

Unclassified

DAF/COMP/GF/WD(2008)1

Organisation de Coopération et de Développement Economiques  
Organisation for Economic Co-operation and Development

17-Dec-2007

English - Or. English

**DIRECTORATE FOR FINANCIAL AND ENTERPRISE AFFAIRS  
COMPETITION COMMITTEE**

Cancels & replaces the same document of 14 December 2007

**Global Forum on Competition**

**THE INTERFACE BETWEEN COMPETITION AND CONSUMER POLICIES**

**Contribution from Jordan**

--Session IV --

*This contribution is submitted by Jordan under session IV of the Global Forum on Competition to be held on 21 and 22 February 2008.*

Contact: H el ene CHADZYNSKA, Project Manager of the Global Forum on Competition [Tel: +33 1 45 24 91 05; Email: helene.chadzynska@oecd.org].

**JT03238097**

Document complet disponible sur OLIS dans son format d'origine  
Complete document available on OLIS in its original format

DAF/COMP/GF/WD(2008)1  
Unclassified

English - Or. English

## COMPETITION AND CONSUMER POLICY IN JORDAN\*

1. The consumer's aim, everywhere, is to get the best possible quality of goods, and pay the least possible price. To follow this rule, we have to consider these two elements: Quality and Price.

2. In Jordan we have two directorates to do the job:

- **Competition Directorate:** by implementing the competition law No 33 of the year 2004.

The Committee for Competition Affairs is the Advisory body of the Competition Directorate. The role of this Committee is:

- To provide advice on the general competition strategy.
- To review matters related to the provisions of the law.

3. Some of the Competition Directorate tasks are:

- Conduct the necessary investigations of practices that may contravene competition.
  - Receive complaints and requests for economic concentration activities and exemptions and following them up.
  - Cooperate with similar entities outside the Kingdom for the purpose of exchanging information and data and in relation to the execution of competition rules to the extent permitted by international treaties.
  - Issue clarifying opinions in competition matters.
- **Quality and Market Controls Directorate:** by implementing the Industry & Trade Law No.18 for Year 1998 and by implementing the Classification & Promotion regulations.

4. Both directorates are working as part of the Ministry of Industry and Trade. The Directorate of Quality & Market Control works towards enabling the private sector, both trade and industry, in a way so as to complement the Ministry's policy aiming at freeing the goods and services markets, and organising market procedures in an attempt to avoid private sector abuse of this freedom, thus rendering the policy useless to consumers.

5. Its activities which deal with market control may be summarised as follows:

- The identification of the basic goods as per a Prime Minister decision.

---

\* By Haitham Abu Karaki, Legal Researcher, Complaints and Consultations Division, Competition Directorate, Ministry of Industry & Trade, Jordan.

- Ensuring the sale of goods as per publicised prices.
- Checking available stock with wholesalers.
- Monitoring the concealing of or refusing the sale of basic goods.
- Monitoring sales, liquidation, and promotional prices.

## **1. Consumer Protection Association**

6. Also we have the Consumer protection association, a non governmental association, to educate people and give them the necessary information about products by using brochures, pamphlets meeting and media advertising. More than that, the association stands against some factories if the quality of their products is low or the price is high.

7. The President of consumer protection association is a member of the Committee for Competition Affairs.

8. However there is no legislation for the consumer protection till now, but the consumer protection law is in proceed.

## **2. Interact between the Consumer Policy and the Competition policy in Jordan.**

9. There is no clear consumer policy in Jordan but the tasks of the Ministry of Industry and Trade and the Consumer Protection Association shows interaction between the Consumer Policy and the Competition policy.

10. The tasks have a great deal in common. They are designed to enhance consumer sovereignty and effective consumer choice, to address market failures. (That is the situation where market transactions and outcomes fail to serve the consumer interest, economic efficiency and a nation state's productivity and competitiveness).

11. There are also important differences between Consumer and the Competition policies.

- First: there are differences in their core objectives. Competition law is intended to ensure that markets work according to the market forces, provide consumers with a competitive range of product or service options. In contrast, consumer protection association are intended to ensure that consumers have the information they need to choose effectively from among those options, with their purchasing decisions unimpaired by, for example, coercion, deception or the withholding of important information.
- Second: competition law violations stem from market failures that are external to consumers whereas consumer protection violations, which negatively affect consumers' ability to choose, are founded by market failure that derives from the consumers' own perceptions.

12. The two policies also differ with respect to enforcement approaches and institutions. Competition law is enforced in a highly selective and reactive manner in response to complaints and investigation by the Competition Directorate. In contrast, the enforcement of consumer protection policy involves direct intervention by the Consumer Protection Association and the Quality and Market Controls Directorate.

13. More generally, there are important synergies between the two, for example:

- enforcement competition in the marketplace can lead to better consumer information, just as a better informed and more demanding consumer — who is prepared to make his or her preferences clearly known to suppliers — can stimulate greater competition and more product choice.
- Alternatively, overly burdensome regulation of consumer protection can impede market entry and thus reduce market competition and product choice.

14. Analysing the two policies together underlines that facilitating consumer choice involves more than low prices. Promoting competition is important to consumer sovereignty.

15. Both competition and consumer protection law should be based on rigorous marketplace analysis and a sound understanding of competitive dynamics and corporate strategy between the two policies, to ensure that unacceptable company behavior is not confused with legitimate corporate strategy to increase profits and market share.

### **3. Governmental Organisations: Competition & Consumer Protection Agency**

16. As mentioned above there are three parts working on related issues and as we mentioned before the President of consumer protection association is a member in the Committee for Competition Affairs so the consumer protection association share in designed general competition strategy.

17. But it is believed that it will be much better if the ministry of industry can enhance the competition administration by combining consumer protections function and competition functions within one directorate and keep the role of the Directorate of Quality & Market Control just for the basic goods.

18. There are benefits from combining both functions in a single public institution:

- Performing the consumer protection function can provide useful insights about how we should execute competition policy.
- In several important instances, enforcing our laws concerning advertising and marketing practices has improved our understanding of how markets operate.
- Protection functions and competition functions allow a harmonic and complete vision of the realities to be evaluated when they are handled by one entity, therefore leading to decisions that take into account and regard the effects that they may generate in the market, in competition, and in the consumer”.

### **4. Prohibit frills to save the vulnerable class of consumers.**

19. Unfortunately Jordan doesn't have official measures to help the vulnerable class of consumers yet, the traders can use frills to show their goods much better in the consumers eyes than they are . However, if a consumer became a victim from this method he could complain to the jurisdiction authority according to the Jordanian civil law.

20. But I suggest that the (entrusted authority) directorate for competition and consumer protection have to come up with more balanced policies for the vulnerable class of consumers. It has to establish a centred agency and regional offices, a consultative body consisting of local experts on consumer issues,

including local governments, local councils and consumer groups, so as to promote consumer policies. And contribute to enhancing the rights of those lacking capacity to resolve consumer problems by supporting the vulnerable class through counseling services and education programs and by preparing measures to ensure consumer safety.

21. The competition & consumer protection directorate have to lay the ground for a practical and comprehensive consumer education and develop an index to objectively measure the consumers' capacity to have a reasonable consumption, which will be utilised for designing consumer education programs focused on the weaknesses and problems of consumers.

## **5. The Convergence of Competition and Consumer Policy Globally.**

22. Most of the international trade fields are a ground to globally convergence of competition and consumer policy. If we look at the principles in the GATT treaty, we find the Most Favoured Nation Principle (MFN) they are Pursuant to the WTO Agreements.

23. Countries cannot normally discriminate between their trading partners. If a member grants a country a special favor (such as a lower customs duty on one of its products), the member must grant the favor to all WTO members.

24. The National Treatment Principle reads that imported and locally-produced goods (as well as services and intellectual Property rights such as patents or copyrights) should be treated equally in a Member's territory.

25. The Quantitative Restrictions Principle in Rules on Trade in Goods proscribes any prohibition or restriction other than duties, taxes or other charges whether made effective through quotas, import or export licenses or other measures.

26. The world became a small village. Goods and services are crossing the continents so the competition advances to become not only between domestic products, but between products from all over the world.

27. International products now compete in global markets. The competition authorities everywhere should work together and cooperate by sharing information. The international representatives have to cooperate to enhance consumer sovereignty and effective consumer choice.

28. In Jordan Article 3 of the competition law No. 33 of the Year 2004 identify The Law's Scope of Application:

The provisions of this Law shall apply to all production, commerce and service provision activities in the Kingdom, as well as to any economic activities occurring outside the Kingdom and having an effect inside the Kingdom of Jordan.

29. As an example of convergence of Competition and Consumer Polices is Electronics Software:

30. In 2004 Microsoft Company was ordered to cooperate with rival software computer companies, Microsoft was also ordered to make a version of its Windows operating system available without Microsoft's Media Player software

31. This is because Microsoft obliged customers to buy its Media Player software along with the operating system.