Network effects: How the European competition network structures the opportunities of regulators

European administrative networks are networks of national authorities that help facilitate the implementation of EU policies, as well as providing general opportunities for collaboration and the sharing of information. Drawing on a new study of the European Competition Network, **Francesca Pia Vantaggiato**, **Hussein Kassim** *and* **Kathryn Wright** *highlight the importance of the internal structure of networks in shaping their impact on regulatory authorities.*

Networks linking national and EU authorities are now an established feature of the European Union. First introduced to achieve the regulatory harmonisation needed for the single market, while avoiding the politically unacceptable centralisation of powers at the EU level, European administrative networks (EANs) exist in a wide range of policy areas and perform a variety of functions. Most were created to share information, but a number, including the European Competition Network (ECN), also have enforcement responsibilities.

Existing research on EANs typically focuses on the external properties of networks. It examines characteristics observable from the outside, such as origins, objectives, and outputs. Although this approach has generated many useful insights, it leaves important questions unanswered: Who controls the networks, and how is power distributed within them? What mechanisms exist for collaboration, horizontal and vertical, between members of the network? What are the regulators' own experiences of the network? What is the impact of variation in the expertise, resources and domestic status of European national authorities, and how, if at all, are these differences managed within networks?

To address these questions, we argue that the external view of network features needs to be complemented by an examination of EANs from the inside. Our investigation of the European Competition Network draws on semi-structured interviews we conducted with 15 National Competition Authorities (NCAs). Its findings underline the importance and impact of network structure. The internal configuration of a network can be seen as an 'opportunity structure' that offers regulators greater or lesser access that they can use to share resources and set agendas.

The ECN was created to ensure effective competition enforcement throughout the EU. Its members include the NCAs of each Member State as well as the European Commission's Directorate General for Competition (DG COMP). The ECN's powers and responsibilities are defined by Regulation 1/2003, while a soft law Network Notice sets out rules on case allocation, consistent application, and mutual assistance. Cooperation takes place in four main forums: Directors General meetings, plenary, working groups, and sectoral sub-groups. Given its hierarchical and formal structures, the ECN represents an obvious case to investigate the importance of internal network structures.

Regulators' experience of the network

Our sample of 15 NCAs covered a range from 'old' and 'new' Member States, from north and south, west, east and central Europe, representing large and small Member States, covering different sizes of national markets and with different levels of resources. We sought to assess the experience of the operation and impact of the network of each NCA in four areas.

First, we asked about the extent to which it is able to voice issues of concern in the ECN or to set the ECN's agenda, how and at what level. Second, we asked about levels of activity within the network and whether the network is dominated by particular authorities. Third, we included questions about the network's role in promoting convergence in enforcement of competition rules, and whether the ECN had enhanced the reputation or increased the autonomy of their NCA. Fourth, we asked interviewees about their interactions with other network members, particularly the 3-5 NCAs with which they are most frequently in contact.
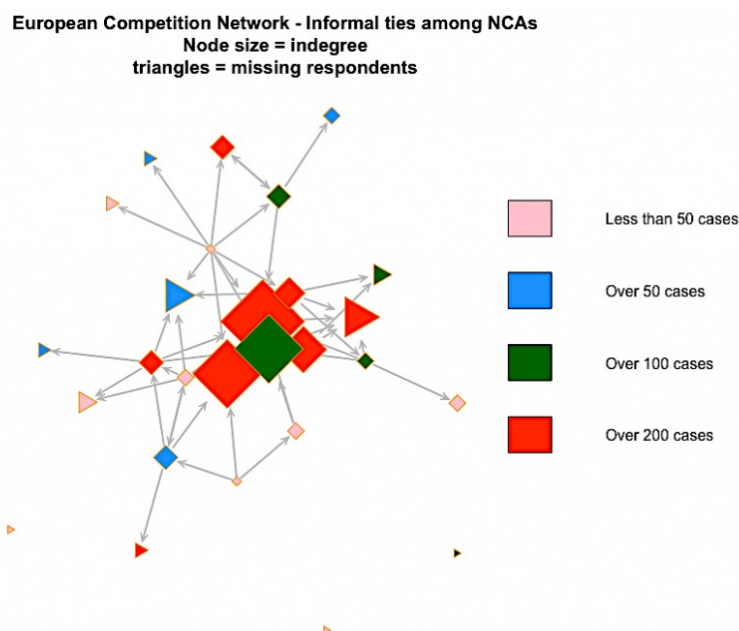
Four findings stand out:

- All NCAs, whether from smaller or larger member states, possessing more or fewer resources or ranges of

experience, consider that internal network structures allow them to influence the network's agenda. In other words, the internal structure of the ECN equalises opportunities for its members.

- Neither the Commission nor the NCAs control the network's activities or agenda, contrary to early claims about the creation of the ECN.
- NCAs perceive the ECN as effective. They believe that it fosters a common culture across the EU (although more effort may be needed to enhance convergence of NCAs' enforcement powers – the aim of the 2019 ECN Plus Directive). Our interviewees also consider that membership of the ECN strengthens them in their domestic settings.
- Resources and expertise are exchanged informally between members of the network.
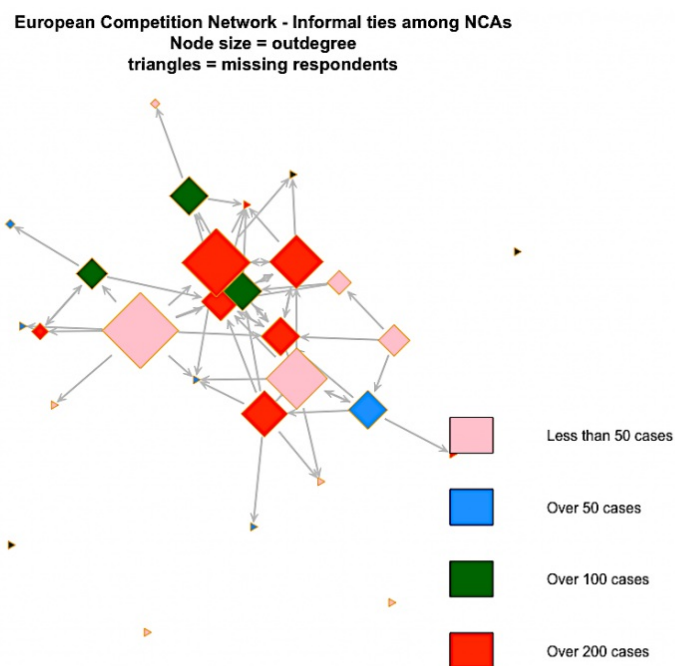
Curious about informal relations between NCAs, we utilised measurements of network analysis to further explore patterns of interaction. We were particularly interested in the number of incoming connections of each NCA, which can be seen as a measure of *network influence*, and the number of outgoing connections of each NCA, which is a measure of *network activism*. Through statistical analysis we tested the strength of the association between NCAs' incoming and outgoing connections, and the number of cases with which they had dealt since the establishment of the ECN, as well as the number of their full-time staff resources. These relationships are shown in the figures below.

Figure 1: Informal network structure, showing node size and the number of incoming ties with other NCAs
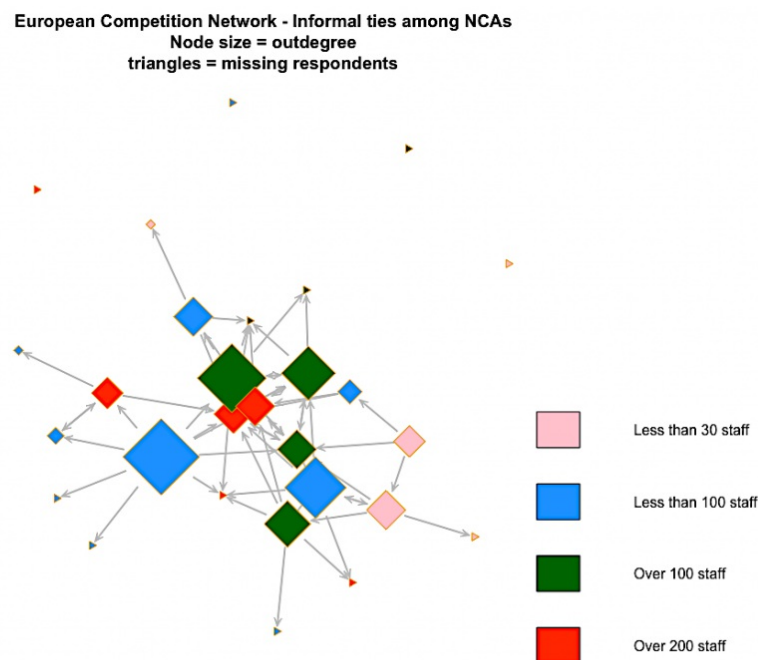

Note: **Shows respondents above minimum number of ties only. Triangles represent missing respondents. For more information, see the authors' accompanying paper in the Journal of European Public Policy.**

Figure 2: Informal network structure, showing node size and the number of outgoing ties they maintain with their peers

European Competition Network - Informal ties among NCAs
Node size = outdegree
triangles = missing respondents

Legend:
- Less than 50 cases
- Over 50 cases
- Over 100 cases
- Over 200 cases

Note: **Node size corresponds to the outdegree of NCAs, i.e. the number of outgoing ties they maintain with their peers. For more information, see the authors' accompanying paper in the [Journal of European Public Policy](#).**

Figure 3: Informal network structure (node size = outdegree)

European Competition Network - Informal ties among NCAs
Node size = outdegree
triangles = missing respondents

Legend:
- Less than 30 staff
- Less than 100 staff
- Over 100 staff
- Over 200 staff

Note: **For more information, see the authors' accompanying paper in the [Journal of European Public Policy](#).**

Summarising these findings on informal interactions, NCAs with the highest caseloads are the most sought after (Figure 1). NCAs with lower caseloads have more outgoing than incoming ties. They are searching for information and valuable partners (Figure 2). NCAs of intermediate staff size are the most active (Figure 3), which suggests that NCAs use external informal network ties to compensate for a lack of resources.

Conclusion

Our investigation of the internal operation of the ECN highlights the importance of understanding how institutional architecture affects the experience, operation and effectiveness of an EAN. Its results challenge early predictions that the ECN would concentrate power in few hands or privilege the larger NCAs. Although the ECN may be an outlier to the extent that it is more formalised than most EANs, the finding that internal structure matters applies more broadly and calls for similar investigations to be undertaken with respect to other networks. Indeed, only by examining an EAN's internal organisation is it possible to understand how a network distributes or redistributes power and resources among regulators, the pattern of informal collaboration that it encourages, and thereby its full impact on regulatory authorities.

For more information, see the authors' accompanying paper in the **Journal of European Public Policy**

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Note: This article gives the views of the authors, not the position of EUROPP – European Politics and Policy or the London School of Economics. The research on which this blog and the associated article are based was conducted when the three authors were based at the ESRC Centre for Competition Policy at UEA. The authors gratefully acknowledge the Centre for funding the fieldwork and would also like to express their gratitude to the officials at 15 national competition authorities and the European Commission's DG COMP for sharing their experiences.

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