



THE REPUBLIC OF LEBANON  
Ministry of Economy and Trade

---

# Competition Policy in Lebanon

Dr. Ignacio DE LEON, EU Expert

Mr. Jacques DELIMOGES, EU Expert

Dr. Joey GHALEB, Ministry of Economy and Trade

# The Strategic Background

- Economic policy lies on two main pillars: economic reforms and integration into the global economy
- Economic reforms require an extensive legislative agenda
- Modern competition law is an essential part of this legislative reform agenda which includes, among others, laws addressing consumer protection, anti-dumping, exclusive agencies, E-commerce, IPR, and the like

# Why Lebanon needs a modern Competition Law

- Competition is universal
- The law is to the benefit of the Lebanese economy
- Competition needs to be protected
- Over 100 economies introduced such a law

# The Economic Background

- The Lebanese economy is largely oligopolistic
- Abuses of dominant position are widely suspected
- Barriers to entry are high, particularly legal and administrative measures

Hence, the overall economic performance and welfare is undermined and distorted

# The objectives of the law?

- **Direct:**

- Enhance consumer welfare
- Offer even playing field to all economic agents

- **Indirect:**

- Encourage local initiative and SME development
- Boost exports and attract FDI
- Creates pro-competitive disciplines for the Government's rule-making activities

# Main principles

- Partnership: major stakeholders will continue to be associated to the elaboration of the law
- Universality: the law will apply to all economic agents
- Modularity and flexibility: wherever justified specifics will be recognized
- Transparency : administrative and judicial processes will be visible, transparent, and public
- Guarantees for defendants:
  - Proceedings will be inter partes; Appeals will be possible; Confidentiality will be preserved

# The Competition Law

Structure and introductory concepts

# Key points

- The law applies to both the private business sector and state owned enterprises
- Law will be dynamic and will change as markets and economic developments change
- Competition advocacy to promote a pro-competitive legal environment
- Policy focus on legal and market barriers of entry
- Thresholds (concentrations) and *de minimis* rule (restrictive practices) enable the authority to disregard negligible anticompetitive practices



# More key points

- Prohibited conducts are forbidden insofar they have an anticompetitive impact on the market
- Effective remedies and procedures to ensure compliance
- Decision making separate from investigation and prosecution
- Confidentiality of sensible business information
- An umbrella law requires strong implementing institutions: Financial independence & operative autonomy (appeals are to judiciary)

# Scope of the Law

- Applies to all economic sectors, including regulated ones and all commercial activities undertaken by the public or the private sector.
- Law covers profit non profit making activities as well as trade/business associations and liberal professions
- MOUs will be signed to define relationship between each regulator and the competition authority.

# Prohibited anticompetitive conducts

Legal business behavior

**Automatically illegal  
(the law regards them as  
lacking beneficial effects)**

**Illegal subject to evidence  
of competition damage**

# Examples of prohibited conducts

## ■ Automatic illegal

- Price fixing
- Market division
- Output limitation
- Boycotts
- ADP

**Horizontal agreements**

**Unilateral conduct + dominant position**

## ■ Subject to evidence of market damage (i.e. lack of efficiencies)

- Resale Price Maintenance
- Exclusive distributorship
- Franchises
- Exclusive supply
- Research agreements
- Standards
- Economic concentrations

**Vertical agreements**

**Horizontal agreements**

# Abuse of dominant position

- Dominant position
  - Position to act independently from competitors
  - The law does not prohibit dominant position; only its abusive exercise
  
- Conduct is abusive if exclusionary or exploitative. Examples:
  - Price discrimination
  - Tie in arrangements
  - Market foreclosure

# Concentrations

- Concentrations will be regulated
- Pre-merger notification requirement is introduced
- There is distinction between « good » and « bad » concentrations
- Penalties and statutes of limitations are defined

# Competition disciplines on the Government

- Rules on public aid: regional aid, sectoral aid, (R&D, SMEs, environmental protection, etc.)
- Promoting pro-market rule making design
- Advocating elimination of rules creating legal barriers to trade and investments
- Rules on public undertakings subject to the law «insofar as the application of such rules will not obstruct the performance of the particular tasks assigned to them »

# Law enforcement institutions

- A National Competition Authority
- Creation and status of the Competition Council
- Powers and responsibilities of the Council
- Powers and responsibilities of the “Rapporteur”
- Right for appeals before the Court of Appeals



# Powers of the Competition Authority

- Launching investigations
- Ruling on cases
- Issuing by-laws, regulations and guidelines
- Advising Government and playing a strong competition advocacy role
- Conducting studies and promoting competition culture

# Procedures: due process of law and guarantees

- Filing a petition
- Investigation, proceedings, powers of inquiry, privacy & Court orders
- Fines and remedies
- Right to defend yourself before the Council
- Two-stage process: Decision by the Council and right for appeal before the Court of Appeals
- Transparency and confidentiality

# GENERAL SUMMARY

- A Competition law is necessary to give all economic agents an even playfield
- The Competition law is part of the Government's strategy for economic integration and modernization
- The specificities of regulated sectors and of Lebanese economy will be acknowledged
- Transparency and pro-business approach in implementing competition rules