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UAE Competition Law – Guidelines on Relevant Market Definition

By Danielle Lobo, Abdus Samad, Alexander Grant and Manaf Khreis | 17 August 2026

In July 2026, the UAE Ministry of Economy & Tourism (the **Ministry**) published its Guidelines on Relevant Market Definition (the **Guidelines**), issued within the framework of Federal Decree-Law 36 of 2023 on the Regulation of Competition (**Federal Competition Law 2023**), its Executive Regulations and the decisions issued in implementation thereof.

The Guidelines do not replace the applicable legal framework. Rather, they set out the minimum common methods, stages and procedures that may be adopted when defining the relevant market as part of any economic concentration (merger control) filing as well as across all competition enforcement contexts beyond merger control. The Guidelines provide that they are to act as a primary reference point for the establishment of the relevant market however, it is also noted that irrespective of such methodologies and principles, the relevant market must always be assessed on a case-by-case basis.

The Guidelines follow the introduction of revised merger control thresholds in 2025 and the adoption in April 2026 of implementing regulations for the Federal Competition Law 2023.

An EU-aligned, two-dimensional approach

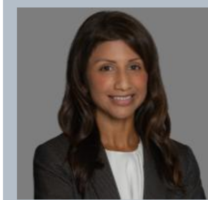
Consistent with the definition of "relevant market" in Article 1 of Federal Competition Law 2023, and in general reflecting the methodology of the European Commission, the Guidelines define the relevant market by reference to two dimensions: (i) the **relevant product market**; and (ii) the **relevant geographic market**. The Guidelines expressly draw on international competition law including European Commission decisions and adopt the analytical tools familiar to EU practitioners, most notably the hypothetical monopolist (SSNIP) test.

A notable modernisation is the express recognition that the geographic dimension may be physical, digital or virtual, so that digital platforms and online marketplaces may themselves constitute a relevant geographic scope.

(i) The relevant product market

The relevant product market comprises all goods or services that, by reference to their price, characteristics and intended use, are regarded by customers or users as substitutable to satisfy a particular need or at least a substantial part of it. Product substitutability is treated as fundamental for defining the relevant products and market.

The Authors



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To assess substitutability, the Guidelines endorse:

- **the hypothetical monopolist or Small but Significant and Non-Transitory Increase in Prices (SSNIP) test**, asking whether a small but significant, non-transitory price increase (typically 5–10% above competitive levels) would result in demand switching to potential substitute products available within the geographic area or to products available in other geographic areas. The more the entity is unable to raise the prices of its products in the market, the stronger the indication that it is subject to competitive pressures. Consequently, potential substitutes that generate these competitive constraints should be included when defining the relevant market;
- **the price elasticity of demand test**, assesses the degree of demand-side substitution, reflecting the inverse relationship between the price of a product and the quantity demanded. The Guidelines note that although price is the most important element in defining the relevant market, it is not the only element as consumer choices may also be based on factors such as quality and consumer preference; and
- **the SSNDQ test** (a small but significant, non-transitory decrease in quality) a test adopted by the European Commission in its assessment of disputes relating to the quality of digital services where competition turns on quality rather than price. It is however acknowledged in the Guidelines that this test does have practical difficulties given that it lacks a definitive method for measuring product quality.

Beyond price, the Guidelines list a range of verification criteria including product characteristics, intended use, customer preferences, evidence of past substitution, switching costs and barriers (such as exclusivity arrangements, network effects and regulatory approvals), and price differentiation between customer segments. Supply-side substitutability is treated as a secondary input to market definition relevant only where the competitive response is immediate and effective.

(ii) The relevant geographic market

The relevant geographic market is the physical or digital location where supply and demand for a product or service meet and where competition is similar or homogeneous. Conditions are not homogeneous where undertakings face materially different regulatory, licensing, pricing or fiscal regimes across areas so that such differences justify treating the areas as separate markets. The geographic scope of the relevant market can be national, local or even smaller. Reflecting the Federal Competition Law 2023, the Ministry will treat a matter at emirate level where the undertakings concerned are present only within one emirate and the effects do not extend beyond it, and as national where they operate across, or effects extend beyond, a single emirate. Article 3 of the Federal Competition Law 2023 further extends the regime to activities conducted outside the UAE that affect competition within it.

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The same substitution logic is applied geographically. The Ministry's verification indicators include:

- whether a price increase in the focal area would divert demand (or supply) to neighbouring areas;
- transportation costs, distance and time (relevant to defining "catchment areas"), particularly for retail and distribution;
- customer preferences and purchasing behaviour, including national or local preferences; and
- the significance of imports, which may extend the market beyond the UAE only where the associated barriers are shown not to impede timely and effective supply.

Comment

The Guidelines are a welcome step towards transparency and predictability, and their close alignment with established EU methodology will reassure international parties and their advisers. For undertakings contemplating economic concentration applications, a rigorous, evidence-based market definition anchored in the Ministry's stated tests and verification criteria will be central both to the economic report accompanying any merger control filing and to the assessment of whether the applicable thresholds are met. ■