

The value of competition advocacy

Joaquín López Vallés
Director of Advocacy

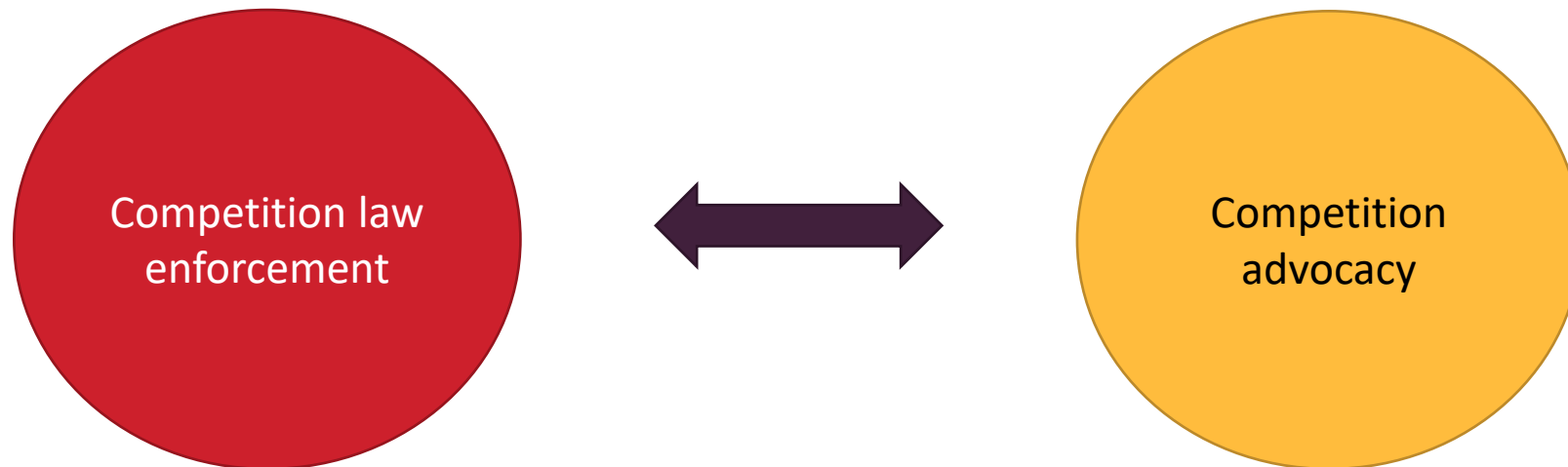
Spanish National Markets and Competition Commission

13 December 2022



Competition advocacy and enforcement

1. Advocacy and enforcement are both essential components of competition policy.
2. Advocacy and enforcement complement and reinforce each other.
3. Advocacy and enforcement benefit from a common approach, but they have different objectives and tools.



Competition advocacy and enforcement

1. Advocacy and enforcement are both essential components of competition policy.

- General awareness and targeted orientation => support, detection and deterrence.
- ‘Public barriers’ to competition can be as harmful as ‘private barriers’.



- ❖ In 2016, CNMC advocated easing requirements to install unmanned petrol stations.
- ❖ By 2020, 75% of CNMC’s recommendations had been implemented.

- ❖ Ex post assessment (KPMG&VVA, 2022) estimated that CNMC’s recommendation would lead to:
 - ✓ +67 new petrol stations per year
 - ✓ A 5% decrease in retail fuel prices
 - ✓ Consumer welfare +607 EUR million/year

Competition advocacy and enforcement

1. Advocacy and enforcement are both essential components of competition policy.
2. **Advocacy and enforcement complement and reinforce each other.**
 - Removing public barriers to competition reduces the likelihood of anti-competitive practices.
 - Market studies can be a source for better understanding markets and for detection of anti-competitive practices.
 - Public awareness increases deterrence and detection.

Competition advocacy and enforcement

1. Advocacy and enforcement are both essential components of competition policy.
2. Advocacy and enforcement complement and reinforce each other.
3. **Advocacy and enforcement benefit from a common approach, but they have different objectives and tools.**

Advocacy requires understanding of

- Law-making and regulatory processes
- Public procurement
- State aid rules

Advocacy has its own legal test

- Restriction of competition
- vs. necessity and proportionality of public intervention (beyond efficiency)

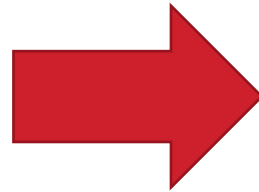
Advocacy instruments are not coercive

- Credibility
- Creativity
- Engagement & allies

Tip #1: Build your case

- CNMC's **Snapshot on public procurement tendering procedures (2019)**
 - CNMC has traditionally advocated “**open procedures**” in public procurement (i.e. **competitive tendering**).
 - We wanted to show that this is not just a theoretical concern.

Type of procedure	Price reduction (%)
Competitive	17.2 %
Not competitive	8.0 %



+ 1.7 EUR billion

Tip #2: Engage with the addressees

- The CNMC has launched a project on ***Municipalities and Competition (2021-ongoing)***

Why?

- Municipalities have a significant impact on competition (e.g. local regulations, urban planning).
- Need to scale up our outreach capacity.

How?

- Case studies, where we discuss typical local barriers to competition.
- Each event is hosted in a different city.

Key features

- We listen to and encourage dialogue between municipalities, academics, businesses and consumers.
- We bring competition issues close to citizens.

Tip #3: Prove that you are worth it

- The CNMC has undertaken an *Ex post assessment of its advocacy activity over the period 2013-2019 (2022)*.

A) Compliance with CNMC's recommendations:

- 514 advocacy initiatives (2013 to 2019)=> 2,568 recommendations.
- 52% overall compliance.

B) Economic impact:

- Compliance with CNMC's recommendations of a sample of 13 advocacy initiatives (out of the overall 514) would have led to economic gains of 2 EUR billion + non-monetary effects (employment, reduction of waiting times...).

Thank you for your attention!

www.cnmc.es

