

# Statement by Commissioner Vestager on Commission decision imposing binding obligations on Gazprom to enable free flow of gas at competitive prices

## **\*Check against delivery\***

Today, the Commission has adopted a decision imposing on Gazprom a set of obligations. These obligations will significantly change the way Gazprom operates in Central and Eastern European gas markets. To the benefit of millions of European consumers who rely on gas to heat their homes and cook their food. And to the benefit of European businesses that rely on gas for production.

To recall: the Commission sent Gazprom a Statement of Objections in 2015. We set out our competition concerns that Gazprom pursued an overall strategy in its long-term contracts with customers to partition gas markets. This happened in eight Member States – Bulgaria, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland and Slovakia. This strategy may have enabled Gazprom to charge higher gas prices in five of these Member States.

Today's decision puts an end to this behaviour by Gazprom. It removes obstacles created by Gazprom, which stand in the way of the free flow of gas in Central and Eastern Europe.

Because all companies doing business in Europe have to respect our rules on competition. No matter where they are from.

But more than that – our decision provides a tailor-made rulebook for Gazprom's future conduct. It obliges Gazprom to take positive steps to further integrate gas markets in the region and to help realise a true internal market for energy in Europe.

And it gives Gazprom customers in Central and Eastern Europe an effective tool to make sure the price they pay is competitive. In other words, customers can ensure that their gas price will now be driven by the competitive gas prices that already exist in Western Europe.

As always, this case is not about the flag of the company – it is about achieving the outcome that best serves European consumers and businesses.

## *Details of Gazprom's obligations*

So, how exactly will Gazprom's behaviour in the region change after the decision?

There are three parts to Gazprom's obligations: That Gazprom's customers are free to decide what happens with the gas they have bought, that they have

more flexibility on where they want Gazprom to deliver it, and that they pay a competitive price for the gas.

So, the **first two parts** are about enabling gas to flow freely in Central and Eastern Europe.

First, Gazprom has to remove any contract provisions that prevent customers from re-selling gas across national borders. As well as any other provision that reduces a customer's incentives to re-sell gas across borders, such as clauses that give Gazprom a share of the re-sale profit.

In future it will be for the customer – and not Gazprom – to decide what happens to the gas they have bought. That is an important condition for gas to be traded effectively by Gazprom's customers.

But for gas to actually flow freely across Central and Eastern Europe, it is also necessary to have the infrastructure for its transport, namely interconnectors that link national gas markets with each other. Unfortunately, the availability of such interconnectors is still insufficient in parts of the region, namely in the Baltic States and in Bulgaria.

That is why we made sure Gazprom's obligations don't stop at just removing contractual barriers: the **second part** requires Gazprom to take positive steps to further integrate these gas markets.

For example, Gazprom must give customers an option to change where they want their gas delivered to. Customers that bought gas, originally for delivery to Hungary, Poland or Slovakia, can have all or part of it delivered to Bulgaria or the Baltic States instead. Gazprom must offer these swaps in both directions for a fixed transparent fee.

This means that gas can flow to and from the isolated markets as if the gas interconnectors existed already. It will allow Gazprom's customers to seek new business opportunities even before interconnectors become available, to the benefit of consumers and businesses in Bulgaria and the Baltic States.

These obligations on Gazprom will increase cross-border competition and lead to better integrated markets, which should help keep down gas prices.

But we wanted to enable customers directly to ensure that prices in the region will be competitive. That's because one of our competition concerns was that Gazprom was charging higher prices in five countries, namely Bulgaria, Estonia, Latvia, Lithuania and Poland.

We were concerned that customers in those countries faced higher prices than could be justified, compared to competitive gas prices in Western Europe.

That's why the **third part of Gazprom's obligations** is about giving customers in these countries an effective tool to make sure the price they pay is competitive.

In future, these customers will have the right to get their gas price adjusted, if it diverges from competitive benchmarks. These explicitly refer

to prices quoted on Western European liquid gas trading hubs in Germany and in the Netherlands. If Gazprom does not agree to the customer's demand within 120 days, an arbitrator is appointed that will impose a competitive gas price that takes full account of these benchmarks.

This will make sure that customers in these countries will never again face gas prices that are not competitive compared to the prices in Western Europe.

**Finally**, the obligations also address the concern that Gazprom may have used its market position in gas supply in Bulgaria to obtain favourable treatment concerning gas infrastructure. In particular, Gazprom cannot seek any damages from its Bulgarian partners following the termination of the South Stream project.

So, our decision today imposes on Gazprom a strict set of rules on how to do business in Central and Eastern Europe. It imposes clear obligations on Gazprom and gives effective rights to Gazprom's customers. Combined, this will enable the free flow of gas at competitive prices.

#### *Feedback from market test*

We reached this decision also thanks to extensive input from a wide range of stakeholders – governments, national competition authorities, gas wholesalers, industry associations and academics. We had asked for their views on an earlier version of the proposal in March last year, and I would like to thank each and every one of them for their contribution.

It helped us in our intensive discussions with Gazprom since the market test, leading to this final set of obligations we imposed today. A lot of different big and small pieces needed to come together, like cogs in a machine, for these obligations to be effective.

To name just a few of the improvements we made: More customers will be able to benefit from the option to have Gazprom deliver part of or all their gas to Bulgaria or the Baltic States, instead of the destination they had initially agreed. Or the other way round. And these customers are given much more flexibility and safeguards. They can swap smaller quantities of gas at shorter notice. Plus, the fees that Gazprom may charge for this service are fixed at a low level to make the swap financially attractive. They are about 30% lower than in the initial proposal. Finally, Gazprom can only refuse to perform the swap if there is no transmission capacity.

Another example for an improvement concerns the right of customers with long-term contracts to adjust their gas price. Now, Gazprom has to give this right not only to its existing but also to future customers in the countries concerned.

#### *Imposing obligations versus a fine*

So, we have come a long way to get to this solution. In line with our standard rules, we can implement such a solution because it fully addresses our competition concerns. But I know that some would have liked to see us fine Gazprom instead, no matter the solution on the table.

However, a fine would not have achieved all of our competition objectives in this case. We can only make sure that Gazprom takes positive steps to integrate isolated gas markets, if Gazprom commits to do so. And we can only offer Gazprom's customers an effective right to adjust their gas price, if we bind Gazprom to a structured process.

With today's decision Gazprom has accepted that it has to play by our common European rules, if it wants to sell its gas in Europe. In fact, it has accepted to play by a rulebook that is tailor-made to ensure that European consumers can benefit from the free flow of gas at competitive prices.

If Gazprom fails to comply with any of its obligations, the consequences would be serious. The Commission can then impose a fine of up to 10% of the company's worldwide turnover. We can do so without having to prove an infringement of EU antitrust rules. In 2013, for example, we fined Microsoft over half a billion euros when the company broke its obligations on choice of web browsers. In other words, the case doesn't stop with today's decision – rather it is the enforcement of the Gazprom obligations that starts today.

So this decision reaches the outcome that best serves European consumers and businesses.

### *Energy Union*

And it also matters to our climate. If we want to achieve our ambitions from the Paris Agreement we need to increase the share in our energy mix of renewable energy, such as wind and solar. That also means we need gas as a flexible back-up capacity for the days when the sun is not shining and the wind is not blowing.

At the same time, effective competition in European gas markets of course cannot be achieved by the enforcement of competition rules alone. It also depends on how much you invest into gas supply diversification. As well as on legislation to complete our Energy Union. My colleagues Maroš Šefčovič and Miguel Arias Cañete have made a lot of progress on this already.

That also shows why we have both regulation and competition enforcement. Because it is when competition enforcement and regulation each fulfil their role that we get gas markets that really serve European consumers and businesses.

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## **G7 Leaders' Statement on Venezuela**

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We, the G7 Leaders of Canada, France, Germany, Italy, Japan, the United Kingdom, the United States of America and the European Union, are united in rejecting the electoral process leading to the May 20, 2018, Presidential election in Venezuela.

By failing to meet accepted international standards and not securing the basic guarantees for an inclusive, fair and democratic process, this election and its outcome lack legitimacy and credibility. We therefore denounce the Venezuelan Presidential election, and its result, as it is not representative of the democratic will of the citizens of Venezuela. The Venezuelan government has missed the opportunity for an urgently needed political rectification.

While the regime of Nicolas Maduro solidifies its authoritarian grip, the people of Venezuela continue to suffer human rights abuses and serious deprivation, causing increasing displacement which is affecting countries throughout the region.

We stand in solidarity with the people of Venezuela and call on the Maduro regime to restore constitutional democracy in Venezuela, schedule free and fair elections that can truly reflect the democratic will of the people, immediately release all political prisoners, restore the authority of the National Assembly and provide for full, safe and unhindered access by humanitarian actors.

We remain committed to supporting a peaceful, negotiated, democratic solution to the crisis in Venezuela and to support the Venezuelan population through humanitarian assistance.

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## [New rules on data protection for EU institutions agreed](#)

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On 23 May 2018, representatives of the Council and the Parliament agreed on a new regulation on the handling of personal data by EU institutions and other EU bodies. The new rules are aligned with the general data protection regulation (GDPR) which enters into force on 25 May 2018.

The new provisions will apply to data processing by Union institutions, bodies, offices and agencies. They will increase the protection of personal data and ensure a free flow of that data between the institutions and the different bodies, insofar as it is necessary.

The new rules on data protection for EU institutions further update the Union's data protection regime. It is an important signal for citizens: tighter rules on data protection are for everybody, including the EU institutions themselves. I am pleased that we could agree on these a couple of days before the general data protection regulation enters into force on 25 May.

*Tsetska Tsacheva, Bulgarian minister of Justice*

As in the GDPR, the new regulation provides for a number of principles to be followed in the processing of data and a number of rights guaranteed to individuals whose data are collected. These include, for example, the right of individuals to access, correct or delete their personal data. In line with the GDPR, institutions and other bodies must also ensure that they provide transparent and easily accessible information on how personal data is used, and foresee clear mechanisms for individuals to exercise their rights.

The new legal instrument also reconfirms, clarifies and enhances the role of data protection officers within each EU institution and of the European data protection supervisor. The objective is also to try to simplify the procedures in this field.

In line with the agreement reached by the co-legislators today, processing of personal data by the Union agencies in the field of law enforcement and judicial cooperation (e.g. Eurojust) is covered by the regulation through a specific chapter. The rules in this chapter are aligned with the Law Enforcement Directive. More specific rules can also be laid down in the founding acts of these agencies to take into account their particular circumstances. Europol and the European Public Prosecutor's Office are, for the time being, excluded from this regulation. A review will be conducted by the Commission in 2022.

## **Next steps**

After confirmation of the political agreement reached today by representatives of the Council and the Parliament, the text will undergo linguistic revision and subsequently be formally adopted by the two institutions. The new rules will then apply as of Autumn 2018.

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# Remarks by Commissioner Moscovici at the European Semester Spring Package press conference

Bonjour,

Si je devais à mon tour résumer en deux phrases ce paquet, je dirais qu'il représente la sortie de la crise et la normalisation économique.

Mais aussi, un rappel à tous que les efforts doivent continuer si nous voulons consolider et renforcer les avancées de ces dernières années.

Le symbole principal de la normalisation, c'est la proposition de mettre un terme à la procédure de déficit excessif à l'encontre de la France. Nous le faisons parce que la trajectoire de réduction des déficits est forte et claire – la correction est nette pour 2017 (avec un déficit à 2.6%) et durable sur 2018 et 2019.

C'est un moment important pour la France, la fin de 9 longues années de procédure qui est pénible, et d'efforts budgétaires qui ne sont jamais faciles à imposer et à supporter mais qui sont nécessaires. Je ne vous le cache pas, c'est aussi un moment symbolique pour l'ancien ministre des finances français que j'ai été, pour le commissaire que je suis aujourd'hui de voir ainsi se clôturer aujourd'hui ce chapitre du déficit excessif français. Et donc je veux marquer là une satisfaction toute particulière.

C'est aussi une bonne nouvelle s'agissant de la deuxième économie de l'Union et de la zone euro. Après la décision qui améliorerait la position de la France dans la procédure de déséquilibres macro-économiques, j'y vois la confirmation d'un rééquilibrage du socle au sein de la zone euro qui est la condition pour la stabilité de notre monnaie commune.

Le second signe de normalisation est la situation de l'Espagne, pour laquelle nous adoptons aujourd'hui un avis budgétaire « *broadly compliant* » pour 2018, ce qui vient confirmer que l'Espagne passera nettement sous 3% de déficit cette année, comme tous les autres pays de la zone euro. C'est la première fois, je le rappelle, que les 19 pays de la zone euro sont sous 3% depuis que cette monnaie unique existe. C'est une autre page de la crise qui se tourne. Et nous devrions voir la fin du chapitre des procédures pour déficit excessif si les choses se confirment comme nous le souhaitons,

Le rapport de convergence que nous adoptons aujourd'hui – en parallèle de la Banque Centrale Européenne – sur les pays non membres de la zone euro illustre le fait qu'après dix années de crise, notre union monétaire peut à nouveau regarder sereinement la perspective d'élargissements à venir.

Cependant nous sommes conscients qu'il faut tirer les enseignements de la crise – et nous garder de toute précipitation car actuellement aucun des pays concernés ne remplit les critères prévus par les traités. Continuons donc ensemble le travail de préparation, dans un bon état d'esprit avec une perspective qui est ouverte.

Enfin, le contexte apaisé sur le front de la croissance nous permet de concentrer notre attention sur des questions structurelles importantes pour la cohésion de notre union. Il y a bien sûr les questions sociales, Marianne en parlera, simplement cette Commission est tout entière derrière elle pour marquer l'importance des questions sociales.

C'est le cas de la lutte contre les pratiques de planification fiscale agressive.

Sept Etat-membres font l'objet de considérants spécifiques, dans le sillage des analyses que j'ai présentées ici des rapports pays en février. Les changements nécessaires dans ces pays pour lutter contre ces pratiques relèvent de réformes profondes, et expliquent la place de ces questions dans nos recommandations. C'est une première ! Ca n'avait jamais été fait auparavant et c'est une nouvelle illustration de notre volonté de lutter contre non seulement la fraude et l'évasion fiscales mais aussi les pratiques de planification fiscale agressive, d'optimisation fiscale.

Notre approche dans ce domaine comme pour d'autres, est faite d'encouragement et de dialogue, j'en veux pour preuve le fait que ces Etats membres, les sept, nous ont présenté des mesures nouvelles pour répondre aux problèmes identifiés, certaines plus convaincantes que d'autres. Il ne s'agit pas de pointer du doigt tel ou tel pays, tel ou tel gouvernement, mais bien de souligner les efforts accomplis et d'identifier les défis encore à relever.

Mais la reprise qui s'est désormais muée en croissance robuste, nous sommes dans une phase d'expansion et non plus de reprise, ne doit pas nous conduire à baisser la garde: après tout, pour certains Etats membres, nous devons nous en souvenir, la crise de 2009 a trouvé ses origines dans des erreurs de la politique économique menée lors des années de boom.

L'enjeu principal est donc le bon calibrage des politiques budgétaires dans et en dehors de la zone euro.

Keeping in mind that prevention is always better than cure, the Commission has today adopted decisions concerning two Member States whose expansionary fiscal policies – at a time of already very strong economic growth – are for us a source of concern.

We address a warning today to both Hungary and Romania on the existence of a significant deviation from the adjustment path toward the medium-term budgetary objective in 2017.

For Hungary, we propose that the Council recommend that the country take measures in 2018 to correct this significant deviation.

And for Romania, which is already [subject to a significant deviation](#)



[procedure](#), we recommend that the Council issue a decision on non-effective action and a renewed recommendation to take measures in 2018 and 2019, again to correct the significant deviation.

We have also adopted reports today on Belgium and Italy, under Article 126.3 of the Treaty, which experts of the Pact know well – these reports review compliance with the debt criterion of the Treaty, examining all relevant factor and we have done that in all years since we are in office as a Commission.

In the case of Italy, our analysis suggests that the debt criterion should be considered as currently complied with, notably as Italy was found broadly compliant with the preventive arm of the Pact in 2017.

For Belgium, as there is no sufficiently robust evidence to conclude that Belgium did not comply with the preventive arm requirements, the report could not fully conclude as to whether the debt criterion is complied with. So we will need to continue to observe the situation closely but we had a very positive dialogue with the Belgium government and I hope that this will go on.

For both countries, we will reassess compliance with the preventive arm of the Pact on the basis of the ex-post data for 2018, to be notified in Spring 2019.

Lastly, we have today made public our review of the application of flexibility within the rules of the Pact introduced by this Commission in January 2015, immediately after its entry in function, a little over three years ago and subsequently agreed by the Council. The review shows that our key objectives have been met, as we now have a predictable and transparent framework in place, allowing the Commission to apply the existing rules of the Pact in a country-specific and balanced manner.

The flexibility allowed under the Pact has allowed us to strike a good balance between the objective of ensuring prudent fiscal policy and the proof of it is that the EDP is almost over, while stabilising the economy and supporting growth and we are in this phase of expansion so I think the guidance with flexibility was right, that is always better to dialogue and convince than to punish and constraint. Our spring forecast shows that public debt and deficits have declined, while economic activity has picked up since 2016.

Et maintenant je passe la parole a Marianne pour vous expliquer les aspects sociaux du paquet.

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# Speakings by Commissioner Thyssen on the 2018 Country-Specific Recommendations under the European Semester

Ladies and gentlemen,

With the economy growing at its fastest pace in a decade, we now have an opportunity to look ahead. And focus on building a basis for sustainable, inclusive and long-term growth. Since November last year, the European Pillar of Social Rights is guiding us on this path.

Our recommendations address the 3 dimensions of the Pillar:

- Equal opportunities in education and training and access to the labour market
- Fair working conditions
- Social protection and inclusion for all

Allow me to highlight some of the main issues we have identified in this year's exercise:

o The **rapid** pace of **technological progress** calls now more than ever for reforms to **up-skill and re-skill** European workers. Young people are entering an increasingly dynamic and flexible labour market while older people have to work longer. This means we need to invest in people throughout their careers so that everyone can choose their own desired career path.

o We also need to address **the quality of education and training**. Skills mismatches are still too high across Europe. And too many people face unequal access to quality education due to their socio-economic status or migrant background. Also other vulnerable groups face too many obstacles. Improving the access and **quality of education and training** is essential for integrating people and reducing inequalities. This concerns a majority of Member States and in particular Bulgaria, Hungary, Slovakia and Romania concerning the integration of disadvantaged groups. Austria, Belgium and France for example could benefit from improving the employment prospects of people with a migrant background.

o The **opportunity** to participate in the economy and society should also be given **equally to men and women**. Starting a family should not be a burden on your professional life. Care services and family benefits are therefore essential for **combining family life with career aspirations**, in particular also for women, helping in turn to get more women into work, especially in Italy, Poland and Slovakia. Now is the time to fix the roof, but we must also

break the glass ceiling. And that starts by giving equal opportunities to men and women.

o The social situation is improving in most Member States: In total, there are 5.6 million people less at risk of poverty or social exclusion than in 2012. Yet, high **income inequality** and **in-work poverty** persists. In particular the **low impact of social transfers** on reducing poverty requires more attention in a number of Member States. It is not just a question of spending. Efforts should be focused on results, that is, the **inclusiveness and effectiveness of social protection**. This concerns especially the Baltic countries, Croatia but also Spain.

o Our rapidly ageing population in Europe also impacts public finances. There is a need to reform our pension, healthcare and long-term care systems. This is not only key to sustain public finances but also to making sure that people have adequate pensions and access to quality services. Member States have taken steps in this direction but more efforts are still needed to tackle this challenge.

o All of this will not be possible unless we improve **ownership** of the reforms. **Engagement** in society with all stakeholders is key to make reforms work. This includes working together with social partners and civil society. Effective **social dialogue** which ensures that the voice of those affected is heard, is the best recipe. How this is done is up to Member States but we continue to support the greater involvement of national social partners in policy-making, especially in Hungary and Romania, who both received a CSR on this.

To conclude, our recommendations adopted today are essential to build a more prosperous future with equal opportunities for all.

Higher skills and better welfare will make the current growth sustainable and inclusive. This is what we want to achieve and why we call on Member States also to translate these social recommendations into action.

Let me close by saying that also the EU budget has a vital role to play in delivering on our objective to “invest in people”.

This will be at the core of our proposal next week on the post 2020 vision for the European Social Fund.

As a matter of fact, our funds will be more closely aligned with the European Semester.

I can tell you already now that the detailed analysis of Member States’ challenges in the context of the European Semester will serve as a basis for the programming of the funds of the next period.

Thank you.