



**STRATEGIC PLAN OF SPAIN'S
NATIONAL AUTHORITY FOR MARKETS
AND COMPETITION: COMPETITION,
MARKET SUPERVISION AND
EFFICIENT ECONOMIC REGULATION**

NATIONAL AUTHORITY FOR MARKETS AND COMPETITION

This document has been compiled from the comments and contributions of executives, managers and departments of Spain's National Authority of Markets and Competition and includes comments drawn from the Public Consultation held from 8 to 29 April 2014. Following approval by the CNMC Board on 7 May 2014, this report was submitted to the Parliamentary Commission on the Economy and Competitiveness on 13 May.

The document is based on three major components of the Strategic Plan (PE): Mission, Vision and Values and has been developed around the 3 main objectives and 16 transversal lines of Strategic Action.

Why have a Strategic Plan?

The creation of Spain's National Authority on Markets and Competition (CNMC) is an innovative reflection of a clear trend in some European countries consistent with merging supervisory bodies in a number of sectors, in order to optimise resources and ensure a consistent approach from supervisory and regulatory activity overall. However, aspects specific to each country and the level of ambition in operating these convergent institutions has led to the creation and launch of the CNMC in order to address **some important organisational challenges which need to be overcome to ensure that the institution functions in an efficient manner.**

The CNMC was launched on 7 October 2013 and incorporates the activity and functions of six bodies: the National Energy Authority, the Telecommunications Market Authority, the National Competition Authority, the National Postal Sector Authority, the Railway and Airport Regulatory Committee and the State Board for Audiovisual Media.

As the Law creating the CNMC¹ states, the basic philosophy underlying all the bodies that make up the new institution is *"to basically ensure competitive markets and quality services to the benefit of citizens"*. This basic philosophy for action was developed with a number of different organisational structures and with separate material resources, however by merging functions, procedures, methodologies and knowledge considerable benefits will be obtained.

This Strategic Plan is designed to provide an initial response to the challenges faced by the new body in achieving its goals and founding principles, one of which is transparency. In order to ensure this **it was submitted for public consideration to various sectors of society:** consumers and users, financial operators, public authorities and university. The Public Consultation was carried out from 8 to 29 April 2014 resulting in over 30 contributions which have provided the text with added value.

The importance and the benefits of competitive markets: the CNMC's mission

Efficient and competitive operation of markets is a basic principle of the market economy, however, it is also an essential requirement to provide society with the highest possible levels of growth, employment and welfare. These principles

¹ The Law 3/2013 of 4 June 13 creating the National Authority on Markets and Competition

are also fundamental in order to implement the policies regulating economic activities. Achieving these benefits, which are always essential, are particularly pertinent and prioritised given the current economic crisis.

Although the operation of competitive and open markets, is an essential condition, alone this is not sufficient. The existence and development of specific productive structures have been noted which, at times require the access or participation of productive elements of different operators, or there are other imperfections or "market failings" which can result in businesses finding it more profitable not to compete as much as they should in order satisfy the general interest. This fact requires that, in all developed countries, there is a need for action on the part of capable, transparent and credible institutions in the market which will independently and rigorously perform their tasks of recommendation, intervention and dissuasion.

From this perspective the statutory purpose outlined in Article 1 of the law on creation of the CNMC is extremely logical: *"The CNMC aims to guarantee, conserve, and promote, correct operation, transparency and the existence of effective competition in all markets and productive sectors, to the benefit of consumers and users"*.

Therefore, based on this legal objective, the CNMC considers that the statement that best summarises its Mission is the following:

The CNMC promotes and defends the proper and correct operation of all markets in the interests of citizens and commercial businesses.

This mission integrates the goals and purposes of all the institutions that make up the CNMC, and in addition, incorporates the benefits and advantages expected from the new integrated structure.

With this mission inspiring its actions, the CNMC will intervene in markets in order to ensure improved service for citizens and businesses. The CNMC has arisen from the conviction that there is considerable potential in integrating several institutions sharing similar purposes, and with instruments which in general, complement each other. The authority is also well aware of the risks and the responsibility that must be assumed by this new setup. Therefore, in addition to working on a daily basis, according to our mission, the CNMC also hopes through its action in the markets and its dialogue with society to contribute to the creation of an institution with its own personality and specific character. Thus the CNMC's actions will seek to create an institution with the aim of achieving the following Vision:

The CNMC , a model for effective economic regulation and competition: more efficient markets for increased welfare.

Creating a route map

Obtaining the results set out in the mission statement and the capacity to work on the vision chosen, should be implemented through a clearly defined set of primary goals which will support and inspire all the institution's actions. The CNMC will work in accordance with the **following Values: independence, transparency, maximum rigour, maximum efficacy, predictability, defence of the general interest, synergies and legal security, which will be expressed in an articulated manner in the following three objectives:**

Objective 1: The CNMC will apply its instruments for action with the utmost rigour in regulated sectors and markets in order to obtain the most effective results.

Given the importance and the repercussions of market interventions, the everyday activity of the new institution should be based on excellence and as far as possible on the rigorous use of a wide range of instruments for intervention at their disposal, which implies the exercise of disciplinary capacity, the establishment of new market rules and the use of instruments with a didactic purpose.

Objective 2: The CNMC will act in a transparent and independent manner and with maximum predictability, with its activities guided exclusively by the general interest of improving the way in which markets operate.

Transparency and independence are two of the mandates considered in the law creating the CNMC observance of which will permit the institution to make its actions as predictable as possible and, consequently to develop a solid reputation and credibility, indispensable factors for ensuring that its action in the interests of markets is effective.

Objective 3: The CNMC will make best use of the synergies deriving from its integrated structure, providing global solutions to market problems which will ensure greater legal security.

Clearly, by integrating several diverse organisations, better use of available material and human resources can be made and by working together problems deriving from separate and disparate activities can be avoided.

The CNMC seeks to combine the complementary aspects of its different sectors in order to provide complete and definitive solutions. In this way it will be possible to improve legal security when intervening in markets.

Proposed actions

The following strategic actions will be implemented by the CNMC:

1. The CNMC will take an integrated approach to market problems in order to encourage competition and efficient economic regulation, ascertaining the cause and offering ideal solutions with improved legal security. All the CNMC's actions, from start to finish, will be subject to the requisite economic and legal analysis providing a standardised criterion.
2. The CNMC will develop, while respecting the separate concepts of investigation and resolution, mechanisms for communication and rapid decision making both in and between chambers, investigation departments and other CNMC sectors, in order to ensure that the most appropriate instrument is assigned to each market problem.
3. The CNMC will stringently pursue practices which are harmful to competition, in particular cartels and as a result it will increase its official action in markets, setting up an Action Plan in order to establish priorities for action with respect to specific sectors or practices. In addition, it will work to ensure continuous improvement of detection, inspection and investigation procedures.
4. The CNMC will set up a Corporate Social Responsibility programme and will establish procedures for capture, assignation, management and training of personnel based on ability, merit and professional excellence. In this respect, the CNMC will encourage the creation of multidisciplinary teams for each problem which will facilitate best use of knowledge and experience, as well as avoiding any possible duplication.
5. The CNMC will set up technical and operational mechanisms which will make best use of material and non-material accumulated resources, particularly knowledge, in each of its departments.
6. The CNMC will approve and publish a programme of studies and reports on those markets or sectors which it considers should be prioritised in terms of analysing their operating problems and will promote participation of the agents involved and academia in compiling the studies in question.

7. The CNMC will review markets subject to regulation or supervision on an annual basis, analysing the effectiveness of supervisory mechanisms and will make the appropriate recommendations for improvements.
8. The CNMC will intensify liaison and contact with Public Authorities as regulators of economic activity in order to promote the principles of efficient economic regulation and prevent distortions in the markets. When it is justified, given the significance of the issues under analysis, the CNMC will publish Guidelines in order to ensure wider dissemination.
9. The CNMC will strengthen its cooperation and relations with other public bodies in order to ensure that its actions have an effective impact on the market. Particular care will be taken in ensuring cooperation with the Administration of Justice. In addition, the CNMC will increase coordination and liaison with other regulatory or supervisory bodies in order to ensure consistency of action in the markets.
10. The CNMC will increase its active legitimisation in order to ensure that the acts and rules of Public Authorities do not divide the market or block the continuance of effective competition.
11. The CNMC, through active participation in European Union institutions and international forums and bodies, will contribute with its knowledge and experience to the continuous improvement of the international regulatory and competitive sphere.
12. The CNMC will work to develop and perfect operation of the network of competition authorities together with the Autonomous Communities, promoting and encouraging the activities of working groups and signature of bilateral agreements in order to process cases.
13. The CNMC will publish all its decisions and continuously improve its website, adding comprehensive content and complying with the highest standards in the matter, so that it constitutes the main instrument of communication and information with the public and operators. The CNMC will set up an interactive data portal for the public in order to provide information on all the sectors under its supervision. In addition, it will approve and publish a calendar containing relevant information.
14. The CNMC will complement its disciplinary action by furthering its educational capacity in order to maximise the dissuasive effect of adverse behaviour with the correct operation of markets. The CNMC will publicise its activities and its aims, informing interest groups and

providing incentives for participation of these groups, thus increasing their training and knowledge. In addition, it will submit any areas of its regulatory policies or intervention that it deems appropriate to public consultation and debate, as a preliminary step prior to adopting, if appropriate, communications which give their action increased predictability.

15. The CNMC will use international and academic best practices in order to update its procedures and guide its decisions, thus increasing cooperation with the European Union Network of Competition Authorities, and other international authorities and regulators, as well as multinational bodies, strengthening its presence and initiative in these organisations.
16. The CNMC will carry out an annual review of the degree of compliance and adjustment of the Strategic Plan to the market situation, which shall be additional and act as a complement to parliamentary channels of accountability, and it will facilitate dialogue with consumers and users, public authorities and economic agents in order to improve its detection capacity and ability to act on problems in the markets.

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AT2	<i>The CNMC will develop, while respecting the separate concepts of investigation and resolution, mechanisms for communication and rapid decision making both in and between chambers, investigation departments and other CNMC sectors, in order to ensure that the most appropriate instrument is assigned to each market problem.</i>	1		1
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AT15	<i>The CNMC will use international and academic best practices in order update its procedures and guide its decisions, thus increasing cooperation with the European Union Network of Competition Authorities, and other international authorities and regulators, as well as multinational bodies, strengthening its presence and initiative in these organisations.</i>	1		
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