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COMPETITION COMMITTEE

Annual Report on Competition Policy Developments in Egypt

-- 2021 --

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Egypt

1. In the period of January 2021 to December 2021, the Egyptian Competition Authority (“ECA”) effectively carried out its role in ensuring the effective enforcement of the Egyptian Competition Law (“ECL”). ECA exerted efforts in different directions, especially in light of its new five-year strategy. This annual report will highlight the following:

- Changes to competition law and policy, mainly outlining updates on the proposed amendments to ECL regarding adopting a merger control regime, as well as its strategy for 2021-2025, the Compliance Toolkit, and the Public Procurement Guidelines.
- ECA’s enforcement efforts, including four cases concerning horizontal agreements, two abuse of dominance cases, and multiple decisions regarding failure to submit information to ECA.
- Information regarding ECA’s current merger notification regime, covering statistics on and an explanation of ECA’s newly obtained role regarding economic concentrations in the healthcare sector.
- ECA’s advocacy and awareness efforts, namely towards the general public, the business community, academic institutions, judicial authorities, and public entities.
- Improvements in terms of resources, specifically pertaining to information technology, human resources, and financial resources.

1. Changes to competition laws and policies, proposed or adopted

1.1. Summary of new legal provisions of competition law and related legislation

2. Given the role of competition law and policy in enriching Egypt’s economic freedom and performance, considerable reform to ECL is required to enhance Egypt’s productive capacity and thus its international performance indicators.

3. Accordingly, ECA has drafted fundamental amendments to ECL. The amendments consist of the change of the ex-post notification system with an ex ante merger control regime, granting ECA the power to review the transactions falling within its jurisdiction prior to its implementation.

4. In November 2020, the Egyptian Prime Ministry approved the proposed merger control regime and submitted it to the Egyptian Parliament.¹ In February 2021, the Parliament approved the law in *principle* and commenced discussions.

¹ More information can be found in the 2020 Annual Report, available at: [https://one.oecd.org/document/DAF/COMP/AR\(2021\)44/en/pdf](https://one.oecd.org/document/DAF/COMP/AR(2021)44/en/pdf).

1.2. Other relevant measures, including new guidelines

1.2.1. ECA's Strategy 2021-2025

5. In 2021, ECA developed a five-year strategy to outline its work in the upcoming period in addition to re-identifying ECA's vision, mission, and core values.

6. The strategy was developed in line with Egypt's Strategy for Sustainable Development (Egypt's Vision 2030), the Sustainable Development Goals (SDGs), as well as ECA's practical experience gained in the past fifteen years.

7. The strategy aimed to identify and develop the major pillars necessary to ensure effective enforcement of the ECL and to disseminate competition culture in Egypt over the next five years, as well as to strengthen ECA's position on the regional level, rendering it a leader among competition authorities in the region.

8. In light of ECA's vision to raise the efficiency of the national economy by enhancing competition in the markets through strengthening the effectiveness of competition policy, ECA's strategy is founded on four main strategic pillars:

1. Effective enforcement of the competition law
2. Promoting procompetitive policies and regulations
3. Disseminating competition culture
4. Enhancing institutional efficiency

9. In order to achieve these objectives, ECA will seek, in particular, to develop methods and tools for detecting practices harmful to competition and monitoring markets efficiently. Moreover, ECA will seek to enhance cooperation with other competition authorities, supporting and promoting competition policies in legislation and government decisions, promoting competitive neutrality, and addressing all segments of society in order to spread the culture of competition through raising their awareness and finally, enhancing ECA's human resources.

1.2.2. Compliance Toolkit

10. In line with ECA's strategy, one of the main roles that the ECA plays is to spread competition culture in order to achieve effective competition enforcement. As such, in 2021, ECA introduced the updated version of the Compliance Toolkit, from its original version of 2010.

11. The Toolkit commences by outlining the benefits of competition law, as well as the persons subject to ECL's provisions.

12. The first section of the Toolkit demonstrates the main provisions of ECL, mainly Article 6 on horizontal agreements, Article 7 on vertical agreements, Article 8 on abuse of dominance, and Article 19 on ex post merger notifications. This section also highlights the sanctions that would apply if a violation to any of these Articles was established.

13. The second section outlines the sanctions for non-cooperation with ECA, as well as non-compliance with its decisions.

14. The third section further clarifies methods of complying with ECL by providing detailed steps that undertakings can follow in order to carry out risk assessment.

1.2.3. Public Procurement Guidelines

15. In 2021, ECA issued joint guidelines with the General Authority for Government Services regarding the application of competition related provisions stated by the Public Procurement Law.

16. The main objective of the Public Procurement Law is to promote competition when the government purchases or rents products and services provided by market players. When there exists competition between bidders, the government would be able to purchase products at lower costs and higher quality as well. This contributes to decreasing public expenditure and raising the efficiency of the public service provided by the different public entities.

17. Therefore, among the objectives of the Public Procurement Law is to regulate competition and ensure an effective competitive process. Effective competition between bidders will lead to less corruption and greater transparency of the procurement process.

18. In order to achieve these objectives, Article 33 of the Public Procurement Law states that public entities must notify ECA if they suspect that there are anti-competitive practices prohibited by ECL. In order to ensure that companies do not manipulate and harm the competitiveness of the public procurement process by exploiting the concept of related parties stated by the ECL, Article 33 also prohibits related parties from submitting more than one bid for the same process.

19. In order to guide the administrative entities subject to the Public Procurement Law, the guidelines provide a detailed description and interpretation of the incidents where ECA must be notified, in addition to assisting public authorities to better detect the different practices that may constitute big-rigging.

20. ECA has organized workshops and training sessions to public employees in different governorates and authorities on the methodology to detect bid-rigging and on how to inform ECA in case of any suspicions. These advocacy efforts are explained further in Section 3.2.1.

2. Enforcement of competition laws and policies

2.1. Overview

21. In 2021, ECA's Board issued four violation decisions relating to horizontal agreements, in violation to Article 6 ECL. The Economic Court also issued a decision relating to an Article 6 violation that ECA had previously referred to the Public Prosecution. ECA's Board also issued two abuse of dominance decisions, as well as nineteen decisions against undertakings for failing to cooperate with ECA. ECA also received a number of ex post merger notifications under its powers laid out in Article 19 ECL as well as notifications from the COMESA Competition Commission and from the Ministry of Health.

2.2. Actions against anti-competitive practices, including agreements and abuse of dominant positions

2.2.1. Horizontal agreements

Healthcare service providers

22. In July 2018, ECA initiated a study of the healthcare sector in Egypt, which resulted in detecting anti-competitive practices by several market players. Specifically, ECA discovered that on 10 January 2017, representatives of nine companies providing healthcare services met at the Chamber of Healthcare Providers and agreed that price increases of healthcare services following the devaluation of the Egyptian pound in November 2016 should be within 20%-25%. This percentage was not based on any relevant market studies, and the parties claimed that the agreement was a response to inflation. The agreement was made in writing during a meeting at the Chamber.

23. The agreement was in violation of Article 6(a) ECL, as the parties to the agreement were found to operate in the same market, the market for providing and managing healthcare services and programs for individuals and companies. The healthcare providers also operated in the same geographic market, which was found to be national in scope.

24. Further, ECA carried out an analysis of the cartel members' prices in 2016 and 2017 and found that their prices did increase, although sometimes higher than by 25%, around the period of the agreement.

25. ECA's Board concluded on 5 April 2021 that the parties of the agreement violated Article 6(a) ECL.

Hospitals

26. While investigating the above-mentioned initiation in the health care sector, ECA also detected a horizontal agreement between seven hospitals who were members of the Chamber of Healthcare Providers. Specifically, ECA uncovered an agreement dated 26 June 2018 that the members would increase their prices with a cap of 25% in response to the devaluation of the Egyptian Pound.

27. ECA began its investigation and confirmed that the accused hospitals were competitors offering the same service, healthcare. As for the relevant geographic market, the parties' locations overlap in two different geographical areas; four hospitals are located in Cairo and Giza, while the remaining three hospitals are located in Alexandria.

28. In investigating the agreement, ECA found that they had met at the Chamber of Healthcare Providers in February 2017 and agreed to raise prices by 25% in 2017, as well as to meet again in September 2017 and decide on a new price increase for 2018. The cartel members wrote down the agreement in the minutes of the meeting, stating that the Chamber would issue a letter to all healthcare service providers stating that they cannot raise prices above 25%.

29. On 10 June 2021, ECA's Board concluded that the undertakings in question violated Article 6(a) ECL.

Veterinary services

30. On 9 January 2020, the General Organization for Veterinary Services reported to ECA that they had suspicions that bid-rigging had occurred between two companies.

31. During the investigation, ECA uncovered collusion between the two companies regarding a contract for the supply of Animal Registration Cards. This potentially violated Article 6(c) ECL, which prohibits agreements between competitors aimed at restricting competition in public procurement.

32. The investigation concluded that the offers submitted by the two companies provided the exact same samples. The contracting authority explained to ECA that the samples are an integral part of the bid. While one of the cartel members alleged that this was a coincidence, another confirmed that there was coordination between both companies. Investigations showed that one of the undertakings had purchased the samples from the same source, and provided the other company with the sample to present to the Organization as part of its bid.

33. As such, ECA issued a decision on 30 June 2021 that the competing undertakings violated Article 6(c) ECL, and referred the case to the Public Prosecution.

Laser hair removal services

34. In August 2019, ECA received a complaint against two clinics specialized in cosmetic dermatology. According to the complaint, these clinics had allegedly agreed to fix the prices for the laser hair removal services during the period from January 2018 to December 2019.

35. The practice constituted a potential infringement to Article 6(a) of ECL, which prohibits agreements or contracts between competing persons to increase, decrease, or raise prices of products.

36. Accordingly, ECA investigated the laser hair removal services sector in Egypt, concluding that the relevant product is the laser hair removal service and that the geographic market is national in scope. The suspected parties of the agreement are competitors in this market.

37. The testimonies of the different market players and the qualitative and quantitative economic analysis confirmed the existence of an agreement between 21 players in this market to fix the price of laser hair removal services, starting from 1 January 2018, through a group on the instant messaging application WhatsApp.

38. On 10 November 2021, ECA established that the parties of the agreement in the aforementioned market violated Article 6(a) of ECL from 1 January 2018 to 31 December 2019 and decided to grant the violators 60 days to settle with ECA. Otherwise, ECA would refer the case to the Public Prosecution.

2.2.2. Abuse of dominance

Tying in the automotive sector

39. Starting in late 2018, ECA received around 70 complaints against the sole distributor of a certain luxury brand of passenger vehicles for its alleged abuse of dominance in the automotive market during the period from September 2018 until May 2019. The complainants alleged that the undertaking had engaged in various tying arrangements in violation of Article 8(d) ECL.

40. ECA then proceeded to study the market for passenger vehicles finding that, regarding the case at hand, the market was divided into different segments based on the price and characteristics of the vehicles. The undertaking's practices affected four different models of the brand in question, each of which was found to belong to a separate segment. As such, ECA identified four different relevant markets. The undertaking in question was

found to be dominant in all four markets, as its market shares ranged between 50%-90% in the different relevant markets, exceeding the 25% threshold outlined in Article 4 ECL. ECA has also provided evidence of the undertaking's ability to significantly impact the relevant market in accordance with Article 4 ECL. Notably, the undertaking had significant market power due to consumer's strong loyalty to the brand in question.

41. ECA's investigation established that the undertaking infringed Article 8(d), through exercising the following practices:

- Tying between the purchase of vehicles and the method of financing (by only allowing consumers to pay for them through installments);
- Tying between the method of financing and the entity through which the vehicles are financed;
- Tying between the purchase of vehicles and the purchase of an insurance service (by forcing consumers who purchase the vehicles to also purchase insurance);
- Tying between the purchase of the insurance service and the entity through which the service is purchased.

42. On 20 May 2021, ECA's board concluded that the undertaking in question violated Article 8(d) ECL. ECA granted the violating company 60 days to request a settlement; otherwise, the case would be referred to the Egyptian public prosecution.

Tying in the alcoholic beverages sector

43. ECA uncovered an anti-competitive practice conducted by a beverage company. The undertaking abused its dominant position in the alcoholic beverage distribution market as it refrained from delivering its products to one of its distributors using tractors, as it did with all of its other distributors, and forced them to load the products onto small-tonnage trucks, incurring them additional costs.

44. ECA's analysis indicated that the violating undertaking's market shares were significantly high in the markets for the production and distribution of beer, spirits, and wine and in the market for the distribution of wine. ECA also established the undertaking's ability to control the price and supply in these markets, meaning that it occupied a dominant position in accordance with Article 4 ECL. Notably, these markets are characterized by high barriers to entry and expansion due to the temporary suspension in issuance of any new manufacturing or distribution licensing for alcoholic beverages.

45. By refusing to deliver products to one of its distributors using tractors and forcing them instead to use their own small trucks, contrary to its policy of delivering products to distributors, the undertaking infringed Article 8(e), which states that undertakings holding a dominant position are prohibited from "*Discriminating between sellers or buyers having similar commercial positions in respect of sale or purchase prices or in the terms of the transaction.*" ECA was able to prove, that this increased the distributor's costs by 20%, which ultimately made it more difficult for them to compete with other distributors. This discrimination hence placed the undertaking discriminated against at a disadvantage, and affected their ability to compete in the market.

46. On 30 September 2021, ECA's Board issued its decision, finding the undertaking in violation of Article 8 ECL. The decision imposed on the undertaking a number of measures aimed at ensuring it ceases the infringements, in order to remedy the harm incurred in the market. It also granted the undertaking a chance to settle with ECA. As of December 2021, settlement procedures are still underway.

2.2.3. Other

Failure to submit information

47. In 2021, ECA took action against undertakings in 19 cases related to failure to submit information, in violation of Articles 11 and 22 ECL. In all 19 cases, the companies provided the requested data to ECA and the cases were resolved through settlement.

2.3. Mergers and acquisitions

2.3.1. Overview

48. ECL and its Executive Regulations dictate that the ECA must be notified ex post of any acquisition of assets, proprietary rights, usufruct, shares or establishment of unions, mergers, acquisitions, or joint management of two or more persons. Article 19 ECL clarifies that parties undergoing such transactions must notify ECA if their combined turnover in Egypt in the most recent financial year exceeds EGP 100 million. Article 44 of the Executive Regulations further clarifies that this notification must be submitted within 30 days of the transaction in question. Article 44 bis also points out that if a merger or union results in a legal entity, the new legal entity must submit a notification. Failure to notify may lead to a fine ranging between EGP 20,000 and EGP 500,000 according to Article 22 bis.

49. ECA also cooperates with the COMESA Competition Commission regarding Merger Notifications; Article 25(6) of the 2004 COMESA Competition Regulations states that the Commission may notify Member States subject to a merger and request their written opinions.

50. Since August 2021, the Ministry of Health, who is responsible for reviewing mergers and acquisitions in the health care sector ex ante, has been requesting ECA's opinion, regarding the competitive effects of transactions, before issuing its decisions. In that context, ECA reviews these notifications and issues an opinion to clear, clear with remedies, or block, within a system of Phase I and Phase II reviews.

2.3.2. Statistics on number of mergers notified

Table 1. Statistics on Notifications Received by ECA

Notifications received by ECA according to Article 19	155
Notifications received by ECA through the COMESA Competition Commission	18
Instances of failure to notify under Article 19 (in violation of Article 22 bis)	10

Table 2. Statistics on Notifications Received from the Ministry of Health

Phase I clearances	90
Phase I clearances with remedies	1
Phase II clearances	3
Phase II clearances with remedies	0
Phase I or II prohibitions	0
Withdrawn notifications	2
Case found to be outside of ECA's jurisdiction	4
Total	100

3. The role of competition authorities in the formulation and implementation of other policies

3.1. Advocacy and awareness

51. As part of ECA's newly adopted strategy, and in line with its past practices, ECA has focused on spreading competition culture amongst five main categories of stakeholders: the general public, the business community, academic institutions, judicial authorities, and public entities. The first four are discussed in the following subsections, and the final group is discussed in Section 3.2.

3.1.1. General public

52. In attempts to address the general public, ECA has made efforts to appear on several broadcast channels, including television and social media. Dr. Mahmoud Momtaz, Chairman of ECA, appeared on several TV interviews during the course of the year, discussing competition law and policy in general, as well as several more specific updates, such as the launch of ECA's strategy. He also participated in a press conference discussing the role and mandate of ECA, as well as in a number of interviews with journalists for different newspapers and magazines. ECA also increased its efforts on its social media pages and website.

3.1.2. Business community

53. ECA has undertaken efforts in order to increase awareness amongst the Egyptian business community, mainly through the following steps:

- Participating in a meeting with the French ambassador to Egypt as well as representatives from a number of French companies, during which they discussed the role of ECA.
- Partaking in the Egyptian Retail Summit, in which a number of undertakings in the retail sector participated.
- Explaining the role of ECA, as well as its new strategy, at the Egypt Economic Summit.
- In addition, Dr. Momtaz received the annual Business Today award (BT100) for ECA's effort in the past period.

3.1.3. Academic Institutions

54. In efforts to raise awareness within the academic institutions, ECA hosted its 10th annual Competition Authority Simulation (CAS) for law and economics students at different universities across Egypt. The CAS program gives these students an opportunity to learn more on competition law and policy hands-on for around two weeks. It comprises of lectures given by ECA employees on the main aspects of competition law. Towards the end of the program, they are divided into teams and given a main case to solve. The teams then present their findings, and a winning team is chosen. ECA has made sure to hold CAS even following COVID-19; in 2021, it was held virtually.

55. ECA also hosted a lecture for students at the German University in Cairo, explaining the mandate of ECL and its relationship with economics.

3.1.4. Judicial authorities

56. In 2021, ECA began discussions with the judicial authorities to organize extensive workshops on the mandate of ECL and the aspects of competition law and policy, to raise the efficiency of competition related court decisions.

3.2. Advocacy: government entities

57. In order to raise awareness of competition law among government entities, as well as increase advocacy efforts, ECA has focused on awareness campaigns, cooperation protocols, hosting a number of meetings and workshops, and expressing its opinion regarding legislations drafted by other public entities (in line with Article 11/5 ECL, explained further in Section 3.2.4).

3.2.1. Campaigns

Bid-rigging

58. In 2021, ECA sustained its *No to Bid-Rigging in Public Procurement* campaign, in order to enhance the effectiveness of public expenditure during times of crisis. ECA held 11 workshops for different ministries and governmental bodies in different governorates, training over 500 senior governmental employees on methods to detect different types of collusion, as well as the method used to notify ECA in the event of detection. In addition, the training emphasized on how to design more competitive bids.

59. As a result of the campaign, ECA received several notifications of suspected bid-rigging from public entities in different sectors, such as the medical sector and the sector for school supplies. In addition, ECA received several requests from governmental bodies to review its public procurement operations in the last couple of years.

3.2.2. Cooperation protocols with public entities

60. In 2021, ECA signed a number of cooperation protocols with several ministries and government agencies, namely:

- The Medium, Small, and Micro-Enterprises Development Agency, entailing that ECA and the agency will exchange knowledge and expertise and conduct joint market studies. It also states that the Agency will aid ECA in conducting investigations in markets where data is difficult to obtain, as well as provide them with training sessions in detecting bid-rigging. Notably, the agency will also consult ECA on any decisions or legislations that may affect competition, in line

with Article 11/5 ECL. Other provisions in the protocol include that the Agency will raise awareness of competition culture among medium, small, and micro-enterprises, as well as encourage them to submit complaints to ECA if they suspect any violations of ECL.

- The General Authority of Government Services, the protocol was mainly regarding co-operating in order to detect and sanction bid-rigging in public procurement. Under this protocol, ECA and the General Authority of Government Services issued the Public Procurement Guidelines mentioned in Section 1.2.
- The National Telecommunications Regulatory Authority, with which ECA had previously signed a Protocol in 2011. This new Protocol served to add further areas of cooperation, such as drafting joint guidelines on competition enforcement in the telecommunications sector and providing technical support amongst the two Authorities.
- The National Training Academy, its role is to train top-tier government employees by providing training on leadership, managerial, technical, and personal skills through providing innovative and dynamic workshops and courses. The Protocol states that the Academy will provide ECA with advice and consultations on building institutional capacity, including providing workshops to ECA's employees on the above-mentioned topics. ECA will also provide training on competition law and policy to the Academy's employees.

3.2.3. Meetings and workshops

61. ECA attended the following meetings and local workshops in 2021:

- In March 2021, ECA participated in the National Training Academy's Executive Presidential Leadership Program by giving lectures on competition law and policy in Egypt, in order to educate executives participating in the program on this topic. The program spanned over multiple days and covered topics such as violations of ECL, merger control, and competitive neutrality.
- In August 2021, ECA hosted a workshop for employees of the Ministry of Health, outlining ECA's mandate, as well as methods of promoting competition in the healthcare sector. The workshop also largely focused on merger control and theories of harm, especially in light of the powers delegated to ECA as of August 2021, as explained above.
- Also in August 2021, ECA held a workshop for the Gas Regulatory Authority on competition law and policy, namely in light of a protocol signed with the Authority in 2020 aimed at raising awareness of competition law.

3.2.4. Issuing opinions

62. According to Article 11/5 ECL, public entities should request ECA's opinion on the impact of their legislation or decisions that may affect competition. As such, in 2021, ECA has issued its opinion regarding a number of such proposals and decisions.

Requirements for appointing auditors

63. ECA received a complaint regarding criteria set by an Authority governing one of Egypt's economic zones for auditors requesting to be registered in the Authority's records of accredited auditors. Specifically, the conditions and criteria included:

1. A certificate of the Egyptian Society of Accountants and Auditors (ESAA) Fellowship or its equivalent. This condition limits competition because auditors are not accepted unless they work at an office that is a member of the ESAA. Only 5-7% of applicants pass the ESAA exam, and they must have 10 years of experience. ECA proposed to amend this condition, so that the ESAA's fellowship degree is to be considered a non-integral condition, or that having a university degree is considered an alternative.
 2. A Financial Regulatory Authority (FRA) certificate stating that the auditor applying for enrollment is authorized to review and approve joint stock companies' financial statements. This condition created a barrier to entry, since the Egyptian market is characterized by a diversity of companies and not only joint stock companies. ECA proposed to amend this condition.
 3. A certificate from the Central Bank of Egypt stating that the office requesting enrollment is authorized to audit banks' financial statements. There is a small category of accounting offices that are capable of carrying out bank audits. For instance, the number of auditors registered with the Central Bank of Egypt in August 2019 was only 459 auditors. ECA also proposed to amend this condition.
64. ECA had concluded that the aforementioned conditions were excessive and not justified. Therefore, created unnecessary barriers to entry in this market, especially for SME's.

Production of cigarettes

65. In March 2021, a government entity announced a bidding process for a new license related to the manufacturing of tobacco and heated tobacco. ECA therefore decided to study the conditions of the new license.
66. The study established that the license would be granted based on a limited bid, which made it likely that the bid would result in market foreclosure. Furthermore, companies were not notified in sufficient time for them to participate in the bidding process or to prepare a feasibility study on the matter.
67. In addition, the license was for traditional cigarettes, electronic cigarettes, and heated tobacco products, while ECA advised to separate the licenses in order to allow more market entrants to obtain more licenses and increase competition in the different markets.
68. Further, the authority announced that they would stop granting such licenses for 10 years after the bid in question. ECA found that this statement would prevent competition in the market for a relatively long period of time and would allow the actual market players to gain market power and consequently would risk the occurrence of abuse of dominant position in the future. Therefore, ECA advised the removal of this condition.
69. Additionally, the firm that would obtain the license would have been obliged to accept that the single SOE in this market become a minority shareholder in their company. ECA found that this condition would grant the SOE access to sensitive competitive information of the winning firm, and therefore recommended its removal.
70. Finally, there were conditions related to an excessive minimum production capacity, which constituted a high barrier to entry to the firms willing to operate in the market. ECA recommended the amendment of this condition.
71. ECA's recommendations helped reduce the harm of the conditions, and served to highlight to the public entities involved which types of conditions it would find to be harmful to competitive neutrality.

Tax exemptions

72. In August 2021, the Egyptian Cabinet of Ministers requested ECA's opinion on the effect of tax exemptions on competition in the market.

73. ECA's analysis included studying the effects of decisions to grant selective tax exemptions in light of competitive neutrality as well as the effect such exemptions have on competitors which are not exempt, and the criteria for tax exemptions to be qualified as state aid.

74. ECA distinguished between two types of exemptions: the first being tax exemptions granted as a part of the states' general taxation policy, or when exemptions are granted for the entire sector and hence players therein compete on a level playing field. The second type is where a tax exemption is granted through certain criteria, which could then affect competitive neutrality in this market.

75. ECA advised that all the tax exemptions are included exclusively in tax legislation in order to avoid conflicting legislation and induce legal transparency. This ensures that tax exemptions become the general taxation policy, making them less likely to harm competition. Also, ECA advised to give its opinion on tax exemptions prior to its implementation, in order to assess their impact on competition.

3.3. Advocacy with other stakeholders: International Relations

76. ECA derives much of its experience and expertise from working with international bodies and other competition authorities around the world. The following section lays out ECA's international relation efforts.

3.3.1. Conferences hosted/attended

77. ECA generally participates in the conferences held by the OECD (especially the annual Competition Committee and Global Forum on Competition), the COMESA Competition Committee, The African Continental Free Trade Area (AfCFTA) – namely the meetings of the Committee on Competition Policy – the UNCTAD – including IGE and Cross-Border Cartel Working Group meetings – and the ICN.

78. ECA also (co-)hosted the following conferences in 2021:

4. In partnership with the UNCTAD, OECD, and ESCWA, ECA hosted and chaired the *Second Competition Forum for the Arab Region*. The forum was held on 23-24 March 2021 through video conference, with the participation of international organizations, international experts in the competition field, as well as heads and representatives of competition agencies from different countries in the Western Asian Region.
5. The UNCTAD and ESCWA, in partnership with ECA, hosted a *Regional Policy Dialogue* on the role of competition policy in supporting the economic recovery of MSMEs post COVID-19. The webinar was held on 8 April 2021 in the presence of competition agencies, SMEs from various Arab countries, and regional and international organizations.
6. ECA organized and hosted a joint workshop between competition agencies in Egypt, Kenya, Mauritius, Nigeria, South Africa, Zambia on *Digital Economy and Competition in the African Region* on 20 October 2021.
7. In November 2021, ECA and the US Federal Trade Commission co-organized a 6-day workshop on merger analysis, attended by several Arab competition agencies.

The workshop was hosted online through the UNCTAD Competition Training Center for Middle East and Africa in Cairo.

8. On 24 November 2021, ECA chaired a webinar on competitive neutrality in cooperation with the ESCWA, UNCTAD, and the OECD, with the participation of representatives of competition authorities in Arab countries and competition experts from various international bodies.

3.3.2. Cooperation protocols with international entities

79. Following the successful cooperation between the German Federal Ministry for Economic Affairs and Energy, the Bundeskartellamt and ECA, the partnership was renewed in July 2021.

3.3.3. Other achievements

2021 ICN Advocacy Contest

80. ECA won an honorable mention in the 2021 Competition Advocacy Contest co-organized by the ICN and the World Bank Group at its seventh edition. The topic of this edition was *Building Forward Better: How Competition Advocacy Can Support Countries with COVID-19 Crisis Response, Relief, and Resilient Recovery*.

81. In light of its submission to Theme 4 of the contest on *Revisiting antitrust rules and implementing initiatives in response to the COVID-19 crisis*, Egypt received an honorable mention for the decisions and initiatives taken by ECA in the medical sector at the start of the COVID-19 crisis.

82. Namely, ECA had advocated for lifting restrictions imposed by the entity regulating medical supplies regarding the production of medical supplies to combat the spread of the virus. The regulatory body imposed arbitrary requirements for new undertakings wishing to obtain such licenses. It also imposed maximum production quotas on the licensed undertakings. ECA cooperated with this entity in order to lower entry barriers and remove the quotas. ECA's recommendations were immediately applied by the regulatory authority; the arbitrary conditions for granting licenses for ethanol hand-sanitizers' producers were removed as well as the production quotas, enabling the licensees to freely compete on the quantities of production of ethanol hand-sanitizers. The implementation of ECA's recommendations led to new market entry from investors and consequently an increase in competition. Accordingly, prices decreased; the prices of ethanol hand-sanitizers fell by approximately 30% following ECA's intervention. For example, while a 60 ml bottle of ethanol sanitizer with 70% concentration level was previously sold for EGP 8-10, after ECA's intervention, its price became EGP 6.

4. Resources of ECA

83. As part of its new strategy, ECA has focused greatly on improving its institutional efficiency. In 2021, there were a number of achievements concerning information technology, human resources, and financial resources.

4.1. Information technology

84. Accomplishments related to IT include:

9. Increased cooperation between other governmental institutions, in order to improve government-to-government (G2G) connection and digitalization.
10. Started revamping ECA's website.
11. Cooperating with the Ministry of Communications on the nation-wide digital transformation process.
12. Improving the infrastructure of ECA's premises in order to become more digitalized.

4.2. Human resources

85. In 2021, ECA updated its employee bylaws, as well as created a new institutional structure. The structure now includes, besides the investigation department, which is divided into investigation teams, two distinct departments for International Relations and Economic Intelligence. The latter is a new department, tasked with reviewing the economic aspects of ECA's investigations, as well as creating guidelines for the different economic assessment tools.

86. The following table shows the number of staff employed by ECA as of 31 December 2021:

Table 3. Number of ECA Employees in 2021

Category of employee	Number
Technical staff (lawyers and economists)	39
Support staff	56
Total	95

4.3. Financial resources

87. ECA's budget is determined according to the Egyptian fiscal year, which starts on 1 July of each year and ends on 30 June of the following year. So, the budgets for 2020/2021 and 2021/2022 are shown in Table 4.

Table 4. ECA's Budget for Fiscal Years 2020-2022

Fiscal year	Budget expenditure (EGP)	Budget expenditure (USD) ²
2020/2021	36,120,000	2,298,199.68
2021/2022	40,830,000	2,597,881.86

5. Summaries of/references to new reports and studies on competition policy issues

5.1. Cross-border cartels

88. ECA participated in the AFCFTA Workshop and the UNCTAD Working Group on Cross-Border Cartels and provided a written contribution outlining its experience. In this paper, ECA discussed methods of detecting anticompetitive practices committed abroad that may affect competition in the Egyptian market. ECA also explained in this paper the necessity for international cooperation in order to combat anticompetitive practices. It also highlighted its own experience, pointing out the benefits reaped from its cooperation with the COMESA Competition Committee and its member states.

5.2. Potential competition

89. ECA submitted a contribution to the 135th OECD Competition Committee meeting in June 2021, namely the session on *Potential Competition*. The contribution addressed the concept of potential competition and explained how ECA assessed the constraints and the different types of barriers to entry and expansion that encounter potential and existing competitors. It focused on illustrating several cases in Egypt where dominant firms abused their dominant position to exploit barriers to entry in order to eliminate potential competition in the market. Moreover, the contribution provided cases where horizontal agreements between competitors and vertical agreements between firms that are vertically integrated have resulted in market foreclosure and hindering of potential competition. In addition, it showed a merger case where potential competition was assessed in order to ensure that the transaction does not result in lessening competition and creating barriers to expansion or entry of potential competitors.³

³ OECD, Potential Competition, Contribution from Egypt, 9-11 June 2021. Available at: [https://one.oecd.org/document/DAF/COMP/WD\(2021\)24/en/pdf](https://one.oecd.org/document/DAF/COMP/WD(2021)24/en/pdf)