



Client briefing

Antitrust & merger control

Egypt

ECA's decision of 13 February 2023

31 January 2023

The Egyptian Competition Authority takes action against bid rigging

Ongoing tightening of antitrust enforcement in Egypt as ECA moves to issue sanctions

The Egyptian Competition Authority (**ECA**) has grown increasingly concerned with bid rigging in public tenders. To confront collusions between competitors in public tenders the ECA has increasingly scrutinized public tenders. A particular focus was the energy sector. These investigations, led to the ECA discovering a number of violations in two sub-sectors, the markets for transmission towers and for galverniced iron pipes. Violations discovered in both markets related to public tenders of Egyptian electricity suppliers.

The ECA found that 10 companies in the transmission towers market had violated the Egyptian Competition Law by unlawfully exchanging information and colluding in public tenders. Furthermore, the authority determined that 5 companies active in the galverniced iron pipes had unlawfully colluded in several public tenders. According to the findings of the ECA these practices negatively impacted quality and pricing of offers received by the electricity suppliers through their tenders distorting the goal of electricity. As a result, these energy suppliers experienced financial burdens that resulted in them charging higher rates to public utilities. Consequently, the ECA found that the violations unduly increased energy prices.

The ECA's investigations into bid rigging in the energy sector fit into the authority's overall strategy to confront harmful practices in public procurement. The recently discovered violations led the ECA to establish a

specialized department to review tenders and investigate anticompetitive behaviors in relation to tenders. Furthermore, the new department is developing campaigns to raise awareness of the Egyptian competition regime as it pertains to public procurement. These campaigns are envisaged to include public outreach and information as well as training of public sector employees on antitrust matters. In parallel the ECA in cooperation with the General Authority for Governmental Services issued guidelines for public sector employees on how to address anticompetitive practices.

To date the sanctions that will be imposed on the violating companies discovered in the ECA's recent investigation into the energy sector have not been announced. Based on the ECA's recent enforcement practice, we do expect the principle sanctions to be fines and that these fines will likely be significant. Pursuant to the Egyptian Competition Law cartels violations may be fined with between 2 to 12 percent of the revenue incurred with the products or services relevant to the violation or fines ranging between EGP 500,000 and EGP 500 million (approx. USD 17,000 to USD 17 million). In recent cartels cases—such as the eggs cartels case we reported on in our client brief of 8 August 2022—the Egyptian authorities have been comparatively aggressive and issued fines towards the higher end. Considering the position taken by ECA officers in discussions and press statements, it appears that this trend will continue.

EGYPT | GERMANY | NIGERIA | SAUDI ARABIA | UNITED ARAB EMIRATES

EXPAND YOUR REACH



Client briefing

Antitrust & merger control

Egypt

ECA's decision of 13 February 2023

31 January 2023

EGYPT | GERMANY | NIGERIA | SAUDI ARABIA | UNITED ARAB EMIRATES

EXPAND YOUR REACH



Client briefing

Antitrust & merger control

Egypt

ECA's decision of 13 February 2023

31 January 2023



KARIM AMR
associate

E karim.amr@bremerlf.com

Karim is an associate of the region law firm BREMER and part of the firm's Antitrust & Merger Control team. He represents parties in antitrust investigations and advises international corporates and PE firms on M&A transactions including merger control review in Egypt and the larger MENA-region. Prior to joining BREMER Karim worked as a legal specialist at the Egyptian Competition Authority (ECA). He works in English, Arabic and French languages.

Copyright © 2022 BREMER.

This client brief is meant as a discussion of relevant issues only. It does not constitute legal or professional advice and shall not be understood or interpreted as such. BREMER and the persons involved in preparing this client update do not assume any liability whatsoever for losses, damages, fines or other disadvantages—whether monetary or

EGYPT | GERMANY | NIGERIA | SAUDI ARABIA | UNITED ARAB EMIRATES

EXPAND YOUR REACH



Client briefing

Antitrust & merger control

Egypt

ECA's decision of 13 February 2023

31 January 2023

not—incurred due to relying on this client brief and/or the views expressed therein. Specific legal and professional counsel must be sought in any case.

EGYPT | GERMANY | NIGERIA | SAUDI ARABIA | UNITED ARAB EMIRATES

EXPAND YOUR REACH