

## **"Competition Law and Antimonopoly Authority in the Republic of Azerbaijan"**

Dear Mr. Chairman!  
Ladies and Gentleman!

First of all, let me welcome you and express my gratitude for the privilege of speaking in this Conference today.

I would like to join to all of my colleagues' speeches in congratulating employees of Turkish Competition Authority, people who had worked in this organization and in general the whole turkey for the 20th anniversary of the Competition Authority. During the 20 years of its existence, the Turkish Competition Authority's efforts and successes should be emphasized, such as creating and executing competitive legislation, founding state institutions to protect competition, executing competitive policies and so many other major and important steps in encouraging and protecting competition. Once again, I would like to congratulate my Turkish colleagues for all these successful accomplishments and wish them to be even more successful in their future plans!

Dear colleagues! According to the aims of this conference, I will try to give a brief overview about the execution of competitive legislation, foundation of competition authority and its performance in Azerbaijan.

Much like other CIS countries, the foundation of competitive legislation in Azerbaijan has started with transition to market economy after regaining independence during the last decade of 20th century. The focus of the reforms was to liberalize the economy and replace planned economy with a system based on free competition. In order to achieve these objectives, on June 23, 1992, the State Committee of Antimonopoly Policy and Support to Entrepreneurship of the Republic of Azerbaijan (hereinafter the Committee) was established by the Decree of the President. This was the first state institution to carry out anti-monopoly policy with the necessary authority in Azerbaijan.

During the early years of the Antimonopoly Authority, a huge effort was done to establish a legal framework, and during 1992-1998, laws "On Entrepreneurship Activity", "On Antimonopoly Activity", "On Unfair Competition", "On Natural Monopolies", "Securities and Stock Exchange", "On Financial Industry Groups", "On Enterprises", "On Joint Stock Companies", "On Leasing Activities" and "On Advertising" were prepared and later adopted by the Milli Majlis of the Republic of Azerbaijan.

In 1997, amendments were made to the Law of the Republic of Azerbaijan "On Antimonopoly Activity" and in accordance with the provisions of the law, the Cabinet of Ministers of the Republic of Azerbaijan approved the "Rules of Consideration of the Case on Violation of Anti-Monopoly Legislation" (Rules) in 1998. These Regulations provide the framework and procedure of the Competitive Authority to comply with the

competition legislation, to conduct investigations, to investigate the violations, to set up a commission to consider the case, to examine the proceedings, to make decisions on the case and to execute those decisions.

In 1997, the Law on Advertising was adopted and the control over the implementation of this law was entrusted to the Antimonopoly Body.

The Constitution and The Civil Code of the Republic of Azerbaijan, provides for the impermissibility of monopolistic activity and unfair competition in civil relations, and the Criminal Code of the Republic of Azerbaijan, which envisages criminal liability for monopolistic acts, unfair competition and restriction of competition.

All of this has created a legal basis for the implementation of anti-monopoly policies, along with the importance of establishing and improving the legislative framework in the field of competition protection.

In 2001, the functions of the Anti-Monopoly Policy and Protection of Consumer Rights were assigned to the functions of the Ministry of Economic Development and implemented by the Anti-Monopoly Policy Department of the Ministry.

In 2009, the competitiveness body was reorganized by the State Service for Antimonopoly Policy and Consumer Protection under the Ministry of Economic Development of the Republic of Azerbaijan (State Service).

In 2016, the State Service has become also responsible for overseeing the public procurement legislation.

The Anti-Monopoly Body has been actively involved in liberalizing the economy, reforming to develop competition, building healthy competition and free entrepreneurship, and implementing measures aimed at eliminating barriers to existing governance.

Today, the State Service's activity can be divided into the following major areas for its practical significance:

- Implementation of anti-monopoly policy, development and protection of competition, prevention and elimination of monopoly activity and unfair competition;
- implementation of state control over legislation in the field of protection of consumers' rights;
- state control over observance of legislation in the field of regulation of natural monopolies and state monopoly services;
- implementation of state control over the legislation in the field of public procurement.
- State control over the compliance with advertising legislation and prevention of illegal advertising.

At present, the structure of the State Service is organized in accordance with the tasks entrusted to it and the number of staff members is 199 and 120 of them are economists and 10 are lawyers. There are eight regional divisions in the structure of the State Service, in addition to the central office. The financing of the State Service is carried out at the expense of the funds allocated in the separate Article in the State Budget of the country.

I would like to mention some of the works implemented by the Competition Authority:

1. The Competition Authority builds its activity in the fights against the prevention and elimination of dominant position in the market, control on mergers, fight against horizontal agreements that restrain competition (cartel agreements).

Prevention and elimination of unfair competition, control over the compliance of the activities of natural monopoly subjects with the legislation are other directions of The Competition Authority 's activities.

The Competition Authority carries out investigations and inspections in the above mentioned directions, makes legislative enactments on signs of violations and makes decisions on the outcome of those cases. A special committee, established in The Competition Authority, collectively monitors the work on the signs of violation of the anti-monopoly legislation and makes decisions independently. In accordance with the decisions taken, instructions on elimination of violations of law and application of liability measures are issued.

Among the measures taken by The Competition Authority, I would like to emphasize the prevention of high-level tariffs of the mobile service providers as a result of the abuse of dominant position in market, the elimination of an agreement on the establishment of high monopoly prices for chicken and egg producers, elimination of high monopoly prices in the soft drinks market, prevention of the use of high (monopoly) tariffs for the services of fixed landline operator and cooperation with the CIS competitiveness bodies to reduce roaming tariffs. Implementation of these measures has resulted in important social outcomes for serving the interests of a wide range of consumers and market participants. In addition, monitoring and analysis in commodity markets that experience significant price fluctuations have made it possible to prevent unreasonable prices, and illegal movements that could limit competition in different periods.

2. Reliable protection of consumers' rights, protection of consumer market from poor and dangerous goods is one of the main tasks facing The Competition Authority. A number of measures are being taken to implement this task. The Competition Authority conducts inspections in this field in accordance with the legislation on protection of consumers' rights and independently examines administrative cases concerning violations of law, makes decisions on elimination of violations and imposes penalties. The Competition Authority also prevents the sale of products sold on the basis of a breach of law and makes according decision either to recycle or destruct those products.

Given the great importance of awareness-raising on consumers' rights protection, in recent years, The Competition Authority has organized numerous conferences and seminars with the participation of consumers and entrepreneurs, training courses on these issues, prepared booklets and other visual aids on various topics, distributed them amongst the media, numerous educational materials have been published in the media, moreover, special TV broadcasts and educational shortcasts

have been published. Additionally, educational information has been sent to the emails of more than 560,000 Internet users.

It should be noted that, in the context of modern globalization, the importance of cooperation in the field of competition law among the countries of the region has increased. Of course, in the practice of international associations such as the European Union (EU-EU), North American Free Trade Agreement (NAFTA), Asia-Pacific Economic Cooperation (APEC), Interstate Economic Union of South American States (MERCOSUR) and the Union of Independent States, competitiveness bodies have achieved significant results. At the same time, preparation of legislative documents and methodological recommendations related with the cooperation of the competitiveness bodies in the activities of the Organization for Economic Cooperation and Development (OECD), the United Nations Conference on Trade and Development (UNCTAD), World Trade Organization (WTO), World Bank (WB), International Monetary Fund (IMF) and other international economic organizations is of particular importance. Developing cooperation through analyzing and learning all these experiences will help to achieve significant results in the field of protection of competition. In the 80's and 90s of the last century, this cooperation implemented more of adaptation and exchange of experience of competition law, however, in the last 10-15 years, the information exchange between the competitiveness bodies, agreed (coordinated) parallel measures or joint investigations and cooperation in the form of general decision-making is of greater importance. The abovementioned forms of cooperation play undeniable role in both the developed countries and the developing countries in increasing the effectiveness of the application of competition law. Especially the fight against international cartels, the protection and development of competition in trans-border commodity markets, implementation of parallel measures to fight against unfair competition, and improving the mechanism for controlling the mergers under the trans-national treaties are more important in the development of cooperation and increasing the efficiency of practical measures.

Thank you for your attention!