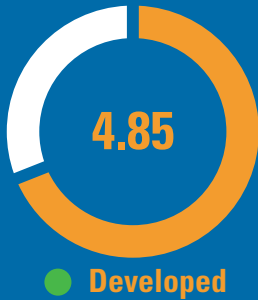
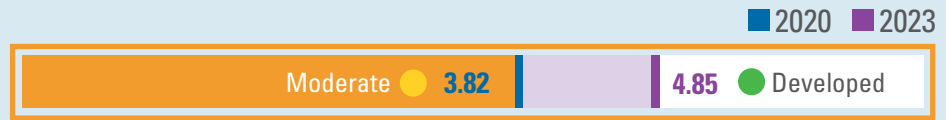




# ARAB BUSINESS LEGISLATIVE FRAMEWORKS



## COMPETITION

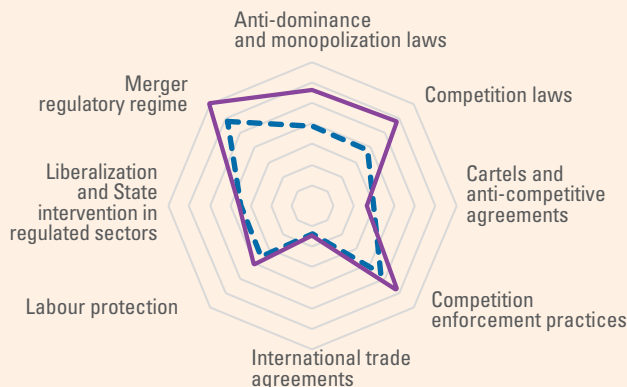


Very strong Strong Developed Moderate Basic Weak Very weak

COMPONENTS	2020	2023
Anti-dominance and monopolization laws	3.89	5.60 ▲
Competition laws	3.82	5.73 ▲
Cartels and anti-competitive agreements	3.00	2.63 ▼
Competition enforcement practices	4.67	5.73 ▲
International trade agreements	1.40	1.40 ▶
Labour protection	3.50	4.00 ▲
Liberalization and State intervention in regulated sectors	3.50	3.50 ▶
Merger regulatory regime	5.83	7.00 ▲

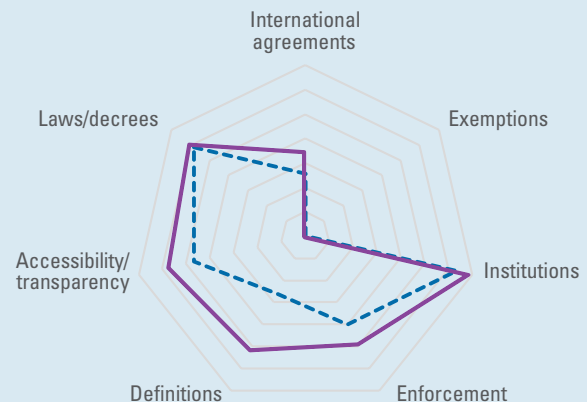
### COMPONENTS

2020 2023



### ELEMENTS

2020 2023



The competition regime in the Syrian Arab Republic is managed by Law No. 7/2008. No amendments or changes have taken place during the past two years.



## Competition laws

Articles 1 and 4 of the Competition Law indicate that the objective of the law is to guarantee fair competition practices in the market between all business players and that prices are determined by market rules and free competition. Also, the regulation issued under Decision No. 31 of 2014 by the Board of Commissioners of the Telecommunications Regulatory Authority defines several competition concepts, such as: influential force in the market, dominant position, telecom market, market share, anti-competitive practices, dominant position practices and collusion.

However, articles 3(2) and 4 open the door for State intervention and exemptions. For instance, the Council of Ministers can allow temporary exemptions to agreements that will positively influence “public interest”. Also, State-owned enterprises (SOEs) and sovereign activities are exempted from the provisions of the Competition Law. This, in addition to the lack of conditions and restrictions on how exemptions are accorded may entrench State interventions.



## Anti-dominance and monopolization laws

Dominance and monopoly are defined in article 2 of the Competition Law and article 1 of the Consumer Protection Law respectively. Article 6 of the Competition Law lists abuse of dominance practices, which include imposing an obligation not to manufacture, produce or distribute a product; coordination between competitors by submitting bids in tenders; setting barriers on market entry by blocking the participation of new businesses; controlling production; fixing prices (increase/decrease/stabilize); selling products for less than the specified cost; forcing clients/suppliers to not deal with competitors; making the selling of a product contingent on buying another product (or a service).

The law did not specify a threshold for determining market dominance, whether as a percentage or as money value.

Article 8 lists some monopolistic practices and prohibits them. The practices include setting a minimum price and halting supplies from the market. Articles 5 to 9 of the Competition Law list other anti-competitive practices such as monopoly, economic concentration and collusion.

Article 7, on the other hand, lists exemptions and exceptions from the competition provisions. For instance, activities that will positively impact the economy, consumers, or that may enhance competition in the market are not qualified as monopolies or abuse of dominance practices.

Article 23 sets a categorized sanction regime. Moreover, monopoly is sanctioned as per the provisions of article 45 of the Consumer Protection Law (2021).



## Cartels and anti-competitive agreements

Article 5 of the Competition Law prohibits anti-competitive agreements, listing, for example, practices, agreements, and coalitions that aim at fixing prices, collusion in public procurement, dividing markets based on geographical regions and breaching intellectual

property. There are sanctions defined for these practices.

Finally, it is worth noting that cartels are neither defined nor mentioned in the Competition Law, even though practices that constitute cartels are prohibited.



## Competition enforcement practices

Article 11 of the Competition Law stipulates the establishment of a competition authority. Also, the law is applicable to all natural persons, and article 17 allows economic/business chambers, professional organizations, trade unions or consumer associations to present complaints to the Competition Council. Article 3 states that the law is applicable to activities inside the country and to outside it if they influence the internal market.

Articles 13 and 21 address the prerogatives of the Authority and the Council, which include enhancing competition culture, monitoring the trading of goods and services in the market, cooperating with regional and international

competition authorities, investigating competition cases and economic concentration transactions, advising on competition matters, advising on draft provisions in relation to competition and monopolistic practices, gathering data and developing an integrated database for assessments and necessary studies, and referring cases to public prosecution authorities.

Article 16 of the Competition Law emphasizes the confidentiality of all information and data. Also, article 17 allows the Competition Council to investigate on its own (ex officio).



## International trade agreements

The Syrian Arab Republic had signed several bilateral trade agreements. However, many of those agreements

are now suspended due to the ongoing conflict in the country.



## Merger regulatory regime

First, articles 9 and 10 of the Competition Law define and manage economic concentration transactions. A transaction is prohibited when it may, potentially, have negative impact on competition through mergers, acquisitions of shares/assets, or controlling (directly or indirectly) businesses.

A threshold of 30 per cent of market shares has been defined for presenting a notification for the Competition Council. Also, article 9 allows any person that has an interest to notify the Council about an economic concentration transaction. Also, according to article 10,

a special request procedure must be followed by businesses aiming to fulfil an economic concentration transaction.

Article 10 allows the Competition Council to take precautionary measures (based on the transaction) until it finishes its inspections and renders a final decision. Also, according to article 14, the following criteria are evaluated while assessing the economic concentration application: improving competition in the market, decreasing the price of services or goods, creating employment opportunities, attracting investments and boosting exports.



## Labour protection

Although article 12 of the labour law protects employees in cases of mergers and acquisitions, several shortcomings regarding labour protection are still observed. Policymakers failed to include any labour protection provisions, such as

the non-compete clause. However, the labour law, through article 96(c), implicitly allows the non-compete clause without specifying any restrictions or conditions.

### RECOMMENDATIONS

- The Competition Law should include definitions for several basic anti-competition practices, such as monopoly, cartel, transparency, and veto power (in mergers and acquisitions).
- The Competition Authority should be equipped with more resources so as to actively enforce the Competition Law.
- Further cooperation is needed, including the development of a memorandum of understanding with other competition authorities (regional and international).
- Stricter conditions for allowing exemptions should be introduced, with sanctions for non-compliance.
- There should be clear definitions for vertical and horizontal agreements.
- Labour protection provisions should be added, such as the non-compete clause.
- Markets should be liberalized for some vital sectors, (especially where State-owned enterprises operate), and State interventions should be based on specific conditions/circumstances.
- Publishing studies and/or decisions by the Competition Authority is important to ensure transparency.

