

Unclassified

English - Or. English

7 November 2023

**DIRECTORATE FOR FINANCIAL AND ENTERPRISE AFFAIRS
COMPETITION COMMITTEE**

Global Forum on Competition

Ex-Post Assessment of Merger Remedies – Contribution from Georgia

- Session IV -

7-8 December 2023

This contribution is submitted by Georgia under Session IV of the Global Forum on Competition to be held on 7-8 December 2023.

More documentation related to this discussion can be found at: oe.cd/eamr.

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JT03531123

Ex-Post Assessment of Merger Remedies

- Contribution from Georgia -

1. Concentration control is an important direction of effective enforcement of competition policy in Georgia. The Georgian National Competition Agency was established in 2014, which was the result of the Association Agreement with the European Union. The Agency was established based on the adoption of the Georgian Law on Competition.
2. The Georgian Law on Competition defines the control of concentrations and its agreement with the Agency if the total turnover of the participating companies is equal to or greater than 20 million GEL, and not less than 5 million GEL individually. Companies are obligated to obtain approval from the Agency for such mergers.
3. However, the law did not define effective levers, including fines and sanctions, in case of concentration bypassing the Agency.
4. From 2017 to 2020, Georgia received assistance from the European Union project to support the institutional development of the Competition Agency. As part of the project, experts assessed existing norms and developed recommendations to improve the enforcement of concentration control. In 2020, the Parliament of Georgia adopted amendments to the Law of Georgian on Competition, which significantly enhanced the enforcement policy, specifically concerning the control of concentrations.
5. The adoption of amendments in Georgia has resulted in the implementation of a two-stage concentration control system that follows a successful European practice. For a simple concentration case, an appropriate conclusion regarding the impact of the merger on the competitive environment is submitted within one month. On the other hand, a period of three months is defined for complex concentration cases. If a company engages in a merger or acquisition without notifying the Agency, the Agency has an effective system in place to detect, verify, and respond to it. If such a case occurs, the purchasing company may be fined up to 5% of its financial turnover from the previous year. The supplier is also required to submit an application for the merger or acquisition from the beginning. If the Agency concludes that the merger or acquisition is not in compliance with regulations, an appeal can be made to the court to dissolve the union.
6. Since the improvement of competition law, compliance with the Agency has significantly increased. The Agency has created an effective mechanism to monitor registered concentrations, allowing for the detection of unreported concentrations. In Georgia, the process of business registration, share purchasing, and merging companies is fully digitized, simple, and transparent. Accordingly, we receive complete information regarding registered concentrations in Georgia every quarter from the National Agency of Public Registry of the Ministry of Justice of Georgia. This information is then processed and filtered according to relevant criteria. If it is found that any of them were subject to notification, we initiate the relevant procedures, penalize the supplier, and assess its compatibility with the competitive environment.
7. After the improvement of the law, from 2020 to 2023, the National Competition Agency approved both horizontal and vertical concentrations of 16 units in various sectors of the economy. Among them, 7 units were implemented without notification of the Agency.

8. The National Competition Agency to improve the legislation in the direction of effective control of concentrations, in the near future it is planned to complete several by-laws. The evaluation of the legislative documentation is ongoing within the framework of the EU Twinning project with the active support of our Austrian and Lithuanian colleagues.

9. The National Competition Agency continues working on improving the legislation to ensure effective control of concentrations. In the near future, by-laws are planned to be completed. The evaluation of the legislative documentation is currently underway as part of the EU Twinning project, with active support from our Austrian and Lithuanian colleagues.