

COMPETITION AND ENVIRONMENT: CONFLICT OR CONFLUENCE? SOME REFLECTIONS ON SUSTAINABILITY AGREEMENTS UNDER ARTICLE 101(3) OF THE TFEU¹

Francesco de Leonardis²

SUMMARY. 1 The intersections between competition law and environmental law. 2 The competition principle in the Italian Environmental Code. 2.1 The competition principle ends the municipal monopoly in waste collection. 2.2 Competition principle and EPR schemes. 3. “Improving the production”: the environmental way. 4. Conclusions on sustainability agreements. References.

1 THE INTERSECTIONS BETWEEN COMPETITION LAW AND ENVIRONMENTAL LAW

Apparently, competition protection (aimed at ensuring the proper functioning of the EU internal market by promoting the competition between undertakings and preventing and deleting

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² Professore (Dottorato di ricerca) Diritto Amministrativo e di Diritto dell’ambiente. Dipartimento di Giurisprudenza. Università degli Studi di Roma. *E-mail*: f.deleonardis@studiodls.it

restrictions and distortions, such as abuse of a dominant position, anti-competitive agreements, as well as mergers and acquisitions – hereafter “competition principle”)³ and environmental protection (aimed at keeping the planet within the planetary boundaries, ensuring conditions for the survival of various species, and primarily the human species) (LEONARDIS, 2023, chapter 1) are separated worlds.

In recent years several intersections between them seem to be found out not only in positive law but also in the activities of administrations and jurisprudence at various levels of legal systems.

On the one hand, competition law and environmental law could be complementary. For instance, in the Italian legal system the competition principle has been explicitly included in the Environmental Code (Legislative Decree N.º 152/2006, hereinafter “TUA”) which is the main source of national environmental law⁴. Article 178, the opening provision of the Fourth Part of the Code, concerning waste, states that waste management (from the collection to the final treatment) must be oriented to the competition principle. It implies that companies – and EPR schemes, as explained below – are free to compete offering the best options to manage the end-of-life of the products. As a consequence, producers and the administrations can fulfil their management duties picking the most suitable solutions from the market up. In other words, competition is a driver for enhancing environmental protection.

On the other hand, competition rules could represent an obstacle for the implementation of the environmental protection, especially when it requires massive project that the market cannot implement alone.

Therefore, there are some exemptions that are reshaping competition law in order to ensure a step ahead for the environmental protection.

³ On competition law, see among others: Lemme, 2014; Libertini, 2014; Cardì, 2022; Cassese, 2021; D’Alberti, 2006, p. 1.140; Lalli [S. n. t.]; Libertini, 2010, p. 191.

⁴ On the legal nature of this decree, see: Celotto, 2009, p. 485; Cerbo, 2008, p. 533; Fonderico, 2006, p. 613.

Article 101(1) TFEU prohibits agreements between undertakings that could cause restriction or distortion of competition within the internal market, but in paragraph 3 there is a list of circumstances under which this kind of “horizontal agreements” are lawful. These circumstances go under the general clause of ‘fair share’⁵: the cost of the competition distortion must be inferior to the benefits generated by the agreement. In other words, a horizontal agreement is lawful if “contributes to improving the production or distribution of goods or to promoting technical or economic progress, while allowing consumers a fair share of the resulting benefit”.

What does “improving the production” mean? Within these exemptions, environment and its protection seem not to be included. However, it is noticeable in international and European legal orders a plain ‘push’ to so-called sustainable production. Does it mean that undertakings can make horizontal agreements (also) to reach environmental goals? If so, do they comply with the clause of the ‘fair share’?

It is no coincidence that the European Commission in its latest “Guidelines on the applicability of article 101 of the Treaty on the Functioning of the European Union to horizontal co-operation agreements” includes among lawful horizontal agreements those that pursue one or more sustainability objectives, under conditions⁶. So the inclusion of the so-called “sustainability agreements” could be the occasion to interpret the clause of “improving the production” as a ‘green exemption’ that looks towards ‘sustainable production’ (i.e. the redesign of the trajectory of the economy within the limits

⁵ According to article 101(3) TFEU, an horizontal agreement could be justified if: “contributes to improving the production or distribution of goods or to promoting technical or economic progress, while allowing consumers a fair share of the resulting benefit, and which does not: (a) impose on the undertakings concerned restrictions which are not indispensable to the attainment of these objectives; (b) afford such undertakings the possibility of eliminating competition in respect of a substantial part of the products in question”.

⁶ See Communication from the Commission “*Approval of the content of a draft for a Communication from the Commission – Guidelines on the applicability of Article 101 of the Treaty on the Functioning of the European Union to horizontal co-operation agreements*”, published on the Official Journal of the European Union 19th April 2022, C 164/01. On this topic, see: Moliterni, 2021, p. 354; 2022, p. 517; Libertini, 2023, p. 54; Pezzoli, 2022, p. 327. On the relation between State aid and environmental protection, see also: Porchia, 2009, p. 865; Marino, 2021, p. 43.

of the planet, the sustainable configuration of business activities or, in short, the ecological transition).

Anyway, the following considerations aim to highlight the connection between competition law and environmental law. As happened in the Italian environmental code, the competition principle could strengthen the level of environmental protection and its flexibility can include ‘green exemptions’ within its field of application. Thus, the article will analyse the influence of the competition principle on the environmental law taking the steps from the Italian environmental code and the provisions about exclusive rights for municipal waste collection and Extended Producer Responsibility (EPR) systems. Subsequently, the focus will be put on “sustainability agreements”: it will be investigated if international and European law require the enhancement of production processes through an environmental lens in order to legitimate this kind of horizontal agreements.

2 THE COMPETITION PRINCIPLE IN THE ITALIAN ENVIRONMENTAL CODE

Regarding environmental law principles⁷ at the European level, three fundamental provisions are commonly cited: Article 191, Article 11 of the Treaty on the Functioning of the European Union (TFEU), and Article 3 of the Treaty on European Union (TEU)⁸.

In national law, there are four fundamental provisions on environmental law principles: Articles 3-ter, 3-quater, 3-quinquies, and 3-sexies of the Environmental Code (TUA).

Nevertheless, this collection of rules does not represent a comprehensive list of environmental law principles. Although they mention the four general principles of precaution, prevention, rectification of damage at source, and the polluter-pays principle

⁷ As known, environmental law principles have been affirmed in the international law declarations and agreements (see in particular principles 3, 4, 6, 10, 14, 15 and 16 of the Rio Declaration).

⁸ See among numerous contributions of the Italian doctrine: Cafagno, 2007; Picozza; Dell’Anno, 2012; Ferrara; Sandulli, 2014; Rossi, 2021.

(Article 191 TFEU and Article 3-ter TUA), there are additional sectorial principles, equally important, that can be inferred from the legislation.

Among these, competition principle deserves to be mentioned. It was first included in the national Code following the reform carried out by Legislative Decree N.º 116/2020, which transposed the first of the ‘Circular economy package’ directives, specifically Directive 851/2018 on waste⁹.

Thus, the competition principle – explicitly referenced in two recitals of this directive¹⁰ – is incorporated into the Fourth Part of the Code concerning waste management and it is not enshrined in a single norm but rather in a plurality of norms.

The first regulation containing the principle is Article 178 TUA, which lists the principles of waste management. Given its placement at the beginning of the Fourth Part of the Code, it could be interpreted as evidence of the full integration of competition protection into the Code and national environmental legislation.

Furthermore, as explained below, the competition principle is closely linked to the extended producer responsibility principle, established by Articles 178-bis and 178-ter TUA. The competition principle is also relevant with regard to the governance of consortia, which generally represent the legal form of Extended Producer Responsibility (EPR) systems, such as Conai (for packaging) and other ones concerning vegetable oils, polyethylene goods, mineral oils, and exhausted batteries¹¹.

⁹ Directive (EU) 2018/851 of the European Parliament and of the Council of 30 May 2018 amending Directive 2008/98/EC on waste. This Directive constitute, together with Directives (EU) 2018/849 about end-of-life vehicles, batteries and accumulators and waste batteries and accumulators, (EU) 2018/850 about the landfill of waste and (EU) 2018/852 about packaging and packaging waste, the so-called ‘Second Circular Economy Package’. About the Package, see Leonardis (2017, p. 163); and Leonardis (2020, p. 50).

¹⁰ See recital 17, which underlines the importance “to promote a level playing field” in markets for secondary raw materials, and recital 22, which states that “The general minimum requirements [of the extended producer responsibility] should reduce costs and boost performance, as well as ensure a level playing field, including for small and medium-sized enterprises and e-commerce enterprises [...]”.

¹¹ See respectively: Article 224 TUA, Article 233 TUA, Article 237 TUA, Article 236 TUA and Legislative Decree N.º 188/2008.

It is also invoked within the regulation of a specific type of waste, packaging waste, which represents about two-thirds of all urban waste (LEONARDI, 2016, p. 419. See also ISPRA, 2023). Article 217(1) TUA states that in managing such waste it is necessary to “ensure a high level of environmental protection” while also “guaranteeing the functioning of the market” by preventing “obstacles to trade and distortions of competition”.

Then, we face provisions that do not explicitly mention the competition principle but are directly connected to it¹².

2.1 THE COMPETITION PRINCIPLE ENDS THE MUNICIPAL MONOPOLY IN WASTE COLLECTION

The competition principle entered the Environmental Code in a progressive way, substantially reforming waste management activities.

To begin with, it must be recalled that urban waste, the remnants of consumption, can be divided into two main categories: separately collected waste and mixed waste. Separately collected waste are further categorized by material type and should be processed into second-generation raw materials or compost via recycling, thereby minimizing landfill disposal. Mixed waste should be used, after a mechanical biological treatment, for energy recovery or disposed of.

One of the main issues concerning waste regulation was the existence of a municipal monopoly on waste collection, whether it applied to both categories of municipal waste, or only to one of them, or whether it did not apply at all.

The Italian transposition of the first waste Directive¹³ was ambiguous regarding this aspect. Article 21(1) of Legislative Decree N.º 22/1997 established the principle that solely urban and assimilated waste meant for disposal should fall under the municipal

¹² Article 183(1), letter b-ter) N.º 2 TUA and Article 198(2bis) TUA, both introduced by Legislative Decree N.º 116/2020.

¹³ Council Directive of 15 July 1975 on waste (75/442/EEC).

monopoly. Concurrently, paragraph 7 of the same article stated that this monopoly would not apply for waste meant for recovery if it was the subject of a specific programme agreement¹⁴.

Thus, the regulation seemed to discipline a sort of “dual regime” rule: municipal monopoly for the collection of urban mixed waste (the law reserved to municipalities “the management of urban waste and assimilated waste destined for disposal under the monopoly forms provided for by Law N.º 142 of June 8, 1990, and Article 23”) and competition for the collection of waste meant for recovery, provided they were subject to a program agreement. So, the monopoly did not apply for separately collected waste: anyone but municipalities could have the necessary authorizations to engage in such activities.

The so-called “dual regime” was further clarified in 2002: Article 23(1) of Law N.º 179 of July 31, 2002, amended Article 21(7) of Legislative Decree N.º 22/97 state that “the monopoly referred to in paragraph 1 does not apply to waste recovery activities for urban and assimilated waste starting from January 1, 2003”. Consequently, the condition of a program agreement was no longer necessary. In the following years, administrative case law also addressed the existence of this dual regime¹⁵.

However, a few years later, in 2010, the legislator re-handled the issue, stating that “the organization and management of services related to the collection, disposal, and recovery of urban waste, as well as the collection of related taxes” [article 14(27), Decree 31 may 2010, N.º 78.] constitute fundamental functions of municipalities. Thus, this provision seemed to end the dual regime era, extending municipal monopoly to separately collected waste.

¹⁴ “The exclusive right of waste collection does not apply to waste recovery activities covered by the programme agreement referred to in Article 22(11) and to assimilated waste recovery activities”, Article 21(7), Legislative Decree N.º 22/97.

¹⁵ See Cons. Stato, V Section, 16 march 2005, N.º 174, according to which it is not applicable to the service of collection and transport of urban waste since “the privative right referred to in paragraph 1 does not apply to the recovery of urban and assimilated waste, as from January 1st, 2003”.

Nowadays, administrative case law has definitively settled the matter, affirming the existence of the dual regime in accordance with the competition principle¹⁶.

The end of the municipal monopoly is also confirmed by a recent reform of the national environmental code. In 2020, the legislator amended the definition of urban waste to include the so-called “similar waste” or “assimilated waste”¹⁷. To this end, the freedom of economic operators to entrust the collection of such type of waste to either the public system or a private one was for the first time recognised, in alignment with the competition principle¹⁸.

Despite the openness to the application of competition rules, prior this amendment producers of assimilated waste had to make this choice through a five-year agreement, raising concerns about its compatibility with the competition principle¹⁹. Furthermore, those producers who had opted for the private system could switch to the public system at any time, even before the expiry of the five-year period, whereas the opposite was not permitted. Thus, producers who had opted for the public system remained bound for five years.

This led to the amendment of the provision in 2022²⁰, following a recommendation from the Competition and Market Authority. The duration of the obligation has been shortened to a more reasonable

¹⁶ See C.G.A. Sicily, 30 March 2022, N.º 410 and Cons. Stato, IV Section, 29 May 2023, N.º 5257. On the ascending conforming force of the competition principle, see also Cons. Stato, VI Section, 15 December 2022, N.º 10993.

¹⁷ They are “mixed waste and separately collected waste that come from other sources similar in nature and composition to the household waste listed in Annex L-quater produced and generated by activities listed in Annex L-quinquies” to the Fourth Part of the Code.

¹⁸ “In order to deliver their municipal waste outside the public service non-households users have to prove that they have sent it for recovery by means of a certificate issued by the entity carrying out the waste recovery activity. This waste counts towards the recycling targets for municipal waste”, Article 198(2bis) TUA, as amended by Legislative Decree N.º 116/2020.

¹⁹ Non-household users producing assimilated municipal waste “who deliver it outside the public service and prove that they have sent it for recovery [...] are excluded from the payment of the tariff component related to the quantity of waste delivered” and “make the choice to use the public service provider or the market for a period of not less than two years”, Article 238(10) TUA, as amended by Legislative Decree N.º 116/2020.

²⁰ Article 14(1), Law 5 August 2022, N.º 118 (Annual Competition Law), which provides for a two-year permanence.

period of two years and producers were guaranteed equal conditions in the case of a reconsideration of the waste management options.

These examples – together with the inclusion of the competition principle among the general principles of the Fourth Part of the Code (see section 1) – show how competition law has become crucial in environmental legislation. The crucial point is that competition should no longer be seen as an obstacle to environmental protection, on the contrary as a tool to strengthen it. Indeed, the choice to open up waste management to competition looks at the increase of the efficiency of the service in line with circular economy targets.

2.2 COMPETITION PRINCIPLE AND EPR SCHEMES

Another example of strengthening environmental protection through the implementation of competition leverage in the waste management are the extended producer responsibility (EPR) schemes.

The EPR principle, as a reflection of the ‘polluter-pays’ principle, forces the producer to financially sustain the disposal cost of its products and contributes to steer production toward sustainable products. This principle is based on competition because ‘green’ producers would pay less than their ‘brown’ competitors so their ‘green’ products would cost less than ‘brown’ ones.

In fact, environmental costs associated with managing end-of-life products are borne by producers, who internalize these costs into the selling price of the goods. Consequently, producers get an “incentive” to adopt solutions that reduce waste production, create durable and repairable products, and utilize easily recyclable materials. This approach allows them to incur lower post-consumer management costs and apply competitive product prices, lower than those of competitors facing higher end-of-life costs²¹. In concrete

²¹ The earliest elaborations of the concept of extended producer responsibility date back to studies in the 1990s, in which the thesis of industry responsibility for managing the entire product life cycle was first argued: Lindhqvist, 2000. For an essential legal framework, see: Dell’Anno, 2012; Benvenuti, 2014, 47; Garzia, 2011; Chilosi, 2011; Fise Unire, 2015; Iacovelli, 2021, p. 93; Lucifero, 2023, p. 91.

terms, the greater the chance of a product having a second life – i.e. reusability, recyclability – the lower is the cost of its end-of-life management.

As highlighted by the Italian antitrust authority (AGCM), “competition plays a crucial role in the waste sector by ensuring adequate market outlets for production inputs. These inputs, realized through recycling activities, can replace virgin raw materials, resulting in a clear commercial and competitive advantage. On average, the European manufacturing sector allocates about 40% of its expenditure to purchasing production inputs”²².

Competition has a key role also for the functioning of the EPR schemes. An EPR scheme is “a set of measures taken by Member States to ensure that producers of products bear financial responsibility or financial and organisational responsibility for the management of the waste stage of a product’s life cycle” [article 3(1), n.º 21, Directive 2008/98/EC].

Producers can fulfil their obligations by setting up an organization that pays for the collection, transport and recycling of the products once they have become waste. As known, the EPR principle is based on steering production toward sustainable products, so the competitive dynamics are helpful because allow producers to organise or participate in different EPR schemes, selecting the most effective.

In fact, the legal framework of EPR schemes outlined by European legislator moves to this direction: stimulate competition to open the market up to new operators, internalize environmental costs into product prices, encourage producers to design eco-friendly products, enhance both industrial competitiveness and environmental protection, and facilitate the shift towards a circular economy²³.

²² AGCM, *Segnalazione ai sensi degli artt. 21 e 22 della legge 10 ottobre 1990, n. 287* about possible proposals to promote competition, for the Annual law for the market and the competition Year 2021, § V, letter B.

²³ “The general minimum requirements should reduce costs and boost performance, as well as ensure a level playing field, including for small and medium-sized enterprises and e-commerce enterprises, and avoid obstacles to the smooth functioning of the internal market. They should also contribute to the incorporation of end-of-life costs into product prices and provide incentives for producers, when designing their products, to take better into account recyclability, reusability, reparability and the presence of hazardous substances” (recital 22, Directive EU 2018/851).

Within this framework, among a range of instruments, Extended Producer Responsibility (EPR) systems emerge as one of the effective tools to activate the competitive leverage. These systems foster a cycle where the environmental impact of production processes is minimized (by using fewer natural resources) and efficient post-consumer resource management aims to recover as many resources as possible.

Competition rules “open” the market to new operators who must compete with existing players. Consequently, they strive to maintain increasingly higher efficiency standards, both economically and environmentally.

EPR systems effectively implement the aforementioned principles by internalizing environmental costs and overseeing post-consumer management. However, operating within a competitive market, they must offer competitive conditions, resulting in improved efficiency standards, including environmental efficiency.

3 “IMPROVING THE PRODUCTION”: THE ENVIRONMENTAL WAY

As seen, according to Article 101(3) TFEU—and the Guidelines of the European Commission – horizontal agreements between undertakings can be compliant with Article 101(1) if “contribute to improving the production or distribution of products”. Furthermore, European Commission qualifies “sustainability agreements” as horizontal agreements that could be compliant with paragraph 3. To this end, it is essential to understand what international and European legislators mean when they look at ‘sustainable’ goals.

The answer seems to lie in the ‘sustainable production’: improving the production also encompasses the redesign of the economy within the limits of the planet. Several international and European norms emphasize this need for an environmentally conscious production.

3.1 SUSTAINABLE PRODUCTION IN THE INTERNATIONAL LEGAL FRAMEWORK

Beginning with the international legal framework, Principle 4 of the Stockholm Declaration (1972) asserts that “the conservation of nature, including wildlife, must be given special consideration in economic development planning”. For the first time, it was highlighted the connection between economic development and natural resource protection (STARACE, 1974, p. 50; PINESCHI, 1994, p. 493).

Similarly, Principle 7 of the World Charter for Nature (1982) argues that “In the planning and implementation of social and economic development activities, due account shall be taken of the fact that the conservation of nature is an integral part of those activities”. Article 9 envisages “The allocation of areas of the earth to various uses shall be planned and due account shall be taken of the physical constraints, the biological productivity and diversity and the natural beauty of the areas concerned”.

The concept of “redesign” of the economy emerges for the first time within the Brundtland Report (1987). In particular, points 52, 54, 57, and 60 were dedicated to energy consumption, agricultural production, legal instruments, and eco-design.

With this report, the fourth “R” – economic redesign – powerfully entered international environmental law alongside the classic three R’s: recycling, reuse, and reduction.

The principles 8 and 16 of the 1992 Rio Declaration are very clear regarding the so-called sustainable production (PINESCHI, 1992, p. 705; MARCHISIO, 1992, p. 581; MACHADO, 2002, p. 169). The first principle states that “to achieve sustainable development and a higher quality of life for all people, States should reduce and eliminate unsustainable patterns of production and consumption and promote appropriate demographic policies”. The second principle emphasizes that “National authorities should endeavour to promote the internalization of environmental costs and the use of economic instruments, taking into account the approach that the polluter should, in principle, bear the cost of pollution, with

due regard to the public interest and without distorting international trade and investment”.

With over 200 references to sustainable production, Agenda 21 (1992), connected to the Rio Declaration, stands as one of the essential acts legitimizing the shaping of the economy in a green direction²⁴.

Ten years later, paragraph 11 of the Johannesburg Conference (2002) explicitly states that “changing consumption and production patterns and protecting and managing the natural resource base for economic and social development are overarching objectives of and essential requirements for sustainable development”.

Twenty years after the Rio Declaration, point 220 of the “Future We Want” declaration during the Rio+20 Conference (2012) explicitly calls for the promotion of sustainable production models. Goal 12 of the United Nations’ 2030 Agenda for Sustainable Development – aptly titled “Ensure sustainable consumption and production patterns” mentions various tools to achieve sustainable production. These include not only green public procurement but also environmental taxation. The goal further emphasizes the need to rationalize inefficient subsidies for fossil fuels, eliminate market distortions, and progressively phase out harmful existing subsidies.

3.2 SUSTAINABLE PRODUCTION IN EUROPEAN LAW

Even in the case of European law, several are the legal acts that advocate for a shift toward sustainable production.

Briefly, it is possible to systematically categorize them into three main groups: “soft” European law, such as communications, strategies, and action programs that have been particularly numerous in the last five years; “hard” European law, in which we could include various directives from the last few years; “in progress” European law in which sustainable production features in a series of legislative acts that have recently been approved or are close to adoption.

²⁴ See also the chapter N.º 30 dedicated to the enhancement of the industry and the commerce.

In the first group, notable examples include: Communication on integrated product policy (2003)²⁵, Europe 2020 Strategy (2010)²⁶, Sixth (2002), Seventh (2013), and Eighth Environmental Action Plans (2022)²⁷, Bioeconomy Strategy (2018)²⁸, Communication on the Green Deal (2019)²⁹, Biodiversity Strategy (2020)³⁰, Circular Economy Action Plan (2020)³¹, Critical Raw Materials Action Plan (2020)³² and European Industrial Strategy (2020)³³.

The second group should be composed of: Eco-design Directives (2005 and 2009)³⁴, Non-Financial Reporting Directive

²⁵ Communication from the Commission to the Council and the European Parliament “Integrated Product Policy. Building on Environmental Life-Cycle Thinking” of 18 June 2003, COM(2003) 302.

²⁶ Communication from the Commission, “Europe 2020: A strategy for smart, sustainable and inclusive growth” of 3 March 2010, COM(2020) 2010.

²⁷ Respectively adopted with Decision N.º 1600/2002/CE of the European Parliament and the Council of 22 July 2002, with Decision N.º 1386/2013/EU of the European Parliament and the Council of 20 November 2013 and with Decision (EU) 2022/591 of the European Parliament and the Council of 6 April 2022.

²⁸ Communication from the Commission to the European Parliament, the Council, The European Economic and Social Committee and the Committee of the Regions “A sustainable Bioeconomy for Europe: Strengthening the connection between economy, society and the environment” of 11 October 2018, COM(2018) 673.

²⁹ Communication from the Commission to the European Parliament, the Council, The European Economic and Social Committee and the Committee of the Regions “The European Green Deal” of 11 December 2019, COM(2019) 640.

³⁰ Communication from the Commission to the European Parliament, the Council, The European Economic and Social Committee and the Committee of the Regions “EU Biodiversity Strategy for 2030. Bringing nature back into our lives” of 20 May 2020, COM(2020) 380.

³¹ Communication from the Commission to the European Parliament, the Council, The European Economic and Social Committee and the Committee of the Regions “A new Circular Economy Action Plan. For a cleaner and more competitive Europe” of 11 March 2020, COM(2020) 98.

³² Communication from the Commission to the European Parliament, the Council, The European Economic and Social Committee and the Committee of the Regions “Critical Raw Materials Resilience: Charting a Path towards greater Security and Sustainability” of 3 September 2020, COM(2020) 474.

³³ Communication from the Commission to the European Parliament, the Council, The European Economic and Social Committee and the Committee of the Regions “A New Industrial Strategy for Europe” of 10 March 2020, COM(2020) 102.

³⁴ Directive 2005/32/EC of the European Parliament and the Council of 6 July 2005 and Directive 2009/125/EC of the European Parliament and the Council of 21 October 2009.

(2014 and 2022)³⁵, Circular Economy Package (2018)³⁶, Single-Use Plastics Directive (2019)³⁷ and Taxonomy Regulation (2020)³⁸.

The third and last group contains proposals that have recently been approved or close to adoption: Regulation extending eco-design requirements to all products³⁹, Packaging Regulation⁴⁰, Due Diligence Directive⁴¹, Green Claims Directive⁴².

All these acts reflect a living European law that strongly leans toward shaping production in an ecologically conscious manner. It implies the need to structurally “green” the treaties (CHITI, 2022, p. 183; BEVILACQUA, 2024).

4 CONCLUSIONS ON SUSTAINABILITY AGREEMENTS

The review conducted in the previous section shows that international and European law contain sufficient indications to conclude that “sustainable production” is a binding and concrete

³⁵ Directive 2014/95/EU of the European Parliament and the Council of 22 October 2014 and Directive (EU) 2022/2464 of the European Parliament and the Council of 14 December 2022.

³⁶ Directives 849, 850, 851 and 852 of 2018 already mentioned.

³⁷ Directive (EU) 2019/904 of the European Parliament and the Council of 5 June 2019 on the reduction of the impact of certain plastic products on the environment.

³⁸ Regulation (EU) 2020/852 of the European Parliament and the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088. This regulation has been ‘completed’ with Commission delegated regulation (EU) 2021/2139 and 2023/2486 which establish technical screening criteria for determining the conditions under which a specific economic activity is qualified as eco-sustainable.

³⁹ Regulation (EU) 2024/1781 of the European Parliament and the Council of 13 June 2024 establishing a framework for the setting of ecodesign requirements for sustainable products, amending Directive (EU) 2020/1828 and Regulation (EU) 2023/1542 and repealing Directive 2009/125/EC.

⁴⁰ Proposal for a Regulation of the European Parliament and the Council of 30 November 2022, COM(2022) 677 on packaging and packaging waste, amending Regulation (EU) 2019/1020 and Directive (EU) 2019/904, and repealing Directive 94/62/EC, approved by the Parliament in April 2024.

⁴¹ Directive (EU) 2024/1760 of the European Parliament and of the Council of 13 June 2024 on corporate sustainability due diligence and amending Directive (EU) 2019/1937 and Regulation (EU) 2023/2859.

⁴² Directive (EU) 2024/825 of the European Parliament and of the Council of 28 February 2024 amending Directives 2005/29/EC and 2011/83/EU as regards empowering consumers for the green transition through better protection against unfair practices and through better information.

objective of the European legal order. Thus, this target should impact the way of producing and, as a consequence, the rulings of competition, in order to move towards a circular economy model within the limits of the planet.

To this end, the clause of “improving the production” – Article 101(3) TFEU – could be read systematically and in conjunction with the cited norms and the finalization of horizontal agreements, especially sustainability agreements, should be implemented. In fact, the improvement could be ecological as well as economic and consumerist. Indeed, international and European law seem to be moving in this direction, not considering competition as an immutable and rigid value.

This ‘new’ interpretation of Article 101 TFEU will greatly depend on the assessment of the national antitrust authorities about horizontal agreements that pursue environmental and sustainable objectives. Many of these authorities have in fact already expanded Article 101 by declaring horizontal sustainability agreements to be in conformity with European antitrust law⁴³.

However, if we focus on “sustainability agreements” as regulated by the Commission, several uncertainties remain on this point. For instance, the Commission considers sustainability agreements to be lawful only if they do not sacrifice the ‘fair share’ referred to in paragraph 1, which, however, still today has an undeniable economic preponderance. In other words, it remains preponderant the mechanism of conditionalities of the Article 101(1) TFEU that privileges the ‘quantitative’ benefits instead of the ‘qualitative’. To this end, some authors remarked that this new kind of agreements should not fall within the field of application of Article 101 TFEU because they are not based on a ‘traditional’ restriction of competition. They try, instead, to prevent the market from failing and generating negative externalities (DOLMANS, 2020; NOWAG; TEORELL, 2020).

⁴³ i.e. Dutch Authority for Competition and the Market (ACM), cases ‘MSC Shrimp Fishery’ and ‘Energy Deal’.

To this end, Article 101 should be amended in order to explicitly include sustainable production. In this light, Article 41 of the Italian Constitution provides is a valid example of the conformation of production and economic activities in favour to sustainability and environmental sustainability.

Anyway, it is possible to conclude that competition is not always a prevailing principle, it can be useful to reach environmental targets, and must be balanced with other primary non-economic interests. Thus, Article 101 and its exemptions should be progressively interpreted in light of the needs of the sustainable production.

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