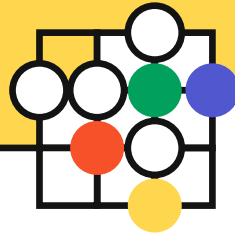


# COMPETITION DEVELOPMENTS

Second Joint ESCWA-UNCTAD-OECD  
**Competition Forum**  
for the Arab Region  
23-24 March 2021



## Perspectives on the Arab market environment

Competition is a major factor in improving the Arab region's international competitiveness and business environment, which can be ensured through effective competition law and policy enforcement. Many Arab countries have enacted competition laws in the last two decades; however, their enforcement is challenged as it often does not fit the market structure.

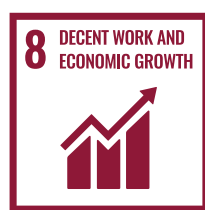
### COMPETITION POLICY IS AN ESSENTIAL COMPONENT OF FUNCTIONING MARKETS

Despite Arab countries' efforts, competition law and policy have not been fully recognized in the Arab region. Many Arab countries are still facing legislative and institutional challenges.

### COMPETITION POLICY SUPPORTS AND CONTRIBUTES TO THE IMPLEMENTATION OF THE 2030 AGENDA



- Helps reduce gender inequality
- Enhances the efficient provision of services that encourage women's economic engagement



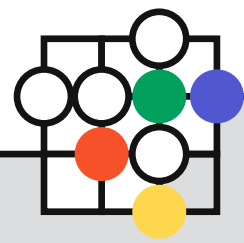
- Improves the business environment and stimulates innovation
- Creates more productive jobs and drives cost efficiency and innovation
- Encourages foreign direct investment



- Addresses anti-competitive behaviour
- Enhances consumers' choice and increases their welfare
- Promotes improvement of the quality of goods and services

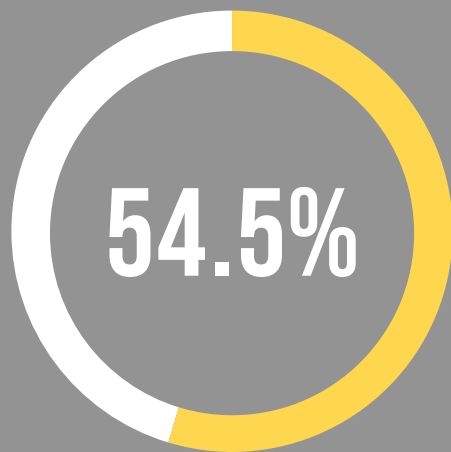
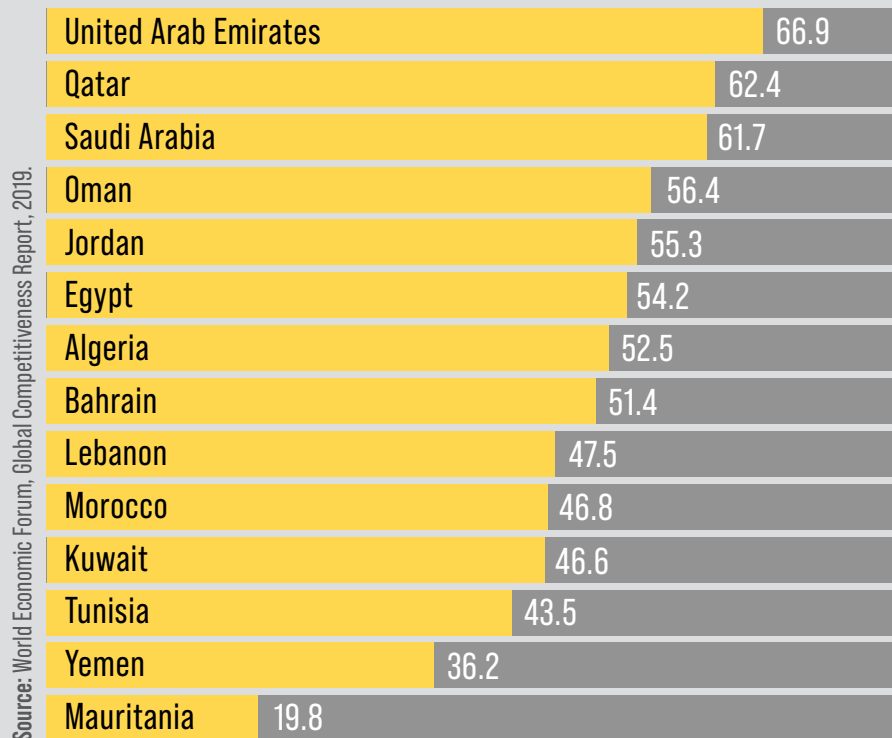


- Improves transparency
- Enhance the effectiveness of public institutions
- Promotes the rule of law



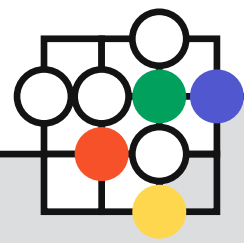
## MARKET STRUCTURE AND COMPETITION LAW AND POLICY IN THE ARAB REGION

### Extent of Market Dominance, 2019 (score from 100)

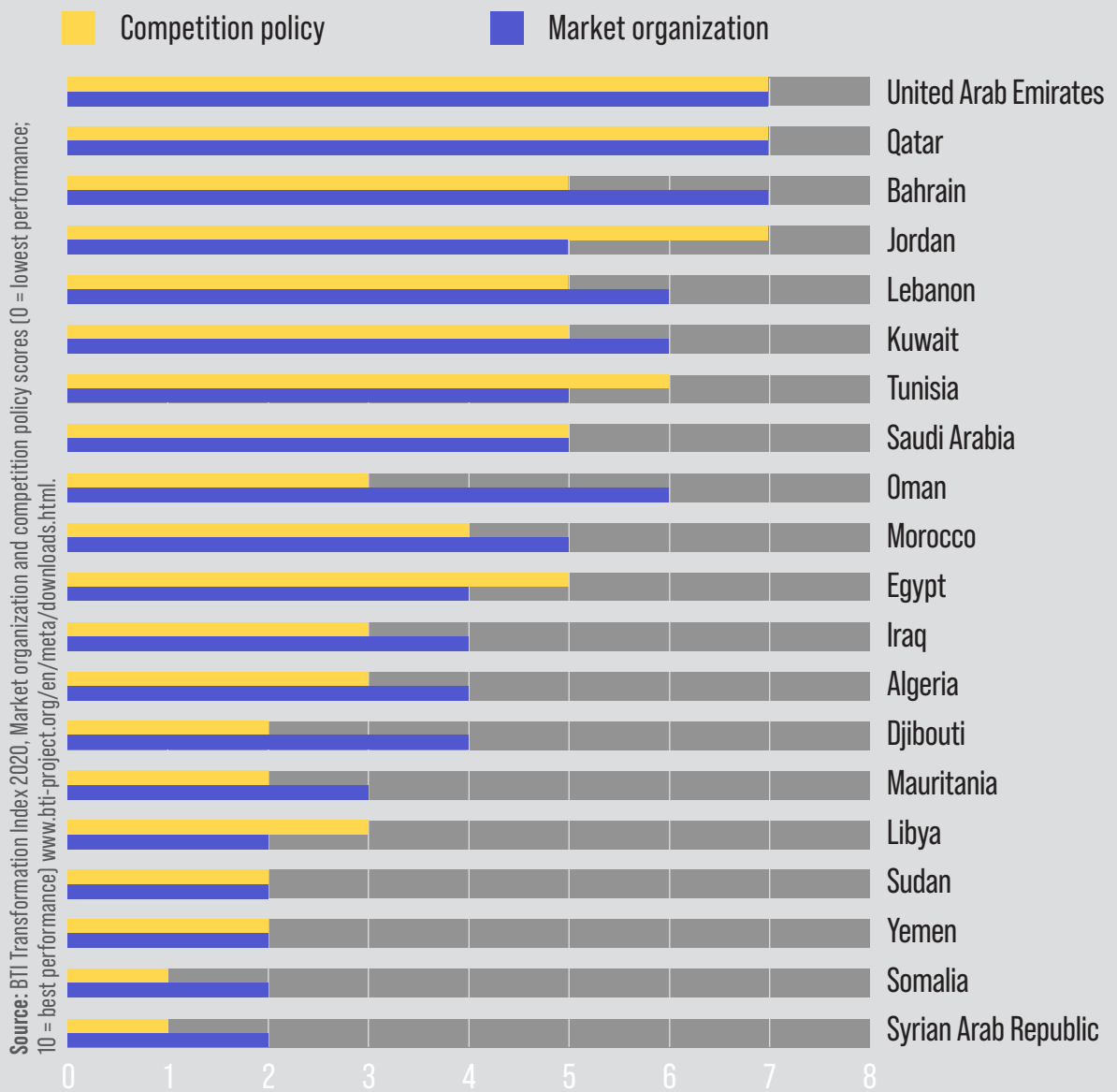


of firms in the Arab region were competing against unregistered or informal firms in 2019, according to the World Bank Enterprise Surveys 2019

- ➔ As market structures changed in the Arab region over the last decades without effective regulatory frameworks in place, unequal results, such as market dominance and a lack of competition, began to appear.
- ➔ Informality and connected firms are two phenomena that are still undermining fair competition in the region. According to the World Bank Enterprise Survey, 54.5 per cent of firms in the Arab region were competing against unregistered or informal firms in 2019. Which is above the world average thus highlighting the significant rate of informality in the region.
- ➔ The extent of market dominance in the region varies between countries. Fewer business groups dominate the markets in the least developed countries, while the market shares are spread among numerous firms in high-income countries, like GCC countries.



## Market organization and competition policy in the Arab region, 2020

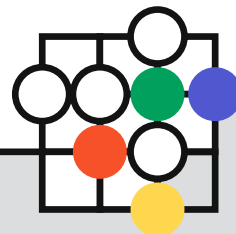


Countries like Qatar and the United Arab Emirates have a relatively **high score in competition policy** owing to their **fairly consistent enforcement of existing competition laws, which prevent monopolistic conduct and structure**. They also tend to have a higher score in the market organization, because of their small informal sector and strong institutional framework.

**The informal economy share of GDP varies widely between countries.** It can account for 10 to 50 per cent, but in developed countries it is less than 20 per cent.

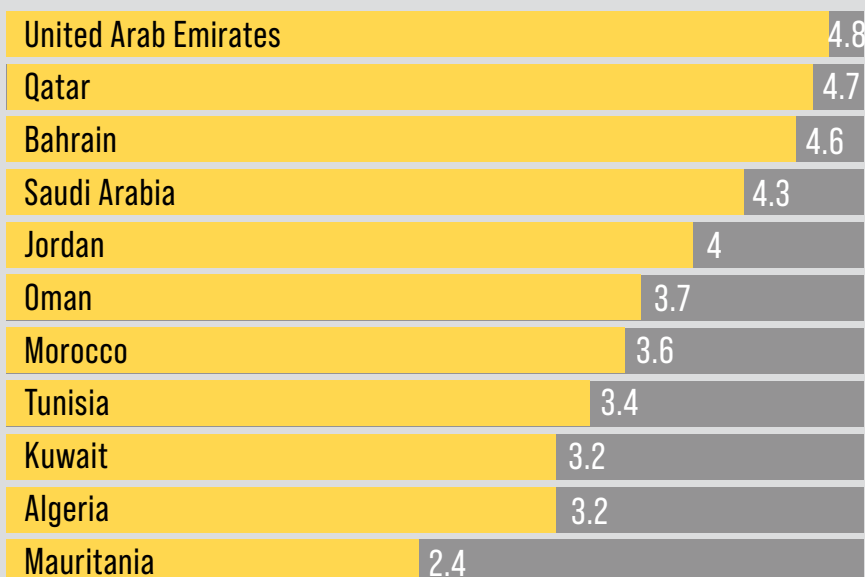
**The largest informal economies in the region are in the least developed and conflict-affected countries.**

**Informal firms can form major competitive pressures on formal firms and shrink their market share.** The informal sector can also be quite competitive as there are low barriers to market entry, opening the doors for many informal firms to compete in an unregulated market.



## Effectiveness of anti-monopoly policy, 2018

Source: World Economic Forum, Global Competitiveness Report, 2017-2018 (Range: 1 (worst) - 7 (best performance)).

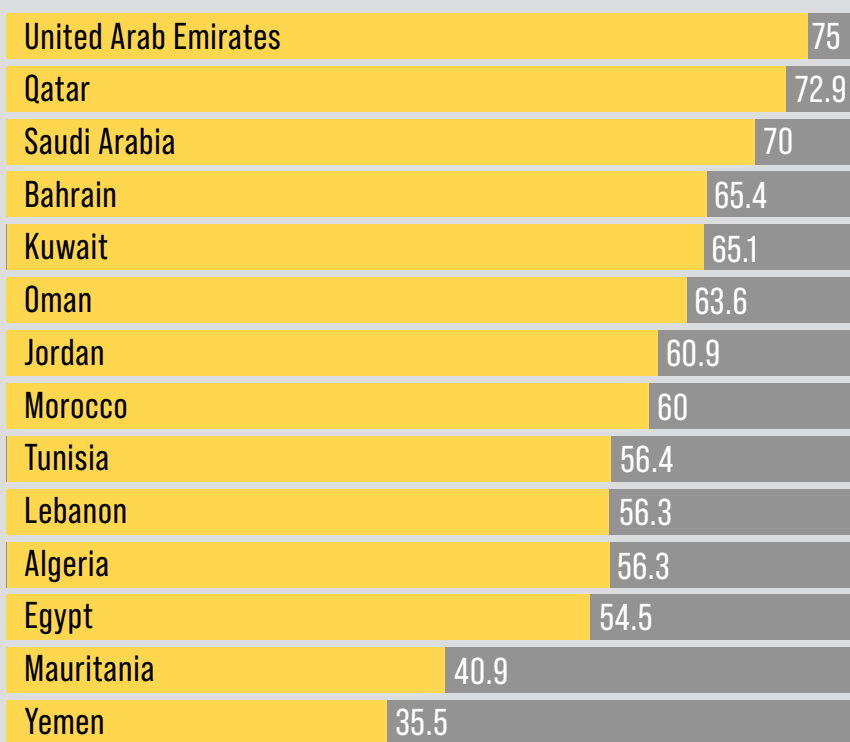


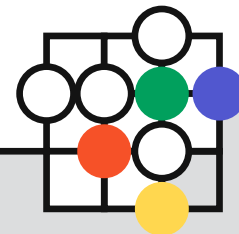
## Global Competitiveness Index scores by country, 2019

Source: World Economic Forum, Global Competitiveness Report, 2019.

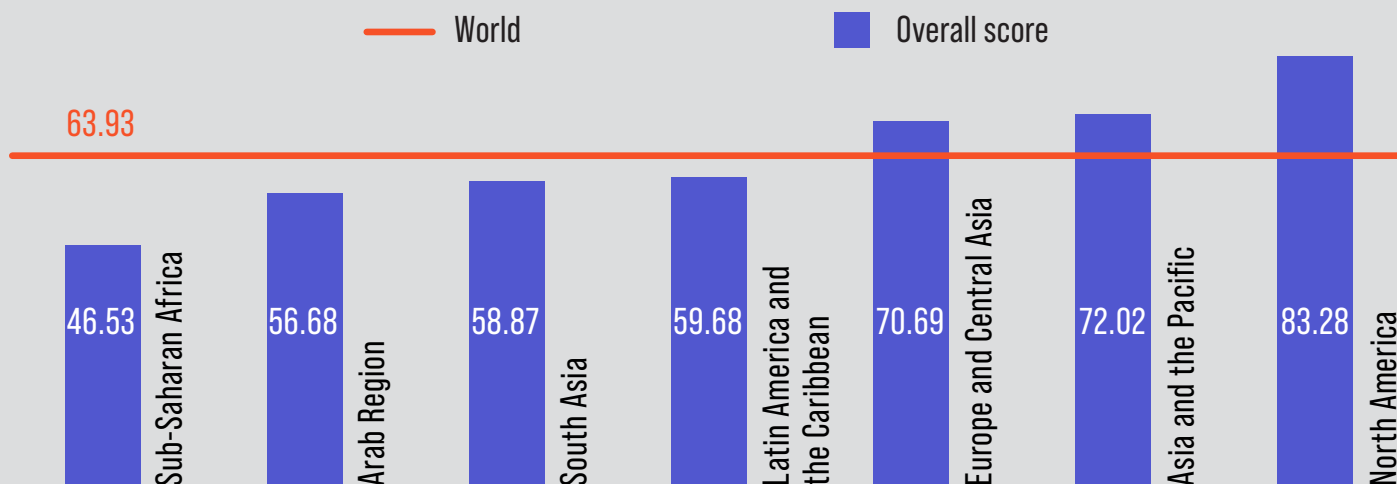
Note: The averages are weighted over the 2019 population of each country.

Population numbers are obtained from the World Bank Data accessed in September 2020.





## Global Competitiveness Index scores by region, 2019

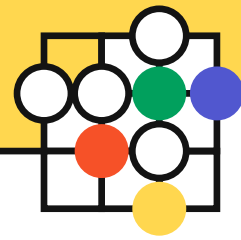


Source: ESCWA calculations.

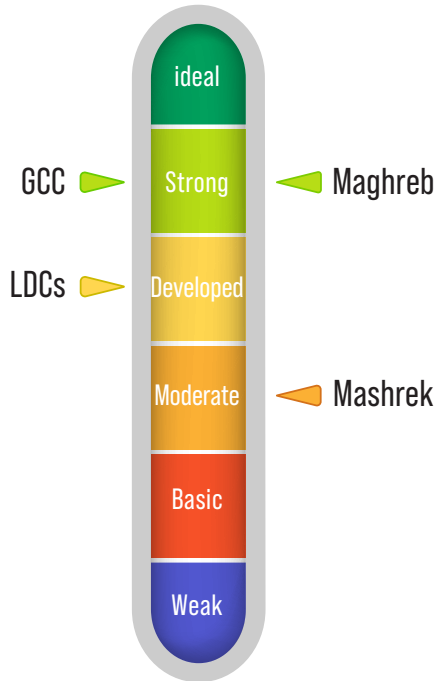
- ➔ In terms of regional competitiveness, **the Arab region's average competitiveness score improved in 2019 to 56.68. But it is still lagging behind the global average**, with the region ranking only above sub-Saharan Africa.
- ➔ **Competitiveness differs greatly between the Arab subregions**, reaching 69.95 in high-income countries (GCC subregion), while the other subregions score below the regional average.
- ➔ **The competitiveness of an economy is highly influenced by the level of fair and healthy competition in its markets, which depends on the effectiveness of anti-trust/anti-monopoly policy**, the extent of market dominance, the distortive effect of taxes and subsidies on competition, and local competition.

## COMPETITION LAW AND POLICY IN THE ARAB SUBREGIONS

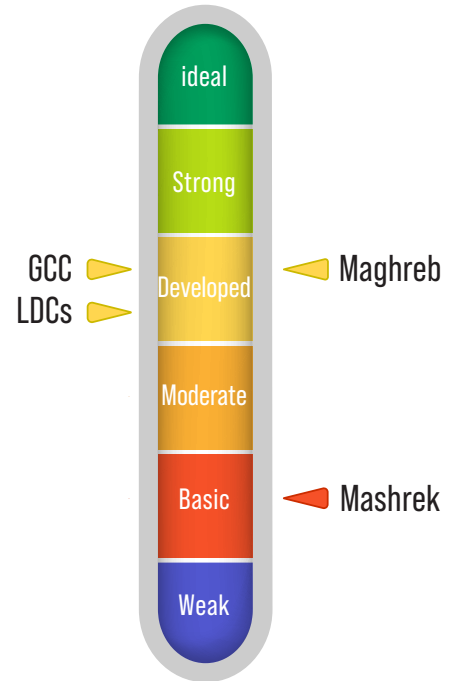
- ➔ Competition laws should include definitions that ensure that the enforcement agency applies the law correctly. **Definitions should avoid confusion or ambiguity, and make the law easy to comprehend.**
- ➔ **Good competition law should establish a specialized competition authority** that works as an enforcement body with a clear mandate to eliminate all anti-competitive behaviour. The competition authority's independence is crucial for activities and decisions to be fact-based and impartial to the Government's interests and the private sector.
- ➔ National competition law should outline equivalent competition enforcement mechanisms and specify punishments, sanctions, and procedures to deal with anti-competitive behaviour.



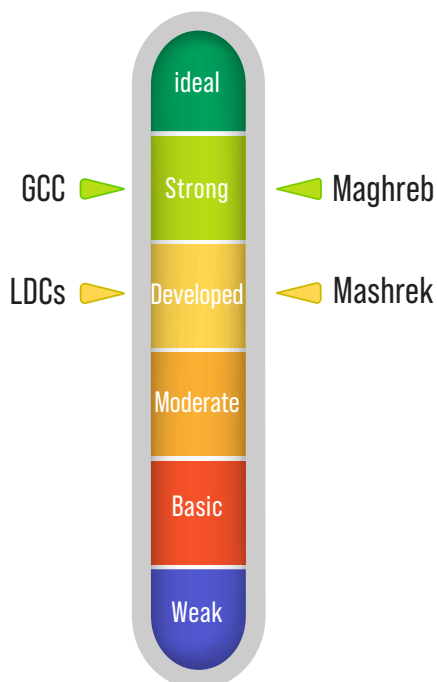
### Existence of competition law/decrees



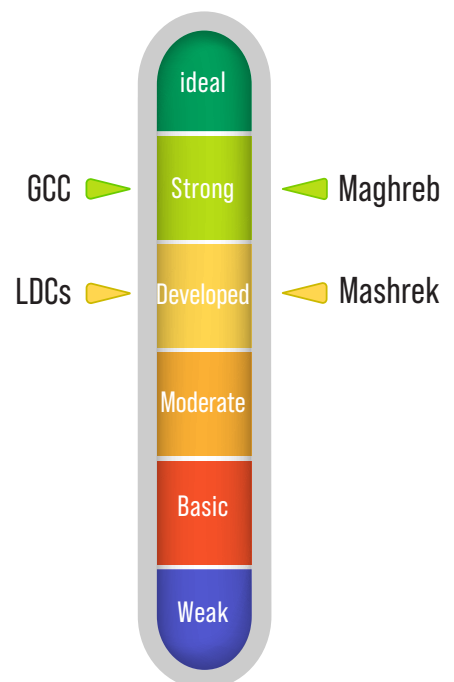
### Existence and clarity of definitions

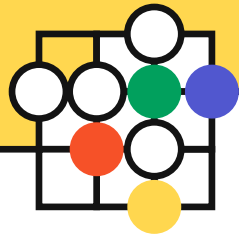


### Existence and role of institutions



### Enforcement mechanisms outlined in the laws





As a **VOICE**, a **THINK-TANK** and an **ADVISOR** to Arab countries, in our programme of work on enhancing competition law and policy **WE**

