



# Session on Competition Policy

OECD Global Parliamentary Network Meeting

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Director for Financial and Enterprise Affairs

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# Agenda

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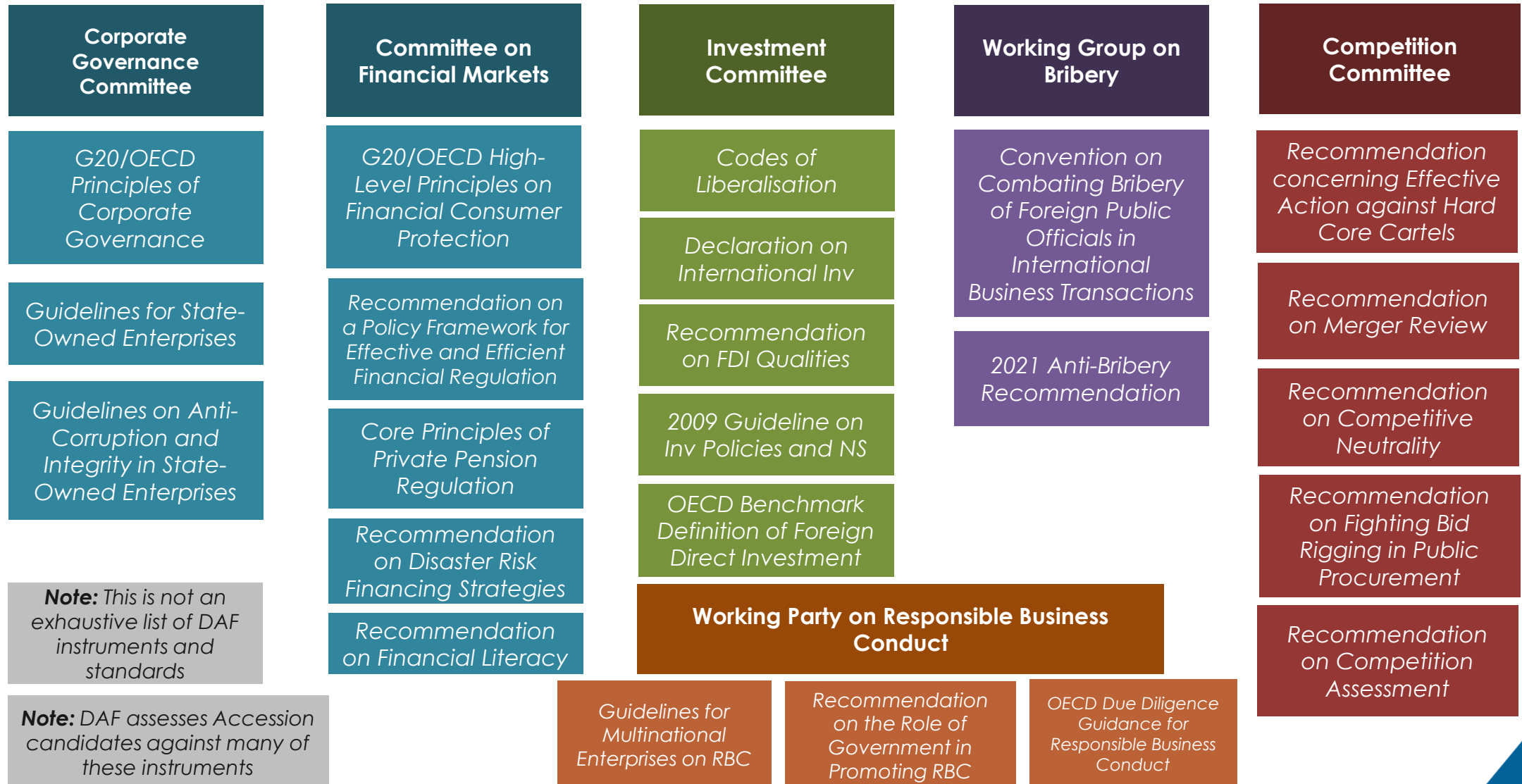
- How does competition policy fit in the OECD's mission?
- Benefits of competition
- Pro-competitive policies
- Levelling the playing field



# HOW DOES COMPETITION POLICY FIT IN THE OECD'S MISSION?



# Directorate for Financial and Enterprise Affairs (DAF) Key Instruments and Standards





# BENEFITS OF COMPETITION



# Why does competition matter?

Competition leads to price reductions and greater choice

Competition improves firms' efficiency

More investment and innovation, leading to better quality products and services

More efficient firms enter and gain market share



# Benefits of lowering regulatory barriers to competition



Large body of **empirical evidence** demonstrates productivity gains and investment in innovation when product market regulation is made more flexible



OECD competition assessment projects estimate the expected benefits of implementing **selected** recommendations in some sectors, e.g. Greece 2.5% of GDP from pro-competitive reform in four sectors



Benefits are generally **underestimated**: other positive effects are not quantified, e.g.

- Increased FDI and trade, more flexible environment for business, regulatory quality, new employment opportunities

Source: [https://www.oecd.org/en/publications/oecd-competition-assessment-reviews\\_25235311.html](https://www.oecd.org/en/publications/oecd-competition-assessment-reviews_25235311.html)

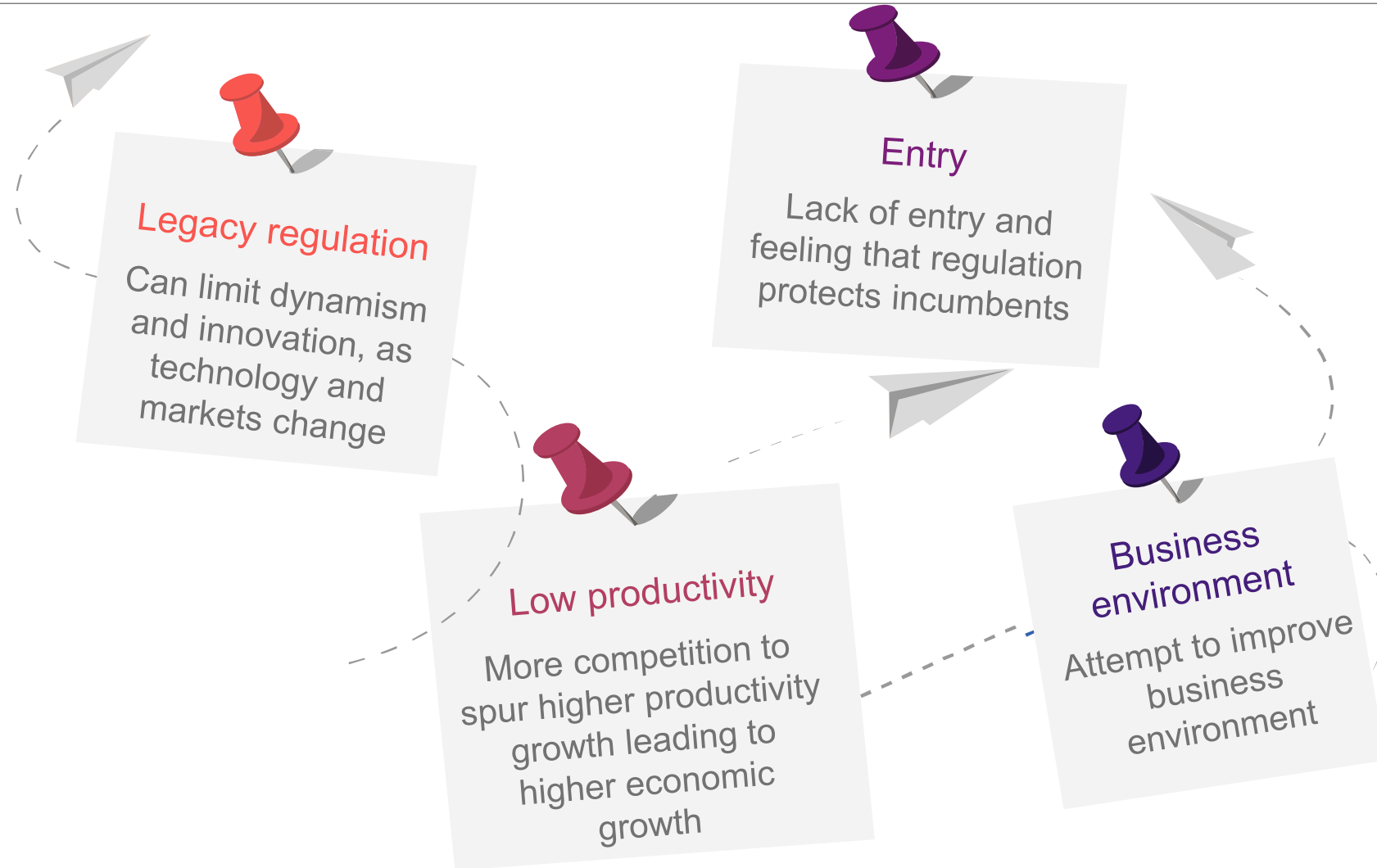


# PRO-COMPETITIVE POLICIES





# Why develop pro-competitive regulation?





# Competition assessment of laws and regulations

- Competition assessment provides an analytical framework for
  - Identifying regulatory barriers to competition
  - Developing alternative, more pro-competitive policies that still **achieve government objectives**
- Many regulations in place **restrict competition**

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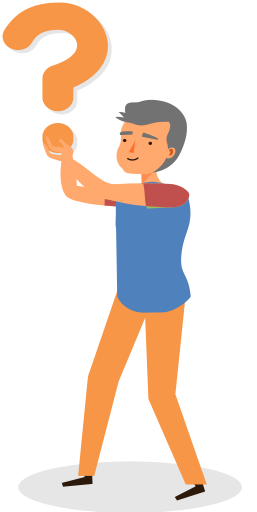
**What?**

Avoid restricting  
competition

2

**When?**

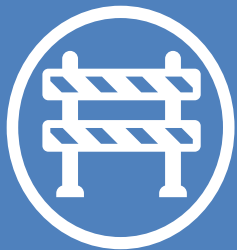
Proposed policies  
/ existing policies





## Example – Lowering regulatory barriers to competition

- [2024 Draghi report](#) – identifies regulatory barriers to more integrated markets, e.g. legal differences across EU members states, barriers to the movement of professionals, regulatory divergence in the transport sector.
- European Commission's [Competitiveness Compass](#) – identifies horizontal enablers to reignite dynamism, increase productivity growth and regain competitiveness
  - Two of the five enablers are about addressing **regulatory barriers to competition**



### Cross-border barriers

Removing barriers and preventing the creation of new ones



### Regulatory burden

Facilitating doing business, regulatory simplification, lower regulatory barriers



## How Parliaments can help

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- Introduce competition assessment of proposed laws and regulations in your countries
  - This can be done in various ways, e.g. through a central body that screens proposed legislation, through a network of public officials in different bodies
- Conduct regular ex-post reviews of existing laws and regulations
  - As markets change, old legislation risks constraining innovation and the development of new business models
- Consult the competition authority on draft legislation
- Incorporate competition assessment in Regulatory Impact Assessment, e.g. Italy refers to the OECD Competition Assessment Toolkit which provides a comprehensive methodology of analysis

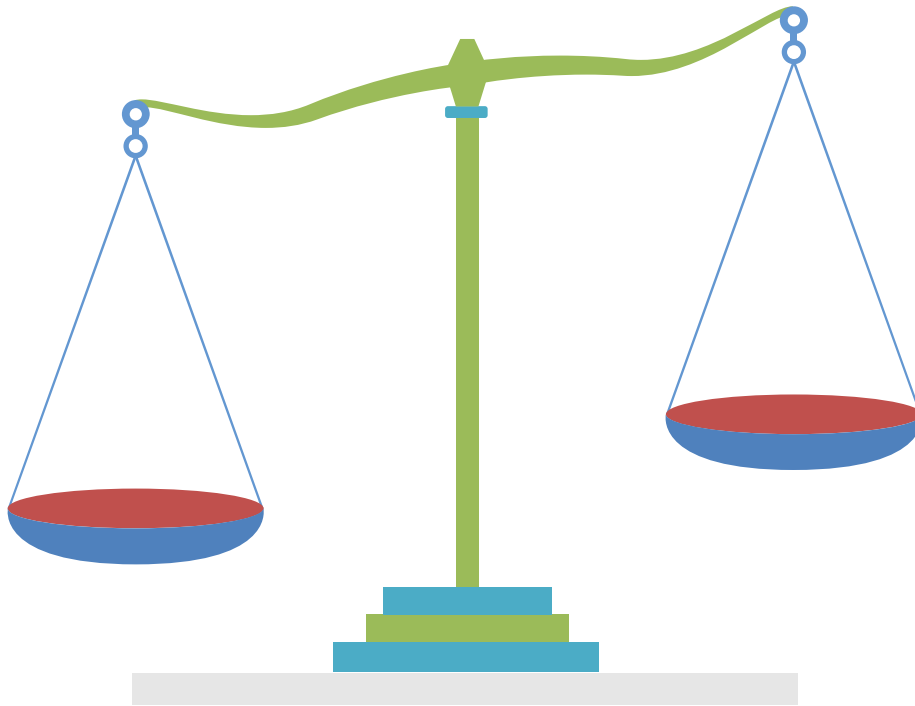


# LEVELLING THE PLAYING FIELD



# Competitive neutrality

- A principle that ensures that all enterprises compete **on a level playing field**
- A **horizontal** topic relevant for SOE ownership policy, FDI policy, trade policy, regulatory policy, etc.



SOEs vs Private



Domestic vs Foreign

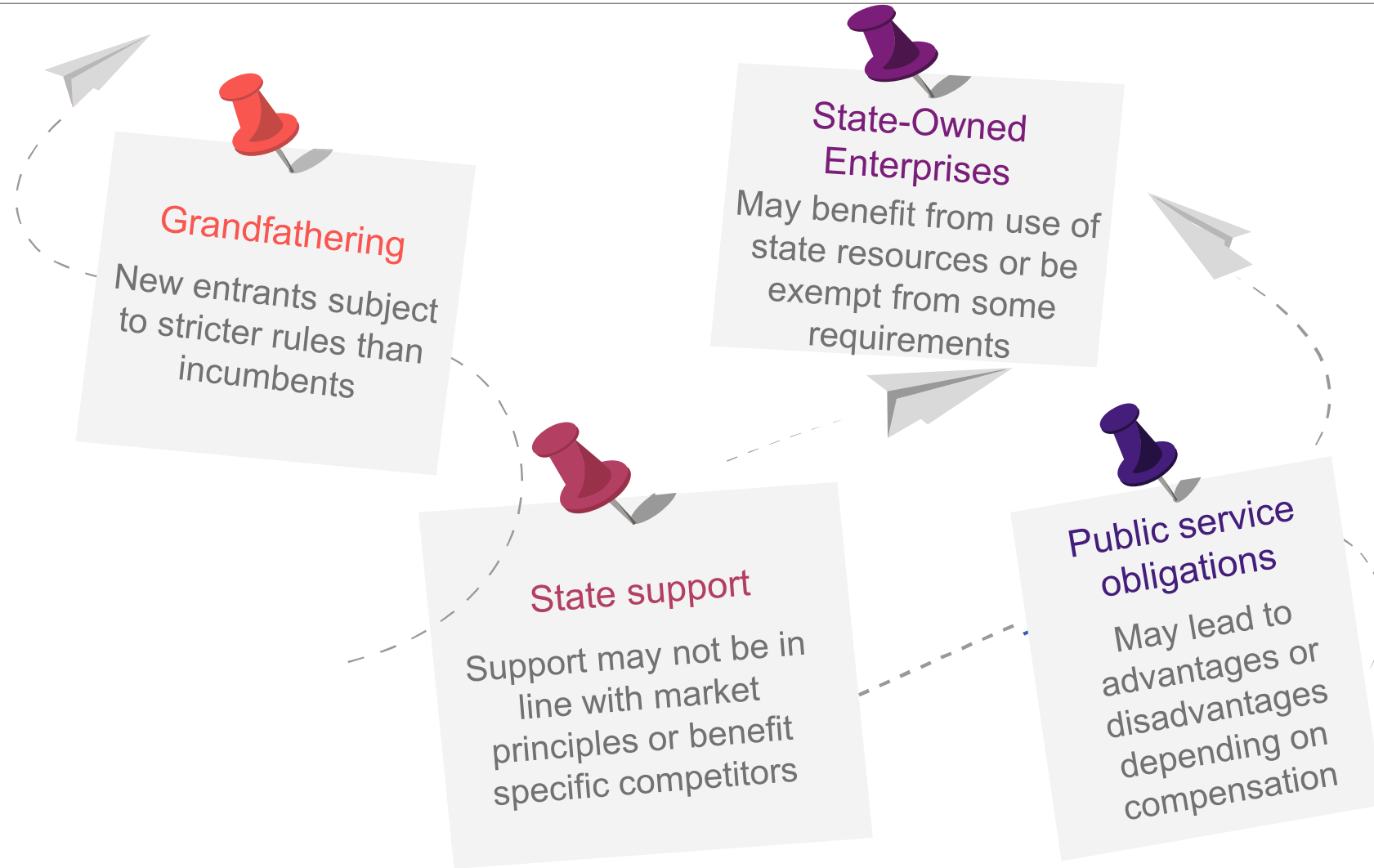


Private vs Private





# State intervention risks favouring some market participants over others, e.g.





## How Parliaments can help

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- Promote competitive neutrality in legislation
  - Exceptions should be limited to situations where there are no other ways to achieve important policy objectives
- Foster transparency of state support measures
  - All competitors should have information about available support
  - Disclosing granted support helps promote accountability, reducing the risk of discretionary behaviour by authorities
- Help improve the governance of SOEs
  - By ensuring that the legal framework follows OECD guidance and by monitoring implementation





# Thank you

- <https://www.oecd.org/en/topics/policy-issues/competition.html>
- <https://www.oecd.org/en/topics/corporate-governance.html>
- <https://www.oecd.org/en/topics/investment.html>