



REPUBLIC OF ALBANIA
-COMPETITION AUTHORITY-

Tirana, 20.10.2009

Press Releases

On the Competition Commission decisions regarding the import market of wheat and flour production

Competition Authority, given the public concern expressed through the media, regarding increase in the price of bread in 2008, took into consideration the level of competition in the market of import of wheat and flour production.

During the investigation, the Competition Authority has conducted a series of inspections in companies operating in this market and has collaborated with various public institutions to provide information necessary for this investigation.

The investigation resulted that the companies "Atlas" JSC and "ink" JSC, did not compete in the market and import of wheat flour production. These companies have coordinated behavior in terms of determining the trading price of the relevant products, as well as shared sources of supply. As a result of this behavior, these enterprises have applied the same sale prices of wheat for bread production. These two companies have significant market power with more than 50% of relevant market.

Based in article 3, point 4 and point 1, letter "a" and "c" of Article 4 of Law No. 9121 dated 28.07.2003 "On protection of competition" this behavior is prohibited because prevents and limits free and efficient market competition. Horizontal agreement is prohibited, as companies operating together in the same market level and because of their vertical integration has consequences in selling the wheat market and sales production of flour for bread production.

For these reasons, in the Competition Commission decided (by decision no. 125 dt. 14.10.2009, "On the restriction of competition in the market and import of wheat production and sale of flour for bread production") that participation in the agreement to fine the company stop "Bloja" JSC, in the amount of about 38.5 million lek, and the company "Atlas" JSC in the amount of about 27.8 million lek.

Competition Commission had concluded the agreement prohibited between these companies and had placed its ban, with Decision no. 113 dated 19.05.2009 "For the agreement to ban the import market of wheat and flour production between undertakings" Atlas "JSC and" Bloja "JSC".

Also, the Competition Commission (the sides of the decision no. 126 dated 14/10/2009

for "closing the investigation to deepen to companies operating in the wheat import market, production and sales for the production of bread flour and recommendations") decided that to close the investigation against other companies operating in the market because it found evidence of violations of the law no. 9121 "On competition protection".

In order to promote free and effective competition in the market of import and production of bread flour, the Competition Commission has approved several recommendations that address various public institutions.

Specifically the Commission has recommended the Ministry of Finance, General Directorate of Customs, and General Directorate of Taxation to review the practices of the reference price and tax reassessment in the wheat import market, the possible effects that could bring in limiting competition in the market. The Commission has also recommended to the Authorized Accounting Experts to ensure that financial statements reflect the situation accurately and to property and financial situation of enterprises "Atlas" JSC and "Bloja" JSC, as two companies with significant power market.

According to Law "On protection of competition", to collect fines imposed by the Competition Commission, charged Tax Investigation Directorate to the Directorate General of Taxation.