

COMPARATIVE LEGAL ANALYSIS

I. Vertical Agreements and Their Relationship with Competition Law

Objective: To articulate the legal nature of vertical agreements and distinguish them from horizontal competition.

TOPIC SENTENCE (MAIN IDEA)

Vertical agreements are defined as contractual relationships established between undertakings operating at different levels of the production or distribution chain, such as suppliers and distributors, thereby creating a dynamic of economic dependency rather than direct competition.

SUPPORTING DETAILS (ELABORATION)

Unlike horizontal agreements between direct competitors, these contracts focus on the supply chain; however, they remain subject to strict scrutiny under competition laws, such as Article 6 of the Algerian Competition Law (Order 03-03). Legal frameworks prohibit specific restrictive practices within these agreements, including price-fixing, market division, and unjustified refusal to deal, particularly when such actions distort market mechanisms or exploit the weaker party's economic dependency.

CONCLUSION (SUMMARY)

Consequently, the regulatory objective is not to ban vertical integration itself, but to prevent abusive practices that foreclose market access or detrimentally affect consumer welfare.

II. Correlated Sale: A Comparative Study

Objective: To explain the legal and religious stance on tying arrangements (correlated sales).

TOPIC SENTENCE (MAIN IDEA)

Correlated sale, often referred to as tying arrangements or conditional sale, is a commercial practice where a seller leverages their market position to force a buyer to purchase an additional, often unrelated, product as a condition for obtaining a desired good.

SUPPORTING DETAILS (ELABORATION)

From a legal perspective, the Algerian legislator explicitly criminalizes this practice under Law 04-02 and Order 03-03 due to its negative impact on consumer choice and fair competition, except in specific cases like bundled offers that are also available separately. Comparatively, in Islamic jurisprudence, the majority of schools (Hanafi, Shafi'i, and Hanbali) prohibit such transactions based on the principles of avoiding invalid conditions and uncertainty (*Gharar*), whereas the Maliki school offers a more flexible approach permissible under specific strict conditions.

CONCLUSION (SUMMARY)

Ultimately, both the modern Algerian legal framework and the general consensus of Islamic Sharia align in restricting correlated sales to protect the market from distortion and unfair trading conditions.

III. True or False Questions with Justifications

1. Vertical agreements are concluded between competing enterprises operating at the same economic level.

FALSE Vertical agreements are contracts between undertakings at **different** levels of the economic chain (e.g., producer and distributor), establishing economic dependency rather than competition.

2. The Algerian legislator permits correlated (conditional) sales without any restrictions.

FALSE Correlated sales are criminalized under Law 04-02 and Order 03-03 as an unfair practice, except for specific exceptions such as bundled packages that are also sold separately.

3. The consumer is considered a direct contractual party in vertical distribution agreements.

FALSE The consumer is the end-user and beneficiary but is not a party to the contract between the supplier and the distributor.

4. All Islamic jurisprudence schools unanimously prohibit conditional sales.

FALSE While the majority (Hanafi, Shafi'i, Hanbali) prohibit it, the Maliki school permits it under certain conditions where it does not lead to harm or uncertainty.

5. Unjustified refusal to sell is considered an abuse of economic dependency under competition law.

TRUE Article 11 of the Algerian Competition Law explicitly classifies unjustified refusal to sell as an abusive practice resulting from economic dependency.

IV. Key Legal Terminology

English Term	المصطلح العربي	Notes
Vertical Agreement	الاتفاق العمودي	Contractual
Economic Dependency	التبعية الاقتصادية	Key Concept
Correlated / Conditional Sale	البيع المتلازم / المشروط	Tying
Exclusive Distribution	التوزيع الحصري	Type
Competition Law	قانون المنافسة	Legal Field
Franchise	عقد الامتياز	Business Model
Price Fixing	تحديد الأسعار	Prohibited Practice
Market Division	تقسيم السوق	Prohibited Practice
Unjustified Refusal to Deal	الرفض غير المبرر للبيع	Abuse
Buying Power	القوة الشرائية	Economic Factor
Relevant Market	السوق المعنية	Definition
Supplier / Producer	المورد / المنتج	Party