



## Competition policy in context

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**\*Check against delivery\***

### Introduction

Ladies and gentlemen,

It's a great pleasure to be here with you today. This chance to reflect on what we do, and to compare our experiences with those of our counterparts in countries around the world is valuable to all of us.

Because as competition enforcers, we don't work in a vacuum. By protecting open and fair competition our work contributes to shaping our countries' economies, and societies. We need to be sure that we're playing our part to help face up to the challenges of today's world alongside other policies and tools.

### Facing today's challenges

And today's challenges are very serious.

At one point last month, the Arctic was 20 degrees warmer than normal for the time of year. If it were 20 degrees warmer than normal here in Paris, people would be sunbathing on the banks of the Seine right now. So we have to act fast, to put the Paris climate agreement into practice.

That would be a big enough task, if it were the only one we faced.

But we also live in a time when people are starting to doubt whether our economies, our societies, are really fair.

Open markets and freer trade have made everyone better off. But there are many people in our societies who just don't feel the benefit. Who look forward not with hope, but with concern. Who ask themselves, is this economy for everyone, or just the lucky few?

### How competition can help

We can't deal with those issues by closing ourselves off from the world. Turning our backs on the Paris climate agreement won't protect us from rising sea levels. Giving up on global trade will just make all of us poorer.

What we need instead are policies that can address the challenges we face. That can help us use our resources wisely, and share the benefits of growth fairly.

And I think competition is an important part of that.

### Regulation and the values of competition

As enforcers, we work to keep markets open and to foster competition. And those principles aren't just important for enforcement of competition law. They can also help us to design regulations that really work.

We want energy that is affordable and reliable. But to face the challenge of climate change, we also need it to be sustainable. And markets that are open and competitive can help us reach those goals.

That's why Europe's Energy Union policy is built around the idea of a single, integrated energy market throughout the European Union. A market of interconnected grids, where green electricity produced in one country can easily benefit consumers in another. A market guided by common European principles for support to renewable energy. Because that's the sort of market where competition can flourish, bringing down prices and encouraging companies to invest.

The principles of openness and undistorted competition can also help to guide tax policies to be fairer.

For example, the OECD's project on base erosion and profit shifting will help to make sure multinationals pay their fair share of tax. So that multinationals don't get a competitive advantage over smaller firms simply by applying creative accounting.

At the same time, it will stop companies artificially shifting profits from one country to another, so governments don't lose out on the taxes they're entitled to. And it will also help to show people that our economies are fair. That no one, however big or powerful, can avoid paying their fair share of tax.

### **Reaching our goals through competition enforcement**

But competitive markets aren't just a source of inspiration for regulators. In tax policy, as in many other areas, we can help to support regulation by doing our job of enforcing competition rules.

For example, the OECD's work on fair taxation will help to make sure that in future, companies pay tax where they make profits. But some companies have been getting special tax treatment, which gave them an unfair head start over their rivals, for many years. And only state aid rules can remove the unfair benefits that a company has received in the past.

This isn't about creating new rules. The state aid rules that we apply have been in place for nearly sixty years. And we use existing principles to assess tax rulings, such as the arm's length principle, which makes sure that multinational businesses are treated in broadly the same way as standalone companies. So state aid enforcement doesn't take the place of the OECD's work; it complements it.

### **Enforcing competition rules can also help us to tackle climate change**

More than a fifth of Europe's greenhouse gas emissions come from transport. So the targets which the European Commission adopted yesterday, on the proportion of biofuels that should go into the fuel for our cars, can make an important contribution to protecting the climate.

Competition enforcement can help us achieve those targets as cheaply as possible. That's why we started an investigation last December into three ethanol producers. We're concerned that they may have colluded to push up benchmark prices of ethanol, making it more expensive to deal with climate change.

Competition can help us to achieve our targets in more areas than you might think. Take recycling, for example.

The Commission adopted a set of proposals last year to help us to move towards a more circular economy. One where the waste from one thing becomes the raw material for another.

Effective competition between recycling companies can help us to get there more cheaply. At the same time as those proposals, we took action under the antitrust rules against an Austrian recycling company known as ARA. That company was misusing its power by denying rivals access to its own unique infrastructure. That meant no one else had a chance to compete. And less competition could have meant higher prices for recycling.

### **Impartial enforcement**

So I think competition enforcement, as well as the principles that lie behind it, can help us to achieve a stronger, fairer, greener economy.

But it is important that competition enforcement works with a clear legal framework and sticks to its primary role.

For example, stopping cartels from raising the price of biofuels. We indirectly contribute to the fight against climate change. In doing that, we are simply helping our society to reap the rewards of fair competition.

But the question of the minimum amount of biofuel that should go into gasoline is not a decision for competition authorities or a horizontal agreement among the suppliers. That decision is one for legislators, through a democratic process.

And the same goes for other policy objectives, like promoting human rights, ensuring adequate labour protection, or building a sustainable economy. The sort of objectives that you'll be discussing later today.

I'm a great believer in corporate social responsibility. I welcome it when companies take a broader view of their role than just selling the best product at the lowest prices but also look at sustainability for example. There are many things they can do, such as setting up labelling schemes for products that live up to certain standards. As politicians, we should encourage that. As consumers, we can reward it by our choices.

I also think that a competitive and well-functioning market can be one with fewer opportunities for corruption, and less room for companies to get away with poor treatment of workers and communities.

But I don't think it's for competition enforcers to start pursuing those objectives.

Because what makes competition enforcement effective is its independence. It works because we take our decisions on the basis of the evidence and the law, without any aim in mind besides a competitive market with a fair deal for consumers. And because of that independence, we can take decisions that defend the interests of consumers, even when large and powerful companies are involved.

That's why the Commission is looking at how to make sure that all the EU's national competition authorities have guarantees of independence. It's also why I think your sessions today on the independence of competition authorities is very timely. Because competition enforcement can only be truly effective if the public is convinced that enforcers are taking decisions purely in the interests of competition.

## Conclusion

So I think that competition policy has an important role to play in facing up to the biggest challenges of our time. And I think that we need to be confident about what we can do, but also modest about the things that are best done by others.

There are many reasons in favour of an open and more competitive market. It can help answer many of our challenges. Competition gives people a fairer share of the benefits of growth. It helps us to keep down the costs of protecting our environment.

Insight gained from enforcing competition rules can help legislators to design better regulations.

At the same time, effective competition enforcement must have a clear legal framework with independence at its core. The moment we turn a blind eye to a company breaking the competition rules, just because that might help to achieve other aims, we would lose the independence that makes us effective.

In short, the best way for us to contribute is simply to do our job.

Because competition drives us all to do better. It gives us that extra push that helps us to deal with our challenges. And I think that is already a contribution we can be proud of.

Thank you.