

## **Syria: High Representative Federica Mogherini speaks to various interlocutors**

Following the chemical weapons attack in Idlib province in Syria and the ensuing action, Federica Mogherini, High Representative for Foreign Affairs and Security Policy/Vice-President of the European Commission, spoke today with a large number of her counterparts in the European Union Member States as well as the Presidents of the EU institutions, and interlocutors in international institutions and partners, among them UN Secretary General Antonio Guterres, US Vice-President Mike Pence, NATO Secretary General Jens Stoltenberg. She also spoke to UN Special Envoy for Syria Staffan de Mistura and Director General of the Organisation of Prohibition of Chemical Weapons (OPCW) Ahmet Üzümcü.

In her calls, HRVP Mogherini presented the position of the European Union on the latest developments

(<http://www.consilium.europa.eu/en/press/press-releases/2017/04/07-hr-dec...>) and had an exchange of views on the way ahead, emphasising the need to accelerate talks for a credible political solution for the conflict in Syria. HRVP Mogherini will continue these exchanges in the coming days with partners, including at the meeting of the Ministers of Foreign Affairs of G7, taking place in Lucca in Italy early next week.

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## **Statement by President Juncker following the attacks in Stockholm**

Our thoughts are with the people of Sweden following the tragic events in Stockholm today. On behalf of the European Commission, I would like to send my sincere condolences to the families of the victims and to salute the courageous work of the first responders who arrived so quickly on the scene.

One of Europe's most vibrant and colourful cities appears to have been struck by those wishing it – and our very way of life – harm. We stand shoulder to shoulder in solidarity with the people of Sweden and the Swedish authorities can count on the European Commission to support them in any which way we can.

An attack on any of our Member States is an attack on us all.

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# Mergers: Commission clears 21st Century Fox's proposed acquisition of Sky under EU merger rules\*

The proposed transaction would combine **Sky plc (Sky)**, the leading pay-TV operator in Austria, Germany, Ireland, Italy and the UK and **Twenty-First Century Fox, Inc (Fox)**, one of the six major Hollywood film studios (20th Century Fox), as well as a TV channel operator (Fox, National Geographic).

Fox and Sky are mainly active in different markets in the Austria, Germany, Ireland, Italy and the UK. They compete with each other only to a limited extent, mainly in the acquisition of TV content and in the wholesale supply of basic pay-TV channels.

The Commission found that the proposed transaction would lead to only a limited increase in Sky's existing share of the markets for the acquisition of **TV content** as well as in the market for the **wholesale supply of TV channels** in the relevant Member States.

Given that the merging companies are mainly active at different levels of the market, the Commission's assessment focused on whether, as a result of the proposed transaction:

- Fox would be able to prevent or significantly limit access by Sky's competitors to its films and other TV content, as well as to its TV channels. The Commission concluded that these possible concerns were not founded. This is because the parties' audience shares remain limited and pay-TV distributors would continue to have access to content from Fox's competitors and alternative channels with comparable programming and audiences in the relevant Member States.
- Sky would have the incentive to cease purchasing content from Fox's competitors. The Commission found that this was unlikely as it would reduce the quality of Sky's product offering.
- Sky could prevent competing channels from accessing its platform. The investigation found that the merged companies' ability to shut out Fox's rivals was significantly mitigated by existing regulations in the UK, Germany and Austria. In addition, competitors that could have been targeted for exclusion are either contractually protected for a sufficient period of time or are not dependent on Sky's retail platform in the relevant Member States.

Based on the results of its market investigation, the Commission concluded that the proposed transaction would raise no competition concerns.

The Commission has exclusive jurisdiction to assess the impact of the proposed transaction on competition in the various markets affected within the European Economic Area. However, Article 21 of the [EU Merger Regulation](#) recognises that Member States may take appropriate measures, including prohibiting proposed transactions, to protect other legitimate interests, such as media plurality.

The purpose of, and legal frameworks for, competition assessments and media plurality assessments are very different. The competition rules focus broadly on whether consumers would be faced with higher prices or reduced innovation as a result of a transaction. A media plurality assessment typically looks at wider concerns about whether the number, range and variety of persons with control of media enterprises is sufficiently diverse.

The UK Secretary of State for Culture, Media and Sport issued a [European intervention notice on 16 March 2017](#). This notice requires the relevant UK authorities to investigate and report by 16 May 2017 on whether the proposed transaction is, or may be, against the public interest.

As the Commission's findings concern solely the competition aspects of the proposed transaction, today's clearance decision is without prejudice to the UK's ongoing media plurality review of the proposed transaction.

### **Merger control rules and procedures**

The transaction was notified to the Commission on 3 March 2017.

The Commission has the duty to assess mergers and acquisitions involving companies with a turnover above certain thresholds (see Article 1 of the [Merger Regulation](#)) and to prevent concentrations that would significantly impede effective competition in the EEA or any substantial part of it.

The vast majority of notified mergers do not pose competition problems and are cleared after a routine review. From the moment a transaction is notified, the Commission generally has a total of 25 working days to decide whether to grant approval (Phase I) or to start an in-depth investigation (Phase II).

More information will be available on the [competition](#) website, in the Commission's [public case register](#) under the case number [M.8354](#).

\* updated on 07/04/2017, 16:55 CET: amended paragraph to show correct UK Secretary of State and purpose of intervention notice.

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## **Antiquated EU regulation obstacle to**

# effective fight against counterfeit and pirated products industry, revealed EESC hearing on 6 April

The counterfeit goods industry is detrimental to jobs and growth in Europe and deprives governments of billions in tax revenues and threatens health and security of EU workers and citizens. Nevertheless, imports of fake goods have even doubled worldwide within 10 years due to digital trade. Now it is high time for Europe's legal framework to also arrive in the 21<sup>st</sup> century. The European Commission and the Member States urgently need to adapt their legal frameworks and ensure the necessary controls and market surveillance. Consumers need to be better informed, which is even a specific fundamental consumer right codified in Article 169 TFEU. Both the private and the public sectors need to cooperate in the fight against product piracy.

This was the bottom line of yesterday's hearing on "The counterfeit and pirated products industry" to which the European Economic and Social Committee (EESC) invited prominent experts from the concerned industries, as well as business and workers' associations, relevant platforms and the European Commission (EC). *"The Commission failed to come up with a robust legal framework"*, said Mr Pezzini, rapporteur of the ongoing EESC own-initiative opinion on the topic. He referred to his own experience and the never-ending struggle against counterfeiting in the Italian textile sector and high tech industry, saying that Europe cannot act further with the tools of the 20<sup>th</sup> century.

Everything can be faked. At the EESC hearing, representatives from some of the most affected industries were presented, including the leather, pharmaceutical, toy, construction and luxury sectors. These representatives reported on the challenges they have encountered in relation to counterfeiting and what they are already doing to tackle it.

## **Fake products cost Europeans a fortune, endangering jobs and growth**

The OECD estimates the value of imported fake goods worldwide at USD 461 billion in 2013, the amount having doubled within 10 years (USD 200 billion in 2005); 5% of EU imports are fake products, amounting to EUR 85 billion. Fake clothing, footwear and accessories account for EUR 26.3 billion, which is 9.7% of the sector's turnover. The knock-on effects on supply industry revenues, however, raise this figure to approximately EUR 43.3 billion or **518 281 job losses**. Governments are deprived of around EUR 8.1 billion in tax revenues. Counterfeit handbags and luggage amount to EUR 1.6 billion or 12.7% of the sector's turnover. The leather industry is mainly based on SMEs, which do not have the capacity to tackle counterfeiting on their own. The sector has already forwarded several proposals for better regulation to the EC and, in particular, calls for as many barriers and hurdles to counterfeiting to be implemented as possible. Furthermore, mandatory leather authenticity rules (like in the textile sector), national pre-92 labelling rules for all EU

Member States, an EU regulation on the labelling of leather and leather products (which currently only exists for leather footwear) and the reversal of the burden of proof are urgently needed.

### **Fake products threaten Europeans' security and health**

The illicit trade in the construction sector is multifaceted and includes non-conformity (misleading buyers on quality, technical performance, origin, etc.); abusive use of quality labels and market access (e.g. the EU "CE-marking"), falsified certificates of conformity and violations of intellectual property rights (IPR). False products can be found everywhere, often on the internet, at flash sells, in the big construction markets and particularly in free trade zones (e.g. in Ajman at the China Mall). The industry therefore calls for the absolute traceability of any product, as well as adequate controls, market surveillance and prosecution/sanctions.

A survey in France revealed that one sixth of businesses in the construction sector were already directly or indirectly affected by counterfeit products, with the roofing, plumbing and climate engineering sector the most affected (75%).

For a layperson, it is very difficult to distinguish between fake and genuine medical products. While enterprises have already started to tackle counterfeiting, this sector also struggles with the lack of regulation and the necessary tools enabling companies to better cooperate with authorities, for instance by reporting illegal websites. Moreover, in order to stop counterfeiters effectively, more experts and specialists are needed at custom points and by police and health authorities.

The toy industry, which has one of the most vulnerable clients, namely children, faces a loss of 12.3% of its sales to the counterfeit industry, equating to EUR 1.4 billion annually as it is also one of the most innovative industries. EUR 850 million of sales are lost in related sectors, resulting in 13 168 direct and indirect job losses. Governments' tax revenue losses are estimated at EUR 370 million.

### **Erosion of reputation – an invaluable loss**

The French family enterprise Longchamps – with 3 000 staff members worldwide (1 800 in Europe) and an annual revenue of EUR 560 million – invests around 2.5 million or 0.5% of its annual turnover and has employed a special taskforce for the fight against counterfeiting. *"Despite these huge investments, we cannot solve the problem without the necessary legal framework"*, explained Director General Jean Cassegrin, whose grandfather founded the company in 1948. He asked the EESC for its support for modern EU legislation adapted to the internet age, stating that this should also aim to demand the accountability of intermediaries, such as digital enterprises (Alibaba, GAFA, EBay etc.), banks and credit card operators and the transport industry (DHL, UPS, etc.). Some of these companies, such as EBay and MasterCard, have already started voluntary programmes against counterfeiting. Facebook is also usually cooperative. Through its legal department, Longchamps has managed to erase 472 Google pages and 2 835 Facebook accounts

and has removed 8 626 advertisements in 2016 alone. For Longchamps and the other businesses affected, it is not only the monetary loss which is troublesome but also the fact that the fake industry has the potential to erase companies' good reputation and consumers' trust in platforms.

The findings of this hearing will feed in the above-mentioned EESC opinion which will be adopted later this spring. More on the hearing, as well as the presentations, are available on the [EESC webpage](#).

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## **Declaration by the High Representative on behalf of the EU on the US strike in Syria**

In response to the air strike that hit the town of Khan Sheikhoun in Idlib province on 4 April 2017, with many victims displaying symptoms of gas poisoning, the EU (in its Declaration 193/17 of 6 April 2017) has been unequivocal in its condemnation of the use of chemical weapon: the use of chemical weapons or chemical substances as weapons amounts to a war crime and identified perpetrators must be held accountable for this violation of international law.

The US has informed the European Union that, based on their assessment that the Syrian regime has used chemical weapons, they launched a strike on Shayrat Airfield in Syria with the understandable intention to prevent and deter the spread and use of deadly chemical weapons. The US also informed us that these strikes are limited and focused on preventing and deterring further use of chemical weapons atrocities. The EU will continue to support the efforts and work of the OPCW, in particular in Syria, including the OPCW-UN Joint Investigative Mechanism, with regard to the investigation of the use of chemical weapons. Those found responsible should be sanctioned within the framework of the United Nations.

The EU firmly believes that there can be no military solution to the conflict and is committed to the unity, sovereignty, territorial integrity and independence of the Syrian State. Only a credible political solution, as defined in UNSCR 2254 and the 2012 Geneva Communiqué will ensure peace and stability in Syria and enable a decisive defeat of Da'esh and other UN-designated terrorist groups in Syria.

The EU reiterates its support to the UN-mediated intra-Syrian talks in Geneva to reach a political solution to the Syrian conflict. This is even more urgent now, as reaffirmed by the International Conference "Supporting the future of Syria and the region" that the European Union hosted in Brussels on 4-5 April 2017.