

Ministry Of Industry
And Trade

Competition Directorate
Sixth Annual Report
2008



His majesty
king Abdullah II



Competition Team

Ministry of Industry and Trade
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Sixth Annual Report
2008

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HE, Eng.
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Minister of Industry and Trade

Minister's Speech

The Ministry of Industry and Trade seeks to ensure a successful implementation of the competition law provisions believing that achieving a sustainable economic development and bringing about a suitable environment for investment. This requires creating an economic framework, which functions according to a market scheme based on free competition. The purposes of the Ministry are to increase the productivity efficiency, improve the product's quality, in addition to protecting small and medium enterprises and consumers from anti competitive practices.

Thereupon, the Ministry has tacit a set of measures for implementing the provisions of the competition law No. (33) Of 2004, that includes establishing the competition directorate and supporting it with the necessary cadre, forming the competition matters committee, establishing liaisons with similar agencies abroad, pursue the judicial council for the purpose of assigning judges who are specialized in competition matters, and building relevant databases.

Despite the fact that the Competition Directorate was recently established, the number of cases that was received since it started is a clear proof on the effective role of the Ministry in implementing the provisions of the law, and promoting the competition culture. The ministry has adopted a policy that is followed by most advanced countries in the competition field especially in the first years of implementing the law, whereas this policy grants violators a chance to correct their situation in accordance with the provisions of the law, a matter that had a great impact on maintaining the balance of the market, and contributed in promoting the competition cultures in various economic sectors.

Moreover, the Ministry deals with the competition cases according to a scientific methodology that includes legal studies and comprehensive economic analysis for the investigating practices, and its violation for the Provisions of the Competition Law, whereas some behaviors or practices seem to be violating the Provisions of the Law, but it is proved that, through studies executed by the Directorate which were based on accurate scientific standards, these practices and behaviors are reasonable and constitutes a response for the market conditions, in other cases, the appropriate actions are taken against such violators.

This Report is prepared by the Competition Directorate of the Ministry of Industry and Trade. It endeavors to promote the competition culture and raise the awareness on the provisions of Law. This report shall be a reference to all experts and researchers as it emphasizes the transparency principle adopted by the Ministry in all its programs to lead to the acquired economic development.

Introduction

In the context of global economic shifts, and to be able to face the challenges arising there from and keep up with rapid changes, the Hashemite Kingdom of Jordan joined some global economic communities and applied economic corrective programs, which collectively led to the liberalization of the markets, the removal of trade barriers and the activation of the private sector's role.

In order to keep pace with these challenges, the policies that seek to establish economic freedoms and support market mechanisms had to be implemented. Thereupon, the Ministry of Industry and Trade has started working under the provisions of the Competition Law No. (33) Of the year 2004, whereas by the issuance of this Law, Jordan has become the first Arabic country in the Middle East to have issued a National Competition Law.

The Competition Directorate of the Ministry of Industry & Trade is the entitled authority to implement the Competition Law. After coordination with the concerned authorities, the directorate deals with a number of files regarding the various economic sectors, such as (concentration requests, exception requests, complaints, consultations, studies and investigations). The committee for competition matters also assumes the duties of sanctioning the general plan for the competition, reviewing matters related to the provisions of this Law and drafting laws and regulations related to the competition or those that grant new privileges and exceptional rights.

The (We are all Jordan document) has encouraged successful application of the competition policy as to meet Jordan's needs and prospects, in addition to raising the level of competition of its sectors, all within the mission to improve investment. Furthermore, the national agenda highlighted the importance of granting the Competition Directorate at the Ministry of Industry and Trade more authorities.

In addition to that, the competencies responsible for implementing the Competition Law were qualified through a number of in-house and abroad specialized courses on competition, in order to take benefit of international experiences, and exchange expertise with organizations and world wide bodies.
The competition directorate took great interest in promoting the competition culture and raising awareness of the provision of the law, taking into consideration the special nature of the competition law as one

of the most important economic laws. Upon that, the directorate assumed organizing awareness campaigns at the various economic sectors of the kingdom, which aims at shedding light upon the results and positive effects of issuing a law to organize competition.

In that respect, the competition directorate took part in several regional and international forums, as well as reinforcing bonds with several international authorities concerned with applying competition law and policy.

On the other hand, four cases were filed to the Prosecutor General. The cases are still under consideration by the Jurisdiction. In the past, the Directorate used to adopt another strategy, as ordering the violating institutions to correct their situations, aiming at promoting the competition culture. This policy is internationally adopted especially in the first years of the issuance of the Law.

Under paragraph (b) of Article 12 of the Competition Law, the Competition Directorate of the Ministry of Industry and Trade undertakes to prepare an annual report tackling the competition in the Jordanian market. The Minister of Industry and Trade undertakes to forward the report or it's summery to the Cabinet.

This report aims at identifying the provisions of the Competition Law, and educating the public with all the activities performed by the Directorate's sections, such as (consultations, complaints, studies, exemptions' requests, economic concentration requests), and the procedures adopted by the Directorate to monitor the course of the market mechanism.

This report is an instrument to promote the decisions issued under the Competition Law, in order to put them at the disposal of all researchers, experts, and Arab and foreign agencies that are interested and want to benefit from the Jordanian experience, as it is considered unprecedented in the Middle East Region

In this report, the first part shall present a background on the competition in the Kingdom, and its second part will tackle the authorities entitled to implement the Competition Law. The third part lists the achievements of the Competition Directorate from 1st January to 31st December 2008, and the decisions issued under the Law, and the future action programs. In addition to the annexes of this report which will include all the studies carried out by the Directorate.

Vision

To contribute in achieving a sustainable economic development in Jordan, and raise its competitiveness through the increase of economic efficiency and encouragement of creativity.

Mission

Successful implementation of the competition policy that apprehends the needs and prospects of Jordan and that contributes to elevate the level of competitiveness in all sectors by setting out free market mechanisms and incentives.

objectives

1. Develop a follow-up and information systems on competition matters, monitor market mechanisms, and handle the complaints and requests presented to the Directorate.
2. Promote the competition culture among the public, and raise the awareness about the provisions of the Competition Law and encourage competition in every economic sector.
3. Amend the legal legislations on competition in the light of the outcomes of the practical implementation of the Law.
4. Qualify and train the national potentialities specialized in the implementation of the Law.
5. Liaise with all the related institutions and agencies in Jordan, and with the similar agencies abroad and benefit from their experience.



First Section

COMPETITION STATUS IN CERTAIN ECONOMIC SECTORS

1-1 Preamble

The purpose of reviewing the competition status in this report is to determine the impacts of the economic, regulation, and legislation reform policies at the competition level, and placing these information in hands of the decision makers and researchers, which would contribute in setting policies for stimulating the competition, and bring about benefits in terms of upgrading the economical performance and boosting it's competitiveness, hence raising the public's standards of living.

On the other hand, and pursuant to the provisions of Article 12\B of the Competition Law no (33) of 2004, this report will be delivered to the Cabinet. It is an appropriate opportunity to review the economic development of the Country. The report gives a general background on the status of competition in some major sectors, through the introduction of data, studies, and consultancies curried out by the Directorate when it handled the presented complaints, or by its own investigations that has been performed to reveal some malfunctions in some major economic sectors. As for the sectors regulated by regulatory commissions, and in according to these commissions, the competition has developed in the following manner:

1-2 TELECOMMUNICATION SECTOR 1

The competition in the Telecommunication Sector during the year 2008 has witnessed a remarkable development in all its sub-sectors, the fixed, mobile and supply of internet service, which produced a positive effect upon the growth and development of the Telecommunication Sector through out the year, in addition to enhancing the penetrate of the Telecommunication services in the kingdom, the provided service quality and its low prices, and the variety of options provided for the public. As there have been 13 new licenses issued for the purpose of providing public Telecommunication services, 9 of them are individual licenses and 4 are class licenses. Thereupon, the number of licensed companies by the Telecommunication Regulatory Commission (TRC) to provide public Telecommunication Services reached 78 companies by the end of the year.

Wherein (3) of the licensees started to provide Telecommunication services, especially in the domain of providing international and wireless fixed (WIMAX) Telecommunication Services, the rest are expected to start during the upcoming year, which had a positive impact in bringing about further competition in the sector, specially at the domain of providing International Telecommunication Services and Broadband Internet Services. Whereas the number of subscribers in the Broadband Internet Services mounted up to approximately 118 thousand subscribers up to the end of September 2008 compared to approximately 86 thousand subscribers by the end of the year 2007. Moreover, the Internet and International Telecommunication Services decreased to approximate rates of 10% and 23% respectively. Also, the Telecommunication Services penetrate witnessed a noticeable increase that reached about 87.6% for the mobile services and 20.1% for the Internet Services users. On the other hand, the mobile Telecommunication services' prices witnessed a real decrease due to the increasing competition in this sector as to reach about 16%.
And on the regulatory level, the commission has published several instructions and applied numerous procedures during the year that had great impact in the consolidation and protection of the competition in the sector, and creating a suitable environment for investment, among which are the following:

1. Performing a study about generating the circumstances of effective competition in the mobile Telecommunication market, and publishing the results of this study by issuing " The Green Paper", that included

the results of this study, and determined the obstacles that precludes reaching the effective competition in the Mobile Telecommunication sector, and the TRC's strategy to promote such environment as to bring about effective competition in this sector, and the standards that will be adopted by the TRC in the future to create such circumstances, in addition to the results of the study regarding the sector's capacity to take in additional operators, as it pointed out the possibility of taking in a new one.

2. Issuing a statement in regard of licensing the usage of radio spectrum frequencies for mobile communication (Third Generation) in Jordan, in light of the results of the TRC's study for the effective competition environment in the mobile Telecommunication sector, plus the public consultation done by the TRC in this regard as a part of a process for creating new market entry possibilities. The statement contained the descriptive procedures that shall be adopted by the TRC concerning the eligibility to use the Third Generation frequencies, eligibility requirements awarding of the tender, and the frequency bonds that will be provided. That and the minimum charges for acquiring such frequencies and the time frame for the licensing program. As such, the descriptions of the tender shall be assigned in a tender invitation document issued by the TRC during the first quarter of the year 2009, that includes all the details and procedures of the tender, whereas it is expected that the first license for The Third Generation Mobile Telecommunication technology is going to be granted during the year of 2009, giving more opportunity for taking in a new operator for providing Mobile Telecommunication Services.

3. Contracting with one of the worldwide expertise firms as to perform a revision for the Telecommunication Market that includes a revision for the Relevant Markets, a classification for the dominating operators and a revision for the remedies and its regulatory impact, as a part of the procedures stated in the Green Paper in order to promote the suitable environment for effective competition in the mobile Telecommunication market and to limit the effects of the dominance.

In view of that revision, the TRC is going to perform the necessary revisions on the identified markets, the current classification for the dominant operators, and the applied remedies , all of which in accordance with the provisions of the competition protection in the Telecommunication sector. The study is expected to begin at the first quarter of 2009.

4. Issuing "The amended instructions regarding the application procedures and criteria of the award of public Telecommunication individual and class licenses" for the purpose of facilitating the procedures for obtaining a license, as part of the procedures and

criteria determined by the TRC in the Green Paper to promote bringing about the environment for effective competition as to reduce the obstacles for market entry.

5. Awarding a tender for building interconnection modules using the (Long Run Incremental Cost / LRIC), considering that the TRC has finished studying the proposals of this tender. The tender is expected to be awarded, and the work on mentioned modules should begin during the first quarter of 2009, in order to reach the rates for interconnection modules that best reflects the efficient cost in providing these services, and consequently, promoting the environment for effective competition in the Telecommunication sector.

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1 With reference to Telecommunications Regulatory Commission (TRC).

3-1 Insurance Sector

The objectives of the Insurance Commission are to protect both the client's and the beneficiary's rights as to elevate the performance and efficiency of the insurance companies, by forcing the insurance companies to comply with the profession's ethics and regulations and embed fair competition amongst insurance companies. In addition to providing capacities capable of practicing the insurance business, elevating the insurance awareness, and strengthening the bonds of cooperation and mutual assistance with the concerned commissions and establishments.

Moreover, the insurance sector that is organized and observed by the insurance commission that includes (28) insurance companies , one of which is licensed to practice life insurance, (10) companies licensed to practice general insurance, (17) licensed companies to practice the two types of insurance (general insurance and life insurance), the sector also includes supporting insurance services companies that includes the following; (461) insurance agents, (70) insurance brokers, (42) loss adjustors and inspectors, (10) companies administrating the expenses and medical insurance, (13) actuaries, and (17) insurance consultants, and (9) re-insurance brokers.

Moreover, giving the opportunity to the local, Arabic, and international sector to invest with ownership in the insurance sector with no restraints, has lead to great progress in the variety of services and products to be delivered, a proof of this is the increase in the insurance premium volume as to reach (331.6) million dinar during 2008, and the growth ratio of 14% compared to 2007. As the insurance commission seeks to embed the competitiveness values and improves the Jordanian insurance business performance, by investigating the insurance and the supporting insurance services company's compliance to the instructions of the profession's ethics and by-laws, which guarantees fair competition amongst the insurance companies. Furthermore, the Insurance Commission encourages competition amongst the insurance companies by using the unfixed pricing policy regarding the insurance premium, and utilizing legal, technical, and financial supervision in accordance with the international standards, for the purposes of activating the evaluation process of the companies, and procure evidence on its status and raising its value, out of its belief of the necessity to develop the Jordanian insurance sector, as one of the foundations of the financial system as it contributes in the national economic growth.

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1 With reference to the Insurance Commission

4-1 Electricity Sector 1

The Electricity sector in Jordan has developed greatly in the past decades, due to the government's efforts to undertake the mission of developing and operating the unified electrical system, thereupon, a feature of a monopolist nature dominated the market.

In the light of the economic changes in the kingdom and the world in the last few years to restructure the economic sectors, including the electrical one, this sector has witnessed a limited competition represented by the competition of the market to enter into the generating electrical power sector. Whereas there are three power generating companies in the market, one of which is wholly owned by the government, as the work continues to have other companies in the power generating sector. One should take into consideration the long-term agreements for power purchasing signed by the aforementioned companies for limiting a shift to an easier competitive status.

Furthermore, the transference and distribution sectors carry the monopolists feature, three of the companies in the distribution sector are owned by the private sector for the time being, till the market is apt for more competition, and insuring the availability of the infrastructure; measuring equipments, information technology and the required communication.

The Commission shall play a pivotal role in monitoring the market, and insuring its readiness for more competition, as to recommend taking the initiative to the next level.

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1 with reference to the Electricity Regulatory Commission.

5-1 Transportation Sector 1

First: Land Transport

• Public Transport:
The following investments invitations were announced during the year 2008, which emphasized on consumer protection and provision of high quality services at competitive prices, it also seeks to increase the volume of investment in this sector for its great importance to the society.

- Investment invitation 1/2008 to operate transportation lines in Irbid.
- Investment invitation 2/2008 to operate the following lines:
  - Mahatta bus station line - Al-Salt station.
  - North bus station line - Al-Salt station.

- Investment invitation 3/2008 to invest in the Amman- Zarqa highway.

- Investment invitation to license a taxi office in the Jordan valley road.

- Road Freight Transport:

The government has liberated the fees of road freight transport using trucks to transport the goods from Aqaba Port. It has also ordered not to intervene in setting the transport fees and prices to highlight the competition concept and demand and supply principle. The Ministry is currently working on completing the restructuring of the Sector to increase its competitiveness and prevent it from monopolization.

Second: Air Transport

The current aviation environment is based on regulatory, competitive, and healthy environment, which is considered as a primal foundation for consumer protection and a key element for the development of the aviation sector in the kingdom.

In compliance with the national strategy for the Air Transport Sector, which assumes the liberation principle, and providing markets for the Air Transport and Civil Aviation Activities, the Civil Aviation Regulatory Commission is performing an integral and full considered plan, in order to

make Jordan a regional and Arabic role model in the domain of aviation safety, security, and environment, to protect the interests of the investors and consumers, all in a safe, healthy, competitive environment.

The Civil Aviation Regulatory Commission aims at achieving the following goals:

• Activate the Commission's role in the monitory aspect by applying the Economic Regulation and Consumer Protection Instructions.
• Continue updating the instructions, and determine a work mechanism to regulate the Jordanian Air Transport Market pursuant to the Civil Aviation No. (41) of 2007, in accordance with the future vision for the Air Transport and Civil Aviation in the kingdom.
• Regulate and encourage the contribution of the private sector for investment in the Air Transport Sector, and bringing about a suitable environment for competition among the foreign companies in the Civil Aviation field to ensure the protection of consumer rights, and to meet the satisfaction of the service receiver.
• Expand and concentrate on the statistic analysis by monitoring and investigating the improvements of the Air Transport, for the purposes of planning and developing. While that includes providing the required information to explore and attract new markets, and encouraging bilateral negotiations in the domain of Air Transport.
• Execute and adhere to the Air Transport strategic national action plan, in conformity with the international developments, and a mechanism for dealing with regional and international blocs.
• Raise the efficiency and productivity of the Transport commission's employees to procure enhancing the quality of the services provided in the domain of Air Transport, in addition to modernizing the management modules, job description, and improving the work methods as to reach distinguished performance levels.
• Pattern after the European model regarding the consumer protection instructions, whereas such instructions are under progress in coordination with experts of the European Union.

THIRD: Maritime Transport:

Competition in the marine transport is limited to the following:

- Competition among the instructive institutions in Egypt and Syria.
- Competition in registering ships, as there is a vigorous competition on the regional and international level to register ships under the national flag of those countries, considering the financial and economic benefits and profits on the economical status of the countries.
- Ports activities and admission of ships and goods, as there is increasing competition to attract the goods' ships (importing-exporting) between Aqaba port and other ports in Syria, Israel and Saudi Arabia, large containers and general goods ships in particular.
- Competition in the field of delivering support services (marine inspections, marine maintenance, marine agents, shipping agents, and catering of ships) at the international and regional levels, especially in providing marine shipping broker services and marine maintenance. The competition will increase when completing the liberation of all marine transport services as per the agreement of the International Trade Organization.
- Competition on job opportunities for captains, officers, and marine engineers to work on board of the commercial ships in the local and international market. Due to the vast demand rates of marine capacities in the international market, the competition in the sub sector of marine transport is limited. Thereupon, there is a need for graduating new classes of mariners (Captains), officers, marine engineers and sailors.

- Demand on using the empty spaces on ships for transporting goods by sea, as there is vigorous competition at the international and regional levels, despite the increasing size of the sea transported goods, and high marine transport fees.

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1 With reference to Ministry of Transport.

6-1 Tourism Sector 1

In view of the importance of tourism as the main sector which contributes in propping up the Gross Domestic Product (GDP), the Ministry of Tourism & Antiquities is adopting a strategic plan for tourism for the years 2004-2010, as to guarantee the quality and modernization, protect the investors, small and medium business owners, and the delivery of high quality services and goods at competitive prices.

To highlight the competitive situation in Jordan, this table demonstrates a comparison among number of tourist activities according to the years (2007-2008):

Name of the tourist activity	2007	2008	Change percentage %
Classified and non-classified hotels	467	473	1.3 %
Travel Agencies	527	574	8.9 %
Tourist Restaurants	611	715	17 %
Oriental Antiquities shops	283	253	10.6- %
Tourist guides	753	831	13 %
Tourist transport companies	6	7	16.7 %

The sustainable tourist development can be accomplished by establishing partnership between the public and private sector. The Ministry of Tourism seeks to develop the infrastructure while encouraging the private sector to invest in tourist projects, and manage public tourist properties. All these efforts have contributed to the development of the tourist product by creating constructive competition among the private investors to improve the quality and provision of distinctive tourist services due to the presence of competitive tourism market. This has also led to increase the work opportunities, improve the social condition of the local communities, and develop small and medium enterprises.

To ensure the provision of high professional human resources, and the delivery of distinctive tourist services, the government has set out certain standards and system for the tourist culture, while the private sector implements such standards and develops the adopted methods.

As a result, in 2008, the tourism income of the Kingdom amounted to (2) billion JD compared to 1.6 billion JD in 2007, i.e., the percentage of increase is 22 %.

Due to the applied policies to enhance and boost investment in the tourist domain, Jordan ranked (46) among (124) countries in the international competitiveness report for the travel and tourist sector in 2007, that came as a result of the regulatory, legislation, and security procedures, since the government regards the tourist sector as a priority that requires developing the infrastructure for Air Transport and Tourism.

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1 With reference to Ministry of Tourism and Antiquities

7-1 Banking Sector 1

There is a high competition rate among the institutions in the Jordanian banking apparatus (which means, there is no concentration of assets in few banks). To measure the competition rate, the government adopts the "Herfindahl Index" which is considered as the optimum index. Thereupon this Index has shown a tremendous improvement in the level of competition in the Jordanian banking apparatus. By the end of 2003, the Index decreased from (1332) points to (1072) points by the end of 2008. It should be noted that competition among the banking institutions will increase when the indicator of this Index reaches (1000) points or less.

As a result of the rapid developments and changes in the quality of banking services presented by the banks, and entrance of new banks into the banking market in 2004, the level of competition has increased among the Jordanian banking institutions to present modern banking services and develop the existing ones. Knowing that the Central Bank of Jordan – since the mid 90's has provided great motives for merging banks to support competition among bank, and enable them to gain additional economic benefits from the Jordanian banking apparatus.

In this regard, the Central Bank of Jordan continued to adopt the most updated international standards in the field of banking audit, a matter that enhanced the competition among the banks locally and internationally, and protected and strengthened their financial status. There is an increasing interest in certain fields as, risk management, audit, internal control, control of money laundry, and terrorism financing, in addition to implementation of corporate governance principles.

Moreover, the Central Bank has contributed in updating and issuing lots of instructions and guidelines to increase the competition among the institutions of the banking sector. It has also ordered the banks to publish their financial statements as per standard (7) of the International Standards of Financial reports as of 31 December 2007. The Central Bank believes that this move would enhance transparency and increase the investors' confidence in the institutions of the banking sector, and enable these institutions to compete locally and internationally.

Furthermore, the Central Bank of Jordan has issued the second edition of the 2008 Financial Sector Stability Report, which came after the first report of 2007. The objective of this report is to provide a thorough and accurate database regarding all aspects of the financial sector, the matter that enhances the competition level among the banking apparatus institution in Jordan.

Consequently, the Central Bank has adopted the new capital standard "Basel II" at the end of the first quarter of 2008, by which its application would yield fundamental modifications in the banking activities in Jordan. Under these new standards, the banks will have to price their products depending on the potential risks. Such modifications will contribute to increase the solidity and soundness of the banks in Jordan by developing their risk management systems, enhance the corporate governance, and enhance their ability to compete locally and internationally.

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1 With reference to Central Bank

8-1 Commercial Sector 1

Jordan Chamber of Commerce has pointed out that under the economic laws and regulations and the regulation of the commercial sector, which includes tens of thousands companies and individual facilities, all these institutions are now able to live harmonically in a competitive climate and open market that is free from any investment conditions or procedural or monopolistic restrictions.

Most of these laws and regulations are promoting the exports, a matter that led to a continuous increase in the foreign trade, free transference and trade of goods and services. Consequently, the local markets were supplied with all kinds of goods and services.

Concerning the local market, the internal trade now enjoys the free commercial investment in all country areas, where various types of goods are sold in a much easier way in a fair competitive climate away from any sort of monopoly. In addition to that, this Sector enjoys a free pricing system that is subject to the market mechanisms of demand and supply. Thus the liberated prices tend to increase and decrease according to the cost and market mechanisms.

The year 2008 was a distinguished economic year for the kingdom, at which the economic evolution rate has increased significantly, and due to the blessed efforts of His Majesty King Abdullah□, significant accomplishments were achieved, especially on the safety and security levels, embedding democracy and dialogue principles, renew and improve investment legislation, and attain partnership between the public and private sectors.

Hence, and to demonstrate the most important economic and financial rates in the kingdom during the year 2008; the economic growth average reached about 6.3%, while the kingdom's exports increased during the first ten months of 2008 from a percentage of 39.2% up to 3.67 billion Jordan Dinar, we find another increase in the imports at percentage of 32.2 % as to reach 10.3 billion Jordan Dinar. In regard of the investment field, the volume of beneficiaries of the investment encouraging code up until the end of August of the last year has mounted up to 1530 million Jordan Dinar, at an increase percentage of 22.1 %. As for the total reserve of foreign currency at the Central Bank for the first eight months of 2008, the report indicates what is worth 5.36 billion Jordan Dinar.

Further more; the year 2008 carried a great economic challenge for many countries of the world, whereas the unexpected rise in the oil prices, merchandise and primary materials has affected the life conditions of citizens at those countries, and in particular the developing and poor countries. Yet, according to the directives of His Majesty King Abdullah □, the government assumed a number of policies, reform programs, and precautions, which helped in reducing the severity of the International Financial Crisis's impacts on the national economy, by protecting the Jordanian citizen from the high cost of living and price rates. In this regard, the government has adopted a policy to eliminate custom's duties and taxes of several primary food substances and production requirements and inputs, in addition to postponing the gas potential raise, and keeping the bread and provender's prices the same. The small farmers also had a share of His Majesty's initiative as they were exempt of the interest on their agricultural loaning institution's loans. There has been also a salary raise, while there has been an increase in the number of beneficiaries of the national monetary aid, and motives were provided to encourage the youth to work and be a productive member.

Not to forget the national initiative of providing thousands of Jordanian families with decent homes under the national initiatives of H.M King Abdullah □, while the work continues to enhance the level of primary services provided for the Jordanian citizens, among which are the qualitative education and comprehensive health insurance.

In view of the safety procedures adhered by the government to decrease the crisis impacts on the local market, as it raised the deposit insurance limit up to 100% till the end of 2009, in addition to the procedures complied by the Central Bank to attenuate strict procedures of managing loans, and re-indexing processes, the matter that gained great appreciation by the Commercial sector. Jordan, with all its public and private institutions was able to overcome the Crisis and become one of the countries that availed of the crisis's consequences, related to decreasing primary consumer goods prices (grains in particular), and the decrease in oil prices and its impacts on the prices of a variety of goods and merchandise.

During the preceding year, Jordan Chamber of Commerce has assumed its role as one of the leading institution in the civil and economic society, as to go on with its pioneering role in leading the commercial sector in the kingdom towards achieving the goals and purposes of the Chamber, and the national, social, and economical developmental process.

Furthermore, the general economic activity has had reflections on the activity and performance of Jordan Chamber of Commerce that encompasses all of the (15) commercial chambers in all provinces of the kingdom.

During the preceding year, the effort of Jordan Chamber of Commerce focused on taking care of the commercial sector issues, and all the matters that consolidates its role in the economic development process.
In addition to that, the efforts of the Chamber of Commerce gathered with the governmental ministries, such as the Ministry of Industry and Trade, along with other governmental authorities, the matter that led to solving many obstacles and urgent issues. It should be noted that the Chamber has continued to boost the local and international commercial activity, and contributed in the efforts to promote investment in Jordan.

Jordan Chamber of Commerce will spare no effort in founding on what has been accomplished last year in order to guarantee the continuous progress, cooperate with the government and the private sector to implement the instructions of H.M King Abdullah aiming at making Jordan, a safe resort for attracting investment, and insuring a prosperous life, for the country and its investors.

In addition to what has been previously mentioned, some of the competitiveness properties of the commercial sector in Jordan are as follows:

- The government is only responsible for monitoring, supervising, and regulating the commercial sector, and that includes coordination with the Chambers of Commerce in Jordan.

- The Jordanian Commercial Sector is well organized, as it largely depends on modern and updated laws and regulations and keeps pace with the international developments in this regard.

- The Commercial Sector is organized by the Chambers of Commerce that are spread in all areas of the Kingdom, and which supervise the Sector and make efforts to protect the interests of their members, in addition to the realization of the national objectives of the economic and social development.

- The development of the commercial sector in Jordan has turned Jordan into a significant transient point through its free zones, ports and border points.

- The Commercial Sector is struggling with the problem of traveling salesmen and unlicensed barrows in many provinces of the Kingdom, that matter that may create an unfair competition in this Sector.

- The Chamber has contributed in preparing the national strategy for external trade, that has the benefits of cementing the competitiveness of the national economy and utilize its potentials, all of which can be accomplished by creating harmony between the politic trade instruments and the economic challenges on the local and international levels, and increase the number of trading partners' which could reflect positively on enhancing the citizen's welfare and way of living.

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1 With reference to Jordan Chamber of Commerce.



Second Section

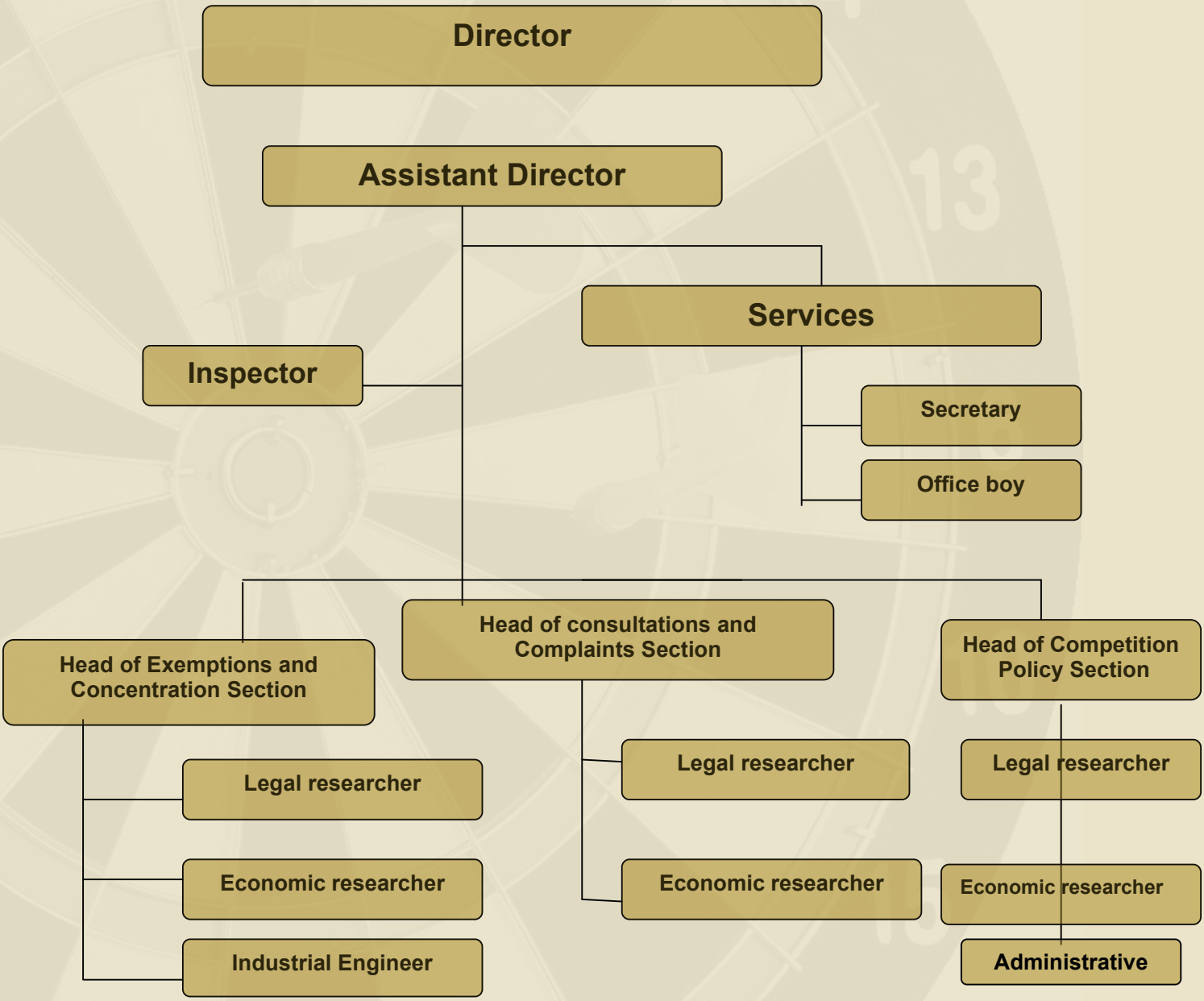
Parties Entitled to Implement the Competition Law

2-1 Competition Directorate

The Competition Directorate of the Ministry of Industry & Trade is the entitled authority of implementing the Competition Law. The Directorate was founded on 18 December 2002. It is responsible for coordination with the concerned authorities in the following:

• Receive and examine complaints pursuant to the Provisions of Article No.: (12/A/4) of the Competition Law.
• Receive and examine exemption applications pursuant to the Provisions of Article No.: (7/C) of the Competition Law.
• Receive and examine applications of the economical concentration pursuant to the Provisions of Article No.: (9/10/11) of the Competition Law.
• Take and study consultations pursuant to the Provisions of Article No.: (12/A/6) of the Competition Law.
• Follow-up and monitor the movement of the market to reveal violations, in accordance with the provisions of the Competition Law.
• Carry out the related economic studies to follow up with the development of the market structure and database build up.
• Set a strategic plan to regulate the competition policy in Jordan. In addition to developing the related regulations and laws.
• Prepare and implement the necessary programs that help to develop and promote the competition culture throughout Jordan.
• Prepare and follow-up an action program for the Competition Committee.
• Prepare and publish an annual report on the development of Competition in Jordan.
• Exchange information and experiences with the similar bodies abroad.
• Participate in all regional and international forums and conferences specialized in competition matters

The Competition Directorate adopted the following organizational structure on 5 February 2007.



Till the end of 2007, the Competition Directorate employed 12 employees in addition to the director; employees of this Directorate are distributed in the following specialties:

Table (1): Distribution of employees as per each one's specialty

	Legal	Economist	Engineers	Secretary		Consultants and Experts
2003	3	2	-	1		1
2004	3	4	-	1		2
2005	3	2	1	1		2
2006	4	2	1	1		1
2007	5	3	2	1		-
2008	6	4	2	1		1

Work began during 2008 by establishing a database in respect of the competition status in different sectors whereas a data entry employee was hired to archive all files of the Directorate, In addition to contracting with a freelance consultant in the field of the Telecommunication Sector.

Despite the important responsibilities of the Competition Directorate, it still suffers from lack of adequate staff, due to the following:

- Inadequate number of appointed employees: The number of employees is far below the adequate number compared to the volume of work of the Directorate.
- The Directorate is unable to maintain its employees who most of them seek jobs in the private sector to gain expertise in competition.

2-2 Committee for Competition Matters

Pursuant to the decision of the Minister of Industry and Trade no (1) of 2003, and pursuant to the provisions of Article (14\A) of the Competition Law, the Committee for Competition Matters was formed, chaired by the Minister of Industry and Trade and with the membership of:

The Secretary General of the Ministry of Industry and Trade as vice president

The Director General of the Insurance Commission.

The Chief Executive Officer of the Telecommunications Regulatory Commission.

The Director General of the Transportation Regulatory Commission.

The President of the Union of Chambers of Commerce.

The President of the Board of Chambers of Industry.

The President of the Consumer Protection Society.

Dr. Yousef Mansour.

Dr. Basheer Al-Zu'bi.

Mrs. Nisreen Barakat.

The Director of the Competition Directorate as Committee raporteur.

The Committee assumes the following duties:
1- Sanctioning the general competition policy.

2- Review matters related to the provisions of this Law and drafting laws and regulations relating to competition or those that grant new privileges and exceptional rights.

- On 14 October 2008 The sixth meeting of the Committee for Competition Matters chaired by the Minister of Industry and Trade

was held for reviewing what has been achieved according to the Competition's general plan , and examining the achievements of the committee, in addition to the complaints, cases and consultations examined by the Directorate.

The outcomes and recommendations of the sixth meeting for the Committee of Competition Matters:

1. Subjugate the companies of the oil Sector that possess an exemption to a regular revision every six months by a joint committee of the Ministry of Industry and Trade and the Ministry of Energy and Mineral Resources.

2. Prepare an action plan for the educational Program of the Competition Law and coordinate with Jordan Chamber of Commerce in addition to the Association of the Consumer's Protection for examining methods of support and execution.

3. Coordinate with the University of Jordan to participate in the program of Competition Master's Degree held by the University, whereas the Competition Directorate would give lectures for the participants in respect of the Competition Law and Policy in Jordan.

4. Concentrate on setting more meetings for the Committee of Competition Matters.

Thereupon, the Ministry / Competition Directorate has carried out the procedures needed for executing the above-mentioned recommendations.

2-3 Jurisdiction

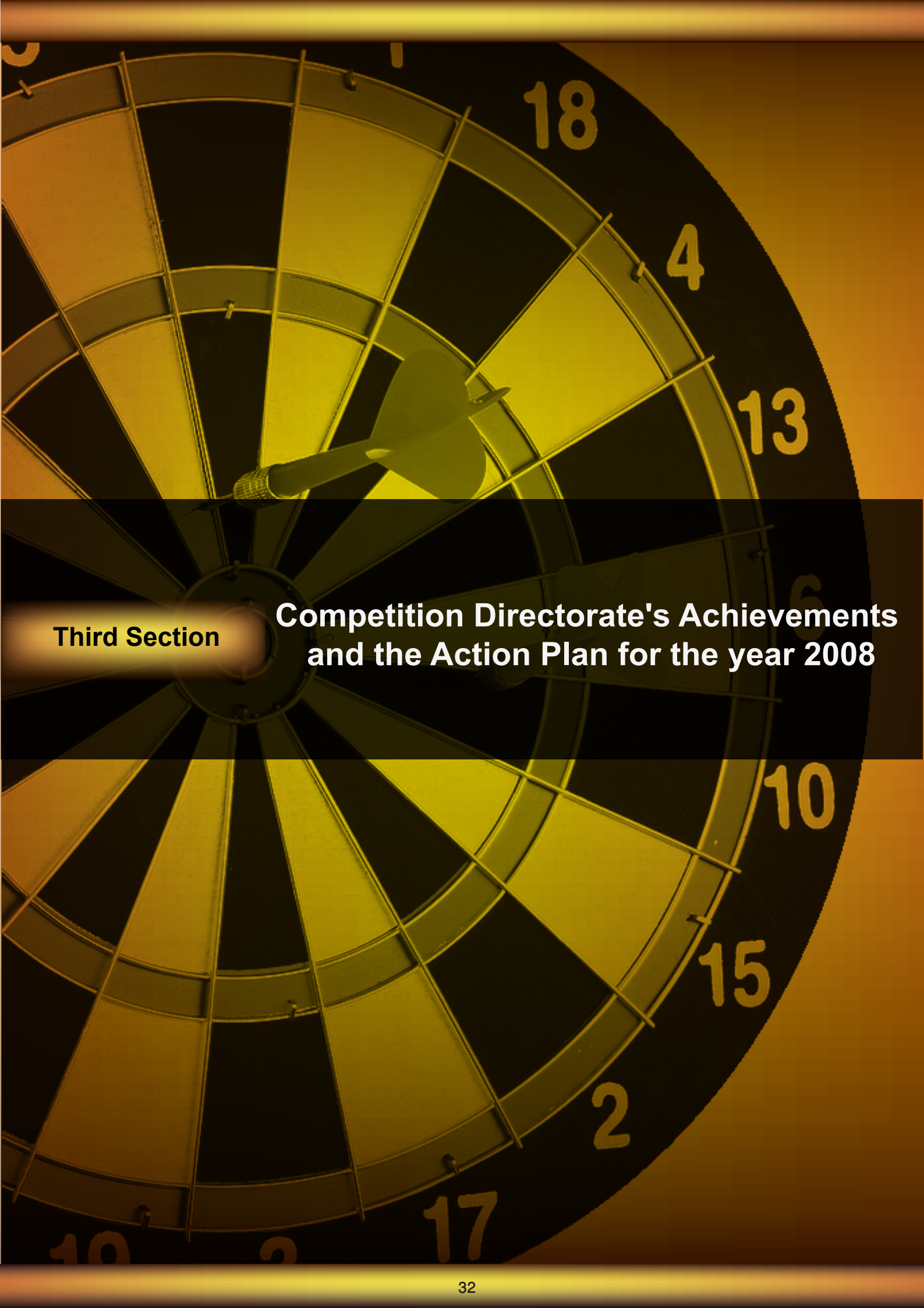
Pursuant to Article (16) of the Competition Law, the Courts of First Instance shall have the right to hear cases related to competition. Any Court of First Instance shall have the right to deal with any matters related to any violations to the provisions of the Competition Law, including the compensation and damages matters arising from such violations.

In the compensation and damages cases, one judge or more, with competence, and who have received special training, shall hear and settle those cases. The office of the Prosecutor General shall be represented by a competent Prosecutor General.

Cases relating to violations of provisions of articles (5), (6), (8), (9) and (10) of this Law shall be instituted according to a complaint presented to the Prosecutor General by the following parties:

- The minister upon recommendation of the director or upon the request of any official party.
- Any enterprises from the private sector.
- Licensed consumer protection associations;
- Any group of at least five consumers having suffered harm.
- Chambers of commerce and industry.
- Professional and Association organizations.
- Sectoral regulatory authorities.

At all cases, the Ministry shall be a party in all competition cases and it may submit any studies or comments to the court, and the court will authorize the competition Directorate to carry out the necessary investigations concerning the complaints presented to it. The Ministry can also request to continue hearing such cases even where the parties have dropped their case or have settled their dispute, and it may also contest any decisions issued in these cases. The competition cases shall be granted imperative status, and the Court may, if it finds appropriate, issue decisions to halt or prevent any action until issuing the final decision. The decisions of the Court in cases competition can be appealed before the Court of Appeal and the Court of Cassation.



Third Section

Competition Directorate's Achievements and the Action Plan for the year 2008

3-1 Action Plan

The general plan of competition represents the main instructions of the competition policy in Jordan. All plans and programs responsible for the activities of the authorities in charge of implementing the Law have been set out. The following axes have been adopted:

- Train the national competencies specialized in the competition laws and policies.
- Promote the competition culture and raise awareness about the provisions of the Law.
- Liaise with the similar authorities and agencies abroad to exchange information and experiences.
- Participate in all the international forums specialized in the competition field.
- Promote competition in the market.
- Follow-up the market mechanisms and develop follow-up and information systems on competition in the market.
- Monitor the economic concentrations operations that affect the competition in the market.

To implement the axes of the general plan of competition, the Ministry of Industry and Trade\ Competition Directorate has adopted a set of procedures that includes ensuring the activation of the Competition Law and raising awareness of its provisions, support the institutions responsible for implementing the Law, and benefit from the best international practices.

3-2 We Are All Jordan Document (The National Agenda)

The "We Are All Jordan" initiative has focused on encouraging the investment and highlighting the recommendations of the National Agenda, Certain initiatives and policies were set out to make Jordan one of the best

countries that offer modern investment environment, by institutializing the decision-making process of all issues related to competition and trade and development of projects in Jordan. This initiative aims at attracting more foreign direct investments and encouraging the local investments, a matter that will lower the unemployment rates and development of the economy, in general. In addition, the initiative defined the Government's priorities through the Government's support of the industrial and service sectors, identify the proper mechanisms to raise their complementation, enhance their growth and increase their earnings.

The National Agenda has emphasized several matters as: Granting the Competition Directorate in the Ministry of Industry and Trade more authorities, necessity to consider establishing a special independent commission that deals with competition, supported by an adequate staff with high qualifications and experience to handle various cases of monopoly, monitoring mergers, elimination of any anti-competitive agreements and cartels, monitoring the dominating companies to disclose any anti-competitive behaviors, drafting a special regulation to monitor the mergers, and give the proper consultations on matters related to competition.

The Initiative also included a number of policies, programs, and projects, which will be put into action and be completed under the executive program of the government for the years (2007-2009). The seventh policy included "The successful application of the competition policy to meet the needs and prospects of Jordan and contribute to raising the competitiveness of its sectors". In 2008, around (140) thousands JD was allocated to implement the following programs and activities:

- Train the national competencies specialized in the competition laws and policies.
- Promote the Competition culture.
- Establish a database on the competition status in all sectors.

Upon that, an action plan was prepared to execute the above mentioned programs and activities. The Ministry/ Directorate is also providing the Ministry of Planning and International Cooperation with reports of four sections to demonstrate the achievements and progress of the Directorate's projects.



Ministry Of Industry
And Trade

The Achievements of the Competition Directorate for the year 2008

3-3-1 The most important files dealt with by the Directorate

The Competition Directorate has dealt with a set of files, which were divided according to their type into: Complaints, economic concentration requests, opinions on the concentrations operations and monitoring them, consultancies on matters related to competition in various economic sectors. In addition to several studies and investigations conducted by the Directorate to keep a close eye on the market.
In 2008, the Directorate studied (49) files, distributed as follows:

Table (4): Distribution of Files based on each one's nature

Nature of the file	2004		2005		2006		2007		2008	
	No	Rate from Total	No	Rate from Total	No	Rate from Total	No	Rate from Total	No	Rate from Total
Complaints	2	13%	12	29%	12	33%	19	44%	20	42%
Studies & investigations	7	47%	9	22%	9	25%	9	21%	14	28%
Monitoring of the concentration operations	0	0%	6	15%	8	22%	6	14%	5	10%
Consultancies	3	20%	12	29%	4	11%	5	12%	5	10%
Opinions on the concentration operations	0	0%	1	2%	2	6%	3	7%	2	4%
Concentration requests	1	7%	1	2%	0	0%	1	2%	2	4%
Exemptions requests	2	13%	0	0%	1	3%	0	0%	1	2%
Total	15	100%	41	100%	36	100%	43	100%	49	100%

The above table shows that the complaints forms (42%) which is considered to be the highest rate of the files reviewed by the Directorate in

its sixth year. This is an indication that there is a high level of awareness of the provisions of the Competition Law. Moreover, the Directorate observes, upon its action plan, the market movement to reveal any violations for the Competition Law, examines market mechanisms and develops continuation and information systems regarding the competition status in the market by executing investigations and studies which reach (28%).
On other hand, monitoring economic concentration operations form (10%) of the total files reviewed by the Directorate which is the same percentage of the consultancies submitted to the Directorate.
Regarding the exemption requests, the Directorate received one request during the year whereas this constitutes (2%) of the total files. The Directorate also received two requests of opinion on the economic concentration operations to be (4%) of the total files and two request of approval on the economic concentration operations.

It should be noted that there is a considerable increase in the number of files considered by the Directorate during 2008 compared to 2007, which reflects the increasing awareness of both the private, and public sectors in the provisions of the Competition Law.

Table (5): Distribution of files based on the rate of accomplishment

Nature of the file	NO	Percentage Accomplished
Consultancies	5	100%
Opinions on the concentration requests	2	100%
concentration requests	2	100%
Exemption Requests	1	100%
Studies & investigations	14	64%
Monitoring of the concentration operations	5	100%
Complaints	20	67%

Moreover, the Directorate has completed most of the files presented to it during 2008. This is a proof that the Directorate can handle all matters and keep pace with all the operations in the market.

Table (6): Distribution of files based on the bodies presenting them

The body presenting the file	Complaints	concentration requests	Monitoring of concentration operations	Exemptions requests	Opinions on concentration	Consultancies	Studies & investigations	Total	Percentage of the total
Private institutions	17	2			2	3	1	26	52%
Official bodies						2	2	4	8%
The Directorate by its own initiative			5	1			11	17	34%
Professional and Association bodies	2							2	4%
Societies	1							1	2%
Total	20	2	5	1	2	5	14	49	100%

The private sector has moved the highest rate of the considered files (52%), while the Competition Directorate has moved around (34%) of these files. Files received from the governmental bodies have formed (8%) of the total files. The table No.: (6) demonstrates the distribution of files according to their sources.

The files the Competition Directorate dealt with during 2008

First: Complaints:

A. Complaints filed to the Prosecutor General

1- Umniah Company for mobile telecommunications against Al-Petra Company for mobile telecommunications (Mobilcom).
2- The commercial subscriptions contracts concluded with Al-Arabia Company for Media (subscriptions contracts related to the World Cup)
3- The complaint of "Grenada Company for Computer Technology" against "Al-Hidud Al-Quswa for Information Technology".
4- Complaint of "Darweesh Al-Khalili Company" and "Al-Janoub Company for Electronics" against "Khader Al-Jibali Company.

B. The complaints under consideration

1. The complaint of "Orange Company" against "Fastlink Company" (Fastlink offer to the Government\selling below cost price).
2. The complaint of "Jordan Steel Company" against "The Jordanian Society of Chartered Accountants"
3. The complaint of owners of Cows' Farms against Dairy Plants.
4. The complaint of the Union of Clearance and Freight Companies and Offices against some Transport Companies and the Association of Jordanian Truck Owners.
5. The complaint of "Orange Company" against "Fastlink Company" (Exclusive agreements between Fastlink Company and some universities).
6. The complaint of "The Jordanian Company for Paper Bags" against "Shipping Agents Association"
7. The complaint of "Al-Waha Company of Electronic Technologies" against "Grenada Company of Computer Technologies" & "Al-Sahira Company for Technology".
8. The complaint of "Orange Company" against "Umniah Company" and "Zain Company".
9. The complaint of the Union of Clearance and Freight Companies and Offices against Amman Dept. of Customs.
10. The complaint of "Ghazi Al-Qaddomy Commercial Est." against the alliance of goods' transporting companies from Aqaba port.

C. Set processus complaints:

1. The complaint of the programming companies against the Stock Market Commission.
2. The complaint of "Mohammad Abdu Restaurant" against "Al-Hana Restaurant".
3. The complaint of "Al-Shahd for Food substances Company".
4. The complaint of "Batelco Jordan" against the National Information Technology Center"
5. The complaint of the Union of Agricultural Materials' Producers and Traders against Jordanian Phosphate Mines Company.
6. The complaint of Alaa Fawaz against the General Union for Bakery Owners.

Second: Exemptions:

The Rice and Sugar traders and producers were given an exemption as to allow them to set fixed prices on the packages of these two commodities.

Third: Economic Concentration Operations:

A. Economic Concentration Request:

1. The concentration request of the Jordan Cement Factories Company and several companies.
2. The concentration request of the Jordanian Carbonate Company and The National Mining Company.

B. Opinion request on the Economic Concentration Operation on the following:

1. Purchase of the shares of The "Jordanian-Bahraini Company" by "Umniah Company".
2. The merge between "Marc Company" and "Wriggly Company"

C. Monitoring Economic Concentration Operations:

1. Merge between "Amman Company for Engineering Industries" and "Al-Madaniah Company for Engineering Industries"
2. Merge between "Al-Alamyah Company for Manufacturing and packaging Materials" and "Kumpag International Company for Trade and Investment"
3. Purchasing of "Arabian Cement Company" for the shares of "Ready Mix Concrete Company".

4. Merge between "The Modern Jordanian Company for International Trade" and "The Modern Jordanian Company for Storage Services".
5. Purchasing the shares of Jordan Coalition for Iron and Steel".

Fourth: Consultations:

1. Consultation on raising the customs of writing and typing paper.
2. Consultation on stopping importing damaged paper.
3. Consultation on "Hijazi and Gosheh Company".
4. Consultation on indexing prices.
5. Consultation on the prices of fresh soft yeast.

Fifth: Studies:

1. A study on the imported reinforced iron.
2. A study on the exemption request presented by "Hijazi & Gosheh Company" to exempt live cattle from customs duties, sales tax, and importing fees.

Sixth: Investigations:

1. Investigation on the practices of the Bar Association.
2. Investigation on the reports of delivery of short messages / Telecommunications Company.
3. Investigation on companies working in the field of soda drinks.
4. Investigation on the practices of the General Union of mills' owners.
5. Monitoring the Jordan Telecommunication Group/ integrated operator.
6. Investigation on the practices of the iron plants' owners for determining iron prices.
7. Investigation on the agreement of the owners of stone quarries and crushing plants.
8. Investigation on the practices of the Jordanian-Indian Company.

9. Investigation on the practices of the Union of gold and jewelry stores' owners.
10. Investigation on the practices of the Union of the Jordanian restaurants and candies stores' owners.
11. Investigation on the practices of the mills sector.
12. Investigation on the prices of vegetables.
13. Investigation on the recruitment and employing non-Jordanian workers in the houses.

3-3-2 Capacity building of the national cadres responsible for the implementation of the Competition Law

The Competition Directorate has hold number of specialized training courses to train the Directorate's employees, judges, and representatives of the sectoral agencies.
The Directorate also took part in number of training courses on competition abroad.
The courses are:

Table (2): Training Courses in 2008

Title of the Training Course	Location	Participants	Organizer
Increasing competitiveness in the (ASEAN) countries and the global economical integration	Kingdom of Thailand	One employee assigned by the Directorate	Thailand Agency for the International Cooperation
Commodity market on planning, development and administration.	China	One employee assigned by the Directorate	Chinese Ministry of Trade
Impact of competition law and policy on exports promotion and direct foreign investments	Singapore	One employee assigned by the Directorate	Singapore Institutes for the International Trade
Training course on Competition Law and Policy.	England	Three employees assigned by the Directorate	British Competition Commission/ London British Fair Trade Office /London
Training course on Competition Law and Policy.	Tunis	Four employees assigned by the Directorate	Tunis Competition Council.

3-3-3 Promoting the competition culture and raising awareness of the provisions of the Law

The Competition Directorate gives this part a great deal of attention due to the special nature of the Competition Law as one of the most important economic laws. This special nature stimulates launching continuous awareness campaigns on the provisions of the Law in many economic sectors in Jordan, to reflect the impacts and outcomes of the creating the Competition Regulatory Law. Among the achievements of the Directorate in 2008 are:

○ Media Campaign

In order to spread the competition culture and provisions of the Competition Law, the Competition Directorate has launched a comprehensive media campaign for two months via the audio and visual media. The campaign had included broadcasting radio advertisements via (Fan FM/160 advertisements), publishing advertisements in the following newspapers (Al-Rai, Addustor, Al-Arab El-Youm, and Al-Ghad/ 4 advertisements), and in the following magazines (Venture, Layalina, Jordan Business, Antti/ 4 advertisements), in addition to spreading billboards in the main streets of the Capital / 51 billboards).

○ Holding awareness seminars on Competition Law and Policy

The Competition Directorate had held number of cultural courses during 2008. whereas a seminar was held for the cadres of some companies of the Private Sector for arising awareness of the policy and the provisions of the Competition Law no.:(33) Of (2004) as follows:

- Cadres of "Coca-Cola Jordanian Company" (for two days)
- Cadres of "Ice and Soda and Soft drinks Company" (for two days)
- Jordanian Cement Plants Company (for three days)

○ The annual Report of the Directorate's Activities in 2007

Disseminating the annual report is considered to be part of the Competition Directorate Program for promoting the competition culture and raising awareness of the Provisions of the Law. The report contains a summary on the status of competition in the Kingdom, and reviews the achievements of the Directorate.

In 2008, the annual report of 2007 of the Directorate was published and distributed for free in many official authorities and institutions of the private sector.

○ Directorate's publications

The Competition Directorate has designed and published a leaflet on the Competition Law and a Brochure on the Competition Directorate. The Directorate is distributing these publications for free on a large scale, especially in the seminars and conferences it participates in.

○ The Directorate's official website -: (www.mit.gov.jo/competition)

In order to spread the competition culture and educate the public on the provisions of the Competition Law, and the services presented by the Directorate, the Competition Directorate has launched its official website under the home list of the official website of the Ministry of Industry and Trade. The website contains sufficient information on the Competition Law and Policy in Jordan and the services submitted by the Directorate in addition to its publications. The website contains the Competition Policy, Competition Commissions, Publications, and Competition Legislations, Competition cases, Directorate's services, news and activities of the Directorate.

3-3-4 Cooperation and exchanging information and experience with the similar agencies abroad.

The Competition Directorate participated in many regional and international meetings and conferences, and strengthened its relations with several international authorities concerned with the implementation of the Competition Law and Policy, among which:

First: the parties trained by the Directorate

Upon the request of some competition devices, the Competition Directorate held several training courses to train some members of the Saudi Competition Protection Board and Yemeni Competition Protection and Anti Monopoly Apparatus. Trainees examined the Jordanian experience of the Competition Directorate in applying the Competition Law and Policy, dealing with and look into the competition cases.

Second: Cooperation Agreements

1- Competition Cooperation Agreement between Jordan and Morocco.
2- Drafting Competition Cooperation Agreement between Jordan and Saudi Arabia.
3- Drafting Competition Cooperation Agreement between Jordan and Tunisia.
4- Drafting Competition Cooperation Agreement between Jordan and Yemen.

Third: Similar Agencies Abroad

• Korean International Cooperation Agency (KOICA)
• Korean Fair Trade Commission (KFTC)
• German Competition Commission
• British Competition Commission
• The British Office of Fair Trade (OFT)
• The United Nations Conference on Trade & Development (UNCTAD)
• Organization for Economic Cooperation & Development (OECD)
• International Competition Network (ICN)
• Consumer Unity and Trust Society (CUTS)
• European Commission\ European Institute of Public Administration (EIPA)
• The Saudi Competition Board
• The Yemeni Competition Protection and Anti Monopoly Apparatus
• The Tunisian Competition Board
• The French Competition Board
• The General Directorate of the Competition Policy and Consumers' affairs / French Ministry of Trade, Finance and Industry.
• Singapore Institutes of the International Trade.

Fourth: Twinning Program

Under the Twinning Program between the Ministry of Industry and Trade and the European Union, the Competition Directorate had accomplished the following activities:

A) Competition specialized training Course

Competition training specialized course held in coordination with the experts of the German Competition Commission at the European Legation building; since the course includes the following subjects:-

- The importance of having an independent competition commission in the Kingdom.
- Calculating market shares upon the quantity and the value of the sales.
- Exploiting the dominant position.
- Investigating to reveal practices violating the Provisions of the Competition Law.
- Economic concentration operations, horizontal and vertical merge between the companies.

All Directorates' employees had participated in these training courses in addition to the representatives of the following commissions:-

1- Jordan Telecommunications Regulatory Commission.
2- Private Sector's Attorneys
3- Civil Aviation Regulatory Commission
4- Jordan Tourism Board
5- Jordan Investment Board
6- Jordan Securities Commission
7- Jordan Chamber of Commerce
8- Jordanian Bar Association
9- Transportation Regulatory Commission
10- Ministry of Energy and Mineral Resources
11- Juridical Council
12- Executive Privatization Commission
13- Electricity Regulatory Commission
14- Jordan Chamber of Industry
15- Companies Control Department

B- A German expert has been invited to carry out a comparison study between the Jordanian Competition Law and the European Competition Law and conclude results and recommendations.

3-3-5 Participating in the International competition events

The Competition Directorate participates annually in several International meetings and conferences concerned with competition matters to get acquainted with the International expertise, and exchange expertise with the international agencies and organizations. During 2008, the Directorate had intensified its participation in several international activities according to the following table:

Table (4): Participations in International Meetings and Conferences specialized in Competition

Activity	Organizer	Location
Training Course in the field of the competition policy	European Institute of Public Administration (EIPA)	Spain
7th International Competition Conference	Organization for Economic Cooperation & Development (OECD)	France
7th International Conference of the International Competition Network	International Competition Network (ICN)	Japan
The Regional European Mediterranean Competition Seminar	Competition Specialized work group for the Euro-Mediterranean partnership Countries	France
European Day of Competition	Competition Council and the General Directorate for the Competition Policy and the Consumers' Affairs	France

4- Summaries of the most important files that had been dealt with by the Directorate

The directorate looked into (50) files in 2008, and are distributed according to its nature into: complaints, requests of the economic concentration, opinion request on the concentration operations

and its monitoring, consultations of matters related to the competition in different economic sectors, besides group of studies and investigations, in the following we submit a summary for such most important files:

3-4-1 Complaints

1- The complaints of "Jordan Steel Company" against "The Jordanian Society of Chartered Accountants":

On 17 July 2007, the " Jordan Steel Company" filed a complaint against " The Jordanian Society of Chartered Accountants", stating that the Board of Directors of the Society has taken a decision to bind all the auditing companies to receive certain fees should not be lower than a certain limit. In accordance with the legal from the public shareholding companies an annual legal fees, that is not less than (7500) Jordan Dinar.

Consequently, the Competition Directorate has conducted the necessary investigations in the subject of the complaint, and discovers that there is no legal ground that gives the Society the right to take such decision. Thus, the Directorate has addressed the society and asked it to submit a request of exclusion or cancellation the decision issued by the Board of Directors and informs all concerned parties to correct its situation pursuant to the provisions of the Law.

2- The complaints of "Group of Programming Companies" against "Jordan Securities Commission"

On 13 January 2008, a Group of Programming Companies field a complaint against Stock Market Commission, stating that Amman Stock Market has, upon the directions of Jordan Securities Commission, invited tenders for

purchasing a unified system for managing processes of the financial mediation companies which is considered a violation of the provisions of the law by the complainant party.

Thereupon, a meeting was held with the representatives of Amman Stock Market whereas it was discovered that the unified accounting system (subject matter of the tender) do not affect the currently applicable regulations of the mediation companies which is provided by the programming companies for the meditation companies. In addition to that, the use of this system will not lead to put programming companies (the Complainant) currently working from the market aside or to limit competition among these companies, a matter that does not constitute a violation of the provisions of the Article (6/B) of the Competition Law No. 33 for the year 2004.

The Competition Directorate has executed the necessary investigations which led to the fact that defendant has not violated the provisions of the Competition Law.

Thereupon, the complaint has been filed.

3- The Complaint of " AL-Waha Company of Electric Technologies" against "Grenada Company of Computer Technologies" & "Al-Sahira Company for Technology"

On 1 August 2007, AL-Waha Company of Electric Technologies" has filed a complaint against "Grenada Company of Computer Technologies", stating that the Defendant has violated the provisions of the Competition Law concerning the selling of Samsung printers (model-SCX-4521) at less than the cost price. Competition Directorate has executed the necessary investigation which led to the fact that defendant has not violated the provisions of the Competition Law. Thereupon, the complaint has been filed.

3-4-2 Exemption Requests:

For the purpose of fulfilling the role of the Competition Directorate in respect of making inquiries to reveal practices violating rules of the competition, the Directorate has investigated markets of rice and sugar in the Kingdom for the purpose of identifying its real situation and examining the practices violating the competition by the traders working in these markets. The investigation revealed that some of retail traders unreasonably increase prices of rice and sugar, which is considered to be exploitation for the need of the consumers for these two commodities.

And whereas the Competition Law No. 33 for the year 2004 takes in consideration serving the interests and general benefits for the consumers in addition to protecting the competition. It is clear that the act of determining a fixed price of reselling Sugar and Rice by whole traders and importers shall contribute in protecting the consumers from violating practices of some retail traders in respect of increasing its prices.

Pursuant to the Provisions of Article (7/B) of the Competition Law which permit to exclude some practices from applying the provisions of Articles (5) and (6) of the same Law if it leads to achieve certain benefits for the consumer, the Minister Of Industry and Trade has issued a decision (22) dated 28.04.2008 by which excludes traders and importers of rice and sugar from complying with the provisions of Article (6/A) of the Competition Law No. (33) for the year 2004. The exclusion allows them to place the final prices of sale on the packages of these two commodities provided that this exclusion shall be reviewed every three months.

3-4-3 Economic Concentration Operations

A- Economic Concentration Request

1- Operation of the merge of "Al-Ahliyyah Company for Mining" and" Jordan Carbonate Company"

On 17 July 2008, the "Jordan Carbonate Shareholding Company W.L.L" submitted a request for obtaining the approval on the operation of the economic concentration pursuant to the Provisions of Article (10) of the Competition Law No. (33) of 2004, stating that the company desires to purchase all shares of "Al-Ahliyyah Company for Mining" and then merging "Al-Ahliyyah Company for Mining" with the " Jordan Carbonate Company".

The Directorate has examined the above mentioned operation of the economic concentration; the following positive effects shall arise from it:

1- The operation will lead to reduce production costs and administrative expenses of the concerned companies, as result for increasing quantities produced, consequently increasing productivity. Hence, reducing prices and prompting competitive companies to develop for enabling them to compete and finally contribute in developing the sector along with other relevant sectors.

2- The operation will lead to increase regional and international competitiveness capability of the concerned companies, consequently leading to increasing exports.

Upon what have been mentioned above, a decision of approval on the operation of the economic concentration has been issued

pursuant to the provisions of Article (11/A/2) of the Competition Law No.(33) of 2004.

2- Operation of purchasing the shares of "Ready Mix Concrete Companies" by "Jordan Cement Factories Company ":

On 06 April 2008, the Jordan Cement Factories Company W.L.L." submitted a request for obtaining an approval on the operation of economic concentration pursuant to the Provisions of Article (10) of the Competition Law No. (33) of 2004.

The request of the economic concentration submitted by the Jordan Cement Factories Company W.L.L. stated that the company desires to purchase (51%) of the capital of the four companies of (AL-Aloul Group) working in the field of ready mix concrete in the Kingdom, which are:

- Jordan Concrete Supply Company Ltd.
- Arabian Concrete Supply Company Ltd.
- Irbid Ready Mix Concrete Company Ltd.
- Aqaba Concrete Company Ltd.

The Directorate examined the request of economic concentration and in view of the positive consequences that may result from the operation, and for the purpose of limiting negative consequences that may arise from it, the directorate has approved on the operation of economic concentration provided that the concerned companies shall abide by the following conditions:

1- The "Jordan Cement Factories Company" shall not:

A- Discriminate between customers in similar contracts of ready mix concrete companies, with regard to cement prices and/or quantities and/or delivery dates or the conditions of purchase in general.

B- Discriminate between customers in similar contracts of cement traders, with regard to cement prices and/or quantities and/or delivery dates or the conditions of purchase in general.
C- Refuse, without objective grounds to deal with a certain customer.
D- Take any action that leads to setting barriers to other enterprises from entering the market or eliminating them there from.
E- Tying the purchase the cement commodity by purchasing the ready mix concrete from the "Al-Aloul Group".

2- "Al-Aloul Group Companies" shall not:
F- A- Take any action that leads to setting barriers to other enterprises from entering the market or eliminating them there from.
B- Force a client to refrain from dealing with other cement supplier other than "The Cement Factories Company".

3- Carry out acts that aims at lobbying the profit margin of the other competitors of "Al-Aloul Group Companies" who also produce the ready mix concrete, by lobbying the profit margin of "Al-Aloul Group Companies" to the extent that may put its competitors aside, that may occur upon exploiting the dominant position of the Cement Plants Company.

B- Opinion on the Economic Concentration Operation

1- Opinion on the purchase of shares of The "Jordan-Bahrain Company" by "Umniah" Company:

On 17 March 2008, the Ministry received a letter from the Telecommunications Regulatory Commission in regard of informing the Ministry of Industry and Trade with the request submitted by Umniah Company for mobile telecommunications (Umniah) as to gain approval on

executing all legal and administrative procedures related to purchasing all shares of the Jordan-Bahrain Company for Technology and Telecommunication (Batelco Jordan) and displaying any remarks regarding the request. The Ministry also received a letter on 2 April 2008 from the General Controller of Companies in regard of disposing the minutes of the non-regular assembly of "Batelco Company". Whereas the minutes included the decision of approval on selling shares of the company's shareholders in full and transfer same to "Umniah" Company for mobile telecommunication and giving an opinion regarding the approval on the minutes at the Control Companies Department and issuing a certificate of the contents.

The Directorate conducted a study for the economic concentration operation, whereas it evident that the market shares for the concerned companies does not exceed (40%) of the transactions' total in any of the markets concerned.

Thereupon, The Telecommunications Regulatory Commission and The Companies Control Department were addressed and informed that the transaction of selling shares above does not require the approval of the Minister of Industry and Trade to be completed, in compliance with the Provisions of Article (9/B) of the Competition Law No.(33) of 2004.

2- Opinion on the Economic Concentration Operation between "Mars Company" and "Wriggly Company".

On 27 May 2008, the Ministry/Competition Directorate received a consultation submitted by "Mars International Company" to give the opinion on the Economic Concentration Operation between "Mars Company" and "Wriggly Company" to show the extent of the operations in compliance to the Provisions of the Article No. (33) of 2004.

The Directorate examined the economic concentration operation whereas it is observed that the market shares for the concerned companies are not exceeding (40%) of the total of the transactions in any of the markets concerned.

C- Monitoring Economic Concentration Operations:

In order to monitor the economic concentration operations, the Competition Directorate has coordinated with the Companies Control Department at the Ministry to provide the Directorate with a list of all merge requests that are submitted to the Companies Control Department. It was decided that the Department must not approve any of these requests until the Competition Directorate gives its opinion about each request. On its part, the Directorate will conduct a preliminary study on these requests and calculate the market shares of the concerned companies and it will issue its opinion whether the request should be submitted to the Minister of Industry and Trade for approval. Under this mechanism, the following requests were considered:

1. The merge between (Modern Jordanian Company for International Trade) and (Modern Jordanian Company for Storage Services).
2. The merge between (Al-Madina Company for the Engineering Industries) and (Amman Company for Engineering Industries) (Abdeen Industrial Enterprise).
3. The merge between the (Global Company for manufacturing and packaging materials) and (Compage Global Company for Trade and Investment).
4. Purchasing of the shares of (Al-Etelaf Jordanian Company for Iron and steel) by the (Jordan Steel Company).
5. Purchasing of the shares of the (Ready mix Concrete Company) by the (Arab Cement Company).

After examining the above-mentioned concentration operations, it was obvious that the market shares for the companies concerned with the concentration operation is not exceeding (40%) of the total of the transactions in the concerned market, thereupon the request should not be submitted to the Minister of Industry and Trade for approval to complete it with pursuance to the Provisions of Competition Law.

3-4-4 Consultations

The Competition Directorate has received number of consultations from vari ous bodies to give their opinions about the following competition-related cases:

1- Consultation on the prices of fresh soft yeast:

The Directorate of the Competition received a consultation on the intention of the "Yeast Plants Company" (dominant company) to change the yeast prices as a result of the increasing of crude materials' prices which is used in the production process, and the consumption of the company's storage from these materials. The consultation was submitted to check whether this matter (i.e. increasing prices) is regarded a violation (price-wise) by a company with dominant position.
The Competition Directorate conducted the necessary study about the subject matter of the consultation, whereas according to the data submitted by the company which was supported by the vouchers and customs data, the study concluded that there is a huge increase in the prices of the crude materials included in the production of the yeast (Molas Material) in particular which is considered to be the most important material in the production process. The cost of this material constitute (70%) of the costs of the crude materials included in the

production process, knowing that price of one ton reaches 92 Jordan Dinar.

Considering that the increasing of the price is arising from substantive commercial excuses, the increasing in prices is regular and consequently it does not violate the provisions of the Competition Law.

2- Consultation on increasing custom fees on the writing and printing paper.

"Al-Motamayyza Printing Company" submitted a request to increase the maximum limit for the custom fees on the imports of the writing paper and printing of size (A4) from (5%) to (30%), after examining the request, it was found that:

- "Al-Motamayyza Printing Company" possesses a high market share in the market of manufacturing and trading with writing and printing paper (size A4) in the Kingdom.
- Having several import resources for this commodity is considered to be one of the competitive constraints that it leads to reducing the commercial behavior for the local producers and a guarantee for the consumer to get the commodity with suitable prices.
- Increasing customs' duties on the commodity will limit competition and put the competitors (importers) aside from the market, and Support Company's status in the markets which enable it to increase prices of the commodity with no restraints due to non existence of the competition in the market.
- The main objective of the company's request is to protect the company from competition by the importers of the commodity who are performing a legal business.

Thereupon, it is allowed to increase customs' duties to the limit that gives room for competition in the market. On the other hand, the difference between the prices of the local product and

imported one shall keep the local product protected, provided that substantive reasons of protection are available according to the Law of Protecting National Production No. (21) for the year 2004.

3- Consultation on imposing fees on exporting damaged papers:

The Directorate received a consultation on imposing export fees on the damaged papers. The consultation was submitted to find out the effects of such operation on competition in the market upon the request of the Jordanian plants of papers and cartoon which were affected by the operation of exporting this material which is considered to be the main crude material for manufacturing papers and cartoon used in packing and packaging, which led to increasing its prices and its unavailability in the local market.

Whereas the Directorate found out that there is no obstruct to impose export fees on this material to limit the competition in the market and that the difference between the prices of the local product and imported one shall keep the local product harmless, provided that substantive reasons of protection are available.

3-4-5 Studies

1- A study on the request of canceling customs' duties, sales tax and import fees imposed on the imported livestock.

On 2 May 2008, "Hijazi and Gosheh Company", "Al-Asalah Group Company for meat and cattle trade", "Mahmoud AL-

Ayat and Sons Company", "Dilta Company for Meat and Cattle Trade", "Aslan and Sameeh Al-Qusaifi Company" and "Yehia AL-Laham Enterprise" submitted a request to eliminate customs' duties, sales tax, and import tax on imported cows and cattle similar to the refrigerated and frozen meats which were exempted upon the resolution of the Council of Ministers during his session held on 15 April 2008.

The Competition Directorate has conducted a study in this regard, and reached the following results:

1. Eliminating the duties according to the proposal of the companies leads to transferring approximately (6) Million Jordan Dinar from the government's annual revenues to the benefits of the importers of the live calf and lamps.
2. Eliminating duties will result in reducing the cost of the kilo of the beef with an amount of (0.23) Jordan Dinar and reducing the cost of the kilo of the lamp with an amount of (0.26) Jordan Dinar.
3. In case of performing the exemption to reduce the final prices in full for the consumers, the price of the kilo of the lamp will be reduced with an amount of (0.26) Jordan Dinar and the price of the kilo of the beef with an amount of (0.23) Jordan Dinar.
4. The companies which submitted the request did not undertake to reduce or not to increase prices of meat in the Kingdom.
5. Eliminating these duties will result in increasing the company's profits and supporting its capacity in importing.

The Competition Directorate recommended rejecting the request of canceling the fees upon the results of the above-mentioned study.

2- A study on iron market in the Kingdom:

The reinforcement steel in the Kingdom is divided into two main parts, ready-made imported steel and locally produced steel, hereunder a comparison between the prices and the costs:

First: locally produced Steel

Most local plants depend on the raw imported material (billets) for producing steel, thereupon any change in the global prices for this material will directly reflect on the costs of the local production, knowing that the cost of producing locally one ton of the reinforcement steel produced (with no tax) based on the price of the (billets) imported on 30 July 2008 reached (981.5 Jordan Dinar per Ton) while it has reached approximately (1021) Jordan Dinar on 5 June 2008 (according to the data provided by the local plants).

Second: Imported iron

Some of the traders and contractors import quantities of the ready-made iron. On 30 July 2008, the cost of the imported iron in addition to the customs duties 25% (without sales tax) reached around (1000) Jordan Dinar per Ton and on 05 June 2008 it reached about (1112.5) Jordan Dinar per ton.

Third: Imported steel during the first four months of 2008.

During the months 1, 2, 3 and 4 of 2008, quantities of imports of the reinforcement steel within the agreements reached about 10137.7 Ton with an amount of 6.557.867 Jordan Dinar.
During the same period, the quantities imported without agreements reached 15.3 Ton with an amount of 2770 Jordan Dinar (i.e. 99% of the steel within the agreements was imported during this period, is exempted from the customs' duties due to GAFTA).

3-4-6 Investigations

1- Investigation on the practices of the Bar Association:

The General Commission of the Bar Association decided during its meeting held on 15 March 2008 to determine the minimum fees of the attorney by adding the Paragraph (Z) to the Article No. (11) of the list of Morals of the Legal Practice and Behaviors of the regular lawyers regarding setting a minimum fee for the attorney who practices his profession at the banks and general joint-stock companies with no less than 500 Jordan Dinar per month.

What was executed by the Bar Association is considered a violation for the Provisions of the Article (5/A/1). Thereupon, the |Bar Association was addressed and asked to submit the legal instrument in that effect.

The investigation is till under process by the Directorate.

2- Investigation on the delivery reports of short messages:

Group of the mobile telecommunications companies has agreed to determine the price of the delivery report of the short messages to be one piaster per report after this service was free of charge.

Companies of mobile telecommunications – The Jordanian Company for mobiles services (Zain), Jordan Telecommunication Group (Orange) and Umniah Company for Mobiles)- carried out the agreement to determine the price of the delivery reports of the short messages as of 29 October 2008 by imposing one piaster per delivery report.

On 30 October 2008, a meeting was held under the Presidency of the Minister of Industry and Trade, attendance of the Director of the Directorate of Competition, Head of Telecommunication Regulatory Commission, Representatives

for the three telecommunications companies whereas the Minister decided that each company shall alone determine the mechanism of dealing with the matter in the future pursuant to the Provisions of the Competition Law No. (33) of 2004 and the Law of Telecommunications and its amendments No. (13) of 1995.

Whereas the mobile telecommunications companies, after the meeting held at the Ministry, have approved on different mechanisms of pricing during three different dates within various offers, more than (15) offer for different companies, consequently there is no implied agreement among them to which this proves non violating the Provisions of Competition Law No.(33) of 2004.

3- Investigation on the companies working in the field of soda drinks:

As a result of the investigations carried out by the Competition Directorate in the market, it was found out that one of the companies working in the sector has asked the retail traders to take out the refrigerators of a competitive company against obtaining deductions and refrigerators.

The practice of the company is a violation for the Provisions of the Article No.(6/B) of the Competition Law No.(33) of 2004, regarding its attempt to put a competitive company aside the market, to expose it to serious losses and obstruct other companies from entering into the market of soda drinks .

A meeting was held between the Ministry and the administration of the company where as the company was addressed to immediately stop all practices violating Provisions of the Law, otherwise the Ministry will execute the legal procedures against the violating company according to the Provisions of the Competition Law No.(33) of 2004.

Thereupon, the company discontinued its practices above in addition to submitting an undertaking in writing to observe provisions of the law.
Moreover, the sector is still monitored by the Directorate.

4- Investigation on the practices of the General Association of the Jordanian Mills and Producers of Olive.
The General Association of the Jordanian Mills and Producers of Olive has issued the instructions for the year 2008 including determining and increasing wages of pressing olive from 35 Piaster to 50 Piaster per kilo which is considered a clear violation for the Provisions of Article (5/A/1) of the Competition Law No. (33) of 2004.

The Ministry carried out the required visits to the mills of olive in Jarash and Ajloun Governorates, obtained information related to the wages of pressing olive per mill, and investigated whether the mills raised the wages of pressing olive from 35 Piaster to 50 piaster per kilo

Response from different governorates mentioned that the mills are complying with determining wages of pressing olive.

Thereupon, the Ministry shall take the necessary procedures against the practices of the General Association of the Jordanian Mills and Producers of Olive.

5- Investigation on forming "Jordan Telecommunications Group".

The Competition Directorate has investigated the forming of "Jordan Telecommunications Group" which includes:

- Jordan Telecommunications Company (JTC).
- Petra Jordanian Mobile Telecommunications Company (Mobilecom).
- Jordan Data Communications Company LLC. (Wanadoo).

• Dimensions for Developing Digital Data Company LLC. (E-Dimensions).

For enabling the Directorate to examine the legality of the "Integrated Operator" Concept, the Competition Directorate has considered carefully the legal effects arising from this practice whereas it concluded to the following:
1- The Jordan Telecommunications Company holds other group companies in full, though each company has its own independent legal entity.
2- These companies have established an independent legal entity represented by (Jordan Telecommunications Group) to administer all business of the member companies and organize them.
3- The group practices its commercial activity via its members only, and does not practice any other commercial business individually; whereas the group companies derive benefit for the joint administration, hence, the group benefits from the companies by practicing its business within the offices and properties of the relevant companies.

Thereupon, the operation executed by Jordan Telecommunications Company and its own companies is subject to the concept of the Economic Concentration according to the Provisions of the Competition Law No. (33) of 2004.

The investigation is still under consideration by the Directorate; whereas a process of searching and investigating about the market shares and its compliance with the Provisions of the Article (9/B) of the Competition Law is taking place.

6- Investigation on the agreement of the owners of stone quarries and crushing plants.

The Competition Directorate has executed investigations related to the agreement between the owners of stone quarries and crushing plants to increase prices of its products, which is a violation the Provisions of the Article (5/A/1) of the Competition Law No. (33) of 2004. The investigation was executed in collaboration with the market supervisors of the markets in the different governorates in the Kingdom whereas the crushing plants of Al-Salt have agreed on increasing prices of its products.

In view of the fact that the role of the Ministry of Industry and Trade is to maintain market balance and treat occasional disorders that occurs every now and then in the local market, including cases of unbalance and sway of the prices of certain commodities, a matter that came as a result of releasing the prices of oil derivatives. Furthermore, considering the fact that the owners of the crushing plants have withdrawn their agreement to avoid the legal responsibility, The Minister of Industry and Trade decided to resolve the agreement and return prices to its previous situation with the continuation of supervising the sector to ensure the compliance with the Provisions of the Competition Law.

7- Investigation on the practices of the Association of Owners of Jewels Trade and Goldsmithery Stores.

The Association of Owners of Jewels Trade and Goldsmithery Stores declared their intention to set a fixed price for selling and purchasing gold, a matter that may limit competition in the "the goldsmithery" sector.

The association was addressed to report to Ministry of Industry and Trade / The Competition Directorate before executing any procedures or decisions that may affect market mechanisms including setting a fixed price for selling and purchasing gold.

The Association mentioned in its response that it will contact the Ministry before adopting any instructions for goldsmithery,

in addition to obtaining the Ministry's approval to ensure that it complies with the Provisions of the Competition Law No.(33) of 2004.

8- Investigation on the practices of the wheat mills

The Directorate investigated the occurrence of practices violating the Provisions of the Competition Law with regard to selling the unified flour in Amman mills with prices less than its production cost in addition to the transportation fees; in particular, those equal to the transportation cost to the South governorates (i.e. Ma'an, Tafila and Aqaba).

According to the investigations executed, whereas the price of the unified flour per ton is determined by the Ministry of Industry and Trade for all mills, and upon examining prices of transferring the flour to the south areas, it was discovered that mills located in Amman gain favorable prices for transporting to the south since the trucks moving from Aqaba Port for loading are usually empty, therefore trucks' owners accept little prices to transfer flour to the south areas.

Thereupon, Mills located in Amman have not sold flour less than the cost price in addition to cost of transportation.

On the contrary, the wheat mills gains profits through transporting flour in addition to its profits of producing and selling flour.

Accordingly, the unified flour is not sold with a price less than cost in the south areas in which this matter is not considered to be a violation for the Provisions of the Competition Law No. (33) of 2004.

9- Investigation on prices of vegetables

Upon the information received by the Competition Directorate regarding practices of violation of the Competition Law in the market of the potato and watermelon and occurrence of agreements for determining prices of these products.

The Competition Directorate executed investigations needed in the market concerned in addition to a meeting was held on 31 August 2008 with group of traders to look into any violation for the Provisions of the Competition Law No.(33) of 2004 whereas it concludes to the following results:
1- There are no agreements among traders of potato to determine its prices or quantities in the market.
2- The prices of the exported vegetables and fruits are determined according to the market price and not by the exporters.
3- The fruit imported from Egypt (guava and orange) suffers from some difficulties, a matter that may result in its high prices and low quality.

The investigation was kept for non-violating the Provisions of the Competition Law.

5-3 Future action plans

The Competition Directorate seeks to draw future action programs to keep pace with developments at all levels, whether in follow-up and information or in the procedures taken to handle the requests and complaints, or the attempt to amend the regulations, and other, below is a review of these programs:

• Complete the development of the follow-up and information systems on the status of competition in the market, and handle the complaints and requests submitted to the Directorate.

• Continue to promote the competition culture and awareness of the provisions of the Competition Law, and encourage competition in different economic sectors.

• Amend the regulations of competition in light of the practical Implementation of the Law.

• Establish an independent competition commission, according to the strategic plan of the Directorate of (2009-2013).

• Continue to hold training programs for the Directorate's employees and judges and learn from the international experiences and provide the Directorate with the adequate human resources.

• Make use of all the international and regional forums and conferences to liaise with the concerned authorities and organizations in Jordan and with the similar bodies abroad to exchange information and expertise.

• Establish and update a database, which will increase the efficiency of the Directorate to conduct the necessary investigations and studies. In addition, find the proper solutions to the problems related with accessing the data by liaising with the concerned bodies and departments such as; income and sales tax directorate, and department of statistics.

• Sign memoranda of understanding with the sectoral bodies (telecommunications, insurance, transportation)

• Study the matters related to the provisions of this Law, and draft laws and regulations related to competition, or those granting new franchises or exceptional rights.

• Attract competition experts and exchange expertise by holding the Third National Conference on Competition.

• Provide the financing and sponsoring bodies of the Directorate to improve its performance and their delivered services.



Ministry Of Industry
And Trade

ANNEXES

ANNEXES

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2.	Assessment of the economic concentration request presented by Jordan Cement Factories Co. and other Companies.
3.	The approval of the Economic Concentration request, presented by Jordan Cement Factories Co. among other companies.
4.	Competition Law No.33 of 2004
5.	Instructions on setting out the limits of the market share to define the Weak-Effect Agreements no (1) of 2004 issued pursuant to the provisions of Article (5\B) of the temporary Competition Law no (49) of 2002
6.	Instructions of defining the terms and procedures related to the issuance of a notice on the completion of information and documents related to the approval request on the economic concentration operation no (2) Of 2006.



Ministry Of Industry
And Trade
(Competition Directorate)

ASSESSMENT OF THE MERGE BETWEEN THE MODERN JORDANIAN COMPANY FOR INTERNATIONAL TRADE, AND THE MODERN JORDANIAN COMPANY FOR STORAGE SERVICES

AUGUST 2008

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Introduction

In order to monitor the economic concentration operations through a certain mechanism and in coordination with the Companies Control Department, the Competition Directorate has been informed of the request for the merger of (The Modern Jordanian Co. for International Trade) and (The Modern Jordanian Co. for Storage Services) in accordance with the companies law, whereas the merging company is The Modern Jordanian Co. for international Trade, and The Modern Jordanian Co. for storage services is the merged company.

Facts

1. On 5 June 2008, the Companies Control Department informed the Competition Directorate that (The Modern Jordanian Co. for International Trade) and (The Modern Jordanian Co. for Storage Services) have submitted a request for merge on 4 May 2008, in accordance with the companies law, whereas the merger is The Modern Jordanian Co. for international Trade, and The Modern Jordanian Co. for Storage Services is the merged company. Upon which the directorate started considering the request pursuant to the provisions of the law.

2. On 12 June 2008, the competition directorate addressed The Modern Jordanian Co. for International Trade requesting providing the Ministry of Industry and Trade / Competition Directorate with the company's main activities, essential goods they deal with, and main competitors in its trade field.

3. The company has responded with the following points:

* Main competitors in the trade field:

- Al Alamyah for Fertilizers Technology Co.
- Zyzia for Agricultural Services Est.
- Meqdady for Fertilizer Production Co.
- Mohammad Salameh Fayyad and bros. Co.

Upon that, the Competition Directorate started investigating competitors of the company and its main activities, for the purpose of preparing an initial study to examine the shares of the companies concerned with the merge in the mineral and agricultural chemical material market, whether these shares are over 40% of the market's transactions or not.

The Modern Jordanian Company for International Trade

The Modern Jordanian Company for International Trade Ltd. was established on 1999, with a capital of one million Jordan Dinar. The activity for the above-mentioned company is limited in the following three axes:

1. Importing: chemicals, raw materials, and fertilizers are imported from different international companies.
2. Selling in the local market: imported materials are traded in the local market through different companies.
3. Exporting and re-exporting: the company exports different materials such as soda, caustic soda, fertilizers, along with others.

It should be noted that the Modern Jordanian Group for Local and International investments own the whole company.

Modern Jordanian Company for Storage Services

The Modern Jordanian Company for Storage Services was established on 9 November 2003 as a company with limited liability and a capital of (30000) Jordanian Dinar.

The company is owned in full by The Modern Jordanian Group for Local and International investments.

The company's purpose is commodities storage.

Nature of the operation under discussion

(The Modern Jordanian Company for International Trade) and (The Modern Jordanian Company for Storage Services) agreed to merge,

provided that (The Modern Jordanian Company for International Trade) will be the merger, while the merged company is (The Modern Jordanian Company for Storage Services), and according to the merge operation, all assets and liabilities of the merged company shall be transferred wholly to the merging one. One point should be noted though; the ownership of the companies concerned with the merge is one, which indicates the limitedness of the operation's effects on the competitiveness status at Jordanian market.

The operation falls within the definition of the economic concentration

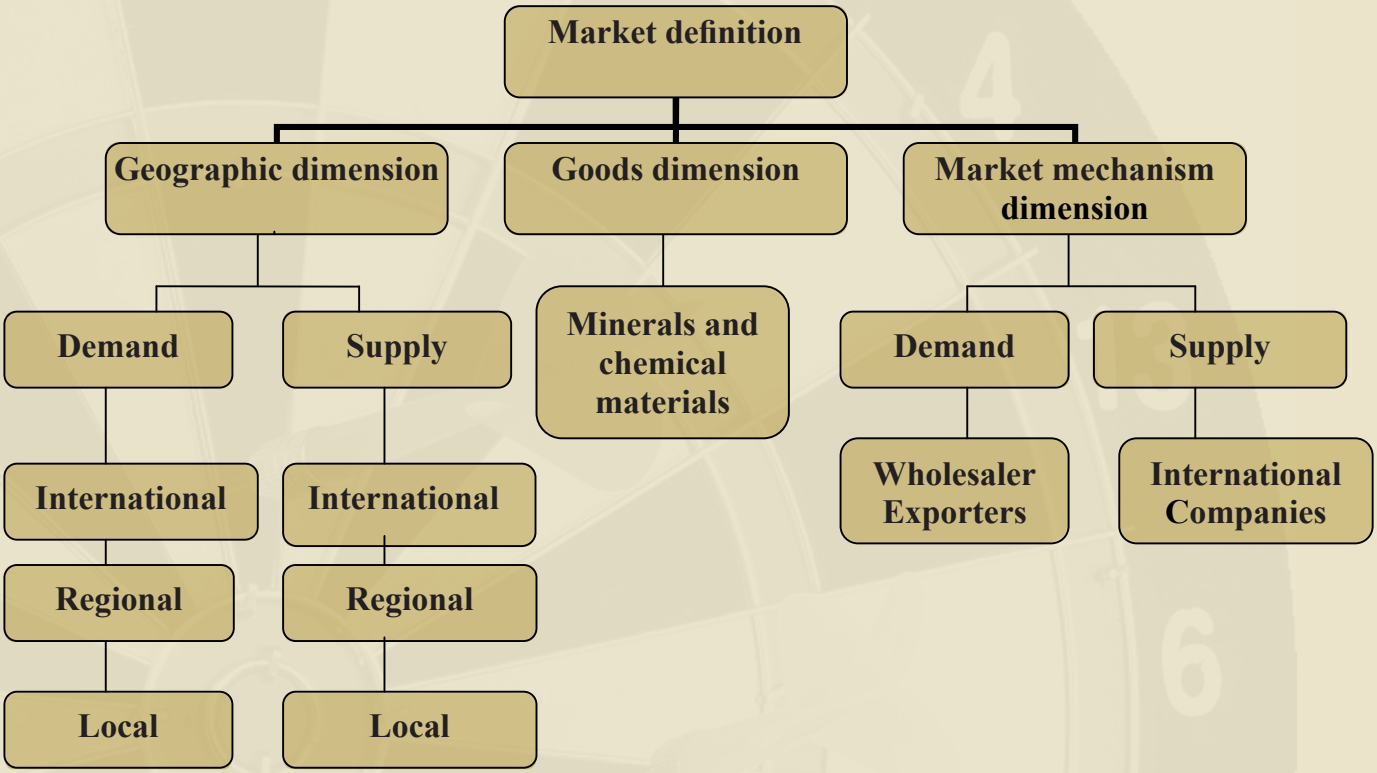
The nature of the economic concentration operation, subject of the request, has included establishing a merge among (The Modern Jordanian Company for International Trade) and (The Modern Jordanian Company for Storage Services) and transfers the ownership of the second company, wholly, to the first company. Therefore, the merge operation falls within the scope of the definition of the economic concentration stated in Article (9\A) of the Competition Law no (33) of 2004, that states:

(For purposes of this Law, any activity resulting in the full or partial transfer of ownership of or interest in property or rights or shares or obligations of an Enterprise to another, and which may enable an Enterprise or a group of Enterprises to control, directly or indirectly, another Enterprise or group of Enterprises is considered an economic concentration operation.)

Justifications for the merge

The purpose of this merge is to reduce expenses and control costs, and since the ownership of the merging companies is one, the elimination of the merged company and keeping the merger company the same should bring about positive impacts on the company that arises from this merge, as to reduce the costs and increase sales.

Market definition



The Directorate assesses the concerned market as per the below dimensions:
1. The goods dimension: the definition of the market here is based on importing goods of fertilizers and different chemicals, as The Modern Jordanian Company for International Trade exports fertilizers and chemicals and stores it at The Modern Jordanian Company for Storage Services (the company's sole activity is storage services).

2. The geographic dimension: The Modern Jordanian Company for International Trade imports from several international companies; Chinese and Russian for instance, it also imports from Egyptian, Saudi and Iraqi companies, but due to the fact that there is a lack of data on all the productive companies internationally and regionally, Consequently, the whole kingdom with all its governorates is considered the market and as a geographic dimension for the purpose of this study.

3. Market mechanisms (supply and demand): the supply includes all the companies in the field of importing fertilizers and chemical materials, as for the demand part, it includes the fertilizers and chemical's consumers.

Market Shares

The following table demonstrates the market shares for the most important importers for minerals and chemical materials in the kingdom based on the sales volume of total sales for each company in the Jordanian Market:

The company	Total taxes	Market share
The Modern Jordanian Company for International Trade	X	X
The Modern Jordanian Company for Storage Services	X	X
Agricultural products Ltd	X	X
Mohammad Salameh Fayyad	X	X
Zyzia for Services and Agricultural Products Est.	X	X
Alalamya for Minerals Technology	X	X
GROSS TOTAL	X	X

With reference to: (1) Tax and Sales Department data.
(2) Data issued by Alalamya for Minerals Technology.

* The Modern Jordanian Company for Storage Services practices the activity of storage only, it does not import.

Is the approval of the Minister necessary for the completion of the economic concentration operation?

Article (9\B) of the Competition Law stipulated that to accomplish an economic concentration operation, the approval of the Minister in writing, should be collected first:
1- If the total share of the Enterprise or Enterprises concerned in the economic concentration operation exceeds 40% of the total transactions in the market.
2- Impacting the level of competition in the market by causing or enforcing a dominant position.
In order to accomplish the economic concentration operation, enterprises concerned must meet the above conditions and collect the approval of the Minister. Thus, it was necessary to conduct the studies and investigations to verify that the companies concerned meet these conditions.

Impacts on the competition

Despite the fact that The Modern Jordanian Company for International Trade enjoys a high market share in the market of fertilizers and imported chemical materials as to reach (38%) of the market transactions volume, yet, the impacts of the merge on the competition in the market is trivial and limited. The reason for this is that the ownership for the two merging companies is one, and the purposes of the two complements each other; the first exports fertilizers and chemicals then stores it at the second company.

Results of the study illustrate the following:
- The merge does not have effects neither on the current nor the potential competitors.
- The merge will not support a dominant position in the market.
- The market share for the company did not change prior to and after the merge.
- The merge does not cause a restriction that prohibits market entry.
- The merge may have positive impacts on the long term, such as increasing competitiveness and reducing costs.

Results

• The economic concentration operation, under examination, does not require the approval of the Minister because the total share of the companies involved in the merge is not exceeding 38% of the total transactions in the market.
• The merge will not support a dominant position in the market.
• The overall impact on the competition is trivial and limited.

Recommendations

• Addressing the Companies General Controller to complete the procedures of the merge operation taking into consideration that the approval of the Minister of Industry and Trade is not required.

• Monitor and observe the companies functioning in this market after the merge.



Ministry Of Industry
And Trade
(Competition Directorate)

Assessment of the Economic Concentration Request submitted by the Jordan Cement Factories Company and other companies.

June 2008

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Introduction

The Jordan Cement Factories Company W.L.L. submitted a request for approving the economic concentration operation pursuant to the Provisions of Article (10/A) of the Competition Law No. (33) of 2004 whereas the following data were attached:

• A detailed description of the concerned enterprises and the applicant.

- An explanation for the nature of the operation, subject of the request.
- An explanation for the nature of the activity of the concerned enterprises, and a statement of the commodities and services that the enterprises involved in the concentration dealt with.
- The financial data of the companies involved in the operation with a report of the auditor of 2006 and 2007.
- Statement of the shareholders of the involved enterprises and their shares therein.
- The Agreement of purchasing shares between the Jordan Cement Factories Company and the other companies involved in the operation.
- Article of Partnership, the Registration Certificate of the companies involved in the operation.

Facts

1- On 06 April 2008, the Jordan Cement Factories Company W.L.L. submitted a request of approval to the economic concentration operation pursuant to the Provisions of Article (10/A) of the Competition Law No. (33) of 2004.

2- It has been mentioned in the request of the economic concentration submitted that the company desires to purchase (51%) of the capital of four companies 1 working in the field of ready mix concrete in the Kingdom and these companies are:

- Jordan Concrete Supply Company Ltd.
- Arabian Concrete Supply Company Ltd.
- Irbid Ready Mix Concrete Company Ltd.
- Aqaba Concrete Company Ltd.

3- Upon the request of the Competition Directorate, the Jordan Cement Company W.L.L. has provided the Directorate with all data required.
4- On 23 April 2008, a notice of the complete provided information has been issued according to the letter No.(24/1/1/13807) directed to the Jordan Cement Factories Company W.L.L.
5- On 23 April 2008, the Jordan Cement Factories Company was asked, according to the letter No. (24/1/1/13803), to publish an announcement in two daily local gazettes regarding the subject of the economic concentration operation to invite the relevant parties to give their opinions in regard to the operation according to the Provisions of the Article No.(10/D) of the Competition Law.
6- On 24 April 2008, an announcement was published in the (Al-Rai and Addustor) gazettes regarding the economic concentration operation.
7- Thereupon, companies of ready mix concrete located in the Kingdom were addressed to provide the Directorate with the following data:
A- Number of the company's plants and its location in the Kingdom.
B- Production capacity, value and quantity of the sales of 2006 and 2007 per plant.
C- Types of mixtures produced in each plant.
D- The most important obstacles and challenges faced by the industry of the ready mix concrete in the Kingdom.

These companies have provided the Directorate with the required information.

1 (hereinafter referred to as Al-Aloul Group).

The operation listed within the definition of the economic concentration

The nature of the operation has included purchasing (51%) of the shares of the Jordan Concrete Supply Company Ltd., Arabian Concrete Supply Company Ltd., Aqaba Concrete Company Ltd. and Irbid Ready Mix Concrete Company Ltd. by the Jordan Cement Factories Company.
Therefore, the Cement Factories Company takes hold of four companies due to its possession for (51%) of the companies' shares (1).
Thereupon, the operation is listed within the definition of the economic concentration mentioned in the Article No.(9/A) of the Competition Law No.(33) of 2004, which states that:
(For purposes of this Law, any activity resulting in the full or partial transfer of the ownership of or interest in property or rights or shares or obligations of an enterprise to another, and which may enable an enterprise or a group of enterprises to control, directly or indirectly, another enterprise or group of enterprises is considered an economic concentration operation.)

Whereas the Law provides, according to the article No.(9/A), to obtain the approval of The Minister for completing the economic concentration operations which may result in:

1- Exceeding the total shares for the enterprise or the enterprises involved in the operation as much as 40% of the total transactions in the market.

2- Affecting the competition level in the market as to achieve or support a dominant position.

The enterprises that carry out the concentration operation including the two above-mentioned conditions should submit a request for the approval of the Minister to complete the operation.

Thereupon, it is necessary to carry out the needed studies to show to what extent the two conditions above have been fulfilled in the concentration operation, subject of the study.

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(1) The Cement Factories Company will indirectly possess (51%) of the shares of the Aqaba Concrete company which company is owned by each of the Arabian Concrete Supply Company and the Jordan Concrete Supply Company.

Bodies concerned with this operation

Jordan Cement Factories Company

The Jordan Cement Factories Company was established in 1951 as a public share company with a capital of one Million Jordan Dinar, and then it gradually increased during the development of the company as to reach 60 Million Jordan Dinar.
The Company merged with the South Company in 1985, then in 1998, the Government sold 33% of its share to the French Lafarge Company which occupies an internationally remarkable position in the filed of cement industry. "Lafarge Company" holds now (51%) of the capital of the Cement Factories Company.

The Jordan Cement Factories Company is considered to be the sole producer in the Kingdom for the Portland black cement with all its types; however, the Company has no current local or foreign competitive constraints.
It is expected that other companies may enter into the cement market during the next years to compete The Jordan Cement Factories Company.

The Company possesses two plants for producing Portland black cement (Al-Fuheis and Al-Rashadiyyah) in addition to establishing the Aqaba Station for Export in 1992.

Arabian Concrete Supply Company

The company was established in 1982 as company with a limited liability with a capital of (300.000) Jordan Dinar which currently reached (660.000) Jordan Dinar.
One of the most important purposes of the company is to produce the ready mix concrete.

Aqaba Concrete Company Ltd.

The company was established in 2002 as company with a limited liability with a capital of (500.000) Jordan Dinar.
The Company's purposes are producing, preparing ready mix concrete and distributing it to the building projects in addition to cement tiles production.

Irbid Ready Mix Concrete Company Ltd.

The company was established in 1998 as limited liability company with a capital of (600.000) Jordan Dinar, one of the company's most important purposes is producing the ready mix concrete.

Jordan Concrete Supply Company

The company was established in 1980 as limited liability company with capital of (595.000) Jordan Dinar, one of the Company's most important purposes is producing ready mix concrete.

Justifications of the concentration
'from the point of view of the applicant company'

The applicant Company (Jordan Cement Factories Company) submitted several justifications in the concentration request submitted to the Competition Directorate, which are:-
• Improving quality of the ready mix concrete and ready-made mixtures of cement of different types, in view of the fact that International Lafarge Group is an international pioneer company in the field of manufacturing cement, gypsum, and concrete since 1833 and aims at developing and providing a distinguished and different products with high quality according to its expertise in this field for all clients in the construction and building sector in the kingdom, the current huge investment projects in the Kingdom in particular.

• The partnership between the Jordan Cement Factories Company and Lafarge Group with its technical knowledge and developed techniques in the field of cement and concrete production has the positive impact on the competition operation in the local market whereas it forms a motive for the ready mix concrete companies working in the local market to improve its performance and to use developed techniques in the production operation, which would yield benefits on the construction contracting sector and building business Kingdom in general.

The concerned market

Article (2) of the Competition Law No. (33) of 2004, has defined the Market as: "The product or service or all products or services which are, in view of their price, characteristics and uses, interchangeable and mutually replaceable to meet a particular need of the consumer in a particular geographical location wherein compatible competition conditions exist."
Accordingly, the Competition Directorate defines the concerned market based on the ability to (replace) the goods, depending on the following principles: (Price- properties- aspects of usage)
The Directorate assesses the level of (replacement) as per the below dimensions:
A- Goods dimension: listing the goods that can be classified as potential alternatives
B- Geographic dimension: covering all the regions of goods' production and consumption according to the above mentioned replacement principles.
C- Market mechanisms (supply and demand): Including all the parties concerned in the business transactions, and who are subject to identical competition circumstances.

In view of the concentration operation under study, we find that the five companies concerned with the economic concentration operation are working in the cement sector, whereas the

Jordanian Cement Factories Company works in the field of black cement, the other four companies works in the field of producing ready mix concrete.

A-The goods Dimension:

According to the Article (2) of the Competition Law, three basic elements shall be collectively available for achieving the replacement principle among goods, which are (Price- properties- aspects of usage).

With regard to the goods that the concerned companies with the concentration operation dealt with, we find the companies deal with two goods; black cement and ready mix concrete. The producers of the ready mix concrete fundamentally use black cement as productive material.

This explains that the relationship between the two commodities is a vertical and not horizontal one, and it is noted that there is a difference between the two commodities with regard to the price and features, kinds of usage is also un-identical.

Considering that each of the two commodities has its distinctive features and kinds of usage, the concentration operation is concerned with two commodities:

1- Black cement.
2- Read mix concrete.

B- The Geographic dimension:-

Both Cement and ready mix concrete have the characteristic of high transport costs and accordingly the geographic dimension for the market will be initially within the Kingdom, upon that, the following may be observed:-

First: - Cement market:

Black cement market has one company specialized in producing this commodity and distributing it throughout the Kingdom.

Whereas it is the sole importer company in the Kingdom in regard to the cement allocated for consumption in Aqaba Special Zone, accordingly, the Jordan Cement Factories Company controls the Kingdom market including all areas and governorates.

Thereupon, geographic dimension is considered to be the whole Kingdom including all areas and governorates.

Second: Market of the ready mix concrete:

The Market of the ready mix concrete has numerous producers in the Kingdom that are distributed in different areas.
Due to the increasing costs of transport which reach (0.30) Dinar/M3/Km, the market cannot be considered to cover all areas in the Kingdom; since the purchase price of the ready-made cement from Irbid to Amman or vice versa includes paying the cost of transport reaching (80*0.30= 24 Jordan Dinar /M3) whereas this cost constitutes approximately (57%) of the price of the squared meter, a percentage that is considered a very high one in comparison with the transport cost within the north province.

Thereupon, the Kingdom is not considered to be one market for the ready mix concrete and parts of the kingdom shall be assigned as different markets.

According to the group of these plants and its distribution in the Kingdom areas, the Kingdom may be divided to the following markets:-

1- Middle Province Area including all north governorates excluding the Dead Sea Zone.
2- North Province Area including all north governorates.
3- South Province Area including all south governorates excluding Aqaba.
4- Aqaba Special Economic Zone.
5- Dead Sea Zone.

Each of the areas above-mentioned is considered to be a geographic dimension for an independent market.

C-Market mechanisms (supply and demand):

After determining the goods and geographic dimensions of the study, parties concerned and subject to the business transactions will be incorporated into an identical competition conditions according to the following:-

First: Cement:-

1- Supply: Jordan Cement Factories Company.
2- Demand: traders, contractors and producers of ready mix concrete.

Second: - Ready Mix Concrete:

1-Supply: producers of the ready mix concrete in each of the above-mentioned markets.
2-Demand: Contractors and individuals that are using ready mix concrete.

The market shares of the companies concerned with the economic concentration operation

The market shares of the concerned companies with the economic concentration operation will be examined and determined for each market as follows:-

First: Cement market:-

The Cement market has one sole company in regard of producing and selling black cement in the Kingdom which is the Jordanian Cement Plants Company and its market share reaches (100%).

Second: Market of the cement ready mixtures:

The Market share of the companies concerned with the concentration operation in each of the markets mentioned separately will be calculated as follows:-
1- Middle Province Zone

Companies concerned with the concentration operation have (4) plants out of (20) plants working the Middle Province.
Whereas the total production volume 1 in the Middle Province reached (X) M3 of 2006 and (X) M3 of 2007, while the production of the Al-Aloul Group (companies concerned with the operation) in the same area reached (X) M3 of 2006 and (X) M3 of 2007, thereupon, the group's share of the production reached (17%) and (13%) for the years 2006 and 2007 respectively.

Value of sales of all plants in the Middle Zone reached respectively (X) Million Jordan Dinar and (X) Million Jordan Dinar of 2006 and 2007. While the value of sales of Al-Aloul Group reached (X) and (X) Million Jordan Dinar of 2006 and 2007 in order. Thereupon, the market share of the Al-Aloul Group in the Middle Province has reached (17.5%) and (13%) for the years 2006 and 2007 successively.

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(1) Cement ready mixtures are non-storable goods; accordingly, production quantity equals sales quantity.

2- North Province Zone:

The companies concerned with the concentration operation has one plant out of (4) plants working in the North Province, whereas the total production in the North Province reached (X) M3 of 2006 and (X) M3 of 2007, while the production of the Al-Aloul Group (the companies concerned with the operation) in the same area reached (X) M3 of 2006 and (X)M3 of 2007, thereupon, the group's share of the production reached (55%) and (37%) for the years 2006 and 2007 respectively.

The value of sales of all plants in the North Zone reached respectively (X) Million Jordan Dinar and (X) Million Jordan Dinar of 2006 and 2007. While the value of the sales of Al-Aloul Group reached (X) and (X) Million Jordan Dinar of 2006 and 2007 in order. Thereupon, the market share of the Al-Aloul Group in the North Province has reached (55%) and (38%) of 2006 and 2007 successively.

3- South Province Zone:

Al-Aloul Group (the companies concerned with the economic concentration) has no plants working in the area, so, its market share is zero in this zone.

4- Aqaba Special Economic Zone:

The companies concerned with the concentration operation has one plant out of (4) plants working in Aqaba Zone, whereas the total production volume1 in Aqaba Zone reached (X) M3 of 2007, while the production of the Al-Aloul Group (the companies concerned with the operation) reached (X) M3 of 2007, thereupon, the group's share of the production reached (17%) for the year 2007.

The value of sales of all plants in Aqaba reached (X) Million Jordan Dinar and (X) Million Jordan Dinar for the year 2007 respectively. While the value of the sales of Al-Aloul Group reached (X) and (X) Million for the same year. Thereupon, the market share of the Al-Aloul Group in Aqaba market reached (16%) for the year 2007.

5- Dead Sea Zone

Al-Aloul Group (the companies concerned with the economic concentration) has no plants working in the area, so, its market share is zero in this area.

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1 No information were available on the sales and production of "Al- Mutaheda- for Concrete Industries Co." for the year 2006 due to transferring its ownership, thereupon, market shares for this year could not be calculated.

Impact on Competition

First: influence on the market of black cement:

The Jordan Cement Factories Company is currently the sole company in regard of producing, selling and importing black cement commodity, which gave the company vast market capacity and dominance over the market, considering the difficulties of importing; custom duties and the high cost of transporting cement.

The cement market has one sole company which is the Cement Factories Company, on the other hand, four licenses were recently granted for the purpose of producing cement inside the Kingdom. It is expected that Al-Rajihi Company will start working at the end of the current year, whereas the existence of these plants in the market will reduce the market share of the Jordan Cement Factories Company, a matter that may create positive effects such as increasing produced quantities and reducing cement prices.

The economic concentration operation between the Cement Factories Company and Al-Aloul Group Companies may lead to consolidating the Company's status in the market, and increasing its competitiveness by achieving vertical integration between its production and the complementary product (i.e. cement and ready mix concrete), a matter that ensures achieving higher profits by realizing higher added value to the production operation (through adding other production phases), hence, the company will ensure continuity of its productive and commercial activities.

Second:- Influence on the cement mixtures market:-

Through analyzing the above-mentioned markets, it is clear that Al-Aloul Group Company practices its business in three main markets:-

1- Middle Province
2- North Province
3- Aqaba Zone

The following form shows the distribution of the market shares for the companies working in the concerned markets, whereas AL-Aloul Group Companies has a huge market share reaching (38%) in the market of North Province while Al-Manaseer Company has the larger market share in the markets of the Middle Province and Aqaba Area.

It is expected after carrying out the concentration operation that the market share of Al-Aloul Group Company will increase in all concerned markets in regard of manufacturing the ready mix concrete due to the capacity of the Group to make use of the competitive privileges in the future as a result of the vertical integration and its capacity to use those privileges for the benefit of marketing its products of the ready mix concrete.
The entry of new cement factories and reversion of the control of the Jordan Cement Factories Company for the black cement market will limit the negative expected effects arising from the concentration operation on the market of ready mix concrete, since certain alternative sources other than Jordan Cement Factories Company will be available in regard to the main productive access needed to produce these mixtures.

The expected effects of the concentration operation:-

1- Reinforcing Al-Aloul Group Company's position in the markets through its association with the Jordan Cement Factories Company which is considered to be the sole source for the main raw material for the ready mix concrete. On the other hand, it is possible that some practices are considered an abuse of the dominant position of the Jordan Cement Factories Company such as giving preference to certain clients, in any form.

2- The concerned companies with the concentration operation1 intends to merge in full later on, a matter that will contribute in reducing production costs and the administrative expenses

of the concerned companies, accordingly, increasing its capacity to compete and increasing its market share by demonstrating the reduction in costs by reducing selling prices.
3- Increasing market shares of Al-Aloul Group Company and increasing its capacity to control market activity, especially markets of the large market shares such as North Province wherein the company is considered to have a dominant position there, thereupon arises the possibility of taking advantage of its dominant position through practices such as putting its competitors aside, or preventing new competitors from entering its markets.

Results

The economic concentration operation between the Jordan Cement Factories Company and Al-Aloul Group Company will result in the following positive and negative effects:-

First: Positive effects:-

The Operation will contribute in reducing production costs and the administrative expenses of the concerned companies, accordingly increasing its productive competence, a matter that will result in reducing prices and stimulating competitive companies to develop in order to be apt for competition, which would ultimately contribute in developing the sector and other relevant sectors.

Second: Negative effects:-

The operation will result in supporting the dominant position of the Jordan Cement Factories Company in the Kingdom and the Al-Aloul Group Company in the market of the North Province, considering that the economic concentration operation constitutes a vertical integration operation and increases the capacity of the concerned companies to control concerned markets in which certain practices violating the Provisions of the Competition Law may appear.

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(1) According to the Purchasing Agreement between the Cement Plants Company and Al-Aloul Group.

Recommendations

"Pursuant to Article (11\A\2) of the Provisions of the Jordan Competition Law, that states;
A- The Minister may, upon recommendation of the Director, issue a reasoned decision regarding petitions submitted by virtue of the provisions of Article 10 hereof as follows:
2 - ……..
3 - Approve the economic concentration operation provided that the Enterprises concerned undertake to meet conditions specified by the Minister for this purpose.

Therefore, with regard to the positive effects arising from and for limiting negative effects arising thereof, the Competition Directorate recommends approving the economic concentration operation, provided that the concerned companies undertake to observe the following conditions:

1- The Jordan Cement Factories Company shall not:
A- Discriminate between customers in similar contracts of the ready mix concrete companies in regard to cement prices and /or quantities and/or delivery dates or selling conditions in general.
B- Discriminate between customers in similar contracts; traders of cement in regard to cement prices and /or quantities and/or delivery dates or selling conditions in general.
C- Refuse without objective grounds to deal with certain clients.
D- An activity or action which leads to setting barriers of entry of other enterprises to the market, or their elimination there from.
E- Tie the sale of the cement to the purchase of the ready mix concrete commodity from Al-Aloul Group Company.

2- Al-Aloul Group Company shall not:-
A- Carry out an activity or action which leads to setting barriers of entry of other enterprises to the market, or their elimination there from.
B- Force any of its customers to refrain from dealing with other cement supplier other than Jordan Cement Factories Company.

3- Perform any practice that aims at exerting pressure on the profit margin of the producers of the ready mix concrete who are competitors of the Al-Aloul Group Company, by squeezing the profit margin of the Al-Aloul Group Company to the extent that may lead to the elimination of the competitors. This also could be a possibility in case that the company abuses its dominant position.

The Hashemite Kingdom of Jordan
Ministry of Industry and Trade
Amman
Ref. No.: 24/3/1/1355
Date: 23.06.2008

Decision No. (36)

Pursuant to the powers granted to me by the Article No.: (11/A/2) of the Competition Law No.:(33) of 2004 and upon the recommendation of the Director of the Competition Directorate regarding the request of approval to the economic concentration operation submitted by the Jordan Cement Factories Company by which the Jordan Cement Factories Company will purchase (51%) of the capital of the following companies:

- Jordan Concrete Supply Company Ltd.
- Arabian Concrete Supply Company Ltd.
- Irbid Ready Mix Concrete Company Ltd.
- Aqaba Concrete Company Ltd. (which is owned half by half between the Jordan Concrete Supply Company Ltd. and the Arabian Concrete Supply Company Ltd.).

With regard to the positive effects arising form this operation which is represented by reducing production costs and the administrative expenses for the concerned companies, accordingly increasing its productive capacity, a matter that will result in reducing prices and driving companies for development to be able to compete, which will contribute in developing the sector and other relevant sectors.
For limiting the negative effects which may result from this operation, I hereby decide to approve to the economic concentration operation above-mentioned, providing that the concerned companies shall undertake to observe the following conditions:-

1- The Jordan Cement Factories Company shall not:
A- Discriminate between customers in similar contracts from the ready mix concrete companies in regard to cement prices and /or quantities and/or delivery dates or selling conditions in general.

B- Discriminate between customers in similar contracts; traders of cement in regard to cement prices and /or quantities and/or delivery dates or selling conditions in general.
C- Refuse, without objective grounds, to deal with certain customers.
D- Carry out an activity or action which leads to setting barriers of entry of other enterprises to the market, or their elimination there from.
E- Tie the sale of the cement to the purchase of the ready mix concrete commodity from Al-Aloul Group Company.

2- Al-Aloul Group Company shall not:-
A- Carry out an activity or action which leads to setting barriers of entry of other enterprises to the market, or their elimination there from.
B- Force any of its customers to refrain from dealing with other cement supplier other than Jordan Cement Factories Company.

3- Perform any practice that aims at exerting pressure on the profit margin of the producers of the ready mix concrete who are competitors of the Al-Aloul Group Company, by squeezing the profit margin of the Al-Aloul Group Company to the extent that may lead to the elimination of the competitors. This also could be a possibility in case that the company abuses its dominant position.

Minister of Industry and Trade
Engineer: Amer Al-Hadidi
<Signed>

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The Competition Law No. 33 of the Year 2004 Published on page 4157 of the Official Gazette no (4673) on 1 September 2004, This Law will replace the temporary Competition Law no (49) of 2002

Article 1

This Law is called (The Competition Law of the year 2004) and shall take effect upon its publication in the Official Gazette.

Definitions

Article 2

The following terms and phrases appearing herein shall have the meanings assigned thereto hereunder unless the context denotes otherwise:

The Ministry: The Ministry of Industry and Trade.
The Minister: The Minister of Industry and Trade.
The Directorate: The Competition Directorate at the Ministry.
The Director: The director of the Competition Directorate.
The Court: The court with competence to hear competition cases in accordance with the provisions of this Law.
The Enterprise: Any person, natural or juristic, carrying out economic activities, or any grouping of such persons.
Market: The product or service or all products or services which are, in view of their price, characteristics and uses, interchangeable and mutually replaceable to meet a particular need of the consumer in a particular geographical location wherein compatible competition conditions exist.
Dominant Position: The condition in which an Enterprise is able to control and affect the activity of the market.

The Law's Scope of Application

Article 3

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.

Article 4

Prices of products and services shall be set in accordance with the conditions of market rules and the principles of free competition, with the exception of the following:
a. The prices of basic materials specified in accordance with the Industry and Trade Law or any other Law.
b. Prices set by a decision of the Council of Ministers through temporary measures to deal with exceptional circumstances or an emergency or a natural disaster, provided that such measures be reviewed within a period not exceeding six months after the beginning of the application thereof.

Anti-Competitive Practices

Article 5

A- Practices, alliances and agreements, explicit or implicit, that prejudice, contravene, limit or prevent competition, shall be prohibited, especially those whose subject or aim is to:
1. Fix the prices of products, services or conditions of sale, and the like.
2. Fix quantities of production or service provision.
3. Share the market on the basis of geographical regions or quantities of sales or purchases or customers or any other basis that negatively affects competition.
4. Set barriers to entry of Enterprises into the market or eliminate them there from.
5. Collusion in tenders or bids, whether in overbidding or underbidding, but it shall not be considered collusive to submit joint offers in which the parties announce such joint offer ab initio, and without the goal of such joint bidding being to prevent competition in any way.
B- The provisions of paragraph (A) above shall not apply to agreements with weak effect wherein the total share of the Enterprises party thereto shall not exceed a rate to be set by instructions issued by the Minister, and which shall not exceed 10% of total transactions in the market, and provided that such agreements do not include procedures that fix price levels and market sharing.

Article 6

An Enterprise with a Dominant Position in the local market or a significant part thereof is prohibited from abusing this Dominant Position in order to prevent, limit or weaken competition including the following:

a- Fixing or setting prices or conditions of resale of products or services.
b- An activity or action which leads to setting barriers of entry of other enterprises to the market, or their elimination there from, or their exposure to gross losses including loss selling.
c- Discrimination between customers in similar contracts with regard to price of products or services or conditions of sale or purchase.
d- Forcing any of its customers to refrain from dealing with a competing Enterprise.
e- Attempting to monopolize certain resources necessary for a competing Enterprise to carry out its activities or to purchase a particular product or service to an extent that leads to increasing the price thereof on the market or preventing its decrease.
f- Refusing, without objective grounds, to deal with a particular customer under the usual commercial conditions.
g- Tying the sale of a product or the provision of a service to the purchase of another or others or the purchase of a limited amount or a request for the provision of another service.

Article 7

a. Practices arising out of the application of a Law and practices falling within the ambit of temporary measures instituted by the Council of Ministers to deal with exceptional circumstances, emergency situations or natural disasters shall not be considered anti-competitive in the sense intended in Articles 5 and 6 of this Law, provided that such measures be reviewed within a period not exceeding six months after the beginning of the application thereof.
b. Practices and arrangements exempted by the Minister from the application of Articles 5 and 6 of this Law by a reasoned decision on the basis of a recommendation of the Director shall not be considered anti-competitive if they lead to positive results, with a common benefit that cannot be achieved without this exemption, including the improvement of the competitive ability of Enterprises, or production or distribution systems, or providing certain benefits to the consumer;
c. The Minister may apply the exemptions referred to in paragraph (B) above to a class of practices or conditions of contract or to practices or arrangements or conditions of contract of particular Enterprises, provided that such Enterprises shall request to be granted this exemption in accordance with a form adopted by the
Minister for that purpose;
d. The applicant for the exemption referred to in paragraph (C) of this Article shall be provided with a notice evidencing the completion of the application, and the Minister shall review and dispose of the application

within a period not exceeding ninety days after the date of the notice. The exemption decision or a summary thereof shall be published in the Official Gazette is appealable before the Supreme Court of Justice.
e. The Minister may limit the authorization of such practices to a fixed period of time or subject them to a periodic review. He may also withdraw such authorization if the Enterprise contravenes the conditions for its granting.

Practices Detrimental to the Fairness of Commercial Transactions

Article 8:

A- A producer, importer, wholesaler or service provider may not:
1- Set a minimum resale price for a product or service whether directly or indirectly.
2- Subject another party to or receive there from preferential and unjustified prices or conditions of sale or purchase in such a manner as to impart upon such party a benefit as regards competition or cause harm thereto.
B-
1- The resale of a product as is at a price below its actual purchase price plus the taxes and charges and transport costs applicable thereto, if any, is prohibited if the purpose of such a sale is to limit competition.
2- For the purpose of this paragraph, the actual purchase price shall mean the price set in the invoice after deduction of the discounts specified in the same invoice. The aforementioned restriction shall not apply to perishable goods and allowed reductions on sales for the purpose of liquidation of a business, or to restock at lower prices.

Economic Concentration

Article 9:

A- For purposes of this Law, any activity resulting in the full or partial transfer of ownership of or interest in property or rights or shares or obligations of an Enterprise to another, and which may enable an Enterprise or a group of Enterprises to control, directly or indirectly, another Enterprise or group of Enterprises is considered an economic concentration operation.
B- The accomplishment of economic concentration operations impacting the level of competition in the market by causing or enforcing a Dominant Position shall depend upon receiving the approval of the Minister in writing, if the total share of the Enterprise or Enterprises concerned in the economic concentration operation exceeds 40% of the total transactions in the market.

C- Notwithstanding anything contained in any other legislation, authorities responsible for licensing economic concentration operations in any sector shall, prior to issuing their final decision, seek the opinion of the Minister in writing regarding the extent of the effect of such operations on the level of competition.
D- A party or authority shall inform the Ministry of any information it obtains regarding economic concentration operations that are subject to the provisions of paragraph (B) of this Article.

Article 10:

A- Enterprises wishing to carry out economic concentration operations which fall within the ambit of paragraph (B) of Article 9 of this Law shall submit a petition in this regard to the Directorate, on the form adopted by the Ministry, within thirty days after having reached a draft agreement or an agreement on the economic concentration activity. Attached to the petition shall be:
1- A copy of the articles and memoranda of the Enterprises concerned;
2- A copy of the draft contract or agreement on the concentration;
3- A list of the most important products and services in which the concerned Enterprises are involved and their shares thereof;
4- A report on the consequences of the operation, especially its positive effects on the market;
5- Financial statements for the two most recent fiscal years of the Enterprises concerned with economic concentration operation and their branches;
6- A list of the shareholders or partners of the concerned Enterprises and the share of each therein;
7- A list of their officers, members of their management boards, or members of their boards of directors
8- A list of the branches of each Enterprise.
B- The Enterprises may also include with the petition any matters they deem necessary relating to obligations or suggestions aiming to minimize the possible negative impact of the economic concentration operation on the market.
C-
1- Subject to the provisions of paragraph (C) of Article 11 of this Law, the Directorate may request, in writing and for one time, additional information or documents relating to the economic concentration agreement and the parties thereto, and upon receiving the requested additional information and documents it shall issue a notice evidencing the completion of the information and documents, provided that the issuance

of such a notice shall not affect the right of the Directorate to request further information or exercise regulatory powers
2- The time frames, procedures, and all relevant matters for issuing the notice mentioned in clause (1) of this paragraph shall be set by instructions issued by the Minister for this purpose and shall be published in the Official Gazette.
D- The Directorate shall publish, in two daily newspapers at the expense of the applicant, an announcement regarding the petition for economic concentration submitted in accordance with paragraph (A) hereof. The announcement shall include a summary of the subject of the petition and an invitation to any interested party to present its opinion in regard of the petition within fifteen days after the date of the announcement.
E- The Minister may, after consultation with the parties concerned, take any provisional procedures until such time as the request submitted in accordance with paragraph (A) above is disposed of.

Article 11:

A- The Minister may, upon recommendation of the Director, issue a reasoned decision regarding petitions submitted by virtue of the provisions of Article 10 hereof as follows:
1- Approve the economic concentration operation if it does not negatively impact competition, or has positive economic benefits that outweigh any negative impact on competition, such as leading to a lowering of the price of services or products, or providing employment opportunities, or encouraging exports or attracting investment, or supporting the ability of national Enterprises to compete internationally.
2- Approve the economic concentration operation provided that the Enterprises concerned undertake to meet conditions specified by the Minister for that purpose.
3- Deny the economic concentration operation and order the cancellation thereof and the return to the status quo ante.
B- In all cases appearing in paragraph (A) of this Article, the decision of the Minister shall include a summary of the economic concentration operation and its effect on competition in the market, including its economic impact, and the conditions and obligations required from the Enterprises, if any. The decision or a summary thereof shall be published in at least two local daily newspapers.
C- The Minister shall issue his reasoned decision regarding the economic concentration operation within a period not exceeding one hundred days starting on the date of issuing the notice evidencing the completion of the application. Enterprises involved in the economic concentration operation shall not commit any actions or practices that may lead to rendering the economic concentration operation irreversible, or may alter the market

structure; otherwise these actions and practices shall be annulled through a court decision.
D- The Minister may withdraw his previous approval in any of the following cases:
1- If the concerned Enterprises violate any of the obligations or conditions upon which the approval was granted.
2- If it becomes apparent that the basic information upon which the approval was based was false.
E- The Minister may take any action deemed reasonable to counter any economic concentration case which no application with its regards has been submitted, or if it was in violation of this Law.
F- Decisions issued by the Minister by virtue of the provisions of this Article shall be notified to the concerned parties and they may appeal such a decision to the Supreme Court of Justice.

Article 12:

A- The Directorate shall, in coordination with the concerned authorities, have the following duties and powers:
1- Contributing to setting the general of competition plan and legislation and studies relating thereto.
2- Working to promote, protect and encourage the culture of competition.
3- Gathering information to uncover practices that violate the rules of competition, in cooperation with the concerned authorities within the provisions of the enacted Laws.
4- Conducting investigations into those practices it uncovers or on the basis of complaints and claims that it receives, or those assigned to it by the competent courts, and preparing reports on its findings and presenting recommendations or reports to the Minister or the Court, as the case may be.
5- Receiving and following up petitions relating to economic concentration operations referred to in Articles 10 of this Law and preparing reports, recommendations and draft decisions therefore.
6- Issuing clarifying opinions on matters relating to its activities, either unilaterally or upon the request of the Enterprises.
7- Utilizing experts or consultants from outside the Ministry to accomplish any activities within its authority.
8- Cooperating with similar bodies outside the Kingdom for the purpose of exchanging general information and data and matters that relate to the execution of competition rules to the extent allowed by international treaties and on the basis of reciprocity.
B- The Minister shall present to the Council of Ministers an annual report on the state of competition.

C- For the purpose of guaranteeing the freedom of competition by virtue of the provisions of this Law, government authorities and sect oral regulatory bodies vested with monitoring any economic concentration operations by virtue of legislation specific thereto shall obtain the opinion of the Ministry in writing within the limits of its jurisdiction stipulated in this Law.

Article 13:

A- An officer of the Directorate delegated in writing by the Minister shall be considered, when carrying out his duties, an officer of the court within the limit of his jurisdiction.
B- Officers of the Directorate and any person looking into its activities shall be required to maintain professional secrecy.

Article 14:

A- A committee named the Committee for Competition Matters shall be formed, chaired by the Minister and with the membership of:
1- The Undersecretary of the Ministry as vice-chairman.
2- The Director General of the Insurance Commission.
3- The Chief Executive Officer of the Telecommunications Regulatory Commission.
4- The Director General of the Transportation Regulatory Board.
5- The President of the Union of Chambers of Commerce.
6- The President of one of the Chambers of Industry named by the Minister.
7- The President of any of the association that concerned with protecting the consumer named by the Minister.
8- Three persons with expertise and specialization named by the Minister.
B- The tenure of those members named by the Minister in accordance with items
(6), (7) and (8) of paragraph (A) hereof shall be two years renewable once, and any member may be changed by appointing a replacement thereto for the remaining period of his tenure.
C- The Committee shall have the following responsibilities:
a- Sanctioning the general competition policy.
b- Review matters related to the provisions of this Law and drafting laws and regulations relating to competition or those that grant new privileges or exceptional rights.

Article 15:

A- The Committee shall meet by invitation of its chairman or vice-chairman, in the absence of the former, at least once every six months. Quorum shall be met in the presence of not less than two-thirds of its members provided that the chairman or the vice-chairman is in attendance. Its decisions shall pass by at least a majority vote.

B- The Minister may invite any person he shall deem appropriate to attend the meetings of the Committee without that person having the right to vote on its decisions.
C- The Director shall be the reporter of the Committee and shall prepare its agenda and keep the minutes of its meetings and summarize its recommendations in the annual report.

Article 16:

A- The court shall have jurisdiction to hear cases related to the following:
1- Any violation of the provisions of Articles (5), (6), (8), (9), and (10) of this Law.
2- The non-compliance with decisions issued by the Minister by virtue of Article 11 of this Law.
B- The Amman Court of First Instance shall have jurisdiction to hear those cases referred to in paragraph (A) of this Article for two years starting from the date of the coming into effect of this Law. After the end of this period, any competent court of first instance shall have jurisdiction to hear such cases.
C- The Court's jurisdiction under this Article shall include claims for damages arising out of these violations. Other violations of the provisions of this Law shall be subject to the general rules of court jurisdiction.
D- For the purpose of hearing cases related to practices that are inconsistent with competition within the competent court of first instance, one or more specialized judges who have received special training shall be appointed, and their appointment shall be by decision of the Judicial Board.
E- The office of the Attorney General shall be represented, in competition cases which fall within the jurisdiction of the competent court of first instance, by a specialized Prosecutor General.

Article 17:

A- Cases relating to violations of provisions of articles (5), (6), (8), (9), and (10) of this Law shall be instituted according to a complaint presented to the public prosecutors by the following parties, provided that the statements be appended to preliminary articles of proof:
1- The Minister upon recommendation of the Director or upon the request of any other official party.
2- Any Enterprises from the private sector
2- View documents, records, and files, including computer files, and seize all that is necessary thereof or copies of them in return for a notice of receipt, provided that all such seized materials be referred to in the transcript, and be returned after the end of the review thereof.

3- Conduct the necessary investigations and listen to the testimony of any person suspected of violating the provisions of this Law.
B- The officers must identify themselves and show the concerned party a copy of their written authorization.
C- The Director may, by virtue of the powers granted to him by this Law, request any person who has or may have knowledge of information relating to a violation of the provisions of this Law either to offer testimony or present whatever information, documents or records in his possession that are demanded from him.
D- The results of investigations into any violation of the provisions of this Law shall be recorded in detailed reports, and appended to inspection transcripts and information and probative tools. Such report shall include a detailed analysis of the state of competition therein and its effect on market balance.
E- In the event that it has become evident to the Minister upon the recommendation of the Director that a violation to the provisions of this Law has been committed, he shall refer the violation to the public prosecutor, otherwise he shall decide to withhold the investigation temporarily or permanently, and inform the parties concerned.

Article 20:

A violator of the provisions of Articles 5 and 6 of this Law shall be punishable:
A. By a fine of not less than 1% and not exceeding 5% of the total annual value of sales or revenue from services of the violator calculated as follows:
1- On the basis of total annual sales or total revenue from services in the market as appearing in the financial statements of the fiscal year prior to the occurrence of violation.
2- On the basis of the violator's total annual sales relating to the products subject of the violation if the activities of the violator include various products and the violation was limited to some of them.
3- On a basis established by the Court if the activities of the violator include various products and the violation was limited to some of them, and it was not possible to establish the total value of sales related to those products subject of the violation.
B. By a fine of not less than one thousand (1000) Dinars and not exceeding fifty thousand (50000) Dinars if the value of sales or revenues is not specified.

Article 21:

A violator of the provisions of Articles 9 and 10 of this Law, or a person who does not comply with those decisions taken by virtue of Article 11 of

this Law shall be fined in an amount not less than one thousand (1000) Dinars and not exceeding fifty thousand (50000) Dinars.

Article 22:

A violator of the provisions of Article 8 of this Law shall be punishable by a fine of not less than two hundred (200) Dinars and not exceeding twenty thousand (20000) Dinars.

Article 23:

Any person who discloses any confidential information that he received from any source except if that was according to a court order shall be punishable by a fine of not less than one thousand (1000) Dinars and not exceeding ten thousand (10000) Dinars.

Article 24

Any person who prohibits an officer from carrying out the duties delegated to him by virtue of Article 19 of this Law, or who conceals or destroys documents, instruments, records or files presumed to be helpful in an investigation shall be punishable by a fine of not less than five hundred (500) Dinars and not exceeding five thousand (5000) Dinars.

Article 25

A- When setting the amounts of the fines under this Law, the amount of the benefit that the violator received and the value of the harm suffered by others shall be considered.

B- The Court may mitigate the punishment of a violator of the provisions of Articles (5), (6), (8), (9) and (10) of this Law if such a violator provides to the Directorate information leading to the uncovering of such practices.

Article 26:

The issuance of a verdict setting a fine under this Law shall not preclude an order of imprisonment in accordance with the Penal Code or any other law.

Closing Provisions

Article 27

Every Enterprise shall, within a period not exceeding four months after the coming into force of this Law, realign itself with the provisions of this Law, including the removal of every practice or agreement or arrangement in existence prior to the date of the coming into force of this Law, or request the exemption referred to in Article 7 of this Law.

Article 28

The Council of Ministers shall issue the regulations necessary for the execution of the provisions of this Law.

Article 29

The Prime Minister and Ministers shall execute the provisions of this Law.
27 July 2004

Instructions of setting out the market share limit for the purposes of defining the weak-effect agreements No. (1) of 2004, issued pursuant to the provisions of Article (5), paragraph (b) of the Competition Law no (49) of 2002

Article (1): Definitions:

Pursuant to the provisions of Article (5) of the Competition Law no () of 2002, It was decided to issue the following instructions to set out the limit of market share to define the weak-effect agreements. The instructions shall enter into effect as of the date of publishing them.

The following terms and phrases appearing herein shall have the meanings assigned thereto hereunder unless the context denotes otherwise:

The Law: The Competition Law in effect and its amendments
The Ministry: The Ministry of Industry and Trade
The Minister: The Minister of Industry and Trade
The Directorate: The Competition Directorate
The Director: The director of the Competition Directorate

Article (2): Definitions:

The limit of the market share, under which the weak-effect agreements are determined, shall be set out as follows:
A- Three percent (3%) of the total transactions in the market as concerning the agreements concluded between competitive companies.

B- Seven percent (7%) of the total transactions in the market as concerning the agreements concluded between non-competitive companies.

C- If the increase in the total market share during the last two consecutive financial years of companies, which are part in the agreement specified in
Article (5\b) of the Law, did not exceed one percent of the rates specified in the paragraphs (A) and (B) of this Article, these agreements remain to be considered weak-effect agreements.

Article (3):

For the purposes of applying these instructions:
A- The market share shall be calculated based on the sales of the last financial year of the concerned company, and if this was not possible, certain reliable data will be used.
B- To define the Market, the definition stated in Article (2) of the Competition Law, or any other Instructions or explanatory notes, which will be issued in this regard, shall be adopted.

Article (4):

In case the agreements included competitive enterprises and non-competitive enterprises, the three percent (3%) limit of the competitive enterprises agreements will be adopted.

Article (5):

In case the weak-effect agreements had a negative effect on the general balance of the market and the competition in it, the Minister will be entitled to lower the limit level of a certain sector according to Article (2) of these Instructions or can determine certain rates to a certain market or sector.

Article (6):

A- The Directorate shall undertake to implement the provisions of these Instructions
B- The Director can delegate any of his authorities, provided that this delegation of powers or authorities should be made in writing and specific.

Article (7):

The provisions of these Instructions shall take effect upon its publication in the Official Gazette and in two daily local newspapers.

Deputy of the Prime Minister
Minister of Industry & Trade
Dr. Mohammed Al-Halayqa

Instructions of setting out the terms and procedures of the issuance of a notice on the completion of information and documents relative to an approval request on the economic concentration operation no (2) of 2006 Published on page 396 of the Official Gazette no (4746) on 16 February 2006, issued pursuant to paragraph (G) of Article 10 of the Competition Law no (33) of 2004

Article (1):

These instructions shall be called (Instructions of setting out the terms and procedures of the issuance of a notice on the completion of information and documents relative to an approval request on the economic concentration operation no (2) of 2006). These Instructions shall take effect upon its publication in the Official Gazette.

Article (2):

The following terms and phrases appearing herein shall have the meanings assigned thereto hereunder unless the context denotes otherwise:

The Directorate: The Competition Directorate
The Enterprise: Any person, natural or juristic, carrying out economic activities, or any grouping of such persons.

Article (3):

The Directorate requests for once and in writing the Company wishing to curry our economic concentration operations to submit any information or additional documents within (60) days of the date of submitting the request.

Article (4):

The enterprise submitting the request must furnish the Directorate with the information and documents referred to in Article (3) of these Instructions

as of the date of the request (petition). Afterwards, the Directorate must issue a notice on the completion of information and documents, provided that this move will not affect the Directorate's right to ask for any additional information.

Article (5):

Taking into consideration of the provisions of Article (4) of these Instructions, and in case such submitted information and documents are completed, the Directorate will issue a notice on the completion of such information and documents within sixty days commencing from the date of submitting the petition to the Directorate.

Minister of Industry & Trade
Sharif Ali Al-Zu'b



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