute. For example, potential gains from improving competition in network industries are estimated to be 1.5 to 2% of GDP at least.

However, according to the Autumn Economic Forecast 2008-2010 published by the Commission on 3 November³, European Union economic growth should be 1.4% in 2008, half what it was in 2007, and drop even more sharply in 2009 to 0.2%. In the weeks since the forecasts came out, economic conditions have deteriorated further.. Keeping markets open through competition advocacy and enforcement is of the utmost importance in times of economic downturn. Indeed, vigorous enforcement of the competition rules stimulates demand by forcing markets to deliver the highest possible value for customers. Historical experience suggests that a weakening of the competition framework may prolong a severe economic downturn by several years. Therefore, the Commission will continue to make full use of its competition instruments to ensure well functioning markets.

2.3. To foster competition culture

² Competition policy, through driving efficiency and improving productivity, directly contributes to real GDP growth. However, the growth rate of real GDP per capita is dependent on a number of factors outside the control of competition policy. Therefore, the causal link between competition policy and the growth rate of real GDP per capita is direct but non-exclusive.

³ See [IP/08/1617](#).

Knowledge of the benefits of competition is essential for citizens to exploit their opportunities as consumers, for businesses to compete on the merits and for policy makers to bring initiatives that do not disproportionately restrict the competitive process.

Fostering a competition culture in which consumers make informed choices between products and services offered, businesses refrain from anti-competitive agreements or behaviour and public administrations realize how competition can contribute to addressing wider economic problems, directly contributes to making markets work better for the benefit of consumers and business.

According to a 2006 Eurobarometer survey, 67% of EU citizens consider that increased competition in markets, such as transportation and telecommunications, is a good thing. According to another 2006 Eurobarometer survey, more than 82% of business leaders in the EU consider it important that fair competition is ensured in the single market, while more than 68% of business leaders in the EU consider it important that sectors, such as energy, transport, telecommunications and postal services are further opened up to competition.

This shows a high awareness and support for competition policy but more needs to be done.

POLICY AREA: <u>COMPETITION POLICY</u>					
GENERAL OBJECTIVES		Impact indicators			
		Indicator	Target (long-term)	Milestones (if any)	Current situation
1.	To protect competition on the market as a means to enhance consumer welfare in the EU	Customer savings resulting from the application of competition policy tools	Stable level of the indicator adjusted for growth and inflation ⁴		9 billion euros ⁵
2.	To support growth, jobs and competitiveness	Changes in long-term real output and real prices rooted in the competitive market environment Proxy 1: growth rate of real GDP per capita Proxy 2: growth	Optimal long-term outcome of the competitive markets in terms of real output expansion and real price stability Benchmark: 1% above US growth rates		Proxy 1: 2.8% (2006, EU-27) vs 1.9% (2006, US) (Eurostat) Proxy 2: 1,3% (2007, EU-27) vs 1% (2007, US) (European Competitiveness Report 2008)

⁴ An increase in the level of the indicator could, on the one hand, mean that competition policy is more successful in achieving this objective through a larger number of and/or more substantial cartel, antitrust, liberalisation and merger cases or, on the other hand, that its deterrence function is not effective. In other words, a change in the level of the indicator does not necessarily inform about the success in achieving this objective.

⁵ Rough estimate of the customer savings resulting from cartel, antitrust, liberalisation and merger cases in 2008, as aggregated on the basis of calculations set out in footnotes 23, 26, 27 and 30.

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		rate of labour productivity (growth per person employed)			
3.	To foster competition culture	Ratio of positive replies in surveys conducted among citizens, businesses and policy makers on their knowledge of and attitude towards competition	Positive attitude towards competition by at least 75% of those questioned.		67% of EU citizens consider that increased competition in markets, such as transportation and telecommunications, is a good thing. More than 82% of business leaders in the EU consider it important that fair competition is ensured in the single market (Eurobarometer 2006)

2.3. Resources

Based on the "COMP 2010" report – resulting from an internal reflection on the medium term future of DG COMP and widely circulated in the Commission – resources available for 2009 will allow DG COMP to perform its mission at the level of efficiency and effectiveness reached in 2006, with only limited possibility to inject DG COMP market expertise into the Commission's general policy-making. Unforeseen developments, as the need to deal with the consequences of the financial crisis will put further pressure on resources in 2009.

In addition, DG COMP will have resources of about the same size as some other competition authorities, such as the US Department of Justice and Fair Trade Commission or the Japan Fair Trade Commission. However, this in effect will continue to mean relative understaffing if it is taken into account that there are significant differences in the size of the economy and the population of the jurisdictions compared. Furthermore, as opposed to other competition authorities, DG COMP also devotes substantial resources to ensuring that all European companies operate on a level-playing field where State aid does not distort competition and where competitive companies succeed.

Human Resources (person years)* -

ABB Activity	Officials and temporary staff**	Auxiliary agents	Personnel Interim	Contractual agents	National detached experts	Other outside personnel (1)	Total
Control of State aid	167	-	1	4	9	-	181
Merger control	81	-	-	7	11	-	100
Cartels, anti-trust and liberalization	272	-	3	22	19	-	316
Policy, coordination, ECN and international cooperation	180 ⁶	-	2	11	4	-	197
Administrative support	83 ⁷	-	2	13	-	26	123
Total	783	—	8	57	43	26	917

⁶ This activity comprises a number of specific activities, of which several are directly linked to case work: the Chief Economist Team (24 staff), Antitrust and Merger Case Support (14 staff), State Aid Case Support (14 staff), Antitrust and Mergers Policy and Scrutiny (17 staff), State Aid Policy and Scrutiny (10 staff), the Hearing Officers' Team (7 staff), the European Competition Network (14 staff), International Relations (11 staff), Consumer Liaison (4 staff), Strategy and Delivery (10 staff), Communications Policy and Interinstitutional Relations (19 staff), Ethics, Security and Procedures (6 staff), the Internal Audit Capability (4 staff) and others, including senior management and their support staff (26 staff).

⁷ This activity comprises the following specific activities: Document Management, including the Registries (35 staff), Resources (21 staff), IT (23 staff) and others (4 staff).

The increased sectoral focus of DG COMP's activities is evidenced by the fact that as of October 2008, more than 60% of staff working in the field of antitrust were allocated to priority sectors, such as energy, IT, financial services, transport and pharmaceuticals. Similarly, more than 50% of staff working in the area of State aid were allocated to priority areas, such as energy and environment, broadband and public broadcasting, financial services, research, development and innovation and risk capital.

Financial Resources (€) (in commitment appropriations)

Activity	Operational Expenditure	Administrative expenditure (DG managed) (2)	Total
Control of State aid			
Merger control			
Cartels, anti-trust and liberalization			
Policy, coordination, ECN and international cooperation			
Administrative support			
Cartels, anti-trust and liberalization			
Total (of financial resources managed by the DG)		12.346.832	12.346.832

* including the "dotation normale" on the first day of validity of the AMP (e.g. on 1/1/2009 for AMP 2009), the human resource allocation for the year (e.g. HR allocation 2009 for AMP 2009) and other allocations

** including operating and research

(1) Includes human resources financed outside global envelope (technical and administrative assistance (ex BA lines), structural funds mini-budgets, administrative expenditure related to research, and specific budget items under heading 5).

(2) Global envelope + article 01 04 + article 01 05

3. Activity-Based Budgeting (ABB) Activities

According to the structure used for Activity Based Management (ABM), DG COMP's work is divided into the following activities:

- Control of State aid,
- Merger control,
- Cartels, anti-trust and liberalization,
- Policy, coordination, European Competition Network and international cooperation,
- Administrative support.

The above activities are carried out by nine directorates. Directorate A is the horizontal directorate dealing with competition policy and strategy. In line with the need to define sectoral priorities, the core operational activities are grouped into five sectoral departments. These are directorates B to F and each of them deals with antitrust, State aid and merger cases. Directorate G is focused on one priority task, which is cartel-fighting. Directorate H deals with State aid issues falling outside the standard sectoral approach. Directorate R is in charge of human and financial resources, document management and IT.

This sector-focused organisation allows DG COMP to apply a flexible project-based management of resources, which is of particular importance where resources have to be swiftly re-deployed when staff needs to be pooled to work on a high priority project, such as the Pharmaceuticals Sector Inquiry or as a result of unforeseen changes in the environment, such as the global financial crisis. By way of example, its internal organisation allowed DG COMP to rapidly create some 30 project teams, pooling staff with sectoral and/or instrumental expertise, dealing with the surge of rescue and restructuring State aid cases in the financial sector in the Autumn of 2008.

3.1. ABB Activity “Control of State aid”

Article 87 of the EC Treaty prohibits any aid granted by a Member State and through state resources in any form whatsoever which distorts or threatens to distort competition by favouring certain firms or the production of certain goods in so far as it affects trade between Member States. The Commission has the exclusive power to declare State aid compatible with the EC Treaty, provided the State aid fulfils clearly defined objectives of common interest and does not distort intra-community competition and trade to an extent contrary to the common interest.

In line with the State Aid Action Plan launched by the Commission in 2005, DG COMP seeks to ensure that where aid is granted it targets market failures or equity objectives, addressing horizontal objectives of Community interest, in particular those contributing to the Lisbon Program, such as cohesion, employment, environmental protection, promotion of research and development and innovation, risk capital and development of small and medium-sized enterprises (SMEs).

State aid control may be used to encourage the granting of better targeted aids that address market failure or equity objectives that have a beneficial impact on competitiveness, employment and growth, and thus on the welfare of society as a whole. For example, in 2008⁸, the Commission took more than 90 positive decisions relating to research and development aid, more than 20 positive decisions relating to innovation aid and more than 30 positive decisions relating to environmental aid. At the same time, the Commission has simplified and streamlined the state aid rules in the General Block Exemption Regulation, adopted in 2008, which now offers Member States the possibility to grant 26 types of aid with minimal administrative burden.

State aid control aims at guaranteeing that firms can compete fairly, without public funds being used to give a firm an undue advantage over another. In the context of the financial crisis, this objective is complemented by the aim to help maintain the stability of the financial system as a whole and to guarantee a level playing field between financial institutions and between banking communities in different Member States.

Given the need for clarity of how state aid rules are applied in the exceptional circumstances of the financial crisis, the Commission has published guidance on how Member States can best support financial institutions whilst respecting EU state aid rules and so avoiding excessive distortions of competition. The guidance is based in particular on EC Treaty rules allowing for aid to remedy a serious disturbance in the economy of a Member State and aims at helping Member States to put in place coordinated concrete measures to restore confidence in financial markets. EU state aid rules require that measures taken do not give rise to disproportionate distortions of competition, for example by discriminating against financial institutions based in other Member States and/or allowing beneficiary banks to unfairly attract new additional business solely as a result of the government support. Other requirements include that measures must be limited in time and foresee adequate contributions from the private sector. In 2008, the Commission has approved, in a short period of time, support schemes in compliance with these principles for financial institutions by the UK,

⁸ Until 27 October 2008.

Ireland, Denmark, Germany, Sweden, Portugal, the Netherlands, Spain, Finland, Italy and France.⁹

On the other hand, aids that disproportionately distort competition in the internal market will be prohibited, the objective of State aid control being to avoid re-creating artificial barriers to intra-community trade. In the absence of State aid rules, governments would be tempted to get into a subsidy race and efficient companies could be put out of business just because their competitors received unfair state subsidies. By way of four examples from 2008: the Commission took negative decisions concerning i) aid granted in the context of the privatization of a car producer, ii) aid granted to power generators in the form of long term power purchase agreements for electricity iii) aid granted to a postal operator in the form of more favourable interest rates on the money deposited with the Treasury and iv) aid granted to shipyards in the form of capital injections, loans, tax write-offs and production guarantees.

In 2009, State aid control activity will, in particular, focus on the consequences of the global financial crisis, especially possible restructuring cases resulting from individual application of either guarantee schemes or recapitalization schemes, the monitoring of implementation and renewals of rescue plans beyond 6 months and additional possible restructuring cases in several industrial and non financial services sectors. Further resources will need to be devoted to assessing notifications relating to State aid expected to compensate the lack of funding coming from private financial institutions (i.e. SMEs, investment, R&D&I, risk capital, environment) and stemming from the implementation of the EU Climate Change Policy.

ACTIVITY: CONTROL OF STATE AID
SPECIFIC OBJECTIVE 1: Less aid granted by Member States

<i>Result Indicators</i>	<i>Latest known result</i>	<i>Target (mid-term)</i>
Overall level of State aid granted by Member States expressed as a percentage of GDP (less agriculture, fisheries and transport)	0.40% of GDP (2007), compared to 0.59% of GDP (average 1996-2000) and 0.42% of GDP (2006)	Decrease in the indicator's level ¹⁰

<i>Main policy outputs</i>
Decisions relating to notified and non-notified State aid measures

⁹ Situation as of 5 November 2008.

¹⁰ This indicator attributes a positive value to the overall decrease of State aid. Such a general aim has however to be understood as a long term objective, which may allow for deviations to cater for Member States different needs and preferences as to the use of state aid to promote growth and jobs, provided the aid fulfils the compatibility conditions set by the Commission. The need to sustain structural reform or specific action for cohesion and competitiveness may push Member State to allow for more aid in a given moment, as long as it is in the Community interest. In particular, in the context of the current financial crisis, public authorities are entitled to take action to ensure financial stability. In that perspective, the Commission's aim for 2009 will be to ensure that the aid granted by the MS do not have negative spill-over effects on other undertakings and Member States.

SPECIFIC OBJECTIVE 2: Better aid granted by Member States

<i>Result Indicators</i>	<i>Latest known result</i>	<i>Target (mid-term)</i>
Percentage of State aid granted by Member States for horizontal objectives	80% of the overall amount of aid (2007) ¹¹ , compared to 55% (average 1996-2000) and 85% (2006)	Increase in the indicator's level

<i>Main policy outputs</i>
Decisions relating to notified and non-notified State aid measures

¹¹ This "good" aid (aid pursuing horizontal objectives or pursuing regional development) can be also set forth as separate result indicators (breakdown of the overall percentage of State aid granted for horizontal objectives and with the exclusion of State aid to agriculture, fisheries and transport):

State aid granted for	% of the overall amount of aid
R&D	15%
Innovation	n.a. (introduced in 2007)
Employment	5%
Regional aid (equity & social cohesion)	20%
Training	1%
SMEs (including risk capital)	10%
Environmental purposes / energy saving	25%
Other horizontal objectives	4%

SPECIFIC OBJECTIVE 3: Effective prevention and recovery of incompatible State aid

<i>Result Indicators</i>	<i>Latest known result</i>	<i>Target (mid-term)</i>
Percentage of "bad" State aid ¹²	0.08% of GDP (2007), compared to 0.27% of GDP (average 1996-2000) and 0.06% of GDP (2006)	Keeping a level under pre-Lisbon average ¹³
Percentage of incompatible aid recovered	92% (as of June 2008), compared to 80% (as of June 2007)	Increase in the indicator's level ¹⁴
Average age of pending recovery cases, including the time required for the Member States to take all necessary steps to recover the aid from the beneficiaries	48 months (as of June 2008), compared to 51.3 months (as of July 2007)	Decrease in the indicator's level ¹⁵

Main policy outputs

Final decisions and appropriate measures for incompatible State aid cases

¹² "Bad" State aid, expressed as percentage of GDP is aid not granted for horizontal objectives or regional objectives. It is compared to pre-Lisbon average. The effectiveness of prevention activities is hard to measure. Member States may already have adjusted their behaviour in line with the State aid rules established by the Commission – it is not easy to find an indicator measuring behaviour which did not take place. Furthermore, certain behaviour (or inaction) can also be attributed to internal considerations (e.g. budgetary constraints). Also, even during the investigation by the Commission of notified aid, certain adjustments may occur in the light of pre-notification meetings or questions asked by the Commission services. Again, no precise indicator exists to measure such corrective actions occurring during the life of the procedure. Finally, it would give a wrong picture if one only looked at the total amount of incompatible aid which is being recovered as indicator, since far from being "prevented", this aid has been granted and is still with the beneficiaries concerned, distorting competition and trade, until full recovery has taken place.

Hence, it seems methodologically sounder to set an objective benchmark against which to track the performance of the Commission, which in particular if tracked over time (to correct for possible temporary fluctuations to take account of the different needs of Member States at some point in time) should give an idea of the impact that the Commission has had in preventing "bad" aid. To that effect the average figure of aid as % of GDP in the 5 year period before the Lisbon agenda is used as absolute benchmark for measuring the impact that State aid control has had in preventing "bad" aid.

¹³ Planning assumption. As State aid activity is driven partially by notifications, it is not possible to provide a clear target for this indicator.

¹⁴ This indicator is very much a "moving target", because it can be influenced by several factors such as recent decisions not yet implemented, annulment of a decision by the court, and in particular, by the fact that often the aid amount is quantified during the recovery procedure. This indicator may also be affected by the priority status granted to one recovery case as compared to other recovery cases, as well as by the priority status granted to projects not directly linked to recovery policy.

¹⁵ The pace of recovery proceedings largely depends on the national procedural rules of the Member State concerned. Moreover, these proceedings prove particularly lengthy as regards those pre-2004 Decisions in which the Commission did not yet clearly specify the amounts to be recovered, nor indicate the applicable method for their calculation. This indicator can thus only serve as a rough proxy of Member States' or the Commission's diligence in pursuing effective recovery and is thus also a somewhat "moving target". This indicator may also be affected by the priority status granted to one recovery case as compared to other recovery cases, as well as by the priority status granted to projects not directly linked to recovery policy.

3.2. ABB Activity "Merger control"

Merger control is another important instrument of competition law enforcement. Companies may combine their activities to develop new products or to lower costs. However, some mergers may reduce competition in the market, in particular by impeding effective competition, including the creation or strengthening of dominant positions in the market. Merger control is primarily aimed at preventing the emergence of market structures which are not conducive to effective competition, or the deterioration of market structures which are already less than effectively competitive.

The EC Merger Regulation guarantees efficient control involving a rapid assessment and clearance of non-problematic mergers. Mergers that do not have Community dimension are in principle dealt with at Member State level. However, the Merger Regulation leaves scope for re-allocating cases from the national competition authorities (NCA) to the Commission and vice versa.

The Commission approves the vast majority of cases examined, most of them without the need to open a 2nd phase investigation.¹⁶ Most concerns about the possible effects of a merger are resolved through remedies.¹⁷ A prohibition decision is the last resort. But when it is essential to ensure that consolidation does not undermine the benefits of competition and liberalization for consumers, and when no suitable remedies are on offer, the Commission has no choice but to prohibit a merger. That is the reason why the Commission prohibited, in 2007, the merger between the airlines Ryanair and Aer Lingus, which would have otherwise reduced choice and, most likely, led to higher prices for more than 14 million EU passengers using 35 routes to and from Ireland each year.

The EU merger control system guarantees that companies can develop in a dynamic way to become competitors on global markets. Whether to meet the challenges resulting from the global financial crisis or to enter new markets, European companies are free to search for the most productive and competitive organizational structures reflecting their current and strategic business needs. At the same time, DG COMP's interventions allow to protect the consumers' interests.

In 2009, it is expected that merger control activity will focus, in particular, on corporate restructuring in both the financial services and other sectors, as a result of the direct and indirect effects of the global financial crisis. Additional resources will be invested in ensuring that the assessment of complex mergers is underpinned by robust economic theory and legal analysis.

¹⁶ For example, in 2008 (on the basis of decisions adopted until 16 October), concentrations were approved within approximately one month in 258 out of 269 cases, and a second phase investigation was opened in 11 cases out of 269.

¹⁷ For example, in 2008 (on the basis of decisions adopted until 16 October), concentrations were approved subject to remedies in 18 cases.

ACTIVITY: MERGER CONTROL
SPECIFIC OBJECTIVE: Effective prevention of the anticompetitive effects of mergers

<i>Result Indicators</i>	<i>Latest known result</i>	<i>Target (mid-term)</i>
Estimated customer savings resulting from corrective merger decisions ¹⁸	≈ € 3 100 million ¹⁹	Stable level of the indicator adjusted for growth and inflation ²⁰

<i>Main policy outputs</i>
Decisions applying the rules of the EC Merger Regulation

¹⁸ For the purposes of this document, corrective merger decisions are prohibition decisions and clearance decisions with remedies. The estimation assumes that the future customer savings resulting from corrective merger decisions corresponds to 10% of the size of the relevant market(s) on which the concentration would have significantly impeded effective competition. The 10% value is based on an analogy to the SSNIP (Small but Significant and Non-transitory Increase in Price) test.

¹⁹ Indicated value is based on 16 of the 17 corrective merger decisions adopted by the Commission in 2008 until 22 October 2008, for which the monetary value of the markets on which the concentration would have significantly impeded effective competition was available.

²⁰ Planning assumption. As the merger control activity is driven by notifications, it is not possible to provide a clear target for this indicator.

3.3. ABB Activity "Cartels, anti-trust and liberalization"

This activity involves the application of Articles 81, 82 and 86 of the EC Treaty and derived legislation. The aim of competition law enforcement under Articles 81 and 82 is to ensure that companies compete on their merits rather than engaging in anti-competitive conduct.

Article 81 prohibits anti-competitive agreements in the common market. The gravest example of an Article 81 violation having a direct negative effect on customers is a cartel – an illegal arrangement, generally between competing firms, designed to limit or eliminate competition between them with a view to raising prices and profits, without producing any objective countervailing benefits. Cartels typically involve agreements to fix prices, limit output, share markets, allocate customers and/or territories among firms, rig bids and/or a combination of any of these. Cartels are a top priority for DG COMP, as evidenced by fines of more than 3.3 billion euros imposed in 8 decisions in 2007 and by fines of 2,2 billion euros imposed in 7 decisions in 2008 so far²¹. By offering partial or full immunity from fines to participants reporting cartels, the Commission's leniency policy is an effective means to detect cartels, with 5 out of the 7 decisions in 2008 so far having leniency applications at their origin. In 2009, we will further invest in our cartel enforcement activity in order to allow more ex officio detection of cartels, to reduce the average duration of cartel investigations and to ensure efficiency and uniformity when settling cases. In particular, the settlements procedure introduced in 2008, should help close investigations faster while keeping the same level of due process guarantees.

In addition to cartels and other anti-competitive agreements, competition law sanctions abuses of dominant position, in particular situations where a company uses its power in a market to hinder potential competitors from offering new products or services to consumers under more attractive conditions. Such conduct is forbidden by Article 82 of the EC Treaty. By abusively preventing new entry or squeezing competitors out of the market, dominant companies can hamper competition on the market and negatively affect incentives to innovation and growth, as well as consumer welfare. The application of Article 82 allows the Commission to put an end to abuses of dominance, while respecting dominant companies' right to compete aggressively on the merits of their products or services. Decisions against Microsoft and Telefonica are examples of such action focussing on priority sectors, such as information technology and telecommunications. In 2009, competition policy will contribute to ensuring competitive markets in industries, such as energy, ICT, transport, electronic communications and financial services. In particular, we will continue our efforts on competition enforcement in network industries and innovative sectors, including by bringing a number of follow-on priority enforcement cases resulting from the energy and financial services sector inquiries to an end. We will also continue to deal with a number of standardisation and interoperability cases in ICT that require timely intervention.

Liberalization involves the application of Article 86 of the EC Treaty, which establishes the applicability of competition rules to public undertakings and those to which

²¹ Until 12 November 2008.

Member States grant special or exclusive rights, including undertakings entrusted with the operation of services of general public interest. For example, in 2008, the Commission found that one Member State has infringed this provision in combination with Article 82 by maintaining rights giving the state-owned electricity incumbent quasi-exclusive access to lignite. In 2009, we will be particularly vigilant that similar infringements are remedied in sectors that have been recently liberalised or are in the process of liberalisation, such as energy or postal services.

The application of the competition rules plays an important role in sectors which have recently been liberalized by complementing the regulatory reforms. In particular competition policy prevents incumbents from raising new barriers or protecting themselves against emerging competition after State barriers have been removed. Under the "Article 7 procedure", the Commission is making sure that national regulatory authorities impose pro-competitive regulation on telecommunications operators having significant market power and that they do not unduly intervene in markets where competition is already effective. The application of competition rules will also be of significant importance in sectors where block exemption regulations have recently been removed, such as maritime transport for example.

In each of these areas, DG COMP will aim at the effective detection, sanctioning, deterrence and remedying of the most harmful anti-competitive practices. In 2009, DG COMP's intervention will be required to protect or, as often is the case, re-establish competition on key markets, such as IT, energy, financial services, in particular payment services, telecommunications, transport and post, and thus is crucial for increasing consumer welfare as well as for improving the competitiveness of the EU economy. In addition, in 2009 DG COMP will complete and finalise the sector inquiry into pharmaceuticals. Based on the experience from previous sector inquiries, the report is likely to be followed by advocacy efforts aimed at removing barriers to market entry for innovative and generic pharmaceuticals and potentially by enforcement action in individual cases.

ACTIVITY: CARTELS, ANTITRUST AND LIBERLIZATION

SPECIFIC OBJECTIVE 1: Effective detection, sanctioning, deterrence and remedying of the most harmful cartels between undertakings

<i>Result Indicators</i>	<i>Latest known result²²</i>	<i>Target (mid-term)</i>
Estimated customer savings resulting from Commission decisions prohibiting cartels ²³	≈ € 1200 million	Stable level of the indicator adjusted for growth and inflation ²⁴

Main policy outputs

²² Indicated value is based on decisions adopted by the Commission in 2008 until 12 November 2008

²³ The estimation assumes that: (a) the average expected life span of a cartel at the time of its discovery is 5 years, (b) the average cartel gain from setting a cartel price equals to 10% of the value of the sales of goods or services to which the cartel infringement directly or indirectly relates and (c) the annual discount rate of 3.5% for year n+1 to n+4 is applicable. Each of these assumptions is conservative; the true savings could be significantly higher.

²⁴ An increase in the level of the indicator could, on the one hand, mean that competition policy is more successful in achieving this objective through a larger number of and/or more substantial cartel cases or, on the other hand, that its deterrence function is not effective. In other words, a change in the level of the indicator does not necessarily inform about the success in achieving this objective.

Decisions applying the prohibition rules of Article 81 of the EC Treaty (cartel decisions)

SPECIFIC OBJECTIVE 2: Effective detection, sanctioning, deterrence and remedying of the most harmful anti-competitive practices by undertakings other than cartels

<i>Result Indicators</i>	<i>Latest known result²⁵</i>	<i>Target (mid-term)</i>
1. Estimated customer savings resulting from Commission decisions prohibiting anti-competitive practices other than cartels ²⁶	1. ≈ € 300 million	Stable level of the indicator adjusted for growth and inflation ²⁸
2. Estimated customer savings resulting from Commission decisions making commitments binding ²⁷	2. ≈ € 4 000 million	

Main policy outputs

Decisions applying the prohibition rules of Articles 81 and 82 TEC (restrictive agreements other than cartels and abuses of dominant position)

SPECIFIC OBJECTIVE 3: Effective detection, sanctioning, deterrence and remedying of the most harmful anti-competitive practices by Member States

<i>Result Indicators</i>	<i>Latest known result²⁹</i>	<i>Target (mid-term)</i>
Estimated customer savings resulting from Commission decisions prohibiting anti-competitive practices under Article 86 of the EC Treaty or from Commission challenges of anti-competitive practices under Article 226 of the EC Treaty. ³⁰	≈ € 500 million	Stable level of the indicator adjusted for growth and inflation ³¹

Main policy outputs

Decisions under Article 86 of the EC Treaty and referrals to the Court of Justice under Article 226 of the EC Treaty dealing with illegal State measures, in particular in the liberalised network industries and financial services.
Assessment of notifications from national regulatory authorities under Article 7 of Directive 2002/21/EC on a common regulatory framework for electronic communications networks and services.

²⁵ Indicated value is based on decisions adopted by the Commission in 2008 until 30 November 2008.

²⁶ The estimation assumes that the customer saving corresponds to 10% of the size of the relevant market(s) to which the anti-competitive practice relates. The 10% value is based on an analogy to the SSNIP (Small but Significant and Non-transitory Increase in Price) test.

²⁷ The estimation assumes that the customer saving corresponds to 10% of the size of the relevant market(s) to which the commitments made binding relate. The 10% value is based on an analogy to the SSNIP (Small but Significant and Non-transitory Increase in Price) test.

²⁸ An increase in the level of the indicator could, on the one hand, mean that competition policy is more successful in achieving this objective through a larger number of and/or more substantial non-cartel antitrust cases or, on the other hand, that its deterrence function is not effective. In other words, a change in the level of the indicator does not necessarily inform about the success in achieving this objective.

²⁹ Indicated value is based on decisions adopted by the Commission in 2008 until 31 October 2008. Figure does not include the size of electronic communications markets analysed by national regulatory authorities under Article 7 of Directive 2002/21/EC on a common regulatory framework for electronic communications networks and services.

³⁰ The estimation assumes that the customer saving corresponds to 10% of the size of the relevant market(s) to which the anti-competitive practice relates. The 10% value is based on an analogy to the SSNIP (Small but Significant and Non-transitory Increase in Price) test.

³¹ An increase in the level of the indicator could, on the one hand, mean that competition policy is more successful in achieving this objective through a larger number of and/or more substantial cases or, on the other hand, that its deterrence function is not effective. In other words, a change in the level of the indicator does not necessarily inform about the success in achieving this objective.

3.4. Activity "Policy, coordination, European Competition Network (ECN) and international cooperation"

A robust competition policy in the areas of cartels, antitrust, liberalisation, mergers and State aid is a prerequisite to a sound enforcement and advocacy policy. It is important to keep the competition rules on substance and procedures in all these areas under constant review to adapt the rules to new market developments and improved knowledge on industrial economics.

Sound competition policy is built of a number of components. It must reflect mainstream economic thinking; legal precedent; evolutions in the business environment; aim to catch restrictions which have substantial negative effects on consumer welfare; reduction of regulatory burden, especially for companies lacking market power like SMEs; and simplification. In 2009, we will report on the review of Regulation 1/2003 and the EC Merger Regulation and plan to have completed major steps in the revision of a number of other important instruments, including the Block Exemption Regulation for vertical agreements, the Block Exemption Regulation for motor vehicle distribution and the Block Exemption Regulation for liner shipping companies (consortia).

Facilitating damages claims for breaches of the antitrust rules will not only strengthen the enforcement of competition law, but will also make it easier for consumers and firms who have suffered damage from an infringement of competition law rules to recover their losses from the infringer. In 2009, we will continue to reflecting on possible further steps as a follow-up to the publication, in 2008, of the White Paper on compensating consumer and business victims of breaches of the competition rules.

Competition policy is moving towards a refined economic approach in State aid policy, balancing the negative effects of aid on competition and trade with its positive effects in terms of the common interest. It continues to implement a major revision of the legal instruments of state aid control, as foreseen in the State Aid Action Plan launched in 2005. Several elements of that action plan have been put in place in 2008, such as the general block exemption regulation, the environmental State aid guidelines and a notice on guarantees. In 2009, the Commission will propose for adoption a code of best practice that will contain agreed joint commitments of both the Commission and the Member States to speed up and streamline State aid procedures, thereby improving their efficiency, transparency and predictability. In the same vein, a simplified procedure may be proposed for adoption by the Commission. At the same time, coherence in State aid policy will continue be ensured during the current financial and economic crisis.

This activity also comprises the Commission's contribution to the effective and coherent application of European competition law in the enlarged EU, via the ECN and through cooperation with national courts. Effective and coherent enforcement action by the Member States' competition authorities and courts has an important role to play in achieving the general objectives of increased consumer welfare and improved competitiveness. In 2009, we will continue to cooperate in the ECN to ensure an

appropriate level of competition policy response to concerns relating to national markets, such as food distribution or professional services. A very good example of well functioning co-operation within the ECN is the work that had been carried out jointly with the Commission on possible competition concerns regarding payments, in particular regarding the Single Euro Payment Area (SEPA).

It is equally important to ensure that regulation at national level does not contain unnecessary competition restrictions. In 2009, DG COMP will contribute to a more in-depth monitoring of competition reforms in Member States under the Lisbon strategy.

Furthermore, competition policy activity aims at contributing to and promoting international convergence of competition policy, in particular by creating effective tools for bilateral and multilateral co-operation with the Community's main trading partners and with third-country competition agencies, for example, in international venues such as the International Competition Network or the OECD. Another aim of competition policy is to include competition and State aid clauses in Free Trade Agreements ensuring a level playing field for European and foreign companies. DG Competition will continue to participate actively in ongoing debates in international fora (OECD, ICN,...) on issues such as 'sticky' food and commodity prices, buying power, unilateral conduct, competition policy and IP rights, standard setting, the effectiveness of competition authorities etc., as well as in the discussions on the reform of the global financial system. In the specific context of enlargement, the main policy objective, in addition to fostering a competition culture, is to assist the candidate countries and potential candidate countries to build up a proper legislative framework, well-functioning competition authorities and an efficient enforcement practice in order for them to meet the conditions for EU accession in the competition policy field.

This activity also aims at ensuring a sound coherence of the different activities within the DG and at establishing consensus regarding the direction of EC competition policy, by ensuring that relations with the other services of the Commission and with other institutions, in particular the European Parliament and the Council, are engaged and constructive in light of DG COMP's mission. In particular, in 2009, DG COMP will continue to provide input from a State aid perspective to the Energy and Climate Change agenda and to contribute to on-going and new in-depth market monitoring exercises in the framework of the Single Market Review.

Effectively communicating the benefits of competition and the impact of our activities to citizens, businesses and policy makers is also indispensable to foster a competition culture, to raise awareness and to facilitate compliance. In 2009, we will enhance the ex post evaluation of competition enforcement activities.

Finally, this activity promotes the development of a strategic planning culture within the DG in accordance with the Commission Strategic Planning and Programming cycle so that horizontal proposals and enforcement acts pass smoothly and efficiently through the decision making system.

ACTIVITY: POLICY, COORDINATION, ECN AND INTERNATIONAL COOPERATION

SPECIFIC OBJECTIVE 1: The development and/or revision of EC competition law and policy to reflect market realities and contemporary economic and legal thinking and to give clear guidance to courts, national authorities, and economic operators

<i>Result Indicators</i>	<i>Latest known result</i>	<i>Target (mid-term)</i>
EC competition law and policy which reflects market realities and contemporary economic and legal thinking	More than 20 key legislative and non-legislative policy documents delivered in recent years ³²	Delivery of at least 10 additional key legislative and non-legislative policy documents until 2009

<i>Main policy outputs</i>
Measures developing the EC competition law and policy such as reviews of the existing secondary legislation, policy guidance documents and guidelines

SPECIFIC OBJECTIVE 2: Effective and coherent application of EC competition law in the EU

<i>Result Indicators</i>	<i>Latest known result</i>	<i>Target (mid-term)</i>
Number of cases signalled to the ECN	170 ³³	Stable indicator
Number of envisaged enforcement decisions and similar case consultations in the ECN	≈ 100 ³⁴	Stable indicator
Number of proceedings initiated under Article 11(6) of Regulation 1/2003 with a view to ensuring consistent application of competition rules	0 ³⁵	Level of the indicator to remain zero ³⁶

<i>Main policy outputs</i>
Make the enforcement system created by Regulation 1/2003 an effective and coherent enforcement by the Member States' competition authorities and courts by making optimal use of the policy role of the Commission among the enforcers in the EU. Maintain and further enhance close cooperation and increasing convergence in an enlarged EU.

³² Including, but not limited to Regulation 1/2003 on the implementation of the rules on competition laid down in Articles 81 and 82 of the Treaty, Notice on cooperation within the Network of Competition Authorities, Notice on the co-operation between the Commission and the courts of the EU Member States in the application of Articles 81 and 82 EC, Guidelines on the effect on trade concept contained in Articles 81 and 82 of the Treaty, Guidelines on the application of Article 81(3) of the Treaty, Notice on agreements of minor importance which do not appreciably restrict competition under Article 81(1) of the Treaty, Regulation on the application of Article 81(3) of the Treaty to categories of vertical agreements and concerted practices, Guidelines on Vertical Restraints, Regulation on the application of Article 81(3) of the Treaty to categories of specialisation agreements, Regulation on the application of Article 81(3) of the Treaty to categories of research and development agreements, Guidelines on the applicability of Article 81 to horizontal co-operation agreements, Regulation on the application of Article 81(3) of the Treaty to categories of technology transfer agreements, Guidelines on the application of Article 81 of the EC Treaty to technology transfer agreements, the revised Merger Regulation, Guidelines on the assessment of horizontal mergers, Guidelines on the assessment of non-horizontal mergers, Regulation on the application of Articles 87 and 88 of the EC Treaty to State aid to small and medium-sized enterprises, Community Framework for State aid for Research and Development and Innovation, Guidelines on state aid to promote risk capital investments in small and medium-sized enterprises, Guidelines on State aid for rescuing and restructuring firms in difficulty, Regulation on the application of Articles 87 and 88 of the EC Treaty to training aid, Regulation on the application of Articles 87 and 88 of the EC Treaty to State aid to small and medium-sized enterprises, Regulation on the application of Articles 87 and 88 of the EC Treaty to State aid for employment, Block Exemption Regulation for regional aid and the Community framework for State aid in the form of public service compensation.

³³ Based on actual and provisional data from 2008.

³⁴ Based on actual and provisional data from 2008.

³⁵ Based on data from 2008.

³⁶ Zero level of this indicator implies that the coherent application of EC competition law through the ECN network will allow the Commission to abstain from taking over cases on which a competition authority of a Member State is already acting.

Main expenditure-related outputs

Contribute to effective and coherent enforcement of EC competition rules by national courts through funding training of judges.

SPECIFIC OBJECTIVE 3: Pro-competitive regulatory framework at national level

<i>Result Indicators</i>	<i>Latest known result</i>	<i>Target (mid-term)</i>
Country specific recommendations and points-to-watch relating to Guideline 13 in the Annual Progress Report under the Lisbon strategy	24 ³⁷	Stable indicator

Main policy outputs

Proposals for country specific recommendations and points-to-watch relating to Guideline 13 in the Annual Progress Report

SPECIFIC OBJECTIVE 4: Pro-competitive regulatory framework at EU level

<i>Result Indicators</i>	<i>Latest known result</i>	<i>Target (mid-term)</i>
The ratio of pro-competitive modifications to initiatives at EU level taken into account	N.A.	100%

Main policy outputs

Pro-competitive modification proposals to legislative and policy initiatives³⁸ at EU level, including self-regulation by the European industry³⁹

SPECIFIC OBJECTIVE 5: Strengthened international cooperation in enforcement activities and increased convergence of competition policy instruments across different jurisdictions; establishment of well-functioning competition regimes in candidate countries and potential candidate countries

<i>Result Indicators</i>	<i>Latest known result</i>	<i>Target (mid-term)</i>
Number of third countries with whom the EU has 1 st generation competition agreements	3	4
Number of third countries with whom the EU has 2 nd generation competition agreements	0	2
Number of third countries with whom the EU has free trade agreements containing competition/State aid clauses	31	≈ 50
Number of contributions to OECD and ICN	15	≈ 15
Number of candidate countries with whom accession negotiations on the competition chapter have been opened	0	1 - 2

Main policy outputs

Inclusion of competition and State aid provisions in the international agreements.
Concluding of competition specific agreements.

³⁷ Based on the Annual Progress Report of December 2007.

³⁸ Examples of this work is the Energy and climate change package of January 2008.

³⁹ A clear example of this work was the informal dialogue which the Commission services, in co-ordination with the National Competition Authorities, had with the European banking industry united in the European Payments Council (EPC) on the competition aspects of the self regulatory project creating a **Single Euro Payment Area** (SEPA) in which guidance was provided to the industry in order to ensure that proper arrangements will be made for SEPA to attain its pro-competitive goals and bring the project in line with the requirements of competition law.

SPECIFIC OBJECTIVE 6: Implementing the Commission planning and programming process so that DG COMP delivers its policy objectives contributing to the overall Commission strategy in an effective, timely, efficient and accountable manner

<i>Result Indicators</i>	<i>Latest known result</i>	<i>Target (mid-term)</i>
Timely preparation and delivery of the various elements of the Strategic Planning and Programming cycle (APS, CLWP, AMP and AAR)	All documents delivered within the deadline in 2008	All documents within the deadline
Delivery rate (adoption by the College) of initiatives included in the Commission Legislative Work Programme and in the Catalogue ⁴⁰	100%	100%

<i>Main policy outputs</i>
Preparation and delivery of the various elements of the Strategic Planning and Programming cycle (APS, CLWP, AMP and AAR)

⁴⁰ Including deliveries of DG COMP commitments under the simplification rolling programme.