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**Competition and Consumer Policy in Digital Markets – Note by Saudi Arabia**

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## *Saudi Arabia*

### 1. Introduction

1. The General Authority for Competition (“GAC” or “Authority”) is the independent authority entrusted with promoting and safeguarding competition in the Kingdom of Saudi Arabia through implementing and enforcing the Competition Law issued by Royal Decree No. M/75 of 1440H (2019) and its Implementing Regulations issued by Resolution No. (337) of the Board of Directors of the General Authority for Competition dated 25/01/1441H (2019). While consumer protection does not fall within GAC’s statutory mandate, the Authority plays a central and proactive role in shaping a competitive environment that inherently advances consumer welfare and fair market practices – including those in digital markets. While consumer protection, anti-commercial-fraud, and regulation of e-commerce are within the remit by the Ministry of Commerce, and personal-data protection is within the remit of the Saudi Data and AI Authority (“SDAIA”), GAC acts as a partner with these authorities in relation to the competition dimension: GAC contributes competition expertise to these regulators that helps align regulatory goals and strengthen enforcement.

2. Competition and consumer outcomes are often intertwined in digital markets, where the same conduct on a platform can both distort consumer choice and entrench market power. GAC’s experience with digital markets is primarily through merger control, market studies, and its advocacy activities. The latter include advising on draft regulations, publishing competitive-neutrality principles, and proposing corrective policies based on market studies. This note outlines GAC’s institutional setting, illustrates its approach with examples from cases and studies it has undertaken, and identifies future trends.

### 2. Institutional setting and co-operation

3. GAC powers under the Competition Law cover the enforcement of prohibitions (on anti-competitive agreements (Article 5) and on the abuse of a dominant position (Article 6)) and the review of proposed economic concentrations (Article 7). The competition legislation includes an exemption mechanism (Article 8) under which conduct may be permitted where its benefit to consumers outweighs its restriction of competition. GAC’s strategy is pro-growth and pro-investment, built on five pillars—fair competition; awareness and compliance; partnership and co-operation; institutional efficiency; and digitalization and innovation.<sup>1</sup> To support studying market structures in the digital sector, GAC has established a dedicated department for digital market studies.

4. Because competition and consumer protection reside with different authorities, GAC works closely with the authorities responsible for consumer and data protection. This coordination is formalized by way of specialized committees and councils, such as the National Regulatory Committee<sup>2</sup> and the E-Commerce Council<sup>3</sup>. This coordinated model

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<sup>1</sup> GAC Strategy 2026-2030 Summary.

<sup>2</sup> A joint body comprising the GAC, Digital Government Authority, SDAIA, and the Communications, Space and Technology Commission.

<sup>3</sup> A unified government platform dedicated to advancing e-commerce and supporting SMEs.

support digital transformation objectives, and provides a basis to deepen cooperation across authorities. GAC intends to expand on these forums for alignment by strengthening coordination with other sector regulators, together with continued investment in human and technological capabilities. In the digital environment, the priority is to ensure that the mandates of different sector regulators are executed in a coordinated and coherent manner. The cases and studies discussed below show this coordinated and coherent approach applied to activities ranging from cross-border e-commerce to food-delivery platforms. GAC is committed to continuing to strengthen institutional bridges in order to achieve competition, consumer protection, and broader regulatory goals.

### 3. The interface between competition and consumer protection in digital markets

5. In digital markets, price is often a weak indicator of competition, because many platforms are funded by advertising and the – valuable – access to data rather than the sale of products to customers for a monetary price. In addition, a single practice frequently produces competitive and consumer effects at the same time. GAC has examined this interface most fully in the food-delivery sector, drawing on a broader cross-border e-commerce market study.

#### 3.1. Cross-border e-commerce market study (2025)

6. GAC conducted an internal study on the impact of cross-border e-commerce on local online stores and presented its findings to the Saudi E-Commerce Council. The study found that e-commerce grew rapidly (by about 53%) during 2018–2020, rising from roughly 6% to 8% of total retail, that foreign suppliers imposed competitive constraints on local stores, and that the market was and remained relatively concentrated despite a healthy number of local players. The study highlighted a number of areas where further attention could strengthen the functioning of the market. The study noted that some cross-border sellers may not be subject to the same local regulatory and compliance requirements as domestic retailers, which can affect the consistency of standards across the market and may expose consumers to risks regarding product quality and safety. In addition, the absence of a local representative or presence in the form of a legal entity of foreign suppliers can make it more challenging for regulatory authorities to communicate with these foreign suppliers. This in turn affects monitoring their activities and ensuring full compliance with local standards, which may have implications for product quality and consumer confidence. The E-Commerce Council has taken constructive steps to address these consumer-protection considerations. The Product Safety System (a law issued by Royal Decree No. (M/36) on 29/01/1446H, 2024), requires importers to ensure the safety of imported products, thereby strengthening consumer protection. In addition, following E-Commerce Council recommendations, relevant authorities were directed to enhance oversight of product safety from e-commerce platforms and to make use of the E-Saber system. These steps reflect a coordinated approach in which GAC’s competition analysis informs regulatory action, while the relevant authorities address consumer-protection considerations within their mandates, resulting in a more balanced and effective response to the evolving challenges of cross-border e-commerce.

#### 3.2. Guideline on the food-delivery platform sector (2026)

7. In response to the growing demand for food-delivery, GAC took a proactive step by preparing the Guidelines to Enhance Competition in the Food Delivery Platform Sector (the “Guidelines”). The Guidelines identify and address the key practices through which a

dominant platform may harm both competition and consumers, including: below-cost (predatory) pricing; price parity (most-favored-nation) obligations; price discrimination between similarly placed sellers; unfair exclusive trading terms; and self-preferencing by a vertically integrated platform. Although the general dominance threshold under the Competition Law's Implementing Regulations is either a 40% market share or the ability to influence prices or supply levels in the relevant market, the Guidelines adopt a different approach: In light of network effects and platforms' ability to shape market dynamics, the Guidelines provide that a food-delivery platform may be dominant at a market share as low as 25% (or even lower in certain circumstances). The Guidelines also highlight potential data-related concerns specific to platforms, including: the use of restaurant transaction data to develop competing cloud kitchens or private labels; ranking practices that reduce the visibility of rival restaurants; data as a barrier to entry through data-driven network effects; data-based price and commission discrimination; and the leveraging of data across markets. Each of these has a direct consumer dimension, regarding prices, the range of options, and what is shown to the consumer. Where conduct engages both frameworks, GAC's view is that the source of the harm determines the appropriate response: foreclosure and damage to market structure fall under competition policy, while exploitation of information asymmetry falls under consumer protection. Accordingly, the most appropriate approach is coordination and cooperation among the relevant authorities.

#### 4. Case study: the Uber/Careem data-centric theories of harm

8. GAC's review of Uber's proposed acquisition of control over Careem illustrates the need of careful consideration of digital concentrations. GAC first defined the relevant market narrowly, as ride-hailing platform services connecting customers with a private driver. On that basis, the merged entity's position approached near-monopoly, well above the dominance threshold stipulated in the Implementing Regulations.

9. Central to the assessment was the role of big data and indirect network effects. GAC analyzed how the accumulation of customer and driver data operates as a barrier to entry and a source of market power: a larger user base yields richer data, which improves service quality and attracts further users in a self-reinforcing loop, while a new entrant cannot readily obtain comparable data from any third party. The two-sided nature of the market reflects indirect network effects, with drivers preferring platforms with many customers, and customers tending to prefer platforms that offer short waiting times and reliable service, which a larger pool of drivers helps support. These network effects, combined with the removal of a close and sizeable rival, raised the risk of the market tipping decisively and increasing switching costs. This could occur, for example, by tying a larger share of drivers to a single platform through exclusive arrangements, and could enable a dominant platform to use data-driven pricing to the detriment of consumers.

10. GAC found that, by removing the competition between two of the closest and largest rivals, the transaction was expected to raise prices, reduce the discounts and incentives offered to customers and drivers, and increase barriers to entry harms. Rather than require a divestiture, GAC ultimately cleared the transaction subject to conditions designed to mitigate these harms, including the requirement to keep the two brands separate, constraints on pricing, and a condition that the merged entity cannot use exclusive contracts with drivers, so as to protect customers against post-merger price increases and quality decline while keeping the market open to entry. The case shows the dual purpose GAC seeks in digital remedies: constraining the exercise of market power while directly safeguarding the consumer.

## 5. Looking ahead

11. GAC expects that there will be more cases where protection of effective competition and consumer protection coincide as platform ecosystems and AI-driven interfaces develop, and it has positioned data and digital-platform conduct as a dedicated study area. GAC's overall assessment is that the Saudi multi-agency model, bridged by the National Regulatory Committee and the E-Commerce Council, is suited to digital markets provided co-operation continues to deepen from policy alignment