



State Service for Antimonopoly and
Consumer Market Control
under the Ministry of Economy
of the Republic of Azerbaijan

Competition in Azerbaijan

Institutional Reforms & Transformation Projects
AmCham Members' meeting

June 2, 2022

HISTORIC TIMELINES



23.06.1992

23.10.2019

2022

The State
Committee for
Antimonopoly
Policy and
Entrepreneurship
Support is
established

The antitrust
authority has
undergone several
organizational
reforms

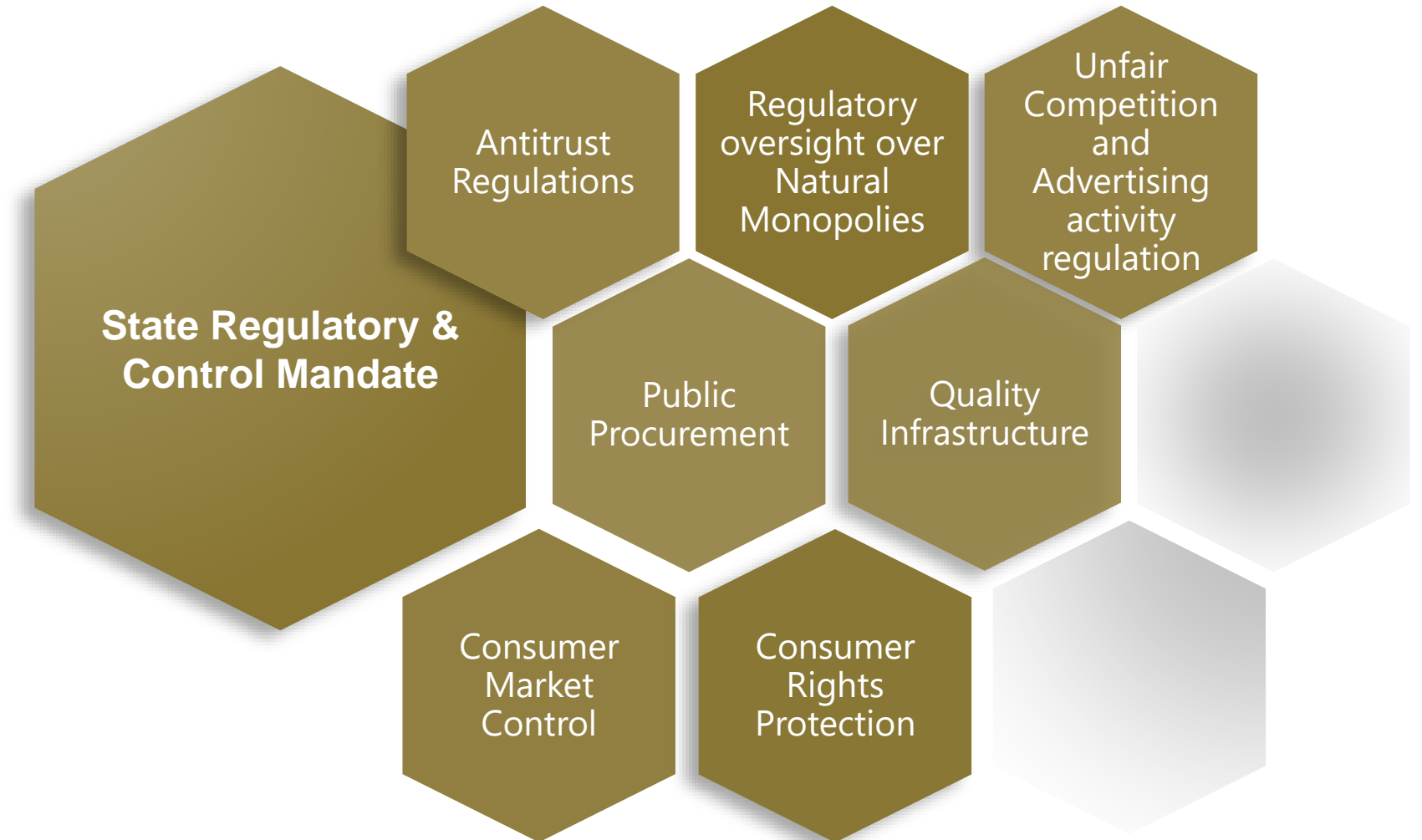
The SSACMC is
established as structural
division of the Ministry
of Economy (also
incorporating Quality
Infrastructure division)

30th anniversary of
establishment of the
national antimonopoly
authority

REGULATORY MANDATE



The charter of the State Service was approved by the Decree of the President of the Republic of Azerbaijan dated May 12, 2020





1. VISION FOR THE FUTURE

VISION

**SUSTAINABLE ECONOMIC GROWTH
THROUGH LIBERAL ECONOMIC
POLICY & FREE MARKET ECONOMY**

MISSION

fostering a **FAIR, FREE &
COMPETITIVE BUSINESS
ENVIRONMENT** for an efficient and
unimpeded operation of all market
participants

REGULATORY OBJECTIVES

- consumer-centric ecosystem
- **fair competitive business environment**
- open and equal access to markets
- fostering **competitive neutrality in markets with direct state participation** (neutralizing effects of SOEs on business environment)
- **transparent and efficient public procurement system**
- focus on **quality as a competitiveness enabler**

MODUS OPERANDI

- continued **institutional reforms**
- **efficient, result-oriented regulatory oversight**
- **innovations** through **digitalization**

2. FUNCTIONAL FOCUS



Restraint on competition and anti-competitive conduct



focus on

- **anti-competitive agreements** and practices
- misuse of **market dominant position**
- predatory pricing
- price gauging

Activity of natural monopolies



- oversight of investments** and **certain activities** of natural monopolies
- to prevent potential negative effects on competition and violation of consumer rights

Efficiency and transparency in public procurements



- control over **public procurements process**
- ensuring transparent & efficient investments of public funds to the national economy;
 - indirect fostering of competitive business environment

Quality-centric competitiveness



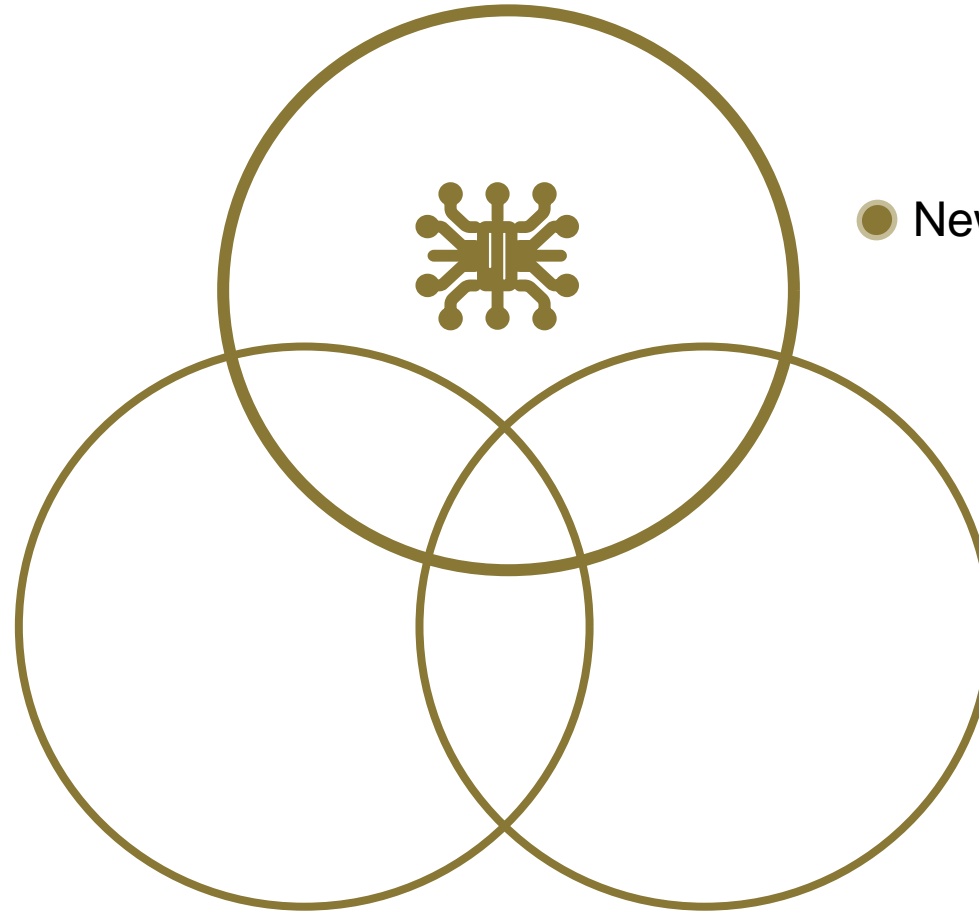
- improving competitiveness of local producers
- through **focus on product & organizational quality systems**, and safeguarding interests & safety of consumers

3. INSTITUTIONAL REFORMS



Regulations / Legislation

Legislative initiatives to encompass new trends, approaches and applications in the areas of competition, public procurement control, quality infrastructure, consumer market control and consumer rights protection



Governance / Regulatory Efficiency

- New structure of the State Service
 - Internal processes
 - Digital applications

Optimization

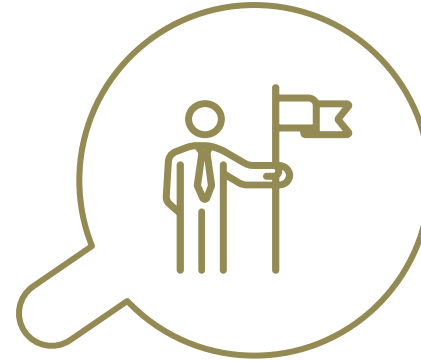
- International cooperation
 - Trainings
 - Communications
 - Human Capital



4. ANTIMONOPOLY LEGISLATION OPTIMIZATION

COMPETITION CODE

In accordance with international practice, a Competition Code draft has been developed

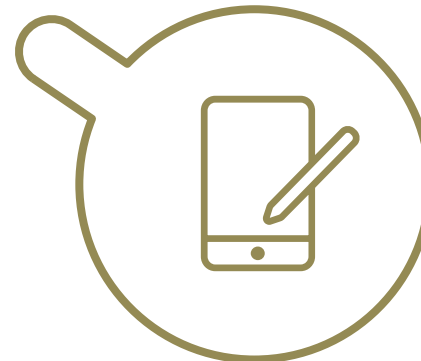
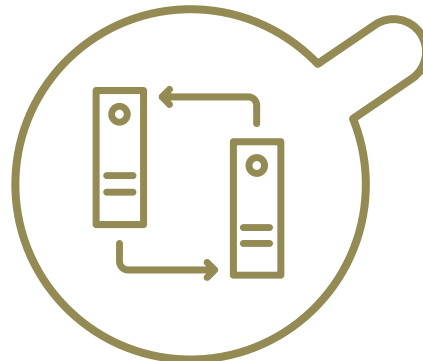


National Strategic Program

Taking into account the international experience and the peculiarities of the domestic market, the preparation of the draft National Strategic Program “On the development of competition and prevention of monopolistic activities” has begun

Domestic Trade

A preliminary draft of the Law of the Republic of Azerbaijan “On Trade Activity”, has been prepared



Digital Competition Portal

Work has begun on the creation of a digital competition portal, which will provide more optimized and transparent control over violations of competition law and will increase the participation of market entities in the process.

5. NATURAL MONOPOLIES CASES



“AZƏRİŞIQ” OJSC

- It has been determined **that the cost of installing meters** in multi-story buildings **was required from the consumers**.
- It was instructed to provide consumers with electricity meters in accordance with the law at the expense of the Joint Stock Company.



“AZƏRİQAZ” PU

- It was determined that **a new gas meter required to be installed to replace the used gas meters** in business entities.
- “Azəriqaz” PU was instructed and as a result, paragraph 4.8 of the "Technical conditions for the supply of gas" was canceled by “Azəriqaz” PU.



“AZƏRSU” OJSC

- It has been determined that the **cost of meters** in multi-story buildings **required to be paid by the consumer**.
- “A case has been filed against “Azərsu” OJSC.

5.1 NATURAL MONOPOLIES CASES



● "AZERBAIJAN AIRLINES" CJSC

- During the examination of the paragraphs of the Rules of Carriage of Passengers', Luggage and Cargo, it was found that there are **different rules in relation to consumers and terms of the contract that are not favorable for the passengers.**
- Meetings were held with the representatives of "Azerbaijan Airlines" CJSC. Discussions were conducted and amendments were made to the Rules on 4 issues.

● "AZERBAIJAN RAILWAYS" CJSC

- A lawsuit has been filed against Azerbaijan Railways under antitrust law over the lease of wagons (fixed assets), railway transportation, as well as the application of tariffs and discounts, and an investigation is underway.

● "SOCAR PETROLEUM" CJSC

- An investigation was carried out by the State Service regarding the non-delivery of oil products purchased from "SOCAR PETROLEUM" CJSC to the buyer's address.
- A lawsuit was filed against the CJSC. CJSC was instructed to bring the terms of the contract in line with the requirements of antitrust law.

● "AZTELEKOM" LLC

- "Aztelekom" LLC was informed about the need to adopt general rules for access to the network of private providers in this area, need for clear and equal terms of lease and determination of lease tariffs.

6. OPTIMIZATION OF PUBLIC PROCUREMENTS SYSTEM



Increasing the volume of e-procurement

The quotation request procedure is fully electronic and available from December 27, 2021



Reduction of participation fees

As a result of the reduction of participation fees in procurement, participation in procurement has become more accessible for entrepreneurs.



Draft of new "Public Procurements" legislation

Efficient and economical use of public funds aims to increase transparency in public procurement.



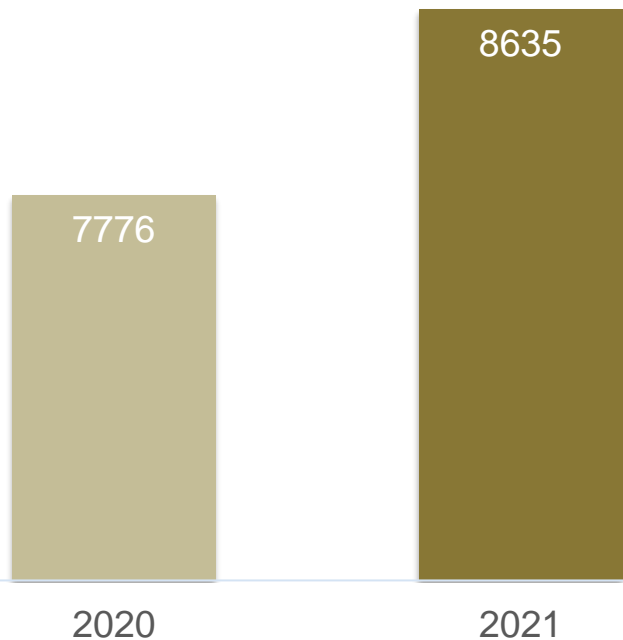
Etender.gov.az portal optimization

- Functional improvements have been made to the portal.
- The list of government agencies (institutions) to be integrated into the portal has been determined.

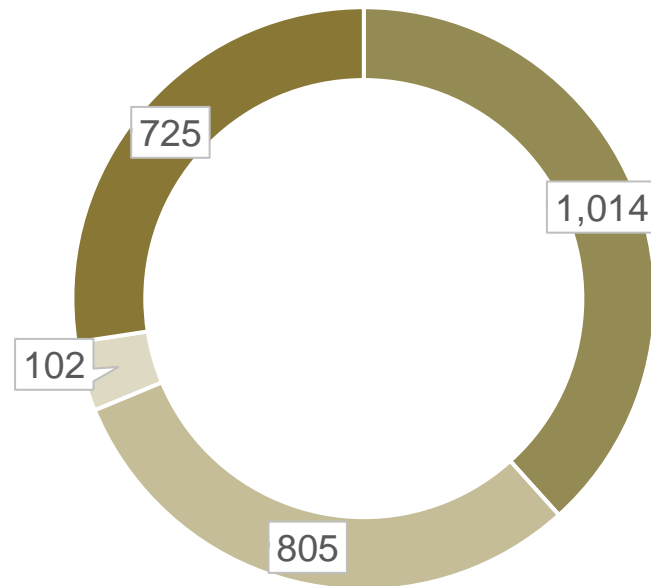
6.1 PUBLIC PROCUREMENTS STATISTICS



Competitive Procurement
(number)



Competitive Procurement
(mln manat)



- Tender (paper-based)
- Tender (electron)
- Requests for quotations
- Requests for proposals

Share of e-procurement
13,4%

Share of micro, small and
medium enterprises in
procurement
95 %

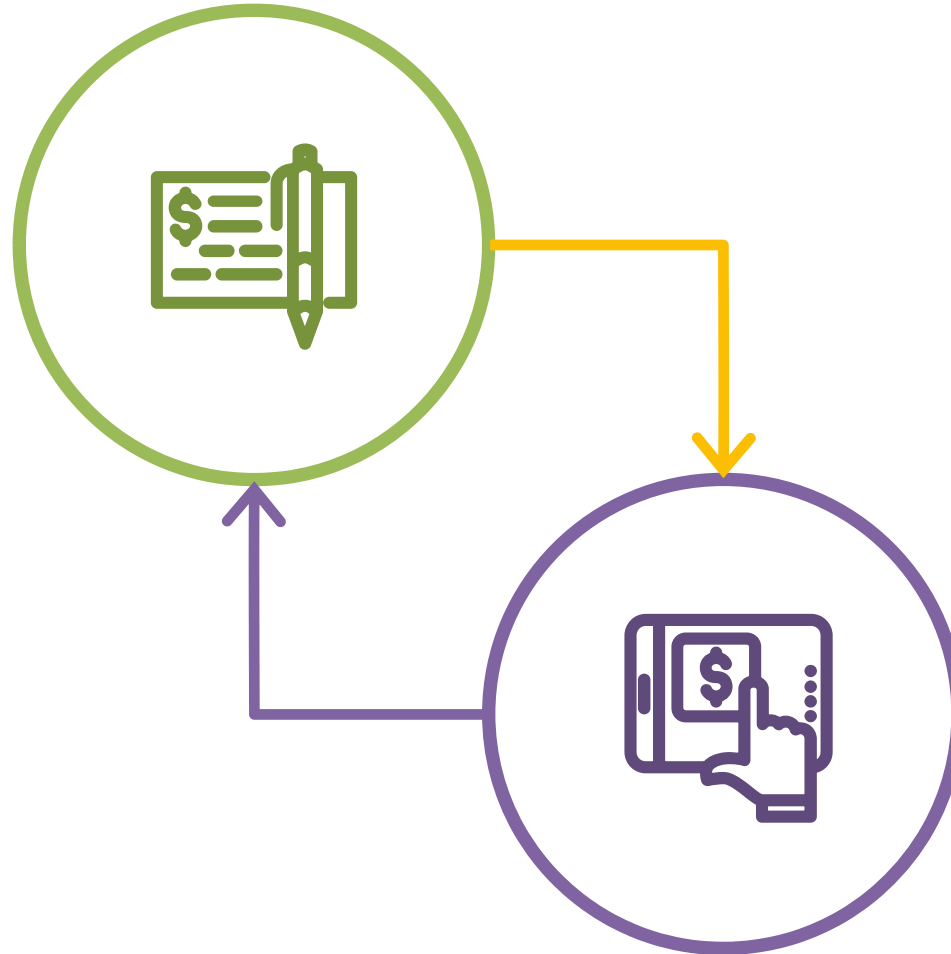
6.2 PUBLIC PROCUREMENTS STATISTICS



State Service
for Antimonopoly and
Consumer Market Control

Number of final
protocols from
procuring
organizations
received and analyzed
by the State Service in
2021

12 347



1 086 8,8%

Cases of violation of the
law were identified during
bidding procedures and
canceled by State Service

7. QUALITY INFRASTRUCTURE

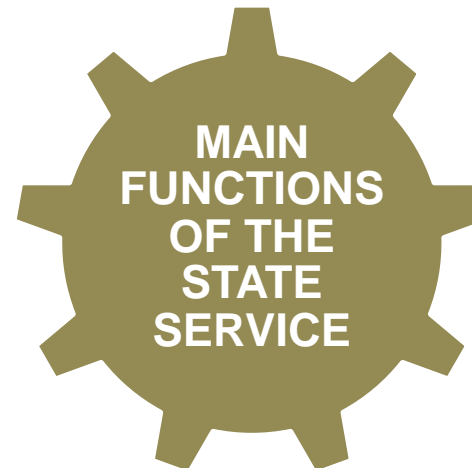
MAIN FUNCTIONS



State Service
for Antimonopoly and
Consumer Market Control

Certification of origin of goods

Participation in formulation of the state policy in the **field of quality and control** its execution



Metrology Control

Supervision and development of PLE's forming **national quality infrastructure** - AZSTAND, AzMI, AZAK and CECG

7.1 QUALITY INFRASTRUCTURE



State Service
for Antimonopoly and
Consumer Market Control



Development,
setting and
application of
standards



Carrying out
calibration of
measuring
instruments,
issuance of a
calibration certificate
or granting the right
to make a
calibration mark



Implementation of
accreditation in
conformity assessment
area



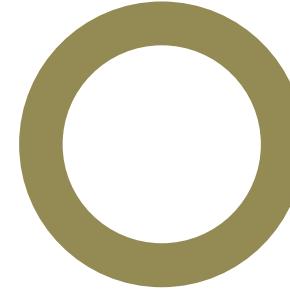
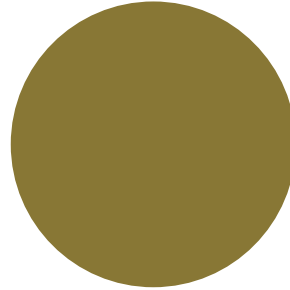
Carrying out
examinations to
determine the country
of origin of goods

7.2 QUALITY INFRASTRUCTURE OPTIMIZATION PROJECTS



ANALYSIS OF EXISTING LEGISLATION

Work is underway to review the existing legislation and prepare proposals to address identified gaps and uncertainties



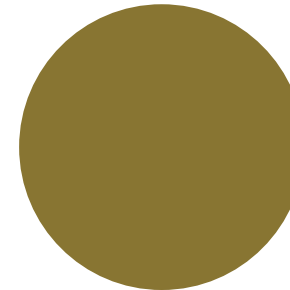
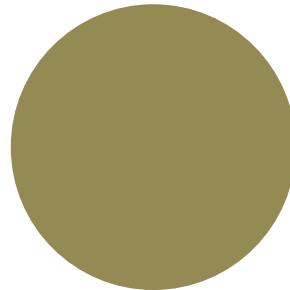
DEVELOPMENT AND IMPLEMENTATION OF TECHNICAL REGULATION SYSTEM

PROCESSES OF INSTITUTIONALIZATION

Work is underway to attract new staff and strengthen professional staff capacity

RESEARCH OF EXISTING PROBLEMS RELATED TO QUALITY INFRASTRUCTURE

Existing problems related to quality infrastructure are being investigated with the involvement of business entities, stakeholders, associations of economic sectors, chambers of commerce and other relevant entities



ESTABLISHMENT OF INTERNATIONAL COOPERATION

The Republic of Azerbaijan is represented in a number of international and regional organizations in the fields of standardization, metrology and accreditation. The groundwork has been laid for expanding future cooperation

8. CONSUMER MARKET CONTROL & PROTECTION OF CONSUMER RIGHTS

OPTIMIZATION PROJECTS

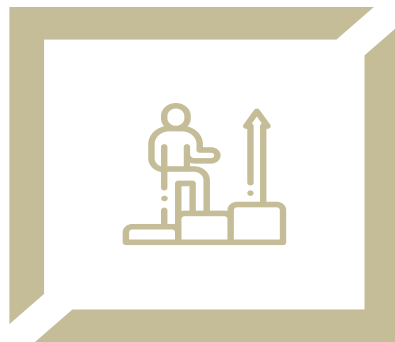


State Service
for Antimonopoly and
Consumer Market Control



Improving legislation

In order to strengthen the protection of consumer rights, a draft of the Law of the Republic of Azerbaijan "**On Consumer Protection**" and other legislative improvement acts are being prepared



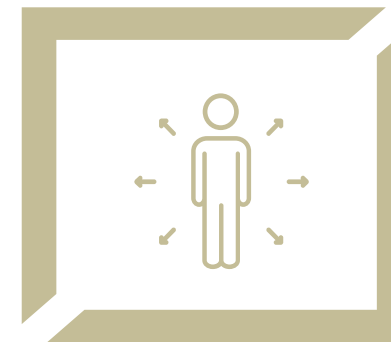
Improving control procedures

Project work has been started to establish **risk criteria** for control measures. One of the **international financial institutions** was involved in the project



Consumer goods expertize

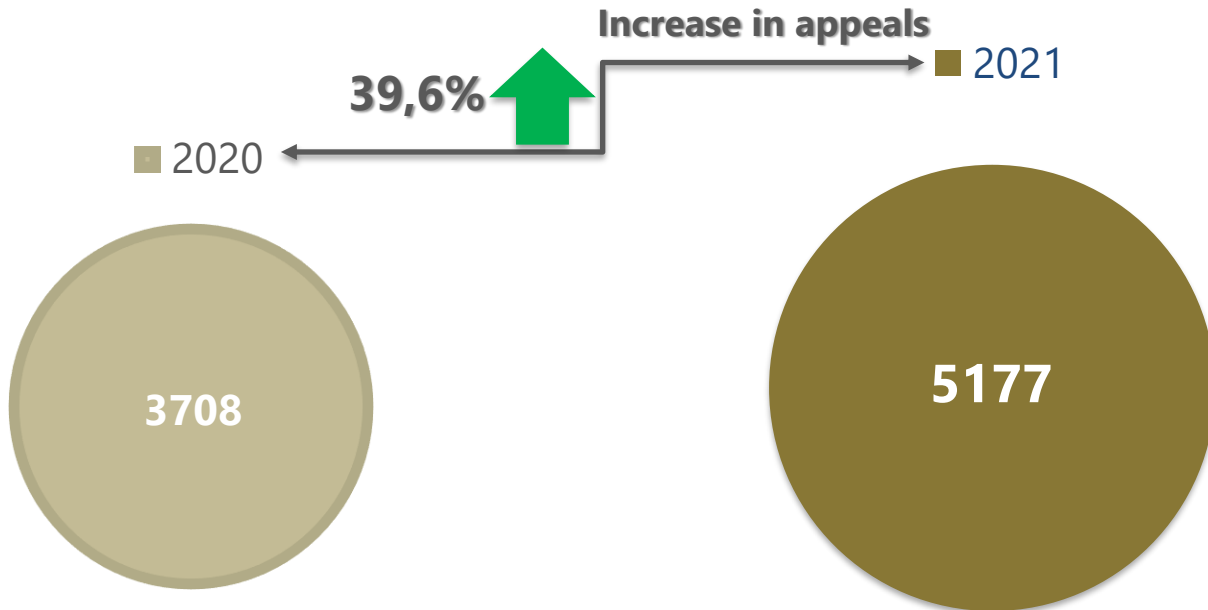
Measures **to improve the rules of examination of defective and substandard goods** when considering appeals in the field of consumer protection



Joint cooperation strengthening

- The topic of "Mechanisms for the protection of consumer rights" is included in the curriculum of judges, lawyers, mediators. The training was organized jointly with the State Service.
- Partnership on consumer protection issues with entrepreneurs and NGOs operating in various sectors has been expanded. Recently held joint meeting with Bar Association, Justice Academy and Mediation Council dedicated to World Consumer day

8.1 CONSUMER MARKET CONTROL & PROTECTION OF CONSUMER RIGHTS



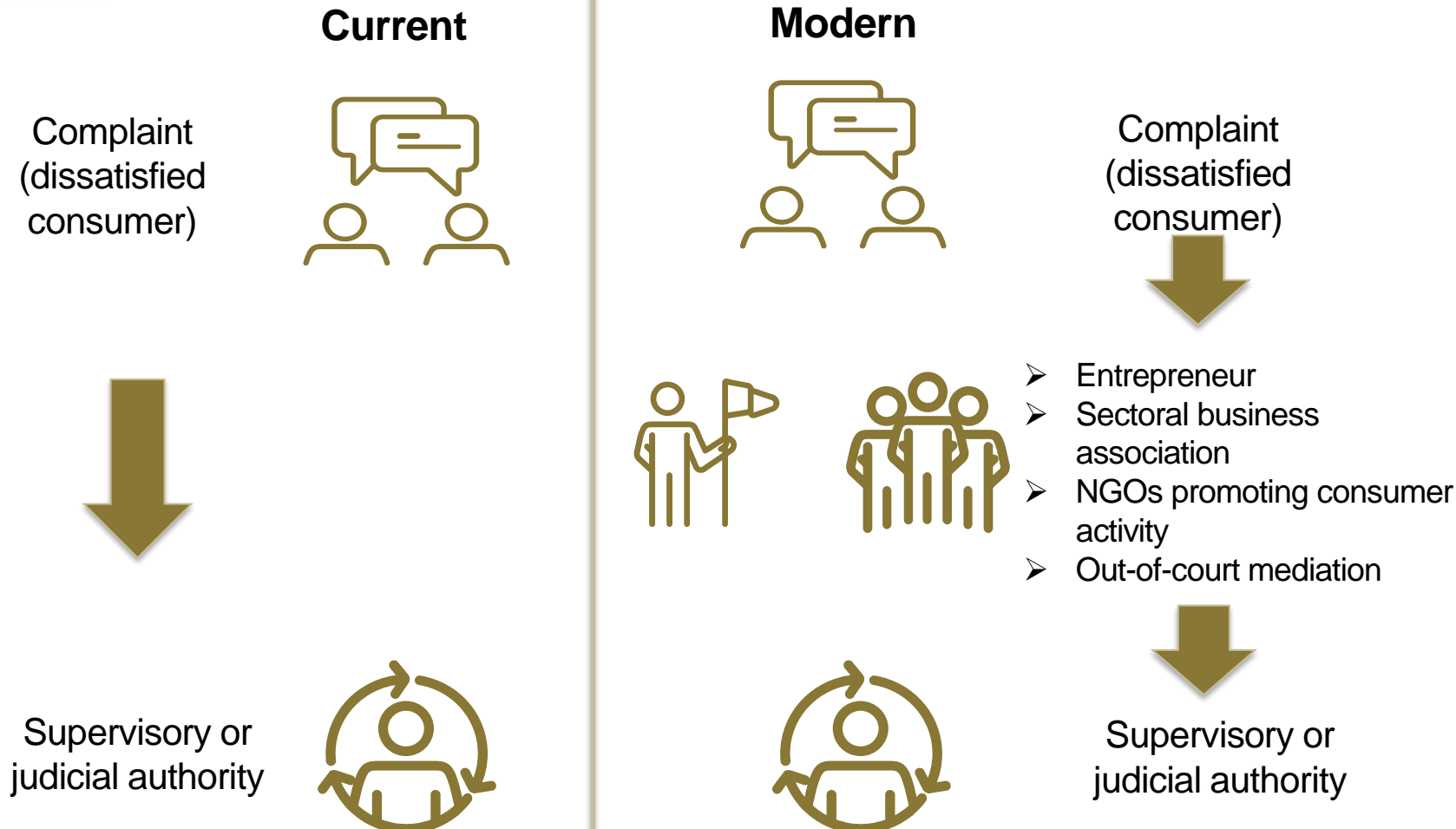
349,533,0 manat
funds were returned to consumers

43,188,0 manat
damage were compensated

8.2 PROTECTION OF CONSUMER RIGHTS OPTIMIZATION PROJECTS



Application of a modern approach to addressing consumer complaints



- State Service has observed a **39.6% increase in consumer complaints** compared to 2020
- Consumer complaints are referring directly to State Service – **the role of the entrepreneurs in resolving complaints should increase**
- **Out-of-court settlement of complaints has not been fully used** - Law of the Republic of Azerbaijan "On Mediation"
 - Memorandum of Understanding with the Academy of Justice
 - Trainings for mediators

9. INSTITUTIONAL & ORGANIZATIONAL TRANSFORMATION



New personnel policy



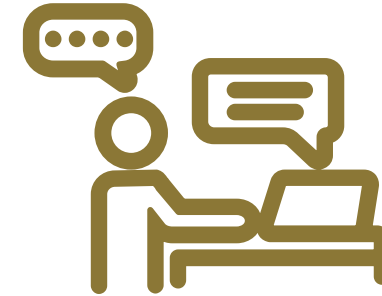
Evaluation of existing human resources for the **development of human capital**, identification of new personnel that meet professional, honest and modern requirements and **strengthening the staff potential** of the State Service

Optimization of Processes



Work continues on the establishment of the Centralized Electronic Information System (**CEIS**) within the framework of inspection, **optimization** and **digitization of internal processes** of the State Service

Preparation of E-Competition Portal, digitalization of services



An appropriate electronic portal is being developed to make the control of violations of the legislation more **optimal and transparent**, to **increase the participation** of market participants in the process and to **organize efficiency**.

9.1 INSTITUTIONAL & ORGANIZATIONAL TRANSFORMATION

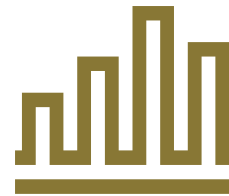


Establishment of close partnerships with the public



Establishing close partnerships with the **Public Council**, **NGOs**, **business associations** and the public in relevant areas of activity

Public-Private partnership



Improving the effectiveness of regulatory and control measures in the relevant areas of activity, establishing mutual cooperation to more actively identify the problems of business entities in relevant fields

Accountability



Regularly disseminate information on the work done in the relevant areas to the public in an active form through the **official website of the State Service**

Uzeyir Hajibeyov 84,
Baku, AZ1010, Azerbaijan
House of Government

Tel: (+994 12) 599 76 00

E-mail: office@competition.gov.az
www.competition.gov.az

**THANK YOU FOR YOUR
ATTENTION**