

## ICN GROWTH AND RECOVERY WORKSHOP

25 OCTOBER 2022

### - KEY CONCLUSIONS -

1. On 25 October 2022, the President of the Portuguese Competition Authority (AdC), Margarida Matos Rosa, in her role as Vice-Chair of the International Competition Network (ICN), hosted the “*ICN Growth and Recovery Workshop*”.<sup>1</sup>
2. The event featured two virtual panels, where experts discussed how competition principles can assist policymakers in fostering growth and competitiveness, aiding economic recovery, and supporting broader policy objectives.

#### - **Context**

3. This initiative emerged in a context where the global economy tries to overcome yet another crisis. Not only the world needs to recover from the severe economic impact of the pandemic, but this needs to be done while we experience inflationary pressures worldwide, subsequent to the implementation of recovery strategies, as well as the effects of the war in Ukraine.
4. As we face this double challenge of recovering our economies in times of inflation, it is important to consider the role of competition, not just within the competition network, but with external stakeholders as well. This was precisely the aim of the Workshop.

#### - **Welcome Address by Margarida Matos Rosa**

5. Margarida Matos Rosa emphasized in her welcoming address that as enforcers “*our role can indeed be one of contributing to an informed decision by those who are designing and implementing policies that address such concerns*”. She also mentioned the ICN Statement on “*The Role of Competition & Competition Policy in Times of Economic Crisis*”<sup>2</sup>, published on the same day, a contribution to the public debate and to policy efforts, to ensure that competition is adequately considered by decision-makers while pursuing broader economic recovery efforts.
6. Even though competition enforcers cannot solve all current economic issues, competition principles can help fostering a sustainable and resilient growth that

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<sup>1</sup> The Workshop recording, agenda and presentations are available at: <https://www.concorrenca.pt/en/events/icn-workshop-competition-growth-and-recovery>.

<sup>2</sup> The ICN Steering Group Statement “The Role of Competition & Competition Policy in Times of Economic Crisis” is available at: [https://www.internationalcompetitionnetwork.org/featured/sgstatement\\_roleofcompetition2022/](https://www.internationalcompetitionnetwork.org/featured/sgstatement_roleofcompetition2022/).

benefits citizens. Because it is them – as consumers, as workers or as entrepreneurs – who are at the heart of competition policy.

- **Keynote Address by Olivier Guersent**

7. This message was also strongly embraced in the keynote speech by Olivier Guersent, the European Commission's Director-General for Competition, for whom *"there is indeed no doubt that competition policy can assist policymakers in other areas and support broader policy objectives"*. Mr. Guersent remarked that we should not ignore the positive impact that competitive and contestable markets have on growth, on employment and on innovation.
8. He also pointed out that, in a crisis of this magnitude, all public policies should do their part, and competition policy should be no exception.

- **Panel 1: Competition and economic policy-making**

9. The way in which governments and supranational institutions can integrate competition principles in their economic policies, in order to promote growth and a sustainable economic recovery, was discussed in the first panel – *"Competition and economic policy-making – building a resilient and inclusive recovery"*.
10. In his introduction, **John Vickers**, Professor of Economics at **Oxford University**, who moderated this panel, noted that *"government interventions can do all sorts of good or ill for competition and competitive forces"*.
11. Consonantly, **Deniz Igan**, Head of Macroeconomic Analysis, Monetary and Economic Department at the **Bank for International Settlements**, observed that government interventions in times of crisis may entail unintended consequences, including competition distortions. However, she added that *"this does not mean that achieving macro financial policy goals is necessarily in conflict with competition policy"*. However, *"despite profoundly changes in economic landscape for the past few decades, structural reforms that would have boosted competition and innovation have been lagging."*
12. In his intervention, **Ethiopia Tafara**, Vice President and Chief Risk, Legal and Sustainability Officer of the Multilateral Investment Guarantee Agency of the **World Bank**, addressed the challenges of the interplay between competition and recovery in the context of developing countries: *"Country context matters. There is no one-size-fits-all approach. Developing countries require carefully designed policies and reforms that are specific to the maturity of their markets and the particular sectorial barriers and country challenges"*. He concluded that a well-designed competition regime can foster a resilient economy and a race to the top in the development ladder.
13. **Réka Horváth**, Deputy Head of Unit of the Recovery and Resilience Task Force at the **European Commission**, highlighted the importance of making sure that the funds used for recovery do not distort competition. She also pointed out the example of the AdC's recommendations on how highly-regulated professions should be liberalized, which led to a Portuguese reform that commits to address those recommendations in the Recovery and Resilience Plan.

14. Finally, **Stéphanie Yon-Courtin**, Member of the **European Parliament** and Vice-Chair of the Committee on Economic and Monetary Affairs, agreed that competition policy is a key part of other policies. She found that one of the key lessons of the crisis is that *"there is a need to get a better grip and understanding of where Europe's current and possible future strategic dependencies lie"*. Ms. Yon-Courtin also alerted to the need of adequate resources to implement any initiatives we may put on the table.

- **Panel 2: Competition and inflation**

15. The second panel – "Competition in times of inflation" – focused on the impact that competition can have in the current inflationary trend. While competition policy does not aim to address surging inflation in the short run, a more competitive economy may influence macroeconomic policies and inflation dynamics.

16. As stated by **Luis Cabral**, Paganelli-Bull Professor of Economics and International Business at **NYU Stern School of Business**, and moderator of this panel, even though market power per se is not responsible for high inflation rates, competition policy is very important.

17. On this subject, **Cristina Caffarra**, Partner and Head of **Keystone Europe**, agreed that market power increases are certainly not a major drive of inflation. Nevertheless, she affirmed the need for antitrust enforcement in these times, noting that market consolidation in sectors with high barriers to entry is not particularly benign in situations of crisis.

18. **Jan Eeckhout**, Professor of Economics at **UPF Barcelona**, shared his view of competition policy as an underrated tool to bring the type of change that people look for through other policies, such as labor market policies or public finance policies.

19. Finally, **Klaus Masuch**, Principal Advisor to the Directorate General Economics of the **European Central Bank**, noted how the implementation of policies that improve competition and reduce market power can also help to reduce inflation. In addition, he argued that *"The major contribution for more efficiency and a sustainable growth should come from policies and regulations that enhance competition"*.

- **Closing Remarks by Andreas Mundt**

20. Delivering the closing remarks of the Workshop, Andreas Mundt, President of the Bundeskartellamt and ICN Chair, stressed the important role of the ICN in these times – to speak out, support its members and explain what competition agencies can do. He also drew attention to the ICN Statement on the Role of Competition and Competition Policy in Times of Economic Crisis, which will inform governments, agencies, and the business community, stressing that *"the ICN will continue to be ... a source point for information and support"*.