

Kluwer Competition Law Blog

Main Developments in Competition Law and Policy 2024 – Israel

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The year 2024 unfolded amidst ongoing challenges, including regional conflicts and global economic uncertainties, which continued to influence Israel's regulatory and economic environment. Despite these adversities, Israel's competition regulation saw targeted legislative updates and decisive judicial interventions. These developments highlight the Israeli Competition Authority's pragmatic approach to addressing anti-competitive practices while navigating broader societal and economic constraints. This report explores key legislative and judicial actions of 2024, emphasizing their implications for market fairness and consumer protection.

Legislative Developments

A key legislative change in 2024 was the Food Competition Promotion Law ([Amendment No. 8 and Temporary Provision, 2024](#)), which expanded its scope to include the pharmaceutical retail sector. This amendment aimed to prevent monopolistic practices by large pharmacy retailers, particularly by restricting the opening of new stores near existing ones in smaller municipalities. This was designed to reduce the risk of market dominance by a few large players. The law also mandates that large pharmacy retailers report annually on the locations, sizes, and revenues of their stores, which is expected to improve transparency and facilitate better regulatory oversight. Additionally, the Minister of Economy was granted flexibility to adjust the thresholds for defining large retailers, allowing the law to adapt to evolving market conditions.

In the automotive repair sector, the Competition Authority [proposed reforms](#) to address inefficiencies caused by mandatory reliance on inflated "list prices" for spare parts in insurance damage assessments. This practice had led to higher assessment of repair costs, which were passed on to consumers through increased premiums. The Authority's proposed shift to market-based assessment instead of "list prices" based evaluation to reduce inflated insurance costs and improve overall pricing in the sector. However, resistance from industry stakeholders and logistical challenges have delayed the implementation of these reforms, leaving the issue unresolved for now.

Key Case Law

Strauss and Weiler Merger Case

The [Strauss and Weiler merger case](#) serves as a significant example of the Israeli Competition Authority's active role in preventing anti-competitive mergers. Strauss, a dominant player in the Israeli food market, and Weiler, a producer of plant-based dairy products, entered into a merger agreement without prior approval from the Competition Authority. The merger raised concerns because it would eliminate Weiler as a potential competitor in the growing plant-based beverage market, which was already dominated by a single player, Tnuva.

The Competition Authority rejected the merger, citing its potential to reduce market diversity and harm consumer choice. Despite the rejection, the companies proceeded with aspects of the merger, including restricting Weiler's activities in the plant-based beverage sector, even before receiving official approval. This led to fines being imposed on both companies and their executives.

This case is notable not only for the fines but also for the strong message it sends regarding the importance of obtaining prior approval for mergers and acquisitions. The imposition of maximum fines—over 11 million NIS for Strauss—underscores the Authority's commitment to preventing market concentration, particularly in emerging sectors like plant-based products.

Israel Post Privatization Case

The [Israel Post case](#) involved the privatization of the state-owned postal service, which was acquired by a consortium of Milgam, Phoenix, and Leiman Schlissel. Although the privatization was approved, the Competition Authority imposed strict conditions to ensure that the acquisition did not harm competition in related markets. One of the main concerns was the Rav-Kav card system, which Israel Post operates as a clearinghouse for transaction data. Milgam, as part of the consortium, was entering the market for Rav-Kav card loading services, raising concerns that access to this data could provide Milgam with an unfair competitive advantage.

To address these concerns, the Competition Authority prohibited the transfer of data from the clearinghouse to Milgam after the acquisition. This decision reflects the Authority's vigilance in preventing market concentration and ensuring that new market entrants do not benefit unfairly from access to sensitive information. Additionally, the Authority imposed conditions on Israel Post's potential entry into the bulk mail printing market, requiring prior approval to prevent further concentration in this sector.

This case highlights the proactive approach the Competition Authority takes to maintain competition in markets undergoing significant structural changes, such as privatization. The decision emphasizes the importance of regulating access to critical infrastructure and information to prevent anti-competitive practices.

Bezeq Monopoly Abuse Case

The [Bezeq case](#) is one of the most high-profile anticompetitive rulings in Israel's telecommunications sector. Bezeq, Israel's largest telecommunications provider, was accused of abusing its monopoly power by restricting competitors' access to its passive network

infrastructure. As a result of its previous being government-owned company and monopoly provider of telecommunication services in Israel, Bezeq controls most of the ducts, conduits, and cables essential for telecommunications services, giving it significant leverage over competitors. The Competition Authority found that Bezeq had obstructed competitors' ability to deploy fiber-optic networks by refusing access to its infrastructure or by imposing unreasonable technical and operational barriers.

Bezeq's refusal to grant competitors access to the "building access segment"—a critical connection point between public infrastructure and residential buildings—forced competitors to resort to costly and time-consuming alternatives. Additionally, Bezeq imposed restrictive technical conditions on fiber-optic installations, which were deemed unnecessary and designed to create artificial barriers for competitors.

The Israeli Competition Tribunal ruled that Bezeq's actions violated competition law, finding that its refusal to grant fair access to its infrastructure hindered competition and harmed consumers. The Tribunal imposed substantial fines on Bezeq, totaling 30 million NIS, along with a reduced fine for Bezeq's CEO for her role in the violations.

This case is significant for several reasons. It reinforces the obligation of monopolistic companies to provide fair and reasonable access to essential infrastructure, particularly in sectors like telecommunications, where infrastructure is crucial for fostering competition. The Tribunal's ruling serves as a reminder that dominant players cannot use their control over essential resources to block competition or delay technological advancements.

Rafael and Aeronautics Merger Case

Rafael Advanced Defense Systems Ltd. and Aeronautics Ltd. [sought approval](#) for a consensual order with the Competition Authority under Section 50B of the Economic Competition Law, replacing financial sanctions. The case involved unreported merger transactions that were later disclosed and approved by the Authority, which found no harm to competition. However, the companies violated the law by failing to report and seek prior approval for these mergers.

Rafael, a government-owned defense company, and Aeronautics, a private unmanned systems firm, entered into transactions granting Rafael control over Aeronautics. These transactions were reported only after execution, breaching legal obligations. To resolve the issue, the companies agreed to pay 3 million shekels in penalties, considering mitigating factors like cooperation and prompt reporting of the final transaction.

The Movement for Quality Government objected, arguing that the fines were insufficient and lacked individual accountability. The court, however, found the agreement reasonable and proportionate, in line with the law's goals.

Willi-Food International Ltd. Case

Willi-Food International Ltd. [was involved in violations](#) of Israel's Food Law, specifically concerning pricing recommendations and interference with product displays in retail settings. As a

result of these infractions, Willi-Food reached an agreement with the Israeli Competition Authority, which included a significant financial penalty. This case highlights the Authority's efforts to enforce compliance with the Food Law, which regulates the behavior of large food suppliers and retailers in Israel. The penalties imposed on Willi-Food and other suppliers aim to deter future violations and ensure fair market practices.

Conclusion

The developments in 2024 reflect the Israeli Competition Authority's commitment to maintaining market fairness despite the constraints of ongoing challenges. Legislative reforms and rulings, such as those addressing monopolistic practices and access to essential infrastructure, demonstrate a balanced approach to fostering competition while acknowledging the complexities of the current economic and geopolitical landscape. These efforts underscore the importance of pragmatic and adaptable regulatory measures to ensure competitive markets and safeguard consumer interests in uncertain times.

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