

UNFAIR TRADING PRACTICES IN 2023

1. Proceedings in 2023

The Commission on protection of competition initiated *ex-officio* one proceeding under Chapter Seven “b” of the Law on protection of competition “Unfair trading practices in the agricultural and food supply chain”.

The CPC launched an *ex officio* proceeding against “KAUFLAND BULGARIA EOOD & CO“ to establish a possible infringement under Chapter Seven “b” “Unfair trading practices in the agricultural and food supply chain”. The proceeding № CPC-1187/2023 is launched on the initiative of the CPC on the basis of Art. 38, par. 1, item 1 of the Law on protection of competition by decision of the Commission against “KAUFLAND BULGARIA EOOD & CO“ regarding the preliminary inquiry of rising retail prices (to end-users) of food products in the store network at the beginning of 2023 and specifically in large retail chains. Following an in-depth examination of the data and evidence gathered during the preliminary inquiry into the activities of the hypermarket chain Kaufland with regard to the conclusion of contracts and agreements on framework conditions with suppliers/producers in 2022 (including meat and sausages, milk and dairy products), it has come to our attention that some of the clauses in question may potentially fall within the scope of both the absolute and conditional prohibitions set forth in Chapter Seven "b" of the Law on protection of competition , including Article 37b, par. 1, item 4 (demand from the buyer to the supplier concerning payments that are not related to the sale of agricultural products and foodstuffs of the supplier), item 5 (demand from the buyer for payment from the supplier in case of deterioration of the quality, scrapping and/or shortages of agricultural products and foodstuffs that have occurred on the buyer's premises or after the ownership has been transferred to the buyer, when this is not due to reasons, for which the supplier is liable), item 11 (prohibition, restriction or imposition of sanctions by the buyer on the supplier under the contract for providing the same or better trading conditions to third parties) and Article 37c, par. 1, item 1 (return by the buyer of unsold products where the latter has not paid for the, and/or their disposal), item 4 (request by the buyer for payment by the supplier of advertising activities of the buyer), item 8 (request from the buyer to reduce the prices of products retroactively directly or by applying unjustified discounts, bonuses and fees or services provided) of the Protection of Competition Act. The investigation is currently ongoing.