

**EXPLORING EGYPT'S LEGAL
LANDSCAPE:
A DEEP DIVE INTO THE
ECONOMIC CONCENTRATION
AND MERGER CONTROL IN
EGYPT.**

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DECREE OVERVIEW



REFINING THE FRAMEWORK OF EGYPT'S COMPETITION LAW

In an impactful stride towards refining its competition law framework, Egypt's legal landscape witnesses a pivotal update with the Prime Minister's Decree No. 1120 of 2024. This decree amends the Executive Regulations of the Competition Protection and Monopoly Practices Prevention Law, heralding significant procedural and regulatory shifts that business entities, legal practitioners, and stakeholders must keenly navigate.

Egypt's legal system has taken a deliberate step to refine its competitive landscape through the enactment of the Prime Minister's Decree No. 1120 of 2024. This legislative evolution marks a significant transformation aimed at strengthening the foundation of economic fairness and fostering a robust environment for market players. By modernizing the regulatory oversight of economic activities, the decree seeks to pave the way for a balanced and dynamic marketplace, where innovation thrives while consumer rights and fair-trade practices are safeguarded.

The decree's amendments to the existing Competition Protection and Monopoly Practices Prevention Law showcase a proactive approach in addressing the complexities of modern economies. In an era where market concentration can influence not just economic outcomes but also societal and technological advancements, the decree's provisions ensure that Egypt's economic directives align with international standards and best practices. This alignment is crucial for maintaining the country's competitiveness on a global stage and for attracting foreign investment, which perceives robust competition laws as a hallmark of a stable investment climate.

REFINING THE FRAMEWORK OF EGYPT'S COMPETITION LAW

The decree not only adjusts the current legal framework to the current economic realities but also anticipates future market developments. It introduces nuanced mechanisms for oversight and regulation, especially concerning economic concentration and monopoly practices. By setting forth a clear and precise procedure for the examination of economic concentration, the decree lays out the groundwork for transparency and accountability in business practices. It also provides a blueprint for legal practitioners and business entities to navigate the procedural shifts, thus promoting compliance and strategic decision-making.

Furthermore, the decree's implications extend beyond the immediate legal changes, ushering in an era where market conduct is continuously monitored and refined to encourage healthy competition. This forward-looking approach demonstrates Egypt's commitment to creating an economic landscape that not only drives growth but also equitably distributes its benefits across different sectors of society.

As our firm delves into the intricacies of the decree, we not only prepare ourselves to serve our clients with the latest legal advisories but also position ourselves as thought leaders in the sphere of competition law. The forthcoming slides will provide detailed insights into the decree's articles, procedural changes, and the strategic implications for businesses operating within Egypt's borders and beyond.

KEY HIGHLIGHTS



KEY HIGHLIGHTS OF THE DECREE:

- 1. Amendments Overview:** The decree revises critical provisions to modernize and clarify the process and criteria for evaluating economic concentrations. Specifically, Articles 30 and "First Paragraph/41" are amended to update the fees for accessing documents and delineate the actions required for entities in violation of the law to rectify their status (Article 1).
- 2. Economic Concentration Examination:** A profound addition is the comprehensive chapter on "Economic Concentration Examination" (Article 2), encapsulating Articles 48 through 62. This segment introduces nuanced definitions and regulatory frameworks aimed at scrutinizing mergers, acquisitions, and joint ventures for their impact on market competition.
- 3. Notification and Submission Procedures:** The decree mandates stringent notification and submission protocols for entities engaged in economic concentration, as detailed in Articles 55 and 56. These requirements include comprehensive documentation and evidence to facilitate the Authority's evaluation process.
- 4. Evaluation Criteria and Special Cases:** Article 54 outlines the evaluation criteria for economic concentration, focusing on market competition, consumer impact, and innovation. Meanwhile, Article 60 delineates conditions under which economic concentration may be permitted, addressing financial stability and national security considerations.
- 5. Procedural Compliance and Oversight:** The decree emphasizes procedural diligence and regulatory oversight. Articles 61 and 62 further elaborate on the Authority's investigative rights and the obligation to notify the General Authority for Financial Supervision in relevant cases.

CRITERIA FOR MERGER APPROVAL AS ESTABLISHED BY LAW 175/2022

1. Each involved party must have an annual turnover of at least EGP 200 million (approximately EUR 3 million) in Egypt, and together they must have a total turnover or combined assets exceeding EGP 900 million (approximately EUR 17 million) within Egypt; or
2. At least one involved party must have an annual turnover or total assets in Egypt of no less than EGP 200 million (approximately EUR 3 million), with their combined worldwide turnover or assets surpassing EGP 7.5 billion (approximately EUR 145 million).

The Executive Regulation clarifies these criteria, providing specific guidelines on how to compute these thresholds. These calculations are based on the consolidated financial statements from the fiscal year before the merger. For acquisitions, the financial figures of the seller are excluded. Any amounts in foreign currencies are to be converted into Egyptian pounds (EGP) using the official exchange rate provided by the Egyptian Central Bank.



PROCEDURAL ASPECTS

PROCEDURAL ASPECTS

The Decree No. 1120 of 2024 introduces comprehensive amendments and new procedural requirements in the context of economic concentration. Understanding and implementing these procedures is crucial for legal compliance and strategic business operations. Here's a detailed breakdown of the procedural aspects:

Notification Procedure for Economic Concentration

Entities Involved: All parties participating in mergers, acquisitions, or the establishment of joint ventures that may alter market control or influence.

Obligation: Such entities are required to submit a notification to the Competition Protection and Monopoly Practices Prevention Authority, detailing the economic concentration.

Required Documents: A comprehensive list of documents must accompany the notification, including national IDs or passports of the notifiers, power of attorney if applicable, commercial register extracts, foundational documents, audited financial statements, and any agreements related to the economic concentration.

Timeline and Form: The decree specifies that notifications must be complete and submitted in a prescribed form, emphasizing the importance of timeliness and accuracy in submissions.

Evaluation Criteria for Economic Concentration

Assessment Framework: The Authority evaluates the potential impact of economic concentrations on market competition based on defined criteria. These include the effect on market competition, the market position of entities involved, and the potential impact on consumers and innovation.

PROCEDURAL ASPECTS (CONTD)

Transparency in Evaluation: Firms must understand these criteria to assess the potential implications of their economic concentration activities accurately and prepare their submissions accordingly.

Filing Procedures and Fees

Companies involved in transactions that reach the defined thresholds are required to submit a notification to the Egyptian Competition Authority (ECA). This submission must include a detailed file that outlines the transaction and its potential impact on market competition, and it should follow a structured template to ensure uniformity in presentation.

- The filing fees, set between 80,000 EGP and 100,000 EGP (approximately EUR 2,000), are scaled to match the size of the transaction and are designed to be fair and not discourage compliance.
- The ECA has an initial review period of 30 working days to assess a transaction, which may be extended by an additional 15 days. If a decision is not reached within these time frames, the transaction is automatically approved. However, the ECA may initiate a second review phase lasting up to 60 days, with a potential extension of another 15 days. Decisions regarding mergers and acquisitions can be contested within 30 days after they are issued.

EFFECTIVE DATE

The decree will be published in the Official Gazette and come into effect on June 1, 2024, marking a significant update to the legal regime governing competition and monopoly practices in Egypt.

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ATTORNEYS AT LAW

THANK YOU

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