



Insights from Firm-Level Data on Price Regulation Around the World

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This Policy Brief presents novel cross-country, firm-level evidence on the incidence and characteristics of price regulations around the world. Using data from the World Bank Enterprise Surveys (WBES) covering 103 economies — the first comparable global measure of how firms experience price regulations — the Brief shows that price regulations remain widespread, particularly in lower-income countries, state-involved firms, and essential service sectors. Price regulation is high in concentrated markets, decreases sharply as competition increases, and rises again in highly competitive markets, suggesting that governments may intervene both to curb monopolistic power and to stabilize prices in highly fragmented markets. These patterns indicate where price regulations are most prevalent and how they relate to market structure, providing a foundation for further analysis on how regulation affects firm performance and innovation, and more refined data-driven reforms.

Price regulations remain a widely used policy tool

Price regulation remains one of the most visible forms of government intervention in markets. Governments use price controls, through ceilings or floors, to pursue social objectives like ensuring affordability in essential sectors such as food, fuel, utilities, and pharmaceuticals. These controls also curb monopolistic behavior in concentrated markets. Yet, systematic cross-country evidence on how firms are affected by such interventions has long been lacking. Understanding their extent is vital because price controls directly affect firms' ability to set prices, compete, and invest. When excessive, price controls can distort incentives and reduce productivity; when well-calibrated, they can prevent abuse and keep prices affordable for consumers. As countries modernize their regulatory frameworks, reliable data are essential to distinguish where price controls remain necessary to ensure fair markets, and where they instead constrain competition, investment, and growth in the private sector.

Recent research presents a nuanced view of price regulation—highlighting both its potential drawbacks and its corrective role. Guénette (2020) finds that poorly designed controls can distort incentives and suppress investment, while Mulligan (2025) shows how regulation at one stage of the supply chain can propagate inefficiencies elsewhere. Sectoral studies by the Organisation for

Economic Co-operation and Development (OECD) (2025), Genakos and Valletti (2012), and Shaikh et al. (2021) note that although price caps can stabilize markets and protect consumers, they may also dampen innovation and long-term investment. Yet, as Motta (2004) emphasizes, well-calibrated price caps can effectively curb abusive pricing and complement antitrust enforcement in concentrated markets.

Building on these findings, new globally comparable firm-level data from the World Bank Enterprise Surveys (WBES) fill a critical evidence gap. Data from representative samples for 103 economies reveal that, on average, 12 percent of firms report that the price of their main product or service is regulated by government. This data set enables policy makers to link patterns of regulation to income levels, sectors, firm ownership, and market structure. While the data set could also be used to study the effects of regulation on firm-level outcomes and offer evidence-based reforms, this Brief focuses on descriptive patterns that emerge from these structural dimensions.

Price regulations are used less frequently in higher-income economies

Figure 1 plots the share of firms reporting price regulation against GDP per capita, differentiated by economy income group. The relationship follows a downward slope: in low-income and lower-middle-income economies, a high

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Figure 1 Price regulation is less common at higher income levels

Source: World Bank Enterprise Surveys.

Note: The sample contains 103 economies: 34 high-income; 28 upper-middle-income; 30 lower-middle-income; and 11 low-income. Estimates are weighted by survey weights. Country income level is measured as GDP per capita (log), in purchasing power parity terms (constant 2021 international dollars). PPP = purchasing power parity.

share of firms report government-regulated prices, while in high-income economies levels of price regulation tend to be much lower. The negative relationship remains robust after accounting for the different compositions of industries across all economies (at the two-digit industry level). This suggests that state intervention in pricing is more common in lower-income and developing economies, possibly due to weaker market institutions, more volatile prices, or concerns around affordability and access. In contrast, high-income economies may rely more on competition, market self-regulation, and other consumer protection mechanisms.

Firms with state participation in ownership face more regulation

Ownership structure also plays a key role. Figure 2 compares the share of firms reporting price regulation by sector and by ownership type: domestic, foreign, and majority state-owned (WBES data exclude fully state-owned firms). Firms with partial state ownership are more likely to report price regulation than domestic private firms, in both manufacturing and services. Meanwhile, foreign-owned firms, particularly in manufacturing, report the lowest exposure to price regulation. These results likely reflect the fact that state-affiliated firms are concentrated in sectors that tend to be regulated, rather than suggesting that such firms are specifically targeted for price controls. Differences may also stem from enforcement practices or varying regulatory expectations for foreign versus domestic firms.

Subnational variation in price regulations is greater in developing economies

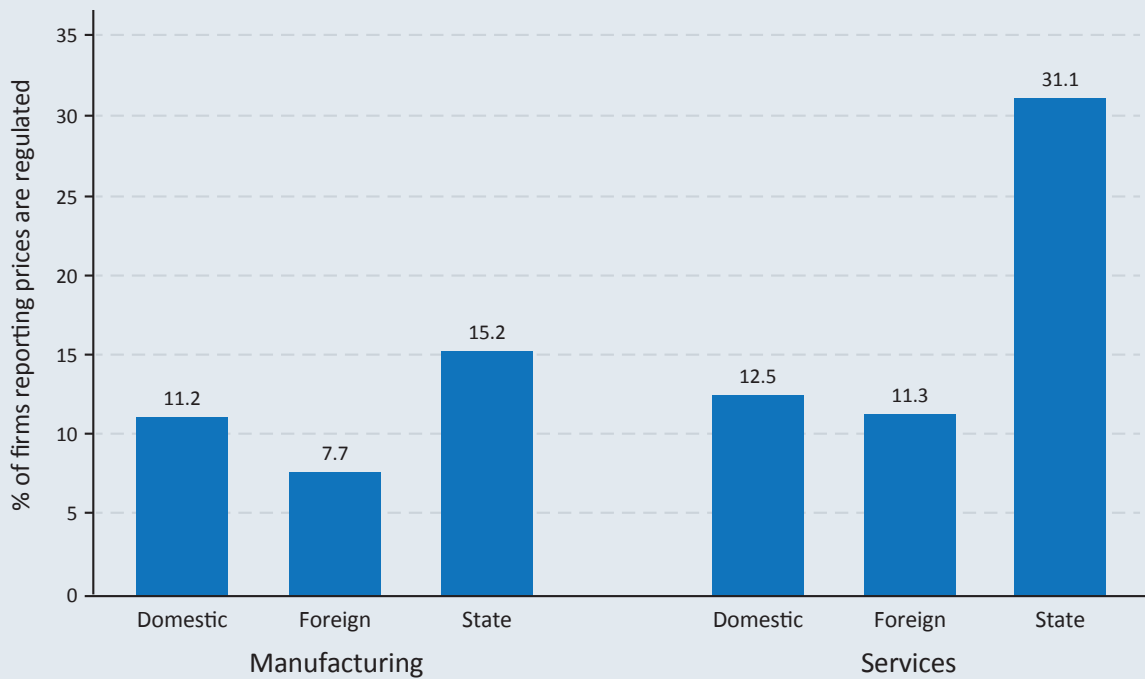
Figure 3 shifts the focus from country-level averages to within-country variation. Subnational disparities in the share of firms reporting price regulation are substantial in some of the sampled economies. Variability in price regulation is higher in Sub-Saharan Africa, the Middle East & North Africa, East Asia and Pacific, and South Asia, in contrast to Europe & Central Asia, Latin America & the Caribbean, and North America, which exhibits lower price regulation. Subnational variation may reflect several factors: greater heterogeneity in local market structures, variation in the enforcement or awareness of national rules, or the presence of decentralized regulatory arrangements.

Take Indonesia as a compelling example: it ranks at the top of all 103 economies with the highest share of firms reporting government price regulation. It also shows extraordinary dispersion across regions within the country. In some regions, as few as 3 percent of firms report being subject to price controls, while in others the share exceeds 90 percent. This pattern is descriptive and may also partly reflect differences in the composition of sectors across regions.

Services tend to be more heavily regulated than manufacturing

Figure 4 highlights the most regulated industries by showcasing the top ten subsectors with the highest share of

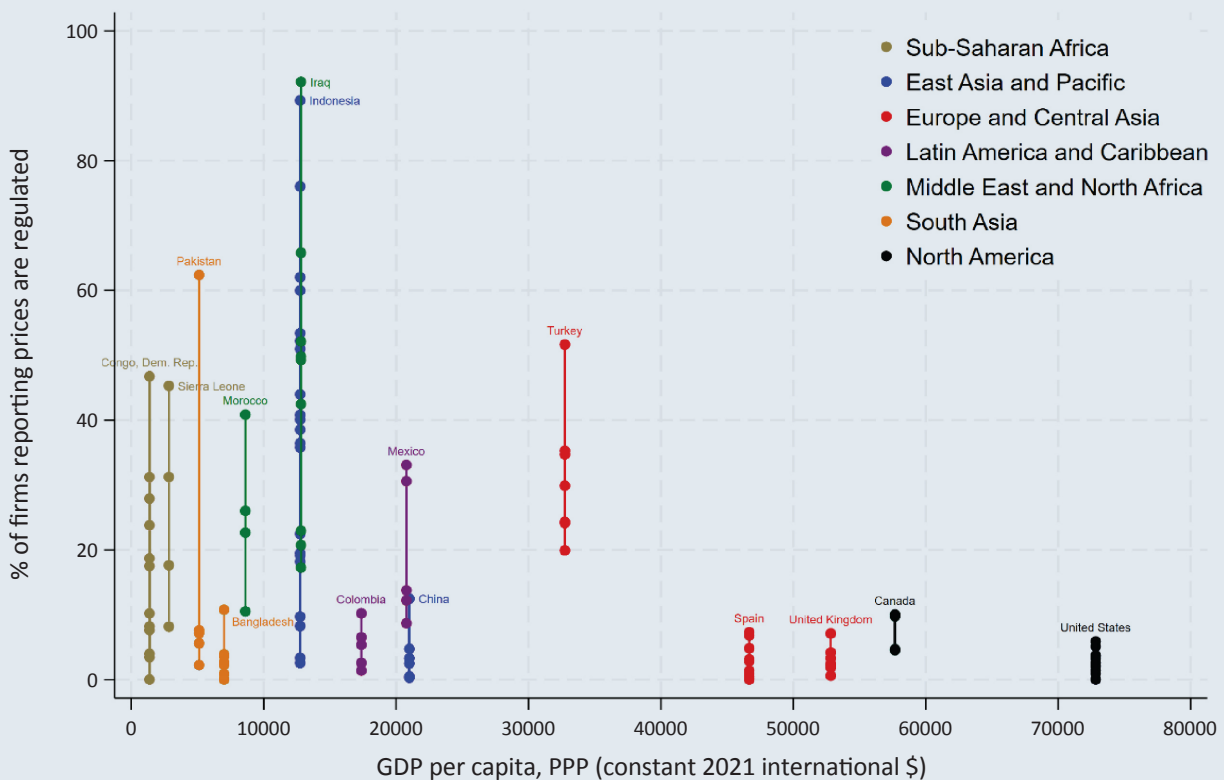
Figure 2 Price controls are more prevalent in state-owned firms



Source: World Bank Enterprise Surveys of 103 economies.

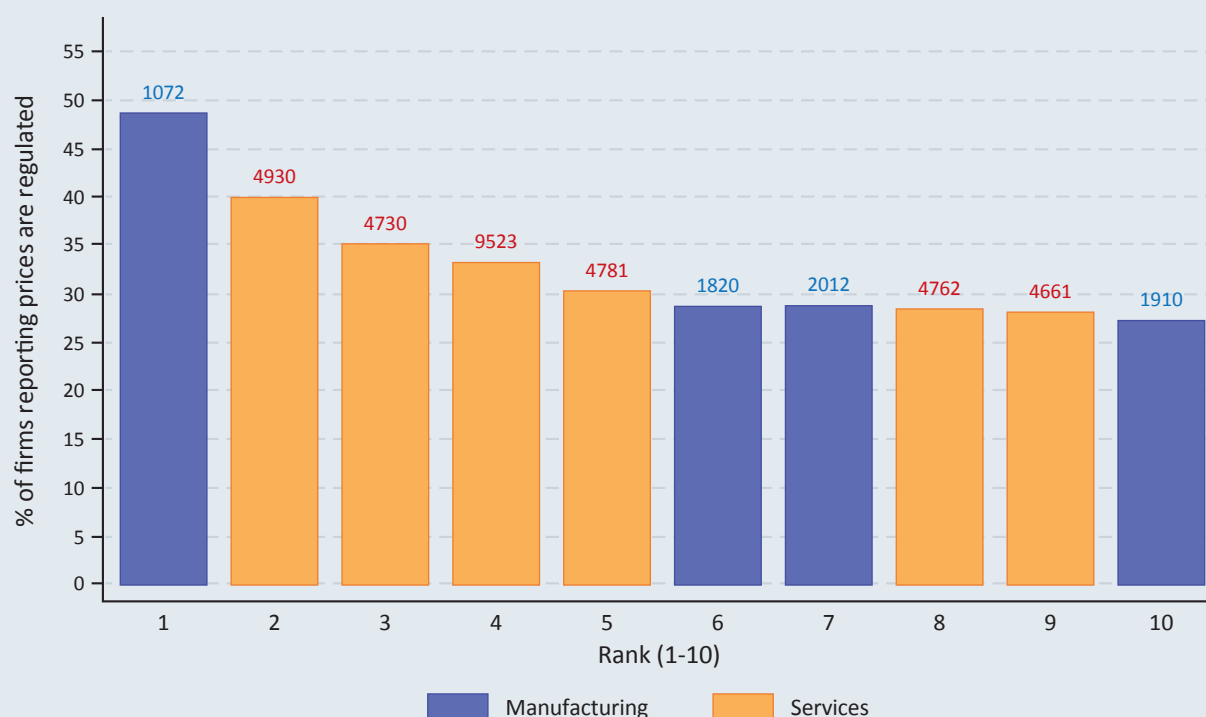
Note: Firm ownership type is defined as domestic (≥51 percent domestically owned); foreign (≥51 percent foreign owned); and majority state-owned (≥51 percent state-owned). Estimates are weighted by survey weights.

Figure 3 Price regulations are dispersed in some world regions and more concentrated in others



Source: World Bank Enterprise Surveys.

Note: Estimates are weighted by survey weights. The number of circles reflects the number of regions covered by the survey. Each circle represents the share of firms reporting price regulation in a specific subnational region within a given economy. PPP = purchasing power parity.

Figure 4 The most regulated industries are concentrated in services and specific manufacturing sectors

Source: World Bank Enterprise Surveys of 103 economies.

Note: Firm industry segmentation follows the ISIC Revision 4 classification at the 4-digit level. Estimates use nationally rescaled survey weights to preserve within-country sampling representativeness. Refer to the text for definitions of each ISIC code. ISIC = International Standard Industrial Classification.

firms reporting price controls. Two key patterns emerge. First, across 103 economies, the services sector is, on average, more heavily regulated than manufacturing. Second, within manufacturing, price regulation is most prevalent in sugar manufacturing (ISIC code 1072) and in other food-related and basic chemical subsectors such as fertilizers and nitrogen compounds (ISIC code 2012), manufacture of coke oven products (ISIC code 1910), and reproduction of recorded media (ISIC code 1820).

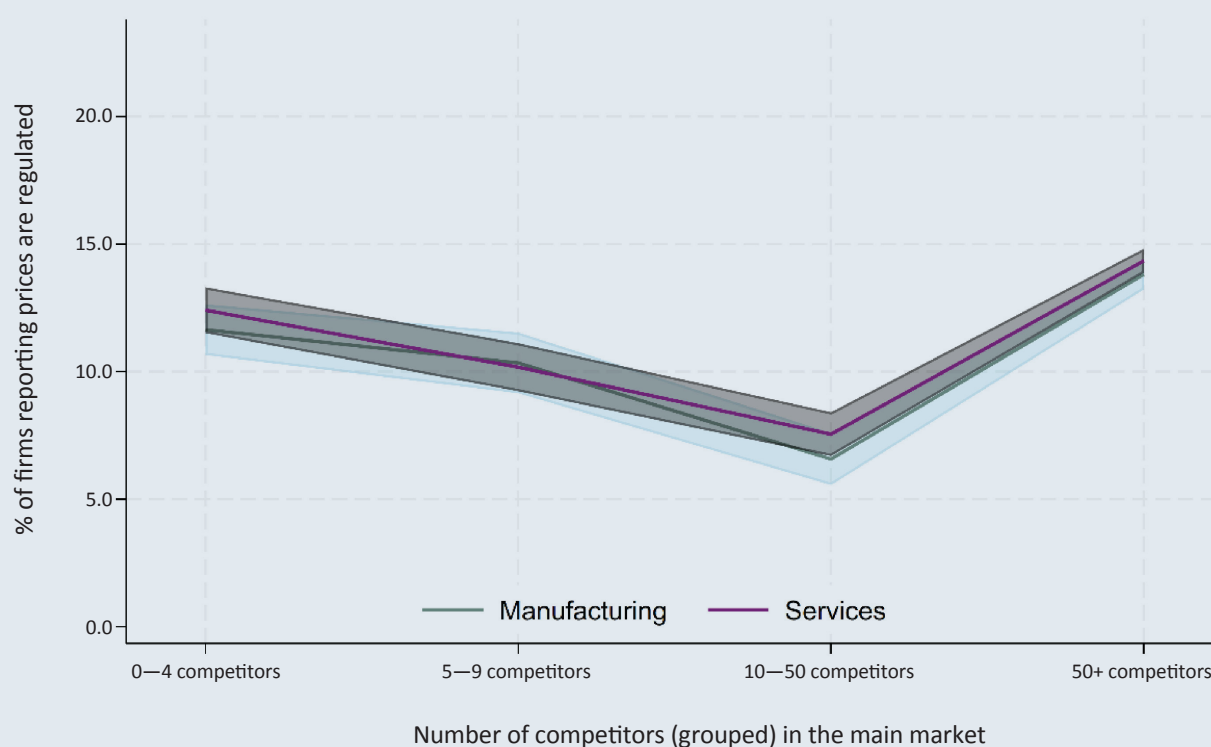
In the services sector, the top most regulated subsectors include transport via pipeline (ISIC code 4930), retail sale of automotive fuel in specialized stores (ISIC code 4730), repair of footwear and leather goods (ISIC code 9523), retail sale of food, beverages and tobacco products (ISIC code 4781), retail sale of music and video recordings (ISIC code 4762), and wholesale of liquid and gaseous fuels (ISIC code 4661)—all essential, high-impact markets where governments are more likely to intervene. These sectoral patterns underscore the value of firm-level, subsector-specific data. While regulatory intensity varies, the overall picture reveals consistent government intervention in public-interest sectors aimed at protecting consumers and ensuring access to essential goods and services.

Market structure and sector follow a U-shape in price regulation

The final figure examines how reported price regulation

varies by market structure and sector. Markets are segmented by the number of competitors (0–4, 5–9, 10–50, and 50+), which serves as a rough proxy for the degree of market competition. Survey-weighted estimates of the prevalence of price regulation are then computed, reporting 95 percent confidence intervals. The data do not reveal a simple downward-sloping relationship between regulation and the number of competitors: in markets with more firms, competitive pressures are generally higher, while fewer firms indicate less competition and more potential for market power. Across the full sample, a clear U-shaped pattern emerges, as shown in figure 5: price regulation is high in concentrated markets, decreases sharply as competition increases, and rises again in highly competitive markets. This pattern is consistent across manufacturing and services. Services firms exhibit slightly higher levels of reported regulation across all market structures, while both sectors show a pronounced increase in regulation in the most competitive markets—surpassing the levels observed in highly concentrated ones.

The U-shape relationship may reflect two overlapping factors: sectors with concentrated market power, where regulation is common; and highly fragmented markets, where regulation could coexist with entry barriers or pricing rules that shape competitive dynamics. The pattern does not imply causality, and regulation may influence market structure as much as market structure influences regulation.

Figure 5 The U-shape of price regulation by market structure and sector

Source: World Bank Enterprise Surveys of 103 economies.

Note: Error bars represent 95 percent confidence intervals. Estimates are weighted by survey weights.

Conclusion: Using firm-level evidence to tailor price regulation more effectively

In sum, these new firm-level indicators from the WBES provide a robust, comparable, and granular evidence base for understanding how price regulation functions across sectors, firm ownership types, and market structures. By revealing where interventions remain pervasive and where markets are already competitive, the data set enables policy makers to

calibrate reforms more precisely, maintaining regulation in essential sectors to safeguard consumers while phasing out controls that hinder competition and private investment. Grounded in this evidence, policy makers can move beyond anecdotal assessments toward targeted, data-driven reforms particularly in emerging markets, where balancing consumer protection and market dynamism remains a central policy challenge. Such differentiation is key to advancing efficient, transparent, and inclusive market regulation frameworks.

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