**Follow-up to the European Parliament of 8 May 2025 on competition policy –
annual report 2024**

1. **Rapporteur:** Lara WOLTERS (S&D / NL)

2. **References:** 2024/2079(INI) / A10-0071/2025 / P10_TA(2025)104

3. **Date of adoption of the resolution:** 8 May 2025

4. **Competent Parliamentary Committee:** Committee on Economic and Monetary Affairs (ECON)

5. **Brief assessment of the resolution and the requests made in it**

The European Parliament Resolution concerns the Commission's Annual Report on Competition Policy 2023 (COM(2024) 115 final) and its accompanying Staff Working Document (SWD (2024) 53 final), adopted on 6 March 2024. The Commission recognises the comprehensiveness of the European Parliament's Report on Competition Policy 2024 and appreciates the overall positive views on competition policy and its enforcement.

Regarding State aid control, the Parliament invites the Commission to investigate the lack of harmonisation in clawback mechanisms (**point 6**); calls on the Commission to monitor the effects of State aid and to ensure the integrity of the single market, not to engage in subsidy competition, and to enhance State aid reporting and transparency (**point 8**). Furthermore, the Parliament calls on the Commission to complete important projects of common European interest (IPCEI) notifications within six months (**point 9**), to assess an exemption related to services of general economic interest (SGEI) for affordable housing (**point 16**), and to explore flexible funding options for islands, outermost regions and economically depressed areas in the EU (**point 17**).

As regards antitrust, the Parliament calls on the Commission to analyse how the proposed 'new competition tool' could complement existing framework (**point 13**). It reiterates its request for a greater use of structural remedies and of interim measures (**point 15**) and calls on the Commission to address the length of antitrust investigations (**point 25**).

Regarding merger control, the Parliament calls on the Commission to enhance the scrutiny of potential 'killer acquisitions' (**point 19**); to develop further the 'innovation defence' and to take matters of public interest into account (**point 22**). The Parliament asks the Commission to identify barriers preventing it from defining the EU as the relevant market in merger assessments and to adopt a forward-looking approach to EU consolidation (**point 23**). It also calls for updating merger assessment frameworks to reflect digital economy realities (**point 24**), progressing swiftly on the implementation of the existing interoperability obligations for messaging services under the Digital Markets Act (DMA), starting work on the review of the DMA for May 2026, implementing existing interoperability obligations under the DMA and looking into extending interoperability obligations to online social networking services (**point 24**), and scrutinising dominant digital players' market leveraging (**point 30**).

Furthermore, the Parliament calls on the Commission to consider adding generative AI as a new core platform service under the DMA (**point 29**), to ensure adequate staffing for enforcement (**point 33**), to analyse the effects of buying alliances in food supply chains (**point 37**) to review the Interchange Fee Regulation (**point 39**) and for the Executive Vice-President Ribera to maintain close contact with the Parliament's committee competent for competition and its working group on competition policy (**point 41**).

6. Response by the Commission to key points in the resolution including overview of action taken or intended to be taken

Points related to State aid control

On point 6: State aid may be authorised provided that it is limited to the minimum necessary to achieve certain defined policy objectives, that is to say that the State aid must be proportional. In certain situations, State aid is calculated on the basis of funding gaps, identifying the required support, including a reasonable profit for the beneficiary to undertake a specific project. If such a project is more successful than expected, it may generate cash-flows exceeding the aid recipient’s own expectations. Exceeding amounts lead to higher-than-expected profits, which means that the recipient company can contribute more of its own funds to the project and that less State aid is necessary. Clawback mechanisms ensure such ‘excess’ profits are followed by corresponding reductions of the State aid already granted and are therefore essential elements for the proportionality assessment. Without such an instrument, the aid would lead to overcompensation with potential detrimental effects on other players in the Single Market. Such mechanisms are typical for large investment projects of varying types in volatile market conditions and with different characteristics such as Important Projects of Common European Interest (IPCEIs) or large-scale semiconductor manufacturing investments approved directly under Article 107(3)c of the Treaty on the Functioning of the EU (TFEU) in line with the principles outlined in the Chips Act Communication.

The Commission advises Member States in each individual case so that they can design clawback mechanisms suitable for particular projects.

The core principles need to be ensured, namely that profits exceeding the expectations of the beneficiary need to be shared with the granting Member State to avoid overcompensation and protect the level playing field in the Single Market. In view of the different scopes of application, a certain degree of flexibility is necessary to ensure that a clawback mechanism addresses the specificities of each case.

On point 8: The Commission monitors the implementation of State aid measures over time. In addition to the annual reporting cycle, several surveys were carried out by the Commission to get timely information on the implementation of the crisis-related measures. The Commission’s data shows that State aid expenditure in 2023 has increasingly reverted to long-term key EU priorities. While overall State aid expenditure in relative terms (i.e. compared to GDP) remained higher in 2023 (accounting for 1.09% of EU GDP) compared to pre-crisis levels in 2019 (0.92% of the EU GDP), it remained lower in relative terms (0.8% of EU GDP in 2023 compared to 0.92% in 2019) when excluding the aid expenditure to address the consequences of the latest crises, i.e. the Russian invasion of Ukraine and its weaponisation of energy supply, as well as the residual expenditures related to the COVID-19 pandemic. This indicates that, despite the consistent increase between 2022 and 2023, non-crisis aid has not yet returned to pre-crisis levels. Compared to 2019, in 2023 there is also less spread in the relative aid expenditure across Member States. Furthermore, when comparing the aid expenditure for non-crisis objectives to their national GDP, the largest spenders are Malta, which spent around 1.65% of its own GDP for these State aid measures, followed by Denmark, Croatia, Hungary and Poland.

It is essential to ensure that State aid facilitates the development of economic activities, in particular via public investments that contribute to EU competitiveness, without fragmenting the Single Market, undermining fair competition or leading to destructive subsidy competition. Therefore, EU level coordination of industrial policies is crucial to prevent such developments. The Commission is currently enhancing its reporting and transparency practices taking into account the recommendations made by the European Court of Auditors.

On point 9: For the Commission, supporting innovation and major open infrastructure projects in cross-border projects through IPCEIs is a priority. The Commission is doing its utmost to streamline IPCEI notifications and support IPCEIs over their entire lifecycle, from identification, design, assessment to implementation.

Given that IPCEIs involve vast amounts of aid the Commission needs to ensure that the planned aid to individual companies is well targeted and limited to what is strictly necessary to minimise distortions of competition. The length of the IPCEI procedure depends on various factors, including the number and complexity of projects included in an IPCEI and in particular on the quality of the submissions and the involvement of the national authorities. As the assessment of an integrated IPCEI requires a concomitant and joint assessment of all participating projects, it is the slowest of the projects that determines the pace of the assessment.

The Commission of course agrees that increasing speed for IPCEIs is important; this is one of the objectives of the Competitiveness Compass. To improve and speed up the IPCEI process, the Commission cooperates closely with Member States in the Joint European Forum for IPCEIs (JEF-IPCEI).

One concrete example of recent action to speed up the IPCEI process is the creation of the Design Support Hub, namely targeted support offered by the Commission services already during the design phase of an IPCEI (i.e. before assessment), which aims at identifying and tackling potential issues at an early-stage, and providing guidance on and preliminary assessment of individual projects. This support is expected to streamline and accelerate the State aid assessment during the notification phase.

On point 16: The current Services of General Economic Interest (SGEI) rules allow Member States to subsidise social housing, provided that they are targeted on disadvantaged citizens or socially less-advantaged groups. The Commission intends to review the SGEI rules to facilitate support also for affordable and energy-efficient housing. This task requires careful analysis to avoid (regulatory) spill-over effects, for instance, to avoid detrimental effects on social housing and to minimise distortions of the commercial housing market. In June 2025, the Commission launched a call for evidence and public consultation to inform its review of the SGEI rules for affordable and energy-efficient housing.

On point 17: State aid may contribute to remedy market failures that prevent efficient outcomes in the common interest, for instance in rural or peripheral areas. These include the outermost regions, which are the most remote EU regions, in line with Art. 349 TFEU. Therefore, the current EU State aid rules already include numerous possibilities to address efficiency, equity, and cohesion issues. The main framework for investment aid in assisted areas is in the General Block Exemption Regulation and in the

Regional Aid Guidelines. Further, using SGEIs (including cohesion policy funds), the Commission may under certain conditions allow State aid which creates incentives for regional investments. Such regional investments may include social transport aid for people in remote regions, including in the EU outermost regions, supporting energy-supplying micro-enterprises, backing the deployment and take-up of broadband networks and subsidising the provision of universal postal services. Flexibilities under the general *de minimis* Regulation and specific sectoral provisions for *de minimis* State aid also contribute to remedy market failures in rural and remote areas, including the outermost regions.

Points related to antitrust policy

On point 13: The Commission notes the Parliament's invitation to consider how a 'new competition tool' would complement the Commissions existing powers to carry out sector enquiries. To meaningfully introduce a new competition tool, it would first be necessary to identify an enforcement gap of sufficient magnitude to warrant adopting a new piece of legislation. It should be noted that the EU toolkit has been recently expanded with new instruments (the Digital Markets Act (DMA) and the Foreign Subsidies Regulation (FSR)) to address identified gaps. The Commission already has far-reaching powers to conduct sector enquiries, under Regulation 1/2003 for antitrust and under the FSR. In the past, antitrust sector enquiries have been successfully used to identify competition concerns in particular sectors. The Commission has then followed up on the identified issues by opening antitrust investigations. At this stage, the Commission has not identified any specific gaps which the current EU toolkit cannot address, and the Commission's current priority is enforcing the full range of existing instruments as efficiently as possible.

On point 15: In antitrust, remedies are based on Regulation 1/2003, which grants the Commission broad powers to impose remedies under Article 7 (prohibition decisions) as well as making binding commitments proposed by undertakings under Article 9 (commitment decisions). Article 7 allows the Commission to unilaterally impose proportionate behavioural or structural remedies on undertakings. Structural remedies are considered a last resort, as Article 7 prescribes that they can only be imposed when there is no equally effective behavioural remedy. The Commission is open to consider the possibility of structural remedies in antitrust cases, where appropriate and necessary. As part of its ongoing reflection on the possible revision of Regulation 1/2003, the Commission is exploring ways to increase the scope for using structural remedies more frequently. The reflection will consider ways to make recourse to structural solutions easier, for instance by removing the legal 'hierarchy' in Regulation 1/2003 between structural and behavioural remedies. This was suggested by stakeholders during the evaluation of Regulation 1/2003.

Interim measures ensure that competition is preserved while an antitrust investigation is ongoing. The Commission agrees with the Parliament that interim measures may play a larger role in the future, in particular in dynamic and rapidly evolving digital markets. Therefore, the Commission stands ready to use interim measures more frequently in the future, when the relevant legal conditions set out in Regulation 1/2003 are met, while fully respecting companies' rights of defence. In a possible revision of Regulation 1/2003, the Commission would explore ways to facilitate and expedite the imposition of interim measures. The possible revision could include changes to the conditions and the procedures for adopting interim measures.

On point 25: The Commission recognises that proceedings may be lengthy. There are several valid reasons explaining the overall length of many antitrust investigations, including the need to meet high standards of proof, the increasing complexity of investigations, and the significant increase of data to be processed. The Commission is making substantial efforts to streamline its proceedings wherever possible, for example by using voluntary confidentiality rings. Moreover, a possible revision of Regulation 1/2003 will identify areas of improvement to enhance the overall effectiveness and efficiency of antitrust proceedings.

Points related to merger control

On point 19: The Commission takes note of the Parliament's call to enhance the scrutiny of potential 'killer acquisitions'. The Commission supports Member States that wish to expand their competences so that they cover potential killer acquisitions, including *via* merger control call-in mechanisms. Such national provisions would also enable these Member States to refer relevant cases to the Commission under Article 22 of the EU Merger Regulation. Moreover, the Commission continues to monitor markets for potential killer acquisitions targeting SMEs and mid-caps that may fall below the EU and national turnover-based notification thresholds and alerts Member States when such cases arise.

On point 22: The Commission takes note of the Parliament's invitation to analyse and develop further the 'innovation defence' as outlined in the Draghi report. In all merger assessments, the Commission takes into consideration the proposed merger's potential impact on innovation and investment. It identifies positive merger-specific effects and weighs them against potential negative effects which risk stifling innovation and may discourage investment. The Commission's existing case practice already *de* *facto* encompasses an ‘innovation defence’. When such claims are made by the merging firms, the Commission analyses possible efficiencies linked to innovation. Such efficiencies may lead to a merger being cleared, provided that they benefit consumers, are sufficiently likely to materialise and are merger specific.

The ongoing review of the Merger Guidelines examines how to further give adequate weight in merger assessment to considerations having an impact on markets and competition, such as innovation or efficiencies, for example through the aggregation of data to develop innovative products or services. Mergers may impact workers. Where this relates to effects due to corporate restructuring or offshoring, these are not the result of a change in market power and therefore not covered by the EU Merger Regulation (and therefore cannot be addressed by the Commission in the context of a merger review). However, where a merger increases the market power of the merging firms on labour markets, it could have a negative impact on workers. For this reason, the currently ongoing public consultation on the review of the Merger Guidelines is also seeking feedback from stakeholders on whether the Merger Guidelines should provide guidance on the assessment of the impact of mergers on labour markets – the current Merger Guidelines do not explicitly cover this topic.

On point 23: The Parliament asks the Commission to identify the national barriers preventing it from defining the EU as the relevant market in merger investigations. However, it is not possible to identify a limited set of barriers which prevents markets in general from becoming EU-wide. As a general matter and matter of principle, the geographic scope of a market is intrinsically linked to the competitive dynamics at play on such market which may, by nature, be narrower than the EU. In each notified merger, the Commission analyses the relevant geographic market(s). The Commission frequently defines relevant geographic markets as EU-wide when the prevailing competitive conditions warrant it. Further, barriers to market integration tend to be industry and market specific. Similarly, it is not possible to remove all barriers to integration by including them in a single piece of legislation. The level of market integration in the Single Market varies from industry to industry and market to market. Therefore, the Single Market is created and deepened in different industries by introducing multiple pieces of sector-specific legislation, where barriers to integration may be removed in successive steps.

The Commission always takes a forward-looking approach when investigating proposed mergers. Analysing and predicting how competition will evolve in a market after firms with market power merge with each other, is the entire rationale behind merger control. The relevant time horizon for assessing possible anti-competitive effects is typically three years but may vary greatly depending on the industries and markets concerned. The possibilities to scale up production, create better investment conditions and drive innovation are included in the competitive analysis whenever it is relevant for the case at hand.

On point 24: The Commission agrees that merger control in the digital economy poses specific challenges due to prevalent ecosystem business models and the existence of strong network effects. Innovation is also a key parameter of competition in digital markets, where competitive success is often determined by firms' capacity to innovate and rapidly bring new products and services to market, sometimes resulting in winner-takes-all market dynamics ('market tipping'). The ongoing review of the Merger Guidelines examines how to better factor-in some of the main economic transformations, such as digitalisation, that the EU market and economy have undergone over the past 20 years.

On point 30: In May 2025, the Commission launched a public consultation to seek feedback on its ongoing review of the Merger Guidelines, which provide the framework for assessing the competitive impact of mergers on markets. The public consultation is twofold, with a general consultation, open to all, including high-level questions on how the Commission should assess mergers and on the principles that should underpin its revised Merger Guidelines, and an in-depth consultation encompassing seven focussed papers elaborating on a wide range of current challenges and on the legal and economic parameters used in its merger control assessment. The papers aim at stimulating discussion and cover topics that are key for the EU economy, namely competitiveness and resilience, market power, innovation, decarbonisation, digitalisation, efficiencies, defence and labour considerations.

Other points

On point 25: The Commission has initiated the work on the review of the DMA, which will include an assessment as to whether the scope of Article 7 may be extended to online social networking services. As regards the interoperability obligations under the DMA, the Commission observes that Meta, in relation to its designated messaging services WhatsApp and Facebook Messenger, published the respective reference offers which serve as a basis for interoperability of other messaging services with them. Finally, the Commission adopted on 19 March two specification decisions assisting Apple by detailing the measures needed for enabling interoperability with iOS for third-party connected devices and by streamlining the process put in place by Apple to handle future requests for interoperability with iPhone and iPad devices.

On point 29: While generative AI is not classified as a separate core platform service under the DMA, its functionalities may be integrated or embedded into existing designated core platform services. In such cases, these functionalities may be subject to some of the DMA obligations. The Commission is actively evaluating how gatekeepers are incorporating these AI-powered services and is committed to ensuring full compliance with the DMA obligations.

On point 33: The Commission welcomes the Parliament's call for adequate staffing. There is a need to recruit staff from diversified backgrounds, in particular for the Directorates General dealing with the FSR and DMA. The Commission currently operates under a stable staffing principle and any increase of the workload is addressed by reallocation and redeployment within the services.

On point 37: In the agricultural sector, Directive 2019/633 on Unfair Trading Practices (UTP Directive) protects farmers and weaker suppliers against stronger buyers within the agri-food supply chain. In 2024, the Commission put forward a proposal for a new Regulation on cooperation among enforcement authorities responsible for the enforcement of the rules against unfair trading practices under the UTP Directive. The proposal aims to strengthen the position of farmers in the supply chain. The proposed Regulation would apply to unfair trading practices in business-to-business relationships in the agricultural and food supply chain, when suppliers of agricultural products (for example farmers) and buyers (for example retailers) are located in different Member States.

On point 39: The Commission does not currently envisage making another assessment of the impact of the Interchange Fee Regulation (IFR). The latest assessment was done in 2024. Previous assessments show that the IFR works well and that revising the IFR is not called for in the near future. Separately, regarding scheme fees that are not covered under the IFR, the Commission monitors possible anticompetitive practices and stands ready to intervene where concrete evidence is found.

On point 41: Since taking office, Executive Vice-President Ribera has exchanged views with the Parliament on several occasions. She has held a structured dialogue with the Committee on Economic and Monetary Affairs (ECON) and has exchanged views with the Committee on Environment, Public Health and Food Safety (ENVI), the Committee on Employment and Social Affairs (EMPL), the Committee on Industry, Research and Energy (ITRE) and the Committee on the Internal Market and Consumer Protection

(IMCO). Executive Vice-President Ribera is committed to continue liaising closely with the Parliament.