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The Reality of Monopoly in Ezz Steel Company for Iron and Steel: A Descriptive Study

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Abstract: *The study aimed to identify the dominance and monopoly of Ezz Steel on steel companies in Egypt to obtain a greater percentage in the Egyptian market. And reaching some conclusions and recommendations that limit the dominance, control and monopoly of Ezz Steel Company. The study adopted the descriptive analytical method. The study population consists of customers (steel dealers and agents) in the Canal and Sinai region in Egypt. The results of this study showed the importance of the state's role in setting laws to protect competition, prevent monopolistic practices, and set controls to protect customers. The study presented a set of recommendations, the most important of which are: The necessity of adhering to the provisions of Law No. 3 of 2005 regarding the protection of competition and the prevention of monopoly and the identification of strategic industrial sectors to reduce the impact of monopolistic practices of major industrial companies to prevent monopoly. The importance of setting effective controls for the process of merger and acquisition among public monopoly projects so that the monopoly does not shift from the public sector to the private sector. The necessity of monitoring and directing privatized companies not to establish any monopolistic entity.*

Keywords: Monopoly, Ezz Steel Company, Egypt.

Introduction

The monopoly market is one of the most complex markets due to the multiplicity of market models for this form of monopoly, and the presence of more than one method of competition in it, as the factories entering into this market can enter into a price war at some stages, and may resort to a kind of tacit agreement Or the explicit, up to the central monopoly, while the oligarchs may realize the disadvantages of the price war and resort to other methods of non-price competition such as advertising and promotion, or the aim is to maximize the revenues and profits of those factories (Colander Davidc Microe Conmices, 2008, P. 288).
Statistics confirm that 40% of customers face problems worthy of complaint once they have completed the purchase of the good or service, and most of these customers turn to competing companies if the reasons for their complaints are not resolved by the organization (Rashad, 2012).
The economic theory considers that the situation corresponding to competition is monopoly, and that the forms of monopoly vary in terms of the nature of the monopolist (seller, buyer, owner, etc.) and in terms of the number of monopolists (absolute, binary, few, etc.). Economic theory has explained the forms of monopolistic behavior and the negative effects of monopoly, such as its effects on economic efficiency, consumer welfare, and the impact on the producer and potential producers. The economies of scale, and that it stimulates technical progress and innovation, on the other hand, others believe that monopoly leads to a net loss in social welfare, because the monopolist controls the price or quantity supplied or produced so as to achieve the maximum profit or monopolistic revenue, which is harmful to the consumer. In addition, the monopolist's guarantee of large profits may make him not seek innovation and innovation, and lead to a misdistribution of income and wealth in society.
Because of the predominance of belief in the benefits of competition and the harms of monopoly in economic thought, there have been many anti-monopoly policies, and it has become appropriate to follow a set of policies to preserve competition, prevent monopoly, establish laws that regulate the work of markets, and establish agencies that supervise the implementation of policies and the application of these laws. Many countries of the world have taken With these policies, laws were applied to protect competition and prevent monopoly through specialized agencies in this aspect, within the framework of economic reform policies, or in the context of compatibility with the rules of the World Trade Organization, which regulate dealing with illegal trade practices such as dumping, subsidies, and the sudden increase in imports It seeks to achieve more competition and eliminate monopolies.
Because of the importance of maintaining competition in light of free economy policies and economic globalization, the World Trade Organization was interested in setting international rules to protect competition, and to combat traditional trade policies, and major economic blocs such as the European Union were interested in protecting competition and preventing monopoly. Law No. (3) Of 2005.

Problem Statement

Through previous studies, the researchers found that the main problem of the research is to answer the following question:
What is the reality of monopoly in Ezz Iron and Steel Company?
As the company's monopolistic practices negatively affected its revenues during 2017, as is evident in the survey.

The survey:

1. About the company:

Al-Ezz Steel Reinforcing Company (Egyptian joint stock Company) was established in accordance with the provisions of Law No. 159 of 1981 and the company was registered in the Commercial Register under No. 472 of Menoufia Governorate on 2/4/1994. 1994 based in Sadat City. It is a subsidiary of Ezz Group Holding Company for Industries and Investment, Ezz Industrial Group (the parent company), which contributes directly and indirectly to the company's capital 65.36%. The company's nominal shares are traded on the Stock Exchange and the London Stock Exchange.

2. Subsidiaries:

- Al-Ezz Rolling Mills Company (formerly Al-Ezz Steel Factory) LLC, was established in 1986 according to the provisions of Law 43 of 1974 and replaced by Law 8 of 1997 (actual capacity of 500 thousand tons of reinforcing iron annually, 1.90 million tons of reduced iron under construction in Ain Sukhna.
- Al-Ezz Dekheila Steel Company - Alexandria (LLC) was established in 1982 as a joint investment company in accordance with the provisions of Law 43 of 1974, which was replaced by Law No. 8 of 1997 (actual capacity of 2 million tons of reinforcing iron, 1 million tons of flat steel annually).
- Al Ezz Flat Steel Industry (formerly Al Ezz Heavy Industries LLC) was established in 1998 according to Law 8 of 1997 regarding investment guarantees and incentives (actual capacity 1.3 million tons of flat steel, 1.2 million tons of reinforcing steel).
- Hadid Company for Industry, Trade and Contracting (Contra Steel) LLC the Company was established in accordance with the approval of the competent committee of the Ministry of Economy and Foreign Trade (Companies Department) in accordance with the provisions of Law 159 of 1981.
- Misr Pipe Fittings and Castings Company (SAE) the Company was established in accordance with the provisions of Law 159 of 1981 on August 29, 1992.

3. The purpose of the company and its subsidiaries:

The purpose of the company and its subsidiaries is to manufacture, trade and distribute iron and steel of all kinds and related products and services.

The following is a statement of the percentage of investments in subsidiaries of Ezz Steel, which were included in the consolidated financial statements for the year 2017 (contribution percentage):

- Al-Ezz Rolling Mills 98.91%
- Al Ezz Dekheila Steel Alexandria 54.59%
- Al Ezz Flat Steel Industry 71.07% (direct and indirect through Ezz Dekheila)
- Hadid for Industry, Trade and Contracting 49.13% (indirectly through Ezz Dekheila) (Contrasteel).
- Misr for the manufacture of pipes and castings supplies 47.49% indirectly through Ezz El Dekheila.

Table (1): Company sales, profit and loss during 2016/2017

Statement	2017	2016
Sales Reached During Periods	41.741.880	23.189.275
Sales Cost	37.406.751	20.676.787
Total Profit	4.335.129	2.512.488

The company achieved net profit/loss as follows: (1,097.164) 560.153.

It is distributed as follows:

Share of the company's shareholders	(1.580.207)	162.463
Rights do not control	483.143	397.690
net loss/profit	(1.097.164)	560.153
Principal and reduced share	(2.96)	0.30

Per share in net loss/profit for the year (pounds/shares).

Here it is clear that the company made losses for the year 2017 amounting to (1097164) thousand pounds, compared to the year 2016, where it achieved a profit of 560,153 thousand pounds.

It is also clear that the share incurred losses in the amount of (2.96) pounds per share for 2017, in return it made a profit from 2016 of 0.30 piasters per share.

While the selling and marketing expenses for the year 2017 amounted to 287,251 thousand pounds, an increase in 2006 of 193,806 thousand pounds, but the company achieved losses from 2017, as it is clear, with an amount of 1,097,164 thousand pounds.

Field Study:

The researchers conducted personal interviews for a sample of 45 for a number of dealers with Ezz Steel Company in order to get acquainted with the reality of monopoly in Ezz Iron and Steel Company.

The framework of the interview revolved around the following questions:

Q1-: Does Ezz Steel follow the method of monopoly on the iron product in the Egyptian market?

Q2-: Is your personal selling process done as clients by the company?

The answers to the previous questions and the results of the interviews with clients were as follows:

1. 90% of the sample answered that the company follows the method of monopoly on the iron product in the Egyptian market, as the iron market in Egypt is called an oligopoly who control iron prices.
2. 83% of the sample answered that our personal sales are done through the presented offer and the prices announced in the newspapers through distribution agents.

Research Objectives

The objectives of the study are to identify the dominance and monopoly of Ezz Steel on steel companies in Egypt to obtain a greater percentage in the Egyptian market. And reaching some conclusions and recommendations that limit the dominance, control and monopoly of Ezz Steel Company.

Research Importance

It is possible to determine the aspects of the importance of the study from the contribution and the expected addition from it, and the study is concerned with studying the reality of monopoly in the Ezz Steel Company.

Research Limits and Scope

The scope of the study shall be as follows:

1. **Objective Limits**: The study focused on studying the reality of monopoly in Ezz Steel Company
2. **Human Limit**: Customers (steel dealers and agents) in the Canal and Sinai region in Egypt.
3. **Time Limits**: This study was implemented in 2021.
4. **Spatial Limits**: This study was applied to Ezz Steel companies - Egypt.

Previous Studies

- Study of (Zo Al-Noun and Al-Baili, 2016) entitled: "The Role of Competition Protection and Anti-Monopoly Policies in a Free Economy: A Special Study of the Sudanese Case". Which dealt with the subject of protecting competition in light of the free economy in theory, as well as identifying international efforts in this field, especially the efforts of the World Trade Zone, and analyzing the most important international and Arab experiences in the field of competition protection and anti-monopoly policies. This study aimed to shed light on the importance of policies calling for the protection of competition within the framework of the economic reforms program, such as privatization, economic liberalization and encouraging foreign direct investment policies. This study concluded that the existence of clear governmental policies to protect competition in local markets has become a necessity in light of the decline in the role of international and the need for markets to enter a special kind to the needs of the state for its organization, and that the establishment of a Sudanese framework for the protection of competition should not be based on the transfer of the experiences of the other in a literal way Rather, it requires a deeper understanding of the nature of the Sudanese economic conditions so that the competition comes in line with the Sudanese conditions.
- Study of (Abu Khattala and Zarqun, 2015) entitled: "The role of the iron and steel industry in achieving economic development in Algeria". The aim of this study is to highlight the extent to which the dimensions of industrial development and the advancement of the industrial sector have been achieved through the economic policies adopted in Algeria in the field of iron and steel industry and its developmental effects on the national economy. This study concluded the need to realize the importance of the iron and steel industry in the national economy due to its ability to influence the various sectors and the value-added structure. of its economy to achieve its dependence on oil and achieve sustainable industrial development.
- Study of (Al-Hajri, 2012) entitled: "The Iron Industry in the Kingdom of Saudi Arabia". Which aimed to identify the characteristics of the iron industry as one of the heavy industries globally, and the factors of its endemicity, and then study the development of production, marketing and its geographical distribution. This study concluded that the iron and steel industry is one of the state's largest investments. It is considered one of the most important modern industrial complexes. Iron and steel factories depend in their heavy industry on importing iron ore from Brazil, Sweden and Bahrain, although it is available locally in the western region of the Kingdom.
- Study of (Al-Hajj, 2012) entitled: "Commercial competition in Islamic jurisprudence and its impact on the market." This study aimed to provide a comprehensive and accurate definition of the competitive climate. Defining the concept of trade as well as the concept of selling. And the interpretation of the concept of competition in the Islamic curriculum. And commercial competition controls. This study has concluded that the honest and feasible competition that is necessary for diligent work and the demolition of indolence and laziness, and trade is more general than selling, as selling is a type of it. Among the controls (prohibition of fraud, and investigation of halal) adherence to the legal controls of commercial competition brings good effects and results to market participants, including making the market its place to govern moral values and performance efficiency in work, quality in the industry, trade, satisfying market workers and achieving commercial work. There are many and many forms of legitimate commercial competition. Such as bidding, installment, advertising, prizes.
- Study of (Gomaa, 2008) entitled: "Monopoly in Egypt and its Impact on Economic Activity". Which aimed to show the importance of the role of the state in economic activity and its important role in highlighting the importance of the role of the state in economic activity and its role in the light of the market economy to prevent monopoly. The emerging competition, which

had a negative impact on selling in the markets and on the consumer's interest. The study reached to identify the strategic sectors that should be set as a priority for the Competition Protection and Monopoly Prevention Agency. And the concerned ministries (trade, industry, investment) issuing periodicals that include indicators of industrial concentration in different sectors. And to monitor the conditions of the companies that have been privatized so as not to leave any room for the establishment of a monopoly entity, so that public monopolies do not turn into private monopolies. And monitor the performance of foreign companies that own some public assets in order to prevent them from misusing their ability and dominance in the market. And setting effective controls for the process of merger and acquisition among public monopoly projects so that the monopoly does not shift from the public sector to the private sector.

- Study of (Al-Zarqa, 2008) entitled: "Contemporary non-competitive (monopolistic) markets between jurisprudence and economic analysis". The study aimed to show the characteristics of the most famous types of non-competitive markets today and the extent of their spread, then between the prohibition of Islamic law and monopoly and leaving it separate, and the economy and the jurists who or that it is like permissible trade is based on buying goods and storing them at the lowest selling, then increasing their price higher, but he considers the monopoly of the criminal as falling in A necessary commodity otherwise, and in circumstances that lead to a much increase in its price. The study concluded: Opening a dialogue between jurists and economists about the most important types of non-competitive monopolistic markets to be a common yes to public policies regulating markets in accordance with the provisions of Islamic Sharia, which will bring about living prosperity and benefit from human economic and commercial analysis. And that Islamic law is concerned with living activity as one of the pillars of a good human life, including its provisions related to markets and their regulators, which are the freedom to enter markets and the prevention of behavior that spoils the climate.

Commenting On Previous Studies

The study of (Gomaa, 2008), (Al-Zarqa, 2008), and (Zo Al-Noun and Al-Baili, 2016) agreed on the need to protect competition in a free economy from monopoly and the existence of clear government policies to protect the organization in the markets.

Theoretical Framework

First: The Conceptual Framework of Monopoly:

1- The concept of monopoly in Egyptian law and its types:

We find in the Egyptian legislation that it is expressed in monopolistic practices whereby a person who has a share of more than 25% is controlled by him (Article 3: Law No. 10, 2010)

Likewise, we find that the French law did not provide a specific definition of monopoly or unfair competition, but rather the commercial law sufficed with it in Article 2 of Chapter Four of the French Commercial Code entitled Prices and Competition (Abu Shadi, 2011, P: 149).

So monopoly is a phenomenon of dominance and control in the market in terms of the quantity and price of the good or service traded by an individual, a class or a group of limited individuals characterized by their trading or buying an impressive percentage of the total quantity traded in the market in the provision of goods or services (Abdel-Rahman, 2004, P: 7).

Types of Monopoly in Law:

In general, it is divided into two main types of laws: legitimate monopoly and prohibited monopoly.

Law No. 3 of 2005 for the Protection of Competition and Prevention of Monopolistic Practices is part of a set of laws prepared by the Egyptian government during the recent period to provide an appropriate legislative environment for economic developments, in line with achieving further trade liberalization and integration into the labor market, as well as modernizing internal trade systems and policies aimed at To ensure that competition achieves the status of monopoly, within the framework of economic reform processes, and Egypt's commitment to the rules of the free market.

Competition is a cornerstone of the free market economy and an effective element to ensure the continuity of this economic system, as it reflects the benefits for all market parties, both for consumers who obtain goods and services at lower prices and higher quality. Or for producers through what competition supports in obtaining a larger share of the market, in addition to the incentive it provides for continuity of development and innovation, which helps to expand the scope of their markets vertically and horizontally, or for society as a whole, with the optimum use of available resources.

The rules of competition protection do not mean the inevitability of achieving perfect competition, but rather that there should be a great deal of freedom for both consumers to satisfy their needs and producers to produce goods and services at the lowest possible cost.

Competition is based on several basic principles, including pluralism, whether on the part of producers or consumers, homogeneity of goods and services provided within the market, availability of complete information on supply and demand conditions, and freedom of entry and exit from markets.

Article (4) of Law No. 3 of 2005 states:

Controlling a specific market in the application of this law is the ability of a person whose share exceeds (25%) of that market to have an effective impact on prices or the volume of supply therein without his competitors having the ability to limit that. implementation of this law.

Legitimate Monopoly: It is a purposeful monopoly that results in the provision of services to a society, or at least does not result in any kind of harm.

A. Public monopolies: They are the monopolies established by the state or by persons of public law, such as cities, districts and villages that have a moral character.
B. Private monopolies: They are monopolies that are carried out by individuals or companies such as the International Petroleum Corporation, the most important of which are concession contracts for the exploitation of patents (Al-Atabi, 2007).

Prohibited Monopoly: It is the monopoly that results in harm and restrictions on the individuals of everyone, withholding goods and products from them in order to raise their prices. The most important form is the monopoly of selling, the monopoly of buying, the oligopoly and other forms.....etc:

- **Selling Monopoly**: It is the monopoly of a natural or legal person in the production and sale of a specific commodity that has no immediate alternative.
- **Buying Monopoly**: An individual who establishes a specific product is one of the production centers and limits its sale and distribution to it.
- **Oligopoly**: The market consists of a small number of producers, with a large number of buyers (Abdel-Rahman, 2004, P: 7).

2- Forms of monopolistic practices and their economic effects:

A. Types of Monopolistic Practices:

Monopolistic practices are classified into four forms known as non-competitive practices because they have harmful effects on competition and affect the freedom of markets, and these four forms are: horizontal control, vertical control, abuse of the dominant position, and some mergers and acquisitions.

Horizontal Control:

This type of monopolistic practices means agreements and alliances through which establishments that produce similar or homogeneous goods in the same market conspire to limit production or to set prices at levels that reflect the will of the allies, and do not reflect the real forces of supply and demand in the market. This type may take the form of notarized and written agreements, or implied unwritten agreements.

This type of monopolistic practice can take one of the following forms:

1- Import Cartels And Related Arrangements:

They are cartels formed by importers or local buyers, and they carry out some practices through these cartels, such as boycotting foreign competitors and their products, or collective refusal to deal with them, or excluding competing foreign producers from the membership of trade unions and imposing discriminatory conditions on them. As well as import cartels that fix prices and divide markets. This form of horizontal control is prohibited according to competition laws, as it is an anti-competitive monopolistic practice. But in some cases, this type of cartel may be allowed, especially if the local importers face dominant foreign sellers, and also if the competition in the local markets is not sufficiently regulated.

2- Export Cartels and Related Arrangements:

This type of cartel is divided into two types: The first is purely export cartels, meaning that their practice is directed to foreign markets only, and are treated as being outside the jurisdiction of local laws, as well as because they may be expressly exempted from the application of those legislation. The second type is the various export cartels, and they are often subject to legislation that prohibits cartels that affect the local markets alone.

3- International Cartels:

This type of cartel is carried out between companies in two or more countries through arrangements that are very similar to arrangements in the end of fixing prices horizontally, and other monopoly agreements, and these arrangements ultimately aim at raising prices, reducing production and dividing markets between companies. These arrangements have the same negative effects as local arrangements on local markets.

According to the foregoing, the horizontal practices that would limit competition and help in the formation of monopoly can be summarized in the following:

- Agreements that limit prices, including the prices of imported or exported goods.
- Collusive bidding between firms.
- Market and customer sharing agreements and arrangements between competing firms in the market, whether written or implied.
- Production or sales sharing agreements between market participants according to specific quotas.
- Taking collective measures to prevent dealing with a specific local or foreign facility.
- Collective agreement of competing firms in the market to join potential competitors when they enter this market, as well as with local importers.
- Collective refusal on the part of competing firms in the market to join other existing or potential competitors to the membership of certain organizations, such as federations, unions, chambers of commerce, and others, which affects the climate of competition.

Vertical Control:

It is a monopolistic practice carried out through arrangements between firms located at different locations in the production and distribution chain. These arrangements have an impact on trade because they prevent companies from accessing distribution networks, through a set of arrangements, the most important of which are:

- **Territorial Inclusion**: An arrangement or agreement that prevents distributors from selling outside of pre-determined geographic areas.
- **Sales Restriction**: This arrangement or procedure makes the purchase of a product conditional on the purchase of another product bearing the same brand as the first product in what is known as the “loading” policy when selling.
- **Requirement to Deal Exclusively**: It is a procedure that limits dealing in a specific field to a specific facility, which prevents other distributors from marketing the products.
- **Paying Certain Amounts or Offering Incentives in the Form of Low Prices**: this is done to some parties in exchange for refraining from distributing the products of competing establishments.

Despite the many forms of vertical control practices, what links them all is the control of markets through alliances between sellers and buyers. These practices can determine the prevailing price in the market or determine the dealers in the market and select certain barriers to production and not others. Also, these practices may focus on linking one thing to something else, such as requiring the sale of all products to a specific buyer to purchase a specific product, or providing a commodity on condition that another commodity is purchased that may be stagnant, or providing a commodity on condition that it be resold at prices not less than a certain level.

Abuse of Monopolistic Practices:

Monopolistic practices based on horizontal or vertical control arrangements are based on an economic logic. As for the abuse of the dominant position, it is an anti-competitive monopolistic practice aimed at maintaining, strengthening or exploiting the dominant position. It is natural that the growth of a company gives it a leading role in the market, and this role gives it the possibility of holding Agreements with competition from small firms. These dominant firms may become the price-setting firm. This firm may go further in its anti-competitive practice by preventing new firms from entering the market, and carrying out some other practices to drive out competing producers already in the market. The impact of the practices depends on the degree of market maturity. Among the most important practices that depend on the exploitation of the dominant position are the following:

- Markets closed due to vertical integration.
- Exclusive dealing.
- Sales are restricted.
- Control over facilities, limited factors of production, or distribution channels.
- Price and non-price predation to destroy competitors.
- Price distinction.
- Charge higher prices than competition prices, and abuse in some legislation

Merger and Acquisition:

Mergers are often divided into three basic types, namely, horizontal merger between similar companies, vertical or vertical merger between companies that are complementary to each other productively, and the merger of companies with multiple actives. This last type is a mixture of companies with multiple goals and in completely different fields from each other

Horizontal Merger:

It means the joining of two or more companies in the same business line and in the same geographical market, which is a merger that leads to raising prices like the formation of cartels, because this merger allows companies that were competing before to control the production facilities between them, because it seeks to reduce the number of establishments Competing in the market, although this type of merger may result in lower costs and sometimes lower prices in the market compared to what they were before the merger, but in the end it increases the percentage of concentration or control in the market, and allows the formation of a monopoly after increasing the sizes through the implementation of some production operations or Marketing internally. Despite the social benefit of this reduction in costs, this type of merger may be used to close distribution channels to other competitors, or to prevent production inputs from reaching these competitors in the markets. Among them is a link, a type of consolidation that may do no harm to competition because it is seldom accompanied by an increase in the controlling position of the firms. Thus, it can be said that the merger and communication between companies usually involves the desire to control the markets and harm competition. However, this should not be generalized to all types of mergers and connections between companies, as some companies may merge and communicate together because the nature of the activity requires continuous cooperation and communication to serve the final consumer well without resulting in any harm to others or economic efficiency, which is what It means the need to deal with mergers with a degree of flexibility.

B. Economic Effects Of Monopoly And Monopolistic Practices:

The previous analysis showed that some monopolistic practices may carry costs and benefits at the same time. There are opinions that defend monopoly and its practice and consider that it has advantages, the most important of which is that it achieves economies of scale, and that it may stimulate technological progress when profits are available that enable it to spend on research, development and innovations. On technical progress and innovation as a result of achieving great profits.

Effect of Monopoly on Economic Progress:

Economic theory has not provided a definitive opinion about the effect of monopoly on economic progress, because this effect is not always the same. Monopoly may be necessary to achieve this progress in some cases, but in other cases the effects of monopoly are negative economic effects, and therefore the economic theory did not provide only an analysis of the various monopolistic situations and the effects of the economy, but if it is imposed and accepted that monopoly is a necessary condition for achieving economic progress in a particular field This also includes another effect in the same field, which is that although existing monopolies may be able to innovate and achieve economic progress, their presence as a monopoly in this field may limit or prevent the entry of other potential monopolistic enterprises that may be more capable of innovation and economic progress.

The analysis of this impact of monopoly raised a very important issue at the level of the government's economic policy, specifically the relationship between tax policy and monopoly policy. Some have argued that the two policies are an alternative to the other. Meaning that the government

Either it encourages investment by reducing taxes on new establishments in the market, or it allows the creation of monopolistic restrictions to achieve an increase in the income and profits of the enterprises that first entered the industry. However, the practical reality indicates that the government can follow a policy whose content is to encourage those enterprises that first entered the industry by allowing them to retain the greatest amount of innovation and investment returns, and by reducing taxes on the entry of these enterprises, without the need to allow any monopolistic restrictions in concerned industry.

Effect of Monopoly on Social Welfare:

- Low production level and high price level.
- Establish inefficient production volumes
- There is some loss due to spending on advertising, and modifying the design of the item.

Although economic theory has focused on analyzing the economic effects, in fact, it reflects the multiplicity and depth of the economic effects of monopoly, which harm consumers, producers and the national economy as a whole. The most important negative effects of monopoly and monopolistic practices can be summarized as follows:

- Rising prices of production inputs subject to monopoly. And the extension of the negative impact of monopoly on productive activity, and its reflection on prices in the end
- Controlling the supply of the commodity in the market, creating crises, which distorts the supply and demand sides, and affects prices and consumer behavior
- Increasing consumer dissatisfaction and distress in case the monopolist loads an unwanted or stagnant commodity on another desirable commodity. Which causes harm to the consumer who may not be in need of the loaded commodity, and may not consume it, which is a waste and waste of resources.
- The monopolist's insufficient interest in the process of reducing production costs and achieving economic efficiency in his activity, and his imposition of high prices to compensate for this costly rise, which are burdens that fall on the consumer and society as a whole in the end.
- The lack of interest on the part of the monopolized producer in quality levels, which leads the consumer with lower quality products or defective products in some cases, and reduces the ability of the national economy to compete in the local and foreign markets, due to the continuation of the industrial sector at a low level in terms of quality and efficiency.
- Increasing unemployment among some specializations, due to the monopoly of a particular industry using capital-intensive technology that provides specialized labor in this industry, which has negative social and economic effects.
- Damage to the owners of small enterprises working in the industry subject of the monopoly, the behavior of the monopolist may lead to their exclusion from the market or prevent the entry of a new facility of this type, which will harm the national economy. This is achieved more in developing countries that are in need of this type of facility, especially because they absorb a large part of the workforce
- The monopolists influence the economic and political situation, in order to achieve their own interests, by encouraging and exerting pressure to establish legislative and regulatory frameworks that preserve their dominant position, and prevent any harm to their interests, and to prevent any voices or attempts to dismantle those monopolies.

The mechanisms of creating monopoly in the Egyptian economy:

In any economy that follows market mechanisms, there is a set of mechanisms that lead to the creation of monopolistic entities, in addition to the fact that the formation of monopoly is a natural tendency in the free capitalist system, in order to increase the ability to compete, or increase the market share and other goals, and in the Egyptian economy there are A group of these mechanisms that help create a monopoly, the most important of which are the following:

Privatization Process:

Although the privatization program in Egypt sought to transfer ownership from the public sector to the private sector to expand the base of ownership and increase the participation of the private sector in economic activity, and despite the controls that were put in place to ensure that the public monopoly does not turn into a private monopoly, many cases of monopoly have appeared in The Egyptian economy, some of which are monopolization in absolute proportions, as was referred to in the previous point. The emergence of these monopolies in light of privatization, despite the controls that were put in place, can be traced back to a number of reasons, the most important of which are:

1. Egypt, while implementing the privatization program, followed the method of confronting monopoly during the privatization process and not before it, as the rules that were made to ensure that monopolies are not transformed from the public sector to the private sector were applied only during the process of transferring ownership. This method, despite its advantages, but its effectiveness depends on the accuracy of implementation, and perhaps if the state had established the necessary policies and procedures to confront monopoly before privatization, the matter would have been different. That is, it would have been better for the government to strengthen competition in the markets, and remove the monopoly conditions that accompanied the public sector and the laws regulating its work, before the privatization process begins.
2. Forcing the government, in light of the lack of demand to buy shares or companies offered for privatization, and in light of the low purchase values, to cancel some restrictions that were placed on the number of shares that a single individual or institution can buy, and increase the sales process to a major investor, in order to encourage purchase, as well as The government is lenient in implementing the basic principles it has set for the privatization process to ensure that capital is not concentrated and monopolies are formed.
3. The absence of restrictions on trading in the stock exchange, which enabled a small number of individuals with large capital to acquire the largest amount of shares offered for sale. Especially in light of banks, including public banks, providing credit to these individuals to help them purchase, as well as allowing banks to own stakes in the projects they lend.
4. The absence of legislation or agencies that study and monitor mergers and acquisitions in the Egyptian market, which facilitated the completion of these operations, even if they were harmful to competition. The existence of official trends to encourage these mergers under the pretext of forming large companies capable of competing in the local and international markets.
5. The absence of legislation or agencies concerned with consumer protection, which aims to guarantee the consumer's right to a good product at a fair price. This role was left to the NGOs, which often did not have the comprehensive vision or the necessary capabilities to achieve this protection after the decline of the role of the state. Its monitoring role over prices and specifications has turned into a formal control tainted by many corruption mechanisms that can circumvent laws.
6. Some international companies have resorted to using their legal right to grant concession contracts and use trademarks to put pressure and work to keep competitors away from buying some public companies. This affected the effectiveness of the application of the basic set of principles set by the state for the privatization process to ensure that monopolies were not formed.

Mergers and Acquisitions:

This mechanism is represented by some companies merging with or acquiring other companies, in order to create a larger entity capable of competing and obtaining a larger share of the market. This phenomenon became prominent at the international level during the eighties and nineties, in terms of the number and value of operations. This led to an increase in monopoly cases, and an increase in monopolistic practices internationally, especially on the part of international companies. Egypt was not far from this development, as the Egyptian market witnessed many cases of mergers and acquisitions, which in turn affected the monopolistic conditions. It is noted that the most important cases of mergers and acquisitions in Egypt were in the pharmaceutical sector, the food commodities sector, iron and steel, and financial services, and monopolies were encouraged as a result of mergers and acquisitions in Egypt. It creates monopolistic conditions.

Foreign Agencies and Governmental Privileges:

Both foreign agencies and government franchises have contributed to the emergence of monopolies in the Egyptian market, especially exclusive agencies and franchises. As for foreign agencies, it is noted that they contributed to the emergence of monopolies in the Egyptian market in the seventies and eighties, when many agencies were granted exclusively by international companies to Egyptian companies. An example of this is the power of attorney for "General Motors", which was obtained by an Egyptian agent, after he was affiliated with the Plows and Engineering Company. In 1991, from some international companies such as “Philip Morris” and “Mallboro” companies. Also clear examples in the field of agencies are the power of attorney granted by “Gold Star Company” to an Egyptian agent, which is the “International Electronics Company” and the latter obtained the power of attorney for other companies In addition to these privileges granted by the government, the Egyptian government takes decisions that help in the formation of monopolies, decisions to limit sugar esters to a certain number of companies, or decisions to determine the limits of agricultural ownership in Some projects with a specific area, and it is noticeable that all these concessions and government decisions clarify the role of the state in supporting the concentration of capital, and laying the appropriate ground for the emergence and growth of monopolies.

The experience of the European Union in protecting competition and preventing monopoly to benefit from it in the Arab Free Trade Area:

The experience of the European Union in protecting competition and preventing monopoly:

The European Union system in the field of competition protection and the prevention of monopolistic practices is considered one of the most advanced regional systems in this field, because this system started early, in accordance with the provisions of Article No. (85) of the Treaty of Rome establishing the European Community, which stipulates the prohibition of the use of commercial practices The purpose or effect of which is to prevent or restrict competition within the markets of the European Union. The regional system is also the centerpiece of a network of agreements with neighboring countries that includes varying degrees of intensity of cooperation in the field of competition protection laws and policies and the prevention of monopolistic practices. Therefore, the experience of the European Union in the field of competition protection policies and the prevention of monopolistic practices at the regional level. It provides a model for many regional economic blocs in the world, especially in developing countries such as Arab and African countries.

The institutional framework for competition protection and monopoly prevention in the European Union:

The process of implementing the legal framework for the protection of competition and the prevention of monopolistic practices in the European Union required the adoption of an effective institutional framework. In addition to the competition authorities in member states at the national level, competition protection authorities were established at the regional level. These powers were as follows:

1. Competition Control in the European Commission: It undertakes the tasks of protecting competition and investigating the unity of cases that affect trade or competition between member states. This unit is also in charge of granting licenses and exceptions to the application of the provisions of the legal framework for the protection of competition in the European Union. The administrative structure of this unit is divided into departments specialized in various types of practices and the sectors they cover, namely: Public Policy Affairs Sector for Discussion, Information Technology Sector, Integration Control Sector, Services Sector, Government Aid Sector....etc. There is coordination between this unit, the competition control unit of the European Free Trade Area and the European Commission, the implementation of competition rules in cooperation and consultation together, and the decision is taken on the issues before each of them, and if an exposure occurs, it is referred to a joint committee for the protection of competition in the European Economic Area (EEA). Where this committee is concerned with holding consultations to decide on cases to be decided.
2. European Court of Justice: Where the Court of Justice of the European Commission was established to settle disputes and investigate complaints related to competition decisions in the member states of the Commission. This court coordinates its work with the Court of Justice of the European Free Trade Area, where the latter undertakes the task of investigating complaints related to competition decisions in the European Economic Area.
3. European Ministerial Council: Although the European Council of Ministers is not directly concerned with the policies of protecting competition and preventing monopolistic practices in the European Union, the Council often follows up and encourages member states to enforce national laws to protect competition. Especially the practices related to economic mergers, and the development and enforcement of rules for their control within the framework of the European Convention, as well as to ensure that the exceptions made in the field of competition respect the rules of the agreement and achieve the objectives of the bloc in general.

Procedures for applying the rules of competition protection in the European Union:

The European Commission Agreement on Competition and its successor or predecessor protocols and decisions have limited the procedures for implementing competition rules at the regional level of the European Union. The features and stages of these procedures are summarized as follows:

1- The initial stage of the procedures: in which the European Commission receives cases that need to be decided upon and in which one or a number of companies are accused of anti-competitive practices. The Commission, after receiving the cases, informs the competition authorities, whether in the concerned country or in the European Free Trade Area, within a period not exceeding three days. The latter is in the investigations into cases brought before the European Commission

2- The middle and final stage of the procedures: The competition authority in the European Free Trade Area and the European Commission analyze the case file and study and take the decision independently. This committee, with the participation of all concerned parties, and each of the European Commission and the competition authority in the free trade zone has the right to vote in this committee. The different parties to the decision after a period of one month from the submission of the application.

These procedures, in their various stages, oblige the different parties to cooperate with the investigation authorities, provide data and information, and maintain their complete confidentiality.

The experience of Arab countries in protecting competition and preventing monopoly:

The Arab countries have realized the importance of having common Arab rules to protect competition, as competition is the basis on which the Greater Arab Free Trade Area is based, with the aim of allocating a better distribution of resources among the Arab countries, which in the early stages of the region will support the comparative advantage, and then scientific and technological progress in later stages. Therefore, competition remains the basis for this region, and the regulation of monopolies in a manner that prevents control of prices, distribution and production. In addition, the general features of competition conditions in Arab countries require the existence of legislation to protect competition at the national and regional levels.

General Features of Competition Conditions in the Arab State:

In principle, it is not possible to be certain that the characteristics of the conditions of competition are the same in all Arab countries, as there is a great disparity between these countries in the vocabulary of the economic environment, such as the degree of customs protection, the degree of state interference in economic activity, the size of government monopolies, and other matters related to the degree of freedom In the internal markets, and the degree of integration of the national economy into the global economy, however, it is possible to refer to some general features of the conditions of competition in the Arab countries, the most important of which are:

1. Weak competition in some industrial fields, its absence in others, and its intensity in a limited number of activities
2. There are many procedures and laws that weaken competition in the Arab countries' markets
3. Customs protection measures: where customs protection rates are high in some Arab countries
4. Measures that encourage industries and attract foreign investment.
5. Licensing procedures: It is noted that the investor in the Arab countries in most of the activities must obtain licenses in order to enter the market, or so that he can expand production capacity or modify the structure of the licensed products.
6. The spread of natural monopolies
7. Spread the phenomenon of agencies
8. Many forms of excluding foreigners from competition in local markets
9. Conditions that lead to the exclusion of small investors from government contracts
10. The complexity of the laws of establishing companies
11. Lack of information and lack of transparency
12. Absence or ineffectiveness of intellectual property rights protection laws
13. Absence of anti-dumping laws or national expertise in this field.

Conclusions

The following Results and recommendations were reached:

- The importance of the state's role in setting laws to protect competition, prevent monopolistic practices, and set controls to protect customers.

Recommendations

In light of the findings, there are a set of recommendations, as follows:

- The necessity of adhering to the provisions of Law No. 3 of 2005 regarding the protection of competition and the prevention of monopoly and the identification of strategic industrial sectors to reduce the impact of monopolistic practices of major industrial companies to prevent monopoly.
- Explaining the importance of establishing effective controls for the merger and acquisition process between public monopoly projects so that the monopoly does not shift from the public sector to the private sector.
- Monitor and direct privatized companies not to create any monopoly entity.

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