

PARLIAMENTARY DEBATES

HOUSE OF COMMONS
OFFICIAL REPORT

European Committee C

EU MERGER CONTROL

Tuesday 3 November 2015

PUBLISHED BY AUTHORITY OF THE HOUSE OF COMMONS
LONDON – THE STATIONERY OFFICE LIMITED

£5.00

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Saturday 7 November 2015

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The Committee consisted of the following Members:

Chair: MR DAVID HANSON

† Barclay, Stephen (*North East Cambridgeshire*)
(Con)

† Boles, Nick (*Minister for Skills*)

† Collins, Damian (*Folkestone and Hythe*) (Con)

† Fovargue, Yvonne (*Makerfield*) (Lab)

† Fuller, Richard (*Bedford*) (Con)

† Grant, Peter (*Glenrothes*) (SNP)

† Hopkins, Kelvin (*Luton North*) (Lab)

† Kinnock, Stephen (*Aberavon*) (Lab)

† Kyle, Peter (*Hove*) (Lab)

† Morden, Jessica (*Newport East*) (Lab)

† Morris, Anne Marie (*Newton Abbot*) (Con)

† Rees-Mogg, Mr Jacob (*North East Somerset*) (Con)

† Stuart, Graham (*Beverley and Holderness*) (Con)

Glenn McKee, *Committee Clerk*

† **attended the Committee**

European Committee C

Tuesday 3 November 2015

[MR DAVID HANSON *in the Chair*]

EU Merger Control

2.30 pm

The Chair: It may be helpful if I remind the Committee of the procedure in European Committees. Proceedings must conclude no later than two and a half hours after we start. First, I shall call a member of the European Scrutiny Committee to make a brief statement on why that Committee has decided to refer the document for debate. Secondly, I shall call the Minister to make a statement, followed by questions for up to an hour. Thirdly, the Committee will debate the Government motion, and I shall put the question on the motion when debate or the time available is exhausted, whichever happens first. Does a member of the European Scrutiny Committee wish to make a brief explanatory statement?

2.31 pm

Kelvin Hopkins (Luton North) (Lab): Thank you, and it is a pleasure to serve under your chairmanship, Mr Hanson. It may be helpful to the Committee if I take a few minutes to explain the background to the document and the reason why the European Scrutiny Committee recommended it for debate.

The EU system for merger control seeks to create a one-stop shop, with the Commission essentially having jurisdiction over mergers with an EU dimension, while those below the relevant thresholds are subject to member state control. Where a merger has been notified to the Commission, it may not proceed unless it is compatible with the Common Market.

In 2013, the Commission took the view that since the current arrangements had been in place since 2004, the time had come to consider possible improvements. It therefore sought to canvass views. As a result, in July 2014, it produced a White Paper—Document 11976/14—reviewing the operation of the controls over the past 10 years and proposing specific changes. The White Paper says that although the majority of cases investigated have not raised competition concerns, merger control nevertheless,

“makes an important contribution to the functioning of the internal market.”

It also says that in addition to the part played by the Commission on mergers with an EU dimension, member states have an important role, although it goes on to note that there is

“room for further co-operation and convergence”

in certain areas and that there should be a single substantive test on mergers applied by both the Commission and national competition authorities. However, as that would require an ambitious overhaul of the regime, it has for the time being concentrated on two issues identified in 2013: the need for controls to be extended to certain acquisitions of non-controlling minority shareholdings and the effectiveness of the system for transferring cases between member states and the Commission.

The Government do not see the latter issue as having more than limited policy implications but say that the changes regarding non-controlling acquisitions require further clarification. In view of this, and the review that the White Paper provides of the overall control system over the past 10 years, the European Scrutiny Committee decided on 3 September 2014 to recommend the document for debate in European Committee C. Given the time that has elapsed since then, it would be helpful if, in addition to any more general comments, the Minister said what developments have taken place in this area in the meantime.

2.33 pm

The Minister for Skills (Nick Boles): It is a pleasure to serve under your chairmanship, Mr Hanson, and it is a great pleasure, finally, after six years in Parliament, to have begun to penetrate the mystery that is Parliament’s scrutiny of European legislation. I have never had that privilege before and it feels particularly appropriate to be standing under a huge painting of Alfred inciting the Saxons to prevent the landing of the Danes. I do not know whether that is why the proceedings are held in this room, though there is a picture at the other end that perhaps we had better glide over.

One does not have to be a great enthusiast in general for intervention by the European Union and the European Commission in domestic economic decisions to see the advantages of a EU-wide approach to mergers and acquisitions where they do affect the integrity of the single market. I certainly do not count myself a great enthusiast in general. I nevertheless see this as one of the areas in which the European Union performs a function that is absolutely valuable to British consumers and, indeed, British businesses that want to grow by expanding through acquisition into other European markets. Therefore, the Government very much support the principle of the European Commission having a role in the review of mergers and acquisitions that meet the tests.

This White Paper, as the hon. Member for Luton North succinctly explained, proposes a number of relatively minor modifications to the current regime: a change in how acquisitions of non-controlling minority shareholdings that could harm competition are considered within the EU; a streamlining of case referrals between member states and the Commission to make the process more business-friendly and less time-consuming; a move to exclude certain non-problematic transactions from the scope of the Commission’s merger review, such as joint ventures that set up and operate outside the European Economic Area and have no impact on European markets; and finally, proposals to foster greater coherence and convergence between member states to prevent divergent decision making in parallel merger reviews conducted by competition authorities in several member states.

Like many other respondents to the White Paper, the UK welcomes the overarching principles behind the European Commission’s proposals, many of which will streamline the system and reduce regulatory burdens on businesses and competition authorities—an aim we wholly support. It is right that we should review procedures and, wherever possible, minimise the burdens on businesses and citizens. However, the major proposal in the White Paper is to extend the scope of EU merger regulation to include the acquisition of non-controlling minority holdings.

We have concluded that, in its current approach, as set out in the White Paper, the Commission's proposal for achieving this appears to be over-burdensome and disproportionate.

The White Paper proposes a targeted transparency system, aimed at potentially problematic mergers that involve the acquisition of non-controlling minority shareholdings. The proposal suggests that an acquisition would be considered potentially problematic if the shareholding was in either a direct competitor or business in the same supply chain and was for around 20% of the ownership rights, or if the shareholding was for less than 20% but more than 5% and the acquirer would gain other rights—for example, a seat on the board. Such holdings would require notification.

The Commission's objective is to ensure adequate control over non-controlling minority holdings and their acquisition, and we understand this aim. Our domestic merger law gives jurisdiction over certain transactions that give rise to material influence over another business and can apply to acquisitions of non-controlling shareholdings. We are aware of a few cases where action has been taken to address the anti-competitive effects that would result from non-controlling shareholdings. By itself, however, this is not a justification for action at EU level. Competition cases involving minority shareholdings are few and far between, as the Commission acknowledges. Its own impact assessment cites only two previous cases. Given the circumstances, the need for action at EU level would need to be carefully considered and justified to ensure that it adds value and is proportionate.

The system set out in the White Paper is rather complex. Considerable information would need to be supplied by the parties to assess whether the merger may give rise to competition concerns. This system would place a burden on businesses that would be disproportionate to the problem it is designed to solve. The standstill period may cause delays or, in fact, deter some acquisitions from occurring at all.

As outlined in our explanatory memorandum to Parliament in July 2014, we were keen to explore the Commission's approach with interested parties. The feedback we received was clear: business and legal stakeholders considered that the proposals would impose onerous assessment and notification requirements on them and that this would give rise to costs and delay or discourage deals. Indeed, the notification burden would be even more pronounced in the UK, where there is no domestic requirement to give notification of mergers or acquisitions of minority holdings. It is hard to see the justification for such requirements, given the scale of any problems and the lack of any convincing case for action at EU level.

We therefore recommended to the Commission that it should take a more proportionate approach and encourage those member states whose merger regimes do not cover minority holdings to legislate to cover them. Aside from the Commission's approach to minority shareholdings, we supported the general principles behind the other proposals. Notably, the Commission suggests replacing the rather cumbersome and time-consuming two-step process by which parties may seek referral of a case from member states to the Commission with a single-step process. We believe that this would bring greater efficiency to the system of referrals.

The Commission proposes amendments to remove or limit the EUMR's application to certain transactions—so-called full function joint ventures, located and operating totally outside the European economic area. Like many other respondents to the White Paper, we unreservedly support those proposals, which will streamline the system and reduce regulatory burdens on businesses and competition authorities.

In conclusion, the Government strongly support the EU competition system, including the merger regime, and welcome some of the Commission's proposals to improve its operation, but EU action should always be proportionate and matters should be dealt with at EU level only when necessary and at member state or regional and local level when possible. This is an occasion when we need to assert those principles.

The Chair: We now have until 3.35 pm for questions to the Minister. Hon. Members' questions should be brief. It is open to Members, subject to my discretion, to ask supplementary questions.

Yvonne Fovargue (Makerfield) (Lab): I have just one question on the digital issue. Much of the EU merger law is based on turnover. Digital quite often has lower turnover, but a high customer base. Does the Minister feel that that has been taken sufficiently into account in this document?

Nick Boles: I am not aware that the White Paper proposals have any specific application to digital industries, but if they do, I will be happy to write to the hon. Lady and the rest of the Committee, or perhaps she would like to explain the issue further. I was not aware of any specific proposal in relation to digital industries on minority shareholdings or these other referral requirements.

Yvonne Fovargue: That is the point. There is nothing referring to digital, but there is a lot about company turnover. As I said, digital turnover can be quite low, but the customer base is very high. Does the Minister feel that perhaps there should be something referring to the digital industry, which has a different sort of customer base and turnover?

Nick Boles: Certainly, we have not suggested that in our response to the White Paper, and I do not believe that it is a position that we would want actively to promote, but if the hon. Lady wants to make representations to me or to the Government generally on the issue, I will be happy to consider them.

Mr Jacob Rees-Mogg (North East Somerset) (Con): It is a pleasure to serve under your chairmanship, Mr Hanson, for, I think, the first time in one of these European scrutiny Committees, of which I have had much experience over the past six years. My hon. Friend the Minister has missed a great treat in not being able to come to more of them. I want to ask about his letter of 21 July 2015, in which he states:

“If a proposal does emerge from the White Paper, we think Articles 103 and 352 TFEU provide the likely legal base”.

If it is article 352, that requires an Act of Parliament to be brought into effect, as indeed is being debated at the moment, so I wonder whether he can give us an assurance

[Mr Jacob Rees-Mogg]

that if the minority shareholder requirements remain, the Government will not give their consent, which will be fatal to the EU's proposal.

Nick Boles: That was a long question, and I am happy to give a short answer: yes, I can give my hon. Friend that assurance.

Kelvin Hopkins: I am pleased that the Government seem to be resisting more powers being transferred from our national Parliament to the EU. I think that the Minister made the point that many mergers relate to companies that are not based in the rest of the European Union. It is appropriate that they should be managed at national level, rather than EU level. Does he agree?

Nick Boles: Absolutely. Full-blown mergers—acquisitions of the control of other businesses—have to pass clear criteria on turnover both within the EU and within the respective countries to be reviewed at European level rather than the national level. The criteria are reasonably complicated. My hon. Friend will be more familiar with them than probably any of us. I think that they are set at roughly the right level. As a result, the overwhelming majority of mergers and acquisitions that take place are reviewed by our excellent Competition and Markets Authority, which has a very high reputation. It is absolutely appropriate that only a very small number of mergers and acquisitions are reviewed at European level.

Kelvin Hopkins: I think that the European Scrutiny Committee, in general and broad terms, would agree with the Government on this. The principle of subsidiarity is much talked about in European Union circles, but the EU seems reluctant actually to indulge in it much. Would the Minister not suggest that the EU should recognise that some things should be dealt with at national level to make subsidiarity more meaningful?

Nick Boles: I cannot pretend that everything involved in preparation for the Committee was absolutely gripping, but nevertheless I found myself intrigued by a debate on the vexed question of subsidiarity between, in particular, the noble Lord Boswell and my predecessor and then me—in reality, the officials who drafted my reply. I had the layman's understanding of subsidiarity, which is shared, I suspect, by most of us and by most of our constituents: "Don't do it at European level unless you need to; do it at national, regional or local level." However, I understand from the correspondence that, within a legal framework, the principle of subsidiarity at European level is applied only in certain areas, where it is acknowledged in treaties that the EU does not have sole competence—only then does something become a question of subsidiarity.

To the extent that this power is necessary for the EU to make the internal market function, questions of subsidiarity would apparently not be raised under the legal framework. That is why we have emphasised proportionality. It would be disproportionate for the EU to start interfering in a small number of cases that rarely have a European-wide impact. In a sense, I rest with the layman's view of subsidiarity as useful—in

general, the EU should not interfere unless necessary, and unless doing so will dramatically add value to individual nation states and their citizens—but in this case we are clear that it would not be necessary or proportionate for the EU to do so.

Kelvin Hopkins: I have one more question. Is it not right to be extremely wary of any kind of merger? Mergers inevitably lead to more monopolistic powers for companies to exploit markets. If we are serious about competition, we should maintain a sufficient number of competing companies in any industry.

Nick Boles: We are probably straying slightly from the subject. In general, I have agreed with everything that the hon. Gentleman has said, but I suspect that there will be a slight note of difference here. There are many fragmented industries in which the merger of two participants would in no way undermine the consumer's power and might even enable them to become more efficient and productive, thereby lowering costs to the benefit of the consumer. I completely agree with the hon. Gentleman, however, that in cases of relatively concentrated industries—we can all think of many, and they are often where mergers are most frequently proposed—it is important to have a robust regime. I am glad to say that we have such a regime in this country. We should therefore allow most decisions about mergers in the UK to take place under the jurisdiction of the UK authorities.

Peter Grant (Glenrothes) (SNP): For a partial takeover—a minority stakeholding—involving two companies registered in the same member state, I understand the argument that the member state should be able to regulate the proposed purchase of shares. Does the Minister appreciate, though, that although the companies may be registered in one member state their activities might have a significant bearing on other member states? Aer Lingus and Ryanair are good examples. Both companies are registered in one sovereign state, but their activities can impact significantly on passengers and businesses in other member states.

My first question is about a similar merger involving two German or two Italian airlines that would have significant impact on passengers in the UK. Is the Minister satisfied that the Government's proposals would give adequate protection to passengers in the UK? Secondly, on minority shareholdings, there can be a degree of integration vertically along a supply chain for the best of reasons, but it can be used to move profitability to the company in the group that is least likely to have a tax liability. Is the Minister concerned about that? Is he satisfied that the regulations that the Government propose to support give adequate protection against such mergers being used as a tax dodge, rather than to increase competition in the market?

Nick Boles: Those are two excellent questions. On the first, I remind the hon. Gentleman that the Government's response to the White Paper specifically suggested that the priority should be to ensure that all EU member states should have, as we do already, a domestic regime for the review and, if necessary, control of the acquisition of minority shareholdings. If they did, we could be satisfied that issues relating to the putative purchase of

one German airline by another would be covered. Although the hon. Gentleman is of course right to say that consumers in the broader EU might be affected by such a transaction, they are unlikely to be affected more than consumers in the market in which those two companies have their operational bases. I believe that Germany does have a national regime on minority shareholdings, but many other states do not. If such a regime is present, it should be capable of reflecting the interests of consumers from across Europe.

On the second point, the hon. Gentleman is right that tax dodging can be a driving force behind acquisitions, but it is not specifically about competition. Ensuring that the taxes due are received is an important issue of public interest, but it is not for the competition regime, which is about protecting consumers' interests, to be the adjudicator in such a situation. I am unable to explain the detail to him, but many discussions are taking place at all sorts of levels about the problem of shifting profits around the world. Indeed, the Chancellor has made some fairly robust proposals about how that can be discouraged in the UK.

Richard Fuller (Bedford) (Con): It is a pleasure to see you in the Chair, Mr Hanson. I have never taken part in a European scrutiny process, so this may be a naive question from me. Will the Minister confirm whether the proposals amount to everything in the EU's 10-year review of merger policy? Is this the output from that review, or is it just the contentious piece? Is the purpose of the 10-year review that this will then lay the groundwork for the next 10 years?

Nick Boles: My understanding is that the White Paper reflects the sum total of the proposals that the Commission wanted to make following the review. It is worth acknowledging that there was a loose throwaway line at the end of the White Paper that seemed to suggest that, in the perfect future envisaged in Brussels, the EU would control everything, but the White Paper contained no such specific proposal. We have responded to all the proposals, as I have outlined. This is not in the Commission's work plan for the current year, so we do not anticipate early action to take any of the proposals forward. There is certainly no indication of the Commission coming forward with other broader, more far-reaching proposals.

Richard Fuller: I thank the Minister for that. On the understanding that the proposals are it and that they look forward for the next 10 years and not wanting to drag the Minister too far into hypotheticals, will he confirm that the rules on mergers apply to the single market and not to the eurozone? We are likely to see a substantial change in the eurozone over the next 10 years with much more consolidation and co-ordination of fiscal policies. The concern with the merger policy is the emergence of a North American Free Trade Agreement-type arrangement in which we end up being Canada, but all the decision-making rules on mergers are produced by one set of countries that have much more common fiscal and economic frameworks. Will the Minister comment on this set of policies and the broader set of merger policies from the review in the light of those likely changes over the next 10 years?

Nick Boles: I am going to resist the urge to speculate in an area in which I can claim little expertise. I simply point out to my hon. Friend that this country retains strong laws and, more importantly, strong institutions that will continue to act under the policies and guidance set out by the UK Parliament. I do not anticipate anything that might happen in the eurozone undermining our own regime. The EU regime applies to the single market. As my hon. Friend will be aware, our right hon. Friend the Chancellor is very busy today seeking to secure guarantees that the single market will not be shanghaied by the eurozone for its own purposes and that there will be protections for those of us who are enthusiastic participants in the single market but will never be members of the eurozone. I am sure that that would include any attempt—not that we have any indication that there will be one—to dilute the regime or overburden it for the sake of eurozone members. We would resist such an attempt very strongly, but we have no sense that that is on the agenda.

Richard Fuller: My final question relates to trade treaties, particularly the transatlantic trade treaty, which will create a broader market in which there will be free and open competition. What is the likely impact of the application of this measure to a treaty with the United States and other countries? Has the United States been part of the consideration of this measure or of the overall merger policy in the European Union?

Nick Boles: I will not even venture to give an answer off the hoof, because that is not a subject considered in the White Paper, but I am happy to write to my hon. Friend and copy in members of the Committee on that question.

Motion made, and Question proposed,

That the Committee takes note of European Union Document No 11976/14, a Commission White Paper: Towards more effective EU merger control, and Addenda 1 to 3; and supports the Government's approach of questioning the proposal to widen scope of the EU Merger Regime (EUMR) to include acquisitions of non-controlling minority shareholdings, given that the evidence does not suggest it is justified.—(*Nick Boles.*)

2.57 pm

Kelvin Hopkins: I will not speak for too long, but I would like to say a word or two about what the hon. Member for Bedford has said. Countries outside the eurozone are rather stronger in their economics than those inside the eurozone. There are those who think that the eurozone will not continue forever—people inside the eurozone, not just people who are, like us, outside it and who might take a more sceptical view. I do not think that the eurozone poses an economic threat to us. A much greater threat comes from places such as China and elsewhere.

In a merger, there are three interested parties: the shareholder company, the consumers and the workers. I had experience of representing a trade union delegation at the Monopolies and Mergers Commission many years ago, to make sure that workers were protected during significant industrial change. I promoted a private Member's Bill some 15 years ago on the subject of giving workers more protection in situations of major industrial change, such as mergers.

[Kelvin Hopkins]

It is important to retain powers at national level, because employees, in particular, will be represented by their Members of Parliament, or even by the Government and Opposition parties in their own Parliament, much more than by the more remote European Union and Commission. Retaining as much power as we can at national level over these matters is important, particularly for the worker interest. The consumer interest may be rather different, but the worker interest is certainly best served by keeping those powers at national level. We have seen some fairly serious mergers over the years in Britain, which have caused a certain amount of distress, and we want to make sure that workers are properly protected.

The European Scrutiny Committee, as I have said before, is happy that the Government have resisted the European Union's pressure to take more powers to itself. I hope that that will continue and that the Government will recognise the interests of employees, in particular, in all merger situations.

We have to regard mergers with a degree of nervousness, because even when there are still several companies in a market—an "oligopoly", for those of us who have studied economics—even a few companies can effectively have monopolistic powers, and of course they can collaborate privately and whatever else. If we want a competitive market, and not a socialised market, it is very important to have genuine competition between companies and not allow aggressive takeovers, which are more politely called "mergers", for the purposes of exploiting markets, getting rid of workers and whatever else.

I hope that the Government will continue to take a strong view about how we manage mergers through legislation and Government. I imagine that the European Union is concerned as much as anything about the other nations—specifically the more recent members, whose legislation may not be so well developed as ours. They may not have the experience of industry that we have, and their industries may need a little more assistance from international bodies rather than just receiving assistance from their own Governments.

As I say, I hope that the Government will take merger powers and the legislation governing mergers very seriously in the future, and retain as much power to themselves as necessary.

3.1 pm

Mr Rees-Mogg: Unusually in a European debate, I merely wish to provide paeans of praise for Her Majesty's Government, who are doing things absolutely correctly. My hon. Friend the Minister will know that paeans of praise were sung to the god Apollo by the priestesses of Delphi; I am therefore putting myself in the role of the priestesses. [Laughter.] I am putting the Minister in the role of Apollo, which I hope he appreciates.

My purpose, of course, is to encourage the Government to remain robust. In the White Paper, the EU—the Commission—says that it currently does not have the powers to deal with the minority shareholders issue. It refers to articles 101 and 102 of the treaty on the functioning of the European Union, and says that they are not sufficient.

As Opposition Members, particularly the hon. Member for Luton North, will be only too well aware from discussions in the European Scrutiny Committee, the legal base issue comes back again and again. The EU, or the Commission, is quite good at saying at an early stage that it is not quite sure which legal base it will use and that it may not be certain of its legal base. Then it finds that there is a legal base that it can use under qualified majority voting rather than unanimity, and almost invariably finds that the Court of Justice of the European Union supports it.

Therefore, I was particularly pleased with my hon. Friend the Minister's answer in relation to his letter, because article 352 is the catch-all provision that allows things to happen that are necessary to help the European Union to carry out its business but which are subject to unanimity. That gives the Government an absolute veto on this issue—indeed, it gives the House of Commons an absolute veto on this issue, if necessary. It is important that that is not given away in horse-trading around other issues. The Government's response to the White Paper—in the name of the Minister's predecessor, Jo Swinson—is very powerful in explaining why we should not be doing this; the Minister referred to the question of proportionality.

However, the statement, on page 36 of today's bundle, is quite strong. It says that the proposal is

"unnecessary, highly burdensome and disproportionate."

The proposal really is something that would be damaging to our merger regime, and it is worth bearing in mind that what it aims to address never actually happens. The paper says:

"Notification of minority shareholdings under the UK merger regime is rare and in the more than four decades that merger control in the UK has covered acquiring 'material influence' over another business only two cases have ever been referred for second stage investigation."

Many people will remember those two cases: the BSkyB-ITV issue and the Ryanair-Aer Lingus one. The proposal by the EU may lead to many more notifications, not least on precautionary grounds, than the Commission seems to envisage.

That is an important point. Anyone in business will notify in respect of a regulation that they might get tripped up by, just in case; in that way, they are exempt from all the significant possible penalties and it is up to the regulator to look at the issue. That leads to lots of unnecessary but burdensome reporting by businesses, which, in the end, is more than the regulator can cope with. The existing system has worked so far. The Ryanair-Aer Lingus case covered two EU member states and was dealt with effectively by the UK competition authorities, which used its authority as a domestic regulator to require Ryanair to sell its stake in Aer Lingus.

We have a situation where things currently work, where the EU has no jurisdiction and where the proposals from the European Commission would be bureaucratic. That brings me back to a point alluded to by my hon. Friend the Minister about the EU looking to extend its powers. As he rightly said, there is a small note at the end of the White Paper:

"However, as set out above, there is room to further improve EU merger control."

There is a little superscript “47” indicating that there is a footnote, which seems to me to be a classic of the EU ratchet:

“The scope chosen for this White Paper is without prejudice to additional evaluations of other important aspects of EU merger control by the Commission.”

There we have it! The Commission says, “We’re not going to do very much now, and the first bit we are going to do is actually very sensible.” No one can disagree with it. It is very mild and modest; even someone like me will happily go along with it. Then there is another bit, which is a bit more contentious and risky for the Commission given that it does not have the legal power, and then that lovely little footnote says that there might be more coming along a little later.

That is why I am so pleased with the Minister’s exceptionally robust and clear answer. It might be his first visit to a European Committee, but it has been a model of how such things should be done. We actually got an answer to a question, which is highly unusual and will probably get him into all sorts of trouble with Downing Street. I commend the Minister for his forthright answer, the position he has taken and the alertness he is showing.

3.7 pm

Yvonne Fovargue: I am pleased to attend this Committee, the first European Committee I have attended, because too often the role of the EU in consumer protection is forgotten, along with many of the other things it does. My hon. Friend the Member for Luton North was right to highlight the protection of workers in mergers, as well as of consumers and businesses, and I am pleased that a lot of the rules are based on those in the UK; the Competition and Markets Authority has done a good job for us in the past.

I ask, though, that we ensure that digital businesses are considered. EU mergers rules are often based on turnover. It is important that the EU looks ahead to what might happen in future and that digital businesses with low turnover but a high customer base are included in the rules. The future advances in business might be the part, referred to by the hon. Member for North East Somerset, that the EU might wish to look at. We know that the landscape can change dramatically.

The review has been sensible, and I am pleased that the needs of everyone—businesses, workers and consumers—have been taken into account.

3.8 pm

Nick Boles: I thoroughly enjoyed my first ever appearance before a European Committee. I have never before been compared to Apollo, but that was a great consolation on the day after my 50th birthday. I am not sure that it will ever happen again.

I suspect that I am going to be in trouble for having given a clear answer to a clear question, but if I have won the approval of my hon. Friend the Member for North East Somerset, it was definitely worth it. We will write to the hon. Member for Makerfield on the questions she asked about digital businesses. She will be aware that that is one of the areas where the public interest test can apply, but she asked a specific question about measuring a business’s importance by not only its turnover but the number of people who consume its digital product, so we will write to her about that. I commend the motion to the Committee.

The Chair: It is good to see you in such fine fettle the day after your 50th birthday. Very impressive.

Question put and agreed to.

3.9 pm

Committee rose.

