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## Mr. Joaquin Almunia New European Commissioner for Competition

Mr. Joaquin Almunia has been nominated to succeed Neelie Kroes as the next EU Commissioner for Competition Policy. Ms. Kroes has been nominated to become Commissioner for the “Digital Agenda,” which includes the telecommunications sector. If, as expected, Mr. Almunia is confirmed in his new post following hearings before the European Parliament between January 11 and 19, 2010, he will begin his tenure as Competition Commissioner as of February 1, 2010. Mr. Almunia will also be one of seven Vice Presidents of the Commission.

Mr. Almunia has a background in economics, long experience in Spanish politics, and is considered to be a thoughtful, careful, hard-working, and clear-minded regulator. He is close to Commission President Barroso, who was apparently keen for him to accept the position. Although it has been suggested that, given his political background, he may be somewhat more sensitive to industrial policy and employment considerations, there are no indications that he intends to deviate to any material extent from the policies of his predecessors. He is a “*believer in markets*” who is not thought to have disagreed with any of the decisions proposed by Commissioner Kroes. There has, however, been some speculation that, although Mr. Almunia is a member of President Barroso’s State aid steering group, and as such has had significant influence on current State aid policy, he may be somewhat more lenient than Commissioner Kroes in the area of State aids.

Mr. Almunia will bring to DG COMP his current Head of Cabinet, Carlos Martinez Mongay, who also has a background in economics. His Director-General (the successor of Mr. Philip Lowe) will be a Dutch economist and administrator, Alexander Italianer, who was appointed while Ms. Kroes was Competition Commissioner.

### **I. BIOGRAPHY**

Joaquin Almunia was born in Bilbao, Spain, on June 17, 1948.<sup>1</sup> He graduated in Law and Economics at the University of Deusto, Bilbao. He then studied at the École Pratique des Hautes Études in Paris and participated in the Senior managers in Government program at the Kennedy School of Government, Harvard University. He

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<sup>1</sup> See [http://ec.europa.eu/commission\\_barroso/almunia/profile/cv/myprofile\\_cv\\_en.html](http://ec.europa.eu/commission_barroso/almunia/profile/cv/myprofile_cv_en.html)

has also taught as an associate lecturer on Employment and Social Security Law at the University of Alcalá de Henares, Madrid.

He started his career as an economist at the Council Bureau of the Spanish Chambers of Commerce in Brussels, where he remained from 1972 to 1975, before coming back to Spain as chief economist for UGT, a Spanish trade union, a position that he held from 1976 to 1979. In 1979, he became a member of the Spanish Parliament and in 1982 he was the youngest Minister (only 34 at the time) of the new Socialist Government, in charge first of Employment and Social Security (1982-1986), and then of Public Administration (1986-1991). With the Socialists moving into opposition, he became the spokesperson of the Socialist Parliamentary Group (1994-1997) and the leader of the party from 1997-2000. He was nominated as the Socialist candidate for Prime Minister, although he eventually lost the general election to José María Aznar.

In 2004, the newly-elected and present Socialist Prime Minister José Luis Rodríguez Zapatero proposed him as a replacement for Pedro Solbes, the Commissioner responsible for Economic and Monetary Affairs, a position that he took up in April 2004. Mr. Almunia has been director of a research program on “Equality and Redistribution of Income” at the Fundación Argentaria (1991-1994). In 2002, he founded a think tank, Laboratorio de Alternativas. He is a member of the executive committee of a non-governmental organization, Diálogo Europeo, ASBL; a member of the Global Progress Commission, the Advisory Committee of the Fundación para la Relaciones Exteriores y el Diálogo Exterior (FRIDE), and the Organization for Economic Cooperation and Development (OECD) Latin American Outlook Advisory Board.<sup>2</sup>

## **II. ALMUNIA’S OPINIONS REGARDING COMPETITION POLICY**

Commissioner Almunia is regarded as the “*guardian of a stability and growth*” pact that big countries had begun to flout even before the credit crunch saw public debts and deficits explode. As the crisis spread a year ago, he was generally perceived as calm, serious and tough, extending aid to struggling EU countries but also warning large Member States about the consequences of rash actions.<sup>3</sup>

Since the weekly meetings of the Commission are not public and discussions are confidential,<sup>4</sup> his voting record cannot be assessed, although it appears he has been

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<sup>2</sup> He is also patron of the following foundations: the Fundación Pablo Iglesias, the Fundación Catalana de Gas, the Fundación Jaime Vera, Euroamérica, Alternativas, Cear, Abril Martorell, Carlos de Amberes, the Instituto Complutense de Estudios Internacionales(ICEI), UBUNTU; and Honorary Member of the Boards of the Policy Network and the Fundación de Estudios Financieros.

<sup>3</sup> The Economist, September 24, 2009.

<sup>4</sup> Article 9 Commission Decision of 15 November 2005 amending its Rules of Procedure (2005/960/EC, Euratom).

supportive of – or at least not opposed to – the main antitrust decisions adopted under Commissioner Kroes’ watch, with the possible exception of State aid, where he is thought to have favored a somewhat more lenient approach than Commissioner Kroes. Some insight can be obtained from analyzing his hearing before the European Parliament when he was nominated as Commissioner for Economic and Monetary Affairs and some of his speeches.

In October 2004, the Committee on Economic and Monetary Affairs held a public hearing with Commissioner Almunia, in preparation for which he responded to a written questionnaire. Among other things, he indicated support for a united, socially advanced, and economically competitive Europe. He also believes that the economic problems of the EU are related to its low growth rate, limited capacity to react to economic shocks, and failure to implement sufficient structural measures to tackle low levels of productivity and job creation. Mr. Almunia suggested that the EU should guarantee that the effective function of the Internal Market, especially in the services sector, and should improve conditions for innovation (including by reducing regulation), and investment in research and training.

Mr. Almunia’s speeches as Commissioner for Economic and Monetary Affairs provide further insight into his views on competition policy. He has in the past said strong competition enforcement, the liberalization of network industries, and the spread of the Internet have helped to increase productivity.<sup>5</sup> He has also argued that the EU should uphold the competition rules that underpin the Single Market and is strongly against trade barriers.<sup>6</sup> In respect of network industries, Commissioner Almunia has taken the view that effective competition has been hampered by dominant incumbents<sup>7</sup> and has supported liberalization in postal services, energy, and telecommunications. To address the possibility that increased competition could be associated with lower standards or might exclude particular groups of users, he has proposed anchoring the provision of universal services in EU legislation on the ground that “*access to certain types of services is as much a civic right as it is a commercial service.*”

### **III. REACTIONS TO HIS NOMINATION**

The Commission’s President, Jose Manuel Barroso, considers Mr. Almunia to be “*very competent*” and “*one of the best Commissioners of the Commission during the last five years.*” He supported his nomination as “*recognition [for] the excellent work*” he

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<sup>5</sup> Foro ABC, Madrid, July 9, 2004.

<sup>6</sup> A Recipe for Recovery: the European Response to the Financial Crisis, 2nd Brussels International Economic Forum, Brussels, November 11, 2008.

<sup>7</sup> The Future of Public Services in the Single Market BDI, DIHK, BDE- Conference, Brussels, November 22, 2007.

performed during the financial crisis.<sup>8</sup> Commissioner Almunia's nomination has generally been welcomed. Charles Grant, director of the London-based research group Centre for European Reform, described Mr. Almunia as a "*very intelligent man*" who "*gets on with people ... He's also somebody who understands the importance of competition policy and free markets.*" Maintaining the record of Commissioner Kroes will nevertheless be challenging, as she is widely viewed as having been an effective and accomplished Competition Commissioner who cemented DG COMP's position as one of the world's leading antitrust agencies.

#### IV. CHALLENGES

Mr. Almunia's most urgent, important, and difficult task, which will likely dominate his agenda for the first few months, is to use State aid rules to ensure that banks recover from their present difficulties with appropriate and proportionate requirements designed to avoid future crises. He is certainly among the best placed members of the new Commission to undertake this task. He will also have to deal with merger cases that are pending at the time he takes office, although *Oracle/Sun*, the most prominent transaction currently under review, will likely be decided by Commissioner Kroes during January 2010. Mr. Almunia's less immediate tasks include persuading the European Parliament to approve some version of the Commission's proposals for encouraging private claims for compensation for infringements of EU competition law. Also in the cartel area, the large fines imposed during Ms. Kroes' term have attracted criticism and many hope that Mr. Almunia will consider whether the current fining policy is appropriate and adopt a less strident approach. Finally, he may want to consider what improvements should be made in the procedures in competition cases.

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<sup>8</sup> El País, November 28, 2009.

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