

Competition Assessment in the Context of Environmental regulations

The OECD Competition Assessment Toolkit (CAT)

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Regulatory goals, efficacy & efficiency

- Rules and regulations
 - pursue more or less well-defined policy goals.
 - are more or less effective in reaching these goals.
 - Are more or less efficient in reaching these goals.
- Regulatory **goals** are normative, they are politically determined
- **Efficacy** and **efficiency** are positive (objective) concepts
- Rules and regulations may be problematic for a wide range of reasons
Disagreement may exist
 1. with respect to the regulatory **goal**.
 2. with respect to the **efficacy** (goal attainment) of the regulation.
 3. with respect to the **efficiency** of a regulation (in particular if other, equally effective but more efficient, measures are available)

What does comp. assessment do?

Competition Assessment is about finding the rule or regulation that minimizes the negative impact on competition (or maximizes the positive effect on competition) **conditional** on goal achievement

- No **competence** to discuss or question goal
- No **interest** in efficacy or efficiency in wider sense
- Concerns only the competition impact

Competition Assessment is about streamlining rules and regulations to reduce or eliminate negative repercussions on the competitive process

Competition Assessment Toolkit

- OECD Competition Assessment Toolkit (**CAT**), newest version 2011
 - www.oecd.org/competition/toolkit
- 2 volumes: “Principles” + “Guidance”
- Designed for government officials in decision-making roles and staff conducting the assessments
- CAT includes sections on
 - Institutional options for competition assessments
 - Integrating competition assessments into regulatory impact analysis
- The CAT proposes a **first step** screen that potentially triggers a **second step** in depth analysis
- Variable **scope + timeline**

Competition Assessment Toolkit

- **Step One:** competition assessment **checklist**
 - initial screen to “qualitatively” assess market interventions
 - “Quick and dirty” analysis based on standard competition economics
 - to be performed by legislators and regulators without specialized economics or competition training
 - Key questions: Does the law or regulation:
 - Limit the number or range of suppliers?
 - Limit the ability of suppliers to compete?
 - Reduce the incentive of suppliers to compete vigorously?
 - Limit information to consumers or constrain decisions consumers can take?
- **IF** potential harm to competition and innovation is identified, then a more detailed review is recommended
- **Step Two:** **Detailed review**
 - Fully evaluate alternative regulations that would achieve the regulatory objective
 - Restructure rules & regulations to minimize harm to competition while ensuring that the regulatory goal is effectively achieved

International consensus

- OECD Council Recommendation on Competition Assessment (2009) recommends that governments:
 - Perform competition assessment of new and existing laws and regulations and
 - Revise those laws and regulations that unduly limit competition
- One method of implementing the Recommendation is with the OECD Competition Assessment Toolkit.
- The Toolkit is self-standing: OECD involvement is not necessary for its use.
- Competition expertise essential for second step analysis – found in the competition authority
- The Toolkit is available in over 15 languages:

Hebrew	Chinese	English	French
Arabic	Greek	Hungarian	Indonesian
Turkish	Italian	Korean	Portuguese
Spanish	Japanese	Russian	Romanian

- Countries are developing national materials on competition assessment.

Thank you!

For more information on the competition assessment toolkit or the competition work of the OECD, please visit:

www.oecd.org/competition/toolkit

or

www.oecd.org/competition/