



**REPUBLIC OF ALBANIA  
-COMPETITION AUTHORITY-  
COMPETITION COMMISSION**

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**DECISION**

**No. 432, Date 14.09.2016**

“On opening the in depth investigation procedure in the market of fuel supply for aircrafts in the geographical area of “Tirana International Airport””

Competition Commission, with participation of:

- Mrs. Lindita Milo (Lati) Chairperson
- Mrs. Servete Gruda Vc. Chairperson
- Mr. Koço Broka Member
- Mrs. Iva Zajmi Member
- Mr. Eduart Ypi Member;

In the meeting dated 14.09.2016, addressed the issue with

**Object:** Review of preliminary investigation report on market supply of aircraft fuel in the geographical area of the international airport "Tirana International Airport"

**Legal Framework:** Law no. 9121, dated 28.7.2003 "On Protection of Competition", Article 2, letter c), Article 24, letter d) and f); Article 26 and Article 70, paragraph 2 (as amended). Law no. 8485 dated 11. 11. 1999 "Code of administrative procedures".

Competition Commission after reviewing the report "On the opening of the preliminary investigation procedure in the market supply of aircraft fuel in the geographical area of the international airport" Tirana International Airport "and the respective report of the Secretary-General of the Competition Authority,

**NOTES:**

1. Based on the conclusions of the "Monitoring of the market to supply fuel to aircraft at the international airport of Rinas", the Competition Commission pursuant to Article 2, paragraph c, Article 24 letter d and Article 42, 1 Law no. 9121, dated 28.07.2003 "On Protection of Competition" (as amended), by Decision no. 417, dated 18.05.2016 "On the opening of the

preliminary investigation procedure in the market supply of aircraft fuel in the geographical area of the international airport "Tirana International Airport" decided to open a preliminary investigation procedure in this market.

2. To collect facts and data required regarding the investigation, based on Articles 33 and 34 of Law no. 9121, dated 28.07.2003 "On Protection of Competition", the Working Group has requested data and information from the company AIR AFT BP Albania and enterprise companies operating in the market of aircraft fuel, aircraft and helicopters.

## **II. COMPETITION ANALYSIS**

### **II.1 Relevant market as investigation object**

3. Relevant market includes products which are regarded as substitutable by consumers or other customers, in terms of features, price and function and which are supplied or demanded by enterprises in a geographical area under the same conditions of competition, an area which is separated from neighboring areas. The definition of the relevant market involves two dimensions:

- a. **Product market**
- b. **Geographical market**

4. Based on the Decision no. 417, dated 18.05.2016 "On the opening of the preliminary investigation procedure in the market of aircraft fuel supply in the geographical area of the international airport" Tirana International Airport ", the relevant product market refers to the market product importation and sale of JET A -1 kerosene (classified with code 27,101,921 "jet fuel JET A-1").
5. Due to the specific conditions required to operate at the airport "Tirana International Airport", and market share of the company AIR BP Albania in this geographical area, the relevant geographic market is estimated the market within the territory of "Tirana International Airport".

### **II. 2 MARKET STRUCTURE**

6. Analysis of market supply of aircraft fuel JET A -1 kerosene in "Tirana International Airport", concluded that there is only one

enterprise AIR BP ALBANIA, which is an importer and wholesaler for this product. In the geographical market, the object (which is the scope) of this investigation the company, AIR BP ALBANIA operates in customs free zone, so the product it sells JET A-1 kerosene is exempted from the excise tax and the carbon tax, which applies in cases where the product is marketed outside the free zone customs, inside Albanian territory.

7. Market analysis shows that in the market supply of fuel to aircraft, owned by the Albanian government (helicopters), also operates AFT SHA enterprise, an enterprise which operates in the fuel market.

### **II.3 MARKET CHARACTERISTICS**

8. The market for aircraft fuel JET A-1 kerosene in the airport "Tirana International Airport" is located under monopoly conditions where a single enterprise, AIR BP ALBANIA provides fuel for air transport means. Since 31 December 2014, the company has not any exclusivity in this geographical area.
9. The assessment of the financial balances of the company AIR BP ALBANIA shows that in 2015 the profits after tax were considerable when compared with the fuel market in the country.
10. "Tirana International Airport", in the concessionary contract associated with the government, is the sole owner of the space where activities such as depositing / access with aircraft fuel can be carried. This enterprise is a monopoly as regards to the airport market in the country and in such conditions the transfer of services such as the supply of fuel for aircraft back to an enterprise only increases the cost of operation of airlines.
11. In terms when referring to contracts of deposit/access stations in this airport, it is all done by the company AIR BP ALBANIA and this undertaking owns the rights to this plant, which it is considered as an essential facility or infrastructure. So, based on the essential terminology of the facility, it is just this infrastructure from which can fulfill storage and refueling of aircrafts.
12. Giving access to storage and supply by AIR BP ALBANIA undertaking, according to the contract made available to the investigation against an interested party, is made under the conditions of unregulated prices. So AIR BP ALBANIA undertaking owns an essential facility for carrying out this activity in the area of "Tirana International Airport" and the

current potential competitors are forced to use its facilities under certain conditions.

13. Giving access to the "Tirana International Airport", the possibility of supplying fuel to other operators who meet the criteria required to operate in this market and have supply contracts with airlines, is the only chance to increase competitiveness and the reduction of fuel prices JET A-1 karosene.

**FOR THESE REASONS:**

The Competition Commission, pursuant to Article 24, letter d) and f), Article 70, paragraph 2 of Law no. 9121, dated 28.07.2003 "On Protection of Competition",

**DECIDED:**

- I. The opening of the in-depth investigation procedure in the product market jet fuel JET A 1 on the existence or not of (limitations, exclusions, restrictions or distortions of competition) on the existence or not of limitations, distortion or restriction of competition.
- II. The investigation period is January 2014- June 2016
- III. Investigation procedures must finish no later than 2 months from the release of this decision
- IV. The General Secretary is responsible for the communication of this decision towards all involved parties.

This decision comes to power immediately.

**COMPETITION COMMISSION**

<b>Servete Gruda</b> (_____)	<b>Koço Broka</b> (_____)	<b>Iva Zajmi</b> (_____)	<b>Eduard YPI</b> (_____)
<b>Vc. Chairperson</b>	<b>Member</b>	<b>Member</b>	<b>Member</b>

**Lindita MILO (LATI)**

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**Chairperson**