

INTRODUCTION BY MRS KROES

Je vous remercie, Madame le Président.

Madam Chairman, Honourable Members of the Committee,

Thank you for inviting me to this hearing.

I am here to demonstrate my firm commitment to the high office I am honoured to be nominated to. You – the democratically elected representatives of the citizens of Europe – are the most important political interlocutors any European Commissioner has. Having been a parliamentarian myself, and having worked with my country's national parliament when a Minister, I firmly believe that a relationship based on reciprocal trust and frank dialogue between parliament and executive is essential. This is the basis for my strong personal commitment to working with this Committee and to discussing issues with you on a regular basis.

The task assigned to me by President-Designate Barroso requires clear decision-making and a long-term vision. It also needs well-balanced application of up-to-date economic theory. To do the job well requires determination, independence and propriety... not to mention a good deal of hard work! Competition policy

has been a key building block in the development of the common market. It will be no mean feat to follow in the footsteps of such distinguished Commissioners as Mario Monti, as Karel Van Miert, as Peter Sutherland and Leon Brittan.

As you are aware, I have a long life behind me (and, by the way, I sincerely hope more than a few years left ahead!). That has many advantages. A wide range of experiences – a lot of successes, yes, but a lot of disappointments too. And I can only say that, unpleasant though it may have been at the time, I have learnt more from my failures than my successes. Failures oblige you to reflect on what went wrong – and why – and consider how you can avoid political and technical mistakes in the future. As well as my many years in public office in my own country I have spent much time in academia. My practical work in the public sphere has been influenced in a positive way by my work as a research economist at the Erasmus University of Rotterdam.

I am equally happy that I have spent a large part of my professional life in the business world. As politicians yourselves, you will appreciate that sometimes it is important to know other parts of the spectrum of society. I am convinced the diversity of my professional experience is an asset. I am also very aware that I have to continue to demonstrate my personal commitment to applying the highest ethical standards and profound socio-economic analysis. And I am here before you today because I am completely certain that I can bring to the job the

independence and impartiality which our citizens and businesses rightly expect. Let me be equally frank in saying that I do not consider business to be my natural adversary. My role is to apply the rules made for the market to function properly. That is in the interest of Europe and its businesses and in the interests of its consumers. To put it another way: my role is that of a referee. But do we ask a referee in football not to like the game? Not to be interested in all its aspects? No. We demand impartiality in applying the rules, but we also want our referees to know the game inside out. The same applies here, Mrs Chairman. I will be independent and impartial, but I understand business, yes, and its vital role for the future of Europe.

In agreement with President-Designate Barroso, I have put in place a series of practical measures which implement my personal commitment. I have taken the liberty of sending information on these measures to you, Madam Chairman. And today, just as at any point in the future, I would be happy to answer any questions you may have on this subject, and, by the way, on any other subjects too.

With most, if not all, of you, I think that the six original Member States were right to put tough rules on cartels, on monopolies and state subsidies into the Treaty of Rome. A healthy competitive market place guarantees the best possible deal for European consumers and businesses alike. And I have seen the

evidence of this at first hand. **Businesses** get a predictable and fair framework for investment and returns. They can reach their full potential for fundamental research and for development, for innovation and for growth. **Consumers** get a wider range of high-quality goods and services at lower prices. They benefit from more choice, better returns on their investments and new products and services. And **society** in general benefits through the increased opportunities for wealth creation.

Mrs Chairman, we live in a rapidly moving world. New economies are emerging quickly; new technologies mean our network economy moves ever quicker. We need to ensure that Europe can retain and increase its competitive edge. Based on the triangle of knowledge (at the top), entrepreneurship and access to finance. Innovation and competition can take on new dimensions to meet these challenges. And I want to ensure that European rules allow all three elements of this triangle to flourish.

We have to do this in the context of a European single market which still faces challenges. We need more growth, higher rates of employment, less social exclusion, better protection for the environment: in short, a higher quality of life. President-Designate Barroso has made clear that the main economic challenge facing the European Union during the term of the new Commission is to review and reinvigorate the Lisbon process in order to boost the economy and deliver

sustainable economic growth. Mrs Chairman, European competition policy makes a key contribution to this aim. It has to ensure that private agreements, abuse of monopoly positions and state subsidies do not negate the elimination of trade barriers within the single market.

I have set out the general context in which I approach the task assigned to me. I would now like to share with you some ideas on how European competition policy should develop over the next five years. And I would stress that these are my personal ideas, and that I expect to have the opportunity to discuss them in detail with colleagues in the College and the Commission services and here in this Committee before drawing my conclusions. But I have to start somewhere!

First, I am convinced that the Commission has to **target the anti-competitive practices which do the most harm to the European economy.** The recent changes to the competition rules empower and oblige the Commission to play a proactive role in detecting and prosecuting major distortions of competition. We need to do better in terms of monitoring markets to identify practices which are likely to have the most damaging impact on the competitive process and/or the interests of consumers. We also need to be more selective, in line with the principles of subsidiarity and proportionality. As markets are becoming more and more Europe-wide, if not global, the Commission can expect to deal with an increasing number of competition cases. But we should not believe that we are

always the right authority to tackle any problem which comes to us. Often, our partners in the European Competition Network – the national competition authorities – and sometimes other national regulators for specific sectors, will be better placed to tackle the problems concerned. So we must work well with all of them to get the best results.

Secondly, I believe that tough enforcement, although clearly necessary, is not enough. **Creating the right conditions for enhancing competitiveness within the EU** requires imagination and energy. I and my services need to advocate for initiatives in other policy areas which are pro-competitive and will help deliver wider economic and social objectives. For example, in my view we need to screen legislation — both at EU and at national level — to identify restrictive measures which have an unnecessarily harmful impact on competitiveness and consumers.

In the field of **State-aid control** on the other hand, I believe that competition rules must be more responsive to specific market failures which harm the cohesion of the European Union and our society. Imaginative solutions here could help deliver the results we all want to see in terms of innovation, balanced regional development and more research.

Lastly, we should work towards meeting the broader policy objectives the President-Designate has set **by focusing especially on sectors that are crucial to the internal market and the Lisbon agenda**. I think more should be done to remove obstacles to competition in recently liberalised sectors, such as telecommunications, energy, postal services, and transport, and to stimulate innovation and new ideas. These sectors, by the way, are key for Europe's competitiveness given their knock-on effects for many other economic activities.

I am fully aware that when removing obstacles to competition, we need to remember that these sectors have important public-service — and sometimes universal-service — obligations regarding the provision of services of general economic interest. But a sensitive liberalisation policy in these areas can deliver cheaper, better quality, more innovative and responsive services for users, as a complement to — and not, by the way, a replacement for — the standards guaranteed under public service obligations.

Tackling individual cases against firms or national authorities is not the only answer. I would also intend to use the Commission's increased powers to conduct **sector-wide investigations**, in areas such as energy, such as financial services or such as waste management, in order to determine how markets could function better in the interests of competition and in the interests of the consumer, for, at the end of the day, that is what it is all about.

Let me close on a subject that is dear to my heart. I am convinced beyond doubt that the legitimacy of any political project — and above all a project as important as that of European integration — depends on the support it rallies from its peoples. All too often the peoples of Europe feel simply too far removed, and there is a general perception that the debate on "Europe" takes place among “experts”. We are all consumers of goods and services. We all suffer in terms of higher prices and less choice if companies carve up the market amongst themselves or abuse a monopoly position. As citizens we all use public services. Many are employees in industry or services, and the luckier ones are shareholders. I shall try to ensure that any measure we take in the competition field is properly explained to the wider public and that where necessary policy initiatives are fully debated outside as well as inside European and national institutions.

Madam Chairman, Honourable Members, thank you for giving me the chance to set out these preliminary views. Today, and I hope regularly in the future too, I shall listen with the keenest interest to your opinions and to your suggestions, and above all to any criticism you may have. I would be happy if we were able to fix our next rendez-vous early in the mandate. I am convinced that dialogue, but then true dialogue, based on accountability, based on respect, based on

transparency and openness will contribute to a stronger impact in an enlarged Europe.

I am committed to working to that goal with optimism, with pragmatism and with dedication. I believe in markets. Yes, I do. I believe they are the best way to create wealth and distribute it throughout society. However, I am equally convinced that markets cannot operate effectively, stably and reliably without fair and clear rules. And I am committed to finding the right balance between regulation and the market, so that trust and consideration for others are placed at the heart of our socio-economic system.
