Green Competition

Why in News?

India is advancing its green steel technology by forming a consortium of research labs, IITs, steelmakers, and equipment manufacturers.

What is Green Competition?

- **Green competition** – A specific form of competition that is focused on the *ecological side of the companies' strategies*.
- It refers to a *green promotion strategy* of the companies' goods and services, which is focused on achieving precise entrepreneurial objectives, based on the organizations' promotional mix.
- **Need** - Competition *cannot remain insulated from sustainability*.
- *Combating climate change* requires adapting and adopting newer technology that reduces resource consumption and increases innovation through sustainability policies.
- **Strategies** - *Competition policy should integrate sustainability economics* while considering market failures and collective action problems.
- Through actions like *issuing guidelines*, the benefits of sustainability will outweigh the potential negative effects on competition.
- Including sustainability considerations in assessments of cooperation among competitors can be a strong measure of benefitting sustainability in markets.
- **Importance** – It helps to promote environmentally friendly strategies and implement sustainable development goals, which will help to
    - To solve the Global and local environmental problems
    - To reduce anthropogenic pressure on the environment
    - To save resources
    - To form competitive development of the country and business sector as a whole



What are the differences between competition law and sustainability?

Aspect	Competition Law	Sustainability
Primary Objective	Promote consumer welfare and ensure fair competition	Achieve long-term environmental, social, and economic balance
Focus	Market efficiency, preventing monopolies and collusion	Reducing environmental impact, conserving resources
Key Considerations	Prices, market share, consumer choice	Carbon footprint, resource usage, ecological impact
Regulatory Tools	Anti-trust laws, merger controls, anti-collusion measures	Environmental regulations, carbon pricing, sustainability reporting
Assessment Criteria	Economic efficiency, market power, consumer harm	Environmental benefits, sustainability metrics
Challenges	Balancing market dynamics, avoiding over-regulation	Measuring sustainability impact, integrating into business practices
Potential Conflicts	May restrict collaborations that could lead to innovation or efficiency gains	May require industry-wide cooperation, which can conflict with anti-collusion laws
International Examples	EU Competition Law, US Anti-trust Laws	Paris Agreement, UN Sustainable Development Goals

Implementation	Legal enforcement by competition authorities	Voluntary initiatives, government policies, and regulations
Sector Impact	Direct impact on market structures and business practices	Broad impact across all sectors, focusing on long-term sustainability

What are the global practices of green competition?

- **Japan** – *Anti Monopoly Act* approach towards the *realization of a 'green society'* to help private businesses navigate themselves in horizontal collaborations.
- **European Commission** – The revised guidelines on horizontal agreements aims to *address climate change*, reduce pollution, limit the use of natural resources, and promote resilient infrastructure and *innovation*.
- **Singapore** – They provides information so businesses can safely *collaborate in pursuing environmental sustainability* objectives without harming competition.
- **Netherlands** – A *cartel prohibition does not apply* if the competitive process is not significantly impeded or if sustainable production offers consumers benefits.
- **Australia** – Authorized Tyre Stewardship Scheme to promote recycling and use of recycled products.

What is the status of India in pursuing green competition?

- **SEBI** – In 2023, the Securities and Exchange Board of India introduced a *sustainability reporting framework* called Business Responsibility and Sustainability Reporting (BRSR).
- **BRSR** - A reporting framework under which the top 1000 listed companies (by market capitalisation) are mandated to disclose their Environmental, Social and governance (ESG) performance.

- It require the businesses to
  - Indicate the sustainable issues pertaining to environment and social matters
  - Mention the percentage of inputs sourced sustainably
  - Inform the presence of any specific committee to oversee sustainability practices
- **Revised BRSR** - It requires companies
  - To account for their value chain's environmental impact
  - To enhance transparency
  - To combat greenwashing
  - To ensure that sustainability benefits permeate through the value chain
- **TRAI** - In 2017, it has released its recommendations on 'Approach towards Sustainable Telecommunication'.

Role of CCI toward Green Competition in India

• The Competition Commission of India (CCI) can explore the possibility of including sustainability policies in its evaluations.
• It can participate in formulating economic policies that address competition and sustainability.
• It can release guidance notes on sustainability agreements and exemption methods under the Competition Act, 2002.
• It can enforce competition policies that improve innovation while considering environmental concerns.

What are the challenges for green competition?

- **Complex trade-offs -** Balancing environmental and commercial interests can be difficult.
- **Conflict -** Sustainability, a public interest objective, often conflicts with competition law's primary goals of consumer welfare.
- **Disincentive to cooperation -** Competition law can discourage beneficial collaborations for sustainability.
- **Inconsistent goals -** Multiple objectives in competition law can lead to inconsistent application and reduced regulatory independence.

What lies ahead?

- Support agreements encouraging innovation and sustainable consumer preferences.
- Align competition law with constitutional values and sustainability goals.
- Learn from international examples to balance economic growth and environmental sustainability.
- Emphasis on sustainability policies and enterprise collaboration for greener innovations.

References

1. The Hindu | Balancing competition and sustainability for India
2. India Corp law | Green Competition

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