

**OECD-EU WORKSHOP
ON PRO-COMPETITION
REGULATORY REFORMS**

**DESIGN, ASSESSMENT, AND IMPACT
USING THE PMR INDICATORS**

27 MARCH 2023



SUMMARY

- Who Am I?
- Italy's Annual competition law – an unkept promise
- The 2015 and 2021 experiences: PMR as a tool to measure the effectiveness of reforms
- Advantages and potential shortcomings
- Conclusion

WHO AM I?

- Research director of Istituto Bruno Leoni, a Milan-based market-oriented think tank
- In 2014-2018 special advisor to, and later head of the Minister's technical staff at, Italy's Ministry of economic development
- Part of the team that drafted and followed the approval process of Italy's «annual» competition law 2015

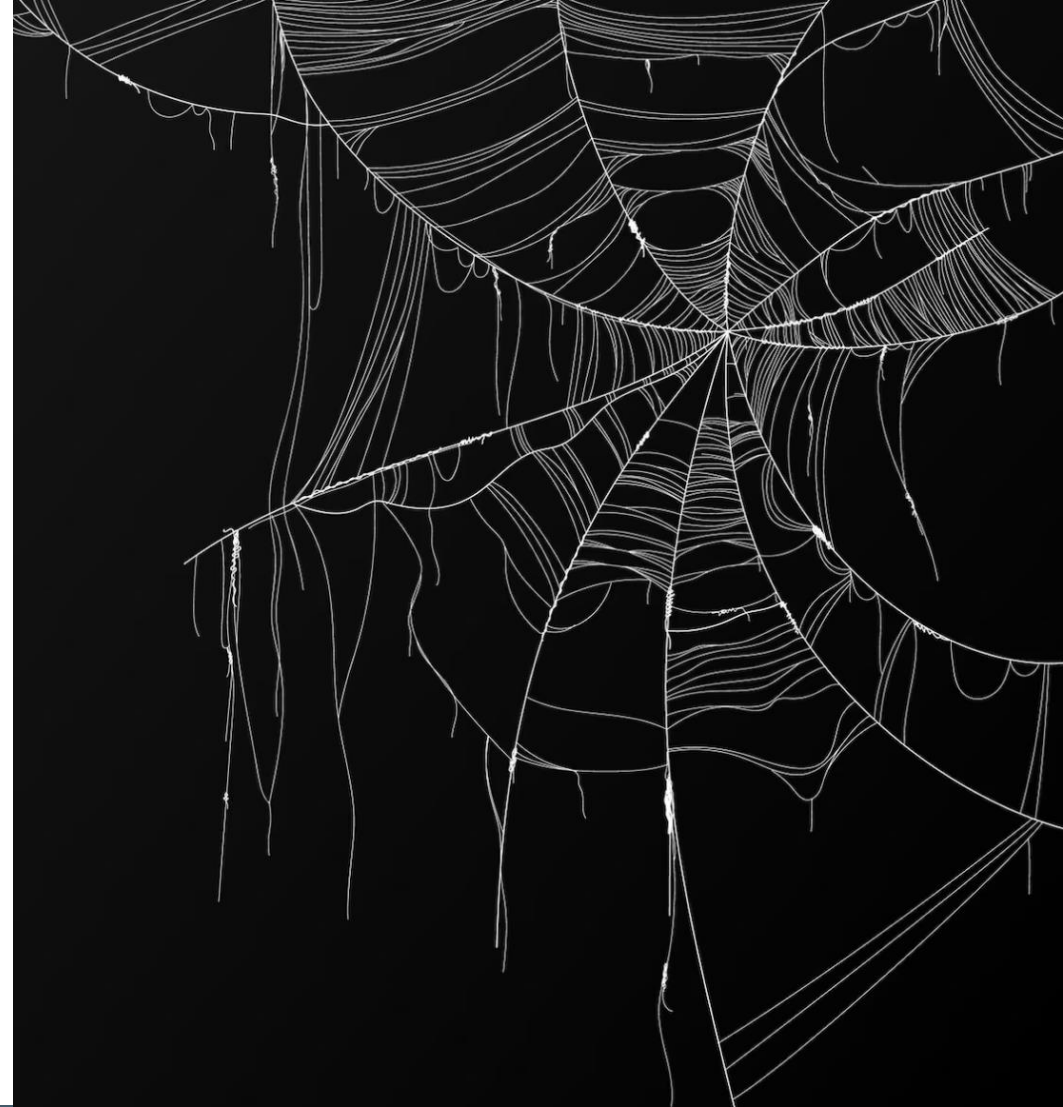


ITALY'S ANNUAL COMPETITION LAW

- Pursuant art.47 of law 99/2009, every year:
 - Italy's National Competition Authority shall submit a report reviewing provisions of law or regulations or general administrative provisions which might create distortions of competition;
 - The Government shall submit to the Parliament a draft of the annual competition law, based upon the afore-mentioned report
- ICA submitted its report in 2010, 2012, 2013, 2014, 2021, 2022
- Government submitted a draft competition law in 2015 and 2021;
- Since 2021, the approval of the annual competition law has been included among the targets of the National Recovery and Resilience Plan but the government failed to submit a draft in 2022.

2015 ANNUAL COMPETITION LAW

- Draft approved by Government: 20 February 2015
- Chamber of Deputies: 3 April 2015 – 7 October 2015
- Senate: 8 October 2015 – 3 May 2017
- Back to the Chamber: 5 May 2017 – 29 June 2017
- Again to the Senate: 29 June 2017 – 2 August 2017
- 894 days, 174 parliamentary hearings



THE ROLE OF PMR

- Opinion polls show that people in general support competition but when it comes to specific reforms **concentrated costs-diffuse benefits** weigh in
- So it was important to show that a) there actually is a lack of competition, b) Italy lags behind its peers, and c) the reform is expected to deliver benefits (i.e. economic growth, lower prices, better quality, more opportunity for the outsiders, etc.)
- PMR helps to **address the need to «explain»** the rationale of reforms

PMR IN ANNUAL COMPETITION LAW 2015

- We used PMR with specific reference to a few sectors:
 - Telecommunications (relatively dynamic in Italy already but need to promote more consumer switching) → better consumer protection and easier and faster switching procedures
 - Post (no longer covered by PMR – barely competitive in Italy) → only the incumbent was allowed to deliver judicial documents and sanctions
 - Electricity and gas → retail markets still to be fully opened
 - Legal profession → allowed limited participation of non-professional shareholders
- We also proposed to rely on PMR to monitor the effectiveness of reforms (no follow up)

ADVANTAGES AND POTENTIAL SHORTCOMINGS

- Advantages:
 - Third-party, objective **assessment of regulatory effectiveness** (have we got too much regulation? is our regulation aligned with international best practices?)
 - It allows **cross-country comparisons** (do we really want to be the only ones who...? do we want to be like country X or country Y?)
 - It allows to **monitor evolution over time** (yes it worked / no it didn't!)
- Shortcomings:
 - **Updates are infrequent** so it is not possible to capture short-term changes (especially in Italy where the average life of a government is one year or so)
 - **Not always easy** to understand for the laypeople

A STORY: PMR VS DB

- In 2016 the Italian government considered the adoption of a «Doing Business Law», aimed at introducing small measures aimed at improving Italy's ranking in DB
- Why is it unlikely to have a «PMR law»?
 - «Improving business conditions» works better as a political slogan than «removing regulatory barriers to competition»
 - PMR is less known than DB (at least until its discontinuation)
 - PMR is updated less frequently which prevents policy-makers from claiming credit of potential improvements



CONCLUSION

- PMR is a potentially powerful tool for both governments and the public opinion to assess
 - Which regulatory areas require an assessment for possible reforms
 - Whether reforms are delivering
- There is scope for improvement
- Given the importance of competition in the NRRPs governments and third parties should use PMR and similar rankings to shape the public debate

THANK YOU FOR YOUR ATTENTION



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