EUROPEAN COMMISSION

DG Competition
Management Plan 2012

PART 1. Mission Statement

The mission of the Directorate General for Competition (DG COMP) is to enable the Commission to make markets deliver more benefits to consumers, businesses and the society as a whole, by protecting competition on the market and fostering a competition culture. We do this through the enforcement of competition rules and through actions aimed at ensuring that regulation takes competition duly into account among other public policy interests.

Competition is not an end in itself. It is an indispensable element of a functioning Single Market guaranteeing a level playing field. It contributes to an efficient use of society's scarce resources, technological development and innovation, a better choice of products and services, lower prices, higher quality and greater productivity in the economy as a whole. Therefore, competition contributes to the wider objectives of promoting strong and sustainable growth, competitiveness, employment creation and tackling climate change. Competition policy therefore contributes directly to the Europe 2020 Strategy for smart, sustainable and inclusive growth.

DG COMP carries out its mission mainly by taking direct enforcement action against companies or governments when it finds evidence of unlawful behaviour – be it anti-competitive agreements between firms, abusive behaviour by dominant companies or attempts by government to distort competition by providing disproportionate support for particular companies. It prevents mergers when they would significantly reduce competition. At the same time it helps direct State support to improving competitiveness and/or reducing regional and social disparities and away from aid which distorts competition on the market without any compensating benefit. Typically this positive kind of state support addresses market failures by public aid to R&D, innovation and risk capital, SME's, environmental protection and training.

DG COMP channels its limited resources on the most harmful practices in key sectors, and works in partnerships with other policies to support the delivery of other policy objectives in a pro-competitive way at EU and national level. It works in partnership with national competition authorities and national courts to ensure an effective and coherent application of EU competition law, thereby contributing to a level playing field in the internal market.

DG COMP provides guidance about the competition rules and their enforcement to improve legal certainty for stakeholders. It also strives to ensure transparency, due process and predictability for its stakeholders and promotes the private enforcement of EU competition law.

In the international context, DG COMP strives to shape global economic governance by strengthening international cooperation in enforcement activities and making steps towards increased convergence of competition policy instruments across different jurisdictions.

The staff of DG COMP is committed to adhere to the highest standards of professionalism, intellectual rigour and integrity.

PART 2. This year's challenges (Personal message by the Director General)

In 2012 DG Competition will contribute actively to the European Commission's efforts to curb the crisis, alleviate its impact on citizens, and promote a return to economic growth. These principles will guide all our enforcement actions and policy initiatives - across competition law instruments and across economic sectors – just as they did in 2011. This is why we will not shy away from intervening to ensure that economic growth is not stalled by practices that keep efficient companies out, distort the level-playing field in the Single Market and cause harm to consumers. Effective competition is a crucial driver of productivity growth and it does not come at a budgetary cost. During these times of austerity, it is therefore essential that we prioritise competition law enforcement.

In the context of modest growth forecasts for 2012, competition policy will continue to underpin the Europe 2020 strategy and all the other projects designed by the Commission and Member States to strengthen the Single Market and to improve the livelihoods of our citizens.

In doing so, we will focus our action on **key sectors of the economy** and will use all the competition law tools at our disposal.

For example, we will continue working towards restoring well-functioning **financial markets**. The crisis rules have been extended and our first priority will be to ensure that the capital and liquidity supporting measures decided at the October European Council are accompanied by State aid control that balances the need for financial stability with the respect for fundamental principles of competition. Such principles relate to non-discriminatory access to national schemes; limiting subsidies to what is necessary; preventing abuse of State support and requesting proportionate restructuring measures from financial institutions that have unsound business models. In addition, in 2012 we will review a series of state aid guidelines in light of core EU 2020 objectives, in areas such as R&D, innovation and access to capital, in particular for SME's.

In parallel, we will continue to support pro-competitive reforms in the banking sector as a follow-up to the undertakings contained in the Memoranda of Understanding between the Commission, the Central Bank and the International Monetary Fund with Greece, Ireland and Portugal.

We will complement these initiatives with strong enforcement, progressing in our investigations in the credit default swaps market and investigating any serious allegations of anticompetitive practices linked to the financial sector. Since the difficult economic conditions may induce a concentration process in this sector, we will carefully assess any mergers arising between financial institutions.

The financial sector is important, but will not be the sole focus of our activities. We will continue ensuring that consumers get the best deal in **digital services**, and that innovative firms do not see their access to the market obstructed by anticompetitive practices. We will pay continued attention to corporate restructuring in the IT, media and telecoms sectors, where we have already seen an increase in mergers in 2011, with complex cases which led to several in-depth investigations. Where we find competition concerns, we will insist on remedies that ensure innovation, including where appropriate, interoperability. In antitrust, we will keep standard-setting and subsequent licensing arrangements under close scrutiny and make sure that they facilitate rather than hold back innovation. We will also strive to tackle practices that may unjustifiably prevent, restrict or distort cross-border trade and consumer access to digital content.

Next year, and on the basis of stakeholder input, we will conduct a review of the State aid guidelines for broadband networks and of the Cinema Communication. In this area as in many others, State aid rules will continue to help Member States grant aid to support objectives such as long-term sustainable growth and jobs, research and innovation.

In **pharmaceuticals** we will continue to look carefully at patent settlement agreements, as well as any industry consolidation. In **transport**, in addition to the ongoing antitrust investigations, we will also be looking at State aid with a series of reviews planned for industries ranging from maritime transport to airports and airlines. Moreover, we will continue to ensure that consumers benefit concretely from the liberalisation of the **energy sector**, and will prepare guidelines to establish rules for the treatment of State aid connected to the Emissions Trading System, in support of the Commission's climate and energy targets.

Irrespective of the sectors in which they are found, the fight against **cartels** will remain a top priority. In 2011, we've fined 4 major cartels in sectors close to consumers such as bananas or detergents, for a total of €614 million Euros. The handling of our cartel cases has substantially benefitted from the new settlement tool and we expect to further use it in 2012. Our leniency policy is another major success and we will draw on its merits, but in the coming months we will also pursue more cases *ex officio* whenever the opportunity presents itself. In 2011, we took two decisions following such own initiative investigations in the bananas and CRT glass cases.

In terms of significant policy dossiers, in 2012, we will build on the revision of the **State aid rules applicable to services of general economic interest** carried out in 2011. The new rules make a sharper distinction between the different kinds of public services, so that our control can be better tuned to their potential impact on the Single Market. We will complete the package with a new specific de minimis Regulation in the first quarter of 2012. The implementation of this package will require significant advocacy and training efforts in the coming months by both DG Competition and Member States' authorities, to allow local authorities to familiarise themselves with the new rules.

DG Competition will also continue to work on making **actions for damages** a reality across Europe. We intend to present a specific proposal on antitrust damages actions in 2012, in addition to the publication of a Guidance Paper on the quantification of harm in the same field. This initiative will clarify the relationship between antitrust damages actions brought before national courts and public enforcement by the Commission and national competition authorities. It will set common standards and minimum requirements for national systems of antitrust damages actions to ensure that rights are enforceable in a coherent manner across the EU, while at the same time safeguarding the protection of leniency programmes.

We will continue to closely cooperate with National Competition Authorities forming the **European Competition Network** and we will pursue the promotion of international convergence of competition policy both bilaterally and in international venues such as the **International Competition Network, the OECD or Unctad**. We will further elaborate our negotiations with the competition authorities of Switzerland and Canada on a far-reaching cooperation agreement on antitrust and mergers and will also intensify our dialogue on competition-related matters with the authorities of emerging economies such as China and India.

PART 3. General objectives

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

These general objectives are in line with the Europe 2020 Strategy, and in particular with its three mutually reinforcing priorities: smart growth, sustainable growth and inclusive growth. Through pursuing these general objectives, competition policy will help the EU deliver on the flagship initiatives set out in the Europe 2020 Strategy, in particular the ones on "Innovation Union", "Digital agenda", "Resource efficient Europe", "Industrial policy" and "Agenda for new skills and jobs".

Importantly, these general objectives remain valid during periods of crisis. Historical evidence suggests that the causal link between effective competition and economic growth is particularly important in times of economic crisis. A weakening of the competition framework may prolong a severe economic downturn by several years. Not only do these objectives remain valid today, but they also fully resonate with the need highlighted in the latest Annual Growth Survey that competition increasing structural reforms must come at the forefront of the EU's policy agenda.

DG COMP prioritises its actions in order to have the biggest possible impact on the functioning of markets. Therefore, making markets work better requires, in the first place, a focus on those 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. Hence, tackling anti-competitive practices in key sectors such as ICT, energy, transport, pharmaceuticals and financial services aims at maximising the contribution of competition policy to achieving the EU's overall objectives. Moreover, making markets work better for consumers means that priority must be given to the most serious competition infringements such as collusion between competitors, which requires competition enforcement also in mature sectors, where firms may collude against their customers to protect their rents.

3.1. 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 incentives in the markets, state aid is in general harmful. For example, state aid granted for the rescue of a firm in difficulty could delay the necessary restructuring of certain firms or give undue advantages to some firms over others. By distorting trade and competition such state aid would not only harm consumers, but also the overall public interest in a properly functioning internal market. However, state aid that addresses a market failure, such as when firms would, without a subsidy, under-invest in R&D, can enhance consumer welfare.

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

Furthermore, by keeping markets open, EU competition policy ensures that the benefits of globalisation are passed through to European consumers. At the same time, 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 globalisation.

For the purposes of this yearly reporting and competition advocacy more generally, DG COMP has devised a general benchmarking methodology to provide for a quantitative assessment of the results achieved by the Commission in protecting and increasing competition, namely one that attempts to estimate the customer benefits resulting from competition policy in two areas of our activities, namely cartels and (horizontal) mergers. The benchmarking exercise is based on a number of assumptions, which are further explained in Sections 4.2 and 4.3 and is therefore just one means (among other potential means, none of which can be considered comprehensive or absolute) to arrive at a quantitative estimate.

Based on this benchmarking exercise, the observable customer benefits from cartel decisions adopted in 2011 are in the range of €2.8 billion to €4.2 billion[1].

As for the benchmarking of the observable customer benefits derived from the Commission's intervention in the form of a decision prohibiting a horizontal merger or clearing such a merger subject to remedies, the range is of €4.0 billion to €5.8 billion for 2011.[2]

It is important to stress that the above estimates cover only a part of DG COMP's action and therefore underestimate the actual impact of DG COMP's enforcement activities. Significant customer benefits also arise from the Commission's enforcement action against abuses of a dominant position and anti-competitive vertical agreements. However, due to important structural differences among these cases DG COMP does not apply a single, generalised benchmark to these types of practices. It rather carries out selected individual and detailed ex-post case studies. Such a generalised benchmark can also not be applied to DG COMP's activities in the area of state aid,

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[1] The approach followed to benchmark the observable customer benefits from stopping a cartel (prevented harm) consists in multiplying the assumed increased price brought about by the cartel (called the "overcharge") by the value of the affected products or markets and then by the likely duration of the cartel had it remained undetected. This methodology is further explained in Section 4.2, in particular in footnote 37.

[2] The methodology for benchmarking the observable customer benefits deriving from the Commission's horizontal merger decisions is explained in Section 4.3, in particular in footnote 40.

anti-competitive practices by the Member States, or policy coordination, European Competition Network and international cooperation activities.

Furthermore, it is stressed that the above benchmark cannot account for: (i) customer benefits in terms of better quality or wider choice, as only customer benefits that can be quantified in monetary terms are captured; (ii) other effects of competition policy, such as productivity gains or impact on jobs (see also Section 3.2); or (iii) any possible pass-on to final consumers[3] as this would require a very comprehensive assessment of market dynamics throughout the value chain downstream of the markets concerned by the Commission‘s decision. Importantly, the figures reported above also do not take account of the considerable deterrent effect of our policy and enforcement activities.

3.2. To support growth, jobs and competitiveness

Competition enforcement and advocacy 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 EU 2020 Strategy.

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. Vigorous enforcement of the competition rules stimulates demand and forces markets to deliver the highest possible value for consumers. 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. 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.

At the same time, the state aid framework helps Member States spend better targeted aid by allowing “good aid” - i.e. aid that addresses market failures and equity objectives in the interest of growth and jobs, such as regional investment aid, 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. aid that distorts competition in the internal market and is not aimed at remedying a market failure.

In the context of the financial and economic crisis, state aid control policy has contributed to a coordinated reaction to threats that have emerged and prevented subsidy races between Member States. It also contributes to the necessary restructuring in the financial sector and, as soon as market conditions permit, to the phasing out of dependence on State support. More generally in these times of crisis, state aid policy ensures that public funds are used efficiently - thus contributing to budget sustainability- and contributes to financial stability.

The crisis has brought to the fore the ever more pressing need that Europe unleashes its growth potential. In the present juncture, productivity growth should be given a

[3] The term "customer" relates to direct purchasers, whether final consumers or intermediary users.

priority due to its positive impact on output growth and adjustment.[4] Productivity gains can have such an impact in a manner that is sustained over time if it derives from innovation and technological development. This is exactly where the contribution of competition to growth lies: competition drives innovation and an efficient use of resources. In addition, these benefits do not entail a budgetary cost, which is particularly important in these times of budget austerity. Through opening markets and keeping them open competition policy contributes to improved economic efficiency, and thereby to increased productivity and economic growth.

However, while being direct, the causal link between competition policy and the economic growth is not exclusive, since the latter is dependent on a number of further factors outside the control of competition policy. The same is true for the contribution that competition policy brings to achieving several EU headline targets, including the ones according to which 75% of the working age population should be employed and 3% of the EU's GDP should be invested in R&D.

Thus whilst not directly measurable, the contribution of competition policy to economic growth can be approached by looking at a series of indicators, in particular total factor productivity, i.e. the part of productivity growth that cannot be assigned to an easily measurable factor such as capital deepening or improved labour quality, but must be attributed to efficiency. Competition policy, alongside other microeconomic policies, is one of the key policies most directly relevant to increase total factor productivity. The latter has been recognised as the main source of the productivity gap of the EU compared with the US, and a key driver of growth[5]. Several estimates show that competition friendly product market reforms aimed at increasing competition result in the GDP increasing by several percentage points.[6]

According to the autumn 2011 European Economic Forecast the economic recovery has come to a standstill after some improvement in the first months of 2011. Over the summer, the outlook worsened abruptly. The sovereign-debt crisis has spread in euro-area Member States and the global economy has lost steam. Uncertainty in financial markets concerning the sustainability of public finances in the euro zone and fears of contagion will contribute to low growth in the future months. Firms are expected to postpone or cancel investment, households are expected to consume prudently and banks are likely to restrict lending, further reducing the prospects for investment and consumption. Moreover, fiscal consolidation has become more urgent and will restrain

[4] Macro-Economic Report to the Communication on the Annual Growth Survey (AGS), 23 November 2011.

[5] EU Competitiveness Report 2007. The AGS for 2012 also centres on total factor productivity.

[6] In 2003 already, the IMF estimated that competition-friendly product market reforms reducing the price-mark-up in the Euro area by 10 percentage points would produce a long term increase in the GDP level in the Euro area of 4.3%. According to *Dierx et al. 2004,* product market regulation enhancing competition would lead to a GDP increase (relative to its baseline level) of about 2% in the medium run (acceleration of output growth by almost a quarter of a percentage point annually over a period of 7 to 8 years). *Bayoumi et al. 2004* found that product market reforms reducing the price mark-up in the Euro area to US levels would lead to a GDP level increase in the Euro area of 8.6% (relative to its baseline level) in the long run.

On a more sectoral level, full market opening in network industries for EU-15 was estimated by *Copenhagen Economics* in 2006 *to* result in an increase of between 1.0 and 1.6% in value added (equivalent to €80 to 130 bn) and between 140000 and 360000 additional jobs. As for finance, *London Economics* estimated in 2002 that greater financial market integration producing greater efficiency and competition would produce GDP and employment level increases of 1.1% and 0.5% respectively in the long run. In the same year, *Giannetti et a!. 2002* found that greater financial-market integration with efficiency gains and access to a larger and deeper market should lead to a sustained increase in value-added growth in manufacturing increase by 0.8%-0.9%.

domestic demand. GDP in the EU is projected to stagnate until well into 2012. Growth for the whole of 2012 is forecast at about 0.5% in the euro-area and in the EU.

It is therefore clear that the road ahead remains very challenging, and requires resolute action in favour of competition and growth. Opening up weakly performing markets through competition advocacy and sustained enforcement of the competition rules in support of innovation and an efficient use of resources is of utmost importance in these times of economic downturn. Therefore, competition instruments will be fully used to ensure that markets perform better and that competition policy underpins the Europe 2020 Strategy and all initiatives taken by the Commission and the Member States to unleash their growth potential.

3.3. To foster a competition culture

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 support smart, sustainable and inclusive growth.

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 realise how competition can contribute to addressing wider economic problems, directly contributes to making markets work better for the benefit of consumers and business. In times of economic slowdown, it is particularly important that policy makers understand the beneficial effects of competition on growth and the harm that could result from a relaxation of the competition rules.

According to a 2009 Eurobarometer survey, more than 80% of EU citizens consider that competition between companies can lead to better prices and to more choice. Also, 70% of EU citizens are of the opinion that companies should not be allowed to make agreements on prices. Finally, two-thirds of EU citizens agree that companies that receive financial aid from governments might have an unfair advantage over their competitors.

According to a survey carried out in 2010, the majority of DG COMP's stakeholders perceive DG COMP's activities to have a beneficial effect, namely that they increase firms' compliance with the law and make the markets more competitive. In 2011 the Commission's effectiveness in achieving its objectives placed it in the top bracket of enforcement agencies (together with the UK Competition Commission and US federal authorities) worldwide in the context of the Global Competition Review which evaluates the performance of the world’s leading competition authorities[7]. The review found that the Commission has markedly improved the quality of its enforcement procedures over the past few years, which is also important in terms of transparency and predictability and thereby of the acceptance of competition policy.

The importance attached by policy makers to competition and to a policy protecting and promoting the competitive process has recently been shown by the central place that product market reforms aimed at bringing more competition and thus efficiency in a series of sectors such as energy, transport and telecommunications, occupy in the

[7] http://www.globalcompetitionreview.com/surveys/survey/516/rating-enforcement-2011

Memoranda of Understanding between the EC, the ECB and the IMF with Greece, Ireland and Portugal respectively. In addition to structural reforms, which are the most important element of these programmes when it comes to these countries', and in fact any country's long term growth prospects, the adjustment programmes for these countries also aim at making the competition law enforcement regime as effective and efficient as possible.

In the years to come DG COMP will strive to sustain and further increase the level of acceptance of the benefits of competition policy and enforcement and continue to advocate for competition enhancing reforms to contribute to more growth to overcome the current crisis and facilitate the achievement of the Europe 2020 objectives.

POLICY AREA: COMPETITION POLICY						
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	Benchmark for the observable customer benefits resulting from the application of (selected) competition policy tools	Stable level of the indicator adjusted for growth and inflation[8]		In the range of €2.8 billion to €4.2 billion for cartels and €4 billion to €5.8 billion for mergers[9].
2.	To support growth, jobs and competitiveness	Changes in long-term output rooted in a competitive market environment	Optimal long-term outcome of the competitive markets in terms of output expansion		
		Proxy 1: growth rate of GDP per capita	Benchmark: return and exceed the pre-crisis growth rates (2.4%[10] on average between 2000 and 2007)		1.6% (EU-27, 2011; estimate)[11]
		Proxy 2: growth rate of total factor productivity			0.73% (EU-15, 2011)[12]
		Employment rate of the population aged 20-64	At least 75%		68.6% (2010)[13]
		Percentage of EU GDP invested in R&D	3%		2.01% (EU-27, 2009)[14]
3.	To foster a 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 80% of those questioned.		More than 80% of EU citizens consider that competition between companies can lead to better prices and to more choice[15]

[8] 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.
[9] The methodology used for calculating these figures is explained in footnotes 37 and 40.
[10] Eurostat.
[11] European Economic Forecast – Autumn 2011.
[12] European Commission Ameco database. This corresponds also to the forecasted growth of TFP mentioned in the AGS 2012.
[13] EU Employment and social situation - Quarterly Review, September 2011, page 21. The Annual Growth Survey (AGS) 2012 indicates that the figure for 2011 will only be slightly above the one of 2010 and well below its pre-crisis level of 70.3%.
[14] Annual Growth Survey (AGS) 2012, COM (2011)815 of 23 November 2011.
[15] Eurobarometer Survey 2009.

PART 4. Specific objectives for operational activities

DG COMP's work in operational activities is divided into the following activities:

- Control of state aid;
- Cartels, antitrust and liberalisation;
- Merger control;
- Policy coordination, European Competition Network and international cooperation.

These operational activities are carried out by eight directorates. Seven of the eight Directorates are dedicated to enforcement. 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 is dedicated to non-sector specific state aid enforcement. Directorate A is the horizontal directorate dealing with competition policy and strategy. Directorate R is responsible for resources (see Section 5.2).

This sector-focused organisation helps spread best practices and establishes closer links between competition policy and other EU sectoral policies. It also 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.

4.1. Activity "Control of state aid"

Article 107 of the Treaty on the Functioning of the European Union 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 find state aid compatible with the Treaty on the Functioning of the European Union, 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.

The objectives of DG COMP's control of state aid activity are to i) limit overall levels of state aid, ii) ensure that where aid is granted, it does not restrict competition but addresses market failures to the benefit of society as a whole and iii) effectively prevent and recover incompatible state aid.

4.1.1. Less aid by the Member States

In line with the Action Plan for less and better targeted state aid launched by the Commission in 2005 and as supported by the European Council, the Commission's state aid policy aims at limiting overall levels of state aid in order to prevent misallocations in the economy. Indeed, state aid does not come for free and distorts competition by giving a firm an undue advantage over another. Also, a subsidy race between Member States would seriously undermine economic efficiency and the Internal Market. For these reasons, the high levels of state aid granted since the beginning of the economic and financial crisis should be reduced to pre-crisis levels and below as soon as economic conditions permit.

4.1.2. Better aid by the Member States

Where aid is granted, DG COMP seeks to ensure that it addresses market failures or equity objectives that have a beneficial impact on competitiveness, employment and growth, and thus on the welfare of society as a whole. Accordingly, DG COMP aims at ensuring that the aid is targeted at horizontal objectives of Community interest, such as cohesion, employment, environmental protection, promotion of research and development and innovation, risk capital and development of SMEs. This is in line with the Europe 2020 Strategy, according to which "state aid policy can … actively contribute to the Europe 2020 objectives leading to a more sustainable, productive and growth oriented economy. by promoting and supporting initiatives for more innovative, efficient and greener technologies, while facilitating access to public support for investment, risk capital and funding for research and development."

State aid to support expenditure in research, development and innovation has steadily increased in the last 10 years to support job creation and increase Europe's competitiveness. The European Commission's 2011 Spring State Aid Scoreboard confirmed that Member States have continuously re-oriented public aid measures to research, innovation, environmental protection and other objectives of general interest.

In particular, in 2011, the Commission cleared Member States' support for such objectives in at least 20 cases relating to environmental protection, 36 cases relating to regional development, 20 cases relating to research and development, and at least 10 cases relating to support to SMEs, while ensuring that that the measures did not distort competition to an extent contrary to the common interest.[16]

As a concrete example, in 2011 the Commission authorised support by Sweden to an R&D project that will develop a demonstration plant for the production of bio-methanol and other biofuels. It found that the aid contributed to replacing fossil fuels and to the EU objectives concerning R&D, climate change and energy, and also regional development. A series of projects involving aid to the development of renewable energy (such as geothermal energy in France, solar and photovoltaic modules in Germany and Spain, wave energy in Sweden) were also authorised by the Commission.

[16] These figures relate to cases where the stated objective was the primary objective of the aid. The figure on support to SMEs also includes aid to risk capital injections in SMEs. The figures refer to decisions where the aid was found compatible with the internal market and also 6 decisions where the Commission found out that the State support concerned did not constitute aid in the first place.

State aid also contributes to the objectives of the Digital Agenda. The Commission clears aid measures, which complement private investments in areas which are not profitable on commercial terms and are necessary to achieve those objectives, when it is satisfied that the measures are pro-competitive The amount of state aid approved by the Commission under the State aid Broadband Guidelines reached a record of €1.8 billion in 2010 (four times the amount of 2009). In 2011 the Commission authorised another €1.8 billion of aid for this purpose in 15 decisions including countries like France, Poland, Greece or Portugal.

In 2012, state aid control will continue to help Member States to grant aid addressing market failures and issues of equity in the interest of long term sustainable growth and jobs, notably as regards research, innovation and climate change.

When markets are liberalised, State aid control should prevent that Member States grant aid, effectively reversing the market opening. This is a challenge for example in the postal sector where markets have been gradually liberalised up to complete opening through the 3rd Postal Directive[17]. Like in 2011, the Commission will in 2012 continue to ensure in a number of large scale cases that where postal incumbents receive State compensations for delivering services of general economic interest (SGEI), this does not lead to overcompensation beyond the net costs of this SGEI and that possible relief measures granted by the State to some postal operators in view of their legacy of abnormal pension liabilities do not put the recipients into a better position than their competitors or comparable undertakings in their country.

In 2012, the Commission will also pay a particular attention to state aid in the air transport sector. New State aid guidelines will be adopted (see Section 4.4) and the Commission should adopt a number of decisions concerning state aid to airports and low cost carriers.

4.1.3. Prevention and recovery of incompatible aid

DG COMP's state aid control activity also aims at ensuring effective prevention and recovery of incompatible state aid in order to prevent that Member States re-create artificial barriers to intra-community trade. The purpose of recovery is to re-establish the situation that existed on the market prior to the granting of the aid in order to ensure that the level-playing field in the internal market is maintained.

When unlawful aid is declared incompatible, the Commission is entitled to ask for its recovery by the Member State who granted it in order to restore the previous market situation.

In 2011, further progress was made to ensure that these recovery decisions are enforced effectively and immediately. By 30 June 2011, the amount of illegal and incompatible aid recovered had increased to €11.5 billion, from €2.3 billion in December 2004. This means that the percentage of illegal and incompatible aid still to be recovered fell from 75% at the end of 2004 to around 18.6% on 30 June 2011.[18]

[17] The 3rd Postal Directive (2008/6/EC) had to be implemented by 31.12.2010 but allows the following Member States to postpone that implementation until 31.12.2012: Czech Republic, Greece, Cyprus, Latvia, Lithuania, Luxembourg, Hungary, Malta, Poland, Romania, and Slovakia.

[18] The figures reflect data available on 30 June 2011. Updated information will be available in January 2012.

By 30 June 2011, the Commission adopted six decisions regarding recovery and ensured the recovery of over €230 million by the Member States. As of end of June 2011, the Commission had 43 pending active recovery cases[19] (compared to 94 cases at the end of 2004).

A concrete example of aid that is incompatible with the state aid rules and which the Commission decided in 2011 should be recovered is the preferential tariffs granted in Italy to Portovesme, ILA and Eurallumina in the form of subsidised electricity prices. The tariffs merely reduced the operating costs of the companies without furthering in any way energy efficiency. In March 2011 the Commission also prohibited aid intended under part of the Austrian Green Electricity Act. While the Commission recalled that it supports green electricity and has approved parts of the Act, it considered that the exemptions for energy intensive enterprises subsidies for energy intensive businesses would reduce the operating costs of such companies and impose a higher burden on other companies without providing any environmental benefit.

In 2012, we aim to make further progress towards effective and rapid enforcement of recovery decisions.

State aid in the current economic juncture

The objectives set out above have not been set aside in the context of the financial and economic crisis, but on the contrary have been the driving principles of the Commission's state aid policy which has played an important role in helping to maintain the stability of the financial system as a whole while at the same time guaranteeing a level playing field between financial institutions and between banking communities in different Member States and securing the return to viability of banks that have been rescued and to facilitate adequate financing for the real economy, in particular SMEs.

In 2011, DG COMP continued to effectively implement the framework for the provision of public guarantees, recapitalisation measures and impaired asset relief by Member States as well as the Temporary Framework for state aid to support the access to finance of companies in the real economy.

Between 1 October 2008 and 1 October 2011 the Commission took approximately 290 decisions on State aid measures to the financial sector aiming to remedy a serious disturbance in Member States economies. These decisions authorised, amended or prolonged 41 schemes and addressed with individual decisions the situation of more than 55 financial institutions. The maximum volume of Commission-approved measures amounts to € 4 506.47 billion of which the greatest bulk approved as guarantees (€ 3 289.55 billion or 73% of the maximum volume). Not all of the aid approved was actually and effectively used by Member States. In 2010, the aid actually used by Member States constituted € 1 105.28 billion or 9 % of EU-27 GDP, whereas the figures for the previous year were: € 1 045 billion (8.9 % of GDP) for 2009 and 724 billion (5.8% of GDP) for 2008.

[19] 5 cases have been transferred from the former unit in charge of State aid in DG TREN to DG COMP and are included in the present statistics for the first time this year.

As regards the aid granted under the Temporary Framework and authorised by the Commission, in 2011[20] a total of 17 aid measures were prolonged or amended.[21] During the same period, no new aid measures were authorised under the Temporary Framework. In 2010, the amount used by Member States amounted to € 11.7 billion or 0.09 % of EU-27 GDP.

In all these cases DG COMP required that certain fundamental principles - like non-discriminatory access to national schemes, subsidies limited to what is necessary, mechanisms to prevent abuse of State support, restructuring measures for certain financial institutions that received large amounts of aid – be respected.

In particular, in 2011 the Commission confirmed its approach to failing banks in a number of important decisions. Institutions which have no realistic prospect of returning to viability must exit the market and cannot be artificially kept alive by repeated state support. The Anglo Irish Bank is a good example thereof. The Commission approved the plan submitted by the Irish authorities, which foresees a joint wind-down of Anglo Irish Bank together with Irish Nationwide Building Society over a period of ten years.

On the other hand, there are banks which relied heavily on State aid but parts of their activities have a realistic prospect to return to viability. Those institutions can be allowed to stay on the market provided that they considerably reduce their size and substantially change their business model to focus only on these viable activities. This approach is well illustrated by the approval of the restructuring of German Hypo Real Estate, which will shrink to 15% of its pre-crisis balance sheet and phase out a number of business fields. Similarly, the Commission ordered German HSH Nordbank to reduce its balance sheet size by 61% compared to pre-crisis levels by exiting certain business lines. Such deep restructuring tackling the root of past failure and avoiding that aid is used to undercut competitors ensure that distortions of competition created by the massive state support is minimised.

According to the Europe 2020 Strategy, "the pursuit of the Europe 2020 objectives must be based on a credible exit strategy as regards budgetary and monetary policy on the one hand, and the direct support given by governments to economic sectors, in particular the financial sector, on the other." Therefore, in 2012, our state aid control activity will continue to focus on accompanying this process in line with developments in market conditions

[20] Until 1 October 2011
[21] 4 Amendments.

ACTIVITY: CONTROL OF STATE AID

SPECIFIC OBJECTIVE 1: Less aid granted by Member States

Result Indicators	*Latest known result*	*Target (mid-term)*
Overall level of non-crisis state aid granted by Member States to industry and services; expressed by percentage of GDP	0.50% of GDP (2010), compared to 0.50% of GDP (2009) and 0.62% of GDP (average 1996-2000)	Decrease in the indicator's level[22]
Overall level of crisis aid to the financial sector actually used by Member States, expressed as percentage of GDP[23]	9% of GDP in 2010 compared to 8.9% of GDP in 2009 and 5.8% of GDP in 2008	Phasing out as soon as economic recovery allows

Main outputs in 2012
Decisions relating to notified and non-notified state aid measures

SPECIFIC OBJECTIVE 2: Better aid granted by Member States

Result Indicators	*Latest known result*	*Target (mid-term)*
Percentage of state aid earmarked by Member States for horizontal objectives of common interest	85% of non-crisis aid to industry and services (2010)[24], compared to 54% (average 1996-2000) and 84% (2009)	Increase in the indicator's level

Main outputs in 2012
Decisions relating to notified and non-notified state aid measures

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[22] 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 a Member State to allow for more aid in a given moment, as long as it is in the Community interest.

[23] State aid in the context of the economic crisis is defined as aid on which the Commission took a decision based on Article 107 (3) b TFEU and, in 2008 and 2009, a limited number of crisis related cases assessed on the basis of Article 87 (3) c EC (now Article 107 (3) c TFEU) and the rescue and restructuring guidelines.

[24] This "good"-type of aid (aid pursuing horizontal objectives of common interest or pursuing regional development) can be also set forth as separate result indicators (breakdown by objective and expressed in percentage of non-crisis aid to industry and services):

State aid granted for	% of non-crisis aid to industry and services; 2010 (figure of 2009)
R&D	17.3% (17%)
Innovation	0.6% (0.3%)
Employment	4.6% (4.5%)
Regional aid (equity & social cohesion)	24.3% (23.2%)
Training	1.3% (1.6%)
SMEs (incl. risk capital)	5.5% (7.4%)
Environmental purposes / energy saving	23.7% (24.5%)
Other horizontal objectives	9.7% (7.1%)

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

Result Indicators	*Latest known result*	*Target (mid-term)*
Percentage of "bad"-type of state aid[25]	0.07% of GDP (non-crisis aid; 2010) compared to 0.28% of GDP (average 1996-2000) and 0.08% of GDP (2009).	Decrease in the indicator's level [26]
Percentage of incompatible aid recovered[27]	81.4% in June 2011[28] compared to 88.9% as of June 2010	Increase in the indicator's level[29]
Percentage of cases closed or brought to Court within two years[30]	62.1%[31] in June 2011 compared to 57.4% as of June 2010	Increase in the indicator's level

Main outputs in 2012
Final decisions and appropriate measures for incompatible state aid cases

[25] 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 looks 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 for which sectoral aid is used as a benchmark here. To that effect the average figure of sectoral 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.

[26] This is a planning assumption. As state aid activity is driven partially by notifications, it is not possible to provide a clear target for this indicator.

[27] 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. That is why also an effective indicator based on DG COMP's activity regarding recovery of incompatible aid needs to be added.

[28] Including recovery under the cases of the former DG Transport and Energy, which were not included in last years' statistics.

[29] While more illegal aid was recovered by 30 June 2011, the stock of new cases which await recovery of illegal aid increased as well during the same period. For this reason, the indicator refers to an increase.

[30] Member States are responsible for the immediate and effective implementation of the Commission's recovery decisions. In practice however, this procedure may take some time beyond the four months deadline now laid down in standard recovery decisions, either because the case is complex, or because of a failure by the Member State to implement the decision. In the latter case, the Commission can launch proceedings under Article 108(2) TFEU (ex-Article 88(2) TEC) before the European Court of Justice against the Member State concerned for failure to implement the recovery decision. This indicator therefore reflects that, within two years, either relevant action has been taken by the Member State to implement the recovery decision (i.e. the case is closed) or the Commission is pursuing actively the effective implementation of its decision (i.e. by bringing a case to Court).

[31] The observation period is between June 2005 and June 2010, taking into account recovery decisions adopted between June 2003 - June 2008 (see footnote above). The observation period will be shifted by one year at each revision of the Management Plan.

4.2. Activity "Cartels, antitrust and liberalisation"

This activity involves the application of Articles 101, 102 and 106 of the Treaty on the Functioning of the European Union and derived legislation, and its objective is to detect, sanction, deter and remedy anti-competitive practices by firms and/or Member States

Antitrust investigations often take many years to conclude. Therefore, cases referred to in this Section for which proceedings were opened and/or subsequent procedural steps were taken in 2011 (and in previous years), which are consistent with the priority sectors identified in the Management Plan for 2011, largely determine the Commission's enforcement agenda for 2012. More generally the sectors referred to in the following subsections will continue to be accorded priority attention in 2012.

4.2.1. Cartels

Article 101 prohibits anti-competitive agreements in the internal market. One of the gravest examples of an Article 101 violation is a cartel – an 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 or a combination of any of these. In so doing they hinder the normal functioning of competition in markets, increase production costs and thereby reduce the competitiveness of the users of the products concerned, reduce the incentives to innovate, hinder the necessary restructuring in certain sectors and ultimately thwart growth.

Cartels are a top priority for DG COMP, as is clear from the fines imposed in 32 decisions between 2007 and 2011 which amount to approximately € 10.6 billion. In 2011 four cartel decisions were adopted, imposing fines in excess of € 614 million. The decisions adopted in 2011 severely sanctioned cartels concerning household laundry powder detergents, bananas, CRT glass and refrigeration compressors. Another decision adjusted the fines to be paid by certain companies involved in the pre-stressing steel cartel.

It should be pointed out that the cartel investigations in the bananas and CRT glass sectors started on the Commission's own initiative ("ex officio"), rather than on the basis of an application under the leniency programme. This does not exclude that full immunity is offered to one company, as has happened here, but shows that the Commission will continue to strengthen its ex officio investigations. Ex officio proceedings and the leniency programme complement each other and both provide for a successful cartel policy.

Another instrument that has proven its effectiveness is the settlement procedure introduced in 2008, which was used for the detergents, CRT glass and refrigeration compressors cases. This brings the total number of settlement cases adopted up to five. Moreover the cases adopted during 2011 confirmed that the settlement procedure is producing concrete results in terms of time and resource savings. The proceedings in the settlement cases were swifter and more efficient than in a normal cartel case and the final decisions were adopted within approximately three years after the start of the investigations. The settlement procedure also contributes to increasing the deterrent effect of the Commission's action against cartels since it allows it to focus more quickly some of its resources on the detection and fight against other cartel cases.

On the basis of the specific benchmarking exercise developed for these reporting purposes and explained in Section 3.1, the observable customer benefits from cartel decisions adopted in 2011 are estimated to be in the range of €2.8 billion to €4.2 billion[32]. The estimated values for 2011 are significantly lower than those of 2010, which were in the range of €5.9 billion to €8.8 billion. This difference essentially owes to the fact that, under the methodology employed to benchmark the customer benefits, only the final decisions, which were taken within a specific year, are considered. In other words, the methodology does not account for on-going procedures - for which the date of the final decision would be also difficult to predict. In this context, it should be noted that both the total number of the final decisions (seven formal decisions in 2010 against four in 2011) and also the total size of the affected markets have varied considerably.

The fact that the magnitude of the customer benefits for 2011, based on the applied benchmarking, is lower than for 2010 does not affect the deterrence effects of DG COMP's enforcement activities which are, by far, the main source of benefits for customers. Such deterrence effects are, however, excluded from the benchmarking exercise.

In 2012, DG COMP will continue to give priority to cartel enforcement activity. Whilst continuing to draw on the efficiency of the leniency programme, we will also pursue ex officio detection of cartels, aim to reduce the average duration of cartel investigations, ensure efficiency and uniformity when settling cases and continue to set fines at a level that acts as a real deterrent.

4.2.2. Other anti-competitive agreements

In addition to cartels, other agreements between firms can give rise to competition concerns. For example, agreements that prevent, restrict or distort competition in the ICT sector and other network industries such as energy and transport affect the input costs and hence the competitiveness of various sets of services. Restrictive agreements in other sectors can also have negative effects on consumers.

For example, in the digital area, in 2011, the Commission carried out an inspection into the standardisation process for e-payments (payments over the internet). In December 2011, the Commission also initiated a formal investigation into whether five

[32] The approach followed to benchmark the observable customer benefits from stopping a cartel (prevented harm) consists in multiplying the assumed increased price brought about by the cartel (called the "overcharge") by the value of the affected products or markets and then by the likely duration of the cartel had it remained undetected. This methodology is further explained in footnote 37.

international publishers (Hachette, Harper Collins, Simon & Schuster, Penguin and Georg von Holzbrinck), as well as Apple have engaged in anti-competitive practices affecting the sale of e-books in the EU. The Commission's investigation concerns possible restrictive agreements or practices between these publishers and Apple, as well as the character and terms of the agency agreements for the sale of e-books.[33]

DG COMP has also been investigating whether the incumbent telecommunications operators of Spain and Portugal have agreed not to compete on each other's markets. In this case, the Commission sent a Statement of Objections in October 2011 to the two companies concerned, taking the preliminary view that the object of the agreement was to partition markets, resulting in potentially higher prices and less choice for consumers. The parties now have the opportunity to reply to the Commission's objections.

As regards transport, DG COMP also opened two own initiative investigations regarding code-share agreements - a particular form of co-operation on ticket sales, implemented, in one case, between Deutsche Lufthansa (Germany) and Turkish Airlines (Turkey) and, in the second case, between TAP Portugal (Portugal) and Brussels Airlines (Belgium). The form of free-flow, parallel, hub-to-hub code share agreements investigated may distort competition leading to higher prices and less service quality for customers on routes between Germany and Turkey and between Belgium and Portugal, respectively.

In July 2011 a second monitoring exercise of agreements regarding patent settlements in the pharmaceutical sector was published, which showed continuing decline of settlements potentially problematic under EU antitrust rules. This suggest that closer antitrust scrutiny since the sector inquiry of 2010 has created an increased awareness of so-called originator and generic companies of which types of settlements can give rise to antitrust scrutiny – generally the so-called pay-for-delay settlements - and is good news for consumers who will benefit from cheaper pharmaceuticals. The number of patent settlements increased in 2010, however, showing that the Commission's vigilance does not prevent firms from settling disputes successfully within the boundaries of the EU rules. The monitoring exercise will be repeated in 2012. At the same time, the Commission continues investigating a number of individual cases of possible anticompetitive practices in pharmaceuticals, and launched new ones in 2011[34]. It will also continue to monitor the healthcare sector.[35]

DG COMP has also launched proceedings to investigate an alleged refusal to several luxury watch manufacturers to supply spare parts to independent repairers. Such a

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[33] The carrying out of inspections and the opening of proceedings does not imply that the Commission has a proof of infringement. The opening of proceedings however signals that the Commission will investigate the case as a matter of priority. Therefore, all such activities carried out in 2011 (and in previous years) largely determine the DG COMP's enforcement agenda for 2012 and future years.

[34] For example, in April 2011 the Commission opened an ex officio investigation to assess whether a settlement agreement resolving a patent dispute between Cephalon, Inc. and Teva Pharmaceutical Industries Ltd. may have the object or effect of hindering the entry of generic Modafinil products - a medicine used for the treatment of certain types of sleeping disorders - in the EEA markets. In October 2011, the Commission opened an ex officio investigation to assess whether contractual arrangements between Johnson & Johnson and the generic branches of Novartis may have had the object or effect of hindering the entry on to the market of generic versions of Fentanyl – a strong painkiller – in The Netherlands.

[35] In the healthcare sector, the Commission adopted a decision against the French Association of Pharmacists (ONP) in December 2010, sanctioning ONP for its attempts to fix minimum prices in the French clinical laboratory market as well as for restricting the development of groups of laboratories in the market (Case COMP/39510).

refusal to supply inputs for the repair of watches raises complicated issues about competition in aftermarkets.

In 2012 also, continued attention will be paid to anti-competitive agreements, whether horizontal or vertical, which cause harm to consumers and undermine the achievement of the internal market; A particular focus for enforcement will be on standard-setting arrangements and restrictive agreements involving IP in order to make sure that they contribute to facilitating rather than holding back innovation. The Europe 2020 Strategy requires the Commission to "ensure that markets provide the right environment for innovation, for example through ensuring that patents and property rights are not abused". DG COMP will also look at agreements between pharmaceutical companies, such as possibly restrictive patent settlement agreements with reverse payments[36].

In line with the Europe 2020 Strategy in 2012 DG COMP will also investigate practices affecting Europe's digital ambitions that may unjustifiably prevent, restrict or distort cross border trade and consumer access to digital content (e.g. in the above mentioned e-books case).

4.2.3. Abuses of a dominant position

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. 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 102 of the Treaty on the Functioning of the European Union 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.

Also for the enforcement of the competition rules against abuses of a dominant position many investigations pending will form part of the work in 2012. In particular, in view of its considerable growth potential, in 2012 DG COMP's enforcement and advocacy activities will continue to target the digital economy. Whilst the proceeding against Google started in 2010 is on-going, the investigation regarding access to IBM's mainframe maintenance services prompted IBM to make commitments that were market tested and made binding on IBM by decision of 13 December 2011.

In the area of financial services, in 2011 DG COMP pursued its investigation regarding the prices charged by Standard & Poor for International Securities Identification Numbers and the conditions set by Thomson Reuters regarding usage rights on Reuters Instrument Codes. In the first case, by Decision of 15 November the Commission made the commitments offered by S&P binding upon the company. As regards the other investigation, Thomson Reuters also offered commitments to alleviate the Commission's concerns, which are being market tested.

[36] For example in the Servier (Perindopril) and Lundbeck cases.

The Commission also opened two investigations concerning the Credit Default Swaps market whose lack of transparency became apparent during the financial crisis. In the first case, the Commission is examining whether 16 investment banks and Markit, the leading provider of financial information in the CDS market, have colluded and/or may hold and abuse a dominant position in order to control the financial information on CDS. In the second case, the Commission opened proceedings against 9 of the banks and ICE Clear Europe, the leading clearing house for CDS. Here, the Commission will investigate in particular whether the preferential tariffs granted by ICE to the 9 banks have the effect of locking them in the ICE system to the detriment of competitors. Finally, in October the Commission also inspected companies active in the sector of financial derivative products linked to the EURIBOR.

Energy and transport have also remained high on the enforcement agenda. Among new initiatives undertaken in 2011, DG COMP opened proceedings to investigate whether CEZ a.s., the incumbent electricity producer in the Czech Republic, may have abused its dominant position by hindering the entry of competitors into the market. Unannounced inspections were also undertaken at the premises of companies active in the supply, transmission and storage of natural gas in several Member States. DG COMP is also looking into company behaviour in environment sectors such as waste collection, and the supply of water and waste water services (e.g. proceedings have been opened as regards ARA in Austria) and inspections were carried out at the premises of industrial engine manufacturers.

As regards transport, in March 2011 unannounced inspections were undertaken at the premises of Deutsche Bahn AG and some of its subsidiaries, following allegations that the Deutsche Bahn group, and in particular Deutsche Bahn Energie, the de facto sole supplier of electricity for traction trains in Germany, would be giving preferential treatment to the group's rail freight arm. Additionally, unannounced inspections were undertaken at the premises of companies active in the rail freight sector and related products industry in Baltic countries, and at the premises of companies active in the container liner shipping in several Member States. Both these inspection were carried out under the double legal basis of Articles 101 and 102.

Neither the conduct of inspections nor the launching of proceedings entail that the Commission has proof of an infringement. Often, however, the (mere) fact that the Commission carries out such activities can make companies cease anticompetitive practices and prevent such practices being implemented in the future.

In 2012, DG COMP will continue to pay particular attention to unilateral practices and, where appropriate, take further enforcement action under Article 102 to contribute to ensuring more competitive markets in particular in network industries and innovative sectors that play a key role in the Europe 2020 Strategy. As the above examples show, this will include investigations in sectors such as energy, transport, financial services, and ICT. Also pharmaceuticals, electronic communications and the media sector will continue to be given priority attention.

4.2.4. Anti-competitive practices by Member States

Finally, the Commission also has the power to intervene against Member States' legislative actions which have the effect of removing the effectiveness of the competition rules of the Treaty and which infringe Article 106 of the Treaty on the Functioning of the European Union. This Article also establishes the applicability of competition rules to public undertakings and those to which Member States grant special or exclusive rights, including undertakings entrusted with the operation of services of general public interest.

Examples of Article 106 cases scrutinised by DG COMP in 2011 include the Greek lignite case. Throughout the year COMP has been in close contact with the Greek authorities regarding its 2008 Decision that found that Greece had infringed EU competition rules, by granting to PPC privileged access to lignite and its 2009 Decision that made binding on Greece measures that the latter had offered to tender four new lignite mines to competitors of PPC. Subsequently, however, the Greek Government requested a review of the 2009 Decision due to its new energy policy. Greece has informed the Commission that it would continue using existing lignite mines but not open up new lignite mines. As an alternative measure to address the competition concerns the Greek Government proposes to give to competitors of PPC access to 40% of lignite-fired generation through drawing rights in existing lignite-fired power plants of PPC. Furthermore, participants will be offered participation in future power plant projects using currently available lignite. DG COMP market tested these measures in 2011 and may, if and when an adequate set of measures to meet the concerns identified by the 2008 Decision is finalised, adopt a new Decision on the basis of Article 106 TFEU, making the measures binding on Greece. This investigation is important against the structural reforms that Greece has undertaken to deliver in the context of its Memorandum of Understanding with the EC, ECB and IMF regarding financial assistance

Another national measure investigated by DG COMP in 2011 is the procedure adopted by France for granting digital TV broadcasting frequencies. The transition from analogue to digital broadcasting by 2012 constitutes one of the EU’s policy objectives. In a reasoned opinion issued in September 2011 the Commission considered that the French system under which three incumbent broadcasters[1] had been granted additional TV channels (‘compensatory channels’) without any competitive tendering procedure was contrary to European Union law, penalised rival broadcasters and deprived French viewers of more attractive programming. France has recently announced its plans to amend the infringing legislation.

In 2012, we will continue to 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, as well as in the media sector. This is in line with the Europe 2020 Strategy, according to which "[t]hrough the implementation of competition policy the Commission will ensure that the internal market remains an open market, preserving equal opportunities for firms and combating national protectionism".

ACTIVITY: CARTELS, ANTITRUST AND LIBERALISATION

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

Result Indicators	*Latest known result*	*Target (mid-term)*
Benchmark for the (observable) customer benefits resulting from Commission decisions prohibiting cartels[37]	In the range of €2.8 billion to €4.2 billion (depending on underlying assumption)	Stable level of the indicator adjusted for growth and inflation

Main outputs in 2012
Decisions applying the prohibition rules of Article 101 TFEU (cartel decisions)

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

Result Indicators	*Latest known result*	*Target (mid-term)*
Benchmark for the (observable) customer benefits resulting from Commission decisions prohibiting anti-competitive practices other than cartels and from Commission decisions making binding the commitments put forward by undertakings	n.a. (case by case analysis required)	Stable level of the indicator adjusted for growth and inflation

Main outputs in 2012
Decisions applying the prohibition rules of Articles 101 and 102 TFEU (restrictive agreements other than cartels and abuses of dominant position)

[37] The approach followed to benchmark the observable customer benefits from stopping a cartel (prevented harm) consists in multiplying the assumed increased price brought about by the cartel (called the “overcharge”) by the value of the affected products or markets and then by the likely duration of the cartel had it remained undetected. A 10% to 15% overcharge is assumed. This is conservative when compared to the findings of recent empirical literature which report considerably higher median price overcharges for cartels. In order to estimate what the likely duration of the cartel would have been if it had continued undetected, a case-by-case analysis was carried out. This analysis focussed on the particular circumstances of each case and an assessment of important quantitative indicators, including the specific market conditions, the lifespan of the cartel, the ease of reaching and renewing cartel agreements as well as the potential reactions of outsiders (such as new entrants). The cartels are classified into three categories: "unsustainable", "fairly sustainable" "very sustainable". It is assumed that the cartels in the first category would have lasted one extra year in the absence of the Commission's intervention, the cartels in the second category 3 years, and the cartels in the third group 6 years. The assumptions concerning the likely duration of the cartels are made prudently to establish a lower limit rather than to estimate the most likely values. Moreover, the estimates obtained are also conservative because other consumer benefits, such as innovation, quality and choice are not taken into account.

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

Result Indicators	*Latest known result*	*Target (mid-term)*
Benchmark for the (observable) customer benefits resulting from Commission decisions prohibiting anti-competitive practices under Article 106 TFEU or from Commission challenges of anti-competitive practices under Article 258 TFEU	No final decision in 2011.[38]	Stable level of the indicator adjusted for growth and inflation

Main outputs in 2012
Decisions under Article 106 TFEU and referrals to the Court of Justice under Article 258 TFEU 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.

[38] However, work on on-going cases advanced, leading to a closure of proceedings in one case, and intermediary procedural steps (letter of formal notice, reasoned opinion) being taken in other cases, some of which are referred to above.

4.3. Activity "Merger control"

The EU merger control system plays a key role in adjudicating on mergers that may on the one hand be efficiency enhancing and on the other hand reduce competition to the detriment of consumers. Its objective is to effectively prevent mergers from resulting in anti-competitive effects.

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 financial and economic 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, to the benefit of consumers.

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 ensures that competition in the internal market is not distorted through mergers of undertakings. It is primarily aimed at preventing the emergence of market structures which are not conducive to effective competition, or the deterioration of market structures where competition is less than effective. Merger control thus contributes to the long-term efficiency of the economy and to the protection of the consumers' interests.

Merger control by the Commission applies to transactions exceeding the significant turnover thresholds under the Merger Regulation and which are therefore considered to lead to an impact on the market which goes beyond the national borders of any one Member State. Such concentrations are reviewed exclusively at the EU level, in application of a ‘one-stop shop’ system and in compliance with the principle of subsidiarity. Concentrations not covered by the Merger Regulation come, in principle, within the jurisdiction of the Member States. However, the Merger Regulation leaves scope for re-allocating cases from the national competition authorities (NCA) to the Commission and vice versa in order to ensure that the best placed authority deals with a case.

Merger control by the Commission guarantees efficient control involving a rapid assessment and clearance of non-problematic mergers. The Commission approves the vast majority of cases notified, most of them without the need to open to open an in-depth investigation. Most concerns about the possible effects of a merger are resolved through remedies.[39] When it is essential to ensure that consolidation does not undermine the benefits of competition and liberalisation 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 January 2011, the proposed merger between Aegean Airlines and Olympic Air, as it would have resulted in a quasi-monopoly on the Greek air transport market. This would have led to higher fares for four out of six million Greek and European consumers travelling on routes to

[39] For example, in 2011, concentrations were approved subject to remedies in 6 cases, 5 of which in Phase I.

and from Athens each year. Together the two carriers control more than 90% of the Greek domestic air transport market and the Commission's investigation showed no realistic prospects that a new airline of a sufficient size would enter the routes and restrain the merged entity's pricing. The companies offered to transfer take-off and landing slots at Greek airports, but Greek airports do not suffer from the congestion observed at other European airports in previous mergers or alliances.

This was the first merger prohibition since the Ryanair/Aer Lingus case in 2007. Since the entry into force of the EU Merger regulation, in total 20 cases have been prohibited out of a total of more than 4500 mergers reviewed.

Whereas in the years 2009 and 2010 there has been a decrease of the number of merger notifications compared with previous years, reflecting the prevailing uncertain economic situation, 2011 saw a considerable increase compared with 2010. Even more so than in previous years, a significant number of cases that were notified in 2011 proved to be complex so that in 2011 the Commission opened in-depth proceedings in eight cases compared to four in 2010. In a number of cases the Commission's clearance was conditioned on the merging parties taking action to correct any distortive effects on competition. An example of such a case was the proposed acquisition by Western Digital of Hitachi's hard disk drive business which would have led to only two remaining hard disk drive suppliers in the 3.5-inch hard disk drive markets. The Commission cleared the merger subject to conditions. In order to maintain effective competition, Western Digital committed to divest essential production assets and personnel to create a new competitor in the markets of concern. Western Digital also committed not to complete the merger before the divestment business is not sold to a suitable buyer.

This case shows that DG COMP's merger control activity also continued to contribute to the maintenance of market conditions supportive of innovation. Another case that rrequired sophisticated technical and economic analysis was for example the Intel/McAfee merger involving computer chips and computer security solutions, which are neighbouring markets. As a consequence, the effects of this merger were not measured in terms of overlaps of products and services, but rather in terms of conglomerate effects. Security-technology companies need to access specific information from chip manufacturers to develop efficient solutions. Therefore, the Commission's concern was that McAfee’s competitors might have suffered from a lack of interoperability with Intel chips. The remedies proposed by Intel ensured interoperability between the products of the merged company and those of their competitors.

Overall, based on the specific benchmarking exercise developed for these reporting purposes and explained in Section 3.1, the observable customer benefits derived from the Commission’s intervention in the form of a decision prohibiting a horizontal merger or clearing such a merger subject to remedies, are estimated to be in the range of €4.0 billion to €5.8 billion for 2011.

In 2012, continued attention will have to be paid to corporate restructuring in industrial sectors as well as the IT, media and telecoms sectors where we have seen already in 2011 a number of important and complex cases. The further consolidation of these sectors may also be a result of the direct and indirect effects of the financial crisis. In addition, the economic crisis may further pose challenges in terms of merger control for the sector of financial services. Merger control will also continue to ensure that cross-border mergers are not blocked by Member States for unjustified reasons.

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

Result Indicators	*Latest known result*	*Target (mid-term)*
Benchmark for (observable) customer benefits resulting from corrective horizontal merger decisions[40]	In the range of €4 billion to €5.8 billion (depending on underlying assumption)	Stable level of the indicator adjusted for growth and inflation[41]

Main outputs in 2012
Decisions applying the rules of the Merger Regulation

[40] The approach followed to benchmark the observable customer benefits from the Commission's intervention in the form of a prohibition of a horizontal merger or a clearance of such a merger subject to remedies consisted in predicting the change in consumer surplus. The method used was to calculate the sum of the "price effect" and the "deadweight effect", both multiplied by the length of the period the market would need to self-correct the distortion of competition, i.e. by new entry or expansion of competitors. Therefore, the prevention of anticompetitive effects such as the negative impacts on innovation and choice, even though some cases are also largely based on non-price effects, especially effects on innovation, are not taken into account.

In practical terms, the calculation of the predicted change in consumer surplus arising from the Commission's intervention in each product market is based on three factors: (i) the total size (by value) of the product market concerned, (ii) the likely price increase avoided and (iii) the length of time that this market would have taken to self-correct either by the arrival of a new entrant or by the expansion of existing competitors.

The estimation of the avoided likely price increase is based on an ex-ante merger simulation methodology, which predicts post-merger prices using information about pre-merger market conditions, while building on assumptions about the behaviour of firms and consumers. As to the estimation of the length of the period each product market would take to self-correct, it was based on a case-by-case assessment of the likelihood of either a new entrant, expansion of existing competitors and other important characteristics of the markets. Each market was categorised into one of the three groups: "Significant", "High" and "Very High". Each of these groups was then assigned a duration period in years which was an estimation of the minimum time it would take to restore competition to its pre-merger state.

[41] This is a planning assumption. As the merger control activity is driven by notifications, it is not possible to provide a clear target for this indicator.

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

The objectives that DG COMP pursue under this activity comprise i) the development of competition law and policy, ii) ensuring effective and coherent application of EU competition law by national competition authorities and courts, as well as promoting effective and coherent private enforcement of EU law, and iii) increased cooperation and convergence of competition policy at the international level.

4.4.1. Competition policy

In order to meet the above-mentioned general and specific objectives, it is important to constantly adapt competition policy to new market developments and improved knowledge on industrial economics. Consequently, DG COMP regularly reviews the competition rules on substance and procedures, notably through Commission Regulations and "soft law" such as Guidelines, Communications and Notices.

In addition to providing legal certainty and transparency for all stakeholders, these instruments play an important role in preventing and deterring restrictions of competition that harm consumers by informing firms and governments about the criteria the Commission uses in assessing anti-competitive agreements, abuses of dominant positions, mergers and state aid. Throughout the last decade these instruments have also led to a considerable reduction of regulatory burden, especially for companies lacking market power like SMEs.

State aid

In 2010 prevailing uncertainties in financial markets necessitated a prolongation of the extraordinary State aid crisis rules for 2011 at which occasion those rules were however made stricter. Having regard to the sovereign debt crisis and its impact on financial institutions in the EU, after the summer of 2011, it became clear that the Commission would also need to prolong the rules for 2012, with some adjustments to take account of the need to isolate the intrinsic risk of individual banks from changes in CDS spreads of sovereigns and of the market as a whole. Accordingly, the crisis rules were updated and extended on 1 December 2011.

In the course of 2012 DG COMP will work on the development of new guidelines for the rescue and restructuring of financial institutions in a post-crisis regime, i.e. to be applied when the economic situation comes back to normal. It will also continue the work on the new rescue and restructuring rules for the real economy, with a view to having the new rules adopted by the Commission by October 2012, when the current rules expire.

In 2012 a Strategic Initiative in the field of substantive state aid rules will be undertaken to increase efficiency and simplify state aid control by focusing enforcement on the most important distortions of competition to improve market functioning. The clarification, simplification and improvements of rules on a number of substantive issues will relieve Member States and the Commission from the burden of dealing with a large number of cases without tolerating significant distortions of the internal market. For the same reasons, a consolidation of rules currently spread out over a large number of guidelines, notices, frameworks and regulations is foreseen. The initiative will consist of a number of different measures to be adopted in 2012, 2013 and perhaps 2014.

A series of instruments will also be adopted in 2012 whereby DG COMP's state aid control activity will contribute directly to the Europe 2020 Strategy. In particular, to support its objective of sustainable growth, DG COMP has prepared guidelines to establish rules for the treatment of state aid connected to the Emissions Trading System which are expected to be adopted by the Commission in the first quarter of 2012. This will contribute to achieving the 20/20/20 climate/energy target.

DG COMP will also continue the process of preparing new regional aid guidelines, as well as new guidelines for the assessment of aid for risk capital investments in SMEs, The regional aid guidelines for 2014-2020 are foreseen to be adopted in Q4 2012.

Regarding aid for research and development and innovation ('R&D&I') the mid term review carried out in 2011 has provided first input for the revision of the rules which is scheduled for 2013. In the course of 2012 this will be complemented by a consultation of Member States and stakeholders.

Furthermore, DG COMP will start in 2012 the process of revising Commission Regulation No 800/2008 (General Block Exemption Regulation) in view of its expiry at the end of 2013, and will also start the revision of the Guidelines on State aid for environmental protection.

A new Communication on short term export credit insurance is planned to be adopted by end 2012 when the current rules expire. In 2011 DG COMP started the revision of this Communication by conducting a consultation of Member States and stakeholders and commissioning a study.

A review of the state aid guidelines for broadband networks must be conducted by the end of September 2012 and the Cinema Communication which sets out the criteria used to apply state aid for Member States' financial support for film making and distribution is also up for review since it expires at the end of 2012. To this end, public consultations were launched in April 2011 and June 2011 respectively, on the major issues arising in the context of these two reviews.

Revisions of the Reference Rate Communication and the Guarantee Notice will also be undertaken in 2012.

Towards the end of 2012, the Commission should start the review of the Notice from the Commission on a simplified procedure for treatment of certain types of State Aid. According to the final provisions of this Notice, the Commission intends to review the Notice at the latest four years from its publication by 16 June 2013. This revision should focus in particular on the categories of cases that fall within the scope of the Notice and take into account gained case handling experience.

A series of reviews are also planned for 2012 as regards aid in the transport sector, including aid to maritime transport, and to airports and airlines. The new guidelines should notably ensure the financing of regional airports which are necessary for local development or accessibility, whilst avoiding the duplication of non profitable airports and a waste of public resources. Certain aid to the airlines using these airports could be declared compatible under certain conditions but should not unduly distort competition.

In 2011, DG COMP launched a study concerning the financing of ports. Based inter alia on its findings, the Commission may possibly issue guidelines on aid to ports.

Last, but not least, DG COMP prepared in 2011 the revision of the state aid rules applicable to services of general economic interest (the 2005 'Altmark package'). These rules are key to the proper functioning of services of general economic interest ('SGEI') and therefore also to the objective of inclusive growth set out in the Europe 2020 Strategy. The new package consists of four documents, three of which were adopted by the Commission in December 2011. The last one, a new specific de minimis Regulation for SGEI is expected to be adopted by the Commission in the first quarter of 2012.

Antitrust and mergers

Regarding anti-competitive agreements, the Block Exemption Regulation regarding technology transfer agreements (TTBR) adopted by the Commission in 2004 will expire on 30 April 2014. In order to prepare the regime to be applied after 30 April 2014 DG COMP started, in the final quarter of 2011, the process of reviewing the TTBR as well as the accompanying Guidelines. Its aim is to ensure that it both reflects current market realities and provides for the possibility of non-competitors and competitors to enter into technology transfer agreements where it contributes to economic welfare without posing a risk for competition.

DG COMP will also carry out a review of the *de minimis* notice will also be carried out with a view to update the *de minimis* safe harbour in light of the recent revision, in 2010, of the block exemption regulations and guidelines on vertical and horizontal restraints.

As announced in last year's Management Plan, in 2011 competition policy focussed on procedural rules, in particular the improvement of due process, following the publication of draft Best Practices in anti-trust proceedings in 2010. A package of measure relating to transparency of procedures and to due process issues was issued in October 2011. In particular, the draft Best Practices in anti-trust proceedings were adjusted and made final. The Terms of Reference of the Hearing Officer were renewed, thereby making obsolete the draft guidance paper of the Hearing Officers of 2010. Furthermore, the staff paper for the submission of economic evidence in antitrust and merger cases was made final and published. In 2012 experience will be gained with the implementation of the new measures, which aim to benefit stakeholders in their interaction with the Commission in competition procedures.

Regarding mergers, after the adoption in 2011 of the Best Practices on cooperation between NCAs on Merger Review, in 2012 DG COMP will continue, within the framework of the Merger Working Group, to work with the national authorities to further strengthen cooperation and convergence in merger control throughout the EU.

4.4.2. Effective and coherent public and private enforcement in the EU

This activity also comprises DG COMP's contribution to the effective and coherent application of European competition law in the EU, via the European Competition Network 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 2012 DG COMP will further the work in the antitrust field to contribute to more coherence and coordination among itself and national competition authorities (NCAs) and in between NCAs with regard to merger control. The future membership of Croatia, will mean that it will have to be integrated into the workings of the ECN and that DG Competition will be required to review it envisaged decisions.

In order to enhance convergence, strategic impetus to the combined enforcement work of the NCAs and the Commission is given by heads of agency through their meetings which now occur twice a year. The working groups (such as on cartels and mergers) and subgroups that focus on enforcement in certain sectors (e.g. food, energy, telecoms, financial services) show an increasing level of activity resulting in more convergent outcomes in cases. This work is intended to continue in 2012. A comprehensive report on ECN enforcement and market monitoring activities in the food sector, which has been prepared within the ECN Food Subgroup, will be published in 2012.

In 2012 a further assessment will take place to identify possible areas where procedural convergence may be achieved. In the area of convergence particular mention need to be made of the Best Practices adopted by the Commission and all NCAs in November 2011, as a concrete manifestation of efforts aimed at bringing about coherency of approaches in the EU. In 2012 further experience will be gained with the implementation of these best practices.

In order to strengthen the effectiveness of the enforcement of competition law DG COMP will also step up its efforts of facilitating damages claims for breaches of the antitrust rules, and 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 line with the Commission's Work Programme for 2011, a DG COMP Paper on the quantification of harm in antitrust damages actions was submitted to public consultation in 2011 and will be published in 2012.

It will be ensured that collective redress within the framework of private enforcement and the EU framework for collective redress as planned for 2012 are coherent.

Based on the results of a public consultation on common legal principles and concrete issues regarding collective redress carried out in 2011, the Commission plans to adopt early 2012 a Communication which should guide any future proposals in this area in EU legislation. Once the Commission has agreed on common principles, DG COMP intends to present a specific proposal on antitrust damage actions. This initiative will clarify the interrelation of antitrust damages actions brought before national courts with public enforcement by the Commission and national competition authorities and set common standards and minimum requirements for national systems of antitrust damages actions to ensure that rights are enforceable in a coherent manner across the EU.

In 2012, the Commission will also continue its Training for Consumer Empowerment (TRACE) project, which focuses on the training of national consumer organisations in competition topics, this year with emphasis on procedural aspects and case management.

4.4.3. International cooperation and convergence

Furthermore, DG COMP aims at promoting international convergence of competition policy and contributes actively towards this objective, in particular by creating effective tools for bilateral and multilateral co-operation with the Union'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.

At the bilateral level, DG COMP invested in 2011 in further strengthening cooperation with competition authorities in a wide range of third countries, focusing its efforts on the EU's main trading partners (both traditional trading partners and major emerging economies). The DG COMP engaged for example in fruitful discussions with the US federal competition authorities to further improve cooperation in the area of unilateral conduct and mergers. This resulted already in the adoption of a revised Best Practices on EU-US Cooperation in Merger Investigations in November 2011. A second example is the conclusion of a Memorandum of Understanding with FAS, the Russian competition authority) in March 2011. In 2012, the DG will continue its dialogue on Unilateral Conduct with the US agencies, as well as its negotiations with the competition authorities of Switzerland and Canada on a far-reaching cooperation agreement in the area of antitrust and mergers. It will also further intensify its cooperation with recently established competition authorities in the major emerging economies, and more in particular in China and India.

In the specific context of enlargement, significant progress was made in 2011 with the provisional closure of the competition chapter for Croatia. In 2012, the main policy objective, in addition to fostering a competition culture, is to further 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. In concrete terms, DG COMP will strive to make tangible progress in 2010 in the negotiations on the Competition Chapter for Turkey and Iceland.

DG COMP will also continue to participate actively in international fora such as OECD, ICN and Unctad in the years ahead. In 2011, it organised a successful International Cartels Workshop for ICN, in which agencies and non-governmental advisors of some 70 different jurisdictions participated to explore means to coordinate investigations and evidence gathering and to improve the leniency and settlement tools in order to make the fight against cartels more effective and efficient.

In 2012, DG COMP will continue to play a prominent role in these multilateral competition policy fora, as well as in the discussions on the reform of the global financial 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

Result Indicators	*Latest known result*	*Target (mid-term)*
EC competition law and policy which reflects market realities and contemporary economic and legal thinking	More than 12 legislative and non-legislative policy documents delivered from November 2009 to 31 December 2011	Delivery of at least 12 additional key legislative and non-legislative policy documents until end of 2014.

Main policy outputs in 2012
Legislative and non-legislative policy documents developing EC competition law and policy such as reviews of the existing secondary legislation, policy guidance documents and guidelines - Actions for damages for breaches of antitrust law - Strategic Initiative in the field of substantive state aid rules - Guidelines on rescue and restructuring aid to ailing financial institutions - Revision of the Community Guidelines on State aid for rescuing and restructuring firms in difficulty - Guidelines for state aid related to the introduction of the Emission Trading Directive - Commission Regulation regarding de minimis aid to undertakings providing SGEI. - Revision of the Communication regarding the application of the State aid rules to short-term export-credit insurance - Revision of the Communication on the reference rate - Revision of the guarantee notice - Guidelines on state aid to maritime transport - Guidance Paper on the quantification of harm in antitrust damages actions - Review of the Block Exemption and Guidelines on technology transfer agreements - Review of the de minimis notice

SPECIFIC OBJECTIVE 2: Effective and coherent application of public enforcement of EU competition law		
Result Indicators	*Latest known result*	*Target (mid-term)*
Number of cases signalled to the ECN	>150[42])	Stable indicator
Number of envisaged enforcement decisions and similar case consultations in the ECN	> 80[43]	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[44]	Level of the indicator to remain zero[45]

Main policy outputs in 2012
Advise to national competition authorities concerning the application of the EU competition rules. Opinions, written observations and oral observations to national courts on questions concerning the application of the EU competition rules.

[42] Based on data from 2011.

[43] Based on data from 2011.

[44] Based on data from 2011.

[45] 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 using Article 11(6) of Regulation 1/2003; i.e. from taking over cases on which a competition authority of a Member State is already acting.

Main expenditure-related outputs in 2012
Organisation of a dozen seminars of training of judges in order to contribute to effective and coherent public enforcement of EU competition rules by national courts.

SPECIFIC OBJECTIVE 3: Effective and coherent private enforcement of EU competition law

Result Indicators	*Latest known result*	*Target (mid-term)*
Number of cases of injunctive relief and compensation of harm suffered as a result of breaches of EU competition rules[46]	N/A	Stable indicator
Main policy outputs in 2012		
Legislative and non-legislative policy documents ensuring a more effective and coherent private enforcement of EU competition law. Opinions, written observations and oral observations to national courts on questions concerning the application of EU competition law		
Main expenditure-related outputs in 2012		
Organisation of a dozen seminars of training of judges in order to contribute to effective and coherent private enforcement of EU competition rules by national courts..		

SPECIFIC OBJECTIVE 4: 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

Result Indicators	*Latest known result*	*Target (mid-term)*
Number of third countries with whom the EU has 1st generation competition agreements	4	4
Number of third countries with whom the EU has 2nd generation competition agreements	0	2
Number of memorandum of Understanding withy competition authorities in third countries	3	4
Number of third countries with whom the EU has free trade agreements containing competition/state aid clauses	31	• 50
Number of contributions to OECD ,ICN and UNCTAD	In 2011, 9 submissions for OECD, several contributions for ICN, including the hosting of the ICN Cartels workshop, 1 contribution for UNCTAD	10 -12 submissions to OECD, ICN and UNCTAD
Number of candidate countries with whom accession negotiations on the competition chapter have been opened	0	3

Main policy outputs in 2012
Inclusion of effective competition and state aid provisions in bilateral trade agreements. Concluding of competition specific agreements and MoUs.

[46] The success of a particular case of compensation – whether in front of courts or through non-judicial means - depends on a number of factors outside the control of competition policy. Therefore, the causal link between competition policy actions and the result indicator is non-exclusive.

PART 5. Specific objectives for horizontal activities

5.1. Policy Strategy and Coordination

DG COMP is committed to devise and implement a strategy aimed at ensuring that i) its above-mentioned operational activities have the biggest effect on the functioning of the markets and ii) through its competition advocacy, regulatory and other initiatives undertaken at the EU level and Member State level contribute to a more competitive market environment in Europe.

5.1.1. Strategy: delivering results

DG COMP prioritises its actions in order to have the biggest possible impact on the functioning of markets. Prioritisation entails 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, and of the most appropriate tools (enforcement, soft law, (sectoral) regulation, competition advocacy) to achieve such an impact.

In order to ensure timely and effective resolution of opened proceedings, DG COMP follows progress in each enforcement case, monitors workload and outputs, and allocates resources accordingly. Also, DG COMP constantly assesses its performance, structures and processes to make sure that it is effectively delivering its objectives.

Strategic planning within DG COMP, in accordance with the Commission Strategic Planning and Programming cycle, ensures that its policy proposals and enforcement acts pass smoothly and efficiently through the Commission decision making system.

In accordance with the Commission's commitment to better regulation, all reviews of substantive competition rules completed in 2011 were also impact assessed. This includes for example the rules regarding state aid to shipbuilding and state aid to services of general economic interest.

Ongoing and planned impact assessments for 2012 are for the Transfer of Technology Block Exemption and several reviews in the field of state aid control: the Rescue and Restructuring Guidelines for financial institutions and the Rescue and Restructuring Guidelines for the real economy; rules in the context of the Emission Trading System, Regional Aid by Member States, and state aid to broadband, cinemas and the financing of airports and airlines.

In the last years DG COMP has undertaken ex post evaluations of some of its cases, and worked on defining indicators that would best reflect the impact of its activities. The customer benefits methodology introduced in the Management Plan for 2011 and used also in this Plan is a result of these efforts.

In 2011 a major evaluation was carried out as regards the effects of temporary State aid rules adopted in the context of the financial and economic crisis, which was published in October 2011[47]. This exercise confirmed that through these rules, state aid control ensured a consistent policy response to the financial crisis throughout the EU, and significantly contributed to limiting distortions of competition between beneficiary financial institutions within the internal market.

Also, all reviews of substantive rules obviously entail a careful evaluation, including consultation of stakeholders, of how the existing rules have been applied, of any issues that have arisen in the application and of the resulting actions to be undertaken. For example, during 2011 DG COMP has carried out an interim-review of the application of the Community Framework for State aid for R&D&I. Furthermore, in view of the upcoming revision of the Communication on the application of the State aid rules to short-term export-credit insurance DG COMP has conducted a public consultation on the experience of Member States and stakeholders with the application of this Communication and has committed a study on this issue. Regarding the application of the State aid rules for rescuing and restructuring firms in difficulty DG COMP decided in 2011 to complete an earlier consultation (2007) with an additional consultation specifically on Member States' and stakeholders' recent experience in the light of the financial and economic crisis.

In 2012 DG COMP will further enhance, as regards its own enforcement and policy activities, impact assessment and ex post evaluation so that lessons from past experiences are fed into EU legislation and that the added value of EU action can be demonstrated on the basis of solid evidence.

5.1.2. Competition advocacy and transparency

Competition law enforcement is not always the most efficient tool for remedying market failures, in particular in situations where the root of the problem does not lie in individual company behaviours as such, but where the market failures are structural and generalised.

In such a situation the extensive market knowledge that DG COMP has through its enforcement activities and/or sector inquiries can inform regulatory initiatives taken at EU level. By framing the problem in competition terms DG COMP often contributes to finding more far-reaching and durable regulatory solutions. In this way, DG COMP has brought a substantial contribution to the gradual opening up of the EU energy markets for example, and its enforcement activities complement regulatory action under the 3rd liberalisation package.

By engaging in competition advocacy DG COMP also ensures that regulatory and other initiatives at the EU level and Member State level do not contain or lead to unnecessary restrictions of competition and that they promote competition to the benefit of consumers.

In particular, regarding EU level regulation, the most important legislative proposals and policy initiatives proposed under the lead of other Commission departments have to undergo a an assessment of their likely impacts on competition. DG COMP has developed specific guidance to this effect.

[47] http://ec.europa.eu/competition/publications/reports/temporary_stateaid_rules_en.html

DG COMP also contributes to the Commission's wider economic policy and economic governance agenda[48]; for example, by providing input with a view to Country Specific Recommendations in the context of Europe 2020. Likewise, DG COMP has provided input in the wider context of conditionality and structural reform, such as in the case of reforms aimed at strengthening the competition enforcement systems and competition enhancing structural reforms in specific sectors and regarding certain services as part of the conditionality relating to the adjustment programmes agreed in respect of Greece, Ireland and Portugal. It has also contributed extensively to the work in the context of these Memoranda that concern the functioning and reform of the financial sector.

In 2012 DG COMP will continue to work together with other services of the Commission and with other institutions, in particular the European Parliament, the Council and the ECB. In particular, DG COMP will continue to provide input to future legislation concerning the financial services sector. DG COMP will also actively participate in the implementation of the Europe 2020 Flagship initiatives and support the work undertaken under the Internal Market Act, in particular any monitoring exercises aimed at identifying potential malfunctioning in key sectors of the EU economy.

As for regulation at the national level, in 2012 DG COMP will where appropriate continue to contribute to promoting pro-competitive reforms at the national level, not least by contributing to the assessment of the competition aspects of Member States' national reform programmes under the Europe 2020 Strategy and progress made under the Country Specific Recommendations in the wider context of economic governance under the European semester.

Competition advocacy also entails communicating effectively the benefits of competition and the scope and impact of our activities to citizens, businesses and policy makers in order to foster a competition culture, to facilitate compliance and to legitimise public resources spent.

In the field of State aid, the adoption of a new package of rules on Services of General Economic Interest in December 2011 will require a substantial advocacy and training exercise in 2012. Regional and local authorities and all service providers concerned need to be made aware of the new rules and familiarise themselves with the changes. While Member States have of course a major role to play in organising information dissemination and training, DG COMP envisages to closely cooperate with them and to offer assistance, e.g. via presentations in training seminars where participants can later on function as multiplicators at local levels. Further development of existing tools, such as the Interactive Information System, through which anybody can request clarification on the application of the rules, is also being considered.

DG COMP produces a detailed report on its activities in its Annual Competition Report to the European Parliament (and to European Economic and Social Committee), and engages in a structured dialogue around this and the presentation of the Commission Work Programme. More generally, DG COMP engages with the European Parliament at various levels, in particular the Economic and Monetary Affairs Committee (ECON),

[48] See provisions on economic policy in Title VIII, Part Three of the TFEU, on economic policy.

on a multitude of topics and strives to provide timely and effective replies to parliamentary questions.

For example, in 2011 the Parliament adopted Resolutions on the 2009 and 2010 Competition Reports, and Services of General Economic Interest. The Parliament has also been debating collective redress, although its Resolution has been delayed. DG COMP has organised a number of workshops for ECON assistants, and the Vice President and Director General have also spoken at ECON Open Coordinators meetings.

The above mentioned evaluation on the effects of the temporary state aid measures during the financial and economic crisis, was prepared at the request of the Parliament. DG COMP has also been working on a "new look" Annual Competition Report for 2012 to better meet the needs of Parliament.

In 2011, DG COMP, as a lead service, also answered to 154 written questions, 8 oral questions and 21 petitions and was associated to 293 written and 8 oral questions and to12 petitions.[49]

In addition, in 2011 the European Economic and Social Committee adopted an opinion on the 2009 Competition Report, state aid to shipbuilding and Services of General Economic Interest. Also in 2011 the Committee of the Regions adopted an opinion on the latter topic.

DG COMP engages with the Council on various issues and in various fora. For example, the Vice President attended ECOFIN Council and DG COMP Director General participated to Economic and Financial Committee meetings on banking issues in 2011.

Still on transparency, DG COMP strives to handle all requests for access to documents efficiently and within the time-limits set by Regulation 1049/2001. In 2011 DG COMP managed fewer but more complex requests (392 (until end of October) compared to 581 in 2010) while ensuring an increasing transparency through explanations provided by the refusals letters.

In 2012 DG COMP expects to further increase the quality by adapting the templates following some recent judgments from the European Courts[50], the horizontal guidance and the sharing of experience for the handling of requests. Specific training on access to documents is provided in the framework of the Training cycles in each instrument and adapted to the latest case law.

DG COMP will also continue to ensure timely and effective management of confirmatory requests.

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[49] Situation at 28 October 2011.

[50] See in particular the Court judgment of 21 July 2011 in My Travel, Case C-506/08 P – Sweden v Commission.

SPECIFIC OBJECTIVE 1 : Implementing Strategic Planning and Programming so that DG COMP delivers its policy objectives, contributing to the overall Commission strategy in an effective, timely, efficient and accountable manner

Result Indicators	*Latest known result*	*Target (mid-term)*
Timely preparation and delivery of the various elements of the Strategic Planning and Programming cycle (CWP, MP and AAR)	All documents delivered within the deadline in 2011	All documents within the Deadline
Delivery rate (adoption by the College) of initiatives included in the Commission Work Programme and in the Catalogue	69%	100% for the Commission Work Programme
Opinion of the Impact Assessment Board	1 request for resubmission, all other draft impact assessments received a positive opinion	100% positive opinions, resubmission rate below Commission average

Main policy outputs in 2012
Preparation and delivery of the various elements of the Strategic Planning and Programming cycle (CWP, MP and AAR) Evaluation Plan (see Annex 3). Impact Assessment reports supporting initiatives to be adopted in 2012 and later

SPECIFIC OBJECTIVE 2: Competition advocacy contributing to a pro-competitive regulatory framework at EU and national level

Result Indicators	*Latest known result*	*Target (mid-term)*
Review of competition aspects of initiatives adopted and implemented at EU level	N.A.	100%
Number of country specific recommendations promoted and monitored by DG COMP	22[51]	Increase in the indicator's level[52].
Main policy outputs in 2012		
Pro-competitive modification proposals to legislative and policy initiatives at EU level, Proposals for country specific recommendations in the context of the EU2020 strategy		

SPECIFIC OBJECTIVE 3: Timely response to questions from Members of the European Parliament

Result Indicators	*Latest known result*	*Target (mid-term)*
Timely preparation of the replies to EP questions	All documents delivered within the deadline in 2010	All documents within the Deadline
Delivery rate	100%	. 100%
Main outputs in 2012		
Responses according to target.		

[51] In addition, 7 Member States have received recommendations regarding reforms in network industries, which entail liberalisation / improvements in efficiency through competition enhancing reforms. DG COMP's competition law enforcement and competition activities contribute to these objectives.

[52] Whilst a decrease in the indicator's level would signal that the Recommendation has been met and would be a positive development, in view of the importance of competition enforcing structural reforms for growth and overcoming the current crisis, this indicator refers to an increase in the mid-term.

SPECIFIC OBJECTIVE 4: Timely and effective handling of requests for information under Regulation 1049/2001

Result Indicators	*Latest known result*	*Target (mid-term)*
Respect of the time-limits for replies	85% of the replies were in time	DG COMP will aim at a full respect of time limits
Number of confirmatory requests	10[53]	Reduce the % of confirmatory requests

Main outputs in 2012
Revising the templates for State aids, antitrust and merger requests. Consistent approach to refusal letters using high quality reasoning which is likely to reduce the confirmatory requests. Closer monitoring of the compliance with deadlines. Providing training as part of the training cycles provided in each instrument.

[53] For the period 1 January 2011 – end October 2011 there have been 10 confirmative requests. This amounts to 2.5 % of all request filed with DG COMP in 2011.

5.2. Administrative Support

Under this heading come a number of horizontal activities in DG COMP. These include the following:

- **Document management:** this activity consists of putting in place and maintaining an effective document management system so that any document connected with the DG's official functions can be electronically filed, stored and retrieved in any moment irrespective of its original form and document management system in place.

- **IT:** this activity consists of defining, planning, setting up, maintaining and developing high quality Information and Communication Technology (ICT) infrastructures, tools and services that staff is adequately supported in their operation.

- **Human resources management:** this activity consists of recruiting, training, assessing, motivating and retaining highly qualified staff so that effective and efficient operation of the DG, as well as promotion of equal opportunities within the DG are ensured.

- **Financial resources management:** this activity consists of planning, performing, executing, monitoring and reporting on the spending of financial resources so that sound financial management is ensured throughout the DG's activities.

- **Internal control and audit:** this activity consists of assessing the compliance, efficiency and effectiveness of the control system in place by assisting the Director General and management in controlling risks and monitoring compliance, providing an independent and objective opinion on the quality of management and internal control system and making recommendations in order to improve the efficiency and effectiveness of operations and to ensure economy in the use of resources.

- **Ethics, security, business continuity and EMAS:** this activity consists of ensuring within the DG that staff and premises meet the highest possible ethical and security standards, that business continuity is effectively ensured and that environmental performance is improved.

Most of the objectives under e-document management and IT hereunder are dependent on the enhancement (evolutive maintenance) of existing information systems or on the launch of new systems. It must be noted in this respect that:

- The DIT[54] reviews proposals for new information systems and for evolutive maintenance on existing systems; the DIT prioritises between IT projects based inter alia on their contribution to the new IT governance of the Commission and on budgetary resources for IT systems development;

- In addition, information systems development is subject to the new IT governance of the Commission.

[54] DIT stands for Document and IT Systems Group. The DIT is the IT Steering Committee of DG COMP.

E-DOCUMENT MANAGEMENT

SPECIFIC OBJECTIVE 1: An effective and comprehensive document management tool integrated with DG COMP case-management applications and offering the specific functionalities required by competition case-handling.

Result Indicators	*Latest known result*	*Target (mid-term)*
Integration of Edma (DG COMP's document management system) with DG COMP's case management applications including integration with Hermes/ARES	Integration of EDMA with the applications eQuestionnaire, ECN-FollowUp, National Courts currently in Test phase	Implementation of the archiving module of HAN (HERMES-ARES-NOMCOM) for DG COMP files according to SG schedule Implementation of a secure access in ARES taking into account the sensitivity of documents bearing the COMP OPERATIONS marking (planned for 1st quarter 2012)
Good satisfaction level of the users on the new functionalities implemented in the recent releases of the case management applications in the yearly satisfaction surveys on the services of directorate R	48% (survey done immediately after launch)	90% satisfaction in annual staff survey

Main outputs in 2012
Successful implementation of the last phase of the Electronic Document Management Agent (EDMA) project-integration in case management applications (integration with the remaining case management applications). Successful integration of new versions of ARES in the specific DG COMP IT and document management environment, including specific provisions for marked documents.

SPECIFIC OBJECTIVE 2: Support of paperless document exchanges (e-Commission) **with 3rd parties**

Result Indicators	*Latest known result*	*Target (mid-term)*
Incrementing the paperless document exchanges with ECN using the ECN-ET system	ECN-ET operational for Antitrust case related documents.	80% of document exchange DG COMP – ECN to be covered by End 2012 ECN-ET operational for Merger case related documents in 2012
Incrementing the paperless document exchanges with 3rd parties providing	Project definition (Project Charter document) DIGIT/COMP.	Operational end Q3 2012: 30% of document exchange with 3rd parties to use eTrustDoc by End 2013

Main outputs in 2012
Improved communication with the European Competition Network (ECN) by developing and implementing the information system ECN-ET specific for the exchange of documents with ECN (handling of sensitive documents) for merger cases. Sending and receiving sensitive documents from third parties through EtrustDoc.

SPECIFIC OBJECTIVE 3: Well functioning case management applications that correspond to the needs expressed by the users (Natacha, ISIS, CMS, CHOPIN)

Result Indicators	*Latest known result*	*Target (mid-term)*
Number of training/coaching sessions/year	39 (2011)	40
Number of information and feedback gathering sessions in units	16 (2011)	20
Good satisfaction level of the users on the case management applications in the Dir R yearly satisfaction surveys	61%	90% satisfaction in annual staff survey

Main outputs in 2012
Continued and improved case management applications (Natacha, ISIS, CMS, CHOPIN) and effective maintenance

SPECIFIC OBJECTIVE 4: Effective provision of access to file support services

Result Indicators	*Latest known result*	*Target (mid-term)*
User satisfaction	63%	90% satisfaction in annual staff survey

Main outputs in 2012
Efficient production of access to file versions in full cooperation with case-teams in Mergers, Antitrust and cartels.

SPECIFIC OBJECTIVE 5: Full compliance of DG COMP's archiving system with E-Domec rules

Result Indicators	*Latest known result*	*Target (mid-term)*
Implementation status of E-Domec archiving rules	Compliance 7 big Sendings to the Historical Archives in 2011	Timely transmissions to the HA of all files at the end of their DUA[55]

Main outputs in 2012
Elimination of the backlog of files to be transferred to the HA started. Further cleaned storage spaces (elimination of unfiled documents or documents which do not have to be kept according to the retention policy of the Commission).

[55] Durée Utilité Administrative

IT

SPECIFIC OBJECTIVE 1: Efficient support to competition investigations by providing e-Discovery and e-Litigation solution

Result Indicators	*Latest known result*	*Target (mid-term)*
Number of cases that benefited from the use of the selected e-Discovery or e-Litigation specialised package	0 (2011) 26 cases indexed using DTSearch (2011)	2012: procure an e-Discovery & Litigation solution and roll it out progressively in the DG

Main outputs in 2012

DG COMP will finalize in Q1/2012 a proof of concept and identify between three possible suppliers the e-Discovery and Litigation solution that suits its needs. The chosen solution should be procured and roll out is to begin in the course of 2012.

SPECIFIC OBJECTIVE 2: Efficient support to competition investigations by providing a collaborative platform, *i.e.* a software solution facilitating collaboration between the members of a case team

Result Indicators	*Latest known result*	*Target (mid-term)*
Number of collaborative functionalities offered to users from investigative units	0 (no collaborative platform implemented)	2012: MS Sharepoint (the Commission standard software for collaborative platforms) would be implemented after agreement by the Commission IT governance instances. The number of collaborative functionalities offered to users would progressively increase over time.

Main outputs in 2012

The purpose of a collaborative platform is to provide actual support for collaboration within case teams through a dedicated software solution. Further to comprising a document repository that is shared at case team level, collaborative functionalities would for example allow case team members to annotate, tag and highlight documents in the "electronic" case file, to share and disseminate the results of case handling work across the team and to co-author, that is to say draft concurrently a document, whilst being able to rely on functionalities for automatic versioning and document history.

Outputs 2012: Install and configure MS-Sharepoint servers; start offering collaborative functionalities to end-users. The first of these will be to offer a shared document repository at case team level.

SPECIFIC OBJECTIVE 3: Efficient exchange of information with Member States in the State Aid (SA) policy area.

Result Indicators	*Latest known result*	*Target (mid-term)*
Number of Member States using the application SARI for reporting their SA expenditures	In use by 8 Member States in 2011.	All Member States in 2012
Percentage of yearly SA expenditure scoreboard reports automatically created by the Online Scoreboard on Demand application	0% (On-line SA scoreboard on demand not in production)	100% in 2012
Number of formalised and documented (in an appropriate notation language) State Aid business processes	12 (2011)	18 (2012)

Main outputs in 2012

State Aid Reporting Interactive (SARI) is a web based application allowing Member States to provide their annual report on state aid expenditure to the Commission substituting the current inefficient exchange of spreadsheets in Excel format for each Member State, which also required clean-up of information and the analysis of comments received from Member States in this type of files. Following the improvements introduced in the SARI front-office (Member States) and back-office (Commission services), it is planned for 2012 to provide SARI to all Member States.

The Online SA Scoreboard on Demand project aims at automating the production of the online Scoreboard (today done fully manually) to enhance information transparency. Output 2012: inception, execution and implementation.

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The objectives of the project Generic Interoperable Notification Service (GENIS) submitted to the Commission programme Interoperable Solutions for Administrations (ISA) is to modernise the data and information exchange processes between Commission (COMP, AGRI, MARE, SG) and the Member States concerning the State Aid Notification process. The project action and budget plan is pending approval by the ISA Committee. If approved, the next phase of GENIS will be to complete business process analysis of the outstanding State Aid processes and start execution phase. The aim of the modelling is to define a modern IT architecture/infrastructure to enable building up generic and scalable applications like *e.g.* a new SA Notification application (reducing later on development and maintenance costs) and supporting interoperability (*i.e.* allowing MS to send data directly from their systems to our back-end systems, improving data quality and reducing efforts for manual data input). Output (2012): finalise the analysis of outstanding business processes and start the development of the common software components that are required to build GENIS.

HUMAN RESOURCES MANAGEMENT

SPECIFIC OBJECTIVE 1: Recruit, train, assess, motivate and retain highly qualified staff so that effective and efficient operation of the DG, as well as promotion of equal opportunities within the DG are ensured

Result Indicators	*Latest known result*	*Target (mid-term)*
Compliance with EUR-2 recruitment quota set by DG HR	100% targets set by DG HR	100% targets set by DG HR
Representation of women among Administrators and at management positions	44% for non-management administrators 30% for middle management 23% for senior management (source: DG COMP HR Midterm Report 2011)	45% for non-management administrators (higher than Commission target of 43%) 30% for middle management (equal to Commission target) 25% for senior management (equal to Commission target)
% of permanent staff leaving the DG before two years of employment in the DG	0% (result for first semester 2011 based on DG COMP HR Midterm Report 2011)	Target: < 7 %
Average duration of vacancy	< 4.5 months (DG COMP 2010 midterm HR report)	< 2 months
Average number of training days per staff member	5 (result for first half 2011 based on HR scorecards)	> 7 days/year, including 2,5 days of on-the-job training
Staff satisfaction in general with HR internal services	83%	90% satisfaction in annual staff survey
Main outputs in 2012		
Implementation and monitoring of the HR strategy and Action Plan Adoption of a Learning and Development Framework for 2012-2013 Internal organisation of the new appraisal and promotion system Development of a career management system for AD staff Organisation of a selection of TA 2a for the Chief Economist Team		

ETHICS, SECURITY, BUSINESS CONTINUITY AND EMAS

SPECIFIC OBJECTIVE 1: Knowledge and respect by staff of rules on ethics based on DG COMP's up-to-date Code of Ethics

Result Indicators	*Latest known result*	*Target (mid-term)*
% of attendance at newcomers' trainings	80% for newcomers' training	95% for newcomers' training
Number of ethical incidents (sanctions by IDOC or OLAF)	No ethical incident (1/11/2010-31/10/2011)	No ethical incident
Staff satisfaction with the handling of ethical issues within DG COMP	87% satisfaction in annual staff survey	90% satisfaction in annual staff survey
Main outputs in 2012		
Review of Code on Ethics. Trainings and awareness raising events on ethics. Development of a DG COMP anti-fraud strategy.		

SPECIFIC OBJECTIVE 2: Knowledge and respect by staff of DG COMP's up-to-date security rules

Result Indicators	*Latest known result*	*Target (mid-term)*
% of attendance at newcomers' trainings	80% for newcomers' training	95% for newcomers' training
Number of inadvertent disclosures of confidential information by staff	13 reported incidents (01/11/2010-31/10/2011)	Elimination of inadvertent disclosures of confidential information
Staff satisfaction with the handling of security issues within DG COMP	87% satisfaction in annual staff survey	90% satisfaction in annual staff survey

Main outputs in 2012
Review of DG COMP's Security Guidance. Trainings and awareness raising events on security.

SPECIFIC OBJECTIVE 3: Effective management of business continuity based on a fully implemented and tested Business Continuity Plan

Result Indicators	*Latest known result*	*Target (mid-term)*
% of critical staff and their back-up having attended business continuity training	84 %	90 %
% of correct contact details in NOAH	85 %	95 %

Main outputs in 2012
Business continuity exercise. Trainings for critical staff and their back-ups.

SPECIFIC OBJECTIVE 4: Better implementation of IT Business Continuity

Result Indicators	*Latest known result*	*Target (mid-term)*
Recovery time for critical IT systems from DG COMP	1 week with current recovery solution	48h with IT mirror solution (by end 2012)

Main outputs in 2012
DG COMP will implement an improved IT recovery concept based on IT mirror to better support Business Continuity.

SPECIFIC OBJECTIVE 5: Improvement of DG COMP's environmental performance

Result Indicators	*Latest known result*	*Target (mid-term)*
% reduction in electricity consumption	4% reduction (between the first 8 months of 2010 and the first 8 months of 2011)	2 % reduction
% reduction in paper consumption	-27% (between the first 9 months of 2010 and the first 9 months or 2011)	5 % reduction
% of green office supplies	45%	55 % of ecological material

Main outputs in 2012
Awareness raising actions. Implementation of selected actions by EMAS Working Group.

FINANCIAL RESOURCES MANAGEMENT

SPECIFIC OBJECTIVE 1: Implement and maintain an effective internal control system so that reasonable assurance can be given that resources assigned to the activities are used in accordance with the principles of sound financial management and that the control procedures put in place give the necessary guarantees concerning the legality and regularity of the underlying transactions

Result Indicators	*Latest known result*	*Target (mid-term)*
Budget execution (commitments)	98,2% (2010)	Close to 100%
All transactions made in accordance with financial circuits	100%	100%
Payments executed within contractual limits	96% (2010)	Close to 100%
Payments executed in accordance with priorities on payment delays SEC(2009)477[56]	95% (2010)	Close to 100%
Budget coverage of first-level ex-ante control 100% (commitment and payments)	100%	100%

56 Communication from Mrs Grybauskaité in agreement with the President to the Commission Streamlining financial rules and accelerating budget implementation to help economic recovery SEC(2009) 477 final (April 2009)

Error rate on financial transactions	0,09% (2010)	Close to 0
Cases received by the Ombudsman related to procurement procedures	0	0
Legal cases following complaints in procurement procedures	0	0
Number of instances of overriding controls or deviations from established procedure	3 (2010)	Close to 0

Main outputs in 2012
Regular reporting on budget execution. Regular reporting on state of play for tender procedures and contract management. Weekly report on open invoices to all Directorates. Development of a COMP anti-fraud strategy.

INTERNAL CONTROL AND AUDIT

SPECIFIC OBJECTIVE 1: Effective assessment of the compliance, efficiency and effectiveness of the control system in place

Result Indicators	*Latest known result*	*Target*
Time to address pending critical / very important recommendations after acceptance	Updated status of outstanding recommendations in issue-track	No critical / very important recommendations left pending without an action plan for more than 2 months after acceptance. All recommendations from reports before 2010 fully implemented

Main outputs in 2012
Adequate follow-up of all pending audit reports. Annual review on the implementation of the effectiveness of the internal control standards.

Annex 3: Evaluation plan

N°	Title of evaluation (possibly working title)	Intended use of evaluation, and Activity concerned			Type of evaluation		Timing	
		Commission Work Programme initiative that the evaluation will support	**Other purpose**	**ABB Heading**	**Prospective ("P"); retrospective ("R");**	**external ("E"); internal ("I"); internal with external support ("I&E")**	**Start (month/ year)**	**End (month/year)**
I. On-going evaluations (work having started in previous years)								
1	Evaluation of customer benefits from antitrust (cartels) and merger enforcement	.	To estimate the impact of antitrust action on consumers. Results allow for more effective competition advocacy	Policy coordination, European Competition Network an International Cooperation 03 AWBL 02	R	I	Continuous activity	Continuous activity
2	Community framework for state aid for research and development and innovation		Review application of the framework with a view to possibly revising the rules by end 2013	Policy coordination, European Competition Network an International Cooperation 03 AWBL 02	P&R	I	1/9/2010	1/7/2011
3	Community guidelines on state aid to promote risk capital investments in SMEs		Review application of the guidelines with a view to possibly revising the rules by end 2013	Policy coordination, European Competition Network an International Cooperation 03 AWBL 02	P&R	I	1/7/2010	31/12/2010
4	Follow up to the Report on the Functioning of Regulation 1/2003 (COM(2009)206 of 29 April 2009		Examination of the areas identified in the Report, notably procedural and substantive convergence of competitions laws in the EU	Policy coordination, European Competition Network an International Cooperation 03 AWBL 02		I&E	1/1/2010	30/9/2010
5	Evaluation of the application of the Community Guidelines on state Aid for Rescuing and Restructuring Firms in Difficulty	Review of the state aid rescue and restructuring Guidelines No. 12 of CWP for 2012		Policy coordination, European Competition Network an International Cooperation 03 AWBL 02			1/7/2010	12/2011

6	Evaluation of the application of the Commission Communication on the application of the state aid rules to short term export credit insurance	Revision of the Communication on short term export credit insurance No. 14 of the CWP for 2012	Examine experience with the application of the Communication with a view to possibly revising the rules by end of 2012	Policy coordination, European Competition Network an International Cooperation 03 AWBL 02	P&R	E and I	1/1/2011	12/22012
7	Evaluation of the impact of the draft rules for the treatment of state aid connected to the Emissions Trading System	An item of CWP 2011.	Adoption of the ETS Guidelines is foreseen for Q1 2012	Policy coordination, European Competition Network an International Cooperation 03 AWBL 02	P	I	1/1/2011	Q1 2012
8	Evaluation of the application of the state aid Block Exemption Regulation		Review the application of the general Block Exemption regulation with a view to possibly revising the rules	Policy coordination, European Competition Network an International Cooperation 03 AWBL 02	P&R	I&E	1/9/2011	2013
9	Evaluation of the Community guidelines on aid to airlines and airports		Review the application of the guidelines with a view to possibly revising the rules	Policy coordination, European Competition Network an International Cooperation 03 AWBL 02			01/05/2011	31/12/2011
10	Evaluation of the application of the Cinema Communication	Review of the Cinema Communication No 13 of CWP for 2012		Policy coordination, European Competition Network an International Cooperation 03 AWBL 02	P	I	1/4/2011	10/2012
11	Evaluation of the application of the Broadband Guidelines	Revision of the Broadband Guidelines No. 10 of CWP for 2012		Policy coordination, European Competition Network an International Cooperation 03 AWBL 02	P	I	1/4/2011	09/2012
12	Evaluation of the application of the Regional Aid Guidelines	Review of the Regional Aid Guidelines. No. 15 of CWP for 2012 *		Policy coordination, European Competition Network an International Cooperation 03 AWBL 02	P & R	E & I	1/3/2011	12/2012*

* Adoption of RAG may be rescheduled to 2013

II. Evaluations planned to start in 2012 or later

1	Evaluation of the Community Guidelines on State aid for environmental protection		Review application of the Guidelines with a view to possibly revising the rules			P&R	I&E	1/1/2012	2013
2	Evaluation of the Community guidelines on aid to the maritime industry		Review application of the Guidelines with a view to possibly revising the rules					01/01/2012	

III. Other planned studies / reports with evaluative information

1	Ex post evaluation of merger cases (pilot study)		Review of effectiveness of merger control in concrete cases		Policy	R	I	03/2012	12/2012

ANNEX 6: Communication Strategy 2012

I. Policy context

2010 saw the start of exit strategies from the financial and economic crisis. 2011 events such as the sovereign debt threat in Europe, as well as difficulties on the internal market delays prospects for crisis recovery. In this context, the Commission competition service adapted its response by extending the state aid temporary rules and continued its action towards restructuring financial institutions. Notwithstanding the global slow-down, the number of notified merger and acquisitions increased again this year, and the number of second phase investigations increased. In cartels, the very specific economic and social context resulted in a limited number of cases where reductions in fines due to some companies' inability to pay were granted. More generally, the Commission is still standing up strongly to defend its competition regime as a means to protect consumers, but also to enhance business competitiveness on the markets. Our message is that competition policy is all the more important in times of crisis.

DG COMP's policy messages for 2012 can be grouped into four categories:

1. **Way out of the crisis and financial stability**

2. **Growth and jobs : the contribution of competition policy**

3. **Delivering for consumers, ensuring EU competitiveness**

4. **Smart competition policy : effective deterrence, due process, transparency**

II. Target audiences (our stakeholders)

The overall target of all communication actions are European citizens and even external parties to the EU. However, considering the current resources, the size of the audience (500 million European citizens) and the different language regimes, it is more effective to target our main stakeholders, i.e., those who have a direct or indirect interest in competition policy.

Competition policy addresses the actions of businesses and Member States, so businesses and governments and their specialist legal and economic advisers are primary stakeholders. Legal and economic advisers can act as multipliers of our messages in their dealings with their clients (independently of whether the advisers agree with the messages).

Consumer organisations are also significant stakeholders in their role as intermediaries between individual consumers on the one hand, and businesses and government authorities on the other.

In terms of ensuring political support for competition policy, national and EU political institutions are also important.

III Our ambition for external and internal communications

1- External communication

We aim at:

Continually improving on-demand communications for our direct stakeholders (EU and national institutions, consumer organisations, business community, legal community, academia, think tank) by:

1) Improving communication on cases (transparency) and on policy with all stakeholders,

2) Improving communications at the technical, policy and legal level with competition professionals,

3) Listening to our main stakeholders and reporting on national and European concerns and sensitivities.

Continually increasing support about the importance of competitive markets for European prosperity, via:

- Reaching a wider audience through explaining our decisions with simple language and messages in as many languages as possible within available resources,
- Prioritizing active communication on cases that have a direct impact on consumers and
- Developing special communication for non-specialized audiences.

2- Internal communication

We aim at:

- **Ensuring awareness of COMP staff of policy and case priorities** and outcomes. Brief staff on issues and cases of interest throughout the year.
- **Supporting staff efficiency and engagement**: equip staff with relevant messages relating to our main policy and cases, increase their communication skills, empower staff to share knowledge and best practices.

III. Overall resources

1. Budget

Currently, DG COMP does not have a specific budget dedicated to communication.

2. Human resources

10 staff members work currently on communications issues within the **Communication Policy and Inter-Institutional Relations** Unit (CPI)[57]. The CPI unit is responsible for many different tasks, apart from communication only. However, resources outside communication and management allocate part of their time to communication activities.

More generally, staff of DG COMP participates actively in communication activities by drafting press releases, briefings used in speeches, articles for the Competition Policy Newsletter and other publications, participating in conferences and giving lectures and presentations on competition policy to the general public and specialized audiences.

[57] The CPI unit counts 2 managers, 2 assistants, **10 staff members on communications issues**, 3 staff members on Inter-Institutional relations and 5 staff members on Research and Information Services.

IV. Communications activities

In **2012** DG COMP will prepare and facilitate continued steps towards EU stability and recovery, and a number of policy initiatives supporting our main objective of making markets work better for consumer and businesses.

Its 2012 communications messages will be centred on the communications priorities and targets outlined in the table below.

Resources for communication activities are described above. An evaluation table is provided below. If not stated otherwise in the "proposed action" column, all activities are ongoing.

1. External communication activities

Communication objective	Messages	Audience	Proposed actions	DG COMM services
SECTION 1 : competition to foster the way out of the crisis and viability in the long term				
Raise awareness and ensure understanding on **role of competition policy in the economic and financial crisis**	Fostering **viability** in the longer term; Promoting a self-sustainable recovery; competition rules lower the incentive to take more risks (moral hazard)	• Public and media in the Member States • Business community • Consumers • Company staff	Media relations Speeches, briefings for VP and senior management Websites E-Newsletters Staff articles in business/academia Paper publications Audio and video broadcasting Information services for general public Information seminars (journalists, EP) Events : Journalists seminar (Jan.2012) European Competition Forum (2 Feb.2012)	Use of DG COMM facilities, framework contract, and contacts with Representations
Shaping **industrial and financial restructuring** in pro-competitive terms	Rescue and recapitalization entail **restructuring** of financial institutions or industries.	Idem, special focus on businesses and financial institutions	Idem	Promotion on Europa, AV services if important conference are set

				up on topic, helping create a user-friendly website analytics
Ensure understanding that competition is crucial to get out of the crisis.	**Competition is part of the solution** (not of the problem). We investigate markets when we identify potential market failures.	Idem, special focus on public and media in the Member States where crisis measure are taken	Idem	Idem
SECTION 2 : Competition for growth and jobs				
Ensure understanding of role of competition rules for growth and job	**Boosting new sources of growth** through stepping up support to horizontal objectives (innovation, R&D, SMEs, etc…) in state aid, approving pro-competitive mergers and breaking cross-border damaging cartels or dominant positions.	Commission EP Council Public and media in the Member States Businesses Consumers Company staff	Idem	Idem
Ensure understanding of new guidelines for state aid in the context of Greenhouse Gas Emission Allowance Trading Scheme	Responding to climate change and contributing to energy security (Guidelines on State Aid Measures in the ETS context)	Idem, with focus on stakeholders in the environment sector	Idem Partnership with DG ENV on communications activities around ETS Timeline : early 2012	Idem
Ensure understanding and support of the Review of the state aid guidelines for broadband networks	Create more competitive and sustainable markets in the electronic communication sector; increase consumer welfare by wide and	Idem, with focus on stakeholders in the broadband sector	Idem Partnership with DG INFSO on communications activities Timeline : 3d quarter 2012	Idem

	rapid deployment of broadband networks; incentivize public authorities to reduce the 'digital divide' where commercial operators have no incentive to invest; help to achieve the ambitious goals of the EU2020 Strategy and the Digital Agenda.			
Awareness on competition policy as a cornerstone of the Single market	-The Single market is our crown jewel - Maintain level playing field in the single market, - Remain vigilant against any attempt to raise a protectionist wall around the internal market - Eliminating barriers to e-commerce across Europe	Commission EP Council CoR and EESC Public and media in the Member States Businesses Consumers (BEUC)	Idem	Idem
SECTION 3 : Competition policy at the service of consumers, citizens and businesses				
Increase support for the Commission's proposal to set up an antitrust private damages system	Europe's citizens and businesses should have the **effective right to obtain compensation for the losses** incurred as a consequence of competition infringements	Commission (SANCO, JUST), Consumer organisations, BEUC, business organisations, National Competition Authorities, MEPs, member States (competition attachés), NGOs General public and media	- EP relations - Council relations - Briefings and speeches - Contacts with BEUC - Press relations	Idem
Ensure stakeholders discuss and support the review of the	Avoiding subsidy races, Adapting our rules to reflect recent shifts in	Commission (INFSO) EP, Council, CoR and EESC Public and media in the	Idem + Community management (cinema stakeholders)	Idem

cinema communication	consumer behaviour, and considering the benefit of the aid for audiences and taxpayers.	Member States Businesses Consumers (BEUC) With special focus to stakeholders in the cinema sector.	Timeline : 4th quarter 2012	
Ensure stakeholders discuss and support the review of the state aid regional guidelines	Improving economic, social and territorial cohesion while ensuring level playing field is preserved for all economic operators	Commission (REGIO) EP, Council, CoR and EESC Public and media in the Member States Regional business Consumers (BEUC) With special focus on regional stakeholders (CoR)	Idem + Partnership with Committee of the Regions? Timeline : 3d-4th quarter 2012	Idem
Ensure stakeholders discuss and support the revision of the communication on short-term export credit insurance	Maintain the conditions establishing a level playing field for insurers and exporters and provide legal certainty for stakeholders	Commission (MARKT) EP, Council, CoR and EESC Public and media in the Member States businesses Consumers (BEUC) With special focus on businesses in the insurance sector	Idem Timeline : 4th quarter 2012	Idem
SECTION 4 : Smart policy-making and enforcement				
Ensure support to decisions and enforcement in general	**Vigorous enforcement** protects consumers from being ripped off. Vigorous enforcement stimulates demand and innovation by forcing markets to deliver the highest possible value for customers Competition can give companies – especially SMEs – scale and new	idem, with special focus on our multipliers (i.e. National competition authorities for instance)	Idem + - Event : European competition Forum 2 Feb. 2012 - General publications : glossary on competition policy , introduction to competition policy, car price report - Professional publications : Compliance matters (for businesses), brochure on vertical regulation - package integrated communications on high profile cases (PR, speech, Competition Newsletter article, press	idem

	business opportunities in a global world		conference) - video : cartels (target : consumers) – early 2012	
Smart enforcement, smart regulation	Focus on cases and sectors that have a real impact on the single market and on the consumer ; less red tape ; more efficiency of competition enforcement	Idem, with focus on business community and Member States (via National Competition Authorities)	Idem+ - Event : European competition Forum 2 Feb. 2012 - Professional publications - Staff participation in Professional conferences - package integrated communications on high profile cases (PR, speech, Competition Newsletter article, press conference)	
Maintain support for state aid policy and enforcement	Less aid, better aid, ensuring recovery of incompatible aid	idem, with special focus on our multipliers (i.e. National competition authorities for instance)	Idem+ - Event : European competition Forum 2 Feb. 2012 - Professional publications - Staff participation in Professional conferences - package integrated communications on high profile cases (PR, speech, Competition Newsletter article, press conference)	Idem
Maintain support for merger policy and enforcement	Approving pro-competitive mergers, prohibiting mergers that undermines consumer and business choice on the market	idem, with special focus on our multipliers (i.e. National competition authorities for instance)	Idem+ - Event : European competition Forum - Professional publications - Staff participation in Professional conferences - package integrated communications on high profile cases (PR, speech, Competition Newsletter article, press conference)	Idem
Maintain support for antitrust and cartel policy and enforcement	Maintain effective detection, fining, remedying and deterrence of anti competitive practices	idem, with special focus on our multipliers (i.e. National competition authorities for instance)	Idem+ - Event : European competition Forum - Cartel and consumers video to be released 1st quarter 2012 - Leniency video for businesses : 4th quarter 2012 - Leniency business card (info about	Idem Promotions of videos and EU tube and help on video dissemination strategy

			leniency for businesses) : Feb. 2012 - Professional publications - Staff participation in Professional conferences - package integrated communications on high profile cases (PR, speech, Competition Newsletter article, press conference)	
Maintain legal certainty for our stakeholders	We are listening to our stakeholders and are committed to enhance due process and transparency	idem, with special focus on business stakeholders and their legal and economic counsels	Idem+ - Event : European competition Forum - Professional publications (state aid, antitrust and merger compilation of current legislation) - Staff participation in Professional conferences - package integrated communications on high profile cases (PR, speech, Competition Newsletter article, press conference)	Idem

2. Evaluation of external communication activities

The table below draws on possible indicators to evaluate communications activities in 2012 by type of audience. However, until now, there has not been any consistent evaluation of the communication activities run by DG COMP. **Support from DG COMM is expected** on this matter, to establish common standards of evaluation and common indicators.

Objective	Output indicators	Impact indicators	Target
Awareness and understanding of media	Number of press releases Number of press conferences Number of journalist seminars Number of press briefings on competition in Member states Number of articles on competition policy and/or quoting Commissioner Number of Op-eds by Commissioner	Press coverage : analysis of dissemination, tonality and messages – **Full report expected from DG COMM's monitoring media tool** Satisfaction and understanding level rating during journalist seminar	Qualitative and positive coverage, reaching out media targets outside traditional scope, improved geographic spread of coverage
Understanding and support of business community and specialized public (incl. academia)	Number of references to Commission decisions on competition policy in academic journals; Numbers of blog posts and discussions from professional community on competition policy Number of professional targeted publications ordered via bookshop	Press coverage (see above), Satisfactory levels rating of feedback received during professional conferences Level of support for competition policy and for communication activities (main indicator : stakeholder survey 2010)	Maintain same level of support among business community and professional stakeholders. Improve audience spread of conferences attended by COMP senior staff or Commissioner
Awareness and understanding of large public	Websites statistics Number of Europe Direct requests Number of consumer targeted publications ordered via bookshop	Press coverage (see above), Level of awareness and understanding of general public (see Eurobarometer survey 2010) Website statistics (especially consumer website)	Maintain a good level of awareness and understanding among the general public on competition policy Communicate on cases that are relevant to consumers (in priority) Improve audience spread of conferences attended by COMP senior staff or Commissioner Create a user-friendly statistics report for website analysis

3. Internal communication activities (audience: staff)

Communication objective	Messages	Actions	Date/location	DG COMM services	Evaluation
Ensure staff awareness on Commission initiatives and on competition cases and policy initiatives					
Raising awareness and ensuring understanding of COMP decisions on cases and policy initiatives	On a case by case basis	Intranet (news), intranet (calendar of professional conferences), DG emails to staff, Hot topics, Top talks, expert lectures (lunchtime conferences), internal videos, newsletters (COMP weekly summary, State aid weekly e-news, ECN news, etc...)	Ongoing	Support for internal video service would be appreciated, support for finding speakers internal to the Institutions, budget or framework contract to enhance training possibilities in DG COMP	Intranet statistics, training evaluations, informal feedback, newcomers feedback
Provide opportunities for discussions					
Providing opportunities for interactions and feedback, raise conversation opportunities internally	Internal discussions guarantee a sound external output	Lunchtime Q&A sessions, improvements in cascading systems (downwards, upwards), suggested improvements in training processes, discussion forums and Q&As	Ongoing	Budget or framework contract to have external experts speak to internal audience	Training evaluations, level of internal discussion to second quality of output
Ensure staff efficiency					
Coaching on communication skills	Staff are ambassadors of their own policy initiative	Communication training cycle for staff in 2012 (press, briefings, speeches, publication, websites, internal communications, communications tools	Spring 2012	Providing external communication expert to	Training evaluations, number of speakers to external conferences, number of participants to

	or case, staff are responsible for the communication of their output	and objectives) with a special focus on promoting staff responsibility and engagement for communicating their work (staff as ambassador).		speak to our internal audiences	back to school programme, level of impact in their external communications.
Ensuring staff efficiency	In times of scarce resources, we need to improve our efficiency and cut red tape internally	Knowledge management project, improvements in newcomers induction and promotion of internal networks and knowledge centres	Ongoing	Support in providing guidance on knowledge management and internal communication (already ongoing via ICN)	Successful implementation of knowledge management project, involvement of staff into internal discussions, usefulness of provided tools (online evaluations)