

Foreword to the Annual Competition Report 2020

by Margrethe Vestager, Executive Vice-President and Commissioner for Competition

This 50th edition of the Competition Policy Report comes at a strange time.

In 2020, much of what we took for granted came to a screeching halt. The pandemic has caused human tragedies worldwide. It threatened the lives and the health of hundreds of millions of EU citizens and the many lockdowns challenged the Member States' economies, the perspective of businesses, citizens' livelihoods and limited the individual freedoms we Europeans had for so long taken for granted.

EU competition policy acted swiftly to adapt its rules and to manage a flood of crisis-related State aid measures by Member States, alleviating the effects of the measures on businesses and allowing support from public sources to flow to the real economy, where it was urgently needed. By mid-March 2020, the Temporary Framework for State aid was in place, enabling Member States to provide necessary support to the economy while protecting the integrity of the single market. This framework was amended several times in 2020 to the changing circumstances of the crisis.

The COVID-19 pandemic also affected other areas of EU competition policy.

In April 2020, the Commission provided guidance to market participants in a Communication setting out the main criteria to assess cooperation projects addressing supply shortages of essential products and services during the COVID-19 outbreak, such as medicines and medical equipment. The Communication also introduced a temporary tool of ad hoc comfort letters to provide adequate certainty to individual cooperation projects. For example, the Commission issued a comfort letter to the European association of generic pharmaceutical manufacturers "Medicines for Europe". Targeted solutions were also enabled for sectors hardest hit, including transport, tourism, hospitality and culture. The Commission launched an antitrust inquiry into the sector of Internet of Things (IoT) for consumer-related products and services in the EU and continued working on several antitrust investigations in the digital sphere, looking into the alleged anti-competitive behavior of Amazon and Apple, as well as in other sectors such as the pharmaceutical, transport or energy sectors. Preserving competitive markets is all the more important in times of crisis.

While the number of merger notifications initially slowed down at the outbreak of the COVID-19 pandemic, the Commission's overall merger enforcement activity in 2020 remained very similar to the previous year: The Commission adopted 352 merger decisions and intervened in 18 cases.

To exit the crisis, we need to ensure that EU competition policy works seamlessly to support a green, digital and resilient recovery. The European Recovery Plan builds on the Single Market. The recovery will be strongest and most complete, if we make full use of the recovery facility, while at the same time keeping our Single Market fair and competitive. We applied this principle to design State aid guidance in support of the Recovery and Resilience Facility and published a set of templates that will help Member States invest in key priorities in flagship areas.

In 2020, the Commission advanced on its unprecedented review agenda of competition rules to ensure that they can facilitate the purpose of recovery and that they are fit for purpose in a greener, more digital and more resilient EU economy – one in which there are growing

challenges to fair and open global trade. A large number of its key block exemption regulations and guidelines, including rules on vertical supply and horizontal cooperation, and the Market Definition Notice, started being reviewed. The Commission also finalised the “fitness check” of its State aid Modernisation package.

Moreover, to ensure that competition rules remain fit for purpose to deal with current challenges, such as structural problems in digital markets and foreign subsidies distorting competition in EU markets, the Commission took major policy initiatives, tabling a proposal for a Digital Markets Act and kick-started the work on addressing distortive foreign subsidies.

The proposal for a ‘Digital Markets Act’ addresses the role of large digital platforms who act as *gatekeepers*; that is to say, they link a large user base to a large number of businesses and are in a position to impose unfair conditions on both.

The EU’s economy is both open and global: our rules must take this into account. Subsidies granted by non-EU governments to companies active in the EU, can have an increasingly distortive impact on the internal market, but fall outside EU State aid control. Following the adoption of a White Paper on foreign subsidies in June 2020, an extensive consultation of stakeholders was carried out. In May 2021, the Commission presented a proposal for a new regulation to close the regulatory gap and prevent foreign subsidies from harming fair competition in Europe.

EU competition policy can indeed contribute when it comes to making Europe greener, not least by fostering competitive markets, where green innovation can flourish. In that regard, the Commission issued, in October 2020, a call for contributions on how competition rules and sustainability policies work together, which fed into a conference held in February 2021.

In 2020, the Commission also assessed and authorized State measures promoting the deployment of renewables, improving energy efficiency and reducing CO₂ and other emissions. In addition, antitrust enforcement measures regarding company’s behavior potentially aimed at restricting competition in the development of clean technologies and foreclosing access to essential infrastructures or to the free flow of resources were taken, with the continuation of investigations against car manufactures and railway operators.

I know that as competition enforcers, we must live up to the trust European citizens have placed in us. Our decisions can change the lives of consumers and entrepreneurs. At a time when the continent is working to rebuild itself, our job is to make sure that the economy grows in a sustainable manner in line with green, digital and resilient efforts for fairer markets for all market participants, irrespective of their size, benefiting the European citizens and the EU economy.

Our actions in 2020 showed how the EU competition rules can be applied under changing circumstances. It also showed that they remain relevant. EU competition policy will have a crucial role in our economic recovery, in maintaining a level playing field and in safeguarding adequate conditions for fair trade, based on the rule of the law, on trust and on openness.