

Statement by Commissioner Vestager on Commission decision to fine Qualcomm for engaging in predatory pricing

Check against delivery

Before turning to today's decision, I would very much like to use this opportunity to congratulate Ursula von der Leyen on her election by the European Parliament on Tuesday. It is indeed historic. We now have the first female president elect of the Commission. I very much look forward to working with Ursula and I find a lot of inspiration in her guidance and what line she is setting for the new Commission.

I am here, though, to talk about a decision that we have taken.

Today, the Commission has decided to fine Qualcomm 242 million euros for anti-competitive behaviour that is illegal under EU antitrust rules.

Our case concerns baseband chipsets compliant with the 3G standard and mainly used in mobile broadband devices. Our investigation found that Qualcomm blocked competition by applying predatory prices to protect its dominance.

EU competition rules do not prevent dominant companies, like Qualcomm, from offering low prices to their customers. But dominant companies have a special responsibility not to impair competition in the internal market. They can sell at low prices but cannot sell below cost with the intention of eliminating a competitor. This is not competition on the merits.

While such predatory pricing can lead to lower prices in the short term, consumers are worse off in the long run, once the victim of the predatory strategy is marginalised or leaves the market. A dominant company that is no longer challenged by competition will try to recoup what it has lost by raising prices and slowing down investments and innovation to the detriment of consumers.

What is today's decision about?

You probably right now have a baseband chipset in your pocket or bag. They are in all the smartphones and tablets that we use every day.

Thanks to this vital component, mobile devices can connect to mobile networks, so that we can make phone calls and access the internet.

Baseband chipsets can also be part of external modules such as data cards, which are plugged into a device to connect it to the internet. These mobile broadband devices were among the first to offer high-speed mobile connectivity, allowing laptops and other devices to go online.

Between 2009 and 2011, 3G was the most advanced wireless technology standard. At the time, Qualcomm sold 60% of these chipsets worldwide. There are significant barriers to entry into this market. Chipsets are complex products, they require high investment in research and innovation.

The fact that Qualcomm dominated this market is not, as such, a problem under EU competition rules. We value companies for becoming successful due to their skills and innovation. The problem is when a dominant company distorts competition against the interests of consumers and the market as a whole.

Our case began with a complaint from a company called Icera. Icera was a small, growing start-up, which introduced its first baseband chipset to the market in 2006. Icera's chipsets became an attractive alternative to Qualcomm's baseband chipsets, in particular those for data cards.

And as a result, Qualcomm started seeing Icera as posing a "*real threat*" to its chipset business.

Our investigation showed that Qualcomm identified the threat as "*critical*" in 2010. By then, Qualcomm not only had concerns about the growing success of Icera's chipsets for data cards. It was also concerned that Icera would start offering 3G chipsets for smartphones.

Icera's success in the data card segment could serve as a springboard to allow it to compete in the far more significant and profitable segment of chipsets for smartphones.

To make sure that Icera's business could not reach a size that could endanger its market position, Qualcomm took what it described in internal documents as "*preventive actions*".

This meant offering very targeted price concessions to two strategically important customers, namely Huawei and ZTE. These were big customers of chipsets for data cards and they were essential for Icera to succeed in the market.

Our investigation found that, during two crucial years for Icera's development prospects, Qualcomm offered three of its leading edge chipsets at prices below cost to both these key customers. The prices set by Qualcomm did not allow it to cover its cost for developing and producing these chipsets.

The evidence we have seen shows that this was done on purpose to prevent Icera from gaining a foothold in the market, at a time when Icera was Qualcomm's main contender in the market segment of chipsets for data cards.

Impact of Qualcomm's illegal behaviour

As a result of Qualcomm's conduct, Icera was prevented from gaining reputation and scale as a supplier of chipsets for data cards and, ultimately, from entering the larger smartphone segment.

Icera did not make it as a self-standing competitor in the chipset industry. In 2011 it was bought by Nvidia, which decided to abandon the baseband chipset market a few years later.

Qualcomm's abusive behaviour also had a negative impact on innovation. By choking off Icera's revenues from the 3G business, Qualcomm deprived Icera from the funds it needed to develop its chipsets for the next wireless generation, the 4G standard. Qualcomm did not demonstrate that its conduct created efficiencies that could justify it.

In short, Qualcomm's behaviour deprived consumers of a wider choice of technologies, and affected Icera's ability to develop chipsets for the next wireless technology generations.

Consequences of today's decision

This is why we have fined Qualcomm 242 million euros. The fine reflects both the seriousness and the duration of the infringement.

Predatory pricing is not a common type of case – in fact, the last time the Commission imposed a fine for such behaviour was 16 years ago. But no matter how difficult and complex these cases are, we remain committed to fighting predatory pricing by dominant companies.

Moreover, our decision today will support any action for damages caused by Qualcomm's anti-competitive behaviour before national courts. In fact, in cases before national courts, a Commission decision is binding proof that the behaviour took place and was illegal.

But it is true that if you think that this case took some time for us to conclude. We opened our formal investigation and sent a Statement of Objections to Qualcomm already in 2015.

Since then, we sent Qualcomm a supplementary Statement of Objections, held two oral hearings and engaged in detailed exchanges with the company concerning additional information required for our investigation. Qualcomm has also appealed one of our information requests to the General Court and, after losing in the first instance it appealed the Decision to the European Court of Justice.

These procedural steps are a key part of the checks and balances that ensure the procedural fairness of our enforcement system. But they do take time. We have made progress in this mandate in expediting our anti-trust procedures. But that is a challenge that will also stay with us for the future.

Conclusion

This is the second antitrust fine that we've imposed on Qualcomm. In 2018, we fined the company 997 million euros because it granted exclusivity payments.

In both that case and today's, Qualcomm's objective was the same: to protect its dominant position in relation to baseband chipsets to shut out rivals.

Similarly, the Commission's objective in these cases is always the same: to protect European consumers, to enable choice and ensure that they can enjoy the full benefits of competition that are so obvious, choice, affordable prices and innovation.

EASO and Frontex sign updated Cooperation Plan

Today the European Asylum Support Office (EASO) and the European Border and Coast Guard Agency (Frontex), strengthened their cooperation in their respective work on asylum, border control and migration management.

The updated [Cooperation Plan](#) was signed by the Executive Director of EASO, **Nina Gregori**, and the Executive Director of Frontex, **Fabrice Leggeri**, in Helsinki at the informal Justice and Home Affairs Council meeting. **Dimitris Avramopoulos**, the European Commissioner for Migration, Home Affairs and Citizenship, and **Maria Ohisalo**, the Finnish Minister of the Interior who represents the Presidency of Finland of the Council of the EU attended the signing ceremony.

"The European Asylum Support Office and the European Border and Coast Guard Agency are Europe's key agencies in supporting Member States to better manage asylum, migration and border challenges. I therefore very much welcome that they will strengthen their cooperation even more for the future," said Commissioner **Avramopoulos**.

Nina **Gregori** stated: *"EASO is delighted to renew and update this Plan with our sister Agency, Frontex. Our two Agencies work hand-in-hand to support Member States in the field of border management and asylum through training, analytical work, data gathering and concrete operational support on the ground. That is why it is important that our cooperation at all levels has continued to strengthen over the past years and that today we are reiterating this cooperation by providing a roadmap for our joint work in the future."*

Fabrice **Leggeri** said: *"Today we're strengthening the collaboration between our agencies, a cornerstone of the European migration policy. Frontex is looking forward to contributing its expanding field presence thanks to the development of the future Standing Corps and its unique expertise in providing the situational picture at the borders to pinpoint emerging*

challenges and trends.”

✖ The Cooperation Plan covers the 2019-2021 period and follows a [previous Cooperation Plan](#) for the years 2017-2018. The document will govern joint work in the areas of operational cooperation, information and analysis, capacity building and horizontal cooperation. The two agencies will work together on projects such as the set-up and implementation of the Migration Management Support Teams (MMST), as well as delivering a Common Situational Picture on irregular migration and persons in need of international protection.

Both agencies have been assisting national authorities in hotspots and work together to provide a full situational picture about migratory flows into the European Union and persons in need of international protection in order to help the authorities be better prepared to manage these flows.

Any further information may be obtained by contacting: press@easo.europa.eu or press@frontex.europa.eu.

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Juncker Plan: €306 million for small and medium-sized businesses in Czechia

The European Fund for Strategic Investments (EFSI), the core element of the [Investment Plan for Europe](#), or Juncker Plan, is supporting an agreement between the European Investment Bank (EIB) and Česká spořitelna (ČS) to provide €306 million in financing for small and medium-sized businesses (SMEs) in Czechia. The agreement will support about 250 companies and create nearly 43,000 jobs across the country. Věra **Jourová**, Commissioner for Justice, Consumers and Gender Equality said: *“I very much welcome this agreement, which will create opportunities for Czech entrepreneurs and open up access to the finance they need to generate better-paying jobs and innovate. This is an example of Europe’s strong added-value – by pulling resources together it can offer practical benefits for citizens.”* A press release is available [here](#). As of June 2019, the Juncker Plan has mobilised nearly €410 billion of additional investment, including €4.6 billion in Czechia. The Plan is currently supporting 952,000 small and medium businesses across Europe. (For more information: Annika Breidthardt – Tel.: +32 229 56153; Enda McNamara – Tel.: +32 229 64976)

La Commission présente des initiatives pour renforcer l'état de droit, et passe à l'étape suivante dans une procédure d'infraction pour mettre les juges polonais à l'abri de tout contrôle politique

S'appuyant sur les enseignements tirés depuis 2014 et des consultations approfondies menées depuis le mois d'avril de cette année, la Commission européenne a [décidé hier](#) d'une série de mesures visant à renforcer encore l'état de droit en Europe. D'après un sondage Eurobaromètre publié hier, plus de 80 % des citoyens attachent une grande importance au respect de l'état de droit et estiment qu'il doit être amélioré. Frans **Timmermans**, Premier vice-président, s'est exprimé en ces termes: « *La Cour de justice de l'Union européenne a récemment réaffirmé que l'état de droit est essentiel au fonctionnement de l'UE. Son importance est également reconnue par une majorité écrasante de citoyens de l'Union. Ce principe a toutefois été attaqué de plusieurs manières au cours des cinq dernières années. La Commission européenne s'est battue avec acharnement pour résister à ces attaques avec les instruments à notre disposition, et elle continuera de le faire. Nous avons décidé de renforcer encore notre panoplie d'instruments afin de promouvoir, de protéger et de faire respecter l'état de droit.* » La Commission a présenté hier des initiatives concrètes regroupées autour de trois piliers: la promotion d'une culture de l'état de droit; la prévention des problèmes liés à l'état de droit; et une réponse efficace aux violations de l'état de droit. La Commission a également [décidé de passer à l'étape suivante](#) d'une procédure d'infraction en cours visant la Pologne, en adressant un avis motivé concernant le nouveau régime disciplinaire applicable aux juges polonais. Le [3 avril 2019](#), la Commission a lancé cette procédure d'infraction au motif que le nouveau régime disciplinaire porte atteinte à l'indépendance judiciaire des juges polonais et n'apporte pas les garanties nécessaires pour mettre les juges à l'abri de tout contrôle politique, comme l'exige la Cour de justice de l'Union européenne. Les autorités polonaises disposent maintenant de deux mois pour prendre les mesures qui s'imposent pour se conformer à cet avis motivé. À défaut, la Commission pourrait décider de saisir la Cour de justice de l'Union européenne. (For more information: Christian Wigand – Tel.: +32 229 62253; Tim McPhie – Tel.: +32 229 58602)

Antitrust: Commission fines US chipmaker Qualcomm €242 million for engaging in predatory pricing

The European Commission has fined Qualcomm €242 million for abusing its market dominance in 3G baseband chipsets. Qualcomm sold below cost, with the aim of forcing its competitor Icera out of the market. This is illegal under EU antitrust rules. Baseband chipsets enable smartphones and tablets to connect to cellular networks and are used both for voice and data transmission. This case concerns chipsets complying with the Universal Mobile Telecommunications System ("UMTS"), the third generation ("3G") standard. Our investigation found that Qualcomm abused this dominance between mid-2009 and mid-2011 by engaging in "predatory pricing". Qualcomm sold certain quantities of three of its UMTS chipsets below cost to Huawei and ZTE, two strategically important customers, with the intention of eliminating Icera, its main rival at the time in the market segment offering advanced data rate performance. This behaviour took place when Icera was becoming a viable supplier of UMTS chipsets providing high data rate performance, thus posing a growing threat

to Qualcomm's chipset business. The Commission's conclusion that Qualcomm engaged in predatory pricing during the period investigated is based on: (a) a price-cost test for the three Qualcomm chipsets concerned; (b) a broad range of qualitative evidence demonstrating the anti-competitive rationale behind Qualcomm's conduct, intended to prevent Icera from expanding and building market presence. The targeted nature of the price concessions made by Qualcomm allowed it to maximise the negative impact on Icera's business, while minimising the effect on Qualcomm's own overall revenues from the sale of UMTS chipsets. There was also no evidence that Qualcomm's conduct created any efficiencies that would justify its practice. On this basis, the Commission concluded that Qualcomm's conduct prevented Icera from competing in the market, stifled innovation and ultimately reduced choice for consumers. Commissioner Margrethe **Vestager**, in charge of competition policy, said: *"Baseband chipsets are key components so mobile devices can connect to the Internet. Qualcomm sold these products at a price below cost to key customers with the intention of eliminating a competitor. Qualcomm's strategic behaviour prevented competition and innovation in this market, and limited the choice available to consumers in a sector with a huge demand and potential for innovative technologies. Since this is illegal under EU antitrust rules, we have today fined Qualcomm €242 million."* The full press release is available online in [EN](#), [FR](#), [DE](#). (For more information: Lucía Caudet – Tel. +32 229 56182; Maria Tsoni – Tel.: +32 229 90526)

Mergers: Commission clears Vodafone's acquisition of Liberty Global's cable business in Czechia, Germany, Hungary and Romania, subject to conditions

The European Commission has approved, under the EU Merger Regulation, the proposed acquisition by Vodafone of Liberty Global's cable business in Czechia, Germany, Hungary and Romania. Today's decision follows an [in-depth investigation](#) of the proposed transaction. Following its investigation, the Commission had concerns that, in Germany, the transaction: (i) Would eliminate the important competitive constraint exerted by the merging companies on each other in the market for the retail supply of fixed broadband services, in particular in the areas currently served by Liberty Global's subsidiary (Unitymedia). (ii) Would increase the market power of the merged entity in the market for the wholesale supply of signal for the transmission of TV channels. This could hinder the broadcasters' position, leading to quality degradation of the TV offer to final viewers in Germany. To address the Commission's competition concerns, Vodafone offered the following commitments: (a) To provide a remedy taker – already identified by Vodafone as Telefónica – with access to the merged entity's cable network in Germany. (b) To refrain from contractually restricting, directly or indirectly, the possibility for broadcasters that are carried on the merged entity's TV platform to also distribute their content via an OTT service. (c) Not to increase the feed-in fees paid by Free-to-Air broadcasters for the transmission of their linear TV channels via Vodafone's cable network in Germany by extending the existing agreements. (d) To continue to carry the HbbTV signal of Free-to-Air broadcasters, which allows TV customers to be directly connected to the broadcasters' interactive services. The Commission

concluded that the transaction, as modified by the commitments, would no longer raise competition concerns. This decision is conditional upon the full compliance with the commitments. Commissioner Margrethe **Vestager**, in charge of competition policy, said: *"In our modern society access to affordable and good quality broadband and TV services is almost as asked for as running water. We have today approved Vodafone's purchase of Liberty Global's business in Czechia, Germany, Hungary and Romania subject to remedies designed to ensure that customers will continue enjoying fair prices, high-quality services and innovative products."* The full press release is available online in [EN](#), [FR](#), [DE](#). (For more information: Lucía Caudet – Tel. +32 229 56182; Maria Tsoni – Tel.: +32 229 90526)

The European Union steps up support to security in Jordan and economic activities and trade in the region

The European Union has launched a new €6 million programme to improve border management capacities of security and law-enforcement in [Jordan](#) and to support economic activities and trade in the region. The programme will assist Jordanian authorities operating at the border with Iraq (Mafrq governorate) to rapidly react to any future humanitarian emergency as well as to security threat. This will also complement an ongoing support to the rehabilitation of a trade route at the Karameh-Treibil border crossing point that will contribute to facilitating bilateral trade and safe movement of people and goods between Jordan and Iraq. The programme constitutes an important step in supporting Jordan's resilience and ability to address threats, in accordance with the EU-Jordan Partnership Priorities. In the context of continuous EU support to border management and trade facilitation between Jordan and Iraq, notably through the upgrading of the Karameh-Treibil border point, the programme is contributing to restoring confidence within a region affected by multiple crises, including the conflict in neighbouring Syria and the threat of Da'esh. More information is available [here](#). (For more information: Maja Kocijancic – Tel.: +32 229 86570; Matteo Arisci – Tel.: +32 229 80833; Alceo Smerilli – Tel.: +32 229 64887)

La Commission européenne investit quatre millions d'euros pour soutenir la liberté de la presse et le journalisme d'investigation

La Commission européenne a lancé aujourd'hui un appel à propositions d'un montant de 4,2 millions d'euros pour soutenir la liberté des médias et le journalisme d'investigation en Europe. Ce financement fait partie de l'engagement de l'UE visant à promouvoir et à encourager [la liberté et le pluralisme des médias](#). Le soutien financier sera fourni pour trois actions. La première initiative mettra en place un mécanisme de réaction à l'échelle européenne pour atténuer les violations et la détérioration de la liberté de la presse et des médias dans les États membres (1,4 million d'euros). La deuxième initiative créera un fonds destiné à soutenir le journalisme d'investigation transfrontalier dans l'UE (1,5 million d'euros). La troisième partie de l'appel permet aux parties intéressées (par exemple, journalistes,

ONG) de proposer des projets qui soutiennent le journalisme indépendant et la coopération journalistique dans les États membres, ou sensibilisent et soulignent l'importance de la liberté des médias, de la qualité et du journalisme éthique dans l'UE (1,3 million d'euros). L'appel à propositions est ouvert jusqu'au 27 septembre 2019. Plus de détails sur les critères d'éligibilité pour chaque volet de l'appel sont disponibles [ici](#). *(Pour plus d'informations : Nathalie Vandystadt – Tél. : +32 229 67083 ; Inga Höglund – Tél.: +32 229 50 698)*

New Joint Research Centre report on factors driving political decision-making

Today the European Commission's [Joint Research Centre](#) has published a [new report](#) based on insight from the behavioural sciences, social sciences and the humanities, which looks at pressing political issues, such as the persistence of disinformation, and how emotions, values, identity and reason affect political decision-making. The aim of the report is to better understand the underlying behavioural and social processes behind policy-making, with the aim of using the findings to improve political decision-making by policymakers – civil servants and politicians – as well as citizens. Tibor **Navracsics**, Commissioner for Education, Youth, Culture and Sport, responsible for the Joint Research Centre, said: *"Simply making more information available to citizens or decision makers is not enough to guarantee more informed or better decision-making. If we want political decision-making to bring about positive social change, we need to better understand how emotions, values, identity and reason affect how we think, talk and take decisions on political issues."* The report is being presented during a [launch event](#) in Brussels today. More information is available [online](#). *(For more information: Nathalie Vandystadt – Tel.: +32 229 67083; Johannes Bahrke – Tel.: +32 229 58615; Joseph Waldstein – Tel.: +32 229 56184)*

ANNOUNCEMENTS

Vice-President Katainen attends annual public debate forum SuomiAreena in Pori, Finland

Vice-President Jyrki **Katainen**, responsible for Jobs, Growth, Investment and Competitiveness, will visit Pori, Finland, on 18 and 19 July to attend SuomiAreena, an annual public debate forum for citizens. On Thursday 18 July, Vice-President **Katainen** participates in a panel discussion on EU matters, organized by the European Commission Representation in Finland. He will have a live on stage interview with Finnish news media MTV to talk about the future of Europe and defence. He will also attend a working dinner with Minister of Economy Mika Lintilä, Members of Parliament and other participants of the forum. On Friday 19 July, the Vice-President will deliver a keynote speech on the economic situation and sustainable finance in an event of Nordea Bank. He will also attend a working lunch with Members of the Finnish Parliament belonging to the Grand Committee (EU affairs committee) and other participants of the forum. *(For more information: Annika*

Breidthardt – Tel.: +32 229 56153; Enda McNamara – Tel.: +32 229 64976)

Commissioner Stylianides visits Athens: Sustainable Africa speech and rescEU

Tomorrow, Commissioner for Humanitarian Aid and Crisis Management Christos **Stylianides** visits Athens to speak on “Sustainable Africa: A strategic challenge for the European Union” at an event organised by the Delphi Economic Forum. In his speech, the Commissioner will stress the importance of a mutually beneficial partnership with Africa in the framework of a strong [Africa-Europe Alliance](#), promoting stability and prosperity on the African continent. During his visit to Greece, Commissioner **Stylianides** will discuss rescEU – the strengthened [European civil protection](#) system – with the Greek authorities, which aims at better protect European citizens from natural disasters, such as forest fires. He will also hold bilateral meetings with Prime Minister Kyriakos Mitsotakis, Deputy Prime Minister Panagiotis Pikramenos and Minister of Citizen Protection Michalis Chrysohoidis. *(For more information : Carlos Martin Ruiz De Gordejuela – Tel.: +32 229 65322; Daniel Puglisi – Tel.: +32 229 69140)*

[Upcoming events](#) of the European Commission (ex-Top News)

ESMA advises on credit rating sustainability issues and sets disclosure requirements

ESMA, in its advice, has assessed the level of consideration of Environmental, Social and Governance (ESG) factors in both specific credit rating actions, and the credit rating market in general. It found that, while credit rating agencies (CRAs) are considering ESG factors in their ratings, the extent of their consideration can vary significantly across asset classes, according to each CRA’s methodology.

However, given the specific role that credit ratings have in the EU regulatory framework for the purposes of assessing credit risk, it would be inadvisable to amend the CRA Regulation to explicitly mandate the consideration of sustainability characteristics in all rating assessments. Instead, ESMA proposes that the European Commission assesses whether there are sufficient regulatory safeguards in place for other products that will meet the demand for pure sustainability assessments.

Steven Maijoor, Chair, said:

“Climate change is a reality. Financial market regulation needs to reflect

this by integrating sustainability considerations. To support the European Commission in this area we have advised on the level of sustainability considerations in the credit rating market, indicating that as demand for sustainability assessments increases, so does the need for vigilance on the levels of investor protection.

“We have also issued guidelines to CRAs to ensure greater transparency around where ESG factors are considered in CRAs’ credit assessments.”

CRAs need to harmonise disclosure of ESG considerations

The guidelines on disclosure requirements for credit ratings are intended to improve the overall quality and consistency of CRAs’ press releases related to their rating activity. The guidelines:

- provide detailed guidance as to what CRAs should disclose when they issue a credit rating. This will ensure a better level of consistency in terms of the critical information included in CRAs’ press releases; and
- require greater transparency around whether ESG factors were a key driver of the credit rating action. This will allow the users of ratings to better assess where ESG factors are affecting credit rating actions.

Speech by Vice-President Katainen on behalf of President Juncker at the Plenary Session of the European Parliament on the Finnish Presidency of the Council of Ministers

President, Prime Minister, Honourable Members,

It is a pleasure to be here today on behalf of President Juncker and to participate in this debate on the Finnish Presidency.

Let me first congratulate Ursula von der Leyen for her election by this house as President of the European Commission.

Also, I want to congratulate the Members of the European Parliament, in voting yesterday you instil democratic legitimacy in the Presidency of the European Commission that our citizens expect.

Prime Minister, it is a pleasure to see you here today soon after you hosted the College of Commissioners meeting in Helsinki just two weeks ago. As our President Juncker said in Helsinki: Europe needs Finland, because Finland is

pragmatic, down-to-earth, cool-headed. That is exactly what we need in the next upcoming months.

Prime Minister, when it comes to the environment, you are already leading by example. The European Union is the first major economy to have put in place a legally binding framework to deliver on what we committed to do under the Paris Agreement. We have set ambitious targets for 2030 for greenhouse gas emissions reduction, renewable energy and energy efficiency. And translating the 2030 targets into reality has to be our top priority. The European Commission has also laid out its vision for the EU to become climate neutral by 2050.

Reaching climate neutrality with zero net greenhouse gas emissions by 2050 is not only possible but also economically beneficial. The energy transition will not hurt our economy but on the contrary will result in the creation of new jobs, new business opportunities and hundreds of billions of euros per year in reduced air pollution damages.

Finland is showing us the way ahead with the unprecedented ambition of becoming climate neutral by 2035. I therefore have no doubt that Finland is the right country at the right time to take the European Union forward.

Every part of our economy must pull its weight. And this starts with the financial sector. It is why a key pillar of completing the Capital Markets Union is the Action Plan for Financing Sustainable Growth presented by the Commission in 2018. The idea behind the Action Plan is to help us make a systemic change in investment culture. Sustainability should not be seen as a niche within the financial system. It must define our financial system. And I hope that our proposal will be adopted under the Finnish presidency. It is also why the Commission has proposed that a quarter of the next long-term EU budget is spent on climate objectives. This is more than ever before.

With regards to what I call the "*industrial leg*" of our climate policy – the circular economy – our work to close the loop is now showing real results while creating jobs for our citizens. In 2016, sectors relevant to the circular economy employed more than four million workers, a 6% more than in 2012. And that is the reason, why circular economy must be a solid part of our industrial policy in the future.

Prime Minister, honourable Members, we agreed in Sibiu last May that we will provide the Union with the means necessary to attain our objectives.

To respect our commitment, we need a swift agreement on the next long-term EU budget. You can count on the support of the Commission to facilitate this process in any way we can.

A swift agreement would produce numerous benefits. It would allow us to create tens of thousands of research jobs already in 2021. 100,000 projects funded under Cohesion Policy would start on time. It would also ensure that in 2021, a million young people can benefit from an Erasmus exchange.

So let us send an unambiguous signal of our determination to conclude in the

autumn with a modern, balanced and unifying package that we can all support.

Prime Minister, we have also injected sustainability in our trade agreements. Today, Europeans benefit from open trade with 72 countries around the world. During this mandate alone, we finalised trade agreements with 15 countries, including Japan, Canada, Singapore and Vietnam. And we have recently concluded an agreement with Mercosur. This deal sends a clear message in support of open, and fair, sustainable and rules-based trade.

First, our agreement with Mercosur is the biggest agreement we have ever negotiated, creating a rules-based trade area covering 780 million people with the benefits this will bring to both sides. But moreover, it is also an agreement to which each and every country has committed itself to the effective implementation of the Paris Agreement, and in this case of Brazil, this includes the very significant commitment to stop deforestation in the Amazon.

When we talk about 'rules and values-based trade' today, this is what we mean. And yes we aim to open markets and we are always ready to open our own, but in doing so, we set the rules in which trade takes place. Trade for the EU means promoting the rules-based system, and playing our part in shaping globalisation according to our values and principles.

Honorable Members, industrial policy should be a key priority for our future. Industrial policy should be based on competitiveness, because competitiveness is the best friend of a welfare society. Industrial policy based on deepening single market, fair trade, investments to innovation, research and development are forward looking measures to shape our industrial policy and competitiveness. We need to maintain fair competition in social market economy instead of pursuing protectionism.

Prime Minister, ladies and gentlemen,

I can say to you in full confidence that the Commission is in total harmony with the priorities of the Finnish Presidency. Sustainability for Finns is part of who you are and it must be the same for the European Union if we are to have any kind of future at all. I know with you we are in the safest pair of hands in this respect.

This also applies to Finland's unwavering commitment to upholding the rule of law in the Union. By the way, this is the first time, when a Member State, takes a leading role in this file. At a time when the Rule of Law is under pressure, I am pleased to see this issue remaining high on the Presidency's agenda, not only concerning ongoing procedures under Article 7, but also concerning the strengthening of the overall rule of law framework. The rule of law is the cornerstone on which all our values rest. It makes us who we are as Europeans. But it is not a given and it can never be taken for granted.

Such is the case of course when it comes to the security of the European Union. We must take responsibility for ourselves. This has been a priority of this Commission since the day one and today the cooperation we have at the

European level is unprecedented. We have witnessed terrorist attacks and cyberattacks; we have seen interference to our elections and democratic processes. This Commission has done a lot to protect our citizens offline and online. Europe is by far the safest place to live in the world. But the nature of security issues is changing by the day. We must constantly adapt. And so I very much welcome the initiatives of the Finnish Presidency in this regard, particularly regarding hybrid threats.

Honorable President, honorable Members of the Parliament, Prime Minister, I really want to wish a lot of energy, and strength to your work in conducting the rotating presidency, I must admit that there are high expectations for the work you are doing.

Thank you very much.