

Working towards a global ‘Level-Playing Field’

Keynote Speech – Competition Day

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Introduction

Good morning.

Recent events in the Middle East have shocked us all. Digital technologies bring the horror images into our jacket pockets. Things that are happening far away suddenly seem close. Hate can travel at the speed of cyber. Yesterday, in Brussels, this hate claimed the lives of two Swedish football fans.

It shows that we are a global digital community – for bad and for good. What we can do, is manage it and maximise the benefits of the good – which are on the economic side.

Antitrust and Mergers

With the digital revolution, the global reach of enterprises has increased many-fold. This is not just the case for tech companies; digitalisation is driving increased global penetration for enterprises, across all sectors of the economy.

That is an exciting prospect for strengthening the economy, especially in the face of so many crises and so much uncertainty. However, it also creates new challenges for us, as referees. The first and most obvious, both for antitrust and mergers, is in market definition. That’s why we are working on a new Market Definition Notice, to update the rulebook on defining geographical scope, including how we assess imports. There are many factors that go into this assessment, reflecting the complexity of modern markets and global supply chains – these include not only prices and market shares, but also trade flows, transport costs and consumer preferences.

Importantly, this challenge is dynamic: A market defined as European now can evolve into a global market in years to come – this is also something we will acknowledge in the new Notice. Again, the job of referee is not getting any easier.

Another key challenge for antitrust and mergers is cooperation. Increasingly, we are taking decisions that concern entities with significant operations outside the EEA. Last week, we ordered Illumina to unwind its acquisition of GRAIL. It's a landmark case for many reasons, but it's also notable that these are both US companies, and the FTC had similar concerns to ours. Naturally, we remained in consultation with our US counterparts and could count on their good cooperation - based on waivers given by the parties to facilitate that cooperation.

For globally relevant companies, cooperation between enforcement authorities is essential for legal certainty, and ultimately for global growth. At the same time, as the world becomes more multi-polar, we will depend more and more on strong bilateral cooperation across many jurisdictions, and multilateral forums like the ICN will have a stronger role to play.

State aid

That takes me to arguably the most visible effect of globalisation on our work – how our State aid policy is challenged by global and political trends.

It's clear that recent changes in the global economy have put additional emphasis on industrial policy – I would say for very good reasons. Vital supply chains can be weaponised by foreign states, threatening European interests. We have even seen examples of foreign governments using economic coercion against our companies, or our Member States. Even beyond this, there is a clear and compelling case to be made for industrial aid that addresses specific

‘market failures’ – for example around the green transition or the shift to a more digital economy. In these concrete cases, European governments can and should ‘put their money where their mouth is’.

What we can never afford to do is forget the fundamental logic of why our State aid rules apply. Competitiveness comes from competition. If companies want to earn their places in the global leagues, they must do so by being the best at home, not by getting special treatment.

This is why the most basic principle of State aid must apply to all our industrial policy: government money should never be put towards an investment which the private sector would otherwise be able to make. The economic case for this has been made a thousand times – our Single Market is living proof. And we can’t forget that there is also an important political case. If smaller EU countries feel they are losing out in a subsidy race, this creates risks for the integrity of the Union.

It is also why we must work to phase out the Temporary Crisis and Transition Framework. Thankfully, the worst of the energy crisis is now over. Energy prices have come down and supplies are forecast to be stable in the coming months. That means it’s now time to begin unwinding the provision of aid under the Framework. The precise modalities of this are still being concluded – here we must be sensitive to timing issues, because the pace of the phase-out matters almost as much as the absolute scale of aid given. But what is most important of all, is the signal we send to markets: they cannot expect that the aid to remedy serious disturbances will remain available indefinitely. In the long term, there can be no substitute for competitiveness.

Foreign subsidies

In a global context this can only work when the same – or equivalent – rules apply to all entities that operate in our Single Market. This must include entities that have ties to foreign governments. We want the openness that comes with foreign investment in our Single Market – ultimately it benefits our consumers and makes the Single Market stronger. But it must be fair.

This is where the Foreign Subsidies Regulation comes in. Last week, the notification obligations under the FSR kicked in, so it's still early for me to say too much. What I can say, though, is that already we are seeing from the information gathering that this will be a process that requires careful calibration. The reporting obligations as set out in the notification forms were designed to strike a careful balance between, on the one hand, the need to get the most relevant information for assessing cases and, on the other hand, the need to make sure the regulatory burden does not become too onerous. Now, as the first notifications arrive, we will be engaging with entities over the coming months to ensure that this balance is respected and – where necessary – improved. The guiding principle remains: get what we need, but don't burden businesses with regulatory requirements, unless it is really necessary.

I want to stress one thing: this is absolutely not about making a big splash, grabbing headlines or playing politics with any of the large economies outside the EU. We are implementing an instrument that will take its place in our wider toolkit for protecting fairness – it's part of our long-term vision for a globally resilient Single Market – one that remains open on terms that are equal and fair for everyone.

That means building up resources and expertise over time – both internal to DG Competition, and by making use of the expertise from across the European

Commission services. Concretely, you can expect a gradual ramping-up of activities in the coming months.

Of course, for this to work, we are not the only ones who need to 'rise to the challenge'. The businesses concerned by the regulation have some learning to do as well. Our message here is that you should come to us for clarification in pre-notification contacts. Our door is open.

Beyond this, the FSR can also benefit from information from our peers in the National Competition Authorities and indeed from market players in any of the affected markets. That is nothing new to the world of competition policy, where information from the market plays a crucial role in signalling potential distortions to an enforcing authority. In particular, if a company has concrete information about a competitor who is getting financial contributions from a third country that may cause a distortion on the internal market, we want to hear from them.

Conclusion

At moments like these there is the natural temptation to want to try to 'step away' from change. We shouldn't give in to that temptation – first because it will not work. History will decide for us.

But second, because by embracing change we have the chance to shape it in a more positive direction. All of our policy work is about doing just that: keeping us open, fair and competitive, so that Europe can continue to play its part in a more prosperous, more just and more peaceful, global future.

Thank you.