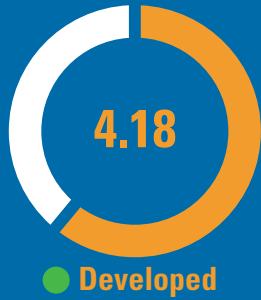
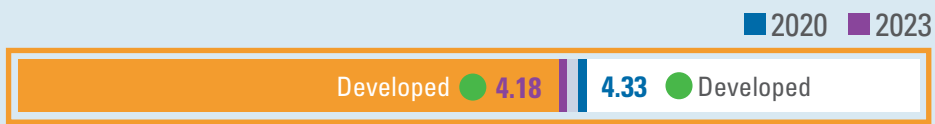




ARAB BUSINESS LEGISLATIVE FRAMEWORKS

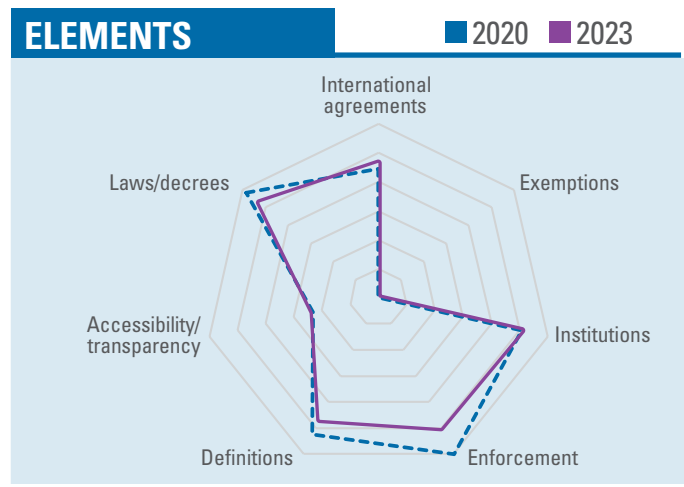
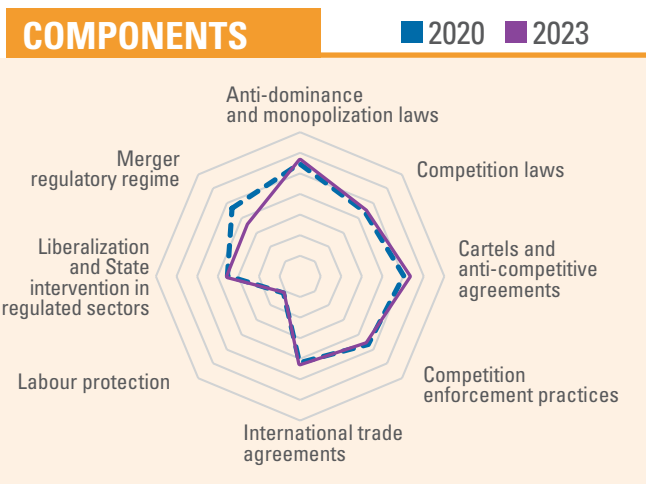


COMPETITION



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

COMPONENTS	2020	2023
Anti-dominance and monopolization laws	5.44	5.60 ▲
Competition laws	4.45	4.45 ►
Cartels and anti-competitive agreements	5.00	5.25 ▲
Competition enforcement practices	4.67	4.45 ▼
International trade agreements	4.20	4.20 ►
Labour protection	1.17	1.00 ▼
Liberalization and State intervention in regulated sectors	3.50	3.50 ►
Merger regulatory regime	4.67	3.50 ▼



The competition regime in Yemen is managed by Law No. 19/1999. No amendments occurred in the past two years.



Competition laws

Article 2 provides clear definitions for some competition concepts such as monopoly and concentration, but not for others such as collusion, cartel and crowding out. Article 3 aims to guarantee fair competition practices in the market between all business players and to ensure the interest of consumers. However, article 4 opens the door for

exceptions as the Government can fix prices under specific circumstances and exempt State-owned enterprises (SOEs) from the provisions of the law. The lack of strict conditions on State intervention and the powerful position SOEs enjoy in the market prevent the liberalization of the market and deprives consumers from the full benefits of Competition in the market.



Anti-dominance and monopolization laws

Monopoly is defined in article 2 of the law, abuse of dominance, however, is not defined in any article. Monopoly is defined as the circulation of goods in a way that prevents competition. Moreover, article 8 clarifies the definition by listing some monopolistic and abuse of dominance practices such as lowering prices and refusing to sell to a particular client or buyer.

The law didn't specify any threshold to determine whether a business is in a dominant position or not. Moreover, according to article 22, sanctions in case of breaching the provisions of the Competition Law (including for monopoly and abuse of dominance) are put in place (fines between 10,000 and 100,000 Yemini Riyal).



Cartels and anti-competitive agreements

Articles 6, 7, 8 and 9 list and prohibit anti-competitive agreements, such as concentration (harm competition), contracts, and written agreements. The prohibited practices include establishing a union to monopolize the importation, production, distribution, selling or purchase of any

commodity or material, restricting the circulation of goods, fixing prices and quantity of products, dividing the market, and imposing market barriers.

It is worth noting that cartels are neither defined nor prohibited.



Competition enforcement practices

Article 10 of the Competition Law stipulates the establishment of a competition organization.

The Organization is to be chaired by the Minister of Trade. It is clearly stated that the aim of the Organization is to expose cases of monopoly, vertical integration and horizontal concentration, or attempts at concealing any commodity or

material necessary for the production or manufacturing of another good in the local market, and pricing in any manner that would constrain free competition.

Article 23 stipulates that infringements are to be presented to the Office of Attorney General, as decided by the Minister and based on a recommendation by the Organization.



International trade agreements

Yemen became a member of the World Trade Organization (WTO) in 2013. Since then, Yemen has adopted a strategy to open markets and remove barriers. Yemen has already signed a number of international trade agreements which provide a reciprocal most-favoured nation (MFN) treatment

for Yemeni products. Recent moves towards trade liberation have reduced trade barriers within Yemen and increased access to the international market, especially in Gulf Cooperation Council (GCC) countries.¹

¹ Integrating trade in Yemen's national strategies.



Merger regulatory regime

The economic concentration regime in Yemen is not well developed in the law. In reference to the provisions of article 9 of the Competition Law, concentration is prohibited if it leads to restraining or weakening the competition. Specific thresholds and pre-merger notification regimes have not

been specified. Other concepts such as veto power, vertical/horizontal agreements and criteria for assessment need to be developed. The reference vertical/horizontal agreements in the context of the monitoring functions of the Competition Organization is unclear and insufficient.



Labour protection

No labour protection provisions, such as the non-compete clause, are mentioned in the Competition Law. Also, no

role is specified for labour unions in the development of competition policies.

RECOMMENDATIONS

- The Competition Law should include definitions for several basic anti-competition practices, such as monopoly, cartel, transparency, veto power (in mergers and acquisitions), etc.
- The Competition Organization should be independent and it should be guaranteed that ministers do not have the power to take decisions and/or interfere in the duties of the Organization. Moreover, every individual with an interest should be able to report cases.
- 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.
- A clear economic concentration regime must be established. Studies on the market (the impact of economic concentration) should include clear criteria and conditions (effect on prices, investments, veto power, etc.). Also, a clear definition for vertical and horizontal agreements should be included.
- Labour protection provisions should be added, such as the non-compete clause.
- A robust and categorized sanction regime, with a deterring effect, should be established.
- Markets should be liberalized for some vital sectors, (especially where State-owned enterprises operate), and State interventions should be based on specific conditions/circumstances.
- Studies and/or decisions made by the Competition Organization should be published for greater transparency.

