

Unclassified

English - Or. English

3 June 2025

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

**Working Party No. 2 on Competition and Regulation**

**Assessing the Impact of Competition Authorities' Activities – Note by Saudi Arabia**

16 June 2025

This document reproduces a written contribution from Saudi Arabia submitted for Item 4 of the 79th meeting of Working Party 2 on 16 June 2025.

Federica MAIORANO  
Federica.Maiorano@oecd.org

JT03567479

## *Saudi Arabia*

### 1. Executive summary

1. **The Kingdom of Saudi Arabia’s (KSA) General Authority for Competition (GAC), established in 2017, holds a crucial role in promoting a competitive market environment within the KSA.** Since its establishment, the GAC has ramped up its activities related to implementation of the competition policy through enforcement and competition advocacy.

2. **The present paper aims at generating new evidence that highlight the importance of efficient and effective competition policy implementation for economic development of the KSA.** It is built around the following approach:

- The impact of the GAC’s enforcement on the KSA’s economic outcomes, based on inputs from its case work, with focus on cartels and mergers. In line with the international practice, the GAC’s impact on KSA’s economic development is assessed by looking at the direct consumer benefits, expressed in terms of price overcharge, prevented or avoided due to the GAC’s interventions.

3. The results suggest that the direct consumer savings generated by the GAC’s enforcement in cartels and merger cases over the period 2020-2024 are considerable, and are increasing over time.<sup>1</sup> The estimates of total annualized consumer savings of SAR 305.4 million (USD 81.4 million) over the period 2022-2024, depending on the assumptions and the period considered. Estimates of direct consumer savings have increased almost four-fold when comparing annual moving averages for the period 2020-2022 with those calculated for 2022-2024, which can be explained by increasing number of decisions made by the GAC but also by the importance of the respective cases (measured in terms of size of affected markets). Complemented with a cost-benefit approach, whereby the consumer savings are compared to the GAC’s actual expenditures, the results suggest that the economic damages prevented or avoided due to the GAC interventions are likely to exceed the GAC’s expenditures manifold – these are up to 7.4 times, depending on the assumptions considered.<sup>2</sup>

4. It is important to note that the results represent the lower bound of the consumer benefits generated by the GAC’s competition policy interventions. Not only does the assessment includes a sub-set of all cases handled by the GAC but also excludes indirect

---

<sup>1</sup> The study has used the data for 35 cases, of which 32 convicted cartel cases, and 3 merger cases, rejected or approved with remedies, over the period 2020-2024. Most of cartels were bid rigging cases, taking place in sectors such as construction, operation and management, automotive, food, water supply, cement manufacturing. Mergers, for which the data was used, were proposed in the areas of advertisement and postal activities. No data has been used for the cases of abuse of dominance. For mergers, quantitative information used included data on revenues and market shares of the merging firms in the relevant markets. For cartels, the used quantitative data included information on cartel fines, and, only in few cases, revenues of the convicted firms.

<sup>2</sup> For cross-country comparisons, a higher ratio of consumer savings to competition authority (CA)’s costs does not necessarily imply higher efficiency of the antitrust enforcement. A lower level of the ratio in question is rather a norm for a young CA, which the GAC is, and can, in fact, witness for a higher efficiency of the CA’s enforcement, particularly if the latter focuses on deterrence, such as education through mass media or higher penalties rather than detection.

effects such as: i) any deterrence effects<sup>3</sup>, ii) effects on productivity<sup>4</sup>, iii) output or quality effects, iv) possible ‘price umbrella’ effects<sup>5</sup>, and v) impact proliferation on other industries. The existing evidence available from academic literature suggests that these indirect effects can be substantially larger compared to direct ones.<sup>6</sup>

## 2. Introduction

5. **The government of the KSA aims at diversifying the economy, increasing private sector’s contribution to gross domestic product (GDP), integrating into the global value chains, enhancing firms’ productivity and the competitiveness of the economy.** KSA is using its investment power to create a more diversified and sustainable economy, and to develop innovative opportunities for the future.

6. **The study provides measures showcasing the value of the competition policy enforcement activities to present before the relevant stakeholders, including the businesses, the government and the public at large, demonstrating the value for money and setting priorities.** In particular, the study provides estimates of the direct benefits to consumers of a more effective competition policy for overall economic development in KSA, which also enhances transparency of the GAC’s effectiveness, builds reputation and trust, and helps the GAC achieve their goals by promoting competition and building strong relationships with the relevant stakeholders.

7. The study is informed by academic literature and international practices, such as competition policy assessments and empirical papers prepared by the competition authorities (CA) in other countries, by the World Bank Group (WBG) and other international organizations, such as the Organization for Economic Cooperation and Development (OECD). In line with the international practice of other CAs as well as the World Bank methodological approaches<sup>7</sup>, it uses the general term ‘consumers’ to include both final consumers and customers of intermediate products.

---

<sup>3</sup> In a case of a cartel, deterrence effects arise when there exists a significant risk of detection that affects the cost-benefit analysis of entering into a cartel and thus deters cartel formation. The deterrent effects of merger control can be defined as the extent to which companies decide to abandon or modify their merger plans in order to lessen the competitive concerns of the competition authority.

<sup>4</sup> It can be hard to attribute changes in productivity to competition actions (effects arise over a long period of time).

<sup>5</sup> “Umbrella pricing” takes place when collusive agreements create the incentive (and ability) for firms that are not participants in the cartel to raise their prices because the overall competition is lessened.

<sup>6</sup> For example, according to the UK’s Competition and Markets Authority (2025) “Wider Benefits of Competition Policy and Enforcement, CMA Microeconomics Unit literature review”, at least 50% of potential harm is deterred by the threat of enforcement, but there is large variance in the estimated amount of this deterred harm.

<sup>7</sup> See e.g. World Bank (2017) “Step Ahead: Competition Policy for Shared Prosperity and Inclusive Growth”, or World Bank (2025) “The Markets and Competition Policy Assessment Toolkit”.

### 3. Assessing the effects of GAC competition policy interventions

#### 3.1. Objectives and data description

8. In line with international practice, the present study aims at assessing the effects of competition policy interventions in KSA on the economic outcomes by looking at the expected economic damage prevented or avoided due to GAC's competition policy interventions. The types of interventions initially planned to be considered in the present assessment involved the following cases reviewed and decided on over the five-year period 2020-2024: i) cartels<sup>8</sup> (convicted), ii) abuse of dominance<sup>9</sup> (convicted), as well as ii) mergers that were rejected by the GAC, or allowed with remedies. Economic damage in such cases can be approximated as the price overcharge generated by cartel members, or price increase prevented in mergers that were rejected by the GAC or allowed with remedies. Such avoided economic damage can be expressed in monetary terms and act as a proxy for direct benefits, or savings, accrued to consumers.

9. The GAC has used the data for 35 cases, of which 32 convicted cartel cases, and 3 merger cases, rejected or approved with remedies, over the period 2020-2024. Most of cartels were bid rigging cases, taking place in such sectors as Building and construction (46.8%), Government purchasing and procurement (22%), etc. Mergers, for which the data was used, were proposed in the areas of advertisement and postal activities. No data has been used for the cases of abuse of dominance.

**Table 1. Number of GAC cases with used data, 2020-2024 (year of the decision)**

Type	2020	2021	2022	2023	2024
Cartels, total	1	4	8	8	11
Mergers, total	-	1	-	2	-

Source: Authors' elaboration based on GAC dataset

#### 3.2. Methodological considerations

10. **the present assessment uses a set of default assumptions as a methodology to determine the expected direct consumer savings following from the GAC's competition interventions.** For cartels, the quantitative data provided included information on cartel fines, and, in few cases, revenues of the convicted firms. For mergers, quantitative information used included data on revenues and market shares of the merging firms in the relevant markets. Such methodology based on default assumptions is typically applied in ex-ante assessments before an antitrust decision is made, in order to assess the potential effects of this decision, and when the required data is limited. Additionally, the assessment does not include i) the cases of abuse of dominance due to lack of detailed data for these cases, and ii) market studies and advocacy because the latter requires a substantive set of data and complex econometrics techniques to establish the link between them and the observed effects associated with changes in market dynamics.

<sup>8</sup> Cartel cases include e.g. agreements between enterprises to control commodity prices, agreements between enterprises on collusion and coordination in bids in governmental and non-governmental projects or agreements between firms on the division of markets.

<sup>9</sup> Abuse of dominant position can materialize through e.g. imposition of special requirements on sales and purchases, or by forcing customers to refrain from dealing with a competitor, etc.

11. **When using a set of default assumptions, rather than case specific data, one needs to ensure that the assumptions are sufficiently conservative such that the resulting estimates of the benefits remain credible.** Based on the assumptions used by various CAs, three scenarios have been developed to allow considering a range of estimates, from most conservative (scenario 1, allowing for the lowest magnitude of the price effect and shortest duration of the price effects) to least conservative (scenario 3, allowing for the highest magnitude of the price effect and longest duration of the price effects) – these are detailed in Table 2. Default assumptions used to assess the GAC’s impact

12. below. Scenario 2 reflects the baseline assumptions, as suggested in the OECD Guidelines.

**Table 2. Default assumptions used to assess the GAC’s impact**

Type	Metric	Scenario 1 (S1)	Scenario 2 (S2)	Scenario 3 (S3)
Cartels	Affected sales	Turnover of the companies under investigation in the affected market(s)		
	Price effect	10%	10%	15%
	Duration (years)	1	3	6
Mergers	Affected sales	Turnover of all companies in the affected market (market size)		
	Price effect	1%	3%	5%
	Duration (years)	1	2	3

Source: Authors’ elaboration.

13. In line with the methodology suggested in the OECD Guidelines, the direct consumer savings from a given competition policy intervention can be estimated as a product of (see default assumption, as per Table 2. Default assumptions used to assess the GAC’s impact

14. above):<sup>10</sup>

- Size of the affected turnover (affected sales);
- Price overcharge/increase removed;
- (Expected) duration of the price effect, but for the CA’s intervention.

15. **Given the data limitations, there are two additional sets of proxies applied in the assessment.** In the cartel cases, where firms’ revenues are missing, these revenues were approximated with the fines charged to the infringing firms. This is a conservative assumption, as fines are typically inferior to the annual revenues of the respective firms. In addition, in all merger cases for which data has been used for the present study, market size is estimated using the companies’ revenues and their respective market shares.

16. The estimates of direct consumer benefits were calculated as annual moving averages over three years periods, respectively i) 2020-2022, ii) 2021-2023, and iii) 2022-2024, in line with the OECD Guidelines. This allows accounting for i) the fact that positive impact on consumers does not correspond exclusively to the year of the decision, and ii) high fluctuation in number and scale of the cases reviewed by the GAC, which is not

<sup>10</sup> Direct consumer benefits calculated for each competition intervention were allocated to a year when the GAC’s decision on the case was taken.

entirely under the GAC's control. To account for the time value of money<sup>11</sup>, all inputs expressed in money terms have been brought to the 2024 price levels by discounting using the Sukuk & Bonds Index (TSBI).

17. The estimates of direct consumer benefits are complemented with a cost-benefit analysis, whereby these benefits are compared to the GAC's actual expenditures. The GAC's actual expenditure covers the period 2020-2024 and includes expenses related to employees' remuneration, goods and services, programs and projects. They are represented as a three-year moving average, for consistency with the way in which consumer savings are reported and were also discounted to account for the time value of money.

### 3.3. Results

18. Table 3. Estimates of consumer savings and the GACs total impact, 2020-2024

19. presents estimates of annual savings for the KSA consumers generated by the GAC enforcement actions, and a cost-benefit analysis comparing these savings to the GAC's actual expenditures. These are reported as an annual moving average over three years periods, respectively i) 2020-2022, ii) 2021-2023, and iii) 2022-2024. Estimates are provided separately for three considered scenarios (S1, S2 and S3).

**Table 3. Estimates of consumer savings and the GACs total impact, 2020-2024**

Category <sup>[1]</sup>	Average for 2020-2022, per year			Average for 2021-2023, per year			Average for 2022-2024, per year		
	S1	S2	S3	S1	S2	S3	S1	S2	S3
Consumer savings associated with cartel investigations, SAR million	11.6	34.9	104.8	15.0	45.0	135.1	53.2	159.6	478.7
Consumer savings associated with merger review, SAR million	8.5	50.9	127.3	32.8	196.8	492.0	24.3	145.9	364.7
Total consumer savings (cartels and merger review), SAR million	20.1	85.9	232.1	47.8	241.8	627.1	77.5	305.4	843.3
GAC expenditure <sup>[2]</sup> , SAR million	76.1			92.6			114.1		
Ratio of consumer savings to the GAC's expenditures	0.3	1.1	3.1	0.5	2.6	6.8	0.7	2.7	7.4

Source: Authors' elaboration.

Notes: [1] Estimates are expressed in 2024 prices. Discounting based on the Sukuk & Bonds Index (TSBI), [2] GAC's expenditure includes expenses related to employees' remuneration, goods and services, programs and projects, at levels approved by the KSA Government.

20. The results suggest that the consumer savings generated by the GAC from its case work are considerable and are increasing over time. The estimates of the annual consumer savings vary from SAR 20.1 million to SAR 843.3 million per year over the period 2020-2024, depending on the scenario and the period considered. The savings are also increasing

<sup>11</sup> Economic theory suggests that, when dealing with money flows that occur in different points in time, one needs to account for the time value of money. This is because money today is worth more than the same amount in the future. This concept is a cornerstone of finance and economics and is based on several key reasons: i) opportunity cost (money today, or received in the past, can be / could have been invested to earn interest or returns. If you borrow money, lenders charge interest to compensate for not having access to their money immediately), ii) inflation (as inflation erodes purchasing power), iii) risk and uncertainty (future payments carry uncertainty).

over time – if scenario 2 is considered (built on default assumptions), then the annual consumer savings have increased almost four-fold, from SAR 85.9 million in 2020-2022 to SAR 305.4 million in 2022-2024. This increase is in line with increasing GAC’s workload. Using a cost-benefit approach, the assessment indicates that the economic damages prevented or avoided thanks to the GAC competition policy interventions are likely to exceed the GAC’s expenditures manifold – these are up to 7.4 times, depending on scenario considered.

### 3.4. Caveats

21. Overall, it is important to note that the obtained estimates of consumer savings provide a lower bound for overall benefits of GAC competition enforcement.

22. **First, the assessment only includes a sub-set of all cases handled by the GAC.** In addition, the estimates do not involve any market studies or market investigations, which could, in fact, generate effects that are larger.<sup>12 13</sup> Besides, the assessment excludes ‘informal interventions’, that is, decisions to close a case after the GAC’s investigation led to the termination of the behavior of concern and/or the implementation of satisfactory remedies, or withdrawal from a merger notification following negative views expressed by the GAC.

23. **Second, given the coverage of GAC case data, the assessment is focused on estimation of the direct (pricing) effects and does not include indirect effects such as: i) any deterrence effects<sup>14</sup>, ii) effects on productivity<sup>15</sup>, iii) output or quality effects, iv) possible ‘price umbrella’ effects<sup>16</sup>, and v) impact proliferation on other industries.** While estimating indirect effects is in general significantly harder and more data-intensive than estimating direct effects, the existing evidence suggests that indirect effects can be substantially larger compared to direct ones. According to the CMA report<sup>17</sup>, for cartel enforcement in the UK, the ratio of cartels deterred to cartel enforcement actions was estimated to be between 4.6:1 and 28:1. For mergers, it was reported that 4 to 18% of proposed mergers are abandoned and 2 to 15% are restructured due to anticipated merger control concerns. Overall, the CMA report finds that at least 50% of potential harm is

---

<sup>12</sup> For instance, the most recent impact assessment from the CMA suggests that directed benefits to consumers from market studies and market investigations generated 64% of total direct benefits to consumers over the period 2021-2024 (annual rolling average over the three-year period). See the CMA Impact Assessment for the 2023/2024.

<sup>13</sup> It is also true that market studies do not automatically translate into positive outcomes, influence the firms’ behavior or result in gains associated with pro-competitive regulations. Each case needs to be assessed carefully, and establishment of any links between a market study and a change in market dynamics would require substantive data and adequate modelling expertise.

<sup>14</sup> In a case of a cartel, deterrence effects arise when there exists a significant risk of detection that affects the cost-benefit analysis of entering a cartel and thus deters cartel formation. The deterrent effects of merger control can be defined as the extent to which companies decide to abandon or modify their merger plans to lessen the competitive concerns of the competition authority.

<sup>15</sup> It can be hard to attribute changes in productivity to competition actions (effects arise over a long period of time).

<sup>16</sup> “Umbrella pricing” takes place when collusive agreements create the incentive (and ability) for firms that are not participants in the cartel to raise their prices, because the overall competition is lessened.

<sup>17</sup> CMA (2025) “Wider Benefits of Competition Policy and Enforcement, CMA Microeconomics Unit literature review”.

deterred by the threat of enforcement, but there is large variance in the estimated amount of this deterred harm. It is important to note, however, that these results are influenced by the fact that the CMA has a longer enforcement record, with businesses being more aware of possible legal implications in case of anticompetitive behavior.

24. Finally, it is important to note that, for cross-country comparisons, a higher ratio of consumer savings to CA's costs does not necessarily imply a higher efficiency of the antitrust enforcement. A lower level of the ratio in question is rather a norm for a young CA, which the GAC is, and can, in fact, witness for a higher efficiency of the CA's enforcement, particularly if the latter focuses on deterrence, such as education through mass media or higher penalties rather than detection. A lower estimate of consumer savings can simply reflect the fact that there exist fewer cartels (or that they are weaker) because firms are more reluctant to engage in cartel-like practices, or that the proposed mergers that are expected to be anti-competitive are abandoned considering the strong reputation of a CA.

#### 4. Next Step: What Comes After?

25. **GAC will consider expanding the impact assessments to include, to the extent possible, all cartel and merger cases, as well as other anti-competitive practices such as abuse of dominance.** Market studies and other competition advocacy interventions could also be included if there is a potentially large, expected impact. However, market studies do not automatically translate into positive outcomes, influence the firms' behavior or result in gains associated with pro-competitive regulations. Besides, assessing the direct consumer impact from market studies could be a tedious exercise because it typically involves collecting a substantive set of data and requires strong technical expertise to establish a link between the market study and market development. The nature of such initiatives is likely to vary significantly, making it hard to identify a set of reasonable common assumptions to assess their impact.

26. **GAC will consider increasing transparency of evaluation methods through dedicated manuals.** These could be built based on an established international practice and tailored to account for any KSA-specific particularities experienced by the GAC in its work. It is important that the methodology followed by the GAC is conservative and is publicly available. Being transparent about the methodology will help the GAC to remain credible and build reputation and trust before the relevant stakeholders.

27. **GAC will undertake a periodic impact assessment of its competition implementation activities.** Ex-ante assessments help CAs forecast which interventions are likely to yield the greatest benefits to competition and consumers. This ensures limited resources are directed in the areas where they will have the most impact and are thus allocated more effectively. Having illustrated the CA's impact in a clear and regular way builds trust among stakeholders and strengthens the authority's credibility.