

Unfair Trade Practices Through Predatory Pricing and Their Regulation in Iran, the WTO, and the European Union

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Abstract

Predatory pricing is a strategic practice where dominant firms price goods or services below cost to eliminate competitors and establish market control, leading to market disruptions and monopolization. This practice differs from dumping and unfair competition. In Iranian law, despite references in Article 44 of the Constitution and the Customs Law, the lack of a clear legal definition, overlapping authorities, absence of specialized judicial processes, and weak enforcement mechanisms have limited effectiveness in addressing the issue. The World Trade Organization (WTO) treats predatory pricing within the scope of dumping, providing countervailing duties as its primary remedy. However, the European Union (EU) offers the most comprehensive framework, including a clear definition, detailed identification criteria, centralized authority under the Competition Commission, and remedies combining financial, behavioral, and structural measures. By comparing the Iranian framework to those of the WTO and EU, this article highlights significant gaps and inefficiencies in Iranian regulations. It concludes by recommending reforms, such as the establishment of an independent legal definition, assigning authority to a single regulatory body, revising enforcement mechanisms, and developing a cost-data registry to improve oversight and address predatory pricing effectively.

Keywords: Competition Council; Domestic Production Support; Dumping; European Union (EU); Predatory Pricing; World Trade Organization (WTO).

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