

Sixth ARAB COMPETITION FORUM (ACF)

28-29 May 2025
Baghdad, Iraq



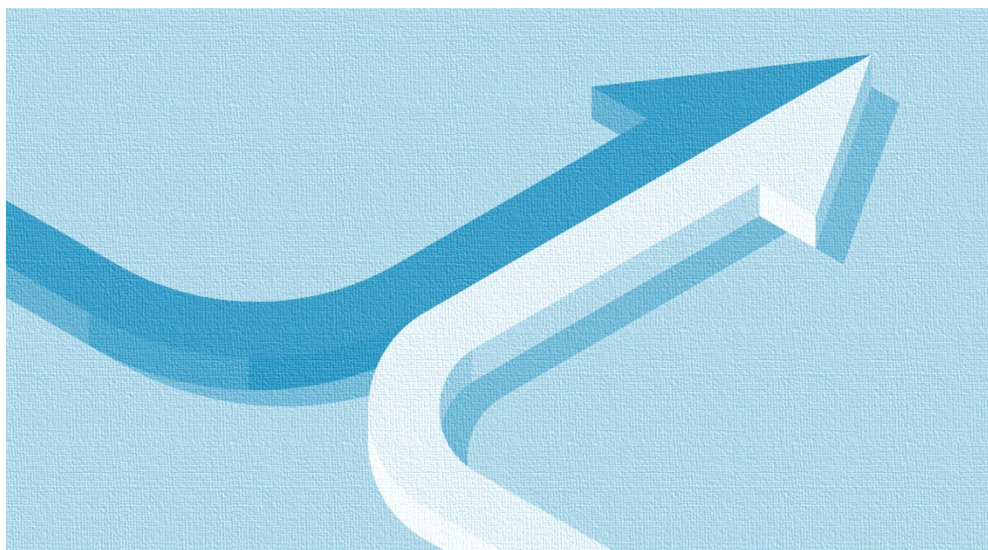
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Mergers and acquisitions in the Arab region

Challenges in merger and acquisition enforcement in the Arab region: identifying policy and institutional gaps



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Introduction

Mergers and acquisitions (M&A) play a crucial role in advancing the economic transformation of the Arab region, driving investment, market expansion and structural reforms. However, ensuring effective merger control remains a significant challenge, as many markets are highly concentrated, legal frameworks differ considerably, and institutional capacities are still in the process of being developed. While competition laws exist in most Arab countries, implementation and enforcement are often inconsistent, leading to gaps in regulatory oversight. These challenges underscore the need for stronger policies, enhanced institutional capacity, and regional cooperation to ensure that M&A activity fosters competition.

The present paper explores barriers to M&A enforcement, recent legal reforms, and regional efforts to strengthen competition policy. It provides a basis for discussions at the 6th Arab Competition Forum, offering policy recommendations to align Arab competition frameworks with international best practices and ensure M&A activities foster fair and dynamic markets.

Antitrust concerns and market structure challenges

A major challenge in enforcing competition law, especially in relation to mergers and acquisitions, is the diverse market structures across Arab countries. In many instances, Arab countries exhibited high sectoral concentration levels, especially in markets like banking, telecom, and energy.¹ Historically, State-owned enterprises and family conglomerates have dominated these sectors, leading to limited competition and risks of monopolization.² Without effective merger enforcement, consolidation can further entrench dominant players, reducing competition, raising prices, and stifling innovation. Collusion and rent-seeking behaviours are persistent concerns, making vigilant oversight essential to prevent anti-competitive outcomes.

While some argue that M&As can create stronger, more efficient firms capable of competing globally, this must be weighed against the risk of eliminating market competition, especially in small and mid-sized economies. Some Arab competition authorities are becoming more proactive, but those cases are limited to a few countries. In 2022, the General Authority for

1. ESCWA, [Competition and Regulation in the Arab Region, Economic Governance Series](#), 2015.

2. Ibid.

Competition (GAC) in Saudi Arabia blocked a proposed acquisition in the gas distribution sector on substantive antitrust grounds, citing vertical foreclosure concerns.³ Similarly, the Egyptian Competition Authority (ECA) has regulated a \$3.1 billion acquisition deal in the tech-transport market in 2019.⁴

Nevertheless, antitrust concerns remain pronounced. In small or mid-sized economies, a single merger can drastically alter market structure. For example, bank mergers in smaller Gulf States or telecom mergers in North African markets can reduce the number of competitors from a few to even less. The legacy of public monopolies turning into private monopolies through past privatization waves (often done before competition laws were in place) still affects market dynamics today.

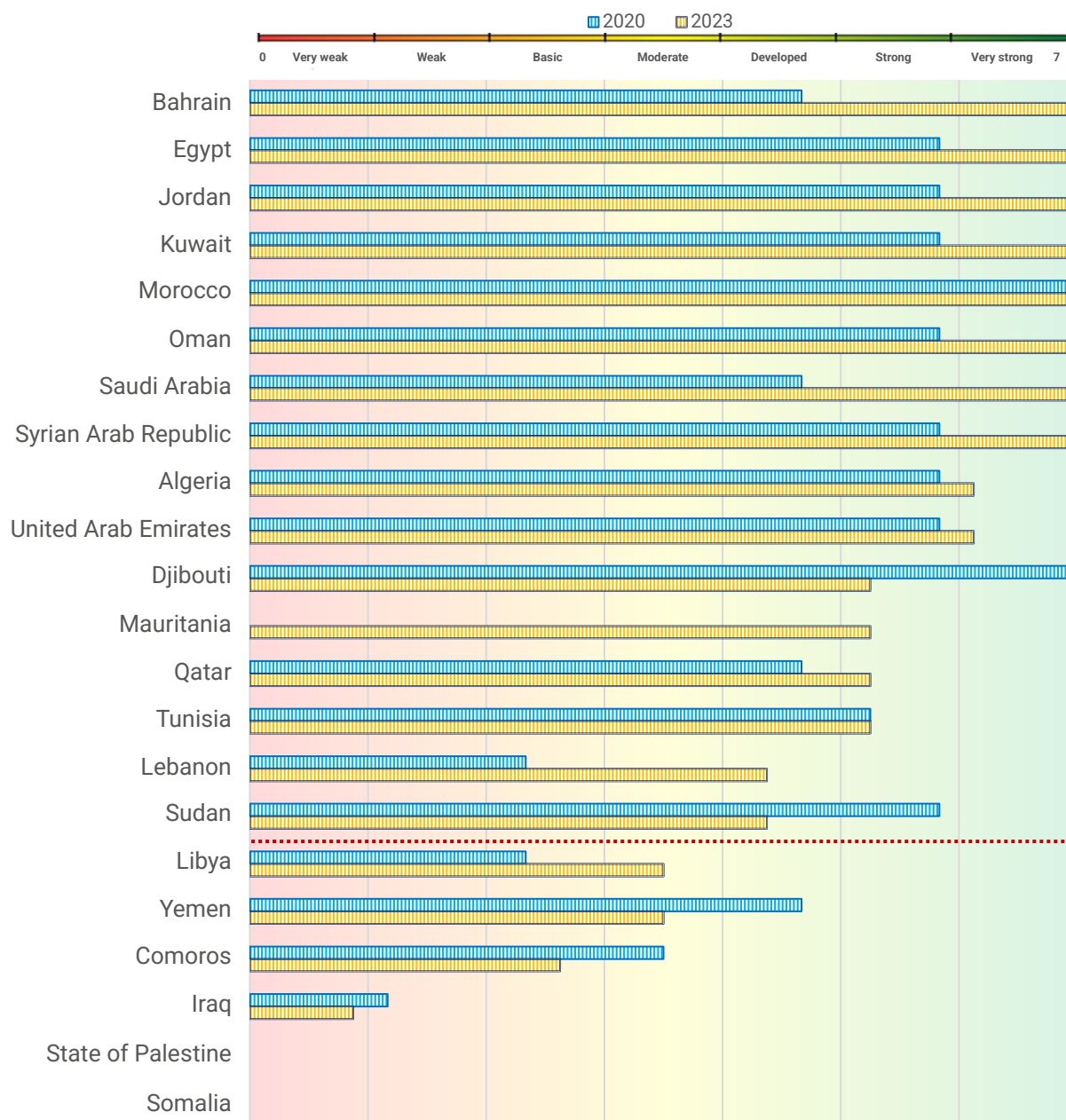
Regulatory and legal framework barriers

While most Arab countries now have competition laws addressing mergers, gaps and inconsistencies in the legal frameworks present significant barriers to effective enforcement. A few Arab countries still lack dedicated competition legislation altogether, like the State of Palestine and Somalia. M&A provisions within competition laws vary significantly between one Arab country and another.⁵ Figure 1 presents an ESCWA assessment of Arab regulatory frameworks for the years 2020 and 2023, specifically focusing on M&A.

The 2023 M&A regulatory assessment classifies 16 out of 22 Arab countries as developed, strong or very strong, indicating high adherence to international best practices. The Gulf Cooperation Council (GCC) subregion achieved the highest scores, with its regional ranking aligning with global best practices and earning a “very strong” classification.⁶ This is particularly significant, as over 90 per cent of M&A activity in the MENA region occurs within the GCC, highlighting its pivotal role in regional deal-making and competition regulation.⁷

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3. Sakellariou-Witt, Strati, and Tamer Nagy, [Saudi Arabia's General Authority for Competition blocks vertical merger in the gas sector for the first time](#), 2022.
 4. Enterprise, [Merged Uber-Careem to operate in Egypt under ECA rules](#), 2019.
 5. ESCWA, [The Arab Business Legislative Frameworks Series 2023](#), 2023.
 6. ESCWA, [Arab Legislation Portal](#) (accessed on 4 February 2025).
 7. Grant Thornton United Arab Emirates, [GCC to lead the MENA region in mergers and acquisitions transactions in 2024](#), 2024.

Figure 1. M&A regulatory assessment results, 2020 and 2023



Source: ESCWA, Arab Business Legislative Frameworks Series 2023, 2023.

Regulatory assessment indicators for mergers and acquisitions in terms of definitions and enforcement in Arab countries, 2023

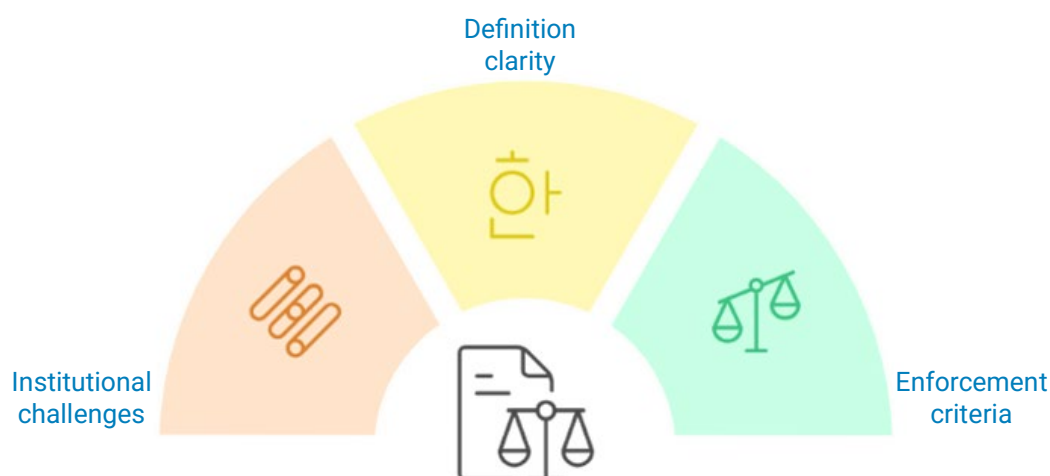
	Is any existing legislation clear and concise in defining the criteria for approving mergers when they occur?	Are there enforcement mechanisms for illegal mergers?	Do merger laws consider effects on prices, jobs, exports, investment, and competitiveness?	Is “change in control” clearly defined in legislation (de facto or de jure)?	Do national laws include a pre-merger notification system?
Algeria	✓	✓	✓	✓	✓
Bahrain	✓	✓	✓	✓	✓
Comoros	✓	✗	✓	-	-
Djibouti	✓	✓	✓	✗	✗
Egypt	✓	✓	✓	✓	✓
Iraq	✗	✗	✗	✗	✗
Jordan	✓	✓	✓	✓	✓
Kuwait	✓	✓	✓	✓	✓
Lebanon	✓	✓	✗	✓	✓
Libya	✗	✓	✗	✗	✗
Mauritania	✗	✓	✓	✓	✓
Morocco	✓	✓	✓	✓	✓
Oman	✓	✓	✓	✓	✓
State of Palestine	-	-	-	-	-
Qatar	✗	✓	✓	✓	-
Saudi Arabia	✓	✓	✓	✓	✓
Somalia	-	-	-	-	-
Sudan	✗	✓	-	✗	✓
Syrian Arab Republic	✓	✓	✓	✓	✓
Tunisia	✓	✓	-	✓	✓
United Arab Emirates	✓	✓	✓	✓	✓
Yemen	✗	✓	✓	-	-

Source: ESCWA, [Arab Business Legislative Frameworks Series 2023](#), 2023.

Note: ✓ refers to “Yes”, ✗ refers to “No”, and – refers to “N/A”.

The first assessment of competition law in the Arab region (2020) identified key regulatory barriers hindering its effective implementation. Beyond institutional challenges, the lack of clear definitions and enforcement criteria emerged as a major obstacle.⁸ However, between 2020 and 2023, the region witnessed significant advancements in competition regulation, driven by greater policy focus from Arab Governments. This shift is reflected in the establishment of regional platforms such as the Arab Competition Network (ACN), led by Arab countries, and the Arab Competition Forum (ACF), spearheaded by ESCWA, United Nations Trade and Development (UNCTAD), and the Organisation for Economic Co-operation and Development (OECD). During this period, Egypt, Kuwait, Lebanon, Oman, Saudi Arabia and the Sudan introduced new laws and regulatory frameworks to strengthen competition policy. The impact of these reforms is evident in the improved assessment results, as shown in figure 1.

Figure 2. Barriers hindering effective implementation, 2020



The 2023 Arab Business Legislative Frameworks (ABLF) regulatory assessment highlights significant disparities in how Arab countries regulate mergers and acquisitions (table). While 16 out of 22 countries have clear merger approval criteria, enforcement mechanisms, and economic impact assessments, others still lack essential regulatory components. Iraq, Libya, the Sudan and Yemen show major gaps, with unclear merger definitions, weak enforcement, and an absence of pre-merger notification systems. Meanwhile, GCC countries (Bahrain, Kuwait, Oman, Saudi Arabia and the United Arab Emirates) have the most comprehensive M&A frameworks, aligning with global best practices and ensuring stricter merger control.

However, the table also reveals inconsistencies in enforcement across the region. While most countries have mechanisms to regulate illegal mergers, some, including Comoros, Iraq

8. ESCWA, [Arab Business Legislative Frameworks](#), 2021.

and Libya, lack clear enforcement tools, creating potential loopholes for anti-competitive practices. The pre-merger notification system, which is a crucial safeguard, is missing in Iraq, Libya, Qatar and Yemen, increasing risks of unregulated market consolidations. Additionally, some jurisdictions do not explicitly define “change in control”, making it challenging to assess ownership transitions.

Disparities in legal standards across the 22 countries also complicate the enforcement of cross-border mergers, which are increasingly common (65 per cent of Middle East deal volume in 2022 was intra-regional).⁹ Unlike the European Union, the Arab region does not have a supranational merger control system; a multi-country deal can trigger separate reviews in each jurisdiction, each following different rules and timelines. The GCC had once debated a joint competition law for its member States, but that project has not materialized.¹⁰ In the meantime, the need for parallel filings and the potential for inconsistent outcomes act as a regulatory hurdle for both companies and enforcers.

These findings indicate that most Arab countries have now established firm foundations for effective M&A enforcement, aligning with international best practices. While some areas still require refinement, recent regulatory advancements demonstrate a clear commitment to fostering competitive and transparent regional markets.

Institutional weaknesses and enforcement capacity in M&A regulation

Despite the existence of competition laws in most Arab countries, institutional weaknesses continue to hinder the effective enforcement of merger control. The limited independence of competition authorities represents a key challenge, as many agencies operate under government ministries, leaving them vulnerable to political influence and interference.¹¹ In high-stakes mergers, powerful business elites and State-owned enterprises can pressure authorities to suppress investigations or overturn decisions that threaten their market dominance.¹² This has led to a gap between legal commitments and actual enforcement, whereby Governments enact competition laws but fail to effectively implement them.

9. PwC Middle East, [2023 TransAct Middle East: Gulf exceptionalism creates M&A opportunities despite global headwinds](#), 2023.

10. Casoria, Maria, [Competition law in the GCC countries: The tale of a blurry enforcement](#), 2017.

11. ESCWA, [Competition and Regulation in the Arab Region, Economic Governance Series](#), 2015.

12. Friedrich Naumann Foundation, [Approaches to and challenges in implementing competition law and policy in the Arab world](#), 2023.

Resource and expertise constraints further weaken M&A enforcement. Merger reviews require economic analysis, market assessments, and sector-specific knowledge, yet many competition agencies are understaffed and lack experienced economists or financial analysts.¹³ This is especially problematic in complex industries like digital markets and banking, where assessing the competitive impact of mergers requires specialized expertise. Training programmes, such as those provided by UNCTAD and OECD, are helping to build capacities, but significant gaps remain. Additionally, judicial systems in many Arab countries lack specialized knowledge in competition law, leading to inconsistent court rulings and lengthy delays in merger cases. Cooperation among Arab competition authorities is also still in its early stages, with limited regional harmonization in M&A enforcement. While initiatives like the Arab Competition Forum (ACF) and the Arab Competition Network (ACN), and bilateral agreements between agencies are promising, cross-border mergers continue to face fragmented regulatory approaches. Strengthening institutional capacity, judicial expertise, and regional coordination is crucial to ensuring that merger control mechanisms in the Arab region effectively promote fair competition and prevent market monopolization.

Conclusion and policy recommendations —

The Arab region has made significant progress in M&A enforcement, but challenges remain in relation to market structure, legal frameworks, and institutional capacity. As merger activity increases due to economic diversification and foreign investment, strong antitrust oversight is crucial to prevent anti-competitive consolidation. While many countries now recognize the importance of merger control, enforcement has often lagged due to political interference, regulatory gaps, and inconsistent legal thresholds.

To further strengthen M&A enforcement, legal frameworks should be harmonized across Arab countries, ensuring clear merger review criteria, pre-merger notification systems, and transparent enforcement mechanisms. Governments need to enhance the independence and capacity of competition authorities, providing adequate funding and specialized training in merger analysis. Investing in judicial expertise is equally critical to ensure consistent rulings on competition cases. Additionally, cross-border cooperation should be reinforced through bilateral agreements and regional coordination, preventing multi-jurisdictional mergers from exploiting regulatory gaps.

Transparency and advocacy need to be improved to build a strong competition culture among businesses and policymakers. Competition authorities need to publish merger guidelines, enforce compliance penalties, and integrate competition principles into broader economic policies. By prioritizing these reforms, Arab countries could establish fully effective competition laws that ensure mergers drive economic growth while safeguarding market competition.

13. Ibid.