

# **8th United Nations Review Conference on Competition and Consumer Protection**

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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 1<sup>st</sup> 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**