



COMPETITION COUNCIL

Republic of Moldova

The Role of the Moldovan Competition Authority in Merger Control: A Recent Experience

Competition Council: Role

- Competition Council's merger control role is to avoid the occurrence of significant impediments that can lead to restriction, prevention or distortion of competition on the market or part of it, especially as a result of the creation or strengthening of a dominant position.
- Competition policy advocacy in society, promoted through all institutional methods and mass-media and organizing meetings with business community and lawyers was and remains one of the priorities of the Competition Council

Competition Council: Actions

- Referring to mergers, Competition Council's actions are to monitor and verify all transactions that involve selling and buying shares in companies and the law impact on them. Not all the mergers are notified to Competition Council of Moldova, this being an issue;
- If transactions that had to be notified and were not, when discovered, the Competition Council Plenum initiates an investigation;
- Mergers that do not raise competition issues pass through a simplified analysis and are authorized;
- Merger that raise concerns and have significant impediment in effective competition are prohibited.

**“Scavolin” LTD acquired
“Anesto-Tur” LTD**

Merger case on tourist market

Involved parties

(companies)

Scavolin LTD (buyer)

A

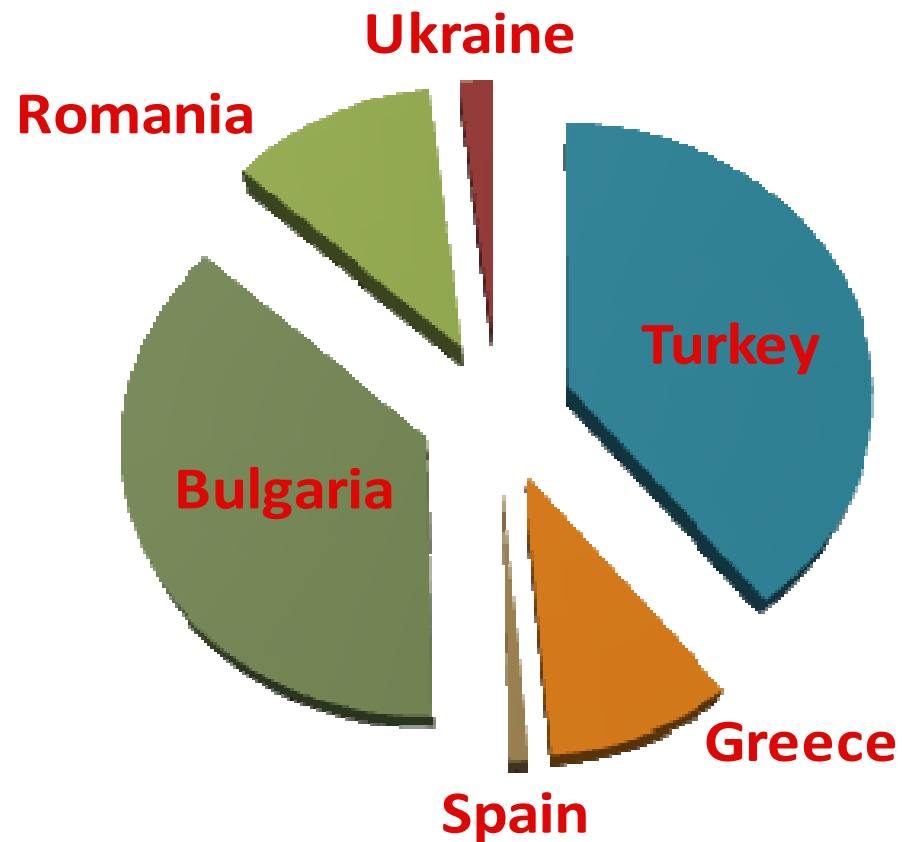
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C

Anesto – Tur LTD
(aquired company)

Relevant market was determined based on statistical data processed related to tourists' preferred destinations.

Number of tourists, according to destinations



Relevant market

Elaboration of tourist packages for Turkey and selling them on the territory of Moldova (as a tour operator).

Turkey is a specific touristic destination, because of:

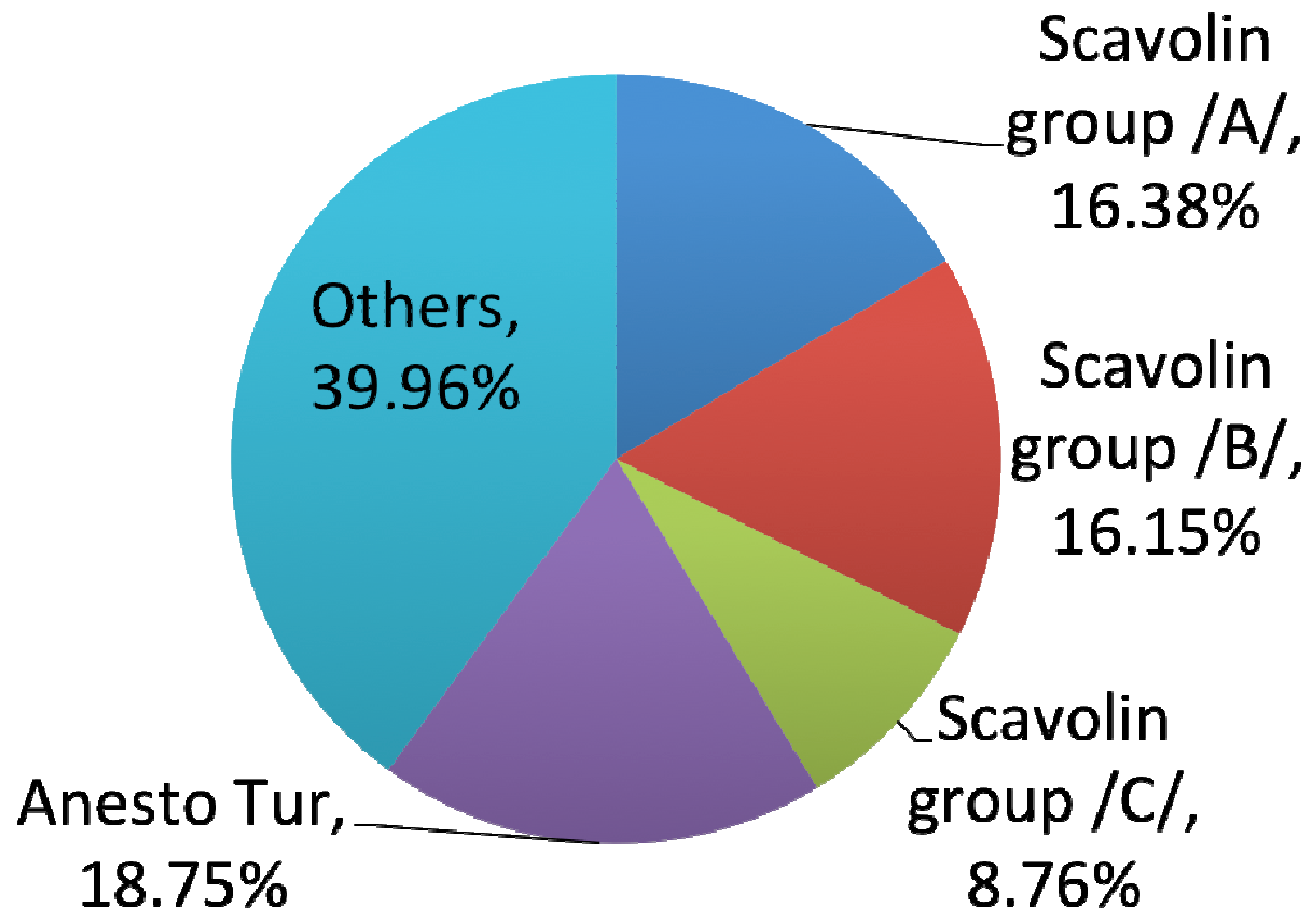
➤ 18 charters per week from Chisinau

➤ All inclusive services

➤ Facilities for families with children

➤ Accesible prices for tourists

Market shares of the companies involved in merger that were making tourist packages to Turkey



**Airline companies that
provide charter services on
“Chisinau – Antalya – Chisinau” route**

***AtlasJet – 7 routes per week
(Scavolin Group)***

***Turkish Airlines - 6 routes per week
(Scavolin Group)***

***Air Moldova - 5 routes per week
(about 90 tour-operators)***

Merger results

- Scavolin group acquired not only "Anesto-Tur" LTD company, but its clients and hotels from abroad with whom it had agreements and special offers, being on the market since 1998.
- Charter courses to Turkey of "Turkish Airlines" and "Atlas Jet" companies were totally rented by "Scavolin" group, and through that, entry barriers on the market were created for other tour-operators (they did not have access to avia tickets).
- The newly created group got lower prices of about 40% from hotels, but this price reduction was not reflected in the final price for consumers.

Competition Council Plenum Decision

- To declare the merger between "Scavolin" LTD and "Anesto-Tur" LTD not compatible with competition on the determined relevant market.
- Involved companies, in 60 days after the decision was issued, have had the obligation to dissolve the merger in order to reestablish the previous market structure (that was before the merger).
- The fine for "Scavolin" LTD was set to be 21 078 005,96 MDL (about 1 million Euro).

Competition Council Decision: Results and Effects

1. According to Competition Council decision, "Scavolin" and "Anesto-Tur" have dissolved the concentration, and restored the previous situation.
2. Other tour operators have access to purchase airline tickets and travel packages for Turkey destination and prices have been reduced by about 30% compare to previous year.
3. It is hard to calculate the Competition Council decision impact in lowering the prices, but we think that it has to be up to 3-4 %, the rest being a result of regional crises of Turkey and also the relations with Russia, global crises, etc.
4. Referring to the imposed fine, CC is in dispute trial with the undertaking "Scavolin", which wants to decrease the fine.



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THANK YOU!

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