

Competition can boost and support innovation

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Competition policy and enforcement can be beneficial to innovation by, for example, ensuring firms, particularly new entrants, get access to fair terms. For example, in many countries, professions such as lawyers, doctors, pharmacists and opticians are subject to restrictions many of which were originally introduced under the guise of public safety, but which have developed into restrictions on innovation. Lifting these restrictions can encourage the professions to think innovatively, for example through extended opening hours, more convenient locations or online service provision.

Competition policy and enforcement can help market access

It can reduce the ability of large firms to use their market power over small and medium sized firms. It can promote the fair setting of standards. It can enable market entry can limit particularly pernicious negative effects of some industrial policy actions. For example, it keeps competitors from colluding and can create safe harbors for technology transfer agreements. It can, through such tool as state aid control, can be used to improve the performance of economic sectors in a controlled way.

The interface with Intellectual Property law is key

Intellectual property rights are temporary monopolies that by their nature restrict competition. However, they are pro-competitive in their ability to encourage innovation, reward for invention and creative activities. This means that competition law has to take a balanced view of the costs and benefits of the particular restriction and should be enforced against practices where intellectual property rights are being used as instrument for distort competition beyond the right granted by the patent, copyright or trademark

Competition benefits consumers

Consumers often benefit from upstream competition

Competition law may benefit the structure of the market and competition as such, but very often the benefits accrued further up the chain of users will be passed on to the end-consumer.

Greater competition can drive consumer welfare gains

Eliminating inefficient practices and cartel activity leads to lower prices for consumers. Competition delivers lower prices, greater choice and more responsive markets: consumers are empowered through the provision of choice, information and increased awareness of their rights and means of redress that competition can bring. In the Netherlands, competition in the energy

sector has been promoted by the use of an online competition coach, which guides consumers through the steps of switching energy supplier.

Private rights of action can help competition law enforcement

In some jurisdictions competition law allows consumers to privately enforce their rights.

Effective competition and competition policy can aid economic recovery

Protectionism has to be resisted

- Relaxing, suspending, or eliminating competition policy during an economic crisis can inadvertently harm consumers and producers by lowering efficiency and slowing, rather than promoting economic recovery.
- History demonstrates that the costs of restrictions on competition are both substantial, and extremely difficult to remove or reverse.
- More effective competition and competition policy should be part of the solution to make markets work better in the future

Competition policy can usefully inform broader policy objectives

Competition is not always a priority for government departments: competition agencies can offer useful advice and insight on unintended market effects of government measures and help ensure that the benefits of competition are properly understood and taken into account in policy-making.

For example, as governments consider a range of reforms to the regulatory framework governing financial markets, it is important that they are mindful of the competitive impact of those regimes and seek to promote greater levels of competition in affected markets, relying on competition agencies to provide guidance on how they can achieve that end.