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Directorate for Financial and Enterprise Affairs  
**COMPETITION COMMITTEE**

## Annual Report on Competition Policy Developments in Bulgaria

-- 2019 --

10-12 June 2020

This report is submitted by Bulgaria to the Competition Committee FOR INFORMATION at its forthcoming meeting to be held on 10-12 June 2020.

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## *Table of contents*

Bulgaria	3
1. Introduction	3
2. Prohibited agreements, decisions and concerted practices	3
2.1. Proceedings	3
2.2. Decisions and rulings	4
2.3. Examples from the practice	5
3. Abuse of Monopoly and Dominant Position	6
3.1. Proceedings	6
3.2. Decisions and rulings	6
3.3. Examples from the practice	7
4. Control on concentrations between undertakings	8
4.1. Proceedings	8
4.2. Decisions and rulings	9
4.3. Example from the practice	9
4.4. Economic sectors with concentrations on the national market in 2019	10
4.5. Approving of new Notification Form and Instructions for its completion	10
5. Sector inquiries	11
6. Competition Advocacy	12
6.1. Proceedings and decisions	12
6.2. Example from the practice	13
7. International Cooperation	14
7.1. Participation in the International Competition Network	14
7.2. Cooperation in the Organisation for Economic Co-operation and Development (OECD)	15
7.3. Exchange of information in the networks and organisations in which the CPC participates	15
8. Administrative Capacity and Financial Activity	16
8.1. Human resources management	16
Figure 1. Proceedings and acts under Chapter Three of the LPC 2015-2019	4
Figure 2. Proceedings and acts under Chapter Four of the LPC 2015-2019	7
Figure 3. Proceedings and decisions under Chapter Five of the LPC 2015 -2019	9
Figure 4. Proceedings and decisions on competition advocacy 2016-2019	13
Figure 5. Received questionnaires and replies by the CPC in the period 2008-2019	15
Figure 6. Higher education fields	16

## *Bulgaria*

### 1. Introduction

1. The Commission on Protection of Competition (the Commission, CPC) is an independent state authority whose main task is to ensure the protection and create conditions for development of competition and free enterprise, including through the exercise of control on the legality of the budget spending through the public procurement system and the granting of concessions.
2. The powers of the Commission are set forth in the Law on Protection of Competition (LPC), the Public Procurement Act (PPA) and the Concessions Act (CA).
3. In pursuance of its powers pursuant to LPC, the Commission adopts decisions with which it establishes the presence or absence of infringements constituting abuse of monopoly or dominant position, prohibited agreements or concerted practices and unfair competition. It carries out control on the concentration between undertakings and it can permit, including conditionally, or prohibit its implementation. Some of the powers of the Commission are also preparation of sector analyses and implementation of competition advocacy, offering the competent executive authorities and local self-government to repeal or amend regulatory acts issued in infringement of the competition rules. The draft regulatory acts to be adopted accordingly are subject to analysis for their compliance with the LPC, for which purpose the Commission adopts opinions.
4. The CPC is the authority that hears appeals on the legality of all acts or omissions of contracting authorities and grantors in public procurement award procedures or granting of concessions. Pursuant to the Public Procurement Act and the Concessions Act, the CPC can stop a public procurement award procedure, respectively the granting of a concession, permit prior enforcement of decisions on selection of a contractor, in the presence of such conditions as specified in those acts, and impose financial penalties and fines in the cases provided by law.
5. The Commission on Protection of Competition is the national authority of the Republic of Bulgaria responsible for the enforcement of the EU law in the field of competition.
6. This summary of the Annual report which is elaborated with regard to the meetings of the Competition Committee in 2019, in accordance with the suggested outline, will not include information concerning the competences of the CPC in the field of unfair competition, public procurement and concessions.

### 2. Prohibited agreements, decisions and concerted practices

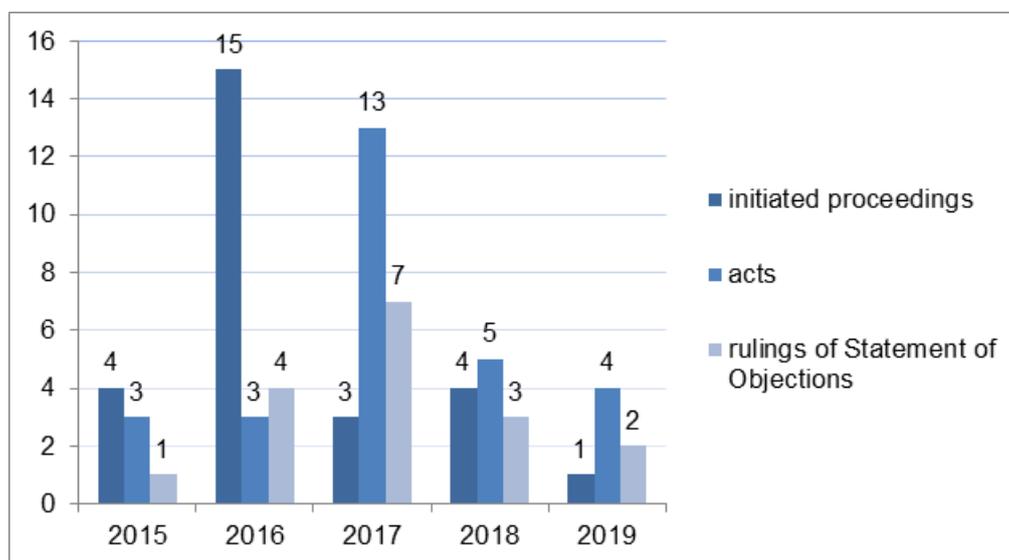
#### 2.1. Proceedings

7. In 2019 the Commission initiated **1 proceedings** which has as subject the establishment of the presence or absence of prohibited agreements, decisions and concerted practices of the LPC on request of persons whose interests are affected or threatened by infringement of the LPC.

## 2.2. Decisions and rulings

8. In 2019 the Commission adopted **4 decisions** with regard to the application of Art. 15 of the LPC on proceedings initiated in the period from 2016 to 2018.

**Figure 1. Proceedings and acts under Chapter Three of the LPC 2015-2019**



9. In the reporting year the efforts of the Commission were targeted mainly at the successful conclusion of large-scale proceedings with regard to the detection of the participation of over 40 undertakings and their groups in cartels in the form of bid rigging of conducted public procurements under the National programme for energy effectiveness of multi-family residential buildings in the municipalities Gotse Delchev, Targovishte and Plovdiv as well as of a cartel concerning the participation of other undertakings in a public procurement under the Operational programme “Regions in Growth” 2014-2020.

10. As a result, in 2019 the Commission adopted 3 decisions where it established infringements of Art. 15 of the LPC in the form of bid rigging and sanctioned 27 undertakings for the committed infringements of the LPC. In comparison to 2018 when there is no decision for establishing infringement of Art. 15 of the LPC, in 2019 in 3 of the adopted 4 decisions the Commission established infringements and imposed pecuniary sanctions.

11. In 2019 the rulings for sending Statements of objections follow the priority of the Commission for fighting bid rigging. With one of the adopted rulings again there is a Statement of Objections with regard to possible infringement of Art. 15 of the LPC in the form of bid rigging and with the other – a Statement of Objections for vertical restraints of competition affecting the trade between EU Member States which requires the application of the European antitrust regime in parallel to the national.

### 2.3. Examples from the practice

12. By **Ruling 1350/12.12.2019** adopted in case CPC-69/2018 on the grounds of art. 74, para. 1, item 3 of the LPC, the Commission on Protection of Competition sent a Statement of Objections to Nikon Europe B.V. and Profiled OOD for possible infringement of Art. 15, par. 1 of the LPC and Art. 101 (1) TFEU expressed in participation in a prohibited agreement restricting sales to third parties, potential providers of aftersales services in Bulgaria, of original spare parts and servicing equipment/instruments, necessary for the performance of aftersales services for photographic products of Nikon brand.

13. The proceedings before the CPC were initiated upon a complaint by PRG International EOOD, which has requested delivery of spare parts and provision of information, necessary for the performance of aftersales services for Nikon cameras. The necessary products and information have not been provided to PRG International EOOD with the argument that the latter did not meet the criteria for authorization, introduced by the manufacturer.

14. Nevertheless, based on the information collected and analysed in the course of the proceedings, the Commission considers that reasonable doubts arise that Nikon Europe B.V. and Profiled OOD, acting as the sole authorized repair centre of Nikon on the territory of Bulgaria, have reached a principal agreement not to allow entry of a second participant to the market for provision of aftersales services for photographic products of Nikon brand in Bulgaria.

15. In this case the Commission found that the behaviour under scrutiny has potential to influence directly the trade between EU Member States affecting considerably the cross-border economic activity. As a result and by virtue of Regulation (EC) No 1/2003, the Commission has the obligation to apply the European antitrust regime in parallel to the national legal framework.

16. By **Ruling 725/20.06.2019** adopted in case CPC-114/2016 on the grounds of Art. 74, para. 1, item 3 of the LPC, the Commission on Protection of Competition sent Statements of Objections with allegations for committed infringement of Art. 15 (1) of the LPC, representing a prohibited agreement for manipulating a public procurement procedure conducted in the framework of the National programme for energy efficiency of multi-family residential buildings, opened with Decision No. 15 POII-21/10.03.2015 of the Mayor of Plovdiv.

17. The proceedings before the CPC has been initiated by a signal of the Mayor of Targovishte, who sent to the Commission information and evidence of arrangements between the participants in the public procurement of the Municipality of Targovishte for allocation of the sites awarded under the conditions of the National energy efficiency programme. The case is initiated with Decision of the CPC 180/16.03.2016 for finding of possible committed infringement expressed in a prohibited agreement or concerted practice for bid rigging within the meaning of Art. 15 (1) of the LPC by 12 undertakings.

18. Following the received signal, the Commission has conducted dawn raids in the premises of three of the participants. Copies of electronic correspondence were seized, containing data for similar arrangements between the participants in other procedures under the National programme for energy efficiency, including in the above mentioned procedure of the Mayor of Plovdiv.

19. On the basis of the collected evidence, the CPC engaged as defendants in the proceedings in case CPC-114/2016 over 40 trade entities and sole traders as well as their joint ventures, participating in public procurements under the National program for energy efficiency in Plovdiv and Gotse Delchev municipalities.

20. During the investigation two applications under the CPC Leniency programme were received. The undertakings that submitted the applications presented to the CPC exchanged electronic correspondence between the participants in the cartel as well as oral statements were taken by the manager of one of the entities, participating in the Leniency Programme.

21. Based on all established facts and circumstances, the Commission considered that the addressees of Ruling 725/20.06.2019 participated in a cartel as defined in § 1, item. 5 of the LPC having as object prevention, restriction or distortion of competition in the markets for conducting of surveys for establishing the technical characteristics and the technical passports of the buildings and conducting of surveys of the energy efficiency of buildings and prescription of the necessary energy saving measures.

22. In the same proceedings by **Decision 1312/05.12.2019** and by **Decision 1313/05.12.2019** the Commission found committed infringements of Art. 15 (1) of the LPC and imposed pecuniary sanctions on 24 undertakings.

23. The established infringements are cartels (prohibited agreement and/or concerted practice) for bid rigging of public procurement under the National programme for energy efficiency of the municipalities Targovishte and Gotse Delchev. The public procurements have as their object conducting of surveys for establishing the technical characteristics and the technical passports of the buildings and conducting of surveys of the energy efficiency of buildings and prescription of the necessary energy saving measures.

24. In the course of the investigation the CPC found that the participants in each of the two public procurements have agreed on the allocation of the objects awarded in the procedure as well as on the prices to offer to the contracting authorities. The agreements have as object complete prevention of competition in bid submission by predefining the winning bidder for each lot and thus predetermine the choice of the contracting authority. The conclusions of the Commission are based on collected electronic correspondence between the participants, on evidence and information provided by the contracting authorities and the bidders. Within the proceedings 3 applications under the CPC Leniency programme were received with regard to the public procurement of the municipality of Targovishte. As a result of their cooperation with the Commission the first undertaking that submitted application received full immunity from sanctions and the rest – reduction with 50% and 30% respectively.

### 3. Abuse of Monopoly and Dominant Position

#### 3.1. Proceedings

25. In 2019 the Commission initiated **4 proceedings**<sup>1</sup> with subject establishment of the presence or absence of infringements under Chapter Four “*Abuse of monopoly or dominant position*” of the LPC, initiated on request of persons whose interests are affected or threatened by infringement of the LPC.

#### 3.2. Decisions and rulings

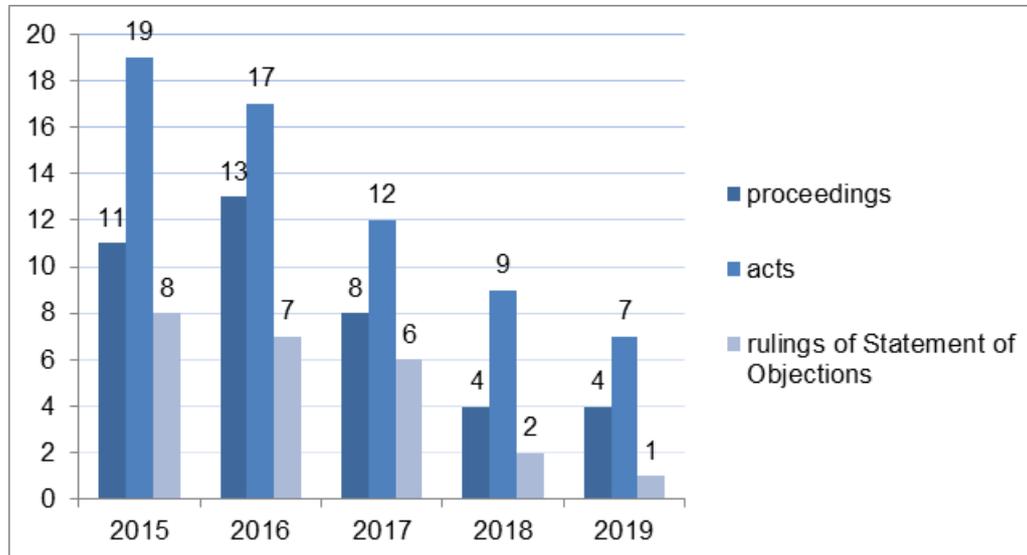
26. In 2019 the Commission adopted a total of **7 decisions** with regard to the application of Art. 21 of the LPC and/or Art. 102 TFEU.

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<sup>1</sup> In two of the cases the proceedings are initiated also under Art. 102 TFEU.

27. In 2019 the Commission with **1 ruling** sent Statement of Objections for infringement of Art. 21 of the LPC.

**Figure 2. Proceedings and acts under Chapter Four of the LPC 2015-2019**



### 3.3. Examples from the practice

28. By **Decision 833/18.07.2019** in case CPC-121/2015 the Commission on Protection of Competition found that the National Electricity Company EAD (NEK EAD) has committed infringements of Art. 21, p. 1 of the LPC, representing abuse of dominant position on the market of balancing of producers of electricity from renewable energy sources (RES) at preferential prices on the territory of the country and imposed pecuniary sanctions in the total amount of 315 612 Bulgarian leva (161 370 Euro). The infringements consist of imposing by the NEK EAD of unfair trading conditions to RES producers. In particular, the Commission established that NEK EAD has corrected the forecast hourly production schedules submitted by the RES producers - members of the special balancing group (SBG) of NEK EAD thus creating unjustified additional costs for imbalance for the RES producers. Since the start of the balancing market in its full volume on 01.06.2014 NEK EAD, as a coordinator of SBG, unilaterally and unjustifiably changed the hourly forecast schedule submitted by the RES producers. As a result of these changes, the RES producers were financially burdened by the artificially increased imbalances for them. The Commission also established that NEK EAD had allocated to the RES producers – members of the SBG of NEK EAD, additional unreasonable costs for imbalances through the application of Section IV of the Methodology for allocation of imbalances in the special balancing group with coordinator in the SBG of NEK EAD (The Methodology).

29. It was established in the proceedings that the rules adopted by NEK EAD under Section IV of the Methodology have allowed the company to calculate to the RES producers costs for imbalances that Electricity System Operator (ESO EAD) had not recorded and accordingly had not charged to the NEK EAD. By applying Section IV of the Methodology NEK EAD unilaterally and unjustifiably imposed on the RES producers additional financial costs which do not represent imbalances allocation in the SBG of NEK and do not reflect the costs objectively incurred for the energy system.

30. By Decision **158/31.01.2019** adopted in case CPC-309/2017 the Commission on Protection of Competition approved commitments proposed by Toplofikatsia Sofia EAD guaranteeing the right of informed choice of the clients that would like connecting to the heat transmission network of the company.

31. In the course of the proceedings by Ruling 889/02.08.2018 the CPC sent a Statement of Objections to Toplofikatsia Sofia EAD for alleged infringement of Art. 21, p. 1 of the LPC expressed in abuse of dominant position through imposing of unfair trading conditions for connection of objects of clients of thermal energy for domestic use to the heat transmission network in Sofia.

32. The preliminary conclusions of the Commission were that since July 2015 Toplofikatsia Sofia EAD concludes contracts for connection with established templates, which in contradiction with the provisions of the CPC unilaterally imposes on the clients/investors the following three unfair trading conditions:

- to build at their own expense the energy objects (connection heat pipeline, the facilities to it and the subscriber station) necessary for the connection of customers of thermal energy for domestic needs to the heat transmission network;
- to provide the energy facilities built by the client for free use by the heat transmission company;
- to receive payment in thermal energy of the price of the transferred energy objects.

33. The Commission considered that these conditions are unfair trading conditions within the meaning of Art. 21, p. 1 of the LPC imposed by an undertaking with dominant position, which are not justified by objective circumstances but are directed at extracting financial benefits by exploiting of the trade partners on the basis of the possessed market power. The conditions have no other legitimate aim but exploitation, are not objectively necessary and their imposing by an undertaking without dominant position would be impossible.

34. The defendant company proposed undertaking of commitments aimed at termination of the behaviour for which the Commission sent a Statement of Objections. Specific actions are offered with regard to the raising of awareness of the clients about the procedure for connection to the heat transmission network, giving of choice to the client for the preferred way of connection, payment for the usage as well as payment of the price for buying of the energy objects built by the clients in a way chosen by the latter. Toplofikatsia Sofia EAD committed itself to amend all standard samples of documents related to the connection to the heat transmission network by including conditions in accordance with the undertaken commitments.

35. By Decision 158/31.01.2019 the Commission approved the received proposal, determined a deadline for fulfilment of every of the undertaken commitments and obliged Toplofikatsia Sofia EAD to inform the CPC for the implementation of every commitment.

## 4. Control on concentrations between undertakings

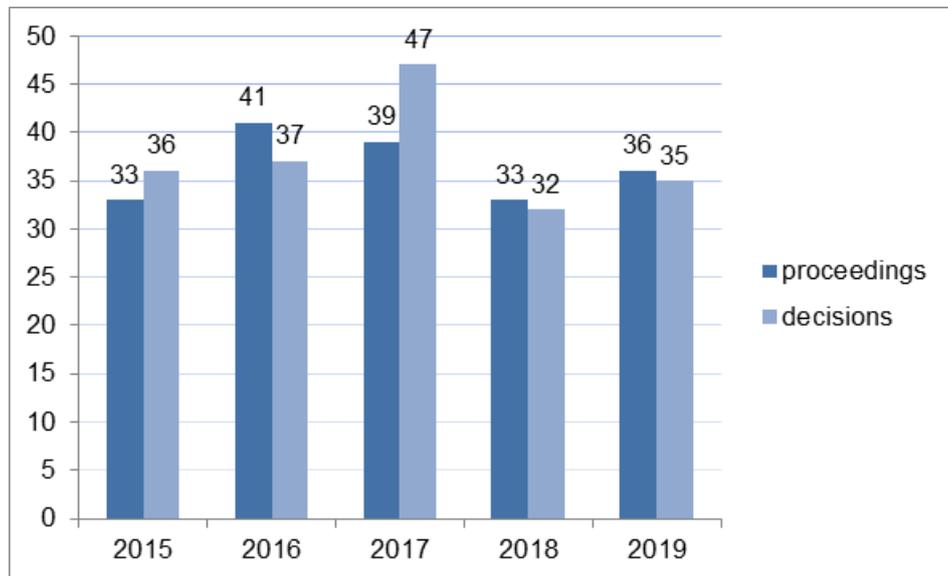
### 4.1. Proceedings

36. In 2019 the Commission initiated a total of **36 proceedings** on the basis of notifications for authorization of concentration between undertakings.

## 4.2. Decisions and rulings

37. In 2019 the Commission adopted a total of **35 decisions** under Chapter Five of the LPC, two of which in proceedings initiated in 2018.

**Figure 3. Proceedings and decisions under Chapter Five of the LPC 2015 -2019**



38. In 24 of the initiated cases the CPC, in the course of preliminary investigation under Art. 80 and Art. 81 of the LPC, authorized unconditionally the realization of the notified transactions.

39. In the reporting period the Commission on the basis of Art. 83 (1) of the LPC adopted two decisions for initiation of an in-depth investigation.

40. In 2019 the Commission adopted two decisions (449/2019 and 1169/2019) for blocking of concentration. The deals affect sectors with great public significance (defence and energy).

## 4.3. Example from the practice

41. After conducting an in-depth investigation of the deal, expressed in acquiring of sole control on behalf of Emko OOD over Dunarit AD (case CPC-106/2019) the CPC adopted a decision prohibiting its implementation (**Decision 469/2019**).

42. The Commission, taking into account the instructions of the court in Decision 800/21.01.2019 took the sales of special production on behalf of the participants in the concentration to Bulgarian middlemen/traders in 2014 as turnover realized on the territory of the Republic of Bulgaria. Consequently the deal falls within the scope of Art. 24, paragraph 1 of the LPC and for the notifying party there is an obligation for preliminary notification. After analysis of the information and evidence received in the course of the investigation (and those received in case CPC-72/2016) the Commission found that the deal leads to horizontal overlapping in the activity of Emko and Dunarit in the production of certain types of special production and the participants in the concentration are close competitors in relation to these products.

43. The market positions of the united group after the implementation of the deal will lead to enhancing of the economic power of the merging undertakings which would allow them to perform independent market behaviour from its local competitors.

44. The Commission found that the participants in the concentration are with dominant positions in the production of some differentiated types of defence products with regard to which each of them is the single producer in the country.

45. The Commission get to the conclusion that the repositioning and the widening of the portfolio of the products produced by the participants in the concentration may stimulate the united group to increase the price and change the conditions of cooperative deliveries which are important for the development of this sector.

46. On the basis of the whole analysis the CPC get to the conclusion that there are grounds to adopt that the notified concentration creates prerequisites to lead to establishing of dominant position of the united group. The availability of essential horizontal and conglomerate effects will lead to considerable advantage for the participants in the concentration over their competitors which would hinder the effective competition in the analysed market.

47. The decision is appealed and has not entered into force.

#### **4.4. Economic sectors with concentrations on the national market in 2019<sup>2</sup>**

48. The Commission has assessed and adopted decisions for authorization/blocking of concentrations between undertakings in different economic sectors: sale of motor vehicles and spare parts (3 decisions); banking and financial sectors (2 decisions); production and trade in packing (2 decisions); road construction (2 decisions), one decision in the sectors: energy; insurance; media; sale of gas; sale of plant protection products; pharmacy; defence; production and trade in agriculture production; sale of copper concentrate; sale of consumer electronics; production and sale of spare parts for bicycles; trade in tobacco products; production and trade of meat and meat products; sale of fast moving consumer goods and trade in chemical raw materials and products.

#### **4.5. Approving of new Notification Form and Instructions for its completion**

49. By Decision No 1384/19.12.2019 the Commission on Protection of Competition on the basis of Art. 8, item 14 in relation to Art. 79, paragraph 4 of the LPC has adopted new Notification Form and Instructions for its completion.

50. The elaboration of a new Form aims to provide greater clarity when completing the notification and to focus on providing information for those markets that are expected to be significantly affected by the concentration. The practice so far shows that a large number of the notifying parties submit notifications in CPC which do not contain all necessary information under Art. 79, paragraph 1 of the LPC, such as for example: data about the exercised control; correct calculation of the turnover of the undertakings concerned; information on the markets that the concentration will have an impact on, etc.

51. The new Notification Form entered into force since 01.01.2020.

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<sup>2</sup> Includes only the decisions for authorization and blocking of concentrations (total 26).

## 5. Sector inquiries

52. In 2019 the Commission **by 2 decisions adopted sector inquiries of the competitive environment** in the markets for production and sale of automotive gasoline and diesel automotive fuel and in the market of providing of bank services on behalf of banks – members of the Association of the banks in Bulgaria.

53. By **Decision 313/07.03.2019** the Commission on Protection of Competition adopted a sector inquiry of the competitive environment in the markets for production and sale of automotive gasoline and diesel automotive fuel. The CPC get to the conclusion that that the insufficient storage capacity of tax warehouses and warehouses for obligatory stock, the complicated administrative procedure and the significant financial investments related to the construction of own warehouse together constitute a high entry barrier for importers and producers of fuels.

54. On the basis of the analysis of the retail prices of gasoline A-95 H and diesel fuel for 2018 in towns located in different geographic regions of the country it was found that the increase in prices in 2018 is observed over a short period of time and has been gradual and the characteristics of the market allow this behaviour to be explained by objective criteria related to the competitive environment, distribution costs, volume of sales and demand, etc. In addition, the net prices of gasoline Euro-95 and of the diesel fuel in the country are one of the lowest in comparison to the rest of the EU Member States.

55. The analysis of the Commission found that the new regulatory provisions in the Law on the administrative regulation of the economic activities related to oil and petroleum products and the overall impact of the applicable legislation in the sector could lead to exiting the market of part of the participants and could turn into an insurmountable barrier for carrying out of activity.

56. At the same time, the CPC pointed out in its analysis that the envisaged requirement in Ordinance N-18/13.12.2006 that the fiscal receipt should contain a purchase price of the fuel without excise duty and without value added tax, could affect the competitive environment in the markets of wholesale and retail trade in fuel. With regard to this the Commission explicitly emphasized that the legislative framework should not envisage provisions which remove the strategic uncertainty between the market participants as regards the value of purchase of fuel by traders and should not create conditions which facilitate the coordination of the prices on the markets of automotive fuel.

57. Taking into account the established competitive problems the Commission on Protection of Competition suggested a number of measures for improving the competitive environment in the sector as follows:

1. Creation of an online platform through amendments in the legal framework where in real time importers of automotive fuels to have access to information on the availability of free capacities in tax warehouses and warehouses for obligatory stock.
2. Reviewing of regulatory and administrative barriers.
3. Increasing the number of tax warehouses in the sector by creation of state-owned tax warehouses.
4. Accelerating of the procedure for licensing of tax warehouses and registration of warehouse keepers.

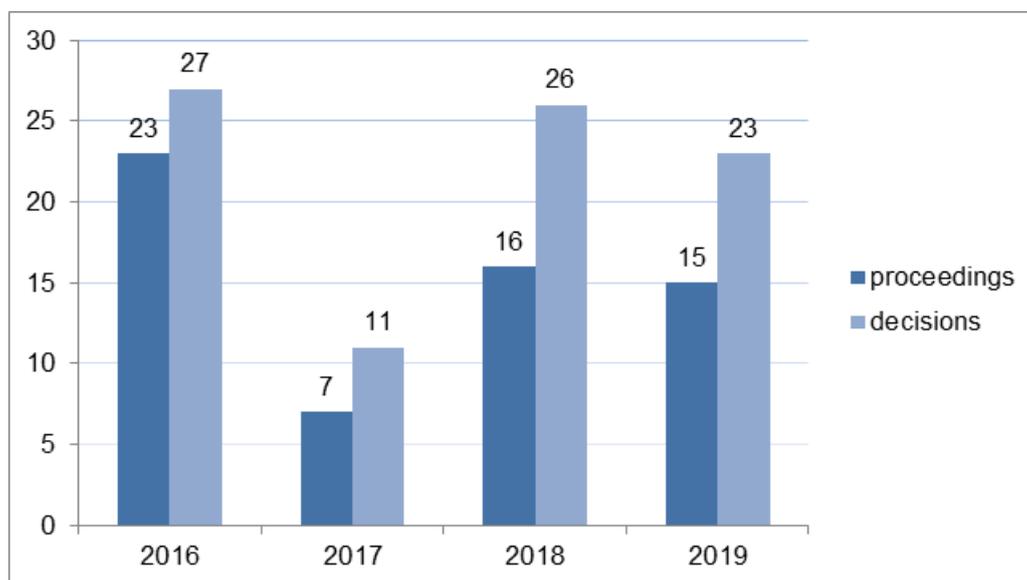
5. Assessment of the possibility of concluding bilateral agreements with other EU Member States with the aim of creation of simplified procedure for movement of excise goods under duty suspension on the grounds of Directive 2008/118/EC.
  6. The decisions of the Advisory Council established by the Law on the administrative regulation of the economic activities related to oil and petroleum products should be subject to assessment of compliance with the competition rules on the basis of the Law on Protection of Competition.
  7. Measures concerning the predictability in the legal framework in the sector and in introduction of new legislative, administrative and financial requirements which are related with new investments for the business, longer terms to be envisaged in order to give possibility of the undertakings to comply with the new requirements.
  8. Measures for increasing the control on the quality of the fuel.
58. By **Decision 1351/12.12.2019** the Commission on Protection of Competition adopted a sector inquiry of the competitive environment on the market of provision of banking services by the banks – members of the Association of Banks in Bulgaria.
59. The subject of the inquiry is the retail banking sector in the country and in particular the market segments: bank accounts services for individuals (current, deposit and savings) and credits for the households (consumer, residential and mortgage) for the period 2016 - first half of 2019.
60. As a result of the analysis the Commission found that in the end of the studied period the banking sector is highly fragmented and keeps its business model, mainly represented by foreign institutions. There is a trend towards a decrease in the number of banks participating in the retail banking market, which is a result of the consolidation processes taking place in the recent years.
61. The CPC made the recommendations to the Bulgarian National Bank (BNB) for improving of the competitive environment concerning:
1. the possibility for creation of “Single portal for comparison of the conditions on consumer credits” and its possible maintenance on the website of the regulator;
  2. Promoting the possibilities for opening of current account for basic operations (in addition to the initiative introduced on 31 October 2018 by the BNB for comparison of the fees for services related to this account) and
  3. introduction of unified statistics on the dynamics and the situation of the card market in the country.

## 6. Competition Advocacy

### 6.1. Proceedings and decisions

62. In **2019** the Commission has initiated a total of **15 proceedings** and has adopted **23 decisions** with opinions on draft or effective legislative or administrative acts and finding the presence or lack of contradiction with competition rules are adopted.

Figure 4. Proceedings and decisions on competition advocacy 2016-2019



63. In 2019 the CPC has made recommendations for amendment and supplementation of the following draft legislative acts:

- Draft Law for supplementation of the Law on protection of consumers;
- Draft Methodology for setting of the prices for use of bus stations as well as maximum prices for bus station service;
- Draft for amendment and supplementation of Ordinance 16-334 of 06.04.2007 on the heat supply;
- Draft for amendment and supplementation of Ordinance 4/2009 on the conditions and the order for prescribing and dispensing of medicinal products

64. The CPC has made proposals for amendment and supplementation of the following legislative and legislative administrative acts in force as they create conditions for prevention, restriction or distortion of competition:

- Law on road transport;
- Law on postal services;
- Ordinance for the conditions and order of assignment of the performing of activities in the forest territories – state and municipal ownership, and for the usage of wood and non-wood forest products as regards the activities related to the sale of wood.

## 6.2. Example from the practice

### 6.2.1. Trade in food products

65. By **Decision 23/10.01.2019** the CPC expressed opinion that the proposed introduction with Draft Law for supplementation of the Law on protection of consumers of maximum mark-up for certain essential goods represents restriction of competition.

66. According to the CPC in this way the price competition between the retailers is limited as there is a risk all to set a mark-up which is equal or very close to the maximum which would result in an effect similar to the one of a prohibited agreement. The CPC emphasized that the low prices are result of competition, not of regulation as the competition is the natural incentive for lowering the prices with the aim of attracting more consumers and realizing greater sales.

67. The CPC pointed out that the setting of maximum mark-up could lead to adverse consequences such as shortage of goods or sale of cheaper but less qualitative products which in the end could be harmful for the health of the people.

68. The analysis of the CPC indicated that the increase in the prices of the essential goods is not due to reasons at the retail level. Besides, the aim to support the people with the lowest incomes is not achieved by setting of maximum mark-up as this is a measure directed to all consumers.

69. The draft law restricts competition also by envisaging different amount of mark-up for the different trading sites depending on the turnover thus placing some market participants in a privileged position in relation to others. Taking into account that in the big retail chains the mark-up would be lower in comparison to the small shops and respectively the prices of these goods would lower to a greater extent in the retail chains, the proposed regulation could lead to redirection of the consumers to the chains at the expense of the small shops which it actually aimed to place in a privileged position.

70. The regulation is directed mainly to the big retail chains but hardly 10.57% of the shops of these chains are located in settlements with population over 30 000 persons while 60% of the people receiving social assistance live in these places.

71. The possible requirement the goods object of the regulation to be Bulgarian would also constitute restriction of competition as it creates geographic barriers to the free movement of goods and services and would place the suppliers of Bulgarian goods in a privileged position in relation to the foreign. According to the CPC it is possible as a result of the proposed maximum mark-up the retailers to turn to imported goods and thus the regulation will not only not help, but will harm the Bulgarian producers which it aimed to stimulate.

72. The CPC considers that there are alternative measures and regulations which ensure effective support for the Bulgarian citizens with the lowest incomes. Additional such measures would always have a positive influence but they should have as their only set aim and achieved result – priority and concrete support for the most vulnerable social groups in the Bulgarian society.

## 7. International Cooperation

### 7.1. Participation in the International Competition Network

73. In 2019 the ICN established a Framework on Competition Agency Procedures setting fundamental principles of fair and effective procedures to be applied. More than 70 competition authorities, including the CPC joined the Framework. With this they declare their intention to adhere to the principles contained in it as far as they do not contradict the applicable laws as well as to cooperate in this regard. Each of the participating authorities fills in a template for the procedures for investigation and enforcement applied by it in accordance with its legislation and the CPC fulfilled this obligation in 2019.

## 7.2. Cooperation in the Organisation for Economic Co-operation and Development (OECD)

74. Representatives of the CPC took part in the sessions of the OECD Competition Committee in December 2019 as well as in the Global Forum on Competition in December 2019. They prepared a contribution on the topic “Access to the case file and protection of confidential information” which presented the national legal framework on the matter as well as the practice of the CPC on the application of Art. 55 of the LPC and the adopted Rules for it. Annual report of the activity of the CPC in 2019 was prepared and an online questionnaire on the enforcement statistics of the CPC in 2019 was filled.

75. Experts of the CPC joined actively in the seminars of the Regional centre for competition of the OECD in Budapest.

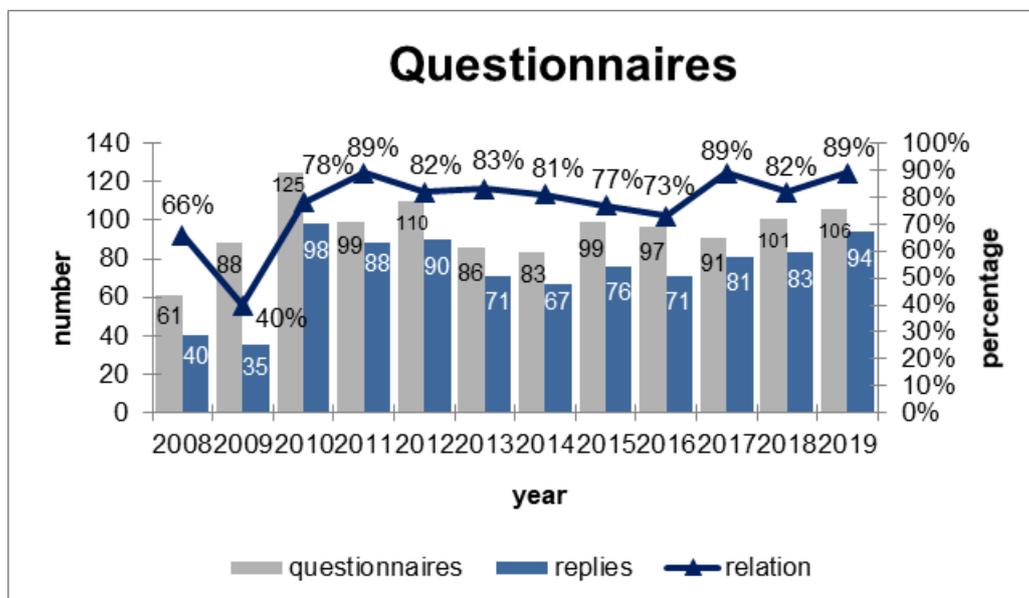
## 7.3. Exchange of information in the networks and organisations in which the CPC participates

76. The CPC receives multiple and various questionnaires arising from the cooperation within the ECN, ICN and other organisations.

77. In 2019 the trend of increase in the number of the received questionnaires continues and reaches 106 which is the highest number since 2012. At the same time the replies mark considerable increase from 83 in 2018 to 94. Thus the percentage of the replied questionnaires increases to 89% which is equal to the record level of 2011 and 2017.

78. The chart presents data for the number of questionnaires, the replies by the CPC and the percentage of the replied questionnaires.

Figure 5. Received questionnaires and replies by the CPC in the period 2008-2019



## 8. Administrative Capacity and Financial Activity

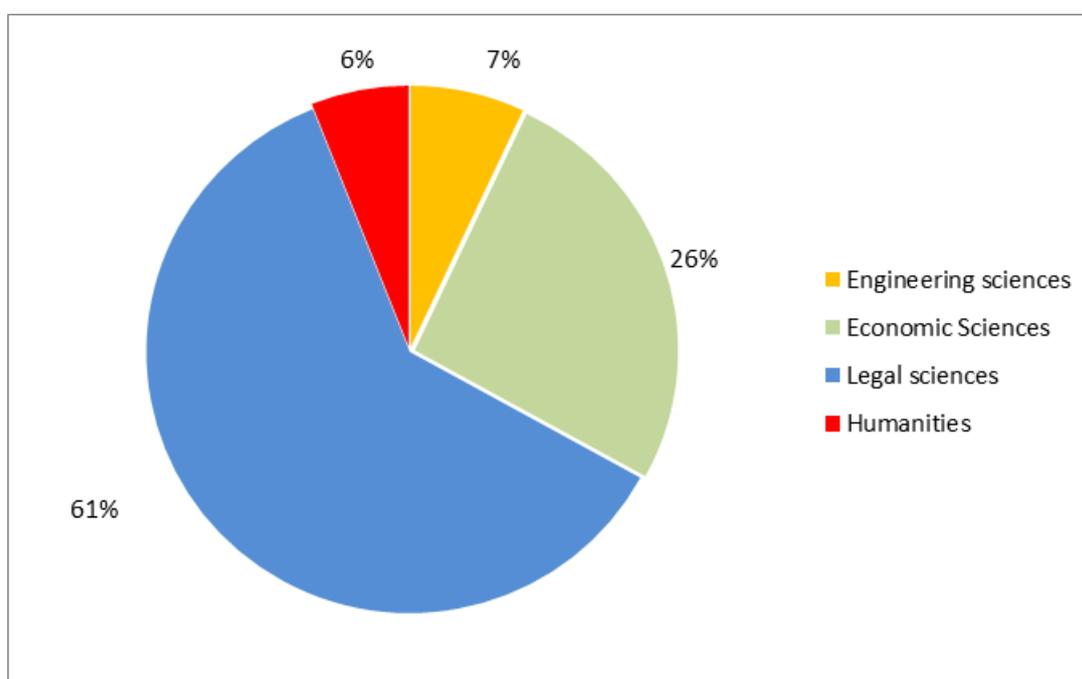
### 8.1. Human resources management

79. The organizational structure and the size of the administration are set out in the Commission's Rules of Procedure. The total number of positions – 117, include: Chairperson, Deputy Chairman, five Members of the Commission, Chief Secretary, Information Security Officer, General Administration – 23 employees, and specialized administration – 80 employees.

80. High qualified specialists are working in the Commission, 96% of which with higher education whose educational level meets the aims and tasks of the CPC.

81. The allocation of the employees by field of education is presented in the chart below:

Figure 6. Higher education fields



Note:

#### Financial activity

82. The approved expenses in the budget of the Commission on Protection of Competition for 2019 are in the amount of 4 988 700 Bulgarian leva (around 2 550 000 Euro).

83. In 2019 the revenue collected from fees, pecuniary sanctions and other non-tax revenues are in the amount of 8 158 315 Bulgarian leva (around 4 170 000 Euro).