

13 June 2022

How can competition curb soaring inflation and the cost-of-living crisis?

Welcome and introduction

Páll Gunnar Pálsson
Director General of the Icelandic Competition Authority

Ladies and gentlemen,

Minister of Culture and Business Affairs, chief economists of competition authorities throughout Europe, Governor of the Central Bank of Iceland, academics and other distinguished guests, here at Harpa Concert Hall and on the internet worldwide.

My name is Páll Gunnar Pálsson, the Director General of the Competition Authority, and I have the honor to welcome you to this conference, where we seek answers to the question; *How can competition curb soaring inflation and the cost-of-living crisis?*

Being a small economy with its own currency, Iceland is no stranger to an ever changing economic environment, where inflation is a constant threat to the well-being of consumers and businesses. What is new to us, is that the discomfort of inflation has currently become the focus of governments in most countries, irrespective of their size. And the question stated in the headline of this conference has become an urgent one to many.

Competition enforcement is not usually considered a tool that is suited to address short-term monetary or macro-economic issues. However, it is widely recognised that robust competition in markets is one of the most important components in a strong and stable economy. In line with this, oligopolistic markets and lack of competition can adversely affect the economy as a whole.

In this regard, lack of competition can set the scene for businesses charging more than necessary to cover rising costs, and by that accelerating inflation. In the US, the Biden administration has called upon enforcement agencies to strengthen its competition policies to identify and tackle competition obstacles as a way to help the battle against inflation, or greedflation, as some like to call it.

In these circumstances, consumers and the general public is put in harm's way. High rises in prices have lead to a cost-of-living crisis in many countries. Here in Iceland, the Competition Authority, has launched a study, that hopefully can shed a light on how supply chain disruptions and other current disruptions contribute to rising consumer prices, or if there are indications of competition obstacles contributing to those rises in prices.

It is also widely recognised that competition can benefit employees. National competition authorities in many jurisdictions have intervened in markets where anti-competitive mergers or agreements would have harmed workers.

As the chief economists of most competition authorities within the European Economic area have gathered in Iceland today, for biannual discussions on competition policy, we found this to be a great opportunity to raise these pressing questions and seek answers to them.



The conference consists of opening remarks from the Minister of culture and business affairs and then a keynote presentation by the chief economist at the DG Competition, followed by a lively discussion between panel members with wide ranging experience from several jurisdictions. Finally, the chairman of the board of the ICA, Sveinn Agnarsson, will close the meeting.

But first, our distinguished Minister of culture and Business affairs, Lilja Alfreðsdóttir, will open the meeting with her remarks. Prior to her political career Lilja held various positions for the Central Bank of Iceland and the International Monetary Fund in Washington D.C. Lilja holds an M.A. in economics from Columbia University in New York.

Lilja, the floor is yours,