

To:

President Ursula von der Leyen
Executive Vice President Margrethe Vestager

European Commission, Rue de Loi 200, Brussels

3 November 2021

Subject: European business on current competition issues

Dear President Ursula von der Leyen

Dear Executive Vice President Margrethe Vestager

The business organisations signing below, who represent a wide range of the European business community, would like to highlight certain key issues relating to the ongoing revisions in competition law.

To date, the European Commission has coped with the challenge of helping Member States preserve businesses and jobs during the crisis in exemplary fashion, while simultaneously managing to limit competition distortions to a minimum. The Commission has also initiated - and made solid progress with - updating the rules on competition and state aid, making sure they are fit for purpose and geared to supporting the green and digital transition. In addition, the Commission proposal on distortive foreign subsidies is in the decision-making process.

As Europe rapidly recovers from the pandemic, the industry is the engine that drives growth and the green and digital transformation. European businesses are at the forefront in many of the areas relevant to this transition. For our companies, the EU Single Market is by far the largest market and key to continued competitiveness. While neither complete nor perfect, it provides access to a large market where all can compete on equal terms on their own merits. It stimulates efficiency and innovation and provides an environment for successful companies to grow and become global champions.

Proven and effective competition rules, and fact-based enforcement by the European Commission, is a precondition for a well-functioning EU Single Market. To this end, we, the signatories of this letter, underline that optimum conditions for business require greater, rather than less, competition. Strong competition policy and enforcement contributes to making the economy more agile and resilient by ensuring a dynamic economy where concentrated market power is less likely to arise. Furthermore, the level of public intervention in the economy should be steadily and gradually reduced, as soon as the economic situation allows.

As the European Commission is currently in the process of revising the EU competition rules, we call on the Commission to:

- **Continue its strong fact-based competition enforcement**, fostering innovation and competitiveness.
- Ensure that the **ongoing review of (horizontal and vertical) block exemption regulations and guidelines** is based on sound economic analysis of whether certain agreements generate economic efficiencies.
- **Maintain the merger regulation based on current principles** and avoiding political influence. The revision should be dedicated to adapting the rules to new market developments and to clarifications.
- **Restore the state aid regulation to its pre-pandemic state** as soon as the economy allows it, while updating it to facilitate the green and digital transition. State aid still needs to be targeted tool, limited to market failures.
- **Keep IPCEI smart and selective** - an important complementary tool to support large scale research projects with technology beyond state of the art of importance to the whole of EU. However, the scope of the IPCEI instrument should not be broadened to cover costs related to mass production nor merely ensuring European production. This could lead to severe market distortions and weaken the Single Market.

With the right conditions, European business has every opportunity to assert itself at the highest level in terms of competitiveness and adaptability. Well adapted competition regulations are an important piece of the puzzle.

