Foreword to the Annual Competition Report 2018
by Margrethe Vestager, Commissioner for Competition

The year 2018 was a very active year for the Commission in enforcing EU competition policy and law: the Commission delivered 395 merger decisions, issued 284 State aid decisions, and decided on more than 20 cartel and antitrust cases, a 40% increase since 2017. At the same time, the Commission continued to streamline the procedures in competition cases to enhance the timeliness and effectiveness of EU competition rules. Enforcement of competition rules enshrined in the Treaty more than 60 years ago continues to demonstrate the validity of the fine balance struck by the founders of our Union. EU competition policy has been a key policy tool to respond to economic and financial challenges. And we can easily understand why: firmly based on rules, facts, evidence and economic assessment, it provides legal predictability in respect of the rule of law and delivers value to its citizens and businesses. At the same time, it has proven a sound basis for continuously addressing new challenges.

In recent years, markets have undergone disruptive changes, and the digitisation of the economy is continuously changing the ways in which markets operate, as well as the way consumers behave. There are really only two types of industry today – those that have been transformed by digitisation, and those that are currently under transformation. While this has brought welcome innovation, increased connectivity, new products and services, there is equally increasing public concern about its societal impact and, from a competition point of view, about the concentration of power by a few very large digital firms. At the same time, staying relevant requires a continuous questioning of the status quo.

Therefore, we have put a lot of thought into understanding what digitisation will mean for competition. Our three investigations into Google’s behaviour have helped understand how powerful businesses can harm competition in this digital age. Two years ago, we completed our inquiry into e-commerce markets throughout Europe, based on evidence from almost 2000 European businesses. We have followed up on this inquiry with a number of cases.

In January this year, we brought together more than 500 people for a conference in Brussels to discuss how digital technology is changing our markets. In preparation for that conference, we collected more than 100 written contributions, from all sides of the debate. A few months ago, we received the report, which three Special Advisers prepared for us, on how digitisation will affect consumers in Europe – and how competition policy can adapt.

One of the most important messages from that report is that we need to address the power of digital platforms. This can be achieved by preserving competition of smaller players with dominant platforms, by leveraging the power of dominant platforms and making sure that they treat their business customers fairly and transparently, by closely observing strategies that undermine interoperability, and not in the least by regulation that ensures that digital platforms are maintained under proper democratic control. As for competition enforcement, the most important challenge is being able to step in, quickly and effectively, to tackle threats to competition in due course, and be mindful of new strategies that can harm competition.

Looking into the future, the Commission last year proposed 37 spending programmes for the next Multiannual Financial Framework 2021-2027. If agreed by the co-legislators, the programmes would allow to directly support competition policy with an indicative budget of EUR 140 million over the next seven-years. One core priority of the competition part of the Single Market Programme is to help the Commission boost its IT tools and expertise to continue to effectively enforce competition
rules in an increasingly data-driven economy. Specifically, this means that we need to be able to detect infringements in a world powered by algorithms, as well as being able to manage casefiles and data amounts of ever-growing proportions and complexity. Relevance, quality and speed in our competition-related actions remain essential. Investigations must be quick but also thorough and accurate, and companies have the right to be heard. The Commission increasingly needs sharp and adequate IT tools to target its investigations and end them speedily.

To ensure that spending under the new Multiannual Financial Framework is as effective as possible, we aim at modifying State aid rules in a targeted manner. We want to ensure that national funding – for example from European structural and investment funds managed at national level – and centrally-managed EU funds can be combined seamlessly but do not crowd out private investment or unduly distort competition.

Moreover, staying relevant requires systematic self-assessment. Last year we launched, in line with Commission’s Better Regulation Guidelines, the evaluation of State aid rules adopted as part of the State Aid Modernisation and certain others. This “fitness check” will verify whether the rules have actually worked in the way intended to and it will provide a basis for decisions, to be taken by the Commission in the future, about whether to further prolong or possibly update the rules.

Furthermore, the ECN+ Directive adopted last December will ensure that all National Competition Authorities can be appropriately funded and properly equipped for enforcing competition rules across the European Union. National authorities currently take some 85% of all the decisions that apply EU competition rules and bolstering them will mean a swifter, more uniform and ultimately more effective enforcement of EU competition rules.

All in all, I believe our actions in 2018 and in the past years have shown how competition policy contributes both to fairness in markets and to delivering fair outcomes for EU citizens, by ensuring that businesses can compete on equal terms in the Single Market, which consequently benefits consumers. We have continuously taken action towards protecting and restoring fair competition in a number of key sectors, such as the digital economy, the energy market, the transport sector and financial markets. We have continued our efforts to make sure that Member States do not grant undue tax benefits to selected companies that enable those companies to avoid paying their fair share of tax. At the same time, European Union State aid rules continued to enable Member States to support important projects of common European interest (IPCEI), such as the integrated project jointly notified by France, Germany, Italy and the United Kingdom for research and innovation in microelectronics, one of six Key Enabling Technologies we consider crucial for future industrial development. Finally, we have continued to engage on the global stage to promote a genuine competition culture, in the European Union and worldwide.

This is a year of important changes for the European Union, as it prepares to welcome a new team of leaders for its next institutional cycle. In this context, the role of our competition policy remains crucial in contributing to a fair, sustainable and competitive Europe. Competition policy is and will be a key tool to continue to boost competitiveness and create the conditions to stimulate growth and job creation, invest in the technologies of tomorrow and support the Single Market and Europe’s industries becoming stronger and able to compete also globally.

Because a strong European economy needs effective competition, to keep it innovative and dynamic and successful. And because we are at a moment in our history when the choices we make will define the sort of world we live in for decades to come, and we need to continue making sure that we continue to protect the values that matter to Europeans.