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Competitive Neutrality

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Competitive Neutrality

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Competitive Neutrality - What is at stake?

• to provide for a **level playing field** for **all commercial actors**
• **State Owned Enterprises (SOEs)** should not find themselves in an advantageous position
• **same set of legal rules**, no matter what their ownership status is
• promoted by **UNCTAD, OECD** and **ICN**
• danger of
  - cross subsidies and cost shifting
  - information advantages
  - restriction of entry into markets
  - immunity from a range of laws and regulations
  - not be subject to the same taxation regimes
  - lack of incentive of an SOE to price efficiently
  - focus on different objects, such as environmental or industrial policy and other social obligations
Competitive Neutrality – Status quo & the way forward

• **COVID 19 crisis:** the idea of competitive neutrality seems not central to 1st response

• governments invest billions and trillions to prevent undertakings from bankruptcy and large-scale unemployment

• many markets are bigger than national in their geographic scope

• **temporary relaxation of competition rules**
  – e.g. EU: ECN Joint Statement
  – Temporary State Aid Framework

• UNCTAD recommended to **ensure equal conditions between companies for a level playing field.**

• Conclusions:
  – the idea of competitive neutrality, and of free and fair competition, are at the center of worldwide policy discussions
  – time to promote and implement competitive neutrality