

# Tackling the issues that matter to consumers

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## **Introduction**

Ladies and gentlemen

It's a very great pleasure to be here today.

I see that the American Chamber of Commerce describes itself as the representative of American businesses that are committed to Europe. And I like that word: committed. Because it reveals a side of the relationship between Europe and America that people don't often think about.

It's been nearly a hundred and fifty years since the first American multinational set up a factory in Europe. It was the Singer Sewing Machines factory, near Glasgow, in Scotland. Since then, American business really has been committed to Europe. This hasn't just been a place to sell a few products. It's been a place to invest and create jobs for the long term.

## **Competition policy and fairness**

And that's been possible because our economy is open for business.

Openness helps our economies to grow. It brings competition into markets that used to be closed, giving consumers better products and lower prices. It allows people and ideas to circulate, and spark off innovations that make our lives better.

But many people around the world don't see it that way. They see most of the benefits of open markets going to the rich and the powerful. And they ask themselves – is this economy really for everyone, or just a privileged few?

We know all too well, both in Europe and America, that if the sense that the system is rigged takes hold, it risks driving people to question our most basic values.

So we need to meet these concerns head on. We need to show that our markets work fairly. Because people don't think about politics all the time. But they do deal with the market every single day. So if we want to prove that our societies give everyone a fair chance, we have to do that in the market.

That's why I think competition policy matters so much. Because our job is to make markets fair for everyone. And that means we competition enforcers have a duty to make our work count: By making sure we deal with the issues that affect consumers most. And by enforcing the rules impartially, without fear or favour.

## **Impartial enforcement**

Let me take the latter issue about impartiality first. Equal treatment is a founding principle of the EU. Just as it's a founding principle of the United States.

And it doesn't matter to consumers whether a company's head office is in Europe, or Asia, or America. If it breaks the competition rules, they expect us to act.

So we can't – and we don't discriminate on the basis of nationality. This summer, we imposed the largest cartel fine in the Commission's history. Five truckmaking groups – a total of fifteen companies - will pay a fine of nearly 3 billion euros. All five brands and all but one of those companies are European. The same goes for all but a handful of the decisions that have asked governments to claim back state aid in the last fifteen years.

But we can't give special treatment to foreign companies either. Competition policy isn't a tool of diplomacy. We can't try to win friends by letting foreign companies break the rules.

Instead, we have to have confidence that we can explain to our friends how our competition rules work. That we've had exactly the same requirements for nearly sixty years. And that the rules apply to everyone, no matter where they come from.

I know it isn't pleasant to face a competition case. It can be tempting to claim that you are being singled out and picked on. But no one needs to be afraid that we will treat them unfairly. Because everything we do has to meet the standards of our courts.

## **Tackling the cases that matter**

That's why our enforcement has to be both firm and impartial.

But the best enforcement in the world won't convince people they're being treated fairly unless you can deal with the issues that really affect them. So being competition Commissioner has never just been about enforcing the rules. It's also about making sure we can step in when it matters.

In the last two years, we've looked at our systems for dealing with mergers and antitrust cases – the Merger Regulation and Regulation 1. And we've found that business and consumers think those systems work well. So I don't think we need to make radical changes.

But that shouldn't stop us trying to make the rules even better.

Take mergers, for example. We already have the right tools to assess whether a merger will harm consumers.

But the question can legitimately be raised whether we are able to catch all of the cases that count. I am a great believer in listening. So to find out the answer to that question, we have just launched a public consultation on whether we can improve the procedural rules.

## Minority shareholdings

Asking stakeholders for their views has already proved very useful.

Two years ago, the Commission's White Paper on merger reform pointed out that even a minority shareholding could affect competition. And I don't think anyone doubts that's the case.

But when the Commission consulted on whether to start looking at minority shareholdings that don't give control under our Merger Regulation, the message was that the costs of doing that were simply too great.

That's why I said 18 months ago, soon after I started this job, that we'd have to look at this more closely. Since then, we've been thinking about whether we can deal with minority shareholdings under the Merger Regulation without costing everyone an unreasonable amount of effort and money. We've also asked a group of experts to see if there's a way to make this work – you can read their study on our website.

So far, no final conclusion has been taken on that point.

## Thresholds

Of course, it's still important to be sure that we get to see the mergers that really affect consumers.

At the moment, we use the turnover of the companies involved to decide whether a merger needs to be notified to us.

But in today's economy, turnover isn't always the point. Because knowledge is often the key to success. For example, the right sort of data can help you improve your products, in a way that companies without that big data just can't compete with. Holding the patent for a drug that treats a previously incurable disease can almost guarantee enormous success. And that sort of knowledge can be valuable even before it starts to make money.

So not every merger is about a company's turnover today. Sometimes, it's about the potential to make money tomorrow.

And that potential can be worth a huge amount. In 2014, Facebook paid 19 billion dollars for WhatsApp. A year later, AbbVie bought Pharmacyclics for 21 billion dollars. And neither of those deals reached our turnover thresholds. Both of them were really about potential.

So as I mentioned in March, we're looking at whether we need additional thresholds to let us see this sort of deal.

Our public consultation gives a few ideas on how we might do that. For example, we could add a threshold based on the value of the merger. But we'd need to make sure that we chose the right level. We don't want to get in the way of purchases of startups that wouldn't raise competition problems.

## **Simplification**

Because good merger rules aren't just about dealing with big cases. They're also about keeping things simple when mergers don't much affect competition.

That's why, of more than 300 mergers that are notified to us each year, we only look at a few in detail. Last year, more than two-thirds of notified mergers came under our simplified procedure. And on average, each of those took less than four weeks to approve.

So we should use the simplified procedure as much as we can. In 2013, the Commission already made it easier to use. It increased the number of cases that can use the procedure. And it cut the amount of information that companies need to give us.

But I want to see if we can go further. Our public consultation makes a few suggestions, which could reduce the need for notification, without harming competition. And I'm interested to hear what you have to say about those suggestions.

## **Conclusion**

Because it's essential that our merger rules work as effectively as possible.

When people see huge global mergers taking place, they start to worry whether anyone else can possibly compete. And they start to wonder whether openness is such a good thing.

But if we turn our backs on foreign investment and trade, then we cost ourselves growth. We cost ourselves jobs.

So competition authorities need to show that there's nothing to fear. That mergers will not get past us if they harm consumers. We have the tools we need to make sure that's the case. But we must never stop trying to make them work better.

So that Europe remains open for business. And ready to welcome anyone who's interested in commitment.

Thank you.