

Foreword to the Annual Competition Report 2021

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

Unfortunately, the pandemic continued to make itself felt in 2021 - both on our health and on our economy. Things seemed to be getting back to normal when, in February 2022, another shock rocked the world - this time Russia's invasion of Ukraine. The European Union stands united with the Ukrainian people and their government, imposing sanctions against Russia and providing aid where it is needed. In addition to human losses and the enormous scale of physical destruction, the Ukraine economy is contracting dramatically.

As the conflict continues to take its toll on the EU economy, the Commission has acted quickly to mitigate the impact by adopting a State aid Temporary Crisis Framework to allow the necessary government support to businesses, while at the same time preserving the integrity of our Single Market. The adoption - only a month after the war started - is an example of how competition policy can be used to swiftly react to needs following external economic shocks.

In 2021, the Commission made substantial progress on its review of key regulations, guidelines and notices to ensure they remain fit for purpose. Notably, following the public consultation in 2021 on the draft revised Vertical Block Exemption Regulation and Vertical Guidelines, the Commission adopted the new Regulation and the new Guidelines in May 2022. The Vertical Block Exemption Regulation exempts agreements between companies that are active at different levels of the production or distribution chain, subject to conditions. The rules provide for a safe harbour where certain agreements are block exempted. The new rules adjust the safe harbour so that it is neither too generous, nor too narrow.

For State aid control, 2021 was also a productive year. The Commission adopted a regulation extending the scope of the General Block Exemption Regulation and published Guidelines for climate, environmental protection and energy. The Commission also adopted a revised Communication for Important Projects of Common European Interest (IPCEI) as well a revised Communication containing guidelines for State aid promoting risk finance investments.

Together with the Council and the European Parliament, a lot of work also went into pushing the Digital Market Act towards adoption. In terms of further legislative work, the Commission tabled its legislative proposal in December 2020 and political agreement between the co-legislators was reached already in March 2022. This is a very fast pace for negotiating and agreeing on such a major piece of legislation.

Another achievement for the year was tabling a proposal for a Regulation on foreign subsidies distorting the internal market. The Regulation would give the Commission new powers to investigate foreign subsidies to firms active in the EU and take measures of redress when they might be needed. This will be an important tool for achieving 'competitiveness through fairness'.

It was also a busy year for enforcement. While fully respecting the applicable health protocols in place, the Commission carried out a number of inspections in cartels and antitrust.

In antitrust, the Commission imposed fines of EUR 875.2 million on firms that were members of a cartel in the market for nitrogen oxide cleaning technology for diesel cars. The Commission issued a Statement of Objections against Apple, provisionally finding that the company abused its dominant position for the distribution of music streaming apps through its App Store. The Commission also

continued its investigations against Amazon, Facebook and Google, as well as pharmaceuticals and consumer goods.

Merger activities continued at a steady pace. The Commission adopted 396 decisions (compared to 352 in 2020) and intervened in 14 cases. Several proposed transactions were cleared with commitments after in-depth investigations, for example Danfoss' acquisition of Eaton Hydraulics and EssilorLuxottica's purchase of GrandVision in the markets for eyewear products (sunglasses, lenses and frames).

During the year 2021, the Commission approved a number of State aid measures in support of the green transition of the EU. These include, for example, 18 measures supporting renewable energy and seven supporting clean mobility. The Commission also adopted a decision authorising the second Important Project of Common European Interest (IPCEI) on batteries. The Temporary Framework for State aid measures adopted in 2020 remained in place in 2021 and was adapted twice, as the economic circumstances evolved. In 2021, the Commission adopted 514 decisions under the Temporary Framework. The Recovery and Resilience Facility (RRF) became operational in February 2021. It finances reforms and investments in Member States from the start of the COVID-19 in February 2020 until 31 December 2026. The RRF supports public investments and reforms in the Member States, helping them to address the economic and social impact of the coronavirus pandemic as well as to facilitate the economic recovery and the green and digital transitions. To receive grants and loans, Member States submitted Recovery and Resilience Plans (RRPs) to the Commission. In 2021, State aid control facilitated the implementation of the RRP to ensure that they are compatible with State aid rules. To facilitate this process, DG Competition published practical guidance to Member States for their State aid notifications under the RRF continued to assist Member States during the process.

Competitive markets and a well-functioning Single Market are important at all times but especially in times of crisis and major change. If we are to make a sustainable and resilient recovery, if we are to deliver on our ambitious agenda for a green and digital future, we need the price signals, the competitive energy and the fresh thinking that competitive, well-functioning markets can deliver. The competition policy the EU pursued in 2021 made a significant contribution to these objectives, and by reviewing and updating our rulebook, we are making sure this will continue in the years to come. If there is one thing we should expect, it is that more unexpected events will occur and that puts the spotlight on agility, adaptation and reform. That is what will equip us to meet these future challenges head on.