

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

<b>Implementation</b>	Legal enforcement by competition authorities	Voluntary initiatives, government policies, and regulations
<b>Sector Impact</b>	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](#)