

Bulgaria's Commission for Protection of Competition (CPC) said on February 25 that it opened a formal investigation against seven petrol and diesel fuel retailers, who are suspected of entering a price-fixing cartel, as well as a probe against the country sole refinery, which is suspected of abusing its dominant market position on the wholesale market.

The investigations are a result of the regulator's sector analysis of the petrol retail market in the country, which covered the period from January 1 2012 and June 30 2015.

The retailers covered by the cartel investigation were: Shell Bulgaria (a subsidiary of Royal Dutch Shell), OMV Bulgaria (owned by Austria's OMV), Rompetrol Bulgaria (part of Romania's Rompetrol Group, which is controlled by Kazakhstan's state-owned oil and gas company KazMunayGas), NIS Petrol (a unit of Naftna Industrija Srbije, which in turn is owned by Russia's Gazprom Neft), Eco Bulgaria (owned by Greece's Hellenic Petroleum), Lukoil Bulgaria (the local retail unit of Russian privately-owned oil company Lukoil) and local petrol distributor Petrol.

CPC said that its analysis identified three distinct time intervals in the period covered by its report - in one, retail prices followed closely the trends of import and producer prices, but in the other two, the retail price failed to react to reduced import and producer prices, which could be "the result of anti-competition practices on the retail market".

The regulator said that the seven retailers used different supply sources in addition to petrol and diesel fuel purchased from the Lukoil Neftochim refinery, but there were no differences in the price formulas of Lukoil Bulgaria and its competitors. The refinery, also owned by Russia's Lukoil, is the main supplier of Lukoil Bulgaria's petrol station distribution network, but operates as a separate entity.

The refinery was being investigated because the regulatory review found that Lukoil Neftochim sold its products at lower prices abroad than inside the country. Such behaviour only made economic sense if it sold smaller amounts on the domestic market, but that was not the case, which "raises doubts whether Lukoil Neftochim's domestic customers might be in a less advantageous situation compared to customers abroad", the report said.

CPC said that its decision was not subject to appeal, but gave no time frame on when it could complete the anti-trust investigations. The report also made a series of recommendations to improve the competition in the sector, which were forwarded to the Finance Ministry.

The regulator's most recent analysis of the sector was completed in 2012, when it found that Lukoil Neftochim had not taken illegal advantage of its dominant position on the fuel retail market. On the topic of a price-fixing cartel by the four largest retailers in the country,



Bulgaria anti-trust regulator opens cartel investigation against petrol retailers, refinery

the watchdog said that it approved a proposal by the companies that would fix competition issues. No fines were levied.

source: sofiaglobe.com