

Safeguards in free trade agreements: Council adopts horizontal framework for bilateral measures

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The EU will soon have in place an overall framework for ensuring consistency of safeguard measures included in free trade agreements.

The Council today adopted a regulation streamlining **the inclusion of safeguard measures in trade agreements** so that they are applied effectively and consistently across the board.

Bilateral safeguard measures linked to trade agreements (allowing for the temporary withdrawal of tariff preferences) are intended to **protect a particular domestic industry** from an increase in imports of any product which is causing, or which risks causing, serious injury to that industry.

The EU regularly concludes trade agreements with third countries, most of which include bilateral safeguard clauses or other mechanisms for the temporary withdrawal of tariff preferences or preferential treatment. Up to now, the bilateral safeguard mechanism has been proposed **separately** in conjunction with each trade agreement.

At this stage, the regulation covers the **implementation of the EU-Japan, EU-Singapore and EU-Vietnam free trade agreements**. Further trade agreements might be added to the scope of the regulation in the future by means of delegated acts.

Next steps

The regulation should be signed on 13 February in Strasbourg. It will then be published in the Official Journal and enter into force 20 days later.

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State aid: Commission approves €36 million Polish investment aid to LG Chem's electric vehicles batteries plant

The €36 million investment aid granted by Poland will support LG Chem's €325 million investment in a new vertically integrated manufacturing plant for the production of lithium-ion (Li-ion) batteries in the Dolnoślaskie region of Poland. Li-ion batteries are used in electric vehicles and the new plant is expected to supply batteries for more than 80 000 electric vehicles per year in the European Economic Area (EEA).

The project is expected to create more than 700 direct jobs. The manufacturing plant is located in the Dolnoślaskie region, an area eligible for regional aid ([Art. 107\(3\)\(a\)](#) of the Treaty on the functioning of the European Union).

The Commission assessed the aid measure under the [Guidelines on Regional State Aid](#) for 2014-2020, which enable Member States to support economic development and employment in the EU's less developed regions and to foster regional cohesion in the Single Market.

The Commission found that:

- without the public funding, the project would not have been carried out in Poland or any other EU country;
- the aid is limited to the minimum necessary to trigger the investment in Poland rather than outside the EEA;
- the investment aid will contribute to job creation as well as to the economic development and to the competitiveness of a disadvantaged region.

The Commission concluded that the positive effects of the project on regional development clearly outweigh any distortion of competition brought about by the State aid.

Background

An aid measure must meet the following conditions under the [Guidelines on Regional State Aid](#) for 2014-2020:

- The aid must have a real "incentive effect", in other words, it must effectively encourage the beneficiary to invest in a specific region;
- The aid must be kept to the minimum necessary to attract the investment to the disadvantaged region;

- The aid must not have undue negative effects, such as the creation of excess capacity in a declining market;
- The aid must not exceed the regional aid ceiling applicable to the region in question;
- The aid must not directly cause the relocation of existing or closed down activities from elsewhere in the EU to the aided establishment; and
- The aid must not divert investment away from another region in the EU which has the same, or lower, level of economic development than the region where the aided investment takes place.

To support the development of a competitive manufacturing value chain in Europe with sustainable battery cells at its core, the Commission [launched the European Battery Alliance](#) in October 2017. This initiative seeks to capitalise on the job, growth and investment potential of batteries. [One year on from the launch of the European Battery Alliance](#), there is already tangible progress in the creation of a European battery production industry.

The non-confidential version of the decision will be made available under the case number [SA.47662](#) in the [State aid register](#) on the Commission's [competition](#) website once any confidentiality issues have been resolved. New publications of state aid decisions on the internet and in the Official Journal are listed in the [State Aid Weekly e-News](#).

[Competition: Commission report finds active competition enforcement contributes to affordable and innovative medicines](#)

Margrethe **Vestager**, Commissioner in charge of competition policy, said *"Giving European patients and healthcare systems access to affordable and innovative medicines is one of Europe's main challenges and objectives. The report published today provides key insights into the valuable work that competition authorities across Europe are doing to ensure that pharmaceutical markets help achieve this goal. It is important that we continue giving a high priority to our work in this area."*

The report provides an overview on the enforcement of antitrust and merger rules in the pharmaceutical sector and describes how competition law enforcement has contributed to improving European patients' access to affordable and innovative essential medicines. It focuses on the period since 2009, when the Commission carried out an [inquiry into competition in the pharmaceutical sector](#).

The Commission drafted the report in close cooperation with the national

competition authorities of the 28 EU Member States, with which the Commission works in the European Competition Network.

On the basis of the insights gained from the report, the Commission and the national competition authorities will continue their enforcement efforts in the pharmaceutical sector, which remains a matter of high priority taking into account the importance of the sector both economically and in terms of impact on peoples' well-being and lives.

Main findings of the report

Fair prices for medicines

With respect to **anti-competitive agreements and cases of abuse of a dominant position**, the Commission and national competition authorities have investigated well over 100 cases and have adopted **29 decisions** against unlawful practices in the supply of medicines since 2009:

- In these cases, the competition authorities have investigated and sanctioned anti-competitive practices that lead to **higher prices of medicines**.
- The **anticompetitive practices** ranged from (i) exclusionary conduct to delay the entry of generic medicines into the market, to (ii) market sharing/price fixing practices and (iii) pay-for-delay agreements, where originator and generic companies colluded to keep the generics off the market and shared the originator's profits from doing so. Several investigations concerned (iv) excessive prices charged for off-patent medicines.
- These decisions imposed **finances totalling over €1 billion**, or made binding companies' commitments to remedy their anti-competitive behaviour.

Higher prices may also result from **mergers of pharmaceutical companies** where the pricing power of the merged company is strengthened. To prevent pharmaceutical markets from becoming overly concentrated, **the Commission reviewed more than 80 mergers** in the pharmaceutical sector. Competition concerns were detected in 19 cases, where mergers could have led to price increases, in particular for generic products or biosimilar products. The Commission cleared these mergers only after the companies committed to divest parts of their businesses in order to preserve the existing degree of price competition.

In addition, the competition authorities undertook more than **100 market monitoring and advocacy activities**. These offered insight into the functioning of the markets, provided guidance to market participants, and triggered antitrust investigations in some individual cases. Advocacy activities influenced the design of regulation and legislation and helped to create or restore conditions more conducive to effective and fair competition.

More innovation and choice

The report found that competition enforcers helped **maintain the level of innovation** in the sector by intervening, using antitrust rules, against practices that could have distorted the incentives to innovate. This relates in particular to attempts to delay the entry of generic medicines into the market, which can allow companies to unduly draw profits from older products instead of having to compete with new, innovative medicines.

The Commission's merger control activity also contributed to **innovation and increased choice** of medicines, by preventing transactions that could have compromised research and development efforts to launch new medicines or to extend the therapeutic use of existing medicines.

Scope for further enforcement action

The antitrust and merger cases cited in the report show that the pharmaceutical sector requires close scrutiny by competition authorities. The enforcement record of the Commission and the national competition authorities provides a solid basis for competition authorities to continue working and focusing their enforcement efforts in the sector.

However, while the cases discussed in the report show that competition law enforcement helps to safeguard competition on prices and to stimulate innovation, there are limits to what competition law can do. In particular, continuous efforts by all stakeholders are needed to address the societal challenge of ensuring sustainable access to affordable and innovative medicines.

The executive summary and the report are available in all official EU languages on the [Commission's competition website](#).

Background

In its [Conclusions on strengthening the balance in the pharmaceutical systems in the EU and its Member States](#) of 17 June 2016, the Council expressed several concerns regarding patients' access to affordable medicines. Referring to the Commission's [2009 Pharmaceutical Sector Inquiry Report](#), which stressed that a competitive market for medicinal products benefits from vigilant competition law scrutiny, the Council invited the Commission to prepare a report on competition cases following this sector inquiry.

The European Parliament, in its [Resolution on EU options for improving access to medicines](#) of 2 March 2017 also expressed concerns about insufficient access to essential medicinal products and high prices of innovative medicines, recognising the importance and effectiveness of antitrust tools against anti-competitive behaviour such as the abuse or misuse of patent systems and of the system for authorisation of medicines.

The report published today was drafted to describe, in response to the concerns raised separately by the Council and the European Parliament, the contribution that competition law enforcement can make to achieving the objectives of affordable and innovative medicines.

The Commission and Member States' competition authorities co-operate closely

within the European Competition Network. National competition authorities are fully empowered to apply [Articles 101 and 102](#) of the Treaty of the Functioning of the European Union (TFEU). If a certain conduct does not affect cross-border trade, the national competition authorities apply their national antitrust laws, which are often a reflection of EU law. The Commission is entrusted with reviewing mergers with an EU dimension, i.e. where the merging companies' turnovers meet the thresholds laid out in the [EU Merger Regulation](#). If these thresholds are not met, a merger can be caught by national jurisdictions and reviewed by one or several national competition authorities.

[Daily News 28 / 01 / 2019](#)

Commission launches targeted consultation on the global role of the euro in foreign exchange markets

As part of its work to explore how to increase the international role of the euro, the Commission launched an additional [targeted consultation](#). This consultation is aimed at financial institutions and other stakeholders with an in-depth understanding of foreign exchange markets. The objective is to assess the role of the euro in these markets, especially in comparison with other major currencies, and to determine whether trading the euro is conducted efficiently and on the basis of adequate market liquidity. The consultation will also assess the role that euro area banks play in foreign exchange markets. This follows the [first round of consultations](#) launched on 23 January on agricultural and food commodities, metals and minerals, and transport sector manufacturers in the field of aircraft, maritime and railway transport. A consultation in the field of energy will follow. These consultations are a follow-up to the December 2018 Communication "[Towards a stronger international role of the euro](#)", which outlined the benefits of a strengthened international role of the euro for the EU and the international financial system and proposed initiatives to boost the euro's role. The Euro Summit of December took note of this Communication and encouraged work to be taken forward. The consultation, launched on Friday 25 January afternoon, will remain open until end-March 2019. In addition, the Commission will hold discussions on the increased international role of the euro in different public fora. The Commission will report on progress by the summer. The consultation can be accessed [here](#). (For more information: Johannes Bahrke – Tel.: +32 229 58615; Letizia Lupini – Tel.: +32 229 51958)

Competition: Commission report finds active competition enforcement contributes to affordable and innovative medicines

The European Commission has published a report showing that active competition law enforcement, at EU and national level, in the pharmaceutical

sector contributes to delivering more affordable medicines and more choice to patients and healthcare systems, and promotes further innovation. The report focuses on the period since 2009, when the Commission carried out an [inquiry into competition in the pharmaceutical sector](#). The Commission drafted the report in close cooperation with the national competition authorities of the 28 EU Member States, with which the Commission works in the European Competition Network. On the basis of the insights gained from the report, the Commission and the national competition authorities will continue their enforcement efforts in the pharmaceutical sector, which remains a matter of high priority taking into account the importance of the sector both economically and in terms of impact on peoples' well-being and lives. The executive summary and the report are available in all official EU languages on the [Commission's competition website](#). Margrethe Vestager, Commissioner in charge of competition policy, said *"Giving European patients and healthcare systems access to affordable and innovative medicines is one of Europe's main challenges and objectives. The report published today provides key insights into the valuable work that competition authorities across Europe are doing to ensure that pharmaceutical markets help achieve this goal. It is important that we continue giving a high priority to our work in this area."* The full press release is available [online](#). (For more information: Ricardo Cardoso – Tel.: +32 229 80100; Maria Tsoni – Tel.: +32 229 90526)

State aid: Commission approves €36 million Polish investment aid to LG Chem's electric vehicles batteries plant

The European Commission has found Poland's €36 million investment aid to chemical company LG Chem for a new electric vehicle batteries plant in the Dolnoślaskie region to be in line with EU State aid rules. The investment aid will support LG Chem's €325 million investment in a new vertically integrated manufacturing plant for the production of lithium-ion (Li-ion) batteries in Poland. Li-ion batteries are used in electric vehicles and the new plant is expected to supply batteries for more than 80 000 electric vehicles per year in the European Economic Area (EEA). The project is expected to create more than 700 direct jobs. The manufacturing plant is located in the Dolnoślaskie region of Poland, an area eligible for regional aid ([Art. 107\(3\)\(a\)](#) of the Treaty on the functioning of the European Union). The Commission assessed the aid measure under the [Guidelines on Regional State Aid](#) for 2014-2020, which enable Member States to support economic development and employment in the EU's less developed regions and to foster regional cohesion in the Single Market. The Commission found that: (i) without the public funding, the project would not have been carried out in Poland or any other EU country; (ii) the aid is limited to the minimum necessary to trigger the investment in Poland rather than outside the EEA; (iii) the investment aid will contribute to job creation as well as to the economic development and to the competitiveness of a disadvantaged region. The Commission concluded that the positive effects of the project on regional development clearly outweigh any distortion of competition brought about by the State aid. The full press release is available [online](#). (For more information: Ricardo Cardoso – Tel.: +32 229 80100; Giulia Astuti – Tel.: +32 229 55344)

Mergers: Commission approves creation of joint venture between Aunde and

Brose

The European Commission has approved, under the EU Merger Regulation, the acquisition of joint control over a newly created joint venture by AUNDE Group SE (AUNDE) and Brose Fahrzeugteile GmbH & Co. KG (Brose), all of Germany. The joint venture will be active in the assembly and supply to car manufacturers of complete car seats for passenger cars. AUNDE develops and produces upholstery and technical textiles, as well as seat covers for car manufacturers. Brose produces seat structures for passenger cars. The Commission concluded that the proposed concentration would raise no competition concerns because of the limited horizontal and vertical overlaps in the activities of the companies concerned. The operation was examined under the simplified merger review procedure. More information is available on the Commission's [competition](#) website, in the public [case register](#) under the case number [M.9174](#). (For more information: Ricardo Cardoso – Tel.: +32 229 80100; Giulia Astuti – Tel.: +32 229 55344)

ANNOUNCEMENTS

Commissioner Hahn in Yerevan, Armenia to confirm EU support to the country's reform progress

Commissioner for European Neighbourhood Policy and Enlargement Negotiations Johannes **Hahn** is in Yerevan today and tomorrow to discuss EU support to [Armenia](#) on its reform path and the need for a continued engagement of the country in the region. Ahead of the mission, Commissioner **Hahn** said: *"I am looking forward to be in Armenia and meet the new Government. We attach great importance to EU-Armenia relations and we are ready to step up our support for the country's reform effort to improve the lives of the citizens. Armenia's commitment in the Eastern Partnership remains crucial for us and we will continue to encourage it for regional cooperation, prosperity and stability. This is particular important this year, when we are celebrating the [10th year anniversary of the Eastern Partnership](#)."* Commissioner **Hahn** will meet President Armen Sarkissian, Prime Minister Nikol Pashinian and members of his new government, including Foreign Minister Zohrab Mnatsakanyan, as well as representatives of civil society organisations. The Commissioner and the Foreign Minister will have a press conference after their meeting. Photos and videos of the visit will be available on [EBS](#). More information on EU-Armenia relations is available in our dedicated [factsheet](#). (For more information: Maja Kocijančič – Tel.: +32 229 86570; Alceo Smerilli – Tel.: +32 229 64887)

Commissioner Navracsics visits Ireland to speak at the Irish Universities Association and hold a Citizens' Dialogue

Commissioner for Education, Culture, Youth and Sport, Tibor **Navracsics**, will be in Dublin tomorrow, 29 January. He will deliver a speech at a breakfast event organised by the Irish Universities Association, *"Ireland's place in a new European University System"* alongside Irish Minister of State for Higher Education, Mary Mitchell O'Connor. Senior representatives of Irish universities, government officials in the education sector and industry leaders will attend the event. The Commissioner will discuss work towards

building a [European Education Area by 2025](#), including the [European Universities initiative](#), which aims to make European higher education more competitive, inclusive and innovation-driven. In the afternoon, the Commissioner will hold a [Citizens' Dialogue](#) on youth and the future of Europe at the Tallaght campus of the Technological University Dublin, Ireland's new and first technological university. For this debate, he will be joined by Katherine Zappone, Minister for Children and Youth Affairs, and Professor David FitzPatrick, President of the University. *(For more information: Nathalie Vandystadt – Tel.: [+32 229 67083](#); Joseph Waldstein – Tel.: +32 229 56184)*

Vice-President Katainen to visit Greece for a Citizens' Dialogue with start-up entrepreneurs

On Tuesday 29 January, Commission Vice-President Jyrki **Katainen**, responsible for Jobs, Growth, Investment and Competitiveness, will visit Athens, Greece to participate in a [Citizens' Dialogue](#) with young start-up entrepreneurs. The Vice-President will also meet Mr Giannis Dragasakis, Deputy Prime Minister and Minister of Economy and Development, and Mr Nikolaos Voutsis, President of the Hellenic Parliament. Vice-President **Katainen** will attend a working lunch with Mr Kyriakos Mitsotakis, Leader of the party Nea Dimokratia and address the Members of the Special Standing Committee on European Affairs, of the Standing Committee on Economic Affairs and of the Standing Committee on Production and Trade of the Hellenic Parliament. *(For more information: Annika Breidthardt – Tel.: +32 229 56153; Sophie Dupin de Saint-Cyr – Tel.: +32 229 56169)*

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

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