

Comp³ **Competition in the Competitiveness Compass**

01 April 2025

Two months after the European Commission published its Competitiveness Compass, we take a deeper look into its strategic vision to enhance the EU's economic resilience and global competitiveness (following up on our first [overview](#)), namely the competition law aspects. The Commission is rather clear that it seeks to establish Europe's competitiveness as the new "North Star". However, what is not so clear: Through which paths will the Commission lead us on our journey to this North Star?

Referencing the Draghi and Letta Reports, both of which called for urgent action to boost the EU's competitiveness on the global stage and safeguard the prosperity and strength of the Union, the Compass names a variety of measures through a range of industries. While it highlights competition policy as an "important lever", the document largely remains vague on how the Commission intends to pull said lever. The actions the Commission has taken since publishing the Compass only provide limited insights.

A Savings and Investment Union – Fuel for the journey?

The war in Ukraine, the climate transition and global tech competition have laid bare a structural problem: Europe has the savings, but not the investment. Draghi drove this point home in his report, identifying a "massive" financing need. Only fittingly, one of its bolder suggestions is establishing a unified Savings and Investments Union. The idea is to harness public and private investment to boost economic growth, in particular given the comparatively high savings rates of EU households.

Some of the more negative early reactions to the Compass saw it as little more than a rebranding of the long-stalled Capital Markets Union – raising doubts about whether the Commission would deliver this time around. But Brussels seems intent on proving the sceptics wrong: just last week, it followed up with a more detailed [action plan](#) to get the Savings and Investments Union off the ground. The reactions have been mixed, with some stakeholders welcoming the initiative, while others demanded more ambitious and detailed plans. The Commission faces an immense task, and as the Commissioner for Financial Services, Maria Luís Albuquerque, has stated: „We don't have the luxury of time anymore. We need action.”

Merger Control Thresholds – A shift in direction?

Significant interest has also been paid to the vague outline for reform in one of the cornerstones of competition policy: The merger guidelines. The Commission calls for a "fresh approach" and revised guidelines incorporating "innovation, resilience and the

investment intensity”, which should be “conducive to overall EU objectives, in particular to closing the innovation gap, addressing the need for efficient scale where relevant”. Including goals beyond competition law in EU merger analysis would be nothing short of a fundamental change, of course.

This appears to strike a similar note as the Draghi Report, which had suggested that “merger evaluations should assess how the proposed concentration will affect future innovation potential in critical innovation areas”. With regard to the criterion of resilience, the Letta Report may give inspiration on implementation. It suggested that a body outside the commission could be tasked with a security and resiliency assessment as input for DG COMP, which could then be taken into account as an additional public interest criterion.

Does all this mean that merger rules shall be loosened in order to create more “European Champions”? This notion would certainly echo the policy Zeitgeist more generally. However, it is not a reading supported by competition law enforcers. At least at the national level, [Andreas Mundt](#) has been outspoken that industrial policy should not be confused with lax merger control and that, in his understanding, the Draghi report includes no advocacy for weakening merger control whatsoever: “I think that [building up European cloud systems to compete with US hyperscalers] would be an excellent piece of industrial policy, but to think we need bigger companies, so we need less merger control and less competition is completely short-sighted.”

While the review of horizontal merger guidelines is one of the central “Flagship Actions” prioritised in the Compass, it is – notably – the only Flagship Action without a specific timeframe. It stands to be seen what priority this will truly take for the Commission. Thus far, there have been no indicators on what priority this reform could take.

Steering adjustments and smaller stops along the way

The Compass also offers a variety of smaller items on its agenda, including the review of the Technology Transfer Framework. At second glance, however, this is nothing new: The public consultation process on a revision is already well underway and will soon come to a close in late April 2025. Furthermore, the Commission formulates vague and general goals, such as simplification, as well as strengthened and better targeted enforcement. The Commission also intends to expand the so-called “Important Projects of common European Interest”. All in all, the commission appears to be aiming to stay, or at best tweak, its course in competition law.

One aspect in particular, where the commission appears to keep its bearings and hit the gas pedal, appears to be the DMA: The Compass stressed a continued commitment to its enforcement and the Commission has since followed through. Just last week, the commission published two major decisions against Apple and Alphabet (see our recent [Briefing](#)).

Missed calls from Draghi and Letta?

While the Compass explicitly refers to the Draghi and Letta reports and echoes many of their themes, it notably mostly overlooks one key area: Telecommunications. Both reports depict a similar situation: Whereas the US and China each have only a handful of mobile network operators, the EU counts 34 operator groups. A typical European operator serves around 5 million subscribers – far fewer than the 107 million in the US or the 467 million in China. Draghi links this disparity directly to competition policy, citing a tendency “to view mergers in the sector negatively.” The result, he argues, is comparatively lower investment. While prioritising market entry has long been justified to stimulate competition in the first place, today’s capital-intensive environment calls for a shift in focus in order to preserve competitiveness.

Both reports conclude that consolidation in the telecom sector is essential and urge the creation of a genuine Single Market. Draghi proposes two specific reforms: defining telecoms markets at EU level rather than national level and assigning greater weight to innovation and investment commitments in merger assessments. While the latter may be reflected in the revised merger control guidelines, the proposal to redefine markets is absent from the Compass.

While Letta devotes an entire seven pages to the topic, the Compass mentions telecoms exactly once, and that within a broader list concerning standard-setting. Whether this signals outright reluctance on the Commission’s side to pursue any sort of reform or whether this is just an oversight remains unclear. In any event, the Draghi and Letta reports have rekindled an important debate and at least with some national enforcers, the plans appear to strike a chord: At [a recent panel](#), Poland’s Tomasz Chrostny echoed the urge for action, and Germany’s Andreas Mundt – while rejecting further national consolidation – called for regulatory reforms to enable the “desperately needed” cross-border mergers.

Outlook

Overall, the Competitiveness Compass has set a massive To-Do List for the Commission, not only in competition law but through a vast range of policy areas. Fittingly, Benoît Coeuré, President of the French Competition Authority, called it “a Compass with eight directions”. The past weeks have shown that continued DMA enforcement and the lofty plans for a Savings and Investment Union rank high on the Commission’s radar, but otherwise the Commission’s priorities stand to be seen. As the Commission navigates the fast-changing geopolitical currents, it might need to shift gears to make sure that competition law will contribute to enhance Europe’s competitiveness.

BLOMSTEIN

BLOMSTEIN will continue to follow the EU's evolving policy framework to boost EU competitiveness and its implications for trade, competition, and public procurement regulations. If you have any questions on this topic, please contact [Anna Blume Huttenlauch](#), [Julia Lotze](#) or any member of the [BLOMSTEIN competition team](#).
