

On 1 November 2014 the new European Commission formally began its five-year term and one of the most powerful positions was handed to the Danish politician Margrethe Vestager. Vestager will lead DG Competition and be responsible for punishing cartels, controlling mergers and prohibiting illegal State subsidies. She inherits a challenging portfolio.

Profile

Vestager joins the Commission having served since 2011 as Denmark's Deputy Prime Minister and Minister for Economic and Interior Affairs. She also led the centre-left Danish Social Liberal Party. Her former post has given her some exposure to EU affairs including a position on ECOFIN (the Economic and Financial Affairs Council), composed of the economics and finance ministers of the 28 EU Member States, which she chaired during Denmark's Presidency of the EU in 2012. Vestager is an economist by background and worked in industry before entering politics in 2001.

Vestager has appointed as her Head of Cabinet her compatriot Ditte Juul-Jørgensen, who has been the Director responsible for WTO, Legal Affairs and Trade in Goods in the EU's trade section (DG Trade) since 2012. Her Deputy Head of Cabinet will be Linsey McCallum, from the UK, who is currently DG Competition's Director for the Information, Communication and Media industries and brings considerable expertise in the digital economy.

Unlike previous Competition Commissioners, Vestager herself will not be a Vice-President of the European Commission. Instead, as part of the restructuring led by the new Commission President, Jean-Claude Juncker, she is expected to liaise with and support the work of three Vice-Presidents: Jyrki Katainen (VP for Jobs, Growth, Investment and Competitiveness), Andrus Ansip (VP for the Digital Single Market) and Maroš Šefčovič (VP for Energy Union).

Policy Outlook

Prior to her appointment, President Juncker sent Vestager a "mission letter" briefing her to focus on:

- Using competition policy to contribute to job creation and growth in the EU; and
- Getting to grips with the digital single market, energy policy, financial services and tax evasion.

In her subsequent nomination hearing before the European Parliament, Vestager reiterated that she expected these issues to dominate her term. Indeed, the sectors of the economy that Juncker and Vestager have in their sights are already under scrutiny in investigations that she took over on 1 November (see below).

At her appearance before Parliament, Vestager was unequivocal about the use of fines as a tool of cartel enforcement and stated that they should be "so big that they will ruin any undue profits". Vestager also opposed relaxing competition rules to build strong European businesses able to compete at the global level – so-called "European champions". Arguing that businesses grow better through tough enforcement of competition policy, this will disappoint those who suggest that certain sectors such as telecoms would benefit from a more relaxed merger control regime to help incumbents achieve economies of scale. It is also unclear if Vestager's view is consistent with Juncker's strong endorsement of using industrial policy to turn national champions into European champions, citing Airbus as a model.

Vestager has so far conveyed a willingness to cooperate in shaping policy not only with other sections of the Commission – crucial in sectors such as energy, financial services and the digital economy – but also with the European Parliament. Importantly, she pledged to ensure that DG Competition under her tenure would operate transparently to businesses and citizens. Many will also have been encouraged by her suggestion that the Commission should be "more ambitious on big things and less ambitious on small things", suggesting a re-focussing of DG Competition's resources on cases that risk real harm to the market.

On the Agenda

Commissioner Vestager and her team, in the coming weeks and months, face a full in-tray of challenging and, in some cases, highly politicised investigations. The more pressing matters that she inherits include:

- An investigation of **Google** that has been ongoing since 2010 and has so far defied three attempts at settlement. Under significant pressure to reach a resolution quickly, the case will be a test of Vestager's aim that the Commission should demonstrate "deeper understanding" of fast-moving digital markets.
- Resuming the investigation into Russian-owned **Gazprom** for alleged abuse of dominance in the supply of natural gas, after settlement talks were suspended following events in Crimea and eastern Ukraine. Juncker has made energy security a priority of his presidency, which DG Competition will be expected to support.
- Examining tax settlements offered by Ireland, the Netherlands and Luxembourg to companies including **Apple**, **Starbucks** and **Amazon**. Investigations opened in the final months of the previous Commission will be continued, to determine whether Member States' tax policies clash with competition rules on State aid.

In these matters and the many more that will pass over her desk in the next five years, Vestager has promised to abide by the principles of "neutrality, impartiality and rigour". She has so far been received warmly, including by the Members of Parliament that praised her as a "star Commissioner" after her nomination hearing. In the demanding dual role of enforcing competition law and encouraging economic growth, Vestager's abilities will face sterner examination in the years ahead.

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