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## New measures to fight against illegal competition practices in the internal market

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The EU's committee of permanent representatives (Coreper) today endorsed an agreement between the Council, represented by the Bulgarian presidency, and the European Parliament on new measures to bring the **enforcement of competition rules in line with the digital age** and to tackle **illegal competition practices** in the EU.

The new rules will strengthen cooperation between national competition authorities and the European Commission, and will be an effective way of

ensuring that free and open competition is not distorted in the internal market.

Effective enforcement of competition rules is necessary to protect consumers from illegal business practices that keep the prices of goods and services artificially high. At the same time, the improved enforcement will ensure that companies compete fairly in Europe, enabling them to generate wealth and create jobs.

Emil Karanikolov, Minister for the economy of Bulgaria

A truly common competition enforcement area in Europe provides a more even **level playing field for businesses** operating in the internal market and reduces unequal conditions for consumers.

Distortion in competition undermines consumer confidence in the internal market, including in the digital environment.

The new directive provides better tools for the public enforcement of competition rules.

#### Better enforcement of competition rules

EU competition rules are enforced by the national competition authorities (NCAs) of the member states in parallel to the Commission. The NCAs and the Commission form together a network of competition authorities, called the European Competition Network, which ensures that competition rules are applied.

Currently, differences in the application of these rules make that businesses engaged in anti-competitive practices can face different outcomes of proceedings depending on the country in which they are active. For example, businesses can in some cases avoid fines simply by restructuring.

Under the new rules, NCAs will be better equipped to detect agreements, decisions or concerted practices prohibited by competition law and prevent any abuse of dominant position.

The new measures provide the NCAs with common instruments and effective enforcement powers to ensure that they will have:

- independence when enforcing EU antitrust rules, without interferences that would put at risk their impartiality
- the powers and resources needed to collect relevant information on businesses subject to investigation, while respecting their rights to defence
- adequate tools for imposing sanctions for infringements
- coordinated leniency programmes to encourage companies to reveal secret cartels by applying common criteria to grant immunity or reduction of fines.

#### **Next steps**

The Council and the European Parliament are expected to adopt the directive after the summer break, after which it will be published in the EU's Official Journal.

Following the entry into force of the directive, member states will have two years to incorporate the new provisions into their domestic law.

#### **Background**

EU competition law is rooted in articles 101 and 102 of the EU treaty :

- Article 101 prohibits agreements between market operators which restrict competition, such as the creation of a cartel involving price-fixing and/or market sharing.
- Article 102 prohibits firms that hold a dominant position on a given market to abuse that position, for example by charging unfair prices, by limiting production, or by refusing to innovate to the prejudice of consumers.

The Commission presented the proposal to enable member states' competition authorities to be more effective enforcers of EU antitrust rules ("ECN Plus") on 23 March 2017.

The European Parliament approved its position in the plenary session of 13 March 2018.

The Council and the Parliament held three rounds of negotiations leading to a political agreement on 30 May 2018.

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# The Energy Union gets simplified, robust and transparent governance: Commission welcomes ambitious agreement

With today's deal the Member States of the European Union will be equipped to govern the Energy Union — this common project aimed at ensuring that all Europeans have access to secure, affordable and climate-friendly energy. This new governance system will enable the European Union to realise its goals of becoming world leader on renewables, putting energy efficiency first, provide

a fair deal for consumers and set the course for the EU's strategy long-term greenhouse gas reduction.

By building trust and consensus between the Member States on energy and climate matters the governance will set the best way to achieve the energy transition and the modernisation of the EU economy and industry. The governance of the Energy Union will be instrumental to enable the political process required to deliver what 73% of EU citizens want: a common energy policy for all EU Member States[1].

Today's deal means that four out of the eight legislative proposals in the 2016 <u>Clean Energy for All Europeans</u> package have been agreed by the colegislators, after yesterday's agreement on Energy Efficiency (see <u>STATEMEMT/18/3997</u>) and the agreements on 14 June and 14 May on the <u>revised Renewable Energy Directive</u> and the <u>Energy Performance in Buildings Directive</u> respectively. These four pieces of legislation complement the revision of the Emissions Trading System, the Effort Sharing Regulation and the Land Use Change and Forestry Regulation that were also adopted earlier this year. Thus, progress and momentum towards completing the Energy Union and combatting climate change are well under way. The Juncker Commission, working under its political priority "a resilient Energy Union and a forward-looking <u>climate change policy</u>", is delivering.

This regulation will ensure that the objectives of the Energy Union, especially the EU's 2030 energy and climate targets - reduction of 40% of greenhouse gas emissions, a minimum of 32 % renewables in the EU energy mix and the 32.5 % goal of energy efficiency savings — are achieved by setting out a political process defining how EU countries and the Commission work together, and how individual countries should cooperate, to achieve the Energy Union's goals. This will be done by making sure that national objectives and policies are coherent with EU goals, while at the same time allowing individual countries flexibility to adapt to national conditions and needs. The regulation will equally promote long-term certainty and predictability for investors. The new rules stress the importance of regional cooperation in the development and implementation of energy and climate policies. EU countries are also called on to encourage their citizens to participate in the preparation of the plans. This will ensure that the views of citizens and businesses as well as regional and local authorities are heard. This will set a new relationship between European citizens and decision makers so that the governance and its national energy and climate plans all Member States of the EU to build further consensus on the best way to achieve the energy transition and move from a situation of decision by a few to a situation of action by all. This will contribute to have all Member States making the best and most cost-efficient choices and the right investments so that their energy decisions climate-consistent and avoid costly lock-ins.

Commission Vice-President for the Energy Union Maroš **Šefčovič** said: "With this ambitious agreement on the Energy Union's governance, we put in place its cornerstone. It will enhance transparency for the benefit of all actors and investors, in particular. It will simplify monitoring and reporting of obligations under the Energy Union, prioritizing quality over quantity. And

it will help us deliver on promises in the field of energy, climate and beyond. Now I am looking forward to the Member States' draft energy and climate plans by the end of this year, as they send a strong signal to investors who need clarity and predictability. The Energy Union is on track, going from strength to strength."

Commissioner for Climate Action and Energy Miguel **Arias Cañete** said: "After agreeing on renewable energy last week, and on energy efficiency yesterday, today's deal is another major delivery in our transition to clean energy. For the first time we will have an Energy Union Governance, fixed in the European Union rule book, encompassing all sectors of the energy policy and integrating climate policy in line with the Paris Agreement. When finalised by the Member States in their national plans, this will translate into the right investments to modernise the EU economy and energy systems, creating new jobs, lower energy bills for Europeans and reduce costly energy imports to the EU. One thing is certain, with the Energy Union governance we have the necessary stepping stone for the preparation of Long-Term Strategy to reduce the emissions of greenhouse gases that are warming up the planet and changing the climate."

#### Main achievements:

- Calls for each Member State to prepare a national energy and climate plan for the period 2021 to 2030, covering all the five dimension of the Energy Union and taking into account the longer-term perspective. These national plans would be comparable throughout the EU. Assessments of the draft plans, and recommendations by the Commission, will result in final plans that ensure that the 2030 climate and energy targets will be reached in a coherent, collaborative and least-cost way across the EU.
- Aligns the frequency and timing of reporting obligations across the five dimensions of the Energy Union and with the Paris Climate Agreement, significantly enhancing transparency and delivering a reduction of the administrative burden for the Member States, the Commission and other EU Institutions.
- Ensures that EU and Member States can work together towards further enhancing the ambition set up in the Paris Climate agreement and strengthens regional cooperation across the Energy Union dimensions.
- Introduces the necessary flexibility for Member States to reflect national specificities and fully respects their freedom to determine their energy mix.
- Ensures the follow-up of the progress made at Member State level to the collective achievement of the binding EU renewables target, the EU energy efficiency target and the 15% interconnection target.
- Introduces a robust mechanism to ensure the collective attainment of the EU renewable and energy efficiency targets.
- Establishes a clear and transparent regulatory framework for the

dialogue with civil society in Energy Union matters and enhances regional cooperation.

#### Next steps

Following this political agreement, the text of the Regulation will have to be formally approved by the European Parliament and the Council. Once formally adopted by both co-legislators in the coming months, the Regulation on the Governance of the Energy Union will be published in the Official Journal of the Union and will enter into force 20 days after publication.

#### Background

The Regulation on the Governance of the Energy Union is part and parcel of the implementation of the Juncker Commission priorities to build "a resilient Energy Union and a forward-looking climate change policy". The Commission wants the EU to lead the clean energy transition. For this reason the EU has committed to cut greenhouse gas emissions by at least 40% by 2030, while modernising the EU's economy and delivering on jobs and growth for all European citizens. In doing so, it is guided by four main goals: putting energy efficiency first, achieving global leadership in renewable energies, providing a fair deal for consumers and being a leader in the fight against climate change. To put these goals into action, a robust governance system of the Energy Union is needed.

To that effect, the Commission presented on 30 November 2016, as part of the Clean Energy for All Europeans, package, its proposal for a Regulation on the Governance of the Energy Union. The Regulation as provisionally approved emphasises the importance of meeting the EU's 2030 energy and climate targets, sets out how EU countries and the Commission should work together through an iterative process and how individual countries should cooperate to achieve the Energy Union's goals. It takes into account the fact that different countries can contribute to the Energy Union in different ways. It also puts obligations on Member States to plan for the low carbon development in the longer run, at least 30 years from now.

If an individual country's draft integrated National Energy and Climate Plan does not sufficiently contribute to reaching the Energy Union's objectives, or if the EU collectively does not make sufficient progress towards these objectives, the Commission may issue recommendations to countries. The provisionally agreed Regulation also includes other ways of ensuring that the new plans are fully developed and implemented: in the area of renewable energy, these could include additional national measures (ranging from contributions to a financing platform to measures in the heating and cooling and transport sectors) and EU-level measures. In the area of energy efficiency, additional measures could in particular aim to improve the energy efficiency of products, buildings and transport.

The Regulation also foresees a more streamlined electronic reporting system, to ensure robust and transparent information in this area. The Regulation

will from 2021 replace the Climate Monitoring Mechanism Regulation EU 525/2013, which governs EU's and Member States reporting obligations towards the UN.

#### More information

Governance of the Energy Union

**Energy Union** 

Investment Plan for Europe: the Juncker Plan

[1] Standard Eurobarometer 89, Spring 2018. http://europa.eu/rapid/press-release IP-18-4148 en.htm

#### <u>Digital Single Market: EU negotiators</u> <u>reach a political agreement on free</u> <u>flow of non-personal data</u>

The new rules will also support the creation of a competitive data economy within the Digital Single Market.

Vice-President for the Digital Single Market Andrus **Ansip** said:"Data localisation restrictions are signs of protectionism for which there is no place in a single market. After free movement of people, goods, services and capital, we have made the next step with this agreement for a free flow of non-personal data to drive technological innovations and new business models and create a European data space for all types of data."

Commissioner for Digital Economy and Society Mariya **Gabriel** said: "Data is the backbone of today's digital economy and this proposal will help to build a common European data space. The European data economy can become a powerful driver for growth, create new jobs and open up new business models and innovation opportunities. With this agreement we are one step closer to completing the Digital Single Market by the end of 2018."

The new rules will remove barriers hindering the free flow of data, and boost Europe's economy by generating an estimated growth of up to 4% GDP by 2020.

The new free flow of non-personal data rules will:

• Ensure the free flow of data across borders: The new rules set a framework for data storing and processing across the EU, prohibiting data localisation restrictions. Member States will have to communicate

to the Commission any remaining or planned data localisation restrictions to the Commission in limited specific situations of public sector data processing. The Regulation on free flow of non-personal data has no impact on the application of the <u>General Data Protection</u>

Regulation (GDPR), as it does not cover personal data. However, the two Regulations will function together to enable the free flow of any data — personal and non-personal — thus creating a single European space for data. In the case of a mixed dataset, the GDPR provision guaranteeing free flow of personal data will apply to the personal data part of the set, and the free flow of non-personal data principle will apply to the non-personal part.

- Ensure data availability for regulatory control: Public authorities will be able to access data for scrutiny and supervisory control wherever it is stored or processed in the EU. Member States may sanction users that do not provide access to data stored in another Member State.
- Encourage creation of codes of conduct for cloud services to facilitate switching between cloud service providers under clear deadlines. This will make the market for cloud services more flexible and the data services in the EU more affordable.

The agreed measures are in line with existing rules for the free movement and portability of personal data in the EU.

#### **Background**

The Commission presented a <u>framework for the free flow of non-personal</u> data in September 2017 as a part of President Jean-Claude **Juncker**'s State of the Union address to unlock the full potential of the <u>European Data Economy</u>. It was announced as one of the key actions in the <u>mid-term review of the Digital Single Market strategy</u>.

#### For More Information

<u>A framework for the free flow of non-personal data in the EU — Questions and Answers</u>

Factsheet: Free flow of non-personal data

Factsheet: Data economy in the EU

Regulation on the Free Flow of non-personal data

Public Consultation on Data Economy: synopsis report

<u>Digital Single Market: study on data location restrictions</u>

Communication "Mid-Term Review on the implementation of the Digital Single Market strategy" of May 2017

## <u>Pensions: Council agrees its stance on pan-European pension product</u>

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The Council has agreed its negotiating stance on a proposal that would make it easier for people to put money aside for their old age.

On 19 June 2018, EU ambassadors asked the presidency to **start negotiations** with the European Parliament on the proposed 'pan-European pension product' (PEPP), a **new class** of personal pension scheme, as soon as the Parliament is ready to negotiate.

The draft regulation is aimed at providing **greater choice** for people who wish to save for their retirement, and at the same time **boosting the market** for personal pensions. According to the Commission, only 27% of Europeans between 25 and 59 years of age have subscribed to a pension product.

"The pan-European pension product will bolster our **capital markets union** plan, as it will help channel savings towards long-term investments", said Vladislav Goranov, minister for finance of Bulgaria, which currently holds the Council presidency. "It will promote competition amongst pension providers, enabling them to sell pension products outside their national markets and giving savers more choice over how and where to place their savings."

Under the proposal, PEPPs would have the same **standard features** wherever they are sold. They would be offered by a **broad range of providers**, principally insurance companies, banks, occupational pension funds, investment firms and asset managers.

In Europe the personal pension market is currently fragmented, due to a **patchwork of rules** that impede the development of a market at EU level. In some member states, the market is virtually inexistent.

For products based on capital market instruments, choice is often limited. This leads to higher costs for savers and a shortage of liquidity on markets. In the United States, for instance, pension funds play a bigger role than in Europe as institutional investors.

The regulation would add a pan-European framework for people who wish to use PEPPs as a saving option. PEPPs would complement state-based, occupational and national personal pension schemes, but not replace or harmonise them.

PEPPs would present the following advantages for savers:

- more choice. Savers would choose from a broad range of PEPP providers in a more competitive environment. They would be able to choose between a default safe investment option and options with different risk-return profiles;
- consumer protection. The regulation would ensure that savers are aware of a PEPP's key features;
- switching providers. Savers would have the right to switch providers, both domestically and across borders, after a minimum of five years from the conclusion of the contract or from the most recent switch. (They could do so more frequently if the PEPP provider so allows.) The fee for doing so would be capped;
- **portability**. Savers would be able to continue contributing to their PEPP if they move to another member state.

For **pension plan providers**, the regulation would bring the following opportunities:

- economies of scale. Providers would be able to develop PEPPs in different member states and pool assets more effectively;
- broader reach. Electronic distribution channels would enable providers to reach consumers throughout the EU;
- cross-border distribution. An EU 'passport' would enable providers to sell PEPPs in different member states.

Additionally, when a product reaches maturity, providers and savers would have different options for pay-outs.

Negotiations with the European Parliament can proceed as soon as the Parliament has agreed its stance.

A qualified majority is needed for adoption by the Council, in agreement with the European Parliament. (Legal basis: article 292 of the Treaty on the Functioning of the European Union.)

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