ANNUAL REPORT ON COMPETITION POLICY DEVELOPMENTS IN EGYPT

--2015--

29-30 November 2016

This report is submitted by Egypt to the Competition Committee FOR INFORMATION at its forthcoming meeting to be held on 29-30 November 2016.

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Note by Turkey

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Note by all the European Union Member States of the OECD and the European Union

The Republic of Cyprus is recognised by all members of the United Nations with the exception of Turkey. The information in this document relates to the area under the effective control of the Government of the Republic of Cyprus.

TABLE OF CONTENTS

1. Legislative Amendments and Promoting Competition Policies ................................................................. 8
   1.1 Legislative Amendments .......................................................................................................................... 8
   1.2 Promoting Competition Policies ......................................................................................................... 9
2. Raising the Efficiency of Reports and Studies .............................................................................................. 11
   2.1 Complaints ........................................................................................................................................... 11
   2.2 Conciliation Cases ................................................................................................................................. 20
   2.3 Markets Follow-Up ............................................................................................................................... 21
3. Awareness and Spreading the Competition Culture ..................................................................................... 22
   3.1 Media communication program .......................................................................................................... 23
   3.2 Business community awareness program ............................................................................................. 24
   3.3 Awareness program of the Judiciary and government authorities ....................................................... 24
   3.4 Academic Communication Program ................................................................................................... 25
4. Coordination with the Relevant Authorities ............................................................................................... 26
   4.1 ECA builds a relationship network with all the supporting and assisting authorities locally ......... 26
   4.2 Coordination with the Relevant Authorities internationally ............................................................... 27
5. Raising Institutional and Human Efficiency ................................................................................................ 28
   5.1 Institutional Efficiency .......................................................................................................................... 28
   5.2 Human Efficiency ................................................................................................................................. 29
6. Statistics ......................................................................................................................................................... 31
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2014-2015

A stronger economy for a better life

1. Till the moment, the Egyptian Competition Authority (ECA), despite being a relatively new body, compared to other authorities around the world, could successfully make a number of achievements and face many challenges. However, ECA still has a long way to go and persists to make more and more achievements during the coming period. Therefore, we call all the concerned entities to collaborate with and consult ECA in cases of any potential harm on competition within any sector. We also hope that decision makers can integrate the concept of competition into all the issued legislations, regulations, and decisions.

2. The Egyptian Competition Authority was established in October, 2005, following the issuance of Law No. (3) of 2005, which gives His Excellency the Prime Minister the competence to apply its provisions. The year 2015 have witnessed the passing of 10 years since the issuance of the law and the establishment of ECA. Since then, the successive managements as well as ECA’s staff have been exerting their ultimate efforts to fulfill the roles entrusted to ECA. Over the years, several important steps were taken and numerous significant achievements were made, including:

- **The Amendment of some provisions of the Competition Law in 2008**, most importantly, stiffening some penalties and imposing new fines to reinforce the principle of deterrence.
- **The Amendment of about 60% of the provisions of the Law in 2014** in order to guarantee more independence, credibility, effectiveness and fairness in imposing fines
- **153 cases**, including complaints, studies and advisory opinions, were reviewed and finalized.
- **About 27 studies** were initiated by ECA’s technical researchers within different sectors where a potential harm on competition was sensed (including construction materials, food products, telecommunication, insurance)
- **19 violations were proven**, including 11 violations to Article (6) regulating horizontal agreements, one violation to Article (7) reforming vertical agreements, and 7 violations to Article (8) on the abuse of dominance.
- **Communicating with many entities and decision makers** in order to amend some of the regulations, laws, and decisions hindering competition in some markets.
- **Successfully urging the Prime Minister's Office** to send a circular issued from the former prime minister to all the ministries and governmental bodies to stress on the importance of adhering to and complying with the Competition Law.
- **Stressing on the importance of protecting competition** as stated in Article No. 27 of the New Egyptian Constitution of 2014.
The Cairo Economic Court ruled in favor of ECA regarding the latter’s competence in monopolistic practices cases within the telecommunications sector (Resolution no. 721 of 2013 by Cairo Economic Court of Misdemeanors and was approved by appeal no. 111 of 2014).

ECA took part in discussing many economic laws as part of the Legislative Reform Commission, most importantly: “preference of Egyptian industrial products in governamental contracts draft law”, “Consumer protection draft law”, and “Development of the Investment System draft law”.

ECA is represented in the board of directors of the Egyptian Electric Utility and Consumer Protection Agency in accordance with Law No.( 87) of 2015 to ensure that the regulations of the Egyptian Electric Utility are compatible with the provisions of the Competition law, while issuing the Electricity law.

More than 100 workshops, conferences, and trainings were organized for the various targeted groups to raise awareness on Competition law.

ECA attempted to build a network of all relevant entities, 7 protocols were signed with the entities of relevance and common interests locally and 4 cooperation protocols were signed with those relevant internationally.

ICN workshop was hosted and organized in 2009.

The international assessment for Egypt’s competition system has completed, the membership of ECA in OECD has been renewed, where ECA is now an observer member.

ECA chairs the Coordinating Committee of Competition Experts to prepare a draft guidance document under the auspices of the Arab League in 2013 – 2015.

ECA is a member of COMESA’s competition committee and takes part in organizing an international conference on Mergers and Acquisitions in cooperation with COMESA.

ECA and the European Union signed a € 2.2mn twinning project, and the implementation process should start in January 2015 and continue for two years, in cooperation with Germany and Lithuania.

ECA received technical aids from different international entities to raise its institutional and human efficiency, including EU, EC, USAID, International Competition Network, OECD, DOJ, FTC, CCPB, and World Bank/Trade and Competitiveness division.

In order to promote its human efficiency, ECA offered a number of local and international trainings by inviting foreign experts or sending ECA’s staff to the training-providing entities. The most significant of these trainings were provided in cooperation with US Department of Justice, Faculty of Economics in Barcelona, US Federal Trade Commission, Korea International Cooperation Agency, German Competition Authority, French Competition Authority, Turkish Competition Authority, and The Competition Commission of Switzerland.

ECA’s proposal in advocacy was classified as the best among others of different competition authorities in an international competition, organized by the World Bank in October 2015.
A Message from the Chairman

This Year marks the 10th anniversary of the issuance of Competition Law, the Egyptian Competition Authority “ECA” was then established to ensure the implementation of the law.

The huge time gap, between adopting the free market economy by the Egyptian government in the early 1970s to encourage foreign Arab investments and between the establishment of ECA, an authority responsible for guaranteeing that the practicing of the economic activity is done in a way that does not limit, restrict, or harm the competition among companies, whether these companies are public or private, local or international, small or large.

Moreover, this long period between adopting the free-market techniques and the issuance and implementation of the Competition Law significantly affected the market, leading to the emergence of several practices that contradict with the concept of competition. Thus, too many laws and decisions were issued and too many policies were adopted although they completely contradict with the right interpretation of competition. Several customs and practices that in its essence contradict with concept of competition also prevailed in the market. Besides, many businesses and mergers notably grew during this period, placing more restrictions on the new enterprises entering some sectors; a thing that negatively affect the concept of competition.

Regardless of the aforementioned, the authority since its establishment persisted to move forward in achieving its objectives, i.e. ensuring a free competition in the Egyptian market. This can be possible by:

First: Enforcing the Law and criminalizing all included violations, taking necessary administrative and criminal proceedings that ensure overcoming such violations, and rectify the market situation in consistence with the rules of free competition.

Second: Launching numerous initiatives in coordination with the executive and legislative authorities to purify the overall environment from any potential monopolistic practices

ECA has successfully and proactively examined more than 150 complaints and initiatives and could prove 19 violations, 11 of which were in the last three years only. ECA could detect monopolistic practices in many productive sectors (i.e. commodities and services) including, Building and constructions, food industries, communication, pharmaceuticals, insurance, mass media, tourism, textiles and medicine. Such practices included abuse of dominance or horizontal agreements/cartels among competitors in the same sector in a way that allows them to control the market by fixing prices, restricting production or supply, or dividing market and clients.

Believing that its success to achieve its role and objectives cannot be exclusively determined by the number of violations referred to the public prosecution, but also by the initiatives coordinated with executive and legislative bodies and authorities so that free competition can prevail in the Egyptian market, ECA processed some violations through administrative proceedings and did not refer them to the public prosecution. ECA aimed to rapidly rectify market situations so that both the investor and consumer can sense the difference simultaneously.

This period also witnesses the amendment of the Law for two times, in 2008 and 2014, when the Law No. (56) of 2014 was issued, reflecting nearly 60% of the Law provisions and stressing the technical independency of ECA. Since then, all complaints, claims, initiatives can be processed as per the decision of the Chairmen, with no need to notify or coordinate with the competent minister, not to mention that the members of the Board of Directors are now immune against deposition except for certain cases prescribed by the law. Many other articles were amended to raise the efficiency and effectiveness of ECA, promote market efficiency, and ensure that necessary information and data are provided to ECA. The Amendments
also included stiffening penalties and sanctions in cases of violations, and giving the right to reconcile with
violations to the Board of Directors, instead of the competent minister, who enjoyed this right as per the
law amendments of 2008. However, on top of these amendments is the provision stating that all
government bodies should consult the ECA before issuing any law or legislation or adopting any policy
that may cause damage to competition. In the same context, ECA took part in discussing some of the laws
introduced to the legislative reform commission, such as “draft No. 10 of the investment law, consumer
protection law, and preference of Egyptian industrial products in government contracts.”

ECA administration believes that more efforts need to be exerted to raise awareness on the
importance of compliance with the provisions of Competition Protection Law, despite all the activities
performed throughout the previous ten years, including launching programs and workshops. ECA intended
to raise awareness of the business community, law firms, media men and journalists, government
personnel, experts, and academics about the law.

All these efforts were recognized in October 2014 when ECA received the first prize at the World
Bank’s Competition Advocacy Contest, in which 140 agencies around the world participated. ECA was
honored for the efforts exerted to work hand in hand with all the parties of the Egyptian society to raise
their awareness about the law and the concept of competition and stressing the importance of integrating
the competition policy into the Egyptian Economic Development Strategy.

ECA was also keen to learn from other experiences in this field whether regionally or internationally,
thus it applied the twinning program as part of the technical aid provided by the EU to the Egyptian
government. This program started in January 2015 and included ECA, the German competition Authority,
and Lithuanian Competition Council with an aim to help ECA to fulfill its entrusted role in line with the
most advanced experiences in this sector. The Twinning budget lasts for two years with a € 1.1mn budget.

ECA continues to fulfill its role in line with its vision to be the primary tool to achieve free
competition in the Egyptian economy, despite the harsh challenges recently faced, on top which is to be
derived of the right to complete its functional structure and to keep the qualified potentials and experts, like
its international counterparts. Such right ensures that ECA can fulfill its roles efficiently, avoiding any
indispensable shocks to the Egyptian market, and creating a convenient environment encouraging local
investment firstly and foreign investment secondly. Another challenge is the informal sector that expands
day after day, while no accurate information and data are available; therefore, ECA cannot do the
examination and studying processes or submit proofs to the public prosecution in case any violation, as per
the applicable law, is detected. Furthermore, the current law is free from any form of prior censorship on
the decisions of mergers and acquisitions, which may lead to the creation of major businesses that can
perform monopolistic practices, banned by the law or place a technical restriction on new enterprises
entering some sectors.

Last but not least, there are still some problems that we can overcome together, such as: raising
awareness on the concept of competition, and the policy of competition which should be regarded as an
integral part of the state’s development strategy, and cannot succeed if it is implemented separately from
the State’s other policies.
Members of the Board of Directors

- Prof. Mona Taema El Garf, Chairman of the Egyptian Competition Authority
- Consultant. Mohammed Mohammed Zaki Mousa, Vice Chairman

Representatives of Ministries

- Mr. Hany El-Desouky, Chairman of the National Quality Institute representing Ministry of Industry, Trade and SMEs
- Mr. Ibrahim El Seginy, Head of the Anti-Dumping, Subsidy and Safeguard Department, representing Ministry of Industry, Trade and SMEs
- Mr. Hassan Fahmy Mohamed, Vice Chairman of the General Authority for Investment representing the Ministry of Investment
- Mr. Yasser Sobhy, Executive Director of the Overall Financial Policies representing the Ministry of Finance

Experts

- Prof. Hany Dowidar, Head of the Commercial Law at the Faculty of Law, Alexandria University
- Prof. Mohamed Fathy Sakr, Professor of Economy at the Faculty of Economics and political sciences, Cairo University
- Consultant. Hisham Fathy Ragab, A consultant to Minister of Industry, Trade, and SMEs,
- Rapporteur of the Economic committee, Legislative reforms Commission
- Representatives from Different Unions and Federations
- Dr. Ahmed Fekri Abdel-Wahb

Representing Federation of Egyptian Industries

- Mr. Adel Nasser, Representing General Union of Chambers of Commerce
- Prof. Akran Yousef Tinawy, Representing the Union of banks
- Prof. Mostafa Helmy El-Hamadi, General Federation of NGOs
- MS/ Soaad El-Sayed El-Deeb, Representing Qualitative Union for Consumer protection bodies
- Mr. Gibali El-Maraghi, Representing the General Union of Egyptian Workers
1. Legislative Amendments and Promoting Competition Policies

3. ECA continues to exert intensive efforts, in an attempt to friendly promote the competition policies, increase enforcement of the law, and maintain its independency. This can be possible by introducing new amendments to the Competition Protection Law and communication with government bodies and political and legal decision makers. Believing that prevailing the competition policy is actually beyond law enforcement and requires forming a general policy for competition, ECA does not only act as a deterrent force against all practices causing damage to competition, but also attempts to spread out the culture of competition. Besides, ECA seeks to unveil and eliminate all the legal and procedural restrictions that may weaken competition in the market or at least mitigate their impacts. Below are the contributions of ECA in this respect:

1.1 Legislative Amendments

4. Legislative amendments are divided into amendments to the Law and amendments to its executive regulations, as follows:

1.1.1 Amendments to the Law

5. Following the discussions and deliberations conducted since 2013 regarding the amendment of Competition Protection law to boost ECA’s performance, holding a community dialogue conference on the draft amendment in October 2013, proposing the draft made by the legislative amendment committee to the concerned authorities, and then presenting the proposed draft to the Cabinet, which, in a meeting held on 22 May 2014, endorsed a draft Law to amend the Law of Competition Protection, the Law No. 56 of 2014 was finally issued and signed by the President. It is worth mentioning that this Law is one of the first 5 laws issued after President Abdel-Fattah el-Sisi took over the presidency, highlighting the state’s profound belief in the important role played by the Law to change the face of the national economy as a whole.

6. In the same context, nearly 60% of the law articles were modified, based on a set of standards, topped by independency, credibility, effectiveness, efficiency and justice while dealing with the fines incurred from the major violations to ensure a better law enforcement, as follows:

- **Independency**
  - To assign the demands to bring criminal actions to and have the reconciliation decisions issued by ECA’s Board without reference to the competent minister.
  - To increase the number of the technical members and decrease the number of government representatives.
  - To have the executive director appointed by the Chairman of the Board
  - To make members of the board immune against deposition, except for the cases specified by the law

- **Credibility**
  - To stiffen penalties in case of any breach of confidentiality.
  - The confidentiality policy applies to the members of the Board of Directors.
  - To stiffen the penalties imposed in case of any disclosure of information and data related to the cases under consideration.
Effectiveness/ Efficiency

- To expand the application scope of the judicial police.
- To reduce voting quorum on administrative issues in the Board of Directors.
- To fully and obligatorily exempt whoever helps to uncover horizontal agreements in cartel cases (leniency).
- To reduce the maximum limit for reconciliation.
- To consider non-compliance to ECA’s decisions as an aggravated crime.
- To give ECA the authority to take precautionary measures in certain temporary cases until the relevant cases are completely examined.
- To stiffen the penalties in case the ECA does not receive the necessary data, is not notified with the mergers and acquisitions, or receives false information.
- To allow a permissible exemption for the horizontal agreements that have positive impact on the market.
- To stimulate reconciliation before prosecution.
- To impose a fine on whoever refrains from cooperation with ECA’s personnel in cases of judicial seizures.
- To oblige the concerned authorities to consult ECA in the draft laws and regulation of relevance to the competition in the market.

Justice

- Fines should be relative and differentiated as per the nature of the violation and how negatively it impacted the competition.

1.1.2 The Executive Regulations

7. The executive regulations of the Law were completely discussed by ECA’s Board of Directors in 5 (Five) board meetings, and then they were transferred to the Council of State to be reviewed in accordance with the constitution. It expected that the law will be issued soon by the competent minister.

1.2 Promoting Competition Policies

8. In order to promote the competition policies, ECA communicates with a number of political and legal decision makers, namely:

1.2.1 Legislative and Judicial Bodies

9. Pursuant to Article 11/5 of the law, ECA communicated with the Supreme Committee for Legislative Reform to make observations on the Investment Development Law, Preference of Egyptian Industrial Products in Governmental Contracts law, and Consumer Protection law to take into account the interests protected as per these draft laws, the existing Egyptian economic and political situation, and the importance to protect competition for its direct and positive impacts on the economic growth, to raise the economic efficiency, and to increase the purchasing power for consumers.
10. ECA communicated with the board of trustees of the Central Unit for Egypt’s Business Climate Reform initiative to define the legal and procedural obstacles that may impact the business climate, and accordingly it may impact the competition in the market; a thing that would benefit all the workers in the market and the economy as a whole.

2.1.2 Government Bodies and Ministries

11. ECA communicated with the Ministry of Local Development, Ministry of Industry and Trade, and the Ministry of Supply about reconsidering the amendments made to some articles and resolutions hindering competition in flour mills markets and halting new competitors from entering the market.

12. ECA communicated with Ministry of Trade, Industry, and SMEs about the issuance of many decisions and directives that may negatively impact competition, by some ministries and government bodies in several sectors without consulting ECA beforehand. ECA attempted to fulfill its role by calling on the Cabinet to enforce some provisions of the Competition Protection law to ensure the integration among the state’s various policies and not to have the decisions of the executive authority annulled. ECA also objected to Article No. 24 of the draft law amending some provisions of the telecommunication regulation law, as they encroach on competences and hindering the expected performance of ECA. Since ECA is a subsidiary body to the ministry of Trade and Industry, the heads of governments following the Ministers of Trade and Industry were usually mandated to enforce the law in their capacity. However, with the latest amendments stated by Law No. 56 of 2014, ECA is now subsidiary to the Ministry of Trade and industry administratively only; accordingly ECA had a legal immunity to independently issue its technical opinions.

13. ECA communicated with Ministry of Petroleum for the second time regarding the importance of issuing licenses for used oil aggregation to more than one company; whoever strict requirements should be imposed to protect the environment, and accordingly they protect the competition in the market.

14. ECA communicated with Ministries of Civil Aviation and Tourism to reconsider the recommendations giving privilege to public sector companies over the private tourism companies through a direct financial aid, stressing that the free competition policy adopted by the state should be taken into account while launching any other initiatives to promote tourism.

15. ECA communicated with General Directorate of Traffic Services to suggest issuing a periodical memo for private vehicles, through which consumers recognize that they can complete the license procedures of their vehicles by purchasing a compliant fire extinguisher, not necessarily a product of a specific company. ECA also sought to cancel the restriction hindering the competition in the market.

16. ECA communicated with the National Telecommunication Regulatory Authority to clarify that obtaining the necessary information from telecommunication companies and entities forms a part of ECA’s investigations for rapid Competition of work. ECA also affirmed its full readiness to coordinate with the National Telecommunication Regulatory Authority and its full commitment to the cooperation agreed upon in June 2011.

17. ECA communicated with the Finance Ministry’s General Authority of Government Services and Mint Facility to modify some of the requirements hindering some competitors from entering the public tender No. 1 of 2014, to supply metal plates and their accessories, a thing that forms an obstacle to competition in the market.

18. ECA communicated with the Board of Directors of Al Ahram Newspaper to highlight that it is highly important that daily newspapers would not collectively agree to raise prices, illustrating that fixing prices either by raising, lowering, or stabilizing contradicts with Article 6/A of Competition Protection Law.
19. ECA communicated with Poultry Division at Cairo Chamber of Commerce so that the later would not intervene in market prices in a way that contradicts with the Competition Protection Law, highlighting that fixing poultry prices, even if temporarily, contradicts with Article 6/A of the Competition Protection Law.

2. Raising the Efficiency of Reports and Studies

20. Throughout the year, ECA worked tirelessly to rapidly and completely consider the accumulated complaints and studies. Accordingly, more than ten meetings were held by the board of directors and about 16 cases out of these studies and complaints were completed. The total number of reports was 9; (3) three of which were in the food sector, (2) two in the building materials sector, (2) two in the media sector, one case in the services sector and one case in the engineering industries sector, and (3) three reports in other sectors that were finally found to out of ECA’s jurisdiction. In addition, (4) four cases in the sectors of building materials, papers, printing, chemicals were also considered. Decisions varied as 10 cases were found free of violation and (2) two other cases were found to be violating. It is worth mentioning that the taken decisions may be related to one or more complaints or the complaint is included in an existing study or vice versa, as follows:

2.1 Complaints

2.1.1 The food Sector

2.1.1.1 Complaint against National Company for Maize Products, Egyptian Starch & Glucose Manufacturing Company, and Almuniry Company for Maize Products.

- The Merits

  In October 2011, ECA received a complaint against Maize Products, Egyptian Starch & Glucose Manufacturing Company, and Almuniry Company for Maize Products as the complainant was negatively affected when the abovementioned companies agreed to fix prices of glucose.

- Complaint Examination

  ECA preliminarily examined the complaint to ensure it falls within its powers stipulated in Article 11 of Competition Protection law. The relevant market and its two elements, i.e. the relevant product (Glucose) and the geographic scope (Arab Republic of Egypt) were then determined. The time scope was set to start from January 2008 to December 2012.

  Through the examination process, it was noted that the complaint focuses on the practices stated in Article 6 as the complaint suspects that an agreement may have occurred among National Company for Maize Products, Egyptian Starch & Glucose Manufacturing Company, and Almuniry Company for Maize Products to fix the prices of glucose.

  By the end of the examination process, it was established that there are several factors encouraging or facilitating the agreement among the companies operating in the glucose market was proved. These factors are low number and centrality of companies in the market, the direct connection among the three companies, and the fact that the product is homogenous. It was also directly proved that the three companies committed the violation stipulated in Article 6/A of Competition Protection law.

  By performing an economic analysis and referring to market indicators, it was demonstrated that an agreement was made among the three companies to raise their prices simultaneously with very close rates.
Resolution of ECA

In September, 2014, ECA’s Board of Directors resolved that National Company for Maize Products, Egyptian Starch & Glucose Manufacturing Company, and Almuniry Company for Maize Products committed a violation when they agreed to raise the glucose prices during the examination process, violating article (6/A) on vertical price-fixing agreements of the Competition Protection Law. All parties should be notified of ECA’s resolution. The three companies instantly submitted a reconciliation request, which was placed under study by ECA. However, since the violators rushed to stop the violation once notified and submitted a reconciliation request and the Board of Directors took into account the importance of supporting reconciliation with companies to establish the principle of prompt justice by shortening litigation period, imposing fines on violators, and achieving an effective economic impact in the glucose market as soon as possible, the Board of Directors resolved, in a meeting held on 09 December 2014, that reconciliation request is accepted. Besides, a fine of one million and half million Egyptian pounds was imposed and to be later transferred to the public treasury.

2.1.1.2 Complaint against National Company for Maize Products

The Merits

In October 2011, ECA received a complaint against National Company for Maize Products, claiming that this company discriminates between fructose and glucose distributors and also discriminate between clients in prices and treatment. Furthermore, feed distribution is restricted to a single company, namely Al-Marwa Group.

Complaint Examination

ECA preliminarily examined the complaint to ensure it falls within its powers stipulated in Article 11 of Competition Protection law. The relevant market and its two elements, i.e. the relevant product (feed protein sources) and the geographic scope (Arab Republic of Egypt) was then determined. The time scope was set to start from January 2008 to December 2012.

Through the examination process, it was noted that the complaint focuses on the practices stated in Article 8 (B & E) concerned with refraining from contracting and discrimination in agreements in cases of dominance.

By the end of the examination process, it was established that Article 8/B does not apply on this case, since the National Company for Maize Products does not dominate the feed protein sources market, where the company’s market share is only 25%, throughout the examination process. It was also established that Article (8/E) was not violated as the contractual status of the clients is different from the status of the distributors.

Resolution of ECA

In September 2014, ECA’s Board of Directors resolved to close the complaint as no evidence of violation was found, and all parties should be notified of the ECA’s resolution.

2.1.1.3 Complaint filed by one of the owners of Cereal Mills against the Directors of the Chamber of Cereals Industry

The Merits

A complaint has been filed to ECA in May 2014 by one of the owners of wheat grinders (82% Extraction) against some of the directors of Chamber of Cereals Industry (CCI). The complainant is complaining of being harmed due to not being able to run the grinder despite being established
and prepared, as per the recommendation of some agencies that control the cereals market, such as Central Administration of Distribution, High Committee of Grinders and the Senior Deputy Minister of Supply. The Complainant has also being complained of CCI which controls the entry of the new competitors to Market by controlling the issuance of the necessary membership to get the operation license and the grinder industrial registry.

- **Complaint Examination**

ECA has performed a preliminary examination to ensure that such complaint comes under its purview stipulated in Article (11) of the Law on the Protection of Competition. After examination, it has been found that the Complainant Company did not get the necessary approval of High Committee of Grinders on the establishment and operation of grinder, and that such grinder is listed on the Waiting List under No. (6). While the refusal of membership comes due that the approval of the said committee has not been obtained. Also, the Committee's resolution has not been related to the Respondent (Directors of Chamber of Cereals Industry). Nevertheless, the approval of the new wheat flour grinders establishment (82% Extraction) (Supply) has not been issued since around 10 years due to the availability of productive capacity of the already-established grinders and to ensure that the investment opportunity of approving the establishment of new grinders has not been wasted without specifying its allocation of wheat.

- **Resolution of ECA**

In January 2015, it has been resolved by the board of ECA that the complaint shall be closed due to that the infringement has not been proved, and all parties shall be notified of such resolution.

21. This was not the only action taken by ECA, yet the ECA has addressed the concerned entities with some recommendation including without limitation the necessity to reconsider the amendment of the Resolution of Minister of Municipal and Rural Affairs No. (1043) of 1954, on the amendment of the last paragraph of Article (1) where the Concerned Entity shall not consider the registration in the Industrial Chamber as one of the required document for the issuance of operation license, since such act represents a procedural restraint depends on the approval of the Competitors within the Board of Directors of the Chamber. This process may lead to intransigence or even the licenses rejection. Accordingly, reconsidering the amendment of Article (9) of the Executive Regulation of Law of Industrial Registry No. (24) of (1997) on the amendments of procedural registration of Industrial Registry, where the registration of the Industrial Chamber shall be as a result of such registration in order to avoid any intransigence in license issuance. Finally, reconsidering the Resolution No. (75) of (2006) concerning the establishment of High Committee of Grinder, competent of granting the approvals of establishing new wheat flour grinders (82% Extraction). While the resolution on establishing the Committee shall provide the quorum and the followed mechanism of resolutions, taking into account that both representatives of CCI and the Association of Grinders Owners (Established Competitors) shall have no effective role in the Committee's Resolutions.

2.1.2 **Construction Sector: A complaint filed by the Cement Distributors against Lafarge Company**

- **The Merits**

Two complaints have been made to ECA, in July and November 2011, by the Cement Distributors against Lafarge Company, where the distributors have been harmed when the latter has prevented any deal with other companies except that said company. They also have been forced to buy the products of grey packed Portland Cement and Ordinary Portland Cement, whereas the same products have been sold to Qalyubia and Monufia Governorates in different
prices. Distributors also have being complained of all Cement Plants working in the Market, when such plants have agreed to distribute the Country's Governorate between them.

- **Complaint Examination**

  ECA has performed a preliminary examination to ensure that such complaint comes under its purview stipulated in Article (11) of the Law on the Protection of Competition. After examination, the concerned market has been defined with its two components: normal Packed Portland Cement and the geographical scope, including the Governorates of Gharbia, Monufia, Qalyubia, Cairo, Dakahlia, Damietta, Ismailia, Kafr El-Sheikh, Al Sharqia, Suez, Alexandria and North Sinai. Also, the time frame of the study shall be defined as of January 2008 till December 2011.

  After such examination, it has been found that all Complaints are related to the practices indicated under provisions of Articles (7) & (8) concerning Vertical Agreements and Abuse of Dominance respectively of Law on the Protection of Competition. By completing the examination, it has been decided that the dominance elements are not available at the Respondent in accordance with Article (4) of the Law concerning the definition of dominance. Despite the Respondent's market share which exceeds 25% of that market at the time of the study, it has been discovered that such Respondent has no effective impact on the prices or the volume of supply while other competitors have no the ability or power to put an end to the practices of that person. Therefore, the conformity of the Lafarge Company practices have not been examined with the provisions of Article (8) of such Law.

  With reference to the breach of the Distribution Contracts made between the Respondent and its distributors with the Provision of Article (7), it has been found that such violation has not been proved because the Contract shall not be concerned with the limitation of the Competition in accordance with the standards stipulated in Article (12) of the Executive Regulation on the agreement or contracting between any party or its supplier's or agents.

- **Resolution of ECA**

  In July 2014, it has been resolved by the board of ECA that the complaint shall be closed due to that the violation has not been proved, and both parties shall be notified of such resolution.

22. This was not the only action taken by ECA, yet the market has been inspected and followed by such entity. While during such follow-up process, ECA has become aware of a desire within the Division of Cement Distributors Sector of Alexandria Chamber of Commerce to oblige all cement production plants and companies to define the sale price of cement.

2.1.3 **Media Sector: A complaint filed by one of the Channels against Noursat Company and MBC Channels**

- **The Merits**

  A complaint was submitted to ECA, in July 2014 by one of the Channels against both Noursat Company and MBC Channels, where the Channel complains that the Respondents have been mutually agreed to stop the broadcasting on order to ouster that Channel of the Market.

- **Complaint Examination**

  ECA has performed a preliminary examination to ensure that such complaint comes under its purview stipulated in Article (11) of the Law on the Protection of Competition. It has been found during the examination that such complaint may raise a violation suspicion to the provisions of
Article (8/B) concerning the refrain from the contracting if case of dominance of the Law on the Protection of Competition has been fulfilled.

After the examination has been completed, it has been clear that the reasons behind stopping broadcasting from Top Movies Channel is due to the breach of the obligations towards the Contract made between the said Channel and NourSat Company, concerning the delayed payment and non-payment in other cases in addition to displaying movies against its display right. As a result, such reasons have led NourSat Company to stop broadcasting to such Channel and to terminate the Contract in accordance with Clause (11), Paragraph 2 of the aforementioned contract.

Accordingly, ECA has founded that no violation has been committed by the Company to the provisions of Article (8/B) from Law, because, hypothetically, NourSat enjoys the dominance in the market. As a result, terminating the deal with Top Movies Channel is related to the latter's lack of its obligations arising from the contract concluded. In addition to displaying movies without any display right (including movies related to MBC Company), which raises a violation suspicion to the provisions of Article (181) of Law of Intellectual Property Rights.

- **Resolution of ECA**

In December 2014, it has been resolved by the board of ECA that the complaint shall be closed due to that the violation has not been proved, and all parties shall be notified of such resolution.

2.1.4 **A complaint filed against Media Line Company**

- **The Merits**

A complaint was submitted to ECA, in June 2013 by one of the persons against Media Line Company, in which he complains of the latter's dominance on the Market of advertising services, accrediting advertisement prices on its channels much lower than any other advertisement agents, seizing the advertising agency of Panorama Channels from Tarek Nour Agency and marketing the same advertising package to Egyptian Radio and Television Union and AlHayah TV Network.

- **Complaint Examination:**

ECA has performed a preliminary examination to ensure that such complaint comes under its purview stipulated in Article (11) of the Law on the Protection of Competition. After examination, the concerned market has been defined with its two components: the concerned product and the geographical scope, which is the Arab Republic of Egypt, as well as the time scope of the study to be as of January 2010 till December 2012. It has been found that the complaint focuses on the practices stipulated in the provisions of Articles (6) & (8) concerning Vertical Agreements and Abuse of Dominance respectively of the Law. ECA has assumed that Media Line Company enjoys the dominance of the Market and it is controlling the prices, however, such decrease in the advertisement prices, in case it is really happened, cannot lead to any of the consequences indicated in the Executive Regulation of the Competition Law. Prices decrease does not lead to advertisers' attraction in such market, due to the fact that the main drive in this market is the direct relation between viewing audience and its content. Therefore, it is a matter of supply and demand.

After completing such examination, it has been concluded that the acquiring of advertising agency of Panorama Channels by Media Line Company does not constitute any violation to the provisions of Law on the Protection of Competition and the Prevention of the Monopolistic Practices. While the termination of the Agency Agreement has been performed due to some
contractual disputes between Tarek Nour and Panorama Channel, and it is beyond the control of Media Line Company. It also has been discovered that the contract concluded between Media Line and Sono Cairo does not lead to any of the cases provided in Article (6) of Law on the Protection of Competition and the Prevention of the Monopolistic Practices.

- **Resolution of ECA**

In April 2015, it has been resolved by the board of ECA that the complaint shall be closed due to that the violation has not been proved, and both parties shall be notified of such resolution.

2.1.5 *Services Sector: A complaint filed by one of the Complainant against a vehicle insurance company*

- **The Merits**

A complaint was submitted to ECA, in October 2013 by one of the insured persons against a vehicle insurance company, in which he complains of the Company's new policy in which the Consumer's excess shall be raised by 25% of market value in case of robbery and the premium shall be raised by 50%. A publication has been issued by the Insurance Federation of Egypt (IFE) No. 250 of 2011 and it is effective as of 01 December 2011.

- **Complaint Examination:**

ECA has performed a preliminary examination to ensure that such complaint comes under its purview stipulated in Article (11) of the Law on the Protection of Competition. During the Examination, it has been indicated that the vehicle technical committee at IFE to consider the phenomenon of price rising after the 25th of January 2011, when the Insurance Companies used to compensate all insured by 100% of the vehicle's market value before the revolution. Later, the aforementioned committee has issued its recommendation to the Federation Executive Council which includes all Insurance Companies working in the market of Comprehensive Car Insurance by imposing the excess by 25% of the insured car's market or insurance value in case of robbery or the premium raise by 50% in case the Client's requests full coverage insurance. The Executive Council has unanimously agreed on such recommendations which have been reported to the Egyptian Financial Supervisory Authority (EFSA) to be approved.

The said recommendation has been approved and issued in writing by EFSA. Also a publication has been issued by IFE and all Insurance Companies working in the market of Comprehensive Car Insurance has started to impose the new percentage on all insured persons as of 01 December 2011. While EFSA has issued another approval in writing to renew the effective term as of 31 December 2012 till 31 December 2013, where the EFSA approval has been defined for one year to be reconsidered based on the actual application. All insurance companies have started the excess application as of the beginning of 2014 despite that no written approval has been issued by EFSA to renew the ratio during 2014.

Whereas all insurance companies in the frame work of Vehicle Technical Committee and the Executive Council of Comprehensive Car Insurance raises a violation suspicion of Article (6) of Competition Law and by completing such examination. It has been appeared from the meeting minutes of the Vehicle Technical Committee and the Executive Council during the period from 18 September 2011 till 21 March 2014 that there is an agreement made between all Insurance Companies to specifically impose such percentage and to limit the competition between them. It has also been indicated that the percentage set by EFSA is only a pilot ratio and not binding to the insurance companies in accordance with the statements of the Companies.
After studying all laws governing Insurance Sector, it has been found that all insurance companies are liable to address EFSA with its prices and to amend individually its Terms Documents so that EFSA shall separately deal with each Company and not through either the technical committee or the Executive Council of IFE.

- **Resolution of ECA**

  In September 2014, it has been resolved by the board of ECA that the violation off the insurance companies working in the field of Comprehensive Car Insurance has been proved as per Article (6), paragraphs (A,D) of the Law on the Protection of Competition concerning the pricing agreements stipulated in the vertical agreements and the limitation of competition. Also it has been decided that all parties shall be notified of such resolution while the Claim shall be closed under an administrative resolution. Such procedures have been followed due to the Companies obligation towards putting an end to all illegal practices once they have been notified in addition to the issuance of a resolution by ECA to revoke the publication of Insurance Federation of Egypt (IFE) concerning imposing a certain percentage on the insured persons. In addition to the intention of the Egyptian Financial Supervisory Authority (EFSA) to comply with the Competition Law in any subsequent resolutions, it shall represent a success to ECA in relation to its communication with other entities and its ability on the direct effect shall be made in the market and finally, ECA's desire not to influence the business of Insurance Sector in Egypt.

23. This was not the only action taken by ECA. However, the Sector follow-up process has been recommended by ECA by performing an independent study on the violation of insurance Companies to Article (6), Paragraph (b) of the Competition Law concerning the Vertical agreements, the division of Market shares and the necessary amendment of the written approval wording issued by the Egyptian Financial Supervisory Authority (EFSA). This shall mean that the insurance companies may impose a percentage of the market or insurance value of the vehicle a percentage not more than 25% in case of robbery instead of being obligatory and fixed in all cases. Therefore, the issuance of the approval on this way may lead to the competition limitation between the insurance companies. Also, a Cooperation Protocol has been concluded with EFSA concerning providing all required data and information to ECA, and providing the necessary coordination in relation of the complaints consideration and examination to facile its work and to avert its restrictions concerning studying the sectors come under the ECA supervision. Finally, consciousness raising campaigns have been offered to both insurance companies and the Insurance Federation of Egypt (IFE) concerning all Anti-competitive practices, the Law on Protection of Competition and the role of ECA.

2.1.6  **Engineering Industries Sector: A complaint filed Abu Kir Engineering Industries**

- **The Merits**

  A complaint was submitted to ECA, in October 2011 by one of the insured Abu Kir Engineering Industries, an affiliate to The National Authority for Military Production, in which he complains of the latter's price rising where the 25-bullets Cartridge package reaches around EGP 156 in the Company's outlets and EGP 250 IN AN Arms shop. While the price of the same package is EGP 25, in Cyprus, EGP 20 Morocco and USD 5 in Italy, Czech, and Poland. Such price variance has badly affected the Complainant security and sport activities represented in shootings clubs that mainly depend on the cartridges, due to the non-availability of the product in reasonable prices.
Complaint Examination

ECA has performed a preliminary examination to ensure that such complaint comes under its purview stipulated in Article (11) of the Law on the Protection of Competition. It has been found during the examination that the Complainant is complaining of the Respondent price increase compared to the world prices. However, such action does not constitute a violation to the Law, since Article (8) of Abuse of Dominance which does not prohibit any body from imposing high prices, on another hand, such high and excessive prices may be a result of manufacturing or distribution limitation, which is a matter that may represent a violation suspicion to the provision of Article (8/1) of Law.

After completing the examination, ECA has made sure that the Respondent is the sole Company that works within the Arab Republic of Egypt in the field of cartridge production. ECA has assumed the availability of the dominance elements and moved to prove such acts of dominance that may lead to non-manufacturing, producing or distributing the products for a specified period(s), prevention, limitation, or undermining the competition.

Accordingly, ECA has concluded that the Respondent does not perform any of such practices that may reflect any limitations to the process of cartridge production or distribution in market. ECA has been acknowledged that the product is available to any buyer enjoys the financial availability for payment and has the required licenses. Also, it has been indicated that the Respondent's prices are always higher than the world price; which is not something new may lead to any of monopolistic practices by the company.

To make sure of such results, ECA has requested the economic data of production capacity, prices and sales concerning the product subject of the Complaint from the Respondent to examine its compliance with the processes of manufacturing, production or distribution. Nevertheless, the Company and the Ministry of Military Production refused to cooperate with ECA or to provide any of the required data. Therefore, the evidence of any violation to the provision of Article (8/a) of the Law has not been fulfilled.

Resolution of ECA

In December 2014, it has been resolved by the board of ECA that the complaint shall be closed due to that the violation has not been proved, and both parties shall be notified of such resolution.

2.1.7 Studies: Initiating a study on the presence of practices harmful to competition in fire extinguishers market

The Merits

ECA has taken the initiative in October 2009 in studying the extent to which there is practices harmful to competition in the extinguishers market that are used in cars as one of the main factors required for the licensing of the traffic vehicles that are rapidly increasing every year.

Study Examination

ECA started examining and collecting the required evidences to find out that the Egyptian Organization for Standardization and Quality is the only authority concerned with granting the Egyptian register mark related to dealing with the fire extinguishers in this regard, the Law No. 58 issued in 1972 has committed the factories in terms of the compatibility of their fire extinguishers and their accessories with the Egyptian standard specifications issued by the Egyptian General Authority for Standardization or the foreign standards adopted by ECA. It has
also become clear that ECA grants several marks to the producing factories of which the most important are the Egyptian congruity mark and the Egyptian quality mark.

With the examination completed, it became evident that there are only three companies in the Egyptian market that produce fire extinguishers weighing 1 kg and obtaining the compulsory specification mark., with these companies meeting the consumer’s needs. Moreover, it was clear that there were not any legal obstacles preventing the access to the fire extinguisher's market. However, it can be said there is a practical restriction represented in the consumer’s lack of an adequate awareness with regard to his right in choosing among the products of the three companies in order to complete the procedures required for licensing his car. Besides, no verification had been made as to violation of any provision relating to the competition protection law.

- **Resolution of ECA**

In January 2015, the board of directors ECA has come to the conclusion that the report should be kept due to the lack any infringement with notifying all concerned parties about ECA decision.

24. In the meantime, ECA has not only issued the decision pertaining to the lack of any breach, but also contacted the Traffic Public Department for placing the periodic manual of the fire extinguishers types approved by the Department in a visible site in each traffic unit during the licensing process of the vehicles so that the consumer might be fully aware of his rights in this respect. Furthermore, ECA asserts that the consumer has now the full freedom in choosing the kind of the fire extinguisher when licensing the private cars without being committed to a specific type.

2.1.8 **Study Request Regarding Xerox Egypt Practices**

- **The Merits**

In September 2014, ECA has received the request submitted by Chief Prosecutor of Financial and Commercial Affairs to examine the report to him from one of the companies against Xerox Egypt. In the report, the complainant indicated that he was harmed by the malpractices committed by Xerox which were in violation of several laws, including the Competition Protection Law.

- **Study Examination**

Since looking into the request of this study arises from the field of competences stipulated in Article (11), clause number (1) of the competition protection law, initial examination of the request of study started as well as procedures of research and investigation. It was found out that the report raises suspicions about the company being accused for concluding agreements with competing persons in violation of Article (6), paragraph (B) relating to the market quotas sharing, and paragraph (C) relevant to retraining of the manufacturing processes. It also seemed there was a monopoly agreement between the company in question and Xerox Limited in violation of Article (7), and also doubts about the existence of a monopoly agreement the company being reported against and its distributors in violation of the text of Article (7). A susceptible infringement was also detected with regard to Article (8), paragraph (D) connected to restricting the distribution processes, and paragraph (E) related to unavailability of the needs of utilities and services from the side of the competing person. Another breach was also found in paragraph (F) pertaining to the privilege right of contracting of the Competition Protection Law and the lack of ECA’s competency concerning the other practices included in the report.
Upon completing of the examination process, it appeared that the agreements concluded by the company were distribution contracts that have not violated Article (6) of the competition protection law. It has also appeared that the company in question was the only company that has been authorized as a distributor of Xerox products in Egypt. Additionally, it became clear that the geographical scope stipulated in the company’s contracts is confined to the entire Arab Republic of Egypt. Hence, there is no division of such geographical extent among the distributors, something which negates the company’s breach of article (7).

Finally, ECA proved that the company has not violated Article (8) since the company concerned with the submitted report is just a supplier as stated in the agreements signed with its distributors, with no obligations committed by the company for not dealing with its competitors or reducing the volume of dealing with them. Furthermore, the agreements signed between the company reported against and its distributors do not result in the exclusivity of a specific product without the other nor an exclusivity that may not lead to the distribution of the products other competing companies, or even the products of the reporting company. Consequently, the concluded agreements were not violation of the provision of Article (8) of the competition protection law.

- **Resolution of ECA**

  In January 2015, the board of ECA has come to the conclusion that the report should be kept due to the lack any infringement with notifying all concerned parties about ECA decision.

2.2 **Conciliation Cases**

2.2.1 **Glucose**

25. As per the resolution take by the board of directors of ECA, and according to the recent amendments of the Competition Protection Law issued in July 2014, a reconciliation has been reached in the Glucose case that was previously stated in this report, specifically in the section dealing with raising the efficiency of reports and studies, the section pertaining to reports. An amount of 1.5 million Egyptian pounds has been paid by the three violating companies with the amount being transferred to the state public treasury.

26. During its meeting held in September 2014, in which it proved the three companies producing glucose agreed to set the production prices, a move regarded as a breach of Article (6) of competition protection, ECA board of directors has taken the administrative procedures stipulated in the first paragraph of Article (20) of the law to confront the indicated companies. In the wake of this, those companies have requested to reach a reconciliation regarding the indicated infringement.

2.2.2 **Cinema**

27. In its meeting held in September 2010, ECA has proved that the company reported against, its subsidiary companies, and the Arab Company for Production and Distribution have all imposed restrictions on the distribution processes during the period from 2007 to 2010. Since such a move constitutes a violation of Article (6), paragraph (D) of the competition protection law, ECA board of directors has taken the administrative procedures stipulated in the first paragraph of Article (20) of the law to confront the indicated companies. Following this, the Minister of acting Trade and Industry has referred the violating companies to the public prosecution under Article (21) of the law, with the prosecution demanding the formation of a technical committee comprising experts from the Ministry of Justice to look into the case, with the committee concluding that it was not a technical one tasked with settling this case. Following a series of discussions recorded in the official investigations made by the prosecution with the technical team inside ECA, the prosecution has been assured as to the contents of ECA’s report. Accordingly, the
prosecution has asked for the taking a legal action and the case were converted to the economic court within ECA on 72/11/2014. As a result, the three companies have forwarded a request in January 2015 asking for reconciliation regarding the indicated breach.

28. After being submitted and studied by ECA board of directors, the reconciliation request was approved based on the recent amendments of the competition protection law introduced in July 2014, notably that the primary objective of ECA is to enhance the principles of competition and not fining the companies. Therefore, an amount of 1,753 million Egyptian pounds has been paid with such amount being transferred to the state public treasury.

2.3 Markets Follow-Up

29. ECA pays great importance to constantly monitoring of markets to ensure that there are no practices harmful to the Competition in the markets and to know the extent to which the decisions taken by ECA can impact the Egyptian market, as well as specifying the goods and services suspected of having practices that are likely to cause damage to competition. Following are the procedures taken by ECA in this respect:

2.3.1 Initiating a study on the development of economic indications of local packed Portland Egyptian cement governorates wide.

- The Merits

Within context of the interest of the Egyptian Competition Authority in terms of monitoring and following up the most important changes witnessed by the Egyptian markets of the local packed Portland cement, and in light of the report that has previously been submitted to ECA in 2011 accusing the cement companies of attempting to divide the governorates among themselves, ECA has surveyed the behavior of the companies working in the cement market to make sure there are no practices that may harm competition in this market. ECA’s survey has primarily focused on the presence of a horizontal agreement amongst the rival individuals in the market and whether such accords may lead to the sharing of cement market on the basis of geographical regions. Finally, the study examined whether those agreements, if any, can prevent the companies from competing in the governorates, and as a result allow every company to enjoy the monopoly in some governorates and control them and eventually increase the prices there.

- Study Examination

Assisted by a number of indexes and economic relations and analysing them governorates-wide during the period of study, ECA has come to the following conclusions:

- the Egyptian market of the local packed Portland cement is not distinguished with concentration of its sales in a number of governorates at the Republic level, particularly that the share of any governorate-out of the top 10 governorates- has not exceeded 13% of the total cement sales, with such share even less than this percentage in some governorates. However, the shares of the majority of governorates from the total cement sales have seen a high degree of stability during the term of study, not to mention the stability of the governorates order at the level of the Republic.

- Concentration of each company’s sales in a limited number of governorates, with the number of governorates where every company market its sales declining during the term of study, ranging from 2 to 7 governorates only for the majority of companies.
The rising concentration of companies has been evident and also the stability of the companies ranked in the first and second positions in all major governorates. In some governorates, the market was even confined to two companies only as it was the case in Qina, Alexandria, and Al-Fayoum.

The presence of a high degree of consistency in the order of the companies market’s shares within each governorate since 2008 in addition to the exchange of the relative position of the cement companies operating in every governorate.

During the period from 2008 to February 2013, the market shares of the cement companies have been stable in all governorates.

Companies with the biggest share market in the majority of governorates were able to keep the price of the cement ton rising in comparison with the other companies working in the same governorate.

Many of the companies with the lowest prices in the governorate have maintained relatively small market share despite they had unexploited production capacity. Examples of these companies are the Suez Group in the governorates of Al-Sharqiya, Al-Beheira, Qina, and Minya, the Al-Arabiay Company in Al-Dakahlia, Giza, and Al-Fayoum, and Lafarge Company in Suhag governorate. This may raise the question about the lack on any attempts from the side of such low-rate companies to make use of their unexploited output capacity in order to boost their shares in those governorates and compete with other companies with the biggest market share and highest rate.

The rise of cement rates of the companies whose factories are situated near the selling places, compared with others with factories far from the same areas, and contrary to the expectations since it has been projected that the company near the governorate would offer lower rates for its products due to the cheap cost of transport. This may raise doubts about the reason of high prices charged by those companies even though they are close to the consumption sites.

**Study Summary**

Based on the outcomes of the study and analysis of the indexes related the market shares of the companies from the total sales of locally packed Portland cement governorates wide (during the period from 2008 to February 2013), ECA has reached some indicators that have implications with regard to the concentration of the companies market shares in some governorates. Such concentration can be explained through many reasons, including the existence of those companies plants in the governorates or near them, and not necessarily the presence of monopoly practices or agreements. Therefore, ECA board of directors has recommended the importance of opening the door for issuing licenses to new competitors, in addition to periodically monitoring and following the market.

- Initiating a study of the iron product in the context of ECA regular follow-ups.
- Initiating and following a study on the white sugar product as ECA feels the presence of potential imbalance in this market.

3. **Awareness and Spreading the Competition Culture**

ECA continues its work aiming at spreading the Competition culture through its basic programs of awareness. These programs are independently targeting every category to ensure the maximum degrees of benefit and the response to the questions and queries pertaining to the competition field in way that secures the desired and complete assimilation. Consequently, during this year, ECA has given top priority
to the business community awareness program, the academic communication program, and media communication program since they have a pivotal role in assisting ECA to appropriately undertake the role assigned to it.

3.1 Media communication program

31. Based on ECA conviction as to the importance of the role played by the media community and the journalists in the enlightenment of citizens, it gives big importance to the ongoing communication with the media community to secure the promulgation and promotion of the competition culture in the society and achieve transparency of information with the public opinion. In this context, ECA has taken the following moves:

3.1.1 T.V and Press Interviews

- Interview published in ‘Al-Ahram Business Daily’ in July 2014
- Interview published in ‘Al-Ahram Daily’ in July 2014
- Interview published in’ Al-Mal’ Business Daily in September 2014
- Interview published in the’ Auto News’ magazine in February 2015
- Interview published in ‘Rosa Al-Youssef’ Daily in May 2015
- Interview published in ‘7 Days’ magazine in May 2015
- T.V Interview on ‘Al-Qahira Wal-Nas’ channel in September 2014.
- T.V Interview on ‘First Channel’ in September 2014.
- T.V Interview on ‘Sada Al-Balad’ Channel in May 2015

3.1.2 Most important statements

- “Not every rising in prices arising from a monopoly practice”
- “Parallel economy is a major obstacle for the fair competition”
- “The extent of ECA success or failure should not be measured by its ability to only prove Irregularities and reporting them to the public prosecution, but rather by its ability to improve the market condition by preparing it to absorb a bigger number of producers”
- “We intensify our efforts to confront any attempts to agree on raising the prices or burning the market with thirst”
- “The recent legislative amendments in the Competition Protection Law boosted ECA autonomy, its ability to follow the markets, and taking the appropriate decisions”

3.1.3 Most important headlines

- “In World Bank contest, ECA is awarded the first position prize”
- “Competition Authority: Insurance companies are committed to stop the endurance percentage charged from the consumer”
• “Competition Authority rectify the markets’ conditions”
• “Competition Authority: 60% of the law articles have been amended to provide an attractive investment environment”
• “Al-Garf: the new law for competition protection removes the obstacles hindering the businessmen”
• “Competition Authority: it is up to the consumer to choose the appropriate extinguishers used in cars”

3.1.2 Seminars

• Seminar held with journalists on the 1st of March, 2015

ECA organised a seminar with a number of journalists on the latest amendments introduced into the law of competition protection. The holding of this seminar came in line of ECA belief in the importance of the profound understanding of such amendments from side of the media community members who undertake an educational and pivotal role in affecting the public opinion on one hand, and the decision-makers on the other hand. During the event, a detailed explanation was made with regard to the 2004 amendments compared with those introduced in 2008. The seminar has meanwhile highlighted some modifications that ECA still needs and will seek to achieve in the next periods.

3.2 Business community awareness program

32. In the framework of its ongoing endeavors aimed at communication with the community business, ECA has held a host of workshops for chambers and authorities that will be later discussed under the title “Latest amendments of competition protection’s law and how to accord with it”. A technical team from ECA delivered lectures and presented detailed explanation as to the latest amendments of competition protection’s law, as well as displaying the most success and failures made by ECA during the past period, and what are expected from the business community in terms of conformity with the law provisions. These workshops reflect the educational role undertaken by ECA alongside its monitoring role with the purpose of supporting the relations between ECA and the community business. Moreover, such close bilateral relations will allow ECA to better perform its assigned role in such an way than can be beneficial for the community business through creating the competitive environment appropriate for the investment climate.

33. Furthermore, these workshops are considered part of the program of “Accord with the provisions of the competition protection’s law ” which is extensively targeting the different industrial chambers of the Industries Federation. To this end, ECA sees that approaching the majority of the community business members is regarded as inevitable and an ultimate goal for minimising the monopoly practices and providing the secure and stable environment for the investor, not to mention achieving the competitiveness of the national economy as a whole.

34. Image Caption: Workshop organised in collaboration with the Food Industries Chamber on 27th January

3.3 Awareness program of the Judiciary and government authorities

35. The Competition Protection Authority pays special importance to the awareness of the Judiciary and government authorities and educating them regarding the law of competition protection and the role of ECA towards the community notably that these authorities are complementing the role being undertaken by ECA. Hence, and in order to complete the relevant exerted efforts over the past years, ECA has given
preference this year to the Egyptian Financial Supervisory Authority, the Financial Services Institute, and the judges of State Council. This preference was represented in the following:

- **A workshop organized in cooperation with the Financial Supervisory Authority, the Financial Services Institute on 27th August 2014**

The Competition Protection Authority has hosted a delegation from the Financial Supervisory Authority and the Financial Services Institute in a workshop about the competition’s role in the development of the non-banking financial services sector. The workshop discussed the awareness of ECA’s role, its vision, and activities during the previous period and also shed the light on the constant efforts made by ECA to apply the competition policy and create an integrated system of competition in Egypt. For its part, ECA considered this meeting as a beginning paving the way for a series of consecutive meetings and workshops between the Competition protection Authority and the Financial Supervisory Authority for achieving integration and coordination between the two supervising entities for ensuring the competition protection in the markets, bringing about the public interest, and promoting the economic development.

- **A workshop held in cooperation with the State Council judges on 22nd September 2014**

The Competition Protection Authority has organized a workshop in cooperation with the State Council judges that dealt with the methodology adopted by ECA in confronting the agreements and practices considered as harmful to competition. The workshop has also touched upon the most important issues facing the application of the competition law and ways of solving them by ECA, in addition to debating the work proposals in the future. The Competition Protection Authority attaches a special significance to such periodical meetings based on its belief in the understanding of the State Council judges of the provisions of competition law and its applications. This approach will positively be reflected on the speed of settling the competition issues and ensures the inclusion of competition concept in all legislations and laws issued by the state and reviewed by the State Council. Eventually, this will lead to raising the efficiency of markets in an effective way.

### 3.4 Academic Communication Program

36. Since it strongly believes in the importance connecting between theory and application, the Competition Protection Authority gives priority to the academic communication program, particularly that it is necessary that science must be devoted to serving the community and supporting its different agencies for achieving the best benefit of society and the economy as whole. Therefore, ECA is entirely keen to strengthen the ties of cooperation and coordination with the academic authorities for the best interest of the two parties in particular, and the interest of the economy at large. Following are the moves taken by ECA in this regard:

- **Simulation Model of Competition Protection Authority during the period from 1-10 Feb. 2015**

The Competition Protection Authority has arranged the fourth session of ECA’s Simulation Model for the students of the law and economics colleges of different private and government universities held at ECA’s headquarter inside the Smart Village. This model is one of the awareness programs organized by ECA within four years and is regarded as a practical training course for the students. Moreover, the simulation model is designed for improving the student’s research skills in the field of competition and briefing them on what is going on within ECA in real terms. On the other hand, the model contributes to preparing well-trained human cadres and an academic base selected from those students who can be reliable in the future in providing ECA
with the technical experts who are fully aware of the competition law and the mechanism of work used by ECA.

- A lecture delivered at the Faculty of Law, the French Section, and Cairo University on 16th February 2015.
- Participation of the Competition Protection Authority as a primary spokesperson of a workshop held at the Faculty of Law, Cairo University on 6th April 2015
- A lecture given at the Arab Academy for Science and Technology and Maritime Transport on 26th April 2015.

37. Within the context of ongoing cooperation with both the government and private universities, ECA continues its participation in terms of delivering lectures to the students or taking part as a primary spokesperson in the workshops organized by the colleges, particularly those lecturers relating to the topics of competition.

38. In this respect, ECA has delivered lectures at the Faculty of Law, Cairo University about the latest amendments introduced into the law of competition protection and the relationship between the criminal protection of competition protection and the recent modifications of the investment regulations. Lecturing at the workshop was technical team from the Competition Protection Authority headed by the chairman of the board of directors. Meanwhile, ECA emphasized its keenness to continuously cooperate with the Faculty of Law, Cairo University to ensure the maximum benefit from the Faculty graduates with legal capabilities and skills needed by ECA. Additionally, delivering these lectures can help prepare future generations able to work in the area of economic legislations, particularly the law of competition protection given the fact that interference between the law and economics has become a global phenomenon in modern legislations. Besides, cooperation among universities and governmental institutions is inevitable for enhancing their levels of performance.

39. Meanwhile, ECA has delivered a lecture at the Arab Academy for Science and Technology that has witnessed the participation of more than 100 students. This lecture focused on educating the participants on the competition protection law as well as the role of ECA and its prerogatives and powers. Furthermore, the lecture highlighted the most important challenges still facing its work and how the academic authorities can assist ECA in confronting some of those challenges. ECA has also coordinated with the Arab Academy as to the need for a complete awareness program designed by ECA during the next period to primarily target the universities’ students.

4. Coordination with the Relevant Authorities

4.1 ECA builds a relationship network with all the supporting and assisting authorities locally

40. ECA exerts great efforts to achieve continuous coordination and permanent cooperation with the relevant academic bodies and supervisory authorities for information exchange and supporting ECA in studies and researches. In one hand, ECA worked during the indicated period on coordinating with the governmental bodies with the belief of, and for meeting the general trend in the state currently in uniting the efforts of the governmental bodies to guarantee the optimal application of the role of every authority and to ensure the integrity of roles among themselves. On the other hand, ECA also worked on coordinating with the academic bodies in order to emphasize on the importance of linking between theory and practice as it believes on the necessity of the role of science in serving society and supporting its authorities which benefit society and economy as a whole. In this regard, ECA executed the following:
• Signing a cooperation agreement with Faculty of Economics, Cairo University on February 2015
• Signing a cooperation agreement with the Egyptian Financial Supervisory Authority on May 2015.

4.2 Coordination with the Relevant Authorities internationally

41. Besides coordinating with the relevant authorities locally to set the principles of competition system in Egypt, ECA also is enhancing the international and regional relations to achieve the objectives concerning technical support and experiences transfer to raise efficiency of work and Authority staff. In this regard, ECA executed the following:

• Signing a memorandum of understanding with the Austrian Competition Authority on June 2015, during the Conference of the Organization of Islamic Cooperation for Competition Authorities to consolidate the Egyptian- Austrian relations in competition and exchange of experiences.

• Signing the contract of the Twinning Project with the European Union on December 2014 and starting implementation on January 2015. The project aims at development of the human and institutional efficiency of ECA.

• Organizing a conference in cooperation with the COMESA on mergers and acquisitions on Mars 2015 entitled “The New Regulations for COMESA Competition Commission: COMESA’s Role in the Organization of Joint Regional Market for East and South Africa”. The main objective of this conference was to introduce the new regulations of the competition commission, which must be enforced in the joint regional market for East and South Africa and to discuss their impact on the member states of the organization.

• Organizing a conference to launch the Twinning Project with the European Union on May 2015 in cooperation with the Ministry of Economic Affairs and Energy of the Federal State of Germany and the Lithuanian Competition Council.

• Providing a program to support ECA technically to World Bank - Trade and Competitiveness Administration and a mission from the World Bank visited ECA from 19 to 21 April 2015 in order to discuss the program. Accordingly, the mission conducted several meetings and events with some of the bodies, partners and experts in the field of competition. The mission provided during this visit a training program for ECA staff over two days in the field of:
  • Supporting the efficiency of law enforcement with respect to horizontal agreements
  • Methods of investigation and judicial seizure
  • Hosting a joint delegation from the UNCTAD and the Swedish International Development Cooperation Agency (SIDA) to visit Egypt from 19 to 22 Mars in the framework of the preparation for the implementation of the Regional Program for the Technical Support of the Policies of Competition and Consumer Protection in North Africa and the Middle East. The delegation met a number of partners to review the objectives of this program and discuss the challenges which face the process of supporting the policies and laws of national competition in order to identify ways of support which can be provided. In the light of this visit, ECA provided the final form of technical support request to the UNCTAD which includes the ways of support to ECA in the framework of this regional program.
  • ECA hosted a delegation from Sultanate of Oman on 16 September 2014 as a part of transferring the Egyptian experience in protection of competition and preventing monopolistic practices, whether those related to enforcement of law or supporting the policies, as ECA provides technical support to Arab and African countries which intend to pass special laws on competition
protection or to amend the present legislations, As well as providing technical consultancy for the issues examined by the present competition authorities.

- ECA hosted a delegation from Kingdom of Saudi Arabia on 26 November 2014 as a part of transferring the Egyptian experience in protection of competition and preventing monopolistic practices, whether those related to enforcement of law or supporting the policies.
- ECA continued its participation as a monitoring member in the Organization for Economic Co-operation and Development (OECD), where the participation was through providing many papers prepared by ECA staff in the issues of local competition.
- ECA continued its participation as a member of the board of directors in COMISA Competition Commission.
- The participation of ECA in a number of meetings and conferences to enhance the international relations, including:
  - The participation in the International Conference on the Competition Policy, Common Prosperity and Inclusive Growth in Washington
  - The participation in the Meeting of Competition Commission on Monopoly and Competitive Neutrality in Paris
  - The participation in the Conference of Economic Freedom of the Arab World in Jordan
  - The participation in the Fourth Conference for African Competition Law in South Africa
  - The participation in the meeting of the Panel of Experts dedicated for consumer protection in Geneva
  - The participation in United Nations Conference on Trade and Development in Peru
  - The participation in the Sixth Conference of the Organization of Islamic Cooperation in Tunisia
  - The participation in a meeting about how to work on ensuring that there are equal competition opportunities in basic commodity markets in Russia
  - The participation in the International Annual Conference of the Russian Competition day in Russia

5. Raising Institutional and Human Efficiency

5.1 Institutional Efficiency

42. Enhancing the institutional efficiency is one of the most important priorities of ECA due to the nature of its work which requires high accuracy in dealing with the obtained data and continuous development of the institutional systems in order to deal with this data with the required confidentiality and professionalism, in addition to attempt to attract programs for technical support to raise the efficiency of ECA staff and work. In this regard ECA executed the following:

- ECA began in implementing the twinning project with the European Union. It is worth noting that the Twinning Program aims at developing the technical, administrative and institutional capabilities by benefitting from the European experiences and by consistency with the international commitments of Egypt and confirming the importance of the national development. The program includes three main components as follows:
– Contribution to raise the efficiency and effectiveness of the legal framework of competition policies and relation with the other organizational authorities.
– Contribution to raise the efficiency and effectiveness of the institutional framework and human development to the staff of ECA.
– Contribution to raise the awareness of competition law and policies.

- ECA inserted Customer Relationship Management program (CRM) which is an electronic system for the automation of processing and discussing the issues inside ECA to ensure quality of work, save time, facilitate the processes of search, discussion and extract reports, save expenses of reprinting reports and studies to discuss it between the team work and follow up issues all the time during the study while ensuring confidentiality.

- ECA commenced in the procedures for establishing a legal administration as it addressed the concerned authorities in this regard due to the importance of this in saving the expenses incurred by ECA on authorization of the State Lawsuits Authority in taking over the lawsuits against ECA while the staff is preparing all the required pleading briefs so that the State Lawsuits Authority can submit it on behalf of ECA. Furthermore, establishing a legal administration in ECA will authorize the jurists working therein to register in the bar association which makes it an encouraging advantage for them, the matter that makes it an attraction to work and keep working in ECA.

- ECA tried to complete the functional structure as much as possible, however the Competition of the functional structure is still one of the most important challenges that face ECA so that it can achieve its role in the light of the benefits of amending the law.

- ECA subscribed in Middle East Monitor website which indexes all newspapers and magazines issued in Egypt in order to calculate all the cutting press of the Egyptian economy and state trends in this regard, in addition to following up the news of all the commodities and services in the market and monitoring it from a press viewpoint.

- ECA tried to attract programs for technical support to raise the efficiency of the staff and work in ECA, including programs with the International Competition Network, the Organization for Economic Co-operation and Development (OECD), The European Union (EU), The European Commission (EC), the World Bank/ Trade and Competitiveness Administration and the UNCTAD.

5.2 Human Efficiency

43. The continuous development of the human cadres in ECA is inevitable due to the nature of work which requires a high degree of technology and technique. In addition to the importance of sourcing the international trainings because competition is a relatively recent field in Egypt as there is no enough experiences that help ECA to perform work assigned to it as desired. In this regard ECA executed the following:

5.2.1 Local Training

44. ECA provided a number of technical trainings to develop personal skills including training on communication skills and attending courses on libraries to ensure ease of search and extract information and training on e-pay system to convert the exchange and cheques system from a manual system into an
electronic one to facilitate work and ensuring the quality and efficiency of work systems in ECA and finally attending trainings on the technical and financial analysis of Tender Law in Sadat Academy.

5.2.2 International Training

45. ECA sent some of the employees to attend a number of (9) workshops and conferences on technical topics in cooperation with organizations such as: United Nations Organization for International Trade, the Organization for Economic Co-operation and Development (OECD), and competition authorities in different countries including Tanzania, Germany, Lithuania, South Africa, Ethiopia and Taiwan.

5.2.3 Financial and Administrative Affairs

46. In the framework of maintaining the public money, working on the rationalization of expenditure to the maximum extent to reduce the impact of expenditures on the state budget and to spend when necessary only to fulfill the needs of ECA so that it can perform its role without affecting its effectiveness, ECA executed the following:

- Reducing the monthly expenses of the current location of ECA and the services provided by the management of the Smart Village such as conditioning, security and cleaning services.
- The Chairman of the Board of Directors reduced the levels of hotel accommodation for Authority members.
- Dispatching the least number of ECA members to the Foreign missions and trying to represent ECA with the lowest number without affecting the foreign presence of ECA.
- Holding workshops and seminars in 3 and 4 stars hotels at the most instead of 5 stars hotels, while reducing their numbers and dividing it throughout the year.
- Commencing in the necessary steps to establish the legal affairs administration in order to save the large expenses paid by ECA to the State Lawsuit Authority in order to take over the lawsuits on behalf of ECA.
- Searching for external funding for most foreign travels and missions away from ECA budget (if possible in the case of donor agencies consent)
- Activating government e-pay system for salaries and suppliers.

ECA’s budget during the fiscal year 2014/2015 (in Egyptian Pounds)

<table>
<thead>
<tr>
<th>Statement</th>
<th>Accredited by the Ministry of Finance</th>
<th>Spent</th>
<th>Spent Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chapter One: Wages and Compensations of Employees</td>
<td>8.570.000</td>
<td>7.358.227</td>
<td>86%</td>
</tr>
<tr>
<td>Chapter Two: Purchase of Goods and Services</td>
<td>3.752.000</td>
<td>3.235.113</td>
<td>86%</td>
</tr>
<tr>
<td>Chapter Four: Subsidies, Donations and Social Benefits</td>
<td>300.000</td>
<td>104.475</td>
<td>35%</td>
</tr>
<tr>
<td>Chapter Five: Other Expenses</td>
<td>180.000</td>
<td>126.182</td>
<td>70%</td>
</tr>
<tr>
<td>Chapter Six: Asset Purchase</td>
<td>300.000</td>
<td>52.955</td>
<td>18%</td>
</tr>
<tr>
<td>Total</td>
<td>13.102.000</td>
<td>10.876.952</td>
<td>83%</td>
</tr>
</tbody>
</table>
6. Statistics

Statistics about ECA from July 2014 to July 2015

- Issues that have been completed
  - **البلاغات** (complaints): 0%
  - **الدراسات** (studies): 0%
  - **الآراء الاستشارية** (advisory opinions): 25%
  - **الإتفاقات الأفقية** (horizontal agreements): 25%
  - **الإتفاقات الرأسية** (vertical agreements): 25%
  - **إساءة استخدام الوضع المسيطر** (abuse of dominant position): 25%

- Decisions issued by ECA
  - **وجود مخالفة** (existing violation): 20%
  - **عدم وجود مخالفة** (no violation): 13%
  - **عدم إختصاص** (non-competence): 67%

- Types of violations issued by ECA
  - **الإتفاقات الأفقية** (horizontal agreements): 0%
  - **الإتفاقات الرأسية** (vertical agreements): 44%
  - **إساءة استخدام الوضع المسيطر** (abuse of dominant position): 55%

Statistics about ECA from 2006 to 2015

- Issues that have been completed
  - **البلاغات** (complaints): 13%
  - **الدراسات** (studies): 9%
  - **الآراء الاستشارية** (advisory opinions): 72%
  - **الإتفاقات الأفقية** (horizontal agreements): 72%
  - **الإتفاقات الرأسية** (vertical agreements): 72%
  - **إساءة استخدام الوضع المسيطر** (abuse of dominant position): 72%

- Decisions issued by ECA
  - **وجود مخالفة** (existing violation): 21%
  - **عدم وجود مخالفة** (no violation): 67%
  - **عدم إختصاص** (non-competence): 6%

- Types of violations issued by ECA
  - **الإتفاقات الأفقية** (horizontal agreements): 17%
  - **الإتفاقات الرأسية** (vertical agreements): 17%
  - **إساءة استخدام الوضع المسيطر** (abuse of dominant position): 66%

47. ECA spotted 19 violations over 10 years, where (11) violations were spotted from 2013 to 2015 and the horizontal agreements acquired the highest rate of violations followed by abuse of dominant position.
The most important sectors studied by ECA from 2006 to 2015

Food sector still has the highest percentage in terms of the number of issues that have been studied within it, which amounted to 24 issues during the last ten years, followed by the telecommunications sector, where 21 issues have been studied within it.

Amongst other things sought by ECA during 2016 are the following:

- Focusing on the sectors that affect the consumer directly and expanding the study of services sector in particular.
- Enhancing cooperation and communication with the governmental and judicial authorities in general, with a focus on the Commission of Legislative Reform and the Parliament.
- Seeking to integrate prior monitoring on mergers and acquisitions in the Competition Protection Law.
- Promoting and disseminating the culture of competition in society.
- Completing the functional structure of ECA.
- Resuming coordination with other sectoral regulatory bodies.
- Resuming quest to establish a state-level general policy of competition.
- Providing an infrastructure for exchanging, disseminating and storing information between ECA staff and protecting it from electronic foreign-piracy operations or viruses as well as to avoid system crashes.