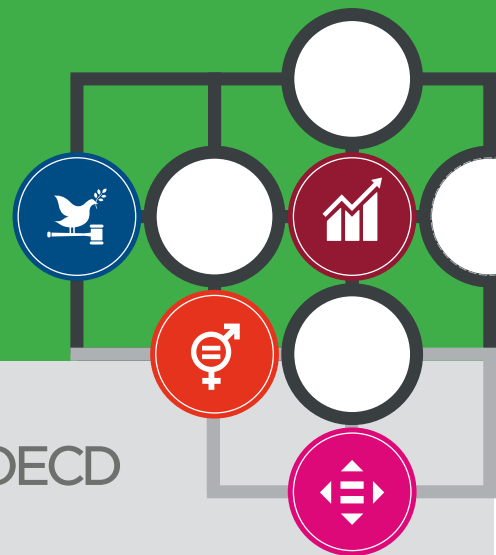


Fourth ARAB COMPETITION FORUM (ACF)

23-24 May 2023
Riyadh, Kingdom of Saudi Arabia



Shared Prosperity Dignified Life



الهيئة العامة للمنافسة
General Authority for Competition

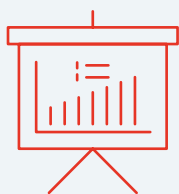


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Perspectives on the Arab region Competition policy and market environment

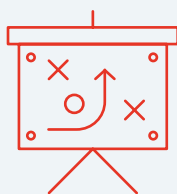
In the past four years, competition policy has gained substantial attention and great importance in the Arab region. During this period, the region has witnessed a remarkable series of positive advancements in the realm of competition law and policy. These progressive developments have been instrumental in shaping the legal and regulatory landscape, thus fostering a more equitable and competitive business environment. As a result, the Arab countries have experienced a tangible and positive impact on their economies, markedly improving their competitiveness levels.

How can an effective competition policy enhance national and regional competitiveness?



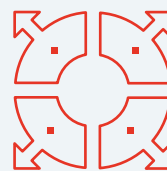
The overall competitiveness of an economy

is intricately linked to the prevalence of fair and vigorous competition within its markets.



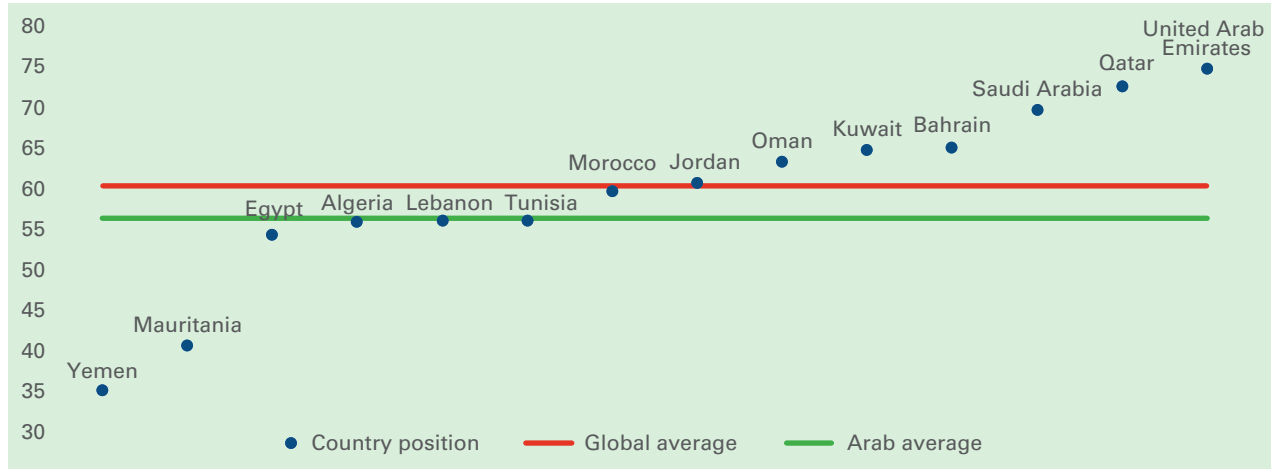
An effective competition policy

fosters a competitive environment by promoting transparency, discouraging monopolies and anti-competitive practices, and facilitating market entry for new participants.



Competitive markets

stimulate innovation and enhance the economy's productivity, making it more attractive to investments and ultimately contributing to a stronger and more competitive economic landscape.

Figure 1. The Global Competitiveness Index score and average for Arab countries in 2020

Source: The World Economic Forum, Global Competitiveness Index (GCI) 2020.

Note: The GCI, which ranges from 0 (lowest) to 100 (highest), provides insight into the productivity and sustainability of an economy, serving as a valuable resource for policymakers, businesses and investors to evaluate a country's competitiveness and make well-informed decisions.

Averages are based on ESCWA staff calculations.



What are the main developments in competition law in the Arab region?

There are many developments regarding the definitions and structure of competition laws and authorities, especially in middle- and high-income countries. Many Arab countries have reached an advanced stage in promulgating anti-trust laws, while others are still in the developing stages.

The competition regulatory framework in the Arab region, 2020 and 2023

Arab subregions (ESCWA classification)	2020	2023
Gulf Cooperation Council countries	Developed	Strong
Middle-income countries	Moderate	Developed
Conflict-affected countries	Moderate	Moderate
Least developed countries	Basic	Basic

Source: ESCWA regulatory assessment results from the Arab Business Legislative Frameworks, 2021 and 2023.

Of the 18 competition authorities established in the Arab region



13 are administratively and financially independent organizations



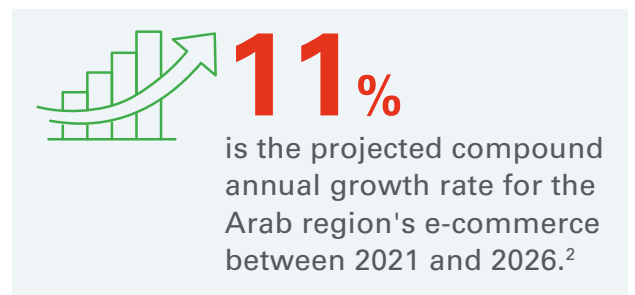
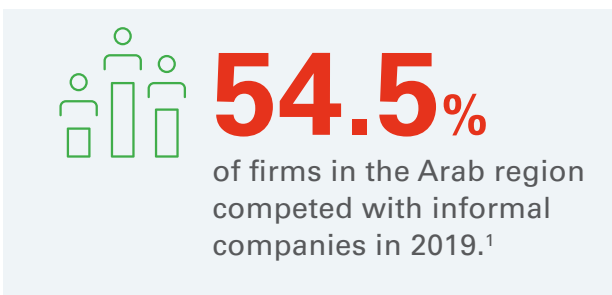
while the rest are entities within government ministries



III.

What are the main challenges of competition law implementation in the Arab region?

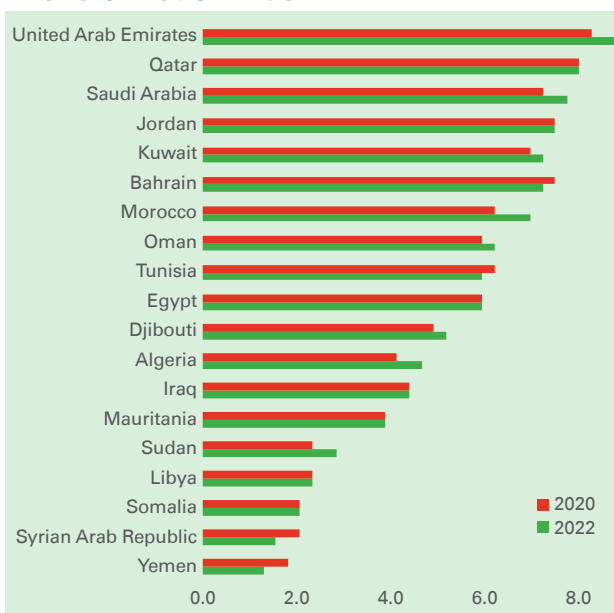
In many Arab countries, effective competition law enforcement faces challenges such as institutional gaps, market structure issues, and the prevalence of State-owned enterprises and informal firms. These challenges result in weak market competition and a lack of competitive culture. Additionally, the rapid growth of e-commerce creates a new challenge that demands special attention to ensure the effective enforcement of competition law.



IV.

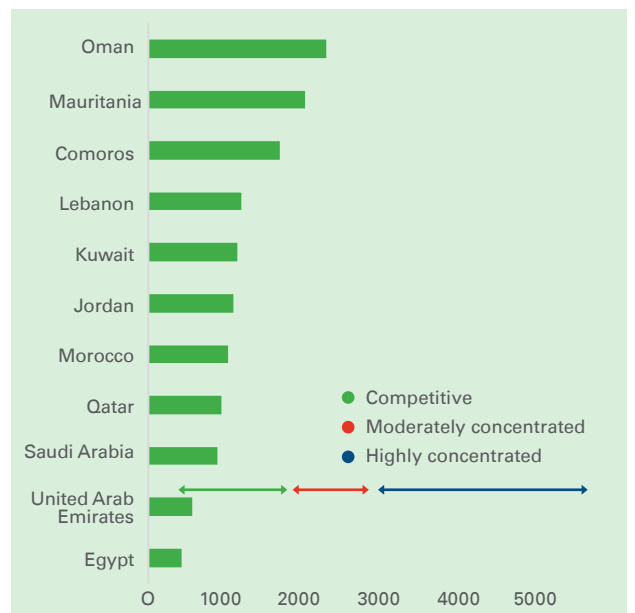
What are the main challenges of competition law implementation in the Arab region?

Figure 2. Organization of the Market and Competition, 2020 and 2022, Bertelsmann Transformation Index



Source: The Bertelsmann Stiftung's Transformation Index (BTI).
Note: The Organization of the Market and Competition ranges from 0 (lowest performance) to 10 (best performance), where the better the market organization, the more competitive the market.

Figure 3. Herfindahl-Hirschman Index, 2020



Source: World Integrated Trade Solution (WITS).
Note: The Herfindahl-Hirschman Index (HHI) is a standard measure of market concentration used to determine market competitiveness, often used in pre- and post-merger and acquisition transactions.

The market structure in the Arab region displays varied competitiveness and market organization levels. According to the Herfindahl-Hirschman Index (HHI), many Arab countries show significant market competitiveness, marked by low HHI scores. However, this competitiveness is not uniformly distributed across all sectors within countries, with some exhibiting more market concentration than others. Furthermore, the Bertelsmann Transformation Index (BTI), a measure of market organization that often correlates with competitiveness, shows considerable variation among Arab countries. While some have achieved high performance, others still have room for improvement.

V. How does competition policy influence economic growth and development?

V.

Studies have proven that the effective implementation of competition policy can increase productive job creation and impact gross domestic product (GDP) growth by up to 2 to 3 percent.³ Ensuring fair competition in the Arab region promotes economic growth and leads to lower prices and improved quality of goods, increasing innovation and productivity of firms.



3%

higher GDP growth in countries with competition legislation.

VI. How is market competition related to achieving Sustainable Development Goals (SDGs)?

VI.

Competition policies and thriving competitive markets contribute to achieving various SDGs, facilitating progress toward the 2030 Agenda for Sustainable Development. The ESCWA initiative, which focuses on enhancing competition in the Arab region, is designed to address numerous objectives.



5.A: Equal rights to economic resources, property ownership and financial services.



8.2: Diversify, innovate and upgrade for economic productivity.
8.3: Promote policies to support job creation and growing enterprises.



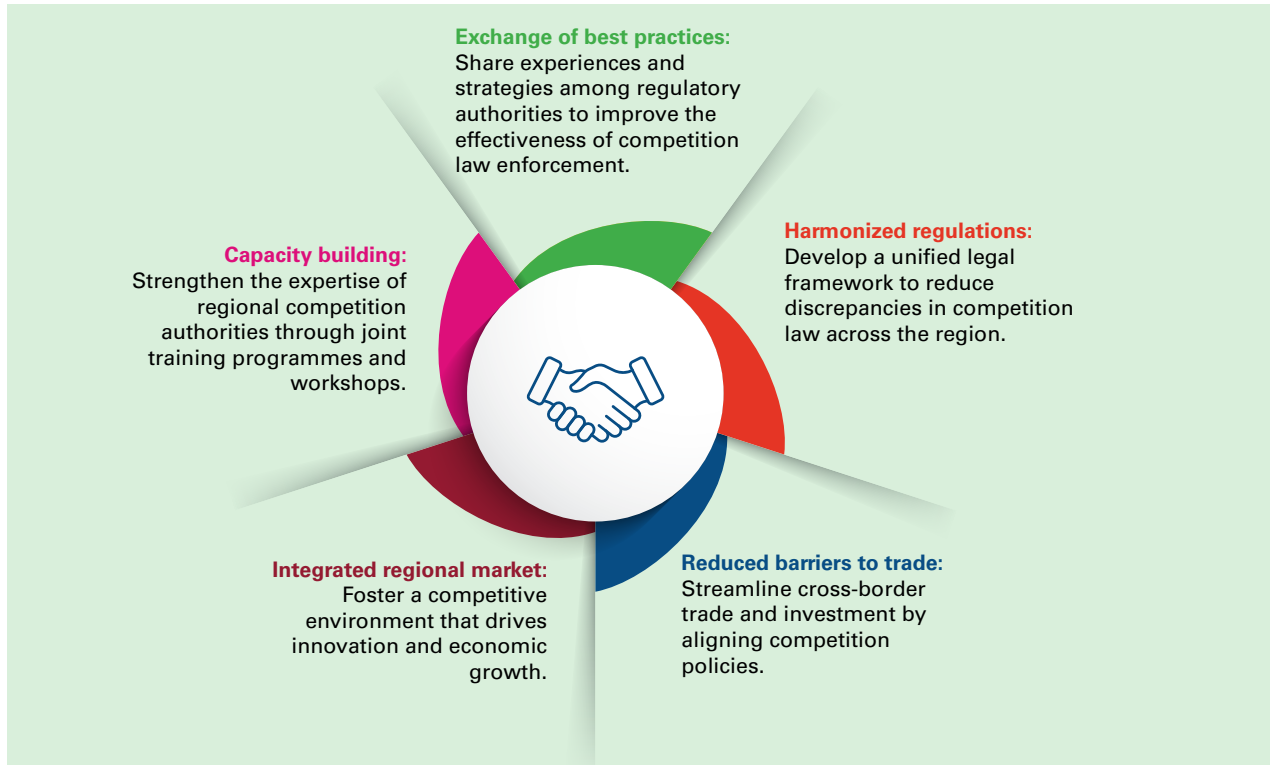
10.3: Ensure equal opportunities and end discrimination.



16.3: Promote the rule of law and ensure equal access to justice.
16.5: Substantially reduce corruption and bribery in all their forms.
16.6: Develop effective, accountable, and transparent institutions at all levels.

VII.

How can regional collaboration enhance competition law and policy in the Arab region?



Endnotes

- 1 The World Bank Enterprise Surveys, 2019.
- 2 Euromonitor International, E-commerce in the Middle East and Africa, 2020.
- 3 Organisation for Economic Co-operation and Development (OECD), Factsheet on how competition policy affects macro-economic outcomes, 2014.

