

Unclassified

English - Or. English

14 November 2025

**DIRECTORATE FOR FINANCIAL AND ENTERPRISE AFFAIRS
COMPETITION COMMITTEE**

Global Forum on Competition

Competition Law Enforcement in Informal Markets – Contribution from Somalia

- Session III -

2 December 2025

This contribution is submitted by Somalia under Session III of the Global Forum on Competition to be held to be held on 1-2 December 2025.

More documentation related to this discussion can be found at: oe.cd/cleim.

Mr Antonio Capobianco [Antonio.Capobianco@oecd.org]

JT03576799

Competition Law Enforcement in Informal Markets

- Contribution from Somalia –*

1. Introduction

1. With a deep appreciation of the strategic role that informal markets play in the national economy particularly at a time when economic and social challenges are intensifying this paper provides an in-depth analysis of the dynamics and practices of Somalia's informal markets. Moreover, it outlines practical and forward looking strategies for the effective implementation of competition law, leveraging both domestic opportunities and global developments.

2. Measuring the Scope of Informal Markets

2. Informal markets are a cornerstone of Somalia's economy. They provide employment, essential goods, and services that enhance community resilience. According to the Somalia Integrated Business Establishment Census (SIBEC, 2024), nearly 47.4% of businesses operate informally. The World Bank (2024) estimates that 91% of the workforce participates in informal employment.

3. Measuring these markets is challenging due to limited registration, incomplete data, and the transient nature of many operators. To address these challenges, Somali competition authorities employ multiple strategies. These include conducting community-based surveys, collaborating with local municipalities, trade associations, and chambers of commerce, and integrating data from statistical offices, licensing authorities, tax agencies, and international organizations. This integrated approach allows for a comprehensive understanding of the size, structure, and operations of informal markets.

3. Integrating Informal Markets into Competition Analysis

4. Competition authorities include informal operators in market definitions when they influence competition with formal businesses. Analytical tools such as the SSNIP test ("Small but Significant and Non-transitory Increase in Price") are applied. Authorities also consider product and service quality, technological standards, and regulatory compliance.

5. In the agricultural sector, informal traders purchase directly from farmers and supply urban markets. This stabilizes prices and ensures access to essential goods. In transport and street vending, informal operators compete directly with formal businesses, occasionally gaining a competitive advantage by avoiding taxes or regulatory requirements.

6. Remedies and policy interventions are designed to account for informal market presence. Informal operators are considered in merger assessments and anti-competitive investigations. Challenges include monitoring compliance and designing effective remedies. Key measures include:

* This contribution was prepared by Abdishakur Ali Dahir, Head of Economic and Trade Integration Ministry of Finance Somalia. [Email: economic.policy@mof.gov.so]

- Awareness and training programs for informal operators
- Temporary regulatory accommodations to integrate informal markets with formal structures
- Joint monitoring efforts with municipalities and sectoral authorities

4. Enforcement of Competition Law in Informal Markets

7. Lack of formal registration complicates enforcement of competition law. Authorities face challenges in ensuring due process, applying fines, and assessing market power. Security constraints in certain regions further limit oversight. Limited data complicates the identification of anti-competitive behavior.

8. For per se or by-object violations, informal market size may be less critical. For effect-based violations, the structure and size of informal markets are central. Informal markets intersect with tax, licensing, and safety regulations. Effective enforcement requires cooperation with municipalities, tax authorities, and other regulatory agencies.

9. Authorities use clear legal definitions, institutional mechanisms for data sharing, analytical tools, and staff capacity building to strengthen enforcement. These measures ensure informed decision-making and enhance compliance within informal markets.

5. Conclusion

10. Informal markets underpin employment, access to goods, and community resilience in Somalia. Effective competition law enforcement requires:

- Accurate measurement of informal markets
- Inclusion of informal operators in market definitions and competition analyses
- Tailored remedies reflecting the structure of informal markets
- Strong cooperation with domestic and international institutions

References:

- [IFC, Somalia Country Private Sector Diagnostic, 2024.](#)
- [Somalia Integrated Business Establishment Census \(SIBEC\), 2024.](#)
- [World Bank, Somalia Economic Overview, 2024.](#)
- [Ministry of Finance Somalia](#)