

# Competition and the Green Deal: a Study of Consumers WTP for CO2 Emissions Reduction in the Italian Car Market

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## **Abstract**

The purpose of this work is to contribute to the debate on the relationship between sustainability and competition which has followed the announcement of the Green Deal by the European Commission. Specifically, this study focuses on the investigation of consumers' willingness-to-pay for the level of sustainability of the products they buy. To do so, a discrete choice model is developed following the Industrial Organization literature. The model is then estimated with modern Empirical Industrial Organization methods, including the Berry Logit and the Nested Logit. The setting proposed is the Italian car market and specifically this work investigates the relevance of lower CO2 emissions in influencing consumers' choices. The results show a significant willingness-to-pay for lower emissions on the side of Italian car buyers, and hence a large potential for voluntary contributions to emissions reduction in passenger car transport in Italy. This implies that the traditional application of competition law which leads to increased competition after the antitrust intervention, collaterally increases sustainability.