

EU Competition Policy: *Expectations for Change*

Thought Leadership Study

BRUNSWICK

What We Know

- Competition policy is making headlines around landmark cases, such as Alstom-Siemens and Google
- The world is changing, and free trade and the liberal order are being challenged
- The concept of European sovereignty is coming back, including the idea of technological independence in certain sectors
- There have been calls for competition reform by the French, German and Polish governments

What We Wanted To Learn

- What is the view from Opinion Leaders on these issues?
- What is raising questions and driving debate?
- Is there an appetite for reform, and if so, to what extent?

Survey Methodology

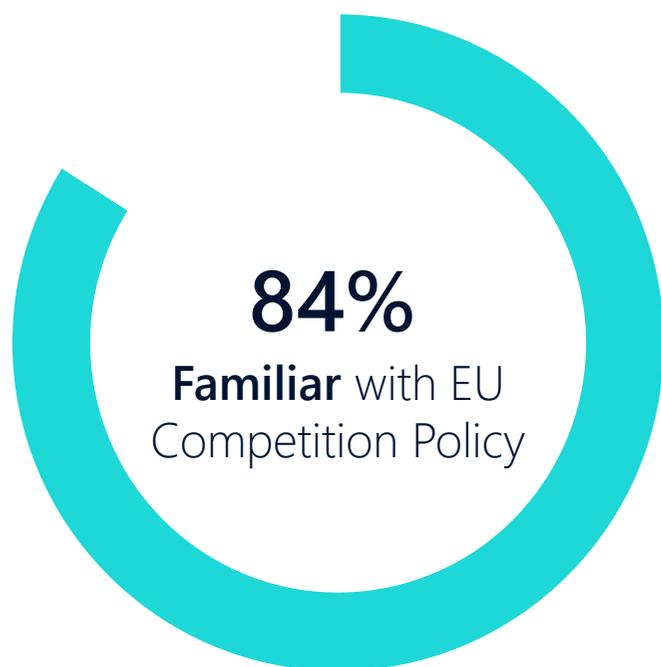
- **Audience:** Opinion Leaders
 - Those who are highly educated, follow financial news, are civically engaged, and work in industry and services.
 - In 8 markets: France, Germany, Ireland, Italy, Netherlands, Poland, Portugal, UK
- **Sample size:** 1,099
- **Mode:** Online
- **Fieldwork:** May 13 – June 5, 2019

Interview Methodology

- **Audience:** Competition Experts
 - Former European Commission officials, lawyers, and economists working on competition-related topics and issues
- **Sample size:** 12
- **Mode:** In person
- **Fieldwork:** July – September 2019

Competition policy is gaining traction outside of Brussels, and **Opinion Leaders are paying attention.**

High awareness of competition issues, likely due to mediatisation



We've seen cases where the **media naturally puts the matter in a conflictual mode**. It becomes a boxing match where you have a winner and a loser. – *Competition Expert*

Global regulators' net tightens around big tech

Merkel attacks EU competition laws

E.U. Blocks Siemens-Alstom Plan to Create European Train Giant

EU Seeks Feedback on Google's Attempt to Avert New Antitrust Probes

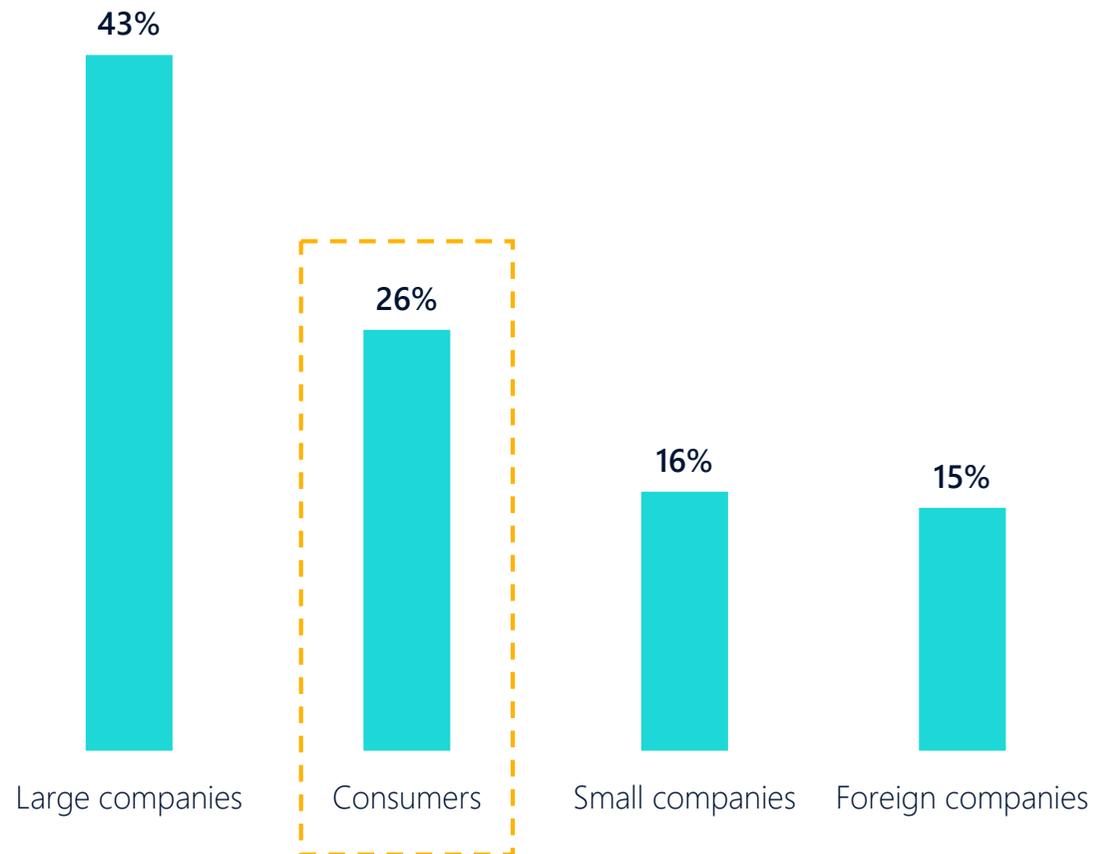
Vestager warns against weakening merger rules

The emphasis on consumer welfare is not landing

The Commission pushes messaging that **EU competition policy is to the consumer benefit** and relevant to their daily lives.

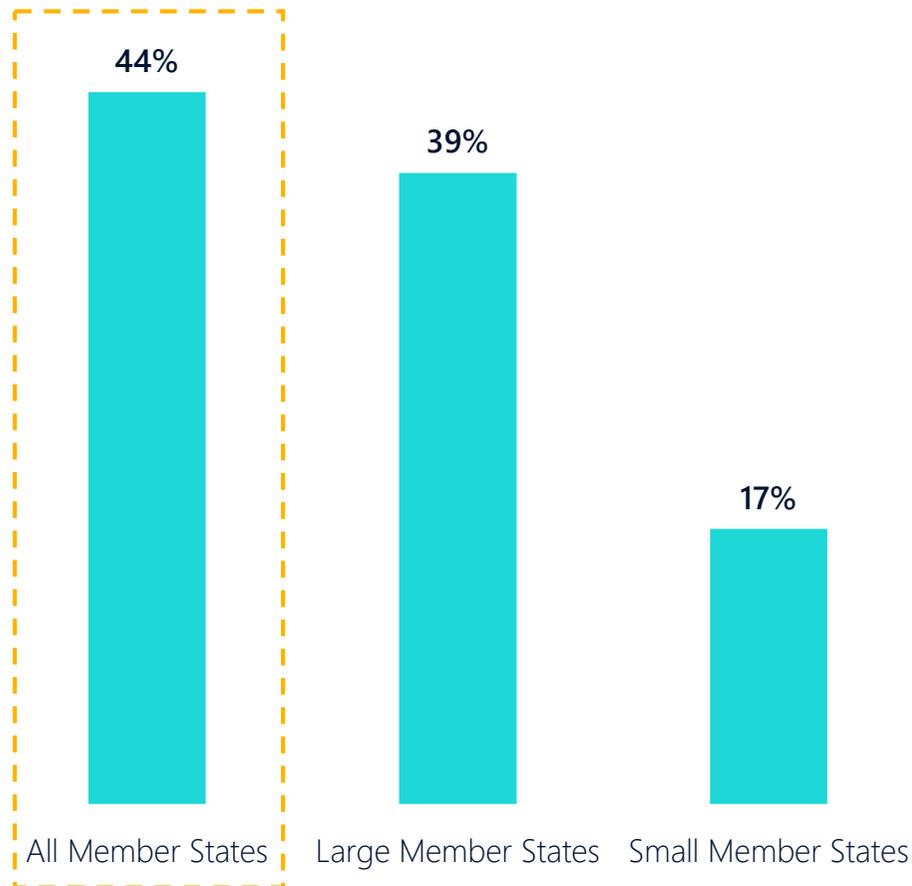
But that isn't resonating.

Who are European competition rules designed to benefit?

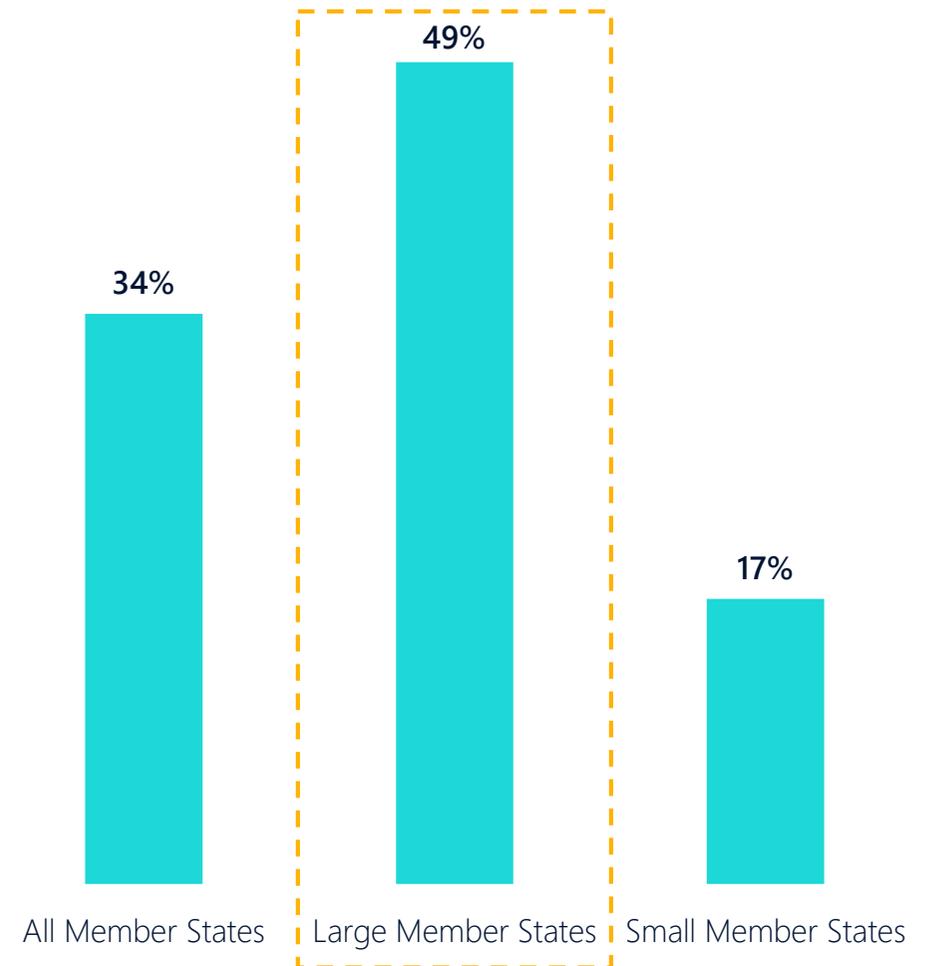


Opinion Leaders see competition rules as designed to benefit the single market, but believe they are currently only benefiting large member states

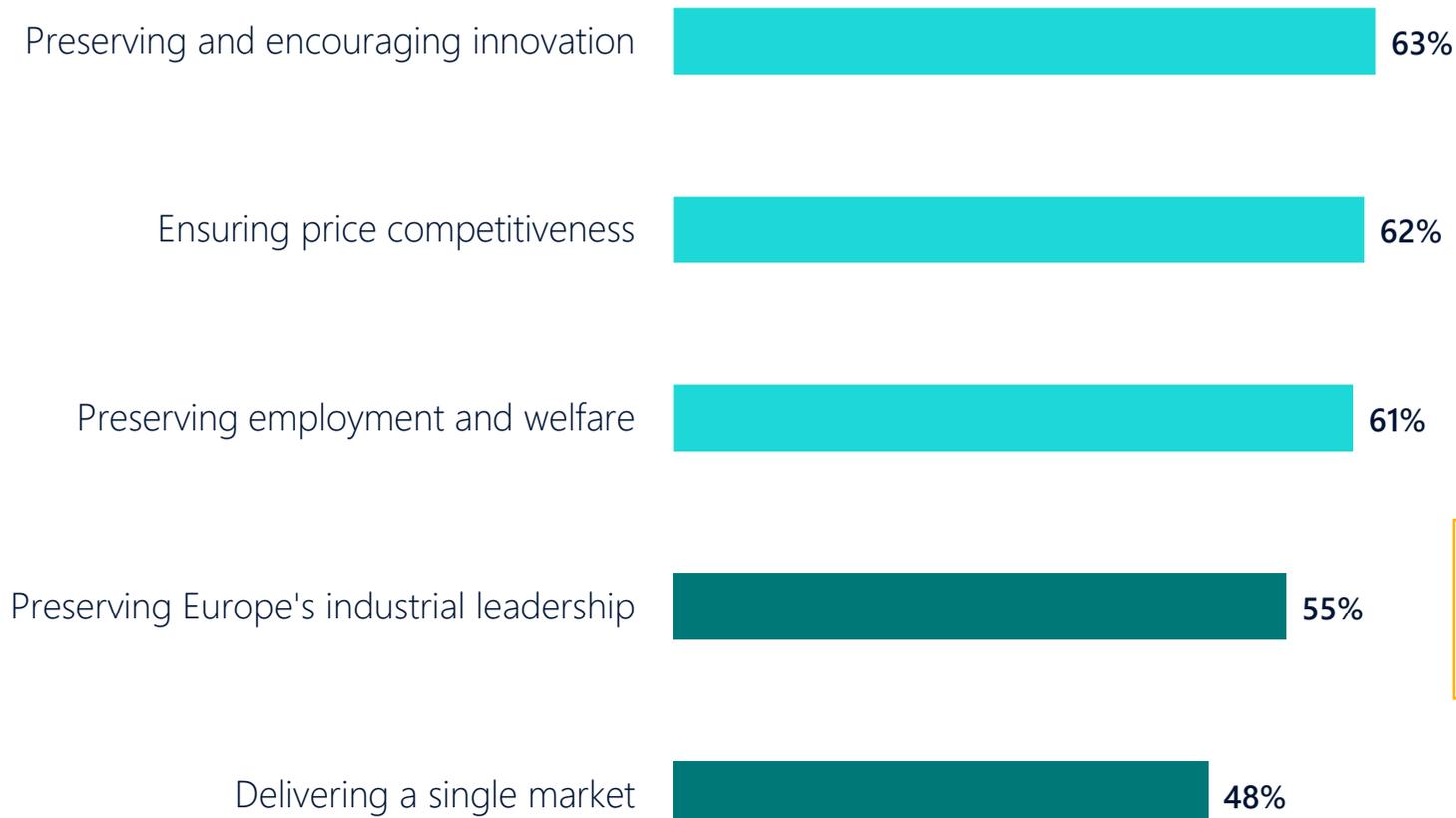
Which Member States are European competition rules **designed to benefit**?



Which Member States **currently benefit** most from European competition rules?



Innovation, price and employment are the top European expectations that competition policy needs to deliver on



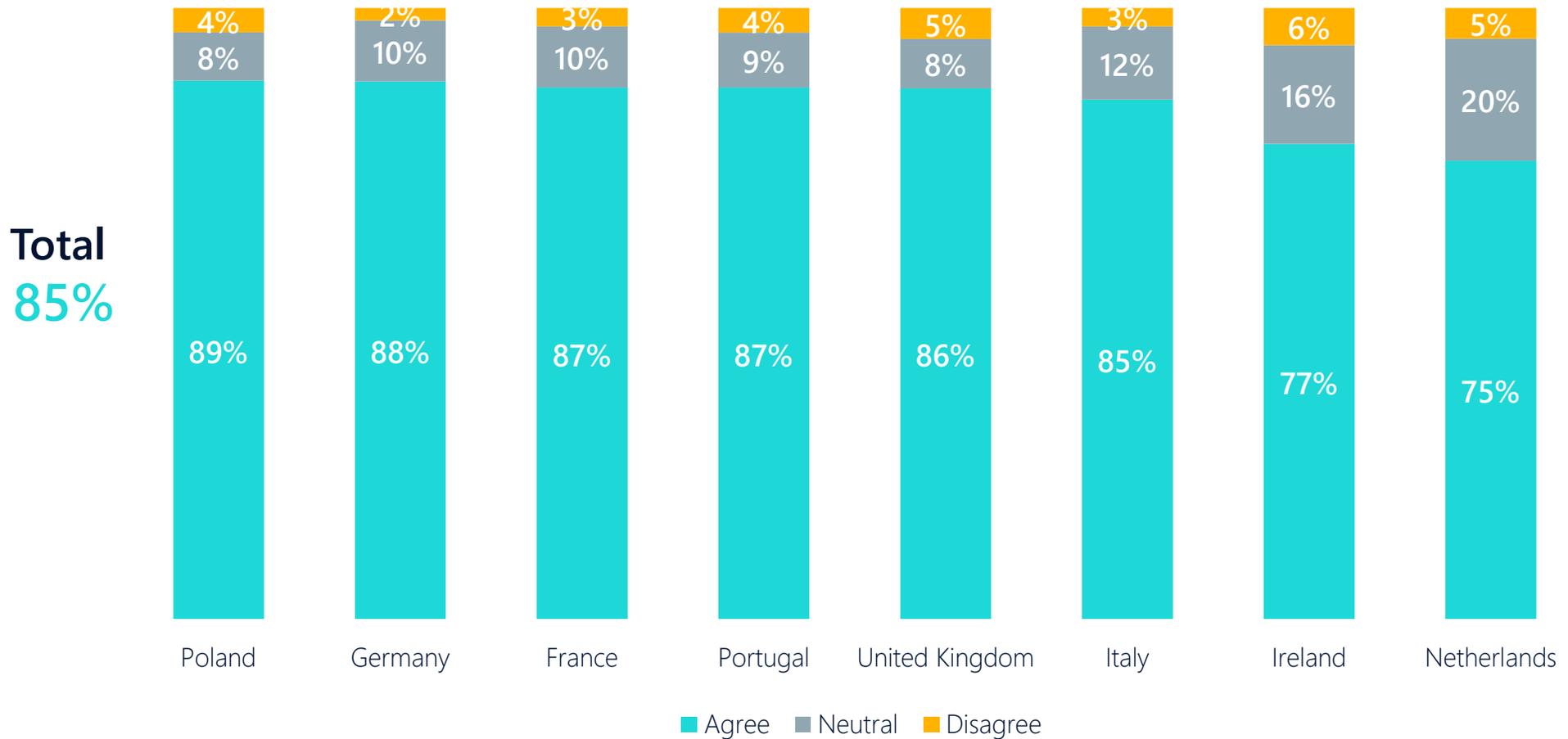
I can focus on [ensuring price competitiveness] because **I can measure it, so it's easy to defend**. Others are hard to measure. – *Competition Expert*

Competition policy should not just open markets, **but it should protect people**. – *Competition Expert*

While Opinion Leaders lack the nuances of competition reform, they see Europe **evolving and modernising** and believe competition policy should follow suit.

A majority of 85 percent across Member States agree that EU competition rules should be reviewed and reformed

Despite the media's reporting, reform is not just a Franco-German issue



Opinion Leaders believe competition rules need to adapt to an evolving Europe

- ▶▶ To create a level playing field for all and also to **create a market that will benefit consumers** immensely. [Netherlands]
- ▶▶ They don't seem flexible enough to be able to **adapt in the face of future challenges**. [Germany]
- ▶▶ EU competition rules are rather **outdated** and should be revised in order to ensure actual fair competition, especially as far as high tech companies are concerned. [Italy]
- ▶▶ It is always necessary to **adapt to the external situation**, China and the USA protect their market strongly and the EU should also. [Poland]
- ▶▶ There is often **too much political interference**, which undermines the ability of large companies to do business and create new jobs. [Italy]
- ▶▶ I feel they are too stringent and are **stifling small businesses**. [Ireland]

Competition Experts Question the Future of Competition Policy

Are our competition rules
up to speed with high tech
companies, which have
opened new difficulties?

Is this a trade issue or a
competition issue?

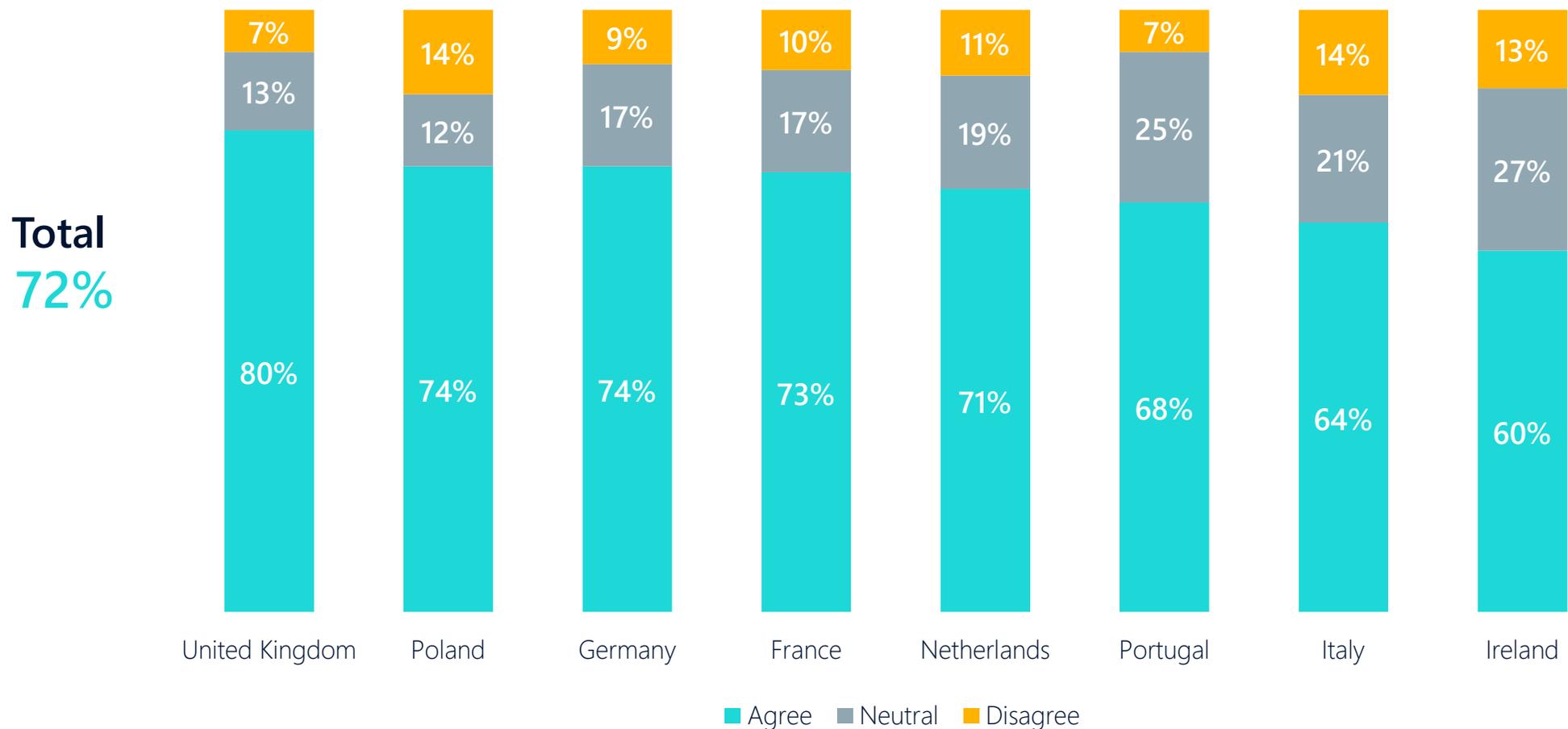
Should environmental
factors be considered in
competition decisions?

Is there blame to be placed
on sectoral regulators, too?

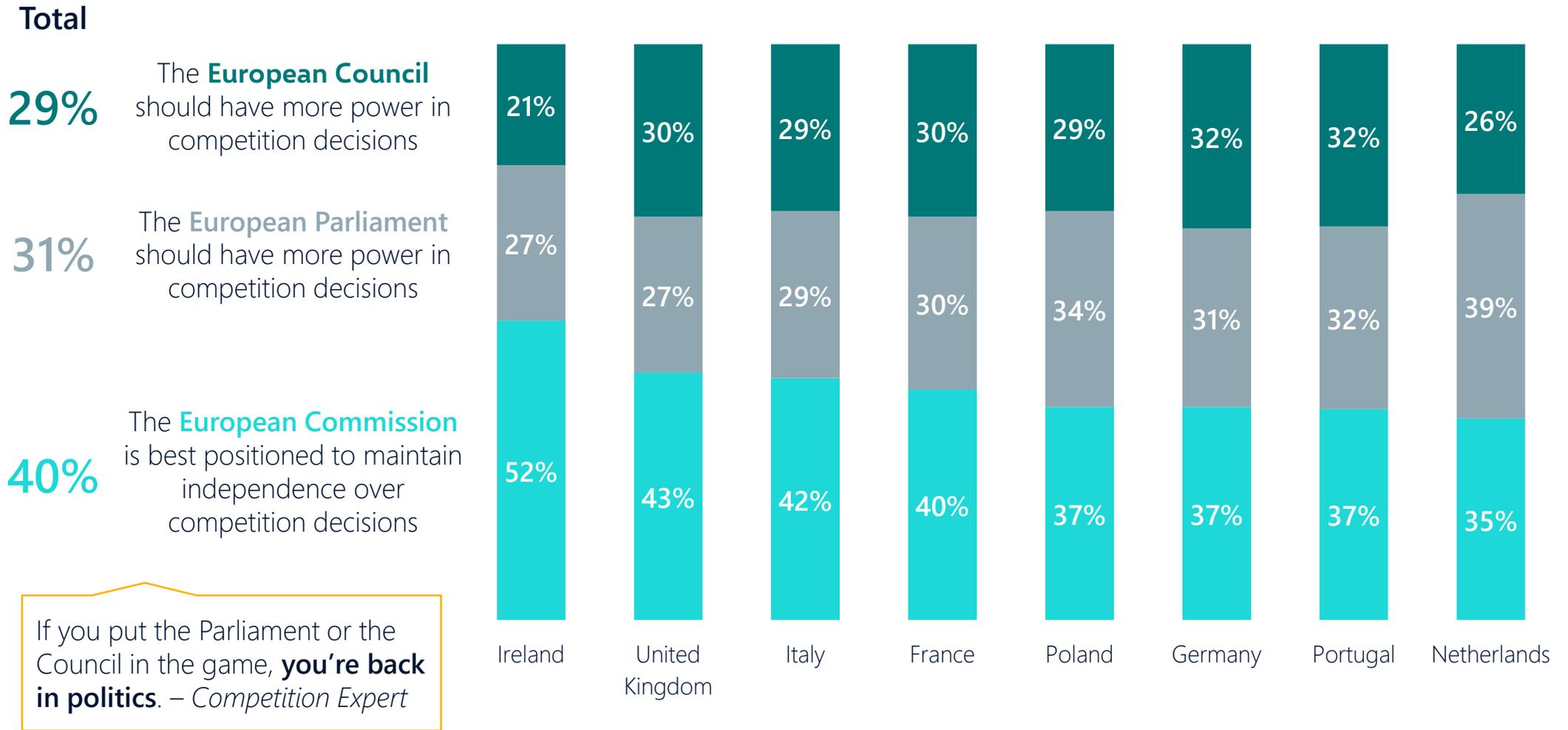
Should the courts have
more authority?

Majorities also believe competition policy should include the ability to break up companies that are too dominant

*EU competition policy should include the **ability to split up companies** that are too dominant.*



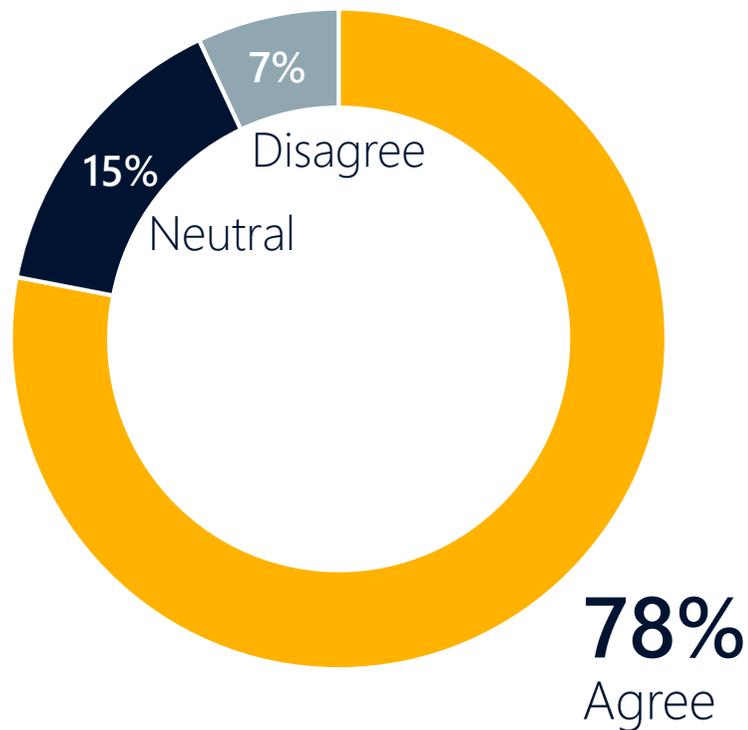
A majority of Opinion Leaders do not believe the European Commission should have sole authority over competition decisions



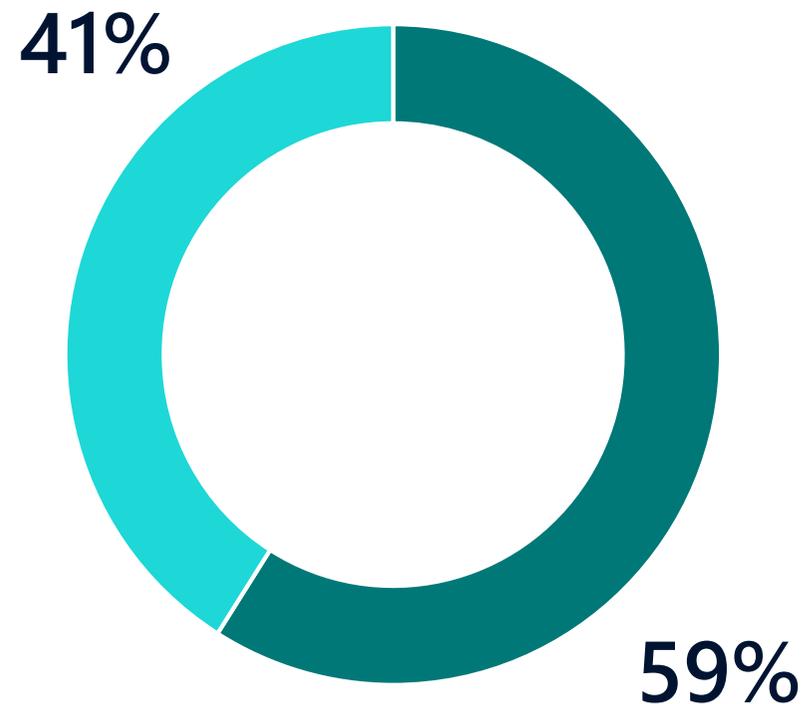
Q: Which of the followings statements comes closest to your view?

In fact, they believe an independent agency should make competition decisions with a majority believing the European Council should serve as oversight

An independent **third-party competition agency should be established** to make competition decisions.



Interference of the European Council in competition cases would **create an unlevel playing field** inside the EU.



The European Council should serve as **oversight and be able to overturn** competition decisions in some cases.

Competition Experts are divided on the idea of an independent competition authority

“Even if the Commission is independent, the fact remains that the Commission conducts the inquiries and then takes the decision.”

“Had [Vestager] been independent, would she have had enough clout to make the decisions she’s made?”

“You can have independent authority, but with a lot less influence.”

“Most domestic authorities are independent, so should European authorities be too?”

“Independence would be more dangerous and could lead to marginalisation.”

Most Opinion Leaders are unable to describe in detail the concept of “European Champions” and are **divided on their impact** on Europe.

When Opinion Leaders are able to describe the concept of “European Champions,” they focus on the leadership and strength of companies

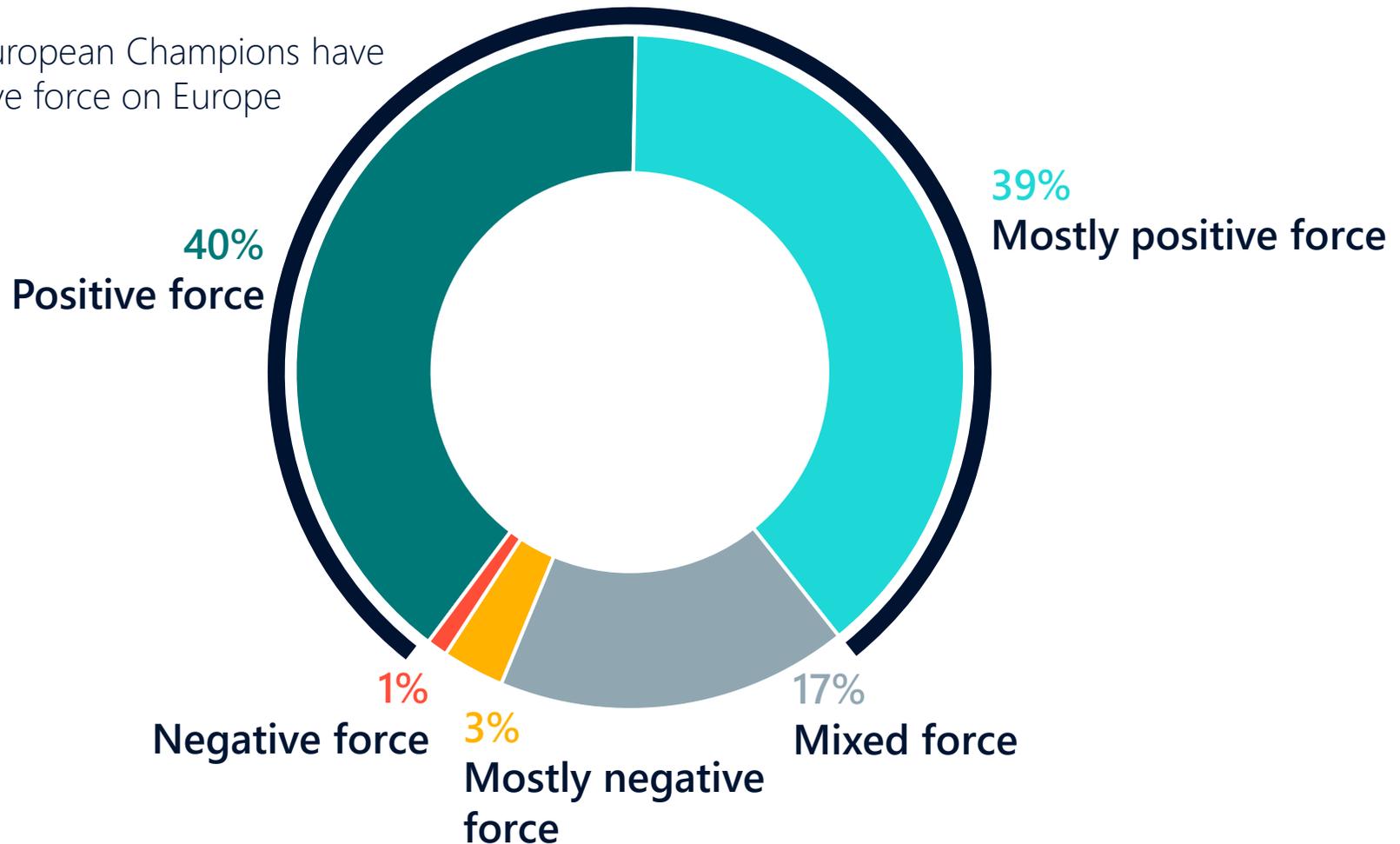
- Companies that **can compete with other large players in other countries** such as China and the US. [Ireland]
- I interpret that it means the **market leaders** of Europe. [France]
- European companies **capable of being leaders** in their respective field. [Germany]
- I see them as entities whose **influence** on the European market is enormous. [Portugal]
- That **large companies** should not only be interested in furthering themselves but to be champions for business in Europe. [Ireland]
- European **industrial giants** to be active in global markets. [Poland]

Less than 5% associate it with football.

A vast majority see European Champions as a positive force on Europe ...

European Champions are companies large enough to compete against foreign competitors and lead global industries.

79% believe European Champions have a mostly positive force on Europe



... but, recognise there are tradeoffs

46%

Creating European Champions **stifles innovation and growth** in Europe and creates monopolies.

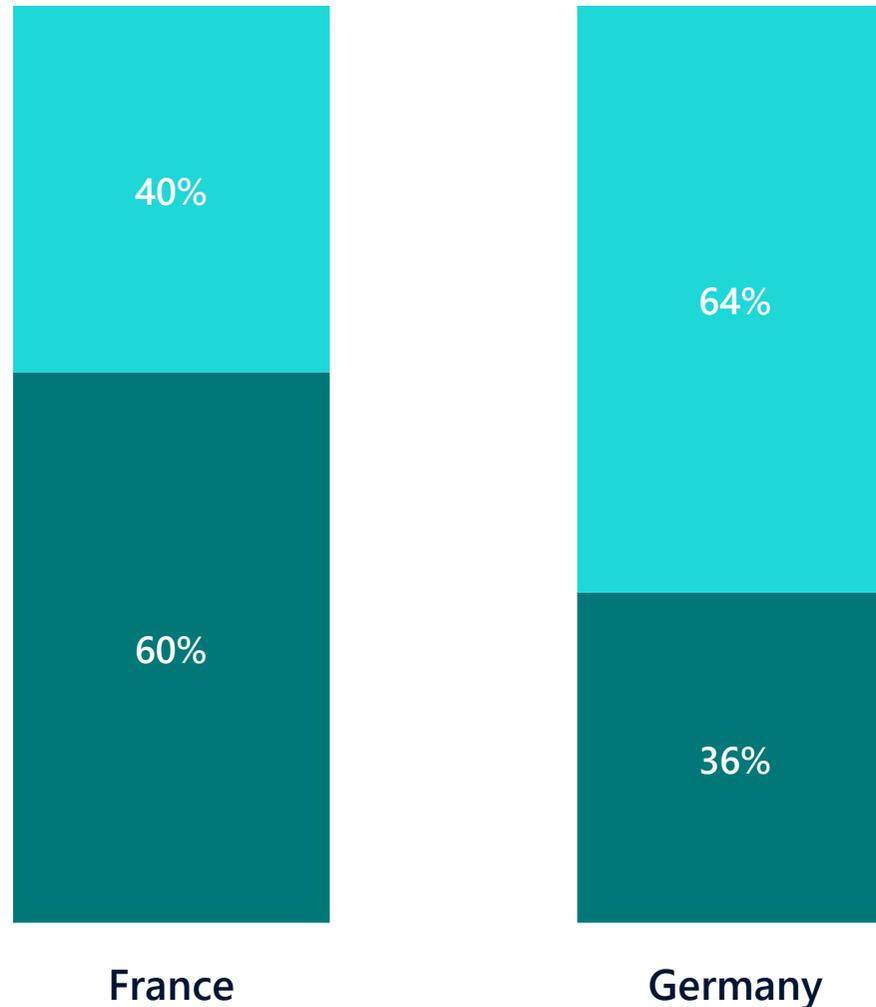
[European champions] might be a short-term solution but it'll lead to a **long-term disaster**. – *Competition Expert*

54%

Without European Champions, other **global economies will grow faster and dominate** European economies.

While Germany and France are seen as leaders behind the reform movement, they have diverging views on the role of European Champions

Without European Champions, other **global economies will grow faster and dominate** European economies.



Creating European Champions **stifles innovation and growth** in Europe and creates monopolies.

The France-Germany cause will be **diluted over time**; they have diverging views.
– *Competition Expert*

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