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**DIRECTORATE FOR FINANCIAL AND ENTERPRISE AFFAIRS
COMPETITION COMMITTEE**

Executive Summary of the Roundtable on Competition in the Circular Economy

Annex to the Summary Record of the 140th meeting of the Competition Committee

14-16 June 2023

This Executive Summary by the OECD Secretariat contains the key findings from the discussion of the Roundtable on Competition in the Circular Economy held during the 140th meeting of the Competition Committee on 14-16 June 2023.

More information related to this discussion can be found at
www.oecd.org/competition/competition-in-the-circular-economy.htm

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Executive Summary of the Roundtable on Competition in the Circular Economy

By the Secretariat*

On 15 June 2023, the OECD Competition Committee held a meeting to explore the co-existence and the intersection of competition, economic growth, and the circular economy. Based on the background note, the written contributions by delegations and the roundtable discussion with panellists and delegates, the following key points emerged:

1. The shift from a linear to a circular economy is a top priority on the global policy agenda, because it can have a positive impact on the environment, improve security of supply, and enhance economic growth.

In the absence of additional policy initiatives, the global consumption of raw materials will more than double by 2060, according to OECD data. This trend has severe implications for human well-being and the economy. Furthermore, demand for certain materials like steel, aluminium, and cement may quadruple by 2050, while waste generation continues to rise. Additionally, the availability and price of certain elements, like lithium and cobalt, which are sourced from a limited number of countries, may severely affect supply chains across the world. Transitioning to a circular economy may thus offer numerous benefits, ranging from positive impacts on the environment, mitigating the risks of climate change and biodiversity loss, contributing to economic stability and growth.

Various definitions have been provided for the circular economy. Broadly, it can be defined as “a regenerative system in which resource input and waste, emission, and energy leakage are minimised by slowing, closing, and narrowing material and energy loops. This can be achieved through long-lasting design, maintenance, repair, reuse, remanufacturing, refurbishing, and recycling” (Geissdoerfer et al., 2017). It is also sometimes referred to as an economic system based on “3Rs”: reduction of waste, reusing and recycling of resources and materials to the maximum extent possible.

2. There was a consensus that there is significant compatibility of competition and circular economy goals within the current framework and that competition policy and enforcement can support the transition to a circular economy in multiple ways.

While competition policy alone may not drive the transition to circularity, there is a substantial alignment between circular economy and competition-related objectives. Both policies incentivize companies to enhance resource efficiency and maximize the value derived from input materials. The application of competition principles can spur circular innovation, stimulate the development of new circular business models, promote synergies and standardization, and safeguard productive efficiency in circular markets.

Since both the circular economy and competition promote productive efficiency, it is relatively easy to integrate circular economy considerations into the current competition analysis framework. In many cases, behaviour and transactions that harm competition will lead to negative effects on the circular economy and, vice versa, circularity efficiency gains will also be pro-competitive. This recognition is particularly important for competition authorities that may find obstacles in fully considering sustainability efficiencies within

* This Executive Summary does not necessarily represent the consensus view of the Competition Committee. It does, however, encapsulate key points from the discussion, the delegates’ written submissions, and the panellists’ presentations.

their current frameworks (for instance, as regards out-of-market effects), because they will conceivably be able to consider circularity effects with more ease.

3. Competition enforcement can directly support the transition to a circular economy without any change to the current legal framework.

Since both the transition to a circular economy and competition enforcement focus on stimulating resource efficiency, they can go hand in hand in most cases. This means that circularity considerations can be effectively integrated into competition analysis within the current legal framework. This alignment bears significance for competition authorities, particularly those that may not be able to consider other sustainability elements, as they can still encompass circularity considerations in their assessment in concrete cases and in their advocacy activities. Specifically, competition policy can support the circular economy in various ways.

First, competition authorities can consider the impact of anticompetitive agreements, conduct and mergers on the circular economy, ensuring that they prohibit initiatives that dampen productive efficiency and competition. The move from a linear to a circular economy will also be demand-led, as informed consumers will opt more and more for products issued by a circular economy and companies will increasingly compete to provide them. Competition agencies can thus use their enforcement tools to prevent non-circular economy players from hindering circular economy competitors and from artificially staggering the release of the more recyclable version of their own products to protect the market shares coming from the non-circular ones. They can also prohibit circular economy players from foreclosing input or customers to other circular players and ensure that they do not collude to slow down the release of the modular, recyclable or repairable version of their products.

Second, competition authorities may ensure that they allow consumers to reap the circularity benefits yielded by several forms of pro-competitive business co-operation, such as standardisation and R&D agreements. Competition authorities can provide concrete guidance to businesses on how competition law can consider and, when appropriate, facilitate unproblematic circular economy initiatives, such as with exemptions or by issuing guidelines exemplifying what pro-competitive collaborations contribute to circular economy goals.

4. It is important that the principles of effective competition inform the design of several other policies for the green and the circular transition, including industrial, innovation, environmental, energy and trade policies. To this purpose, competition authorities can make use of their advocacy powers to pro-actively support the transition to circularity.

Competition authorities can engage with governments, businesses, consumers, and civil society to promote awareness and understanding of the importance of competition principles. They can, for example, offer clarity to businesses on which types of circular agreements between competitors may not be anticompetitive. They may also issue opinions to inform government actions and legislative reforms, conduct market studies in critical sectors and issue recommendations or remedies, oversee the structure of competitive procurement processes in circular economy sectors, and advise the elimination of regulatory barriers that may stand in the way of pro-competitive circular initiatives.

Competition policy can be used as a proactive tool to support the transition to a circular economy. Competition authorities can engage in advocacy efforts to promote awareness and understanding of the value of competition principles for a well-functioning circular economy among policymakers, businesses, consumers, and other stakeholders. This can be done, for instance, by issuing opinions to inform government action, by conducting market

studies in strategic sectors, by influencing the design of competitive tenders in circular economy markets, and by monitoring regulatory barriers that may unduly hinder competition, innovation and circularity.