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## Global Forum on Competition

### COMPETITION AND COMMODITY PRICE VOLATILITY

#### Contribution from Egypt

-- Session I --

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## COMPETITION AND COMMODITY PRICE VOLATILITY

-- Egypt --

### Introduction

1. Price volatility and more precisely price increase of staple food and construction industries is one of the most critical subjects in Egypt, whether before the January 25 revolution or thereafter. A wide spectrum of Egyptian citizens perceives that, under market economy, the price of basic products can go up but it never, or at least rarely, goes down. A part of the media and some senior governmental officials that appertain to the socialism era still believe that one of the main functions of the Egyptian Competition Authority (“ECA”) should be to stamp out the high prices, especially when it concerns staple food and construction industries, through direct action<sup>1</sup>.

2. As such, ECA is pleased to share, through this submission paper, its limited (five years) experience on one of the most challenging area to the Competition Policy in Egypt, namely, price volatility of commodities.

### 1. Background

3. Since its inception in January 2006, ECA received various governmental requests to study the reasons behind the allegedly price increase of various commodities (steel, cement, raw milk, meat and edible oil). Besides, ECA initiated a number of investigations as a result of some newspapers reports claiming that there were anti-competitive practices undertaken in some given markets resulted in significant prices increase of certain basic products (nitrogenous fertilizers, white sugar and rice).

#### 1.1 *Steel*<sup>2</sup>

4. ECA conducted a market study on steel rebar used in the construction industry to stand on the allegedly exponential price increase thereof. The study covered the period from January 2002 through December 2006. ECA found out that the market was highly concentrated (HHI Index: 3863 in 2006; CR4: 90,7% in 2006). The cost of producing one ton of steel rebar has increased by 90% throughout the study period. As for rebar prices, it has increased by 92% for the same period. The average profit margin went from 7,99% in 2002 to 9,21% in 2006. Such significant price increase can be largely attributed to the fact that Steel rebar cost of production is highly dependent on the cost of Billet (an intermediary product) that varies with the production stages undertaken in each plant. Cost of Billet accounts for 74% of the manufacturing costs of one ton of steel rebar in the integrated plants and 85% in the semi-integrated plants and 92% in rolling mills. Steel producers imported 75% of their billet needs in 2005 and 59% in 2006.

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<sup>1</sup> For more elaboration on the political and economic environment of Egypt and the challenges to its Competition Policy, kindly see OECD report on “Competition Law and Policy in Egypt” available at DAF/COMP/GF(2011)2/REV1.

<sup>2</sup> Steel, study requested by Minister of Trade and Industry 16/7/2006, concluded on 27/1/2009.

## 1.2 *Cement*<sup>3</sup>

5. ECA conducted a market study on ordinary Portland cement to cover the period 2002-2006. ECA found out that each cement producer has exclusive exploitative rights over its own quarry. Albeit this fact, the average increase in prices of cement was always higher than its average increase in costs. The gap between costs and prices were increasing especially since 2003. The price increase couldn't be justified by the increase of production cost especially in 2006 where the average cost decreased by 3% and average prices increased by 14%.

## 1.3 *Edible oil*<sup>4</sup>

6. The edible oil sector is a key sector in Egypt. In 2005, it was accountable for 15% of the overall investment in food industries and 25% of the overall manpower (50000 employees) in food industries. The main types of edible oils consumed by the Egyptian end users are: Corn Oil, Sunflower Oil, and Blended Oil. Blended oil represented the highest market share in the edible oil market with 68%. Cotton seed and soybean oil were the main components of blended oil.

7. There are three stages to produce edible oil: Crushing<sup>5</sup>, refining<sup>6</sup> and packaging<sup>7</sup>.

8. It should be noted that Egypt imports around 90% of its needs from crude and semi refined oils.

9. Where conducting its study on edible oil that covered the period 2004-2009, ECA concluded that the fully refined and packed Blended oil is the relevant product.

10. As a result of the world food crisis and the increasing usage of vegetable oils for bio-fuel during the period 2007-2008, the production cost of one ton Blended oil climbed by 60%; then it went down by 33% in 2009.

## 1.4 *Raw Milk*<sup>8</sup>

11. ECA studied the raw milk during the period 2006-2009. The product market was the cow raw milk produced by farms to be used in bottled drinking milk. This market is characterized by two phenomena: The presence of immense informal sector up to 80% of the total output of the said relevant product; and Governmental intervention in the pricing process. Akin to the edible oil case mentioned hereabove, the usage of vegetable for bio-fuel affected raw milk production cost. The animal feed (which includes the corn oil) is accountable for approximately of 60% of the production cost of 1 kg of the relevant product. The afore mentioned factor together with the occurrence of anti-competitive practices resulted in driving incumbent farms out of the market and in hindering the entry of new ones. The Milk case will be discussed in more details in next section.

<sup>3</sup> Cement, study requested by Minister of Trade and Industry 16/7/2006 concluded on 2/10/2007.

<sup>4</sup> Edible oil, study requested by Minister of Trade and Industry 26/12/2007, concluded on 30/8/2010.

<sup>5</sup> It consists on crushing the oilseeds. Cottonseeds are the major oilseeds crop. Sunflower and soybeans are the other oilseeds crops. Around one third of the total crushing capacities are not utilized due primarily to the limited availability of oilseed crops.

<sup>6</sup> It consists on refining the crude oil or semi refined oil to produce edible oil. Around 25% of total refineries capacities are not utilized due primarily to the exponential price increase of crude and semi refined oils.

<sup>7</sup> Edible oil is packed to be sold to households. All the refineries are packing all or part of their edible oil production. Not all crushing companies are producing edible oil.

<sup>8</sup> Raw Milk study request by Minister of Trade and Industry 26/12/2007, concluded on 7/3/2011.

### 1.5 *Nitrogenous Fertilizers*<sup>9</sup>

12. Subsequent to media reports asserting that nitrogenous fertilizers prices exponentially increase, ECA initiated an investigation to stand on the accuracy of such statements. After concluding that the nitrogenous fertilizer is the relevant product, ECA found out that this market is de facto regulated. All output quantities, distribution channels and prices are regulated via ministerial decrees. All the claims concerning the unjustifiable price increase is due to the fact that traders were breaching such Decrees and selling fertilizers in the black market. ECA couldn't deal with such phenomenon and contented to close its investigation on the ground that such Decrees did not open any room for competition and any breach thereof should be sanctioned in accordance with the foregoing Decrees.

### 1.6 *White Sugar*<sup>10</sup>

13. Following media reports purporting that the white sugar prices increased dramatically as a result of anticompetitive practices in this market, ECA initiated a study thereon.

14. The case is still under investigation; the preliminary findings showed that the white sugar could be manufactured from beet sugar or cane sugar. Consumers do not distinguish between both; hence the relevant product is white sugar (whether extracted from beet sugar or cane sugar). The beet sugar is cultivated and produced in Nile Delta, while cane sugar is cultivated in Upper Egypt. As per 2009 statistics, Sugar consumption in Egypt is accountable for 2.6 million tons annually (Million ton goes to Subsidies Card Holders<sup>11</sup>). As for Sugar production in Egypt, it represents 1.6 million tons annually. The gap is filled out through importing either raw sugar/refined sugar to be refined in the domestic producers' facilities or white sugar.

15. In 2006, the Minister of Industry and Trade formed a Committee<sup>12</sup> aiming at designing policies to ensure filling in the sugar gap in the local market, monitoring the international and local sugar prices, setting indicative/recommended white sugar selling prices. In practice, the price volatility of raw sugar and white sugar throughout the period 2006-2009 (duration of the study) seemingly affects both the market and the measures taken by the said Committee. ECA investigation is still underway.

16. In light of the above, we can infer that the causes behind such price volatility are diverse: In the **Steel** case, the main reason was the price increase of imported billet. In the **Cement**, it was purely domestic; cement producers cartelized altogether to raise the price as will be later discussed in more details. In **Raw Milk** case, it was due for combined factors that significantly affected the market (increase of animal feed cost due to the usage of corn oil for bio-fuel, coupled with other domestic factors like the existence of monopolistic practices, the informal sector and nature of the product which is perishable very quickly). In **Edible Oil** case, the world food crisis affected the vegetable oil prices in Egypt. In turn, the **fertilizer** market is distorted due to Governmental interference and traders breach of Ministerial Decrees. As for **White Sugar** case, there is at least one factor can be taken into account; it is the imported price of raw sugar.

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<sup>9</sup> Nitrogenous Fertilizers, Study initiated by ECA May 2007, concluded on 26/5/2007.

<sup>10</sup> White Sugar, study initiated by ECA 30/8/2009, PENDING.

<sup>11</sup> For more details on State Aid and Subsidies in Egypt, kindly see Egypt contribution in Competition, State Aids and Subsidies at OECD Global Forum on Competition, available at DAF/COMP/GF/WD(2010)9.

<sup>12</sup> By virtue of Decree no.98 for the year 2006 with regard to the establishment of the Committee in charge of monitoring the free sugar.

17. ECA, since its establishment, is vigilant that its main role is to ensure that markets are operating competitively and efficiently. For this purpose, ECA set up **the Market Monitor Department** in order to measure the effectiveness of its enforcement action. As such, the freshly established Department made two comparative studies on **Cement** sector to appraise whether its enforcement actions drove prices down. The said studies, using structural indicators and assessing market behavior, concluded that market concentration is reduced in terms of sales volume and value as a result of the Court sentence to fine cartelists along with the issuance of new licenses for new cement producers.

18. Relatedly, the Department is currently preparing a study on the **Steel** market to evaluate ECA advocacy efforts undertaken in this sector to resolve the competitive problem that will be later discussed in more details in this paper.

## 2. Competition Law Enforcement & Formal Investigation

19. ECA investigated various commodities markets and succeeded to build, at least to an extent, a credible enforcement record especially in food industries and construction sectors.

### 2.1 *Cement Case*<sup>13</sup>

- **Facts:** ECA received a request from the Minister of trade and Industry to study the reasons behind the exponential price increase of Cement. ECA conducted its investigation to cover the period from January 2002 through December 2006.

ECA found out that there is a pool of nine cement producers (12 companies) that they have agreed on fixing the cement price and limiting the marketing thereof since 2003.

- **Decision:** ECA Board took a per se approach where scrutinizing the said agreement. The Board based its decision on the following evidence: Witness statements, price/cost correlation (price increase and cost decrease), stable local market shares and volatile exports market share.

The district Court<sup>14</sup> fined the violators 200 million Pounds<sup>15</sup>.

The afore-mentioned verdict was upheld by the court of Appeal<sup>16</sup> and the Court of Cassation respectively.

The cement Cartel case is the first judicial precedent.

### 2.2 *Sugar Cane Molasses Case*<sup>17</sup>

- **Facts:** A state owned company was dominating the sugar cane molasses market with a market share of 100%. There were no close substitute, no imports and high barriers to entry.

<sup>13</sup> Cement, supra note 3.

<sup>14</sup> Case no. 2900/2008 Misdemeanors of Madinit Nasr Awal (25/8/2008).

<sup>15</sup> 1 USD= 5,99 Egyptian Pounds, based on Central Bank exchange rate on 8/12/2011, [www.cbe.org.eg](http://www.cbe.org.eg).

<sup>16</sup> Appeal no. 22622/2008 East Cairo, Prosecution vs. Suez Cement group, La Farge titan Group, Al-Amreya Simpre Group, Simx Egypt (Assyout Cement), Egyptian Cement, Sinai Cement, Misr-Bani Suf for Cement, National Cement Company.

<sup>17</sup> Molasses, Complaint EGY-Belge Co. Vs. Sugar and Egyptian Integrated Industries Co. 16/5/2007, concluded on July 2008.

The said Dominant firm was engaged into a price discrimination scheme. It was selling the sugar cane molasses to its two sister companies (i.e. two other public enterprises) 20% higher than to their competitor (private company) in the yeast market. The one ton of sugar cane molasses is accountable for more than 50% of the production cost of one ton of yeast.

Such discrimination between firms having equivalent transactions resulted in the limitation of the private company ability to compete effectively in the yeast market against the two other sister companies.

- **Decision:** ECA Board issued an injunction (cease & desist order) against the violator (the sugar cane molasses dominant firm) to rescind all discriminatory schemes between yeast producers.

The violator abided by ECA decision and has eliminated all kind of discrimination.

The case was further referred to the prosecution which closed the file on the ground that there were practical substitutes and high potential entry.

ECA believes that the prosecution erred in its assessment.

### 2.3 *Raw Milk Case*<sup>18</sup>

- **Facts:** A series of Ministerial Decrees (mainly issued by the Minister of Agriculture<sup>19</sup> and last Decree is jointly issued by both Ministers of Agriculture and Trade & Industry<sup>20</sup>) were issued since 2001 through 2009 and formed a Committee composed of both Farms and Packed Drinking Milk producers to agree on recommended pricing formula of raw milk. Such Committee is headed by a Ministerial Representative to act as a “facilitator”.

Packed Milk producers were convening in their Business Association before Committee’s meetings to agree on purchasing prices to be imposed on farms in the then upcoming Committee meetings.

ECA raided Ministry of Agriculture and got smoking gun evidence with regard to packed milk producers’ agreement on raw milk purchasing prices.

ECA considered that the agreements that took place among the Buying Group either inside the Committee or at the Food Industries Chamber are violating article (6) of the Law. ECA believes that the said Ministerial Decrees are in breach of the Competition Law on the one hand and that such agreements were anti competitive on the ground that the cost effective realized by the Buying Group (reducing the purchasing price of raw milk) did not pass on consumers in the downstream market (packed drinking milk). Further, such practice resulted in the depression of farms output; as such several farms exit the market. Moreover, ECA considered that in the event the Government wants to regulate raw milk prices, this should be carried out through the mechanism of article (10) of the Competition Law<sup>21</sup> not via Ministerial Decrees.

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<sup>18</sup> Raw Milk, supra note 5.

<sup>19</sup> Agriculture Ministerial Decree no. 146 for the year 2001 as amended.

<sup>20</sup> By virtue of joint Decree no. 375 for the year 2009.

<sup>21</sup> Article (10) of the Competition Law provides that “*The Cabinet may, after taking the opinion of ECA, issue a Decree determining the selling price for one or more essential products for a specific period of time. Any*

- **Decision:** ECA Board took a per se approach and considered that such type of horizontal agreements is violating article (6) of the Law. The Board did not take into account the fact that such agreements are concluded under governmental auspices and rejected the Buying Group claims that there were forced to make such agreements. The Board concluded that the companies wills were free from any defect based on the following factors: The non-Binding nature of the Decree (the Decree was calling for recommended pricing formula, and there was no sanction stated in the Decree in the event that participants did not abide by the agreed “recommended” prices); the Buying Group were holding meetings outside the Committee to agree on raw milk prices to be imposed on farms ; and the ability of the Buying Group to reject suggestions or to impose others on farms as illustrated in the Committee’s meeting minutes.

On a different note, The Board recommended that, in order to undermine raw milk output depression, packed milk producers should apply the formula of “milk to feed ratio” where dealing with farms. The largest buyer with a market share of approximately 65-70% in both upstream (raw milk) and downstream (packed drinking milk) markets welcomed ECA recommendation and started up to apply it. The second and the third largest buyers chose to be vertically integrated to ensure security of supply of raw milk.

- **Comment:** This case covers two significant aspects: First one consists in incriminating all types of agreements that will take place under Governmental auspices in the event that it contradicts with the mechanism provided for in article (10) of the Law. The other reflects ECA Board effort to remedy the shortcoming of the wording of article (6) of the Law. The said article does not really distinguish between hard-core cartels (object Contract) and non hard-core cartels (effect contract). The reading of such article suggests that all agreements that lie thereunder will be treated as per se illegal. In order to mitigate such effect, the Board announced that it took a per se approach; meanwhile they added a story of harm, namely, that such agreements did harm consumers.

20. The practice showed that there are three mechanisms to conduct market studies by ECA. First one is to receive a request from the Ministry of Trade and Industry to study a given sector where there is a suspicion that monopolistic practices took place therein; such type of market studies has, usually, an enforcement purpose<sup>22</sup> (Steel, Cement, Milk, Edible Oil, and Meat). The second is to receive a request from the Ministry of Investment to opine on the privatization of an SOE (Phosphate, Corn Products); such type of market studies reflects the advocacy purpose thereof. Last is to initiate ex officio a market study by ECA; it can cover either an enforcement purpose (Fertilizer, White Sugar) or advocacy one (Domestic Flights).

#### 2.4 *Steel Case*<sup>23</sup>

- **Facts:** As mentioned above, the study covered the period 2002-2006. There were around 20 market players; only two firms were integrated and the others are either semi-integrated or rolling mills. ECA concluded that one of the two integrated firms has monopoly power. ECA concluded the dominance based on the following findings:
  - Market share around 60%;
  - Output capacity market share was accountable for 44% of the total market output capacities;

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*agreement concluded by the Government for the purposes of the implementation of these prices shall not be considered an anticompetitive practice”.*

<sup>22</sup> Nothing in Law or in Fact prevents ECA to add an advocacy purpose (like urging Government to cancel or modify Decrees or Regulations that impair competition) to the enforcement one.

<sup>23</sup> Steel, supra note 2.

- Cost effective;
  - Significant customer loyalty especially among consultant engineers;
  - Entered into *de facto* exclusive dealings with the main wholesalers; and
  - The existence of Governmental restrictions and economic barriers that prevented the entry of new integrated firms.
- **Decision:** Despite the fact that the *de facto* exclusive dealing undertaken by a dominant firm can be considered as *per se* illegal under the Competition Law, ECA Board dismissed any allegation of violation. The Board adopted an effects based approach where scrutinizing the dominant's agreements. The Board did not want to refer the case to the Competent Minister<sup>24</sup> to bring it before the Court to avoid an "over-enforcement".

## 2.5 *Meat Case*<sup>25</sup>

- **Facts:** ECA has defined the relevant product as the imported boneless frozen red meat (all cuts whether from cow or buffalo). The geographic area was determined as Egypt in addition to the international market (depending on the countries' diseases situations defined by the World Organization for Animal Health).

ECA has examined the existence of any cartels in the relevant market by applying the guidelines of the ICN concerning the factors facilitating cartels; where it found that only two factors apply: the homogeneity of the products and the same production costs for all the competitors. In addition to the aforementioned result, ECA has studied in details two indicative companies from the cost structure, prices and the correlation therebetween together with the margins of profits, which were ranging from 4 to 8%.

ECA has studied the two types of vertical relationships in the market and inferred the following: The relationship between the importers and the slaughterhouses on the one side and the relationship between the importers and the distributors and the factories on the other were not restrictive to competition even through different exclusive dealings did exist in the market.

ECA concluded that none of the sample (it included the major market players whose the combined market shares were accountable for 65%) studied by ECA was in a dominant position.

- **Decision:** The Board concluded that there was no violation carried out during the study period.

## 2.6 *Corn Products*<sup>26</sup>

- **Facts:** ECA has received a request from the Ministry of Investment to study the potential effects on competition that might arise from privatizing an SOE, the main producer of yellow corn products in Egypt. ECA concluded that the relevant products are Standard Glucose, Glucose High Maltose, Fructose 55 + Sugar, Fructose 42, Fahd, Protein Sources, Starch, and Crude Corn Oil.

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<sup>24</sup> It is worth mentioning that the power of initiating criminal lawsuits and to settle with violators is vested in ECA Chairman by virtue of Prime Ministerial Decree no. 1410 for the year 2011. Such Decree becomes effective as of 18<sup>th</sup> of November 2011.

<sup>25</sup> Meat, study requested by the Minister of Trade and Industry 26/12/2007, concluded on July 2009.

<sup>26</sup> Corn Products, Advisory Opinion request by Minister of Investment 27/6/2007, concluded on 15/12/2009

The study has concluded that the SOE enjoyed a dominant position in the markets of Fructose 42, Fahd, and Starch. Thus, ECA concluded that if the company is to be privatized, the following might take place:

- Create a dominant firm in the markets of Fructose 42, Fahd, and Starch
  - That dominant firm may impact the prices and/or the supplies of the aforementioned products.
  - The change in price, or supply of the aforementioned products could result in negative impacts on dependant industries, e.g. production of sweets.
- **Decision:** ECA Board recommended that the SOE should not be sold given the fact that its privatization might harm consumers by charging them higher prices coupled with the potential negative impacts on related markets as a result of this prospective privatization.

The Ministry of Investment followed ECA recommendation and decided not to sell the company.

21. In practice, all market studies conducted by ECA (whether requested by the Ministry of Trade and Industry or Ministry of Investment, or initiated by ECA) had as objective to ascertain allegations of unjustifiable price increase to be occurred in given markets.

22. Relatedly, ECA received two requests from Consumer NGOs to study both Steel and Edible Oil markets for the same reason (unjustifiable price increase). None of the two requests was accompanied by documents or evidence. Such requests did not have value added from a practical standpoint since ECA were already investigating the markets at stake.

### 3. Advocacy Opportunities and Challenges

23. ECA is engaged into advocacy activities in order to make markets more competitive.

24. In the **Steel**<sup>27</sup> case, ECA found out that the main reason behind the lack of competition in this key sector resides in the absence of sufficient integrated plants to compete effectively with the dominant firm and to be cost effective, hence to reduce the industry marginal cost. The study showed there was only one integrated plant (besides the dominant firm) with a market share of 0.5%; this was due for various reasons (financial, managerial and structural problems). As such, ECA conducted advocacy efforts with the Ministry of Trade and Industry to re- open licenses for new integrated plants which had been blocked for several years. Accordingly, the Ministry made a bid and awarded four new licenses in 2008.

25. In a similar vein, ECA recommended the Ministry to ease the entry of imported steel rebar especially that the Egyptian specs seem to be tighter than other countries. Hence, the Ministry took several measures to facilitate the importation of rebar, including reducing customs tariff to zero, changing the specs, shortening the administrative procedures from 30 days to 1 day. Consequently, the amount of imports climbed in one year (2009) from 1% to 23%, prices went down from 8000 EGP per ton to less than 3100 EGP<sup>28</sup> a ton and the then dominant firm decreased by 10%.<sup>29</sup>

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<sup>27</sup> Steel, Supra note 2.

<sup>28</sup> It should be noted that the billet prices also went down internationally; hence such price decrease should be attributed to both factors (ease of importation and reduction of billet price).

<sup>29</sup> A part from the Steel study conducted by Market Monitor Department as illustrated in section 1.3 above, ECA is investigating then dominant firm conduct during the period 2007-2010.

26. In the **Raw Milk** case,<sup>30</sup> ECA recommended that each Packed Milk Producers adopts a “milk to feed ratio” formula where dealing with farms.

27. The rationale behind such recommendation is due for the reason that the prices of raw milk are, since 2007, equal 1,5 to the cost of animal feed (which is accountable for 60% of the total production cost of 1 kg of raw milk). As per the international standards, such ratio should be at least 2,5 to maintain the business. The milk to feed ratio should allow Egyptian farms to maintain their businesses and should prevent the output depression. Furthermore, ECA, in order to ensure that the price increase of raw milk will not significantly affect consumer price in Packed Drinking Milk, assigned a foreign expert to study the potential effects of raw milk price increase on selling price of packed drinking milk. The paper submitted by the expert, using a probit regression model, concluded that the potential 10% increase in the upstream market will trigger a potential average increase of 2,5% in the downstream market.

28. The main buyer power (approximately 65% market share) announced that he will apply the Milk to Feed Ratio Formula.

29. In 2008 ECA was confronted by Ministerial request to exempt Steel producers from any antitrust liability in the event that they have applied a maximum RPM system with their distributors and such RPM restricted competition. From the Ministry vantage point, this RPM system should reduce consumer price, at least in the short run, taking into account prices of Steel rebar were expected to go up given the increasing price of billet at that time.

30. ECA rejected the said request on the basis that, first, the Competition Law does not empower ECA to issue such exemption. Second, given the steel rebar market structure, the fact to impose on steel producers the adoption of an RPM will be ineffective and may create a black market. Since there is a cost differential between the dominant firm (who is heavily relying on oxide pellet and is benefiting from the security of supply of raw materials) on the one hand and the rolling mills (who are usually buying the billet from spot market and are subject to billet price volatility) on the other, it is unlikely that retailers will abide by the maximum RPM even in the short run.

31. As such, the Minister of Trade and Industry issued a Decree<sup>31</sup> compelling Steel producers to impose a maximum RPM. The rebar prices, however, continued to go up and a black market was created by retailers and contractors.

32. ECA is employing a number of channels to mitigate the risk of price volatility to become a nationwide problem. First, ECA, as previously mentioned, formed a new Department to monitor whether the enforcement actions taken by ECA were effective to solve the competitive problem or not. Second, ECA started up to distribute a questionnaire on businesses in the margin of its workshops on business compliance program. The attendees should answer questions with regard to barriers (either legal or practical) they are encountering where carrying on business.

33. Moreover, in the context of ECA’s political parties program<sup>32</sup>, ECA is advocating the necessity to balance between the Competition Policy and other Governmental Policies whenever the Government is considering a Regulation Policy option.

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<sup>30</sup> Raw Milk, supra note 5.

<sup>31</sup> Decree no. 419 for the year 2008.

<sup>32</sup> This Advocacy Program has been established in September 2011 with the purpose of introducing the concept of Competition Policy and its effects on economic development to a wide spectrum of Political Parties whom should be the upcoming decision makers.

34. Last but not least, the Competition Law encompasses an Advocacy provision<sup>33</sup> by virtue of which ECA is empowered to opine on draft laws with regard to competition. ECA, in the context of the aforementioned Political Parties Program, is trying to activate such provision.

#### **4. Conclusion**

35. Since its inception, ECA is striving to address the price volatility of commodities in a satisfactory manner. In spite of the fact that ECA fulfilled some successful enforcement and advocacy actions; the way is still far long.

36. There is an ever-increasing acknowledgment from both the Government and the public at large that ECA can and should play a positive role in finding a suitable remedy to the subject in question.

37. On the other hand, major hurdles, namely, lack of sufficient and experienced staff, State intervention in free markets, lack of competition culture among different stakeholders and the presence of important informal sector need to be overcome in due course. Otherwise, ECA credibility in solving the competitive problems arising from price volatility of commodities can be jeopardized.

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<sup>33</sup> Article (11)/5 of the Law.