



**ESCWA**

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# **Environment and business climate: Competition policy in the MENA region**

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# Introduction

- ❑ Definition of good economic governance
- ❑ Several definitions:

## **United Nations**

Participatory democracy

## **World Bank**

Refers to the success of adjustment plans

## **European Union**

Process and behavior related to the exercise of power

- ❑ Concept was born from the need for an efficient public management post-crisis development.

# Introduction



**Good  
economic  
governance**

→ Responsibility

→ Transparency

→ Rule of Law

→ Participation

**Bad  
economic  
governance**

→ Failure of development




→ Economic crises

→ Economic reforms

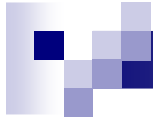






**Area most  
affected**

# I. Adjustment plans in MENA

- 1. Adoption of adjustment plans 
- 2. Overall positive results 
- 3. Fragilities in non-oil countries 

## II. Impact of Arab Spring



- 1.Elements of frustration 
- 2.Revolution or disorder:Consequences 
- 3.Economic insecurity 
- 4.How to restore the situation 

# III. Mena: competition policy broken down



## 1. Market failure, why?

- Most countries already have a satisfactory economic regulation ,but
- Many barriers to market entry
- Absence of competition policy and effective implementation

# III. Mena :competition policy breakdown

## 2.What reasons

- Anticompetitive situation, concentration
- Unfair trade protected by personalities near the authority : Tunisia, Algeria; Egypt...
- Complicity, corruption
- Unwillingness to implementation
- No need in oil country
- Lack of awareness

# III. Mena :competition policy breakdown



## 3. Delay of MENA

- Competition regulations adopted belatedly
- No tradition of competition
- Absence of culture
- Modest interregional cooperation
- Limited presence in meetings of international organizations : **unctad,omc,ocde,icn...**
- Lack of assistance for capacity building



# IV. Benefit of competition market



## 1. Restoring competition

- Competition policy objectives:
  - \* Stabilize the operation of the market
  - \* Efficiency, cost reduction
  - \* Competitiveness of firms
  - \* Controlling inflation
  - \* Development of innovation, technical progress

# IV. Benefit of competition market

## 2. Which merits

- Growth
- Interest of consumers: abundance ,variety, quality,
- Poverty reduction: lower prices
- Reduce corruption and collusion
- Dismantling of monopolies and cartels
- Increased foreign investment and capital
- Reduction of unemployment

# V. Deficiency : MENA

## 1. What findings

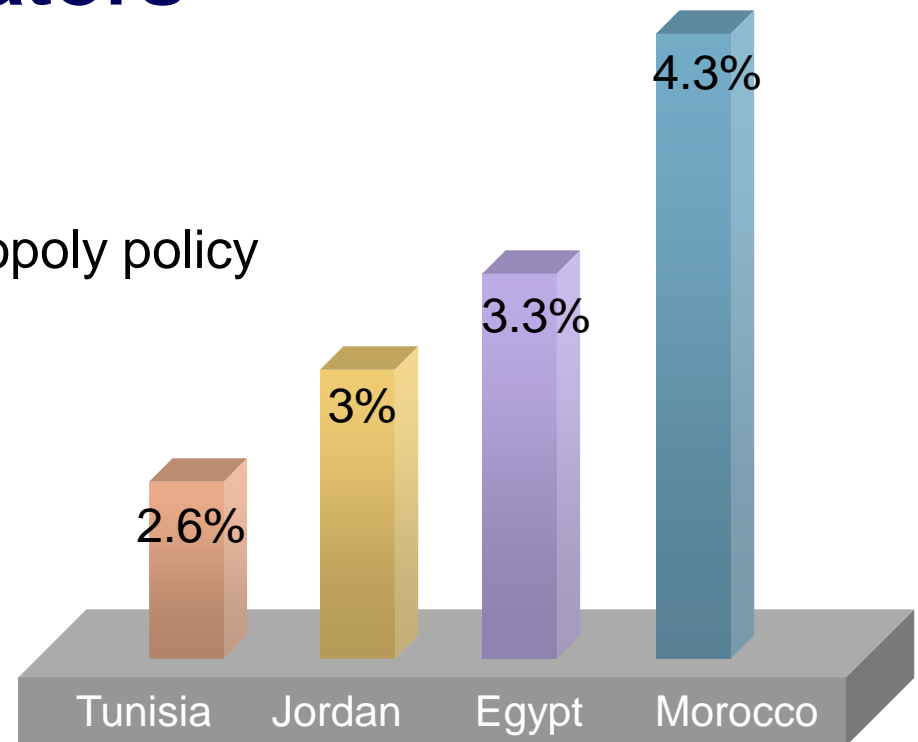
- Delays in the adoption of competition policy
- Lack of good governance
- Market protection and barriers to entry
- delay in reforms
- Weakness of inter regional exchanges
- weak growth
- Indifference towards global change
- Petroleum countries are less motivated to competition policy.

# V. Deficiency : MENA

## 2.Competition indicators unfavorable

- Ranking : competition ranking  
ranking of anti-monopoly policy
- Rate of growth

Before Arab-spring sup 5 %



GDP :( 2013)  
down after Arab-spring

# V. Deficiency : MENA

## □ Inflation (2013)

<b>Tunisia</b>	6.1 %
<b>Egypt</b>	11.9 %
<b>Jordan</b>	5.6 %
<b>Morocco</b>	3.3 %
<b>Liban</b>	3.3 %

## □ Balance budget /GDP ( 2013)

<b>Tunisia</b>	- 6.7 %
<b>Egypt</b>	- 7.8 %
<b>Jordan</b>	- 4.9 %
<b>Morocco</b>	- 5 %
<b>Liban</b>	- 8 %

# V. Deficiency : MENA

## ❑ Deficit of the current balance/GDP

<b>Tunisia</b>	- 8.9 %
<b>Egypt</b>	- 2.1 %
<b>Jordan</b>	- 14.5 %
<b>Morocco</b>	- 7.8 %
<b>Liban</b>	- 14.1 %

# V. Deficiency : MENA

## 3. Case of petroleum countries

- Delay in adopting competition law ( cf. annex)
- Oil resources cover the need for reform
- The economic liberalization does not mean good governance and economic efficiency
- Absence of competition policy may cause economic and social Inequality

# V. Deficiency : MENA



## 4.Necessity of remedial

- Default applications and regulations
- Lack of willpower and complicity
- Lack of conviction
- Lack of technical and competence
- Lack of independent institutions
- Need for freedom of opinion / control of civil society



# V. Deficiency : MENA



## 5.Experience of Tunisia

- Among the first countries that has a competition law
- Establishment of institutions
- Training program
- Earning technical assistance ; unctad, European Union, WTO, France, Belgium
- Regular presence in international forums and meetings
- Cooperation agreements with the countries of the region Mena: Morocco, Jordan, Egypt, France, Syria

# V. Deficiency : MENA

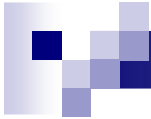
## 6. What lessons of Tunisia

- Rich experience
- Institutions in place
- Acquiring of technical
- **Default culture of competition**: companies, judges, government, consumer organizations
- **Default implementation and applications**, but **improvement**



## ■ **7. improvement economic indicators before revolution**

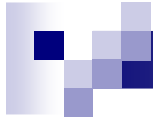
- Growth rate: higher than 5%
- Inflation : lower than 3.5%
- Budget deficit: lower than 3%
- Global Competitiveness: increased (cf Davos reports )
- unemployment rate: lower than 15%



## **8.after arab spring**

- Deterioration indicators
- Competitive conditions are offered
- Possibility of resumption
- Need for economic stability

# VI. challenge of the future



## 1. For a proactive competition policy

- Establishment of credible strong and independent institutions,
- Impose a rule of conduct
- Ensure the implementation
- Ensure adequate training
- Establish advocacy policy
- Improve visibility
- Fight against prejudicial anti-competitive behavior

# VI. challenge of the future



## 2.Elements of optimism

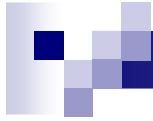
- All Countries in the region have adopted a competition regulations
- Economic reforms, market access, but insufficient
- Adherence to international organizations help to integrate the competitive process
- The Arab-Spring has given a boost to the reform, (popular pressure)
- Awareness of good governance: transparency, fight against corruption and inequality,

# VI. challenge of the future



## 3. We Need a commitment

- Competition ensures economic democracy
- To be aware that The region is lagging behind,
- Seize the opportunities of globalization
- Not hide behind the abundance of oil resources
- Need for a strong ,fair and transparent government



## **4.How to make competition policy**

- Initiate advocacy
- Benefit from the experience of other countries
- Assistance from specialized agencies
- Prepare a draft law
- Submit the draft for consultation



# Conclusion



**Failure of institutions led to the destabilization of the region.**

**To remedy to this situation, we must :**

- ❑ Have conviction and conscience of delay
- ❑ Ensure good economic governance and justice
- ❑ Apply effective competition policy , factor sanitation and sign of progress, but it must be Strongly believed

# Conclusion



- ❑ Reinforce cooperation in the field of competition with partners and the region.
- ❑ The regional organizations such as ESCWA and League of Arab countries ... can play an important role.
- ❑ if we do not react , if nothing is done ,the future may be compromised.

# THANK YOU



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# Indecators of competition

	Competition Ranking Global	Law Year of Implementation
Algeria		2003
Bahrain	10	no
Egypt.	124	2005
Iraq	N/A	2010
Jordan	386	2004
Kuwait	9810	2007
Lebanon	548	no
Libya	145	no
Morocco	537	2000
Oman	124	2005 (ns)
Palestine	N/A	no
Qatar	42	2006
Saudi Arabia	205	2004
Sudan	N/A	no
Syria	N/A	2008
Tunisia	95	1991
UAE	31	2012
Yemen	133	1999

# I. Adjustment plans in MENA

## 1. Adoption of plans

- Several countries have experienced crisis: in the 80's. Such as : Tunisia, Morocco, Egypt, Jordan, Yemen...
- Introduction of economic reforms
- Regulatory reviews
- Economic opening : globalization
- Getting biased application.



# I. Adjustment plans in MENA

## 2. Overall positive results

- Resumption of growth
- Improvements of balance indicators
  - inflation : **controlled**
  - Exporting : **recovery**
  - Investment : **positive**
  - Debt : **reduced**
- Improvements in product availability and consumer welfare.
- Beginning of modernization of trade.



# I. Adjustment plans in MENA

## 3. Fragilities in non-oil countries

- Liberalization: job insecurity
- Regional imbalance
- 2 speeds development
- Concentration of wealth and power.
- Graduate and women unemployment
- State of lawlessness

 **Frustration**



## II. Impact: Arab Spring

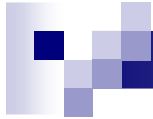
### 1. Elements of frustration

- Concentration of wealth and power.
- Location annuity
- Sphere of influence (family, military, political parties ...)
- Abuse of economic power
- Sense of injustice
- social and political unrest



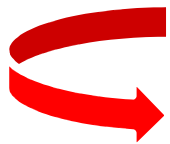


# II. Impact: Arab Spring



## 2.Revolution or disorder: Consequences

- Physical and economic insecurity
- Instability
- Destruction of the state apparatus
- Affect the moral values
- Appearance of individualism and opportunism phenomenon



**Sharing cookie**



## II. Impact: Arab Spring

### 3. Economic insecurity

- The whole area is affected
- Deepening crisis: report
  - Rising unemployment: Tunisia, Egypt, Libya; Yemen, Syria, Iraq
  - Rising inflation Everywhere
  - Imbalances, trade balance, state budget.
  - Investment down
  - Parallel trade: 20 to 60%
  - Contraband: quadruple
- Destabilization of companies



**Manage the economic transition**



## II. Impact: Arab Spring

### 4. How to restore the situation

- Rehabilitation of the strong government
- Restore the rules of law
- Promote reforms
- Restore operation instruments
  - **Application of law**
  - **Transparency**
  - **Loyalty**
  - **Competition**

