

Germany, France take aim at EU anti-trust rules in new industrial strategy

February 19 2019, by Daphne Rousseau



Paris and Berlin were not happy when the EU blocked the proposed merger of Alstom and Siemens

Germany and France agreed Tuesday on a strategy to create European industrial "champions" and to seek to change EU competition rules that now prevent blockbuster mergers of homegrown companies.

Smarting from the EU's veto of an Alstom-Siemens rail merger, the two European powerhouses proposed that national authorities should in some cases be able to override decisions made by Brussels.

Critics of the EU's decision had argued that it was based on competition regulations that they said were obsolete in the face of growing rivalry from Chinese giants.

"The choice is simple when it comes to industrial policy: unite our forces or allow our industrial base and capacity to gradually disappear," the two economy ministers, France's Bruno Le Maire and Germany's Peter Altmaier, said in a joint statement.

"Competition rules are essential but existing rules need to be revised to be able to adequately take into account industrial policy considerations" that can help European companies compete on the world stage, they said.

Only five European firms count among the world's 40 biggest companies, they said, adding that currently, "there is no regulatory global level playing field. And there won't be one any time soon."

Some countries like China subsidise their companies heavily, or place restrictions on foreign investments in their industrial champions.

EU competition rules should therefore be reformed to take the global landscape into consideration, argued Berlin and Paris.

Existing rules needed to be revised to take the longer view, and in "well-defined cases" it should be considered whether EU decisions could be

overridden, they said.

Reciprocity

"We will dig deep into this proposal, which, in cases where we believe a merger is particularly appropriate but which is opposed by the European Commission, we will say the countries believe that the merger should go ahead," said Le Maire.

Both sides however took pains to stress that their strategy is open to other EU members that want to sign up.

"It is clear that Germany and France should not decide alone when and how these rules should be changed," said Altmaier.

"We will take the initiative, we will talk with our partners in the EU, with the European Parliament and with the Commission.

"We will see for which ideas there is support and we will try to reach a good conclusion."

Beyond the proposed reforms of [competition rules](#), the overall industrial strategy to build European champions includes a push for greater investments in innovations and calls for new mechanisms to better protect homegrown technology

As a first concrete project, both sides will cooperate in the production of electric batteries—an essential component in the race to electrify automobiles.

The ministers named an initial price tag of 1.7 billion euros (\$1.9 billion) but gave no further details including the possible location.

If non-European countries want to participate in auctions for public projects, then they must also give Europeans a slice of the cake back home, said Berlin and Paris.

"Reciprocity is perhaps one of the most effective ways to make progress towards a global level playing field," they argued.

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