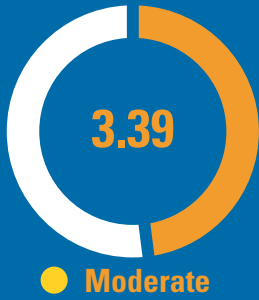
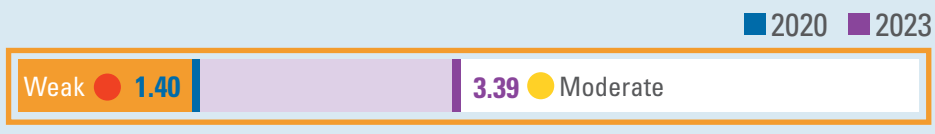




ARAB BUSINESS LEGISLATIVE FRAMEWORKS



COMPETITION

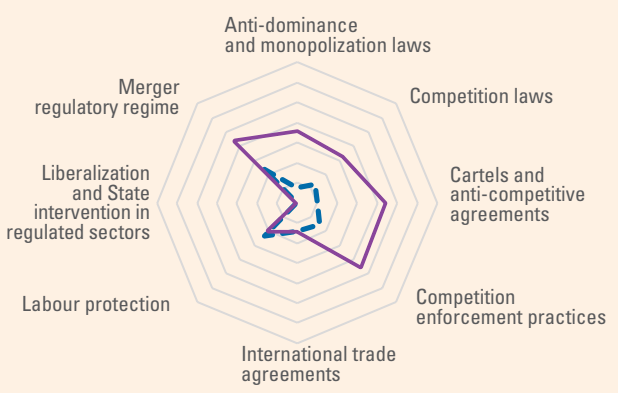


● Very strong ● Strong ● Developed ● Moderate ● Basic ● Weak ● Very weak

COMPONENTS	2020	2023
Anti-dominance and monopolization laws	0.78	3.50 ▲
Competition laws	1.27	3.18 ▲
Cartels and anti-competitive agreements	1.00	4.38 ▲
Competition enforcement practices	1.56	4.45 ▲
International trade agreements	1.40	1.40 ►
Labour protection	2.33	2.00 ▼
Liberalization and State intervention in regulated sectors	0.00	0.00 ►
Merger regulatory regime	2.33	4.38 ▲

COMPONENTS

2020 2023



ELEMENTS

2020 2023



In March 2022, Lebanon implemented, for the first time, its long-awaited Competition Law No. 281/2022. The Lebanese Competition Authority has yet to be created, but if the law and its implementing regulations are enacted, it may act as an engine of economic recovery by opening the doors for private businesses and small and medium-sized enterprises (SMEs) to play a significant role, leading to job opportunities, enhanced innovation and more investments.



Competition laws

Articles 1 and 2 of the Competition Law define very clearly competition as guaranteeing the performance of economic activities in accordance with market mechanisms, based on supply and demand, and without affecting or restricting these activities. The law also defines and prohibits several anti-competitive practices, such as horizontal agreements, monopoly and concentration.

The Competition Law also stipulates the establishment of a competition authority. While the council is not fully

independent, its role is to monitor anti-competitive agreements and to ensure economic freedom in the market. It also has an investigative role and the power to impose sanctions. However, articles 7(3) and 38(b) allow for exceptions based on numerous conditions (such as general economic benefits, improving the production of goods, enhancing technical and economic advancement, etc.). These exceptions need to be closely monitored, especially if used by powerful business players in the market.



Anti-dominance and monopolization laws

Articles 1, 2, 7, 9 and 10 of the Competition Law define, enumerate and prohibit the practices of monopoly, dominance and abuse of dominance (based on a determined percentage). Article 36 allows the judicial courts to refer competition cases to the Competition Authority. Also, article 38(f) allows the council to refer competition cases to the public prosecutor's office if a criminal offense occurs.

Articles 41 to 54 stipulate sanctions and punitive measures. Moreover, article 57 allows impacted individuals to present, before the competent commercial court, compensation claims for the damage incurred from those who committed anti-competitive practices.



Cartels and anti-competitive agreements

A clear and coherent definition for cartels is still missing from the Competition Law and other business legislations in Lebanon. Instead, article 7 prohibits and enumerates practices that can lead to the establishment of cartels (collusion

or coordination in bids or offers in auctions and tenders, including government and other supply offers, collective agreements, etc.). In addition, articles 2 and 11 define and prohibit vertical and horizontal agreements respectively.



Competition enforcement practices

An entire chapter (articles 36 to 48) is dedicated to the enforcement practices. These practices include injunctive

and precautionary measures, investigations, amicable settlements, sanctions, judicial review and penalties.



International trade agreements

Lebanon has signed several trade agreements with major global trading partners, namely the European Union (EU), the States of the European Free Trade Association (Switzerland, Lichtenstein, Norway, Iceland), and the

Gulf Cooperation Council. Several business concepts are targeted in the European Free Trade Association agreement, such as rules on competition, monopolies, and State assistance.¹

¹ European Free Trade Association – Lebanon Free Trade Agreement.



Merger regulatory regime

Articles 12 to 22 cover merger and acquisition transactions. The law specified a threshold for notification of concentration, which is a combined market share that is more than 30 per cent for the past three years. Some of the criteria for assessing economic concentration are similar to international best practices. These include impacting competition through combating the abuse of a dominant position and enhancing the impact of the transaction on economic development and innovation. However, other

important criteria may be added to the implementing regulation, especially market studies to identify the impacts of the merger on prices and investment.

The change in control practice is also addressed, though the concept should be backed up by mentioning examples, such as veto power to a minority of shareholders. Article 13 imposes a pre-merger notification duty, but no specific duration is set.



Labour protection

The Competition Law has several shortcomings regarding labour protection. Policymakers failed to

include any labour protection provisions, such as the non-compete clause.

RECOMMENDATIONS

- The Competition Authority should be established as quickly as possible, with full powers to effectively enforce the Competition Law, implement relevant regulations and address the arising legal loopholes.
- Further cooperation is needed, including the development of a memorandum of understanding with other competition authorities (regional and international).
- The Competition Authority should be fully independent without being supervised by any minister. Moreover, the provision that allows the minister to request, under specific conditions, from the council to perform an additional investigation on a concentration transaction should be clarified.
- The Competition Law should include definitions of collusion, cartels and veto power.
- The market should be fully liberalized for some vital sectors, including electricity and telecommunications.
- Stricter conditions for allowing exemptions should be introduced, with sanctions for non-compliance.
- A duration should be set for the pre-merger notification regime.
- Market studies for the impact of economic concentration should be conducted according to more elaborate criteria, such as the impact on prices and investments.

