

Meeting with EP Economic and Monetary Affairs Committee.

Opening intervention – “Developments in competition policy for the second half of 2006”

Brussels, 25 October 2006

Madame la Présidente, Honourable Members,

It is my pleasure to join you today for our third exchange of views this year on competition policy.

I'd like to update you on what has happened in competition policy since we last met in June, and then I'll look ahead at what is still in the pipeline for the remainder of 2006.

I told you at the start of the mandate that my top priority is delivering our ambitious **State aid reform** programme. Implementation is now well underway. As you know, one of the key drivers of the reform is to support Member States to use less aid and to use it better, to remedy market failures and boost economic efficiency. Further to the measures already adopted in 2005, new Risk Capital Guidelines were adopted in July 2006. New draft rules have been published on the Framework on

R&D& Innovation and the new *de minimis* regulation. Final texts will be adopted before the end of this year.

As for procedures, we are working on best practices guidelines, and we have launched a reflection on procedural reform. Most importantly, we are working hard to table proposals for a new General Block Exemption in December which will significantly expand the possibilities for Member States to grant aid without having to notify it to the Commission, in areas like R+D+I, regional aid, environmental aid and SMEs. In addition, the Commission may propose to the Council to expand the Council Enabling Regulation to areas like natural disaster relief or culture.

We must also expect the **current merger wave** – which is a very positive signal - to continue throughout the remainder of 2006. The high number of mergers notified to the Commission this year (approaching the all-time high of 2001) underlines the current economic upturn. It also proves that the internal market is a reality for business, and that business is making the most of it. That is why it is very sad that the Commission has so often had to remind Member States of the need to respect the EC merger and internal market rules when it comes to cross border mergers. As demonstrated by our quick reaction in the recent cases, the Commission is determined to continue to enforce the legal instruments at our disposal, to guarantee that companies can effectively benefit from the internal market and from a level playing field in the assessment of mergers and acquisitions.

The strengthening of the Commission's **anti-cartel policy** and enforcement has been high up on my agenda in the past months. In terms

of enforcement, four decisions have already been adopted this year (and there are more in the pipeline). In terms of policy, the new Guidelines on fines adopted in June better reflect the overall economic significance of cartel infringements. The rules also align fines more on the share of each company involved, and I expect that as a result of these rules the level of deterrence will increase. We have also continued our review of the Leniency Notice and have put a draft text out for consultation. The draft clarifies key concepts and conditions that must be fulfilled by applicants to benefit from immunity. Importantly, one result of this process will be to bring our Leniency rules into line with the European Competition Network Model Leniency Programme that was launched last month.

As already discussed with you before, another important priority for 2006 is the completion and follow-up of the **energy and financial sector inquiries**. The preliminary results of these inquiries clearly illustrate the malfunctioning of the sectors investigated. The final report on the energy sector inquiry will integrate the many comments received during the public consultation and the exchanges of view with the Parliament.

In parallel, separate competition investigations have been initiated in a number of areas including unannounced inspections at gas and electricity companies in six Member States. By whilst competition enforcement can help to tackle some of the problems identified in the sector inquiries, personally, I personally believe that regulatory changes will also be required in order to reap the full benefits of our energy markets. The need for new rules to ensure stricter transparency and unbundling will be an important aspect of the analysis in the European Energy Package due in January.

The inquiries in the **financial services sector** are well underway with public consultations held on payment cards and on current accounts and related services for which we published our interim report in July. Around the end of the year we plan to publish the final report of the banking inquiry. As for the inquiry into the business insurance inquiry, the publication of the interim report is expected for later this year, and of course we will consult stakeholder to get their feedback.

I believe that the industry will be able to draw clear lessons for change from what is coming out of these inquiries. From our side, and in parallel we will examine the scope for individual antitrust proceedings in discussion with the national competition authorities. I will also work closely with Mr McCreevy on policy developments as concerns the further integration of retail financial services, including on his work on bank accounts and customer mobility.

Finally, the time is coming up when we will need to make concrete decisions on the follow-up to the **Green Paper on antitrust damages actions**. Our basic objective is precisely what good competition policy is all about: ensuring the wellbeing of consumers and creating incentives for market players to play by the rules. The public consultation strongly supported the need to make it easier for victims of anti-trust abuses to exercise their right to compensation. Of course the devil is in the detail! What is clear to me is that a better competition culture and more deterrence – making companies who break the rules pay compensation for the real costs of the damage caused to competition – is good news for all those businesses who play fair.

I know **this file is benefiting from the attention of the ECON Committee** and I am **grateful to Mr Sanchez Presedo** for his work on this. This Committee has particular expertise to bring to this work. I am looking forward to your opinions on the policy options put forward in the Green Paper. We have included a White Paper on this issue in the Commission Legislative and Work Programme for next year. This needs to set out in concrete terms some ideas for the follow-up to the Green Paper. Our work on the White Paper will start in earnest in the first months of 2007. In order to take full account of Parliament's views in the next steps of our reflection, **it would be useful to get your opinion as soon as possible at the very start of next year.**

I believe I should leave the floor now to you, Madame la Présidente, to allow time for a good exchange of views.