

THE REPORT ON THE PRACTICES IN
THE AGRICULTURE
AND
FOOD SECTOR



THE COMPETITION AUTHORITIES OF
THE ORGANIZATION OF
TURKIC STATES

1. Introductory Information (regulatory framework)

The growth of global value chains, or “modern” agri-food chains, entails significant changes in agribusiness, food processing, and especially in the retail trade of agricultural products. Market concentration, abuse of market power, the producer’s acceptance of lower prices at the initial stage of the value chain, and the consumer’s acceptance of higher prices at the final stage, observed at various stages of the agricultural supply chain, run counter to the policies of developed countries; nevertheless, in recent years, these problems have increasingly been observed in those countries.

At the global level, several factors partially limit the study and analysis of the above-mentioned issues in the agricultural sector. First, since production in the sector is usually carried out by family farms, large landowners, and individual producers, there are significant difficulties related to data collection and processing. In other words, a comprehensive and detailed database covering the entire sector does not exist; instead, it is only possible to develop value chain maps for specific products. Second, because agricultural products are generally perishable, the conceptual relationship between market concentration and market power is complex and difficult to analyze. Another factor that constrains the examination of the relationship between market concentration and price formation mechanisms is the time lag between supply and prices in the sector. That is, changes in supply respond to price increases or decreases only in the subsequent planting season. Third, empirical studies provide divergent and sometimes conflicting conclusions regarding competition risks in the agricultural sector.

The agricultural sector differs from other sectors of the economy due to its specific characteristics. As the sector typically has a large number of participants, the level of competition is generally higher compared to other sectors. For this reason, although the number of cases brought by international competition authorities in the agricultural sector has been relatively limited, the increasing adoption of globalization, liberal economic values, and free trade, the implementation of vertically integrated production models, the growing significance of retail chain networks in the food market, and urbanization have given rise to certain internal and external competition risks within the agricultural sector.

As a rule, the supply response to changes in demand for agricultural products is delayed. Since seasonal production predominates, even if the demand for a particular product increases sharply over a certain period, it is not possible to expand supply at the same rate. Consumer behavior with respect to most agricultural products is also shaped in line with seasonal factors.

Unlike industry, the “law of diminishing returns” is more frequently observed in agriculture; extensive growth is characteristic, and the use of capital-intensive technologies in the sector is limited.

In the formation of prices for agricultural products, the role of producers/farmers and production costs is generally limited. This is because, during a given period, the price faced by the final consumer is determined not only by the cost of production and the producer, but primarily by overall market supply and demand conditions. Consequently, in the absence of price regulation, the price-setting power of economic agents operating in agriculture—particularly producers—is significantly constrained.

In the absence of “administrative intervention” in agriculture (such as subsidies, tax incentives, or high import tariffs), producers of agricultural products are exposed to dual-sided exploitation under market conditions—both when purchasing inputs and when selling their products. In other words, producers often procure agricultural inputs in imperfectly competitive markets, while selling their outputs in perfectly competitive markets. Another issue is the divergence in cost structures and dynamics between producers and economic agents operating at other stages of the value chain, which creates a risk that prices are frequently formed to the detriment of producers.

2. Market Regulation Approaches in the Food and Agriculture Sector

Azerbaijan has 4.8 million hectares of agricultural land, of which 1.4 million hectares are irrigated. This accounts for more than 50 percent of the country’s total territory, with 39.6 percent consisting of arable land. The main export products include fresh fruits and vegetables, vegetable and animal oils, confectionery products, tea, processed fruits and vegetables, beverages, tobacco products, and cotton. The government supports the agricultural sector through grants, tax incentives, and subsidies for agricultural machinery, pesticides, and fertilizers.

Azerbaijan’s agricultural sector is the country’s leading employer and forms the backbone of the non-oil and gas economy. The country has a strong comparative advantage in the export of fresh fruits and vegetables. However, an underdeveloped agri-food supply chain and low agricultural productivity remain key challenges, with the latter being particularly acute. According to preliminary data for 2024, although the agricultural sector employs 35.4 percent of the country’s population, it accounts for only 5.7 percent of Azerbaijan’s GDP (Table 1).

Table 1. Gross Domestic Product by sectors of economy, at factor cost, 2024

| | Total | Industry | Agriculture | Construction | Transport and communication | Net taxes | Other sectors |
|-------------|-----------|----------|-------------|--------------|-----------------------------|-----------|---------------|
| Million AZN | 126,337.0 | 45,356.6 | 7,147.1 | 8,478.1 | 11,222.4 | 12,363.1 | 41,769.7 |
| % | 100.0 | 35.9 | 5.7 | 6.7 | 8.9 | 9.8 | 33.0 |

Source: *The Agriculture of Azerbaijan, Statistical Publication, Baku, 2025* (<https://www.stat.gov.az/source/agriculture/>).

Another important issue is the lack of adequate data on agricultural activities. As a result, a significant portion of agricultural activity in Azerbaijan remains in the shadow economy. The country has more than 1.3 million agricultural producers (mainly small farms), of whom only about 600,000 are officially registered in the electronic agriculture system. Similarly, limited information is available regarding water use.

Following the COVID-19 pandemic and the outbreak of the Russia–Ukraine military conflict, food security and inflation have become key policy priorities for many countries. In this context, various disruptions along supply chains have made the challenge of ensuring food security for the population increasingly urgent.

The analyses conducted indicate that raw material procurement in the agricultural sector in Azerbaijan is characterized by a multi-participant structure. As the initial stage of the value chain, raw material procurement includes the supply of seeds, fertilizers, pesticides, and other agricultural inputs. At this stage, no level of market concentration has been observed that could create competition risks in either imports or domestic sales. According to the findings, there are 96 fertilizer suppliers, 118 pesticide suppliers, and 54 seed and seedling suppliers operating in the country. The presence of a large number of market participants significantly reduces the likelihood of horizontal and vertical agreements, as well as cartel-type arrangements.

Studies of spot and vertically coordinated value chains show that, on average, around 90 percent of production in both crop farming and livestock production is carried out by individuals, family farms, and household producers. This substantially limits the ability of any single economic entity to possess market power in agricultural production and allows prices to be formed primarily through supply and demand mechanisms.

In product markets characterized by spot value chains, production is mainly carried out by family farms and household producers on a non-contractual basis, which makes economic analysis of the production segment more difficult. In contrast, in product markets with vertically coordinated value chains, although the production structure is similar to that of spot value chain markets, contract-based production increases the likelihood that supplier and processing companies will benefit from economies of scale and, at the same time, helps to maintain relatively greater price stability for these products.

The analyses conducted indicate that, for most product groups within spot value chains, production carried out by enterprises results in production costs that are nearly twice as high compared to those of family farms and household producers. This, in turn, affects both the final consumer price of the product and producer profitability along the respective value chain.

The findings also show that, in product markets with vertically coordinated value chains, the profit margins of economic agents operating in the processing segment are, for most products (with the exception of the cotton market), lower than the profit margins of producers. This suggests that, despite the presence of concentration in the processing stage, market power is not being exercised. Nevertheless, in any case, the high level of market concentration in the processing of tobacco, cotton, and sugar beet significantly increases other competition risks.

3. Specific Practices and Examples in Individual Markets

In the relevant areas, the State Agency for Antimonopoly and Consumer Market Control under the President of the Republic of Azerbaijan (hereinafter – the Agency) has encountered numerous cases involving violations of competition legislation.

Salt case:

Entrepreneurs operating in the leather and hide production sector reported that salt used in production, which undergoes no processing and has a production cost of 15–20 manats, was sold to them at a price of 105 manats. This practice was stated to have a direct impact on production costs in the leather and hide industry, and assistance was requested to reduce the price of this raw salt for entrepreneurs operating in the leather sector.

Changes in the prices of salt products manufactured by “ADIB” OJSC and sold on the domestic market by “Sun Food” LLC were analyzed within the framework of economic theory and through various empirical methods to determine whether these changes occurred in line with economic principles.

The fact that the entire geographic area of the country most suitable for the extraction and processing of food-grade salt has been leased by “ADIB” OJSC indicates the existence of significant barriers to entry into the relevant market. The high price-setting power of “ADIB” OJSC in the salt market, its market share of 72.7%, the presence of substantial barriers to entry, and the position of “Sun Food” LLC as the largest seller of salt products in the country indicate that the salt market in Azerbaijan exhibits a partially monopolistic market structure resembling an oligopoly.

The presence of a monopsonistic, non-competitive market structure in the market where the first closed transaction between “ADIB” OJSC and “Sun Food” LLC takes place, as well as the fact that “Sun Food” LLC engaged in economically abusive conduct by applying unjustified price discrimination and price manipulation in both retail and wholesale sales—thereby using its monopolistic market power to significantly restrict competition—indicates the existence of a “chain monopoly” (also referred to as a bilateral monopoly) in the salt market.

The market concentration ratio (an indicator showing the extent to which a market is concentrated among a limited number of market participants) provides important information about the competitive structure of the market. For the food-grade salt market, the Hirschman–Herfindahl Index (HHI) test was applied, and the resulting index value was found to be close to 6,000. In economic literature and international practice, an HHI value above 2,500 indicates a very high level of market concentration. This concentration ratio constitutes additional evidence of a serious monopolistic situation in the market.

In a broad sense, price manipulation refers to price changes that do not occur in accordance with economic regularities. In a narrower sense, it refers to an increase (or decrease) in selling prices despite the absence of changes in the cost of production, import prices, operating costs, or other economic costs of the goods or services offered by the relevant market entity. Where increases in the aforementioned economic costs have occurred, the percentage increase in these costs was compared with the percentage increase in the price of the product or service.

As a result of empirical and economic theoretical analyses, it was observed that the salt market is non-competitive, that there are significant barriers to market entry, that market concentration is high, that chain monopolization exists, that sales prices in the market are not determined on the basis of economic regularities, and that both “ADIB” OJSC and “Sun Food” LLC have engaged in significant price manipulation by abusing their monopolistic positions.

The Agency has issued a decision regarding “ADIB” JSC and “Sun Food” LLC, determining that their wholesale sales of salt products were conducted in violation of the Law of the Republic of Azerbaijan “On Protection of Competition.” The decision requires that profits obtained from this unlawful activity be remitted to the state budget within 30 (thirty) days. It further mandates the establishment and public disclosure, via online information resources, of the rules and conditions for the sale of salt products (including food, technical, and non-food industrial/raw salts) and for handling related customer complaints. The decision also obliges the cessation of the illegal practices, the removal of any unjustified price increases identified in wholesale sales, and stipulates that future pricing must reflect market competitiveness and economic principles, without abuse of a dominant market position.

Buckwheat case:

Alongside global climate change, the coronavirus (COVID-19) pandemic accelerated inflation and gave it a global character. Sharp increases in food prices in global commodity markets not only led to accelerating inflation in most countries, including Azerbaijan, but also heightened the risks of adverse impacts on macroeconomic stability. In this regard, pursuant to paragraph 1.2 of Order No. 109S dated 21 February 2022 of the Cabinet of Ministers of the Republic of Azerbaijan “On Urgent Measures to Strengthen Anti-Inflationary Measures in the Republic of Azerbaijan,” it was mandated to strengthen oversight over price manipulation in the domestic market by reinforcing a healthy competitive environment in the country, including preventing monopolization, market allocation, the application of collusive pricing, and price manipulation. To this end, the Cabinet of Ministers was to be informed about the control measures carried out by the State Service for Antimonopoly and Consumer Market Control under the Ministry of Economy of the Republic of Azerbaijan (hereinafter – the Service).

In connection with the above, the Service intensified its control measures and, in order to identify and prevent the situations specified in the Order, initiated investigations into compliance with the requirements of antimonopoly legislation in the markets for food products, including the buckwheat market. The investigations covered “Veysəloğlu” Limited Liability Company, “Sun Food” Limited Liability Company, the “Babək” firm, “Vuqma–Food Products” Limited Liability Company, “Absheron Trade” Limited Liability Company, individual entrepreneur Ilgar Mammadhasan Karimov, “Araz Supermarket” Limited Liability Company, “OBA Market” Limited Liability Company, “AL Market” Limited Liability Company, and “Bazarstore” Limited Liability Company.

Based on the information provided by “Veysəloğlu” LLC, the results of the analyses conducted showed that, for 2021, the market share of “Veysəloğlu” LLC in the buckwheat market was calculated at 46.7%. Since the company’s market share for buckwheat exceeded 35%, “Veysəloğlu” LLC was considered an economic entity holding a dominant position in the buckwheat market.

Based on the detailed investigations conducted by the Competition Commission, the statements made during hearings, as well as the documents and information submitted by the economic entities against which proceedings were initiated, the following findings were established:

- Starting from 2021, a significant increase was observed in the purchase prices of buckwheat. In 2021, the average purchase price of 1 kg of buckwheat increased by 53%, and during the period from January to July 2022 it increased by a further 18.3%. Despite the overall increase in the average purchase price in 2022, a sharp decline in purchase prices was observed in February–March of that year, followed by a renewed upward trend in prices during April–June. This fluctuation was associated with changes in the exchange rate of the national currency of the Russian Federation, the Russian ruble.
- During 2021 and the period from January to July 2022, when buckwheat prices were volatile, wholesale prices and purchase prices in the domestic market moved in similar trends.

Furthermore, based on the detailed investigations conducted by the Commission, the statements made during hearings, and the documents and information submitted, it was determined that “Veysəloğlu” LLC violated the requirements of paragraph 7 of Article 8 of the Law of the Republic of Azerbaijan “On Antimonopoly Activity” in force at that time by engaging in the following practices:

- Despite contracts concluded between “Veysəloğlu” LLC and retail chains as well as other economic entities being based on identical terms, the company applied
- discriminatory pricing in the sale of buckwheat products to those entities during 2021 and the period from January to July 2022.
- Buckwheat products were sold at higher prices to certain retail chains compared to “Araz Supermarket” LLC, “OBA Market” LLC, and “Azerbaijan Supermarket” LLC.
- In the sale of buckwheat products, there was a disparity between the minimum and maximum selling prices, which confirms the existence of abuse of a dominant position.

As a result of “Veysəloğlu” LLC selling buckwheat at lower prices to “Araz Supermarket” LLC and “OBA Market” LLC—entities belonging to the same economic group—than to other economic entities, unilateral advantages were granted to those entities, thereby harming the competitive opportunities of other market participants.

Furthermore, based on the detailed investigations conducted by the Commission, the statements made during hearings, and the documents and information submitted, it was established that the relevant undertaking violated competition legislation by engaging in discriminatory pricing in the sale of buckwheat products, selling at higher prices to retail chains, and abusing its dominant position by applying price differentials between the minimum and maximum selling prices of buckwheat products.

Proceedings were terminated with respect to “Sun Food” Limited Liability Company, the “Babək” firm, “Vuqma–Food Products” Limited Liability Company, “Absheron Trade” Limited Liability Company, individual entrepreneur Ilgar Mammadhasan Karimov, “Araz Supermarket” Limited Liability Company, “OBA Market” Limited Liability Company, “AL Market” Limited Liability Company, and “Bazarstore” Limited Liability Company, due to the absence of sufficient evidence of violations of the Law of the Republic of Azerbaijan “On Antimonopoly Activity.”

Case of unfair competition and violation of advertising legislation:

A complaint was received alleging that the respondent engaged in unfair competition by misleading consumers through the use of the “IVANOVKA” trademark, as well as the “IVANOVKA” geographical indication on the labeling of milk and dairy products. The complaint stated that the respondent unlawfully used the “IVANOVKA” trademark belonging to the applicant and misled consumers by using the “IVANOVKA” geographical indication on the labels of milk and dairy products, despite the fact that the dairy products manufactured by the said economic entity had no connection whatsoever with “IVANOVKA.”

Accordingly, in order to put an end to the acts of unfair competition committed in violation of the requirements of Article 23.1.1 of the Competition Code of the Republic of Azerbaijan through the unlawful use of the word mark (geographical indication) “IVANOVKA” in the production and sale of dairy products under the name “ATENA IVANOVKA CHEESE,” a mandatory order was issued to “ATENA” Limited Liability Company to carry out the actions deemed necessary to cease such conduct. In addition, a financial sanction was imposed on “ATENA” Limited Liability Company for violating the requirements of Article 23.1.1 of the Competition Code of the Republic of Azerbaijan by unlawfully using the word mark (geographical indication) “IVANOVKA” in the production and sale of dairy products under the name “ATENA IVANOVKA CHEESE.”

Furthermore, as the unlawful use of the word mark (geographical indication) “IVANOVKA” in violation of Article 23.1.1 of the Competition Code of the Republic of Azerbaijan involved the direct participation of the responsible official of “ATENA” Limited Liability Company (Tax Identification

Number: 3400352271), a financial sanction was also imposed on that official, acting in the capacity of the company's legal representative.

4. Problems and Trends in Antitrust Regulation in the Markets

Alongside improving governance in the agricultural sector, it is also essential to refine state support policies for agricultural producers in line with development objectives and to adapt them to new conditions and the requirements of the World Trade Organization. To achieve this strategic goal, a number of priorities were defined in the “Strategic Road Map for the Production and Processing of Agricultural Products in the Republic of Azerbaijan,” which forms part of Presidential Decree No. 1138 dated 6 December 2016 of the President of the Republic of Azerbaijan “On the Approval of Strategic Road Maps for the National Economy and Key Sectors of the Economy.” The first of these priorities concerns the continuation of measures aimed at creating a favorable agribusiness environment. Within this framework, the issuance of licenses, permits, and certificates in the agricultural sector will be improved, unfair competition practices will be prevented, and antimonopoly oversight will be strengthened. The next priority covers the development of electronic agriculture, as well as the improvement of registration, accounting, and statistical systems.

At the same time, strengthening antimonopoly control in the agri-processing sector and continuing improvements in licensing and permitting procedures in agriculture are of great importance.

5. Conclusion and Proposals

On Optimizing the Competitive Environment

Given that agricultural production in the agricultural sector depends on natural conditions due to a number of objective factors, it is proposed—consistent with established practices for defining the relevant geographic market—to develop geographic competition maps for identified food value chains and to conduct seasonal monitoring. These measures are aimed at preventing local monopolistic tendencies and strengthening mechanisms for enforcing antimonopoly legislation.

In order to protect domestic producers from the adverse effects of foreign competition, it is recommended to intensify monitoring related to anti-dumping and safeguard measures in the agricultural sector and to prepare a medium-term action plan.

For product markets characterized by vertically coordinated value chains, where high market concentration is observed at the processing stage of the value chain, it is recommended to conduct competition monitoring, develop investment programs for the relevant stage, and promote the formation of a multi-participant market structure.

To curb food inflation, establish an objective price-formation mechanism, and enhance regional competition as well as nationwide product flows, it is recommended to establish at least one regional wholesale center in each economic district, located in proximity to logistics infrastructure.

On Enhancing Institutionalization

To accelerate institutionalization, it is first recommended to increase transparency at existing regional wholesale markets in the country and to broaden the tax base.

In line with international practice, it is recommended to draft and adopt a specific law “On Limiting Unfair Trading Practices in the Agricultural Sector and the Food Supply Chain” in order to restrict unfair trading practices between economic entities operating at different stages of the agricultural value chain. The adoption of such a law would help make trade relations more transparent, reduce the shadow economy, and improve overall sector quality. At the same time, the adoption of the proposed draft law would contribute to enhancing the competitiveness of small and medium-sized enterprises operating in the sector in the relevant markets.

In particular, in product markets characterized by spot value chains, the absence of contract-based production increases the likelihood of unilateral exploitation of farmers and limits the accuracy of

competition analyses across the sector. For this purpose, it is proposed to stimulate contract-based production by introducing cashback and technical support mechanisms for economic entities engaged in contract-based production, trade, and service activities.

To stimulate cooperative development trends in the sector, it is proposed—in line with the principles of the International Cooperative Alliance—to establish central and regional cooperative unions and to develop the legal framework for cooperative activities. Within newly established cooperative unions, bilateral, contract-based cooperation between cooperatives, farmers, and processing enterprises should be ensured in order to enable farmers to produce in line with seasonal demand.

To prevent farmers from being exposed to unilateral economic exploitation, it is recommended to increase the number of farmers' unions and associations. Accelerating this process will also strengthen incentives for cooperation and institutionalization.

On Addressing Structural Problems

One of the key problems in the agricultural sector is the inadequate provision of irrigation water to agricultural land. The main reasons include the limited authority of the Ministry of Agriculture (MoA) in ensuring irrigation water supply, the widespread use of extensive growth methods, and the existence of multiple irrigation authorities operating in the same field within each district. From this perspective, it is considered appropriate to strengthen the authority of the Ministry of Agriculture in the management of irrigation systems, eliminate natural monopoly entities operating at the district level in this field, and replace them with regional administrative structures.

Given the low levels of profitability in the agricultural sector, it is proposed to further diversify financing mechanisms for small and medium-sized enterprises operating in this sector compared to other sectors. In addition, extending the repayment periods of agribusiness loans, reducing interest rates, and, in certain cases, introducing interest-free credit mechanisms would contribute to enhancing the competitiveness of small and medium-sized enterprises in the sector.

Weak institutionalization in the sector limits the implementation of cost-efficient production and leads to higher prices for consumers. For this purpose, it is recommended to develop and implement an action plan to improve logistics infrastructure in the agricultural sector.

REPUBLIC OF KAZAKHSTAN

The Current Situation of Competition in the Food Markets and Agriculture

1. Introductory Information (Regulatory Framework)

In the context of global economic challenges, instability of external markets, logistical constraints, and rising costs, ensuring the sustainable functioning of food markets and the development of agriculture acquires particular importance. The state of the competitive environment in these markets directly affects price levels, the availability of socially significant food products (*hereinafter – SSFP*), food security, as well as overall socio-economic stability.

The antimonopoly policy in the Republic of Kazakhstan is implemented within the framework of the Entrepreneurial Code of the Republic of Kazakhstan (*hereinafter – the EC RK*) and is aimed at preventing abuse of market power, protecting competition, and creating equal conditions for conducting entrepreneurial activities.

The system of regulatory legal acts of the Republic of Kazakhstan regulating issues of price stabilization for SSFP consists of provisions contained in sectoral legislative acts in the field of trade and agriculture:

- The Law of the Republic of Kazakhstan "On Regulation of Trading Activities" dated April 12, 2004 No. 544, which provides for control over the establishment of the maximum trade markup for SSFP not exceeding fifteen percent, as well as defines the competence for price monitoring. At the same time, starting from January 2026, the provision on establishing threshold and maximum retail prices has been excluded, aimed at reducing direct state intervention in the pricing of essential goods.

- The Law of the Republic of Kazakhstan "On State regulation of the development of the agricultural complex and rural territories" dated July 8, 2005 No. 66, defining the objectives of ensuring national food security, sustainable economic and social development of the agro-industrial complex and rural territories, as well as creating conditions for the production of competitive agricultural products and their processed goods.

- Standard Rules for the implementation of price stabilization mechanisms for SSFP, approved by the Ministry of Agriculture of the Republic of Kazakhstan dated July 29, 2019 No. 280 (*hereinafter referred to as the Rules*), as well as the Rules for the implementation of price stabilization mechanisms by local executive bodies, defining the objectives and activities of stabilization funds, as well as the objectives and rules for providing concessional loans to business entities for the sale of SSFP at fixed prices.

- Rules for the forward purchase of agricultural products by the Joint Stock Company "National Company "Food Contract Corporation", establishing the procedure for financing advance payments to agricultural producers for the cultivation of wheat, barley, buckwheat, sunflower, oil flax seeds, and rapeseed.

From the current year, state price regulation applies to 31 goods (previously 19) included in the List of socially significant food products approved by the Ministry of Trade and Integration of the Republic of Kazakhstan. (*List of SSFP – 31 product items: first-grade wheat flour; first-grade wheat bread (loaf); pasta; buckwheat groats (whole); polished rice (round-grain); potatoes; table carrots; onions; white cabbage; tomatoes (excluding "cherry" and "grape" varieties); cucumbers (excluding "gherkins"=); apples; white sugar (granulated); sunflower oil; beef with bone; boneless beef; minced meat; lamb, including boneless; horse meat, including boneless; fresh, chilled and frozen fish (bream, crucian carp, pike perch, carp, common carp); chicken meat (thigh, drumstick, leg quarters); whole chickens (carcass); pasteurized, ultra-pasteurized and sterilized milk with fat content from 2.2% to 6% without flavor additives (excluding lactose-free); kefir with fat content of 2–3% (excluding lactose-free); sour cream (excluding lactose-free); cottage cheese with fat content of 5–9% (excluding lactose-free); hard and semi-hard cheese with fat content of 40–50%; butter (unsalted, with fat content from 72.5% to 80%,*

without fillers and vegetable fats); chicken eggs (Category I); black tea (without flavor additives, except bagged); table salt (excluding “Extra”).

2. Approaches to Market Regulation in The Food and Agricultural Sectors

The competence of the antimonopoly authority includes monitoring prices in commodity markets using statistical data in order to identify signs of violations of the legislation of the Republic of Kazakhstan in the field of competition protection, as provided for by the Code of Administrative Offenses, including monopolistic activity, abuse of a dominant position, and anti-competitive concerted actions. The monitoring is carried out using data from open sources as well as information from state authorities, including statistical data.

Antimonopoly response measures are applied to market entities possessing market power and controlling the relevant commodity market, as well as to state and local executive bodies.

Anti-competitive concerted actions are applied to market entities if their combined market share in the relevant commodity market amounts to thirty-five percent or more. At the same time, the minimum market share of one market entity in the relevant commodity market must be five percent or more. In addition, determination of market shares is possible if information is available from entities whose supply volume accounts for more than eighty-five percent of the total supply volume.

These provisions exclude the application of antimonopoly measures in low-concentration markets where such dominance of market participants is absent, since antimonopoly legislation is focused on large market players.

In order to avoid excessive pressure on private entrepreneurship, the Agency for protection and development of competition of the Republic of Kazakhstan (*hereinafter referred as Agency*) actively applies “soft law” instruments. A common practice is issuing notifications on the presence of signs of violations of competition protection legislation in the actions of market entities, state bodies, and organizations vested with state regulatory functions. In case of non-compliance with the requirements specified in such notifications, investigations are conducted into violations of competition protection legislation of the Republic of Kazakhstan. Effective regulation is possible through cooperation between the antimonopoly authority and authorized state bodies, such as the Ministry of Trade and Integration, the Ministry of Agriculture, and local executive bodies, which have instruments of direct and indirect regulation, as well as measures of state support and price stabilization. Key areas of joint work include:

- development of Roadmaps for the Development of Competition, defining strategies and actions aimed at improving the competitive environment;
- conducting interdepartmental inspections to eliminate inefficient intermediaries, reduce links in supply chains, and increase transparency;
- control over the maximum trade markup for SSFP included in the SSFP list;
- formation of stabilization funds and provision of concessional working capital loans to entrepreneurs through Social-Entrepreneurial Corporations (SEC), which operate in all regions of the republic to promote regional socio-economic development;
- state support of the agro-industrial complex.

3. Practices and Examples in This Market

In 2025, the Agency carried out the following activities in food product markets (SSFP):

- issued 15 notifications on the presence of signs of violations of competition protection legislation of the Republic of Kazakhstan in the actions of agro-industrial complex entities;

- concluded 84 antimonopoly compliance agreements aimed at preventing violations of competition protection legislation;
- issued 1 warning on the inadmissibility of violations of legislation related to public statements on intended price increases for food products and issued 6 orders;
- initiated 7 investigations based on signs of anti-competitive concerted actions in food product markets.

These measures generally reflect the antimonopoly response instruments applied by the Agency in SSFP markets. At the same time, systemic issues related to competition and equal access were identified in the implementation of price stabilization mechanisms through regional SEC, whose activities may be considered as an illustrative example.

Thus, the Agency conducted a comprehensive analysis of the implementation of price stabilization mechanisms through regional social-entrepreneurial corporations. The study showed that the mechanism intended to restrain prices for socially significant products is used inefficiently and is accompanied by systemic violations of the principles of fair competition, equal access, and transparency.

In a number of regions, facts of non-fulfillment of loan agreement conditions and their repeated prolongation without sanctions were identified. For example, one borrower received a loan of KZT 489 million, which was repeatedly extended without repayment. Similar cases were recorded for loans exceeding KZT 1.3 billion. Instances of granting interest-free concessional loans to certain entities were identified, creating preferential conditions. In addition, products purchased at the expense of the budget did not always reach retail chains. Over two years, only 19% of the purchased volumes were sold, while part of the products acquired back in 2021 remains unsold.

Particular attention should be paid to the issue of inefficient use of funds: during the period of price surplus (October–April), KZT 5.1 billion was allocated for potato procurement, while during the shortage period (May–July), when stabilization measures are most needed, they were not applied. Differences in the timing and conditions of contract execution were also recorded, violating the principles of equal access.

As a result of the Agency’s work, 1 investigation was conducted, following which one SEC was fined 300 MCI (monthly calculating index) (KZT 1.18 million), and 8 notifications were issued to other SECs for various violations of antimonopoly legislation. Proposals were prepared for the Ministry of Agriculture to establish uniform contract conditions, prohibit prolongations without fulfillment of obligations, mandate publication of distribution plans, and strengthen accountability of local executive body.

The analysis of antimonopoly response practices in SSFP markets shows that despite the formal availability of state intervention instruments, their application does not always ensure achievement of the stated goals of price stabilization and development of fair competition.

4. Problems and Trends in Antimonopoly Regulation in These Markets

Since 2022, the Agency’s competence includes consideration of state support measures, including subsidies. This provision was introduced due to the need for overall control over the provision of state support measures, which should lead to more efficient allocation of public funds and prevention of exclusive positions of individual support recipients.

It should be noted that any state support constitutes a distortion of market competition. The existing system of non-transparent determination of conditions for entrepreneurs access to state support exacerbates the impact of such assistance on competition, which may subsequently seriously affect the market.

Thus, lack of transparency in providing state support to private entrepreneurship, inadequate control over the use of subsidies, and repeated allocation of subsidies to the same persons or affiliated companies lead to restriction of competition and lobbying of interests of certain individuals, thereby infringing the rights of market entities.

With in the framework of new powers, actions of state bodies vested with regulatory functions reveal uneven distribution of subsidy volumes, orientation of subsidies toward large businesses, and limited access for new market participants.

As a result, the Agency has established that relevant bodies do not take measures to develop competition, thereby creating conditions for restriction of competition. The Agency considers its competence in approving new state support measures to be timely and aimed at minimizing risks of negative effects.

1) One of the long-standing problems of subsidization in the agro-industrial complex has been the large number of subsidy directions, which dispersed financial resources without clear performance indicators. As a result, subsidies supported producers but did not stimulate growth in production volumes, capacity expansion, or the emergence of new market players. While support was important, it did not deliver the necessary results to enhance competitiveness and ensure food security.

In this regard, the Agency proposed a conceptually new approach to subsidy distribution linked to final results, expressed in increased production and saturation of the domestic market. This proposal implies the development of indicative indicators for assessing results and competition development in the sector.

Currently, counter-obligations for subsidy recipients have been included in the Subsidy Rules being developed by the Ministry of Agriculture of the Republic of Kazakhstan. This means that agricultural producers must demonstrate the effect of state support through increased production volumes and achievement of specified indicators. This initiative is aimed at stimulating increased competitiveness of the agro-industrial complex and ensuring overall sectoral development.

Compliance with counter-obligations by agricultural producers will have a tangible effect in the form of increased gross output and strengthened food independence of Kazakhstan. This step will make an important contribution to forming a healthy competitive environment in which state subsidies genuinely promote growth and development of the agricultural sector.

2) The second key problem in the agro-industrial complex remains the existing support mechanism for recipients of commodity-specific subsidies, which is primarily oriented toward large agricultural producers. Small farmers have limited access to financial instruments due to high interest rates and excessive collateral requirements, reducing the competitiveness of small farms.

In this regard, under the Decree of the President of the Republic of Kazakhstan “On Measures to Liberalize the Economy”, dated May 8, 2024, No. 542 a gradual transition from commodity-specific subsidies to concessional lending is envisaged until 2028.

In implementation of this measure, the Ministry of Agriculture of the Republic of Kazakhstan has developed step-by-step actions: amendments to subsidy rules to exclude commodity-specific subsidy directions; reallocation of freed financial resources to the concessional lending program; improvement of financial accessibility for agricultural producers; and stimulation of economic development through effective financial instruments.

In addition, the Agency faces a number of problems in SSFP markets that hinder prompt identification and application of antimonopoly response measures due to lengthy processes of competition analysis, assessment of impact on competition, and interaction with central state bodies for information

collection.

In this regard, to improve efficiency and responsiveness of the Agency's work, the following significant changes have been introduced since 2023:

- 1) An unscheduled analysis (express analysis) has been introduced into the Methodology for Analyzing the State of Competition in Commodity Markets, aimed at protecting competition in SSFP markets and allowing accelerated calculation of dominance shares when signs of anti-competitive concerted actions or abuse of dominant or monopolistic position by market entities are present.
- 2) In coordination with the Ministry of National Economy of the Republic of Kazakhstan, Rules for Conducting Competition Impact Assessment have been approved as one of the stages of regulatory impact analysis, which will prevent the application of anti-competitive norms, including in SSFP markets. In particular, the Rules define timelines, objectives, as well as key stages, procedures, and requirements for conducting competition impact assessments.

5. Conclusions and Proposals

Overall, the application of antimonopoly measures aimed at restraining prices in SSFP markets is impractical, as they have a localized and short-term effect on individual commodity markets without addressing systemic problems in the sector.

Moreover, intervention aimed at price restriction or lowering intervention standards (when using exclusively competition rule enforcement tools) to punish excessive pricing may hinder investment inflows, which in the long-term leads to negative consequences for the competitive environment, and reduces incentives for competition.

In addition to short-term effects, such intervention subsequently places market participants in a difficult position, reducing incentives for production expansion and investment. Due to strict procedural legislation constraints, the use of "soft" influence instruments on entrepreneurs is excluded. Significant time and labor resources are diverted to non-core price regulation functions that contradict the concept of competition development.

Long-term measures are required to ensure development of the agro-industrial complex aimed at saturating the domestic market, increasing production, reducing import dependence, diversifying crop areas, and subsidizing priority areas of agriculture with a focus on new market participants.

KYRGYZ REPUBLIC

Regulatory Framework in the Sphere of State Regulation of Prices for Socially Significant Goods

1. Regulatory Framework

In 2023, the Law of the Kyrgyz Republic "On Pricing" was adopted in the Kyrgyz Republic. The purpose of the Law is to ensure the implementation of a unified state pricing policy. It defines the methods of price regulation, as well as the grounds and procedures for its introduction and application.

The main principles of pricing in the Kyrgyz Republic are:

- 1) focusing pricing policy on the goals of development, economic growth, and improving the quality of life of the population;
- 2) a combination of free and regulated prices (tariffs);
- 3) state regulation of prices (tariffs) for goods (works, services) based on economically justified costs and the generation of sufficient profit, taking into account taxes, to expand reproduction;
- 4) information transparency of the activities of pricing participants;
- 5) state subsidization of goods (works, services) on a gratuitous and non-repayable basis to compensate for losses incurred in the implementation of their production activities, within the framework of the implementation of state economic and social policy measures.

In the Kyrgyz Republic, prices for goods (works, services), with the exception of cases provided for by the above-mentioned Law, are set by agreement between the parties (free prices), which are determined by supply and demand, purchasing power, consumer choice, competition, and other economic factors.

The conditions for free pricing are:

- 1) freedom of choice of goods (works, services) and seller, freedom of circulation of goods (works, services);
- 2) availability and accessibility of reliable information about the goods (works, services) provided, prices (tariffs), and terms of sale;
- 3) compliance with competition rules.

The scope of application of regulated prices (tariffs) is also defined by the Law of the Kyrgyz Republic "On Pricing": Regulated prices (tariffs) are applied in the domestic market of the Kyrgyz Republic by economic entities in the manner established by the Cabinet of Ministers of the Kyrgyz Republic, regardless of ownership and legal status, and by individuals. **The state regulates prices and tariffs for the following goods (works, services) of economic entities, state and municipal bodies, and individuals:**

- 1) For goods (works, services) in the sphere of natural monopolies in accordance with the legislation of the Kyrgyz Republic on natural monopolies;
- 2) For medicines included in the National List of Vital Medicines;
- 3) For vodka produced and sold in the Kyrgyz Republic (minimum wholesale and retail prices);
- 4) For all types of tobacco and nicotine-containing products, including heated tobacco products, electronic nicotine delivery systems (including e-cigarettes), and solutions therefor (minimum wholesale and retail prices);

- 5) For state and municipal services in the manner established by the legislation of the Kyrgyz Republic on state and municipal services;
- 6) For services for the provision of retail space for the sale of socially significant goods in food markets of the Kyrgyz Republic;
- 7) For passenger transportation services on public motor transport;
- 8) for services related to the collection, removal, and disposal of solid municipal waste;
- 9) for goods and materials sold, released from the state material reserve fund;
- 10) for agricultural products purchased at procurement prices within the republic to replenish state reserves.

In addition, to ensure social protection and population needs, food security, and physical availability of food products, temporary state regulation of prices for socially significant goods is permitted when the problems cannot be resolved in a manner that has less negative consequences for competition. **The state has the right to introduce state price regulation for a period of no more than 90 calendar days per year and, if necessary, extend it in accordance with the procedure established by the legislation of the Kyrgyz Republic for the following goods of economic entities and individuals:**

- 1) socially significant goods, the list of which is established by the Cabinet of Ministers of the Kyrgyz Republic;
- 2) socially significant goods of economic entities included in the State Register of Economic Entities Holding a Dominant Position.

The Cabinet of Ministers of the Kyrgyz Republic also has the right, in agreement with the National Bank of the Kyrgyz Republic, to establish requirements for the pricing of banking services for the payment of state and municipal services, fines, taxes and state duties provided by commercial banks where 50 percent or more of the share in the authorized capital belongs to the state.

The Law of the Kyrgyz Republic "On Pricing" establishes the methods and forms of state price regulation.

Thus, the following methods may be used in the process of state price regulation:

- 1) establishing maximum or minimum prices (tariffs);
- 2) establishing fixed prices (tariffs);
- 3) establishing maximum or minimum trade markups on prices (tariffs);
- 4) setting prices (tariffs) by concluding agreements between economic entities and/or government agencies.

Forms of indirect state influence on the pricing process include fiscal, monetary, customs and tariff regulation, and commodity or procurement intervention. The procedure for indirect price (tariff) regulation is determined by separate regulatory legal acts of the Cabinet of Ministers of the Kyrgyz Republic and industry-specific legislation.

Furthermore, the Law provides for the conclusion of pricing agreements.

Pricing agreements may be concluded to ensure state interests, including food security, price (tariff) stabilization, social protection of the population, and the determination of the obligations and responsibilities of the parties regarding permissible levels of price increases.

Agreements are concluded between business entities and/or government agencies. Pricing agreements are concluded in accordance with civil law. The agreement is purely voluntary, and its parties have equal rights and obligations regardless of their location, legal form, and market position. The objectives of preparing and concluding a pricing agreement between major manufacturers of finished products and suppliers of raw materials, resources, and services are to stabilize the operations of the participating enterprises by enhancing the competitiveness of their products, increasing sales volumes, improving mutual settlements, stabilizing prices for the products and services of the participating enterprises, protecting the economic interests of citizens, and promoting competition. In a pricing agreement, the parties agree on the forms, methods, and timing of price regulation. Pricing agreements between business entities that violate antitrust laws are prohibited.

2. State Regulation of Prices for Socially Significant Goods:

Resolution No. 455 of the Cabinet of Ministers of the Kyrgyz Republic dated September 8, 2023, "On state regulation of prices for socially significant goods" approved:

- A list of socially significant goods for which temporary state price regulation may be introduced in the domestic market of the Kyrgyz Republic (hereinafter referred to as the List);
- The procedure for state regulation of prices for socially significant goods.

The List of Socially Significant Goods includes the following products:

- 1) *First-grade wheat flour*
- 2) *Wheat bread made from first-grade flour (pan-baked), bakery products (flatbread)*
- 3) *Milk with a fat content of 2.5-3.2%*
- 4) *Vegetable oil*
- 5) *Butter (unsalted, at least 72.5% without fillers and vegetable fats)*
- 6) *Meat (beef and lamb, except boneless meat)*
- 7) *Granulated sugar*
- 8) *Rice (white polished)*
- 9) *Pasta (vermicelli, spaghetti, and horns)*
- 10) *Chicken eggs*
- 11) *Vegetables (potatoes, carrots, onions)*
- 12) *Coal*
- 13) *AI-92 gasoline, diesel fuel*
- 14) *Liquefied petroleum gas (LPG)*
- 15) *Mineral fertilizers (ammonium nitrate, urea, ammophos)*
- 16) *Feed for farm animals, birds, and fish*

The procedure for state regulation of prices for socially significant goods determines the procedure for setting prices for socially significant goods. Depending on the specifics of the goods, the following regulation methods are applied:

- 1) *establishing maximum or minimum prices (tariffs);*
- 2) *establishing fixed prices (tariffs);*
- 3) *establishing maximum or minimum trade markups on prices (tariffs);*
- 4) *establishing prices (tariffs) through agreements between business entities and/or government agencies.*

When applying regulatory methods such as establishing maximum or minimum prices or fixed prices, wholesale and retail prices for goods are regulated. Setting prices (tariffs) through agreements between business entities and/or government agencies is carried out in accordance with Article 8 of the Law of the Kyrgyz Republic "On Pricing".

The decision to introduce temporary state regulation of prices for certain types of socially significant goods is made by the Ministry of Economy and Commerce of the Kyrgyz Republic. When making a decision in accordance with the legislation of the Kyrgyz Republic on pricing, information (calculation materials) for establishing maximum wholesale and/or retail prices and maximum or minimum price markups is provided by market participants (manufacturers, importers, and intermediaries) to the antimonopoly authority.

Violations of this Procedure for Determining and Applying Prices for Regulated Goods include:

- 1) *inflating regulated prices for goods;*
- 2) *setting the full cost price of goods in violation of this Procedure;*
- 3) *failure to submit documents to the antimonopoly authority for setting prices for regulated goods or submitting them in violation of the requirements of this Procedure.*

In the event of a violation of this Procedure, established on the basis of information, materials, statements from individuals and legal entities, monitoring results, as well as information transmitted by other government agencies, held by the antimonopoly authority, the business entity or individual entrepreneur producing, supplying or selling the goods shall be liable in accordance with the procedure established by the legislation of the Kyrgyz Republic on offenses.

Turkish Competition Authority's Practices in the Agriculture and Food Sector

The food sector has always been under the focus of the Turkish Competition Authority (TCA). The TCA has focused on not only anticompetitive horizontal agreements but also vertical agreements aimed at resale price maintenance. Furthermore, dominant undertakings' exclusionary actions are always investigated meticulously. In addition, in order to understand the outlook of the food sector and to detect the factors distorting competition and find solutions, the TCA has conducted several sector inquiries some of which are still ongoing.

TCA conducted 48 investigations in the food market between 2021 and 2025 (5 in 2021, 10 in 2022, 12 in 2023, 16 in 2024, 5 in 2025). As a result of these investigations, administrative fines were imposed on undertakings (approximately 3.1 billion TRY in 2021, 1.1 billion TRY in 2022, 700 million TRY in 2023, 1.7 billion TRY in 2024 and 4.4 billion TRY in 2025.)

Based on the Impact Analysis conducted to estimate the effects of our Authority's 2025 activities on consumer welfare, it is estimated that in 2025, consumers in the food sector benefited from an annual average of approximately 30 billion TRY under conservative assumptions, while this benefit reached an annual average of approximately 81 billion TRY when calculated in accordance with the OECD methodology.

Examples of recent important investigations and explanations about sector inquiries are provided below.

1. Examples of Decisions Concerning Horizontal Agreements Between Competitors

The first paragraph of Article 4 of the Act no 4054 on the Protection of Competition (the Act no 4054) imposes the provision "*agreements and concerted practices between undertakings, and decisions and practices of associations of undertakings which have as their object or effect or likely effect the prevention, distortion or restriction of competition directly or indirectly in a particular market for goods or services are illegal and prohibited*" and prohibits anticompetitive agreements between competitors. Within this framework, the TCA intervenes to the agreements that have as their object, effect or likely effect the distortion of competition between competitors.

1.1. Supermarket Chains Decision (Board Decision dated 28.10.2021; and numbered 21-53/747-360)¹

An investigation was initiated to examine the pricing behavior of supermarket chains and their suppliers operating at producer and wholesaler level during the COVID-19 outbreak. The investigation covered 30 parties being national supermarket chains, local supermarket chains, food producers and suppliers, other retail chains, personal care and cleaning product suppliers and an association of undertakings.

The evidence collected during the investigation focuses on five supermarket chains (BİM Birleşik Mağazalar AŞ-BİM, CarrefourSA Carrefour Sabancı Ticaret Merkezi AŞ-CARREFOUR, Migros Ticaret A.Ş.-MİGROS, Şok Marketler Ticaret AŞ-ŞOK, Yeni Mağazacılık AŞ-A101) and a supplier (Savola Gıda ve San. Tic. AŞ-SAVOLA). Examples of correspondence obtained during on-site inspections between SAVOLA, which produces and sells cooking and edible oils, and supermarket chains are given below.

The correspondence between MİGROS and SAVOLA:

MİGROS: *Nice bro, if the market increases, there will be no problem :) Meanwhile, shelf prices will rise on Tuesday on Monday everybody should be organized and change on Tuesday.*

SAVOLA: *On Monday we are changing to 39,95 TL shelf price. We'll sent an e-mail to you on Monday morning.*

¹For English text of the Board Decision please see: <https://www.rekabet.gov.tr/Dosya/zincir-marketler-karari-20240424152004233.pdf>

MİGROS: *Ok, we'll have changed as of Tuesday... Şok did not change the prices.*

SAVOLA: *There is 1 L and they will change it too, don't worry.*

The correspondence between A101 and SAVOLA:

A101: *Are you coming at 3 pm today? Hi I wrote ŞOK's price to Mr. (.....) We have to get information till tomorrow noon. Otherwise we will break the price.*

A101: *Did you have a chance to talk Şok price?*

SAVOLA: *It'll be 11,40 TL tomorrow.*

The correspondence between BİM and SAVOLA:

SAVOLA: *Hi I've just been in a meeting with A101 if you define the shelf prices tomorrow If virtual market is reflected to shelf on Friday A101 will define on Friday and reflect on Saturday.*

Depending on the evaluation of these evidence, the following conclusions were made:

- Retailers share information about their future prices with SAVOLA,
- Retailers know and/or in a position to know that SAVOLA can share that price information with other retailer competitors,
- Retailers exchange information indirectly and coordinate their prices and price changes through SAVOLA,
- SAVOLA is used as a hub for price agreements and organization of the market among retailers,
- In line with retailers' guidance/requests, SAVOLA interferes in the shelf prices of competing retailers,
- SAVOLA also take actions to coordinate prices and price change dates of retailers, taking advantage of the price changes/increases in the market.
- This structure was active from 2018 to February 2021.

In traditional cartels, there is a direct communication among the competitors. In hub and spoke cartels, on the other hand, competitors do not directly communicate but communicate with the hub, knowing that others will also get in touch with the hub and the hub will forward the information from one competitor to another.

Under the scope of this investigation A 101, BİM, CarrefourSA, MİGROS and ŞOK ensured the coordination of prices and price changes by either direct or indirect contact through common suppliers. Competitively sensitive information such as future prices, price change dates, seasonal activities and campaigns were also shared directly or through common suppliers. The companies used the suppliers to intervene in the prices of those undertakings which discounted prices or which did not yet increase their prices when prices in the market in general were increasing, and ensured that they also raised their prices to the disadvantage of the consumers. Where the competitors' prices did not increase, the undertakings constantly monitored compliance with the collusion by quickly implementing discounts specific to a product and/or region and through the use of penalizing strategies, including making out return invoices to the supplier. Thus, the aforementioned undertakings violated Article 4 of the Act no 4054 by agreements or concerted practices that showed the characteristics of a hub and spoke cartel, aimed at fixing the retail prices of many products they offered for sale.

In addition to those undertakings, SAVOLA, which is a supplier, violated Article 4 of the Act no 4054 by means of agreements made in the form of a hub and spoke cartel or concerted practices aiming to fix retail prices, via mediating for the formation and maintenance of the collusion/coordination made between the aforementioned undertakings for shelf prices and price changes with respect to its own products and in this framework for sharing competitively sensitive information such as retailers' future prices and price changes, and is equally and jointly responsible with the retailers for the violation.

1.2. Yeast Investigation (Board Decision dated 17.08.2023 and numbered 23-39/755-264)

The investigation was opened to determine whether undertakings producing and distributing fresh yeast violated Article 4 of the Act no 4054 and covered a total of 23 parties, including yeast producers Mauri Maya Sanayi AŞ (MAURİ MAYA), Pak Gıda Üretim ve Pazarlama AŞ (PAKMAYA) and Lesaffre Turquie Mayacılık Üretim ve Ticaret AŞ (LESAFFRE) as well as their dealers.

Yeast is categorized into two as fresh yeast and dry yeast. While dry yeast is consumed domestically, fresh yeast is used for making bread at bakeries. Fresh yeast is a homogenous product. Bakeries can easily switch their suppliers. The fresh yeast market has an oligopolistic structure with three yeast producers. Being subject to investigations before, fresh yeast producers were fined lastly in 2014 because of colluding to increase the prices of fresh yeast, which is used for making bread. In the on-site inspections and leniency application, documents showing that dealers, which were operating in İstanbul, İzmir, Konya, Muğla and Giresun, engaged in anticompetitive communication were obtained. Examples of correspondence obtained are given below.

The e-mail sent from Adatepeler (Dealer) to LESAFFRE includes the following statements:

“...In line with the factory’s request, we stopped supplying yeast to Altınok and Aslanoğlu as of JUNE 19, 2017. We were given a promise that Muratlar yeast (Dealer) would go out of Sihat Gıda (sultangazi) and Göztepe Ekmek, which are our customers muratlar yeast haven’t gone out of the customers since the promise has not been kept we now have a right to enter aslanoğlu group and altınok bakery.”

While the investigation was ongoing, LESAFFRE applied for leniency. The documents submitted by LESAFFRE were analyzed. Since LESAFFRE applied for leniency after the investigation started, it could not benefit from immunity from but from reduction in fines. As a result of the settlement process about LESAFFRE, it was decided that undertakings distributing fresh yeast colluded to fix prices, allocated customers and LESAFFRE violated the Act no 4054 by acting as a facilitator for those practices; thus the administrative fines would be increased due to the period and repetition of the violation, however, a reduction would be made under the scope of leniency and settlement applications.

Similar correspondence was found in many dealers. It was understood from the evidence collected that dealers of yeast producers that were operating in various provinces made agreements to fix prices, allocate customers and restrict yeast supply. The said agreements had the nature of a cartel and obviously aimed at restricting competition. Examples of correspondence obtained are given below.

In correspondence between competing dealers the following statements are included:

“it was on the first of march when we agreed to fix prices for common customers and to change the prices in others.”

In the correspondence between MAURİ MAYA and its dealer, a dealer is complaining about the other because it made sales in its region.

Dealer: *“...you made muratlar (competing dealer) a thorn in our side ... it decreased prices everywhere”*

MAURİ MAYA: *“I’ve just talked. He said I don’t supply yeast to neither points. If there is an invoice, send me the invoice in such cases”.*

The correspondence indicated that MAURİ MAYA’s support was essential for implementing, coordinating, maintaining and controlling price fixing/allocation of customers, cartel participants sometimes disagreed about price fixing/allocation of customers, and they got in touch with MAURİ MAYA and asked for solutions in case of such conflict.

Thus, MAURİ MAYA’s practices were important for the continuity of dealers’ cartel. It was understood that MAURİ MAYA committed the said actions intentionally; therefore it was concluded that MAURİ MAYA participated in the price fixing/customer allocation cartels as a facilitator under the scope of Article 4 of the Act no 4054.

2. Examples of Decisions Concerning Vertical Agreements between Undertakings

2.1. Resale Price Maintenance (RPM)

Article 4 of the Act no 4054 which prohibits agreements that have as their object or effect the distortion of competition, is not only concerned with horizontal agreements but also with anticompetitive vertical agreements between undertakings. Vertical agreements are defined as “*Agreements concluded between two or more undertakings operating at different levels of the production or distribution chain, with the aim of purchase, sale or resale of particular goods or services*”. In this regard, the agreement between a supplier and its dealer is a vertical agreement.

In its widest sense, resale price maintenance is the dictation of the sales price by the producer in the upstream market to the reseller in the downstream market. The undertaking in the upstream market may interfere in the sales price by asking not to sell a product at a lower price than a specific price by determining a minimum price; not to sell a product at a price higher than a specific price by determining a maximum price or to sell at a fixed price.

Block Exemption Communiqué on Vertical Agreements provides that, vertical agreements that restrict the purchaser’s freedom to determine its own resale price cannot benefit from the block exemption. However, the provider may determine the maximum selling price or recommend the selling price, on condition that it does not transform into a fixed or minimum selling price as a result of the pressure or encouragement by any of the parties.

Communique on the Commitments to be Offered in Preliminary Inquiries and Investigations Concerning Agreements, Concerted Practices and Decisions Restricting Competition, and Abuse of Dominant Position considers determining the fixed or minimum price for the buyer in the relationship between undertakings operating at different levels of the production or distribution chain as a hardcore and naked violation and states that commitment applications for such violations will not be accepted.

The Board has been paying special attention to detecting resale price maintenance violations and conducting investigations about such violations. In particular, the Board is conducting detailed RPM investigations in food, consumer electronics/white goods and cosmetics markets. Approximately 3.7 billion TL administrative fines have been imposed in resale price maintenance violations and more than 25 investigations have been completed as of the end of 2023. With those decisions, the Board aims to end price rigidity and ensure price competition and price variety in the market, enabling consumers to buy products at reasonable prices.

Below are example Board decisions regarding the fixing of resale prices in the food sector.

2.1.1. Duru Bulgur Investigation (Board Decision dated 17.02.2022 and numbered 22-09/130-50)

The investigation started ex officio in response to the suspicion that Duru Bulgur Gıda San. ve Tic. AŞ (DURU) engaged in resale price maintenance in its sales to retail chains.

DURU is active in production, packaging and distribution of bulgur; processing, packaging and distribution of pulses and packaging and distribution of rice products.

Many examples of correspondence were obtained during on-site inspections showing that DURU wanted sales points to apply the prices it determined. If DURU saw that there was a deviation from those prices, it intervened to correct the price. For instance, DURU sent an e-mail to a supermarket saying, “*We want to have Baldo rice of 2500 gr sold at 10,95 tl with 20% profit margin and red lentils of 1000 gr at 3,25 tl with 20% profit margin. I am waiting for your feedback. The supermarket answered, “ok the action will be made”.*

As a result, it was decided that DURU imposed shelf prices and profit margins or discount rates in the form of fixed prices or fixed rates several times, which constituted resale price maintenance.

2.1.2. Nestle Investigation (Board Decision dated 15.02.2024 and numbered 24-08/149-61)

The investigation was opened about the allegation that Nestle Türkiye Gıda Sanayi AŞ (NESTLE) determined the resale prices of its distributors and imposed territory and customer restrictions on its

distributors. NESTLE supplies and sells more than eight hundred food products including chocolate, cereals, dairy products and coffee products.

The text sent by NESTLE to its wholesaler is as follows: *“Package price 44+VAT Don’t sell the products at a lower price than the one I told let’s not distort the market.”*

In addition to this type of correspondence, evidence was found showing that distributors were obliged to make sales to specified regions and customers which were defined by NESTLE.

As a result of the investigation, it was decided that NESTLE violated Article 4 of the Act no 4054 by determining the resale prices of its distributors and imposing territory and customer restrictions on its distributors.

2.2. Exclusivity

Exclusivity or single-brand restrictions in competition law may be defined, within the framework of vertically structured “supplier–buyer” relationships formed for the purpose of the purchase, sale or resale of certain goods or services between two or more undertakings operating at different levels of the production or distribution chain, as the obligation or tendency of an independent buyer to source all or a substantial part of its demand for a particular product or group of products from a single supplier. Exclusivity practices, which are examined under the category of exclusionary conduct due to their market foreclosure effects—namely, the artificial prevention of actual or potential competitors of the supplier from entering the market and expanding therein, and the resulting difficulty imposed on competitors’ activities in the market—may take the form of non-price exclusionary conduct where a supplier in a strong market position imposes single-brand sales obligations on buyers, or price-based exclusionary conduct where discounts are granted subject to exclusivity conditions.

Without altering its effects on the market or the resulting consequences, exclusivity may be classified into two categories: direct exclusivity and indirect or de facto exclusivity. Direct exclusivity may take the form of an explicit provision included in a written agreement between the parties (de jure exclusivity); however, it may also exist even in the absence of a written contract, where there is any form of written or oral understanding, arrangement, or meeting of minds between the parties—rising to the level of an agreement and/or concerted practice—that indicates the existence of exclusivity.

Rebates/discounts—particularly when granted by a dominant undertaking—may produce actual or potential foreclosure effects similar to those arising from non-compete obligations. Accordingly, a dominant undertaking may, through rebate systems, create de facto exclusivity, thereby foreclosing the relevant markets by preventing existing or potential competitors from accessing the necessary distribution channels, and thus restricting competitors’ ability to emerge as effective competitive constraints on the dominant undertaking.

2.2.1. Frito Lay Investigation (Board Decision dated 13.02.2025 and no 25-06/152-78)²

An investigation has been initiated in order to determine whether Frito Lay Gıda San. ve Tic. AŞ (FRITO LAY) has infringed Act No. 4054 by making it more difficult for its competitors to carry out their activities at retail sales points.

Within the scope of the investigation, there is a substantial body of evidence indicating that FRITO LAY engaged in practices aimed at hindering competitors’ activities in the packaged chips market; that FRITO LAY’s mid-level and senior executives had involvement in, knowledge of, and gave approval to the practices in question; and that the actions directed at establishing direct exclusivity were of a strategic nature. Examples of correspondence obtained are given below:

A message found on the mobile device of the FRITO LAY Ankara Regional Manager, sent by a FRITO LAY Sales Supervisor: *“[A photograph taken from a distance, showing the signboard of the final sales outlet, was shared.] Sir, the customer has been contacted and an agreement has been reached. There*

² For English text of the Board Decision please see: <https://www.rekabet.gov.tr/Dosya/frito-lay-karari-20251231115954138.pdf>

are still some Patos products at the outlet; we will clear those first, and afterwards the customer will carry our full product range. Today, we listed products from the TRY 6 range. Once Patos is depleted, we will place all of our varieties at the outlet and share a photograph with you. ... We have a lot of work to do, sir. Good evening."

Correspondence between a FRITO LAY Sales Supervisor and a Sales Representative:

Sales Supervisor: *Let's also place our products on the shelf outside the stand. The competitor has taken up too much space there.*

Sales Representative: *The competitor has been removed, chief. They no longer have such a large space. They only place products on the side facing my stand now. I'm opening space below with Çitircik Shots (type of a chips) and the like, and I've placed these on the opposite side as well*

It has further been concluded that the digital application entitled Dükkan Senin, examined within the case file, constitutes a discount scheme that is retrospective, personalized, loyalty-enhancing, lacks transparency and is open to external intervention and abuse; that manual entries made into this system were used as a tool to secure direct exclusivity and that, through this mechanism, competition in the market was restricted, thereby resulting in an infringement of Article 4 of Act no. 4054.

Similarly, taking into account that integrated (PO1) stands (a chip stand integrated with a Pepsi refrigerator)³, by their very nature, lack mobility, can be designed according to the size of the retail outlet, and prevent the existence of idle space at the point of sale—thereby hindering competitors' entry into the traditional retail channel—and considering that such effects were targeted by FRITO LAY and substantiated by the documents obtained within the scope of the case file, it has been concluded that FRITO LAY infringed Article 4 of Act no. 4054.

In addition, it has been decided to impose behavioral remedies in order to ensure the establishment of effective competition in the packaged chips market. Within the scope of the behavioral remedies;

-In terms of the products sold by FRITO LAY or its distributors in the packaged chips market, except standard purchasing transactions in return for trade made with retail outlets in the traditional channel, any kind of rebates, additional discounts, privileges as well as financial benefits called Dükkan Senin points and/or financial benefits similar to those shall be ended and

-The precondition that no action shall be taken in terms of availability and visibility of competing products at sales points and the employees of FRITO LAY and/or its distributors can give recommendations to the sales points about only the products they sell shall be added to FRITO LAY's employee premium system, within this scope, employees shall be informed regularly and the necessary in-house measures shall be taken to monitor the precondition,

-The following obligations shall be valid for sales points with a closed sales area below 200 m²,

- 1) FRITO LAY can only place one stall in outlets.
- 2) In addition to only one stall, there shall be one hanger or similar additional display material at the most and products shall be placed in single file in an outlet.
- 3) In case there is not at least one stall wider than 80 cm belonging to a competing producer at the outlet, 30% of FRITO LAY's stall, not smaller than 35 cm per basket vertically, shall be allocated for competitors. The allocated part shall be divided by a separator and carry a sticker stating *"This part is allocated to competing chips products"* readably on each basket. In cases where competing products are not available/are sold out in the outlet, the area allocated for competing products shall not be used for FRITO LAY products.
- 4) Even if there is a stall belonging to another undertaking apart from FRITO LAY at the sales point, upon the request of the competing producer, within one week at the latest, within the framework of the criteria stated above, 30% of FRITO LAY's stall, not smaller than 35 cm per basket

³ Pepsi Cola Servis ve Dağıtım AŞ (PEPSI) and the legal entities of FRITO LAY operate under the same economic unit of PepsiCo, Inc. (PEPSICO). PO1 stands are stands designed to display both Pepsi Group beverage products and FRITO LAY Group packaged chips together, featuring a cooler in the middle and packaged chips racks on the sides.

vertically, shall be opened for other competing producers who do not have their own stall in the outlet.

- 5) Regardless of whether there are competitors' stalls in the outlet, 30% of the part, which is related to the products that are the subject of the investigation and which is visible for the consumers in the same vertical level, in PO1 or similar integrated stalls, regardless of their name where different product groups are displayed, shall be opened to competing products, if there are not any competing products for any reason, this part shall be left empty. Likewise, this area shall be separated from FRITO LAY products with a separator and the baskets in the separated area shall carry a sticker stating "This part is allocated to competing chips products".
- 6) To be valid for all stalls, competing producers can attach the visuals of their own products on the part corresponding to the area allocated for competitors on brand/advertisement areas on the stall if they request, in a way not to distort the integrity of the stall.
 - FRITO LAY or FRITO LAY dealers/distributors, shall not provide any suggestion or direction to outlets especially with respect to competing products, placement of competing products or the location of competing stalls in the outlet directly or indirectly.
 - FRITO LAY is obliged to take any measures contractually to ensure that the outlet complies with the abovementioned issues. FRITO LAY shall notify the outlets, dealers/distributors of the terms of use for stalls under the scope of this decision in writing.
 - The arrangements about stall shall be reviewed two years after the notification of the reasoned decision and additional arrangements can be made for the sake of making the market more competitive.

3. Examples of Decisions Concerning Abuse of Dominant Position

The Act no 4054 prohibits abuse, by one or more undertakings, of their dominant position in a market for goods or services within the whole or a part of the country on their own or through agreements with others or through concerted practices. Within this framework, the Competition Board interferes to dominant undertakings' conduct that may constitute an abuse.

3.1. Unilever Investigation (Board Decision dated 18.03.2021 and no 21-15/190-80)⁴

The investigation started in response to the claim that Unilever Sanayi ve Ticaret Türk AŞ (UNILEVER) violated the Act no 4054 through de facto exclusivity by preventing the sale of competing products at final sales points via various practices.

UNILEVER is operating in industrial ice cream market which is produced in large amounts in factories and therefore is different from artisan ice cream produced by small enterprises. UNILEVER has a dominant position in the industrial ice cream market in general and in the impulse ice cream market in particular where consumers purchase and consume the product immediately (in the take-home market consumers prefer to buy ice cream and consume it at home; and in the catering market, consumers prefer to consume ice cream in places like restaurants.)

In the relevant market, UNILEVER has a very high market share over a significant period of time. In addition, there were barriers to entry due to UNILEVER's brand recognition, high advertising costs, high freezer and distribution costs as cold chain is necessary for distributing ice cream.

In the investigation, the Board referred to its 2008 ex officio investigation (Decision no 08-33/421-147), where it had already determined that exclusivity practices in the industrial ice cream market restricted effective competition. In that decision, the Board concluded that UNILEVER could not impose exclusivity or engage in practices creating de facto exclusivity in the market. Following the 2008 decision, UNILEVER amended its agreements with outlets in order to comply with the Competition Board's requirements. Within the scope of the new investigation, based on its 2008 decision, the Board examined all of UNILEVER's agreements. Among them, it was found that the agreement concluded

⁴ For English text of the Board Decision please see: <https://www.rekabet.gov.tr/Dosya/unilever-decision-2021-pdf-20240325112313175.pdf>

between UNILEVER and “Getir”, an online food delivery platform, includes a clause stipulating that only “Algida” branded ice cream products could be sold within the business during the term of the agreement. The Board found that this non-compete obligation violated Article 4 of the Act no 4054 and was contrary to the obligations imposed under the 2008 Decision. During the investigation, the agreement was amended and its duration was limited to five years. Nevertheless, the Board imposed an administrative fine regarding the infringement arising from the “Getir agreement”.

The Board found that ice cream requires freezer storage and that outlets, particularly those below 100 m², generally have space for only one freezer. Since UNILEVER’s loan agreements required freezers to be used exclusively for UNILEVER products, freezer exclusivity effectively resulted in outlet exclusivity. Market analyses for 2017-2019 showed that significant portion of sub-100 m² traditional outlets had only UNILEVER’s freezer, significantly limiting competitors’ access to the market. The investigation further demonstrated that UNILEVER continuously increased the number of its freezers and outlets while competitors lost both freezer presence and outlet access. The Board concluded that freezer exclusivity strengthened UNILEVER’s dominant position, restricted intra-brand competition, and foreclosed rivals from a substantial part of the traditional channel.

It was further emphasized that UNILEVER’s exclusivity structure was not only contractual (de jure), but also resulted in de facto exclusivity through its rebate system applied at the outlet level. These rebates included free products, invoice discounts, visibility support materials, electricity cost contributions, and seasonal support payments. The Board assessed UNILEVER’s rebate system and found that certain outlets received increased discounts and additional freezer investments despite declining turnover or sales. The analysis of competitor presence at these outlets showed that rivals were gradually excluded from the market. Competitors lost a significant number of the already limited outlets they could access, while most of the analyzed outlets continued to work exclusively with UNILEVER. The Board considered such practices commercially unreasonable and concluded that they were designed to prevent competitors from entering or remaining in those outlets by limiting available physical space and influencing retailers’ incentives. The Board therefore concluded that UNILEVER’s rebate practices had both the object and effect of complicating competitors’ activities and creating de facto exclusivity.

As a result, the Competition Board held that UNILEVER abused its dominant position. The Board imposed an administrative fine and required the removal of exclusivity provisions for outlets below 100 m². It was also decided that competing products must be allowed to use 30% of the visible and total freezer capacity at such outlets.

3.2. Coca Cola Investigation (Board Decision dated 02.09.2021 and numbered 21-41/610-297)⁵

The investigation started in response to the claim that Coca Cola Satış ve Dağıtım AŞ (COCA COLA) violated Articles 4 and 6 of the Act no 4054 through creating de facto exclusivity by preventing the sale of competing products at final outlets.

COCA COLA held dominant position in the “carbonated drinks”, “cola drinks” and “flavored carbonated drinks” market, and abused this dominant position through a discount system and cooler policies that worked to obstruct the operations of its competitors in the market for carbonated drinks.

While the investigation process was ongoing, COCA COLA made a request to offer commitments. The first commitment text was submitted for sector players’ opinion. Afterwards, the text was revised and finalized by COCA COLA. It was assessed that the commitments package offered was proportional to the competition problems, able to solve those, quickly realizable and efficiently applicable and COCA COLA was not imposed fines. The commitments were rendered binding and the investigation was terminated.

The Commitments are provided below:

- The use of agreements with a general scope, arranged to cover the whole product portfolio in the traditional and on-premise consumption channel will be terminated. Separate duration and quantity-

⁵ For English text of the Board Decision please see <https://www.rekabet.gov.tr/Dosya/coca-cola-20240325112521147.pdf>

based agreements will be prepared for “cola drinks,” “other carbonated products,” and “non-carbonated products”.

- Discounts and investments consisting of cash payments, total invoice discounts, turnover premiums, 100% discounted products, and quantity discounts in the form of product surplus to be provided through the agreement to the outlets in the traditional and on
- premise consumption channel to facilitate their marketing operations, as well as promotions of total invoice discounts, quantity discounts in the form of product surplus and 100% discounted products which are applied outside the scope of the agreement will be determined on a product basis,
- For non-carbonated products, the practice of signing exclusive agreements will be terminated.
- For those outlets below 100 m² in the traditional channel and those in the on premise consumption channel, 25% of the coolers owned by COCA COLA will be open for utilization by competing products.
- In order to inform the consumers, the coolers subject to the cooler access rule will have labels explaining the rule in way that is visible and readable by the consumer and the outlet, and COCA COLA will endeavor to renew any damaged labels.
- Outlets with currently ongoing agreements shall be informed concerning the termination of the exclusivity clause for noncarbonated product, possibility to sell other brands of noncarbonated products as it is in the carbonated product categories, elimination of any sanctions for such, and the completely independent handling of the purchase of carbonated and noncarbonated products as well as the discounts provided for product purchases.

4. Sector Inquiries

Sector inquiries are made to understand market structure, evaluate competitive behavior in the market and detect the barriers to competition, and thus to ensure that the authorities can take the decisions more consciously and to promote competition advocacy in the relevant sector. Some of the sector inquiries related to the agriculture and food sector are summarized below.

4.1. The Fresh Fruit and Vegetable Sector Inquiry (2021)

The fresh fruit and vegetable sector inquiry was initiated due to the noticeable rise in consumer prices of agricultural products and the large number of complaints received by the TCA. The sector report addresses the structural problems of the agricultural sector on an economic basis.

Agricultural markets differ from other markets because they are dependent on climate and geography. Drought or excessive rainfall observed at any given period adversely affects the supply of different product groups, resulting in high consumer prices. Due to this characteristic of agricultural markets, there is an imbalance between supply and demand. This situation leads to fluctuations in both incomes and prices. In this respect, both high prices and price instability in agricultural products constitute a significant issue worldwide.

The most important economic characteristic of agricultural markets is that the supply response to changes in product demand occurs with a delay. In other words, the agricultural product supply in the current period is a result of the agricultural product demand and price in the previous period.

In the sale of agricultural products, the dynamics of competitive markets generally prevail (a large number of producers, no intervention/restriction). However, in the input markets used for agricultural production, imperfect competition (oligopoly, monopoly) conditions are mostly observed. This, in fact, is one of the leading global problems of the agricultural industry. Therefore, producers who procure inputs at high prices under imperfect competition conditions are obliged to adopt a pricing policy when placing their products on the market that is independent of their total production costs. This necessity brings forth the need for state intervention and/or the creation of buyer power for inputs used in production.

A large number of actors are involved in the supply of agricultural products, and this affects both the prices reflected to the end consumer and the distribution of the total value added generated. Scenario studies conducted in this context show that when the supply chain is shortened, the prices paid by final consumers decrease while the share of producers in the value-added increases. Indeed, the longer the supply chain, the higher the costs incurred, which are then reflected in product prices. When producer organizations take part in the supply chain and assume the roles otherwise undertaken by intermediaries, the efficiency created is reflected in both prices and producer incomes.

In the sector inquiry, the problems in the sector from the perspective of producers (farmers) and possible solutions are identified as follows:

| Problem | Solution |
|---|--|
| While hundreds of thousands of farmers are involved in the production stage, only a few players take part in the other stages of the supply chain | Empowering Farmers: Encouraging membership in producer unions and cooperatives, ensuring the system operates through these organizations, and enabling unions and cooperatives to function effectively |
| Production is not compatible with the market mechanism due to climate, weather conditions, and diseases (supply security problem) | Incentive policies should be long-term, announced prior to planting, and aligned with production planning |
| Preservation of the agricultural population, agricultural labor shortages | Income support and rural development support |
| Protection of agricultural land and scale problems in production | Production Planning |
| Low per capita income (migration and other social problems) | Income support and rural development support |
| Production failure (disease, frost, etc.) | Effective implementation of risk management tools (e.g., insurance) |
| Financing problem | New funds and mechanisms should be developed for financing |
| Market transparency (information asymmetry) | Improving market transparency regarding accurate, comparable, and timely information (in addition to mandatory price notifications, ensuring farmers' access to market data such as production, capacity, stocks, and trade) |

4.2. Fast Moving Consumer Goods (FMCG) Sector Inquiry (2022)

The Fast-Moving Consumer Goods (FMCG) retail sector constitutes one of the key areas under the scrutiny of the TCA due to its pivotal role for the national economy. FMCG market has expanded considerably over the years in Türkiye, both in terms of the annual turnovers and the number of outlets operated by undertakings. The market study revealed that there is an increasing market concentration in the FMCG retail market.

Since the increasing concentration in FMCG retailing also affects the markets where goods are produced, packaged and supplied, the impact of retailers' buyer power on the supply markets was also assessed within the scope of the market study. Among the top four undertakings, three are discount retailers in Türkiye. The share of private-label products in the product portfolios of discount retailers is higher than that of other retail chains. These products, designed by discount retailers, are mostly manufactured by small and medium-sized producers or farmers. Owing, in part, to their strong position at the retail level, discount retailers possess significant buyer power vis-à-vis these suppliers. The abuse of such power may hinder the operations of these suppliers and weaken their competitive strength.

Considering that farmers and small and medium-sized enterprises constitute the backbone of the national economy, it is essential to prevent practices of this nature that may reduce their income and

weaken their incentives to invest, enter new markets, or develop new products. Ensuring that undertakings do not abuse their buyer power will also have a positive impact on competition among retailers, playing an important role in achieving the expected benefits of competition in the FMCG retail sector—most notably, lower prices.

The market power of supermarkets at the retail level and their buyer power at the supply level reinforce each other. Specifically, as market power increases, the retailer can procure goods under more favorable conditions, allowing these products to be offered to consumers at lower prices. This, in turn, further strengthens the retailer's market power. Therefore, market (retail) power and buyer power do not emerge independently of one another.

In order to assess the extent of retailers' buyer power, economic analyses were conducted. First, the development of private label products in terms of turnover over the years was analyzed. In addition to that, the market shares and gross margins of retailers were calculated in the categories with the highest private label sales, such as dairy products, cosmetics, cleaning supplies, and personal care products. Also, the payment terms of retailers to suppliers were also analyzed. Furthermore, a survey was conducted covering 25 regional/local retailers.

In the analysis conducted on the dairy and dairy products category—selected as a sample due to its significant market share, importance, and data quality—it was found that several factors may indicate the buyer power of the retail side of the market. These factors include the following: The organized channel and the major retail chains within it hold a substantial share of suppliers' sales and this share is increasing over time. Payment terms for suppliers in the organized channel are set at high levels and they have been increasing over time relative to the traditional channel. Suppliers make a significant portion of their sales to certain retailers. Collectively, these findings reflect on one hand, the suppliers' dependence on the retailers and, on the other hand, the buyer power of the retailers.

In addition, all of the local retailers that participated in the survey stated that discount supermarkets possess buyer power over their suppliers. In relation to the effects of this buyer power on the market, it was noted that due to factors such as bulk purchasing, regular payments, and consistent product availability, discount supermarkets procure goods at lower costs, and suppliers cannot afford to lose these retailers.

Based on these findings, the market study concludes that retailers' buyer power has increased significantly over the past decade—reaching a level that may adversely affect both suppliers and retailers, as well as the overall level of competition. In this context, it is concluded that a legal regulation should be introduced in Türkiye to prevent the abuse of such buyer power in the retail sector. It is considered that the relevant regulations of the EU may serve as a guiding framework.

The market study analyzed the Directive 2019/633 on Unfair Trading Practices in Business-to-Business Relationships in the Agricultural and Food Supply Chain of the European Commission in detail and it was concluded that adopting similar legislative measures in Türkiye would be beneficial. Afterwards, the amendment was enacted on 14.12.2023 which introduced definitions and prohibitions of unfair trading practices within the scope of the "Regulation on the Principles and Rules to be Applied in Retail Trade". The enforcement of the Regulation falls under the competence of the Ministry. If the conduct of an undertaking is found to constitute an unfair trading practice, the Ministry is empowered to impose administrative fines, order the suspension of the infringing activity, and require the termination or correction of the unlawful conduct.

REPUBLIC OF UZBEKISTAN

Regulatory Framework in the Sphere of State Regulation at for Socially Significant Goods in the Republic of Uzbekistan

1. Introductory information (regulatory framework)

Overall, in Uzbekistan regulation in the sphere of state regulation at for socially significant goods in consumer markets reflects a transitional model—maintaining strong state regulation for key food markets while increasingly relying on market principles, competition, and exchange-based trading.

Removal of direct state price control: Starting from year 2017 direct state price regulation for socially significant foods has been gradually lessened where regulators shifted their functions to take relevant measures to maintain affordability and prevent sharp price fluctuations based on monitoring and market analysis.

State intervention and stabilization measures: Authorities use tools such as state reserves, procurement, and targeted interventions to stabilize supply and demand, especially during seasonal shortages or external shocks.

Commodity exchange trading: A number of agricultural and food products—particularly highly liquid or monopolistic goods—are required to be traded through commodity exchanges to promote transparency, competition, and market-based price formation.

Antitrust regulation: Special oversight is applied to enterprises with dominant market positions to prevent abuse, ensure fair competition, unveil coordinated activities and cartel agreements that breach antitrust legislation, prevent excessive price increases and price manipulations at commodity exchanges.

Support to producers: Farmers and agri-businesses receive subsidies, concessional loans, tax incentives, and input support (seeds, fertilizers, fuel) to encourage production and improve food security.

Import–export controls: Tariffs, quotas, and temporary restrictions are used to balance domestic supply, protect local producers, and stabilize internal markets.

Quality and safety control: Systematic monitoring ensures compliance with food safety and quality standards across production, processing, and distribution stages.

1.1 Market Regulation approaches.

On February 3, 2025 the Law “On Food Security” has been adopted. This law regulates relations in food safety and aims to ensure the population’s access to nutritionally valuable products, develop effective market mechanisms, and support the production of food products and raw materials.

The Cabinet of Ministers is responsible for implementing a unified state policy on food security and determining urgent measures to address food shortages in Uzbekistan when necessary.

The Ministry of Agriculture is the authorized state body responsible for food security.

State support in this area aims to meet the population’s needs for essential socially significant food products by producing local food products and raw materials.

Market regulation approaches in food and agriculture sectors.

Under the Cabinet of Ministers’ decree dated December 19, 2022, titled “On measures to ensure price stability for socially significant products and systematic control over the safety and quality of products,” the list of essential socially significant food items includes wheat and flour, bread, beef,

lamb, chicken, sunflower and cotton oils, rice, sugar, and packaged milk. Food consumption standards will be reviewed every three years based on the country's demographic, social, and economic indicators.

In accordance with specific decrees of the President of the Republic of Uzbekistan and relevant government resolutions, 57 highly liquid and monopolistic goods produced by monopolies and legal entities holding a dominant market position are required to be traded exclusively on commodity exchange markets in line with market-based principles.

Competition Promotion and Consumer Protection Committee of the Republic of Uzbekistan based its functions and duties conducts research on commodity exchange market and consumer markets that are subject to investigate price, as well as on supply and demand dynamics.

1.2 Specific practices and examples.

Committee as a regulator of commodity exchange markets is legitimate to utilize and implement instruments such as limits and price cap at commodity exchange markets to maintain equality and price stabilization at the market.

Factually, Committee has implemented specific limitations on purchase of wheat, flour, sugar for per buyer per session at commodity exchange markets based on survey with market participants and related government organizations.

E.g. as a result of implementing limits on purchase of sugar per session per customer by – 25 tonnes, access of more than 120 buyers to the product have been maintained. Such mechanism resulted in stable price and supply-demand trends for flour and wheat.

1.3 Problems

–lack of transparency in price formation

The absence of an integrated monitoring system across producers, exchanges, wholesalers, and retailers limits the ability of authorities to identify unjustified price increases and weakens effective price control over socially significant food products.

E.g.: The retail price of wheat flour rises by 10 percent over a short period, despite the fact that producer purchase prices and commodity exchange prices remain largely stable. In the absence of an integrated digital monitoring system encompassing producers, commodity exchanges, wholesalers, and retailers, regulatory authorities are unable to quickly determine at which point in the supply chain unjustified price markups or potential coordinated practices in violation of antitrust legislation may have taken place.

– farmer losses risk due to market oversupply and price declines

During periods of overproduction, agricultural product prices often fall below production costs, resulting in financial losses for farmers and producers and discouraging sustainable agricultural production.

E.g.: during the peak harvest season, onion production exceeds domestic demand. As a result, wholesale market prices fall below production costs, forcing farmers to sell their produce at a loss or leave part of the harvest uncollected due to the lack of storage and market intervention mechanisms.

–high import concentration risks

Concentration of imports among a limited number of suppliers or countries increases vulnerability to external shocks, supply instability and price volatility.

E.g.: a significant share of sugar imports is sourced from a single country or supplied by a limited number of importing companies. Any disruption in supply, logistical delays, or export restrictions imposed by the supplying country immediately result in shortages and rapid price increases in the domestic consumer market.

Introduction of a Digital Price Monitoring Module

In order to ensure transparency in the price formation chain of socially significant food products, there is a need for launching digital monitoring module – enabling comprehensive monitoring of all stages of the price formation chain—namely producer or importer, commodity exchange, wholesale, and retail—through the integration of farmers’ markets, large retail trade networks, and commodity exchange systems.

Implementation of a “Support for Storage” Mechanism

A state-supported “support for storage” mechanism shall be introduced during periods when prices of agricultural products fall below production costs and when output volumes exceed established norms. This mechanism aims to reduce potential losses incurred by farmers, agricultural producers, and dehqan farms due to unfavorable market conditions by temporarily withdrawing surplus products from market circulation until prices stabilize. Under this system, agricultural products may be stored free of charge in state-owned warehouses or, alternatively, storage costs incurred in private warehouses shall be reimbursed by the state.

Admittedly, a similar government program, known as the “Private Storage Aid Scheme”, has been implemented in the United Kingdom.

Monitoring and Disclosure of Import Concentration

To monitor the level of concentration in imports, a practice shall be introduced whereby, on a monthly basis, official data on the import volumes of key food products, as well as fuel products (including gasoline, liquefied gas, and methane) since they are linked to logistics, should be published on open sources. This information shall include statistics of entities and countries with high levels of import concentration, thereby enhancing transparency and supporting informed regulatory decision-making.