

Press Release

Monopolies Commission presents its bi-annual report "Competition 2024" - Heating, food, rail: clear recommendations for action on current competition challenges

Today, The Monopolies Commission handed over its main report "Wettbewerb 2024" (Competition 2024) to the Federal Minister for Economic Affairs and Climate Action, Dr Robert Habeck. The report sheds light on numerous policy-relevant issues that are crucial for strengthening effective competition in Germany and provides policymakers with concrete recommendations for action. "The digital and socio-ecological transformation in Germany will only succeed if the price-dampening and innovative power of competition is utilized," said the Chairman of the Monopolies Commission, Professor Jürgen Kühling.

District heating sector requires price-limiting measures

The supply of district heating will play an increasingly important role in the context of the desired heat transition. Since alternative heating technologies such as heat pumps cannot be used everywhere, there is a risk that the existing monopoly positions of district heating suppliers will expand and lead to excessive prices. The Monopolies Commission fears that this could, among other things, reduce public acceptance of the heat transition. It therefore proposes to strengthen the existing transparency measures in the short term and to emphasize the market element in the pricing of district heating suppliers. In addition, the introduction of a simplified price cap regulation should remain an option with the aim of enabling competitive end consumer prices without a high level of bureaucracy.

Measures for more fairness in the food supply chain

In its concentration analysis, the Monopolies Commission has identified significant shifts in profit margins within the food supply chains since 2007. The development of prices and costs shows that, on average, producers are achieving lower price premiums, while manufacturers and, in particular, retailers are increasing them. This finding shows that the policy measures introduced in recent years to strengthen the competitive position of producers have not had a lasting effect. The Monopolies Commission now plans to examine the causes of these developments in more detail and to evaluate targeted intervention options. However, the Monopolies Commission advises against a short-term extension of the Agricultural Organization and Supply Chain Act without in-depth analysis, as the measures could potentially be ineffective or even harmful.

Planned measures to improve the quality of the railway system are inadequate

The Monopolies Commission criticizes the merger of Deutsche Bahn's infrastructure companies into "DB InfraGO AG" and the planning projects under the so-called "Infraplan" as inadequate. It recommends that management measures be geared much more directly to the needs of rail customers than has been the case to date. To this end, the legislator should prioritize public welfare

objectives for rail infrastructure, such as average traffic volume and punctuality, especially in passenger transport. "The shift to rail will only succeed if there is a consistent focus on the customer," says Professor Jürgen Kühling. DB InfraGO AG must be given clear targets by the legislator, not by the company itself or its advisory board, and their achievement must then be reviewed by the legislator when the Infraplan is updated. The variable remuneration components of the Deutsche Bahn management board should also be measured by the federal government primarily on the basis of customer satisfaction and the corresponding achievement of targets.

The report and a podcast "CAST4COMPetition: Competition 2024" with the Chairman of the Monopolies Commission are now available on the Monopolies Commission's website.

The Monopolies Commission is a permanent, independent body of experts that advises the German Federal Government and legislative bodies in the areas of competition policy, competition law and regulation. Its statutory tasks include the preparation of a main report, which assesses the development of competition every two years. The Monopolies Commission consists of five members who are appointed by the German Federal President on the recommendation of the German Federal Government. The Chairman of the Monopolies Commission is Prof Dr Jürgen Kühling, LL.M.