

Authority for
Consumers & Markets



 Federal Competition Authority



ÚŘAD PRO OCHRANU HOSPODÁŘSKÉ SOUTĚŽE
OFFICE FOR THE PROTECTION OF COMPETITION



Belgian
Competition Authority



Autoridade da
Concorrência



Coimisiún um
Iomláocht agus
Cosaint Tomhaltóirí
Competition and
Consumer Protection
Commission

Strengthening Competitiveness and Competition in the EU Single Market

A Statement by the following NCA's

Bolstering the competitiveness of the EU industry is a pre-requisite to preserve the sustainability of its social market economy model. With its recent 'Competitiveness Compass', the European Commission has put forward an important action plan to implement the vision for Europe presented in the Letta and Draghi reports, recognizing the important role of competition as a driver of productivity, investment and innovation.

To realise its ambitions, the European Union will also have to rely more than ever on the combined strengths of its Member States, through intense collaboration in the pursuit of common goals. Achieving these common goals will be equally dependent on making well-considered choices in designing the underlying policy measures.

The current debate about the competitiveness of the EU industry often postulates the existence of a tension between the role of competition, on the one hand, and the realisation of scale economies, on the other hand. This proposition is often supported by illustrations involving the electronic communications industry whose fragmentation allegedly resulting from unduly strict competition rules would hinder investments and innovation.

As Competition Authorities we fully stand by the need to furthering the integration of the EU single market in order to unleash its full potential, to the benefit of EU citizens, as well as the importance of cooperation between Member States in the pursuit of common goals, including among competition authorities.

Moreover, we echo the relevance of competition as a building block of the single market and our experience enables us to testify that the goals of preserving competition in the market and achieving scale are not contradictory.

Competition law enforcement delivers fair outcomes for all market players. There is ample empirical evidence supporting the importance of robust merger control to prevent changes in market structure that are harmful to the economy. Conversely, there are telling examples of sustainable entry of new players leading to noticeable price reductions, improved quality and overall increased investments.

Specifically, regarding the electronic communication sector, competition in most relevant markets still takes place at a national level and across multiple layers, at the infrastructure level (roll-out, wholesale access, coverage, drop-rates, etc.) as well as in the services market. While helpful, service competition cannot offset potential disadvantages arising from a reduced number of competing infrastructure providers. A reduced number of infrastructure providers can also weaken incentives to improve service quality, network coverage, density, and innovation. More broadly, it can also undermine resilience and supply security. The narrative that fragmentation in the electronic communications sector, hindering investment and innovation, allegedly results from unduly strict competition rules is misplaced. In fact, lax merger control could not only undermine consumer welfare directly, but also investment and innovation.

Therefore, far-reaching and structural consolidation that takes place within a single Member State continues to require careful scrutiny. When harmful to competition, a merger must be blocked or approved only under conditions fully and effectively remedying the competition concerns identified.

Also, the national competition authorities' best practices on remedy design and implementation are based on robust principles rooted in the accumulated experience of past mergers that were conditionally approved, which will continue to provide important guidance when assessing future transactions.

Furthermore, mergers across Member States can be pro-competitive while also deepening the Single Market, without compromising competition at national level. Hence, competition law enforcement does not, and will not, prevent cross border mergers that can benefit European businesses and consumers.

In these challenging times, we remain committed to promoting competitive markets in the interest of fair prices, innovation and investments across all sectors of the economy, especially in sectors that are pivotal to industrial competitiveness, such as that of telecommunications.

We stress that competition is a key driver of competitiveness. This means that compliance and enforcement of competition law are crucial for the effective and efficient functioning of the markets.

Finally, we will continue to advocate for the removal of unnecessary barriers to entry and expansion that impede market integration and economic growth. Eliminating such barriers is key to further both competition and the Single Market, and competition authorities have a key role to play in it.