



THE BENEFITS OF COMPETITION ASSESSMENT OF LAWS AND REGULATIONS

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Competition and the Public Sector – How can the public sector strengthen business activity and at the same time get more for less?

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What is competition assessment?

There are often several ways to achieve a **public policy objective**, and some regulations restrict competition more than others.

The OECD Recommendation on Competition Assessment calls governments to

- Identify **existing** or **proposed** laws and regulations that restrict competition.
- Revise laws and regulations that unduly restrict competition and adopt **more pro-competitive alternatives** that still achieve the policy objective.
- OECD Competition Assessment **Toolkit** is a methodology to assist governments





Why competition assessment? The benefits of competition

Competition leads to price reductions and greater choice

Competition improves firms' efficiency and reduce costs

More investment and innovation, leading to better quality products and services

More efficient firms enter and gain market share

Spillover effects on adjacent markets

Higher employment, productivity and economic growth

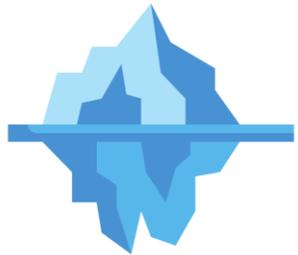
Competition delivers many benefits at both micro and macro-economic levels



Why competition assessment?

The benefits of procompetitive regulation

- Deregulation in network sectors is associated with a 5% increase in labour **productivity** (Andrews et al., 2025)
- Making product market regulation more procompetitive is found to raise **GDP** by 1.4% in the long run through higher productivity (Égert and Gal, 2017)
- Lowering entry barriers is associated with **lower unemployment** rate (Piton and Rycx, 2019)

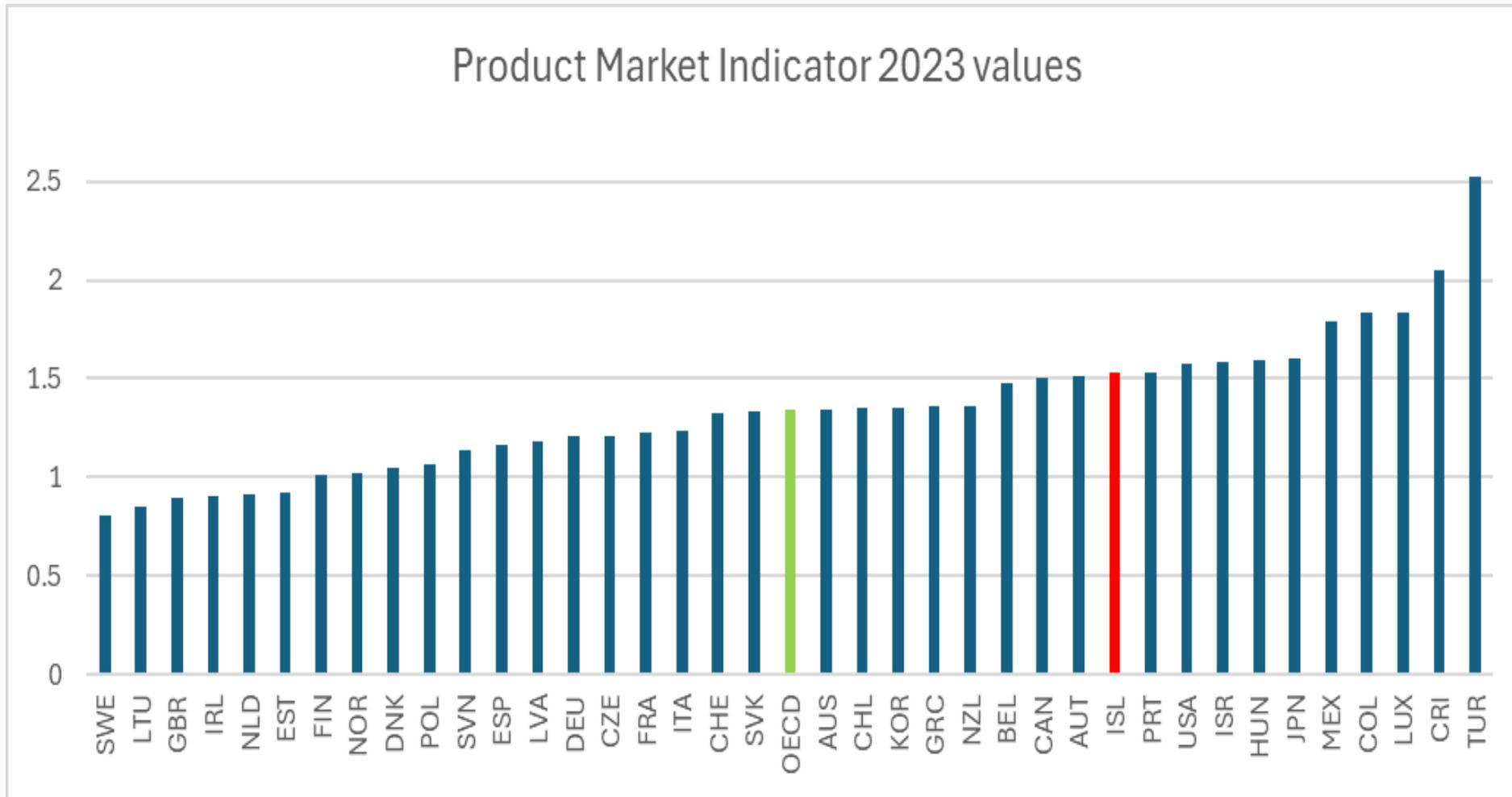


But there are other positive effects, e.g.

- More choice and quality for consumers
- Increased FDI and trade
- More flexible environment for business
- Increased competitiveness of the economy



Product Market Indicator reveals presence of regulatory barriers



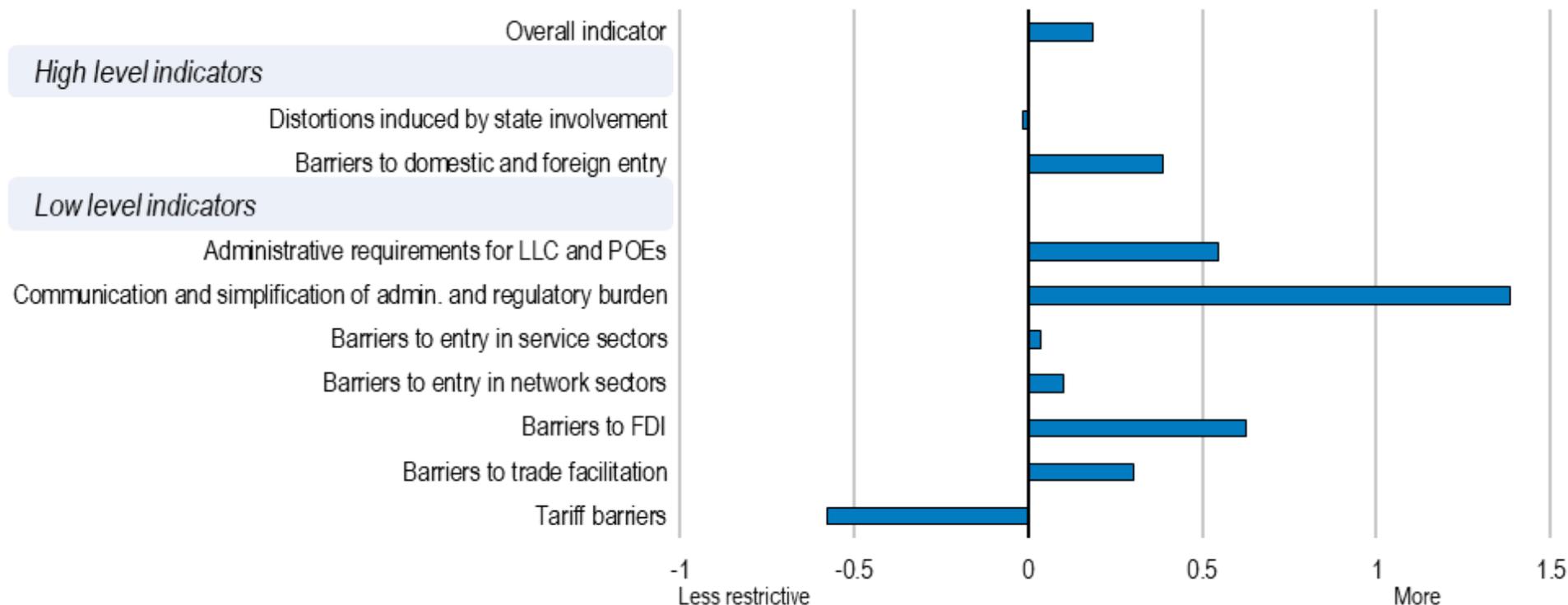
Scale goes from 0 (most competition-friendly regulatory set-up) to 6 (least competition-friendly regulatory set-up)

Source: OECD PMR Indicator: <https://www.oecd.org/en/topics/sub-issues/product-market-regulation.html>



Room for pro-competitive reforms in Iceland, 2023 PMR data

The overall PMR indicator and its components, gap with the OECD average, 2023

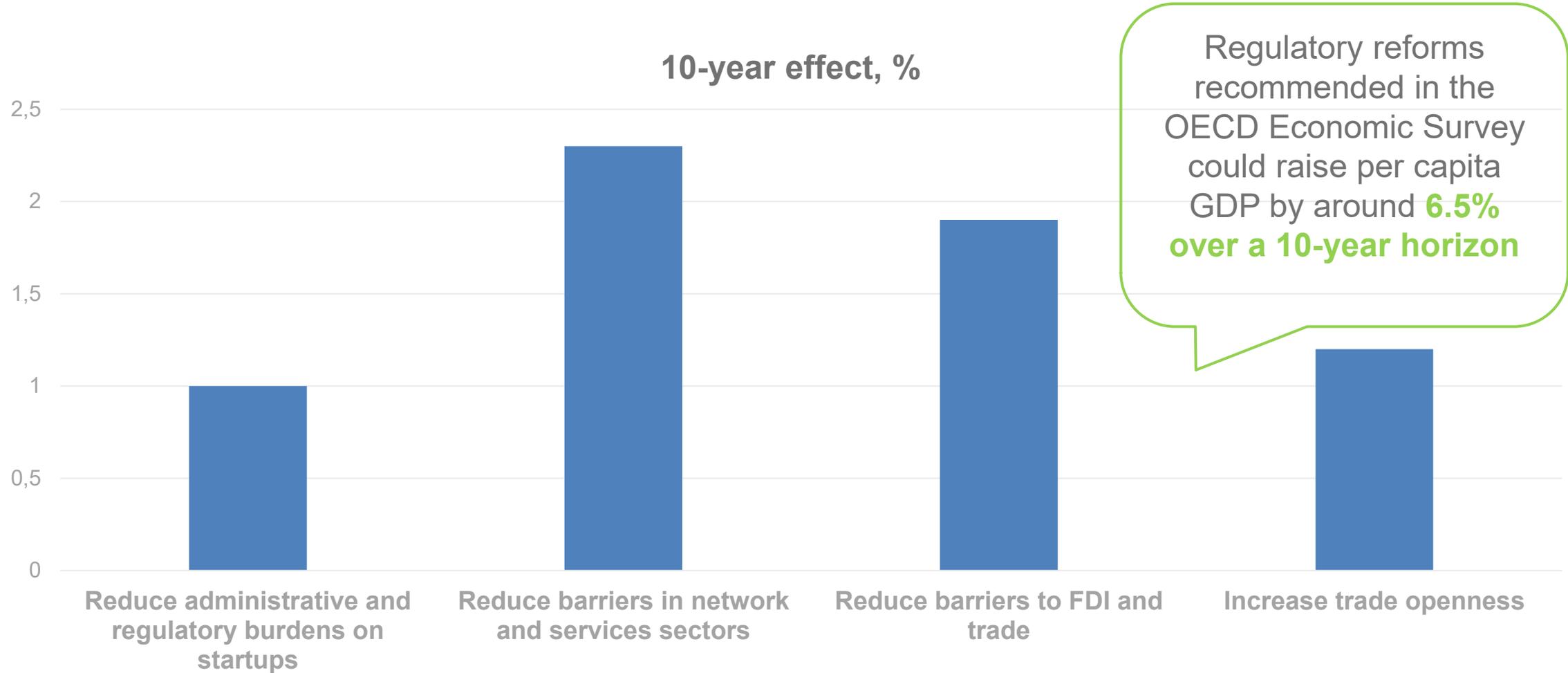


Note: In the OECD PMR indicators, the score ranges from 0 (least restrictive) to 6 (most restrictive) and the chart shows the difference between the score for Iceland and the OECD average for each category. The chart shows the headline indicator, the two high-level components and the six low-level components in the category of “barriers to domestic and foreign entry”. “LLC” stands for limited liability companies. “POE” stands for personally-owned enterprises.

Source: OECD (2025), *OECD Economic Surveys: Iceland 2025*, OECD Publishing, Paris, <https://doi.org/10.1787/890d8e05-en>.



Potential impact of reforms on the level of per capita income in Iceland



Source: OECD (2025), *OECD Economic Surveys: Iceland 2025*, OECD Publishing, Paris, <https://doi.org/10.1787/890dbe05-en>, Box 1.2, page 23.



What are OECD countries doing on competition assessment?

- 41 countries adhere to the Recommendation on Competition Assessment, including Iceland
- More than half of jurisdictions incorporate competition assessment in Regulatory Impact Assessment processes
- Assessment of existing and of proposed regulations
- Iceland: opinions by Icelandic Competition Authority + competition assessment project (OECD and ICA)
 - 438 recommendations
 - Expected benefits > EUR 200 million, about 1% GDP



Thank you!

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