Georgian Competition and Consumer Agency

NEWSLETTER

#01 JANUARY - MARCH | 2024

THE GEORGIAN COMPETITION AND CONSUMER AGENCY CONTRIBUTES TO THE COUNTRY'S ECONOMIC PROGRESS BY CREATING A FAIR BUSINESS CLIMATE, BUSINESS COMPETITIVENESS, AND EFFECTIVELY ENFORCING CONSUMER RIGHTS.

Georgian Competition and Consumer Agency

www.gcca.gov.ge

AMENDMENTS IN LEGISLATION

Funded by the European Union

Starting from 2024, the law of Georgia on electronic commerce was fully implemented. This law aims to ensure the protection of consumer rights in the e-commerce process. It also defines the rights and obligations of intermediate service providers, such as the trading platform and etc.

For more: https://gcca.gov.ge/index.php?m=372&news_id=1431

USAID FROM THE AMERICAN PEOPLE

Human & Institutional Capacity Development

Georgian Competition and Consumer Agency

THE GEORGIAN COMPETITION AND CONSUMER AGENCY'S INTERNAL STRUCTURAL REFORM HAS BEEN COMPLETED.

As per the adopted changes:

- The Agency Chairman will have only one deputy instead of two.
- A new structural unit, a training and research center, has been created to implement training projects for both internal and external parties.
- The communication department has been strengthened both internationally and locally.
- The Agency has established a call center to effectively respond to and monitor incoming calls.
- The internal audit functions have been improved
- The functions and directions of the administrative and financial, strategic markets, economic competition, and anti-dumping departments were enhanced and clarified.
- The Department of Consumer Rights Protection has new functions in connection with the implementation of the Law of Georgia on "Electronic Commerce."

THE GEORGIAN COMPETITION AND CONSUMER AGENCY EXECUTES

- LAW OF GEORGIA ON COMPETITION
- LAW OF GEORGIA ON THE INTRODUCTION OF ANTI-DUMPING MEASURES IN TRADE
- LAW OF GEORGIA ON THE PROTECTION OF CONSUMER RIGHTS
- LAW OF GEORGIA ON ELECTRONIC COMMERCE

AN INVESTIGATION ON THE ONLINE CINEMA TICKET SALES MARKET HAS BEEN COMPLETED

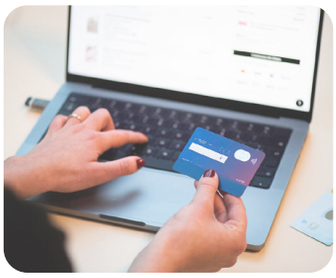
The Georgian Competition and Consumer Agency completed an investigation on the online sale of cinema tickets and established an infringement of Article 7 of the Law of Georgia on Competition (Restrictive agreements). According to the Agency's decision, both the appellant and the respondent parties - three companies were fined more than 1.6 million GEL.

In particular:

- A single economic entity - "Distribution Company" ("Distribution Company", "Cavea Saburtalo" LLC, "Cavea Gallery" LLC, "Cavea Tbilisi Mall" LLC, "Rustaveli Holding Cinema" LLC, "Amirani" LLC, "Apollo Batumi" LLC) - 1 120 562 GEL
- "Tnet" LLC (100% shareholder TBC Bank Group PLC) - 544,328 GEL
- To "El.Biletebi" LLC (complainant) - 5,368 GEL

To enhance the online sales market for tickets for cultural, entertainment, creative, sports, leisure, and tourism, as well as educational, transport, and other products/services, three mandatory recommendations have been issued for consideration.

For more: https://gcca.gov.ge/index.php?m=372&news_id=1429&lng=eng



THE AGENCY HAS LAUNCHED AN INVESTIGATION INTO THE E-COMMERCE MARKET

The case concerns an alleged infringement of Article 7 of the Law of Georgian on Competition (Restrictive agreements). In particular, discounts were exclusively offered to "Mastercard" cardholders when selling specific products on the "Tineti"'s web-portal - - www.swoop.ge. Accordingly, the Agency started investigating the alleged violation against the branch of the foreign enterprise "Mastercard Representation of Georgia" and LLC "Tineti".

The information regarding the alleged violation was provided to the Agency by the company "Reshenal Solutions" (www.hotsale.ge). Later, the company withdrew its complaint, however, based on the factual circumstances described in it and the attached evidence, reasonable doubt arose regarding the fact of the alleged violation. Accordingly, the agency, on its own initiative, started to investigate the case

For more: https://gcca.gov.ge/index.php?m=372&news_id=1455&lng=eng

THE AGENCY HAS INITIATED AN INVESTIGATION INTO EIGHT COMPANIES OPERATING IN THE PHARMACEUTICAL SECTOR

The case is related to imposing, directly or indirectly, unfair purchase or selling prices or other unfair trading conditions under Article 6 of the Law of Georgia on Competition.

As part of the preliminary investigation, the Agency determined the market share of the 20 drug importing companies in concern at the import level of the relevant market between 2020 and 2023.

After reviewing the available information, it was found that 8 importing companies have a dominant position (exceeding 40% of the relevant market) in the case of 14 specific medicines.

As part of the investigation, the Agency will assess the dominant position of the defendant companies and the high markup as an unfairly high price.

For more: https://gcca.gov.ge/index.php?m=372&news_id=1446&lng=eng

THE AGENCY DID NOT CONSIDER THE COMPLAINT OF "SKA GROUP"

In the complaint, the applicant pointed to the alleged unfair competition on the part of "Dro Health". The complainant took advantage of the right granted to him by the legislation of Georgia and withdrew the complaint submitted to the Agency.

For more: https://gcca.gov.ge/index.php?m=372&news_id=1461

Leaving the complaint unconsidered does not deprive the individual of the right to apply to the Georgian Competition and Consumer Agency on the same subject of the dispute, requesting that the issue be investigated on the same basis.

Leaving the complaint unconsidered does not waive the Agency's right to use the material given prior to filing the complaint to conduct an inquiry on its own initiative.

INADMISSIBILITY DECISIONS

ACCORDING TO THE AGENCY'S DECISION, AT THE ADMISSIBILITY STAGE OF THE CASE, IT WAS ESTABLISHED THAT THERE WAS NO REASONABLE SUSPICION OF A BREACH OF THE LAW. IN THE DESCRIBED CONDITIONS, THERE IS NO VIOLATION OF COMPETITION LEGISLATION. AS A RESULT, THE AGENCY CONSIDERED IT INAPPROPRIATE TO INITIATE AN INVESTIGATION:

- On the complaint of "Delta Development Group" - https://gcca.gov.ge/index.php?m=372&news_id=1459
- On the complaint of "Suntrade" - https://gcca.gov.ge/index.php?m=372&news_id=1447
- On the complaint of "Denk Pharma Caucasus" - https://gcca.gov.ge/index.php?m=372&news_id=1481
- On the complaint of "Metromart" - https://gcca.gov.ge/index.php?m=372&news_id=1464
- On the complaint of "Enso Group" - https://gcca.gov.ge/index.php?m=372&news_id=1463

MONITORING

STARTED 01

COMPLETED 01

ONGOING 03

TOBACCO MARKET MONITORING HAS STARTED

The Georgian Competition and Consumer Agency, based on the address of the local industry, started monitoring the tobacco market. Within the framework of monitoring, the Agency will assess the quality of the competitive environment, market concentration, the Herfindahl-Hirschman index, market volume, eundertakings participating in the market, market shares, and etc. in the tobacco product market.

For more: https://gcca.gov.ge/index.php?m=372&news_id=1434&lng=eng

LIQUID AND NATURAL GAS MARKET MONITORING HAS COMPLETED

The Agency assessed the competitive environment at the retail level for natural gas and the import and retail sales levels for liquid gas. Additionally, the Agency conducted a detailed study of the pricing strategies of companies operating in the retail market and identified the main factor influencing the cost of the product. The results of the monitoring, conducted between 2019 and 2022, showed that the changes in the price of both liquid and natural gas in the retail market were determined by market factors. Moreover, the change in retail price was found to be correlated with the main factor influencing it.

The natural and liquid gas markets do not have a single dominant economic player, and there is no indication of group dominance. The concentration index of the market, which considers the share of large companies, the number of small companies operating in the market, and their total percentage share, is characterized by a tendency to decrease.

For more: https://gcca.gov.ge/index.php?m=372&news_id=1437&lng=eng

AUTO FUEL MARKET MONITORING
INTERIM REPORT -2023 DATA

54 undertakings imported 1,541,612 thousand litres of gasoline and diesel into the nation. The three largest importing undertakings account for 54% of all imports, with five importers for 67%. The dominating undertaking is not determined by the volume of market imports. Furthermore, one of the components necessary for group dominance in the form of market shares is lacking.

The largest volume of fuel was imported from the Russian Federation – 62.5%, followed by Romania – 15.3% and Bulgaria – 9.4%. According to the Agency's assessment, the market's import level is moderately concentrated.

In 2023, 378 companies were running a total of 1194 gas stations in the retail market. The Herfindahl Hirschman index, which measures market concentration, was at 1107 units, indicating a low-concentration market. At the retail level, the three largest companies held a combined market share of 50.8%, while the top five companies held a share of 66.2%.

For more: https://gcca.gov.ge/index.php?m=372&news_id=1449&lng=eng

NUT MARKET MONITORING
INTERIM REPORT

According to the interim report, the biggest volume of nut exports was recorded in 2021, totaling 365.6 million GEL. The export value was reduced in 2022 and 2023, from 276.8 million to 218.2 million GEL.

The total share of five significant enterprises did not exceed 47%, there is no dominating undertaking in the market, and one of the necessary conditions for group dominance in the form of market shares does not exist.

The country exports nuts in both shelled and unshelled form. Shelled nut exports accounted for 68-81% of total exports in 2020-2023. The majority of exports are carried out in Italy (32%) and Germany (20%).

For more: https://gcca.gov.ge/index.php?m=372&news_id=1462&lng=eng

BLUEBERRY MARKET MONITORING
INTERIM REPORT

According to the Agency's interim assessment, approximately 50 enterprises shipped blueberries from Georgia between 2020 and 2023. The Russian Federation accounts for more than 90% of total exports. In 2020-2022, the market's export level is low-concentrated, and in 2023, the index rises to the level of a moderately concentrated market.

The amount of blueberries exported from the country is increasing, in particular, in 2020, the total volume of exports was 654.9 tons, and in 2023, the rise was 500% – 3412.8 tons. Along with the quantitative indicator, the total value of exported blueberries has increased. In particular, 11.3 million GEL of blueberries were exported in 2020, 17.5 million GEL in 2021, 23.8 million GEL in 2022, and 53.9 million GEL in 2023 (a 475% increase).

During the study period, the total export market share of five major companies ranged from 43% to 65%. There is no fixed dominant undertaking in the market, and also, one of the necessary conditions for group dominance in the form of market shares does not exist.

For more: https://gcca.gov.ge/index.php?m=372&news_id=1460&lng=eng

MECHANISMS FOR PROTECTION OF CONSUMER RIGHTS AND OBTAINED RESULTS

THE FIRST NATIONAL STRATEGY DOCUMENT FOR THE PROTECTION OF CONSUMER RIGHTS

In the Georgian Competition and Consumer Agency, within the framework of public consultations, the first national strategy document for the protection of consumer rights was discussed. The meeting was attended by representatives from the GCCA, National Bank of Georgia, the National Energy and Water Supply Regulatory Commission of Georgia, the Communications Commission, the National Food Agency and the State Insurance Supervision Service of Georgia, as well as representatives from non-governmental organizations and business associations.

The document outlines, for the period of 2024-2026, the goals and objectives of the consumer rights protection policy, existing challenges faced by various stakeholders, and the steps required to achieve a high level of consumer protection in Georgia.

For more: https://gcca.gov.ge/index.php?m=372&news_id=1453

THE GEORGIAN COMPETITION AND CONSUMER AGENCY'S NEWSLETTER REGARDING ITS ACTIVITIES WAS PUBLISHED ON THE INTERNATIONAL CONSUMER PROTECTION AND ENFORCEMENT NETWORK (ICPEN) WEBSITE

ICPEN is a global network of consumer protection authorities from over 70 nations and member organizations worldwide. The organization's purpose is to improve collaboration among member agencies and promote consumer rights by sharing best practices and resources.

For more: https://gcca.gov.ge/index.php?m=372&news_id=1450

A STANDARD FOR INDICATING THE TOTAL PRICE IN THE FOOD SERVICE SECTOR HAS ESTABLISHED

The Agency has established a standard for total prices in the food service sector, in order to protect the interests of consumers. According to the Agency's decision this standard requires all traders to provide the reference food menu in a clear and understandable manner, to make changes to the reference (food) menu and to provide the consumer with information about the ultimate or total price of the goods, which includes VAT and any other taxes, including service tax.

For more: https://gcca.gov.ge/index.php?m=372&news_id=1451&lng=eng

TO PROTECT CONSUMER RIGHTS, THE AGENCY FINED TRADERS FOR FAILING TO MEET THEIR OBLIGATIONS

- Ltd "Pharmacy" 4269.7 GEL
- "Pixel Touch" 11,859.5 GEL
- LLC "Deme" -2,031.45 GEL
- Ind. Entrepreneur Andrei Kharbedia 600 GEL
- Ind. Entrepreneur Victoria Kvintradze 600 GEL
- Ind. Entrepreneur Maria Kalustian - 600 GEL
- LLC "Daria" - 1 088.27 GEL
- Ind. Entrepreneur Vladislav Kiriakov - 600 GEL
- Ind. Entrepreneur Alexander Vasilev - 600 GEL
- LLC "Invest in Georgia" - 1,789.22 GEL
- LLC "Harvident" - 600 GEL
- LLC "Grill Food" - 600 GEL
- Trader Lasha Javshanashvili - 600 GEL

THE IMPOSITION OF THE PENALTY SHALL NOT RELEASE THE TRADER FROM THE OBLIGATION TO EXECUTE THE DECISION OF THE AGENCY.

AFTER CONFIRMING THE VIOLATION, THE AGENCY INITIATES THE PENALTY PROCEDURE WHEN A COMPANY FAILS TO FULFILL ITS OBLIGATIONS IN TERMS OF PROTECTION OF CONSUMER RIGHTS.

THE COMMITMENT AGREEMENT WAS SIGNED WITH

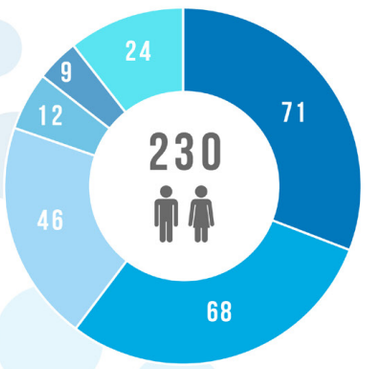
www.mihouse.ge
https://gcca.gov.ge/index.php?m=372&news_id=1439

"Embawood Georgia"
https://gcca.gov.ge/index.php?m=372&news_id=1469

The commitment agreement reached between the trader and the Agency means that, during the case study, the trader agreed to change the internal policy of the activity, comply with the relevant articles of the law, and restore the rights of those consumers who were allegedly damaged as a result of its trading policy. According to the agreement, a specific period will be determined for the trader to fulfill the obligations.

CONSUMER RIGHTS PROTECTION - OUTCOME REPORT

- 230 COMPLAINTS WERE RECEIVED FROM JANUARY TO MARCH
- 1023 INCOMING CALLS
- 31 CONDITIONAL OBLIGATION (34 CASE)
- 9 BREACH WAS ESTABLISHED (17 CASE)
- 13 IMPOSED PENALTY (14 CASE)



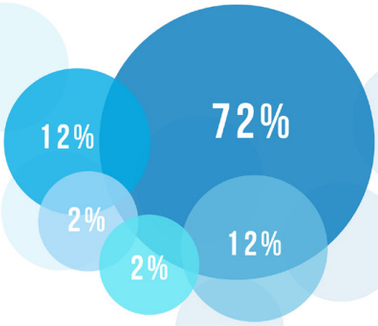
CONSUMER DEMANDS

71	REPAIR/REPLACEMENT OF THE GOODS NOT IN CONFORMITY WITH THE CONTTRACT
68	RETURN OF THE MONEY
46	RESTORATION OF RIGHT IN CASE OF DEFECTIVE SERVICE
12	UNCONDITIONAL RETURN OF GOODS
9	ON TIME DELIVERY
24	OTHER DEMANDS

SECTOR

ONLINE PURCHASES — OFFLINE PURCHASES

REGION



72%	WHOLESALE TRADE
12%	TRANSPORTATION AND STORAGE
2%	ARTS, ENTERTAINMENT AND RECREATION
2%	CONSTRUCTION
12%	OTHER SECTORS

JANUARY-MARCH 2024

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INFORMATION ON THE INSIGNIFICANT AMOUNT OF INDIVIDUAL STATE AID

IN 2023, 166 UNITS OF INSIGNIFICANT AMOUNT OF INDIVIDUAL STATE AID WAS ISSUED IN GEORGIA AMOUNTED TO 8 337 803 GEL.

TBILISI MUNICIPALITY, IN 2023, REMAINS THE LARGEST PROVIDER OF AN INSIGNIFICANT AMOUNT OF INDIVIDUAL STATE AID, AFTER THE AUTONOMOUS REPUBLIC OF ADJARA AND OZURGETI MUNICIPALITY. THE MAIN PART OF THE ASSISTANCE IS FINANCIAL, EXEMPTION FROM CONTRACTUAL OBLIGATIONS.

IN 2022, AN INSIGNIFICANT AMOUNT OF INDIVIDUAL STATE AID TOTALED 3,010,036 GEL, AND IN 2021, 14,744,673 GEL, WHICH IS 22% MORE THAN THE SAME INDICATOR OF 2020.

For more: https://gcca.gov.ge/index.php?m=372&news_id=1468

JANUARY - MARCH | 2024 GEORGIAN COMPETITION AND CONSUMER AGENCY

CONTROL OF CONCENTRATIONS IMPLEMENTED WITH PRIOR MANDATORY NOTIFICATION

IN 2024, THE GEORGIAN COMPETITION AND CONSUMER AGENCY HAS APPROVED 5 CONCENTRATIONS.

In the first quarter of 2024, 23 983 138 concentrations of undertakings were registered in Georgia. According to the identified data, in 23 968 cases, the annual turnover of the parties participating in the registered concentrations did not meet the criteria necessary for the origination of the obligation of prior notification in the part of the joint income. 15 cases met the criteria, however, 12 of them fell under the exceptions defined by the competition law. As for 3 cases, according to the data gathered, there was probably an obligation to notify the Agency regarding the concentration in prior. Accordingly, the Agency started proceedings against the mentioned undertakings. The case concerns the mineral processing and distribution and trading sectors.

IN 2024, THE GEORGIAN COMPETITION AND CONSUMER AGENCY APPROVED 5 CONCENTRATIONS

IN THE BEER AND NON-ALCOHOLIC BEVERAGES SECTOR

https://gcca.gov.ge/index.php?m=356

IN THE OIL PRODUCTS RETAIL AND WHOLESALE TRADE SECTOR

https://gcca.gov.ge/index.php?m=356

IN THE EDUCATIONAL SECTOR

https://gcca.gov.ge/index.php?m=356

IN THE EDUCATIONAL SECTOR

https://gcca.gov.ge/index.php?m=356

IN THE INSURANCE SECTOR

https://gcca.gov.ge/index.php?m=356

LOCAL AND INTERNATIONAL COOPERATION FORMATS

The II International Consumer Rights Protection Week was held from March 11 to March 15. The event was being organized in collaboration with several important entities, including the Competition and Consumer Agency, the National Bank of Georgia, the National Energy and Water Supply Regulatory Commission of Georgia, the Communications Commission, the State Insurance Supervision Service of Georgia, and the National Food Agency.

An opening event was scheduled for March 11th at Pullman Hotel in Tbilisi. During the event, the six regulatory bodies responsible for consumer rights protection reviewed the results, challenges, and enforcement mechanisms related to consumer rights protection.

As part of the week, meetings was held with consumers on March 12 in Gurjaani, March 14 in Kutaisi, and on March 15 - which is International Consumer Protection Day - in Batumi. The main objective of this week, which was planned for March 11-15, was to raise public awareness regarding consumer rights.

During the week, several events were planned where the first persons of regulatory bodies, members of parliament, central and regional government officials, business leaders, academic professionals, and non-governmental sector representatives participated. To share international practices, the event also attended by representatives from the European Union, UNCTAD, the diplomatic corps, and the Lithuanian Consumer Rights Protection Agency.

AS PART OF THE EVENT, THERE WAS A PRESENTATION OF THE BOOK TITLED "EUROPEAN AND GEORGIAN PRACTICE OF CONSUMER PROTECTION."

Online version of the book - https://gcca.gov.ge/uploads_script/user_rights/tmp/php4nUbXJ.pdf

Natia Turnava and Irakli Lekvinadze signed a memorandum of cooperation
https://gcca.gov.ge/index.php?m=372&news_id=1474

Irakli Lekvinadze delivered a speech at the Heads of Agency Meeting in Hungary at the invitation of the OECD-GVH RCC
https://gcca.gov.ge/index.php?m=372&news_id=1484

Salome Kavtaradze, Head of Legal Department of the Georgian Competition and Consumer Agency, participated in the 22nd International Conference on Competition, hosted by the Bundeskartellamt
https://gcca.gov.ge/index.php?m=372&news_id=1465

The eighth meeting of the steering committee was held in the frame of the EU-funded Twinning Project
https://gcca.gov.ge/index.php?m=372&news_id=1471

Sergo Sanikidze, the Head of the Consumer Rights Protection Department, participated in a training program in Netherlands
https://gcca.gov.ge/index.php?m=372&news_id=1470

Employees of the Competition and Consumer Agency participated in the OECD-GVH RCC workshop in Spain https://gcca.gov.ge/index.php?m=372&news_id=1448

Irakli Lekvinadze published an article on the results obtained in the direction of competition and consumer protection in the Newsletter of the OECD-GVH RCC https://gcca.gov.ge/index.php?m=372&news_id=1444

Irakli Lekvinadze met with Jurga Greičienė, the Vice-Minister of Justice of the Republic of Lithuan https://gcca.gov.ge/index.php?m=372&news_id=1441

Irakli Lekvinadze met with media representatives alongside his foreign colleagues https://gcca.gov.ge/index.php?m=372&news_id=1442

With the joint cooperation of the GCCA and TWINNING project an extended working meeting was held for the Agency's employees https://gcca.gov.ge/index.php?m=372&news_id=1454

The Agency representatives met with pupils from the 132nd school to discuss consumer rights protection issues https://gcca.gov.ge/index.php?m=372&news_id=1467

SIGNIFICANT CASES IMPLEMENTED IN THE DIRECTION OF COMPETITION POLICY INTERNATIONAL REVIEW

The UOKiK has charged the Wizz Air with violating the collective interests of consumers https://archiwum.uokik.gov.pl/aktualnosci.php?news_id=20280

The Competition Authority of Portugal has fined five companies with a total fine of €6,889,300 for engaging in a cartel related to public procurement for teleradiology services to hospitals and hospital centers across Portugal https://www.concorrencia.pt/en/articles/adc-sanctions-cartel-hospital-tenders

The Competition Council of Republic of Latvia fines the Motor Insurers' Bureau of Latvia (LTAB) EUR 336,086 for anti-competitive practices https://www.kp.gov.lv/en/article/cc-fines-ltab-unjustified-membership-fees

The Australian Competition and Consumer Commission- Dreamscape Networks International Pte has paid $56,340 in penalties after the ACCC issued it with three infringement notices for allegedly making false or misleading representations https://www.accc.gov.au/media-release/web-hosting-business-pays-penalties-for-alleged-ly-misleading-customers-about-%E2%80%98free-gifts%E2%80%99

Apple reportedly faces €500m fine from EU over music streaming access - https://www.theguardian.com/business/2024/feb/19/apple-faces-possible-500m-fine-from-eu-over-music-streaming-access

The Australian Competition and Consumer Commission- Mazda have to pay $11.5m for misleading consumers https://www.accc.gov.au/media-release/mazda-to-pay-115m-for-misleading-consumers-about-consumer-guarantee-rights-for-serious-vehicle-faults-0

Italian Competition Authority- 7 million euro fine imposed on BRITISH AMERICAN TOBACCO and Amazon for the misleading advertising https://en.agcm.it/en/media/press-releases/2024/2/PS12524

European Commission finds that online influencers rarely disclose commercial content https://ec.europa.eu/commission/presscorner/detail/en/ip_24_708

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