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Ladies and Gentlemen:

I want to thank BritishAmerican Business and the American Chamber of Commerce to the European Union for their kind invitation to open this annual conference.

We are going through a period of acute crisis. The fiscal crisis in Greece is threatening to destabilize other euro-area economies and even the proper functioning of the European monetary union, with serious implications for the growth outlook in large parts of Europe and beyond.

It is our responsibility to avert the worst-case scenario. Hence all our efforts today are focussed on finding an orderly solution to the problem of the Greek sovereign debt.

Although this is not our topic for discussion today, the Greek crisis is linked to it because it can ultimately be traced back to a fundamental lack of sound macroeconomic management – and therefore of competitiveness – in an EU country.

And this brings me closer to the issue that I would like to address.

Beyond the very short-term measures that we must urgently adopt, it is a fact that the crisis will not be fully resolved until we address the issue of competitiveness imbalances in Europe.

The EU periphery in particular is struggling to find new avenues of growth. But the issue of global competitiveness ultimately affects Europe as a whole.

The years of prosperity and easy money masked the accumulation of structural problems in many corners of our economies.

Access to easy credit allowed maturing sectors to stay afloat without the need to restructure. Easy access to capital also allowed some countries to source their growth in unsustainable ways.

In the meantime, little was done to adapt the European economy to the new global challenges. The Lisbon strategy was not fully implemented. Not enough attention was given to the need to reform and innovate to respond to the rise of new and powerful global competitors and to adjust to a world of scarcer resources and low carbon imperatives.

This is not to say that Europe does not have its star players. There are many European companies successfully competing around the world. But even these companies are feeling threatened.

Europe as a whole is now largely the home of industrial and service sectors struggling to remain competitive in the face of new, large and efficient players abroad and of extremely rapid technological change.

In this uncertain environment there is a growing temptation of a retreat to national strategies and of demands for protection and support.

And this is a dangerous reaction, because the only way forward is more economic integration and the promotion of an open economy in Europe.

The economic agenda spelled out by the European Commission in its Europe 2020 strategy clearly identifies the reforms and the investments needed to create the right conditions for sound and lasting growth.

Finally, I will explain why competition policy is one of the cornerstones for the full success of a policy that promotes competitiveness.

Ladies and Gentlemen:

In the current context many firms are asking for some kind of protection either from foreign competition or from competition coming from new goods or services. The long-forgotten debate on the need for industrial policies is back.

I do not believe that going back to the old industrial policies – what we used to call “picking winners” – is a good idea.

In fact, history shows that these policies do not work. Government is not good at choosing winning sectors – let alone firms. We must leave that to the markets, which are a lot better at this game.

Almost every day I hear voices that call for a response to the aggressive competition of foreign firms – notably Chinese firms – which seem to be benefiting from extensive government support.

I do not think we want to replicate the Chinese model of central planning and economic interventionism.

Economic liberalism and individual opportunities lie at the core of the market economies and, also of our democratic freedoms. Centralized intervention ultimately means the exclusion of the players not chosen by the State.

Instead, we must promote in our international relations the same criteria of openness and fairness that apply in the internal market.

This also means working to bring the issue of subsidies into a multilateral governance framework; ideally within the remit of the WTO.

But there is definitely a role for State intervention.

Our State aid regime allows for sector support in case of restructuring. It also includes special provisions for investment in certain network infrastructure such as broadband and R&D.

But the main principle of our State aid regime is supporting spending that has socially desirable effects beyond the benefits it brings to the aid recipients.

And – most importantly – access to this aid must be granted in a non-discriminatory way and cannot be targeted at specific firms.

In the medium term, the most productive way of government intervention consists of actions and investments undertaken to promote an economic environment conducive to economic growth.

We need to find the right balance between two approaches.

On the one hand, inefficient regulation that unnecessarily raises costs or serves to protect special interests must be eliminated.

On the other hand, the financial crisis has showed the limits of the self-regulatory capacity of markets. Fairness, stability, and equal access to markets sometimes need to be brought about by regulation or they will not happen at all.

Besides designing a smart regulatory environment, governments can and must play an important role in promoting the appropriate infrastructure needed for innovative and competitive markets.

In March last year, the European Commission adopted its Europe 2020 strategy setting out the areas of intervention needed to promote growth and boost the competitiveness of the European economy.

A year later, the main guidelines of this strategy remain fundamentally sound.

The Europe 2020 strategy is designed to help the EU and its Member States create jobs, boost productivity, and reinforce social cohesion.

What is needed to achieve these objectives is a coordinated effort to upgrade the infrastructure at the basis of economic success.

This involves first a better interconnection of European networks; be it transport, telecommunications, or energy.

It also requires the development of soft infrastructure, and I refer here to the development of innovation networks to disseminate information and link it with the commercial world.

Thirdly, Europe needs to invest heavily in skills, not only to promote integration into the labour force but also to be better positioned in markets with high value added.

Finally, Member States must make an effort to restructure those sectors that are becoming a net cost to their economies and ultimately to their citizens.

New governance steps are being taken to put these decisions into practice.

One such step is the so-called European semester; which is a process that allows Member States to discuss their priorities at EU level before they take their national budgetary decisions.

The first semester of economic-policy coordination has come to an end earlier this month, and the European Commission has presented its recommendations for each country and for the euro area.

The most pressing recommendation in light of current events is the need to correct the macro-economic imbalances among Member States. And – let me stress this point – the recommendation is not only about fiscal imbalances.

The Commission insists that the countries that have seen a loss in competitiveness should carry out the necessary structural reforms to shift economic activity towards high value added and tradable sectors.

The countries that run current-account surpluses, instead, should take measures to boost domestic demand.

Ladies and Gentlemen:

Agreeing the broad priorities to promote smart and sustainable growth and coordinating national economic policies are steps in the right direction. But there is more work to do.

Integrating our internal market remains our most important task, and this is still very much unfinished business.

This will help Europe's companies to find viable growth markets and achieve the necessary scale to do business in the global age.

Last April the Commission presented the Single Market Act, a set of proposals designed to boost confidence in the internal market ahead of its twentieth anniversary in 2012.

Let me highlight two of the twelve actions identified in the Act:

the need to integrate the services sector, which has created jobs at twice the rate for the overall economy in the ten years to 2008 – 2% per annum compared with 1%;

and the need to develop the digital single market, from e-commerce to the free circulation of content across the EU.

Let me add a word on the latter. Only 9% of internet users shop online in another Member State, and e-commerce accounts for only 5% of all retail sales.

Also, perceived and actual problems in cross-border payments continue to be a barrier. I believe that we must urgently complete the Single European Payment Area – through regulation if needed.

We are falling behind in a sector that has an enormous potential of growth; and we cannot afford it.

Let me now turn to the fundamental contribution of competition policy towards the competitiveness agenda.

The discipline that fair and firm competition rules imposes on European companies increases their competitiveness and equips them for global competition.

EU competition law is a powerful tool to strengthen the internal market. I have already mentioned our State aid control, which makes sure that government subsidies do not distort pan-European competition.

Our fight against cartels and abuses of dominant position serves the same purpose. Last week, I issued a decision imposing a fine on the Polish telecommunications incumbent for having foreclosed the market for broadband until 2009.

The consequence of that infringement is that Poland has one of the lowest broadband penetration rates in the EU. The importance of bringing anti-competitive behaviour to an end is self-evident.

Finally, let me mention our work on merger control, which prevents the creation of dominant players that would put efficient competition in a market at risk.

Merger prohibitions are rare but we often impose conditions to guarantee that entry in the market remains possible.

For example, when Intel acquired the security-software firm McAfee, we imposed conditions so that the dominance of Intel in the market of processor chips would not be leveraged in the market for security solutions.

Finally, let me stress that the belief that merger control must be used to protect our businesses from takeovers by non-European companies is plain wrong.

Foreign takeovers do not threaten competitiveness nor do they threaten growth and jobs. They are a fact of life in the global economy, and it is a fact that European firms invest in joint ventures abroad.

So I do not agree with those that would want to reduce vital investment flows into the European Union. In effect, when we examine mergers and acquisitions, we do so regardless of where the capital or business comes from.

Which brings me to our relations with our trading partners. We have an active cooperation programme with competition authorities around the world.

In particular, I intend to continue to build strong relations with our sister authorities in the US: the Federal Trade Commission and the Antitrust Division of the Department of Justice; a relation built on cooperation and mutual respect.

Our systems are different in certain respects, but our goals are very close; we both fight anti-competitive behaviour and unfair business practices.

As a growing number of cases involve companies with global operations, we must work together to be more effective and give companies a stable legal landscape. Examples of good cooperation with the US antitrust authorities are very many.

In the Cisco/Tandberg merger, the commitments accepted by the Commission were taken into account by the DoJ in its decision to clear the deal, and both authorities adopted their clearance decisions on the same day.

In the Intel/McAfee case we maintained an excellent dialogue even though we adopted commitments and the US authorities did not.

But our cooperation is wider than mergers and extends to antitrust cases, both cartels and cases of abuse.

We are also constantly discussing policy and enforcement issues, bilaterally and within the International Competition Network – a forum for 117 authorities from around the world.

Ladies and Gentlemen:

I would like you to bring one idea home today; in our world, no European country can do it alone. The solution to our crisis will be European.

We will do our utmost to defend the benefits that economic integration has already brought to our citizens. To preserve our achievements, we also need to tackle our economic imbalances and boost the competitiveness of the countries and regions that lag behind.

We have defined the right strategies and I am confident that we will find the political resolve to put them in practice.

There can be no strong Europe without further economic integration. And such integration will only be acceptable if it brings concrete benefits to our citizens.

Our firms will be much better placed to provide affordable goods and services and opportunities for sustainable employment if they operate in an efficient, open, and competitive European market.

Competition policy is essential to develop such a market. Our ultimate aim is a market that provides opportunities for all.

None of the talents, skills, and entrepreneurial visions of our European citizens must be allowed to go to waste.

Economic opportunities for all citizens and all firms are the fundamental pillars of our democracies and the only road that leads to long-lasting prosperity. Thank you.