UAE Competition Department publishes Guidelines on Relevant Market Definition

Client brief | Antitrust & Competition Law
United Arab Emirates (UAE)| Relevant Market Definition (Guidelines)
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The Competition Department of the UAE Ministry of Economy & Tourism has published its Guidelines on Relevant Market Definition (the **Guidelines**), providing businesses with the first comprehensive explanation of the analytical framework applied by the Competition Department when defining the relevant market under the UAE competition regime.

The publication of the Guidelines is particularly significant from a merger control perspective. Unlike many jurisdictions, where filing thresholds can be assessed solely by reference to turnover, both jurisdictional thresholds under the UAE merger control regime require the relevant market to be defined. Specifically, a transaction is notifiable where either (i) the parties' combined annual turnover in the relevant market in the UAE exceeds AED 300 million during the preceding fiscal year, or (ii) the parties' combined market share in the relevant market exceeds 40%. Accordingly, accurately defining the relevant market is not merely part of the substantive competitive assessment—it is a prerequisite to determining whether a mandatory filing obligation arises in the first place.

According to the Ministry, the purpose of the Guidelines is to simplify the concepts and analytical mechanisms applied in the enforcement of UAE competition law and to assist businesses in satisfying the legal and technical requirements applicable to their interactions with the Competition Department. This includes merger control notifications, applications for individual exemptions, complaints concerning potentially anti-competitive conduct and other matters falling within the scope of the UAE competition regime where defining the relevant market is an essential analytical step.

The Ministry also emphasises that the Guidelines do not replace the applicable legislative framework. Rather, they explain the key analytical stages and methodologies applied by the Competition Department when defining the relevant market, given its central importance across all competition assessments. Accordingly, the Guidelines should be read alongside Federal Decree-Law No. 36 of 2023 on the Regulation of Competition (the Competition Law) and its implementing Cabinet Resolution No. 3 of 2025 (the Executive Regulations).

A flexible and evidence-based methodology

One of the key messages emerging from the Guidelines is that defining the relevant market is not a mechanical exercise. Rather, the Competition Department will determine the appropriate methodology depending on the nature of the matter under review. As the Ministry explains: *"The determination of the relevant market varies in practice depending on several influencing factors, such as the nature of the transaction or request. Defining the relevant market in the context of disputes over anti-competitive practices differs from defining it in the context of analysing economic concentration operations or exemption requests, due to the subject matter, facts, nature of the practices involved, their timing, and their effects across time and space."*

This clarification confirms that market definition will be assessed on a case-by-case basis, taking into account the commercial and economic realities of each matter rather than applying a single methodology across all competition cases.

The Guidelines further indicate that the Competition Department may rely on a broad range of evidence when defining the relevant market. In addition to information provided by the parties themselves, the authority may consider market studies prepared by undertakings, consultations with competent authorities and sectoral regulators, public consultations and surveys, sector-specific economic studies, international comparative experience and legislation governing the relevant sector. This confirms that the assessment will be based on a holistic evaluation of both economic and regulatory evidence.

Relevant product market

The Guidelines define the relevant product market as comprising all goods or services that consumers consider interchangeable or substitutable, taking into account their characteristics, intended use and price. Consistent with established competition law principles, the analysis is primarily based on demand-side substitutability, examining whether consumers would switch to alternative products that constitute effective and immediate substitutes.

To assess substitutability, the Ministry expressly refers to internationally recognised economic tools, including the Small but Significant and Non-Transitory Increase in Price (SSNIP) test and the Price Elasticity of Demand test. Recognising that competition may also occur through non-price parameters, the Guidelines additionally introduce the Small but Significant and Non-Transitory Decrease in Quality (SSNDQ) test, which is particularly relevant for digital markets where products or services are often offered at no monetary cost.

The Guidelines also address supply-side substitutability, although the Ministry notes that it is generally of secondary importance compared to demand-side substitution and will be considered on a case-by-case basis where suppliers are able to rapidly switch production to competing products or services.

Relevant geographic market

The Guidelines define the relevant geographic market as the area—whether physical, digital or virtual—in which undertakings compete under sufficiently homogeneous competitive conditions. The express recognition that the geographic scope may extend to digital and virtual markets, including digital platforms and online marketplaces, is a notable development that reflects increasingly digital business models.
The Guidelines also provide welcome clarification on the territorial scope of markets within the UAE. Where the undertakings operate only within a single emirate and the effects of the relevant conduct remain confined to that emirate, the relevant geographic market may be defined at the emirate level. Conversely, where businesses operate across multiple emirates and the effects of their activities extend beyond a single emirate, the relevant geographic market will generally be national. This distinction is particularly important in merger control, where market shares—and therefore the applicability of the UAE filing thresholds—must be assessed by reference to the correctly defined market.

Finally, the Guidelines reiterate that, pursuant to Article 3 of the Competition Law, the relevant geographic market may extend beyond the UAE where conduct outside the country has effects on competition within the UAE, allowing the market to be defined at a regional or international level where appropriate.

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