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# Competition and Sustainability

Marc Ivaldi

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## Sustainability agreements

- European Commission's Draft Horizontal Guidelines
  - Legal playing field for the assessment of horizontal cooperation agreements
  - Applicability of Article 101 of the TFEU
    - Prohibition of any cooperative agreements
    - **Except if** promotion of competition and contribution to consumer welfare
      - Without any restrictions which are not **indispensable**
- Chapter 9
  - How to assess horizontal cooperation agreements pursuing sustainability objectives

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## Sustainability objectives

- Addressing climate change
- Eliminating pollution
- Limiting the use of natural resources
- Respecting human rights
- Fostering resilient infrastructure and innovation
- Reducing food waste
- Facilitating a shift to healthy and nutritious food
- Ensuring animal welfare
- ....

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## Definition

- Any type of horizontal cooperation agreement pursuing one or more sustainability objectives
- Rationale
  - When they are **residual market failures** not fully addressed by regulatory policies

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# Safe harbour

- Objectives
  - To avoid too much assessment
  - To provide legal security and stability
- Example
  - Allowing firms to share data on whether and which suppliers adhere to certain standards should greatly reduce their compliance costs

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# Assessment

- Efficiency gains
  - Need to be substantiated
- Indispensability
  - To overcome “first mover disadvantages”
- Pass on to consumers
  - Individual willingness-to-pay
  - Collective benefits
- No elimination of competition

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## Questions

- Can competition promote sustainability?
- What are the economic foundations of these guidelines?
- Will the European Competition Law be more efficient or effective with these guidelines?

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## Panel

- **Till Requate** (University of Kiel)
  - Will review relationships between imperfect markets and sustainability
- **Maarten Pieter Schinkel** (University of Amsterdam)
  - Will present methods to protect competition and promote sustainability
- **Roman Inderst** (University of Frankfurt and CEPR)
  - Will discuss conditions under which antitrust exemptions can improve sustainability