

# Promoting Competition Rules in Romania, 2010 - 2014 Period

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## Abstract

*The paper “Promoting Competition Rules in Romania, 2010-2014 Period” presents the activities carried out by the Competition Council in our country with the purpose of strengthening cooperation relationships with other institutions, as well as activities carried out with the purpose of enhancing the all stakeholders’ confidence in the benefits provided by competition, during the analysed period. The promotion of the competition culture is represented by activities performed by the competition authority by mechanisms that are not directly related to the effective application of the law, especially those related to strengthening cooperation relationships with other institutions and those performed with the purpose of enhancing all stakeholders’ confidence in the benefits provided by competition (ministries and state institutions, economic agents, magistrates, business associations and trade unions, non-governmental organizations, consumers, etc.).*

**Key words:** competition, promoting competition culture, Competition Council

**J.E.L. classification:** D40, D41

## 1. Introduction

Competition policy is based on the believe that maintaining a free and fair competitive environment results in the increase in the material progress in the benefit of the society, this progress being mainly represented by the optimal allocation of resources and by the increase in the quality and assortment of products and services dedicated to consumers.

An important productivity growth factor is competition. Through specific mechanisms, the activity of the competition authority generates an increase in productivity, with an impact at macro level, and with advantages propagated to consumers through lower prices, higher-quality and innovative products.

Competition leads to economic growth through:

- The pressure exercised on companies to increase internal efficiency;
- The advantage provided to efficient companies compared to inefficient ones (the inefficient ones being eventually replaced by the efficient ones);
- Due to the fact that innovation results in an increase in the dynamic efficiency, competition can motivate companies to innovate.

Competition policy represents, at macroeconomic scale, one of the most important tools available to the state to influence market dynamics, in order to increase their efficiency and to maintain a balance between consumers’ and economic operators’ interests.

## 2. The main elements related to the promotion of competition culture in the 2010-2014 period

The promotion of the competition culture is represented by those activities carried out by the competition authority through mechanisms that are not directly related to the effective application

of the law, especially those related to cooperation institutions with other institutions, and those performed with the purpose of enhancing all stakeholders' confidence in the benefits provided by competition (ministries and state institutions, economic agents, magistrates, business associations and trade unions, non-governmental organizations, consumers, etc.).

In 2010, eight cooperation agreements were concluded with the National Regulatory and Monitoring Authority for Public Procurement, the National Council for Solving Complaints, the Unit for the Coordination and Verification of Public Procurement subordinated to the Ministry of Public Finance, the Control Body of the Prime Minister, the Court of Accounts, the Ministry of Communications and Information Technology, "Alexandru Ioan Cuza" Police Academy, and with the Institute for Economic Forecasting. ([http://www.consiliulconcurentei.ro/uploads/docs/items/id6360/raport\\_2010\\_final.pdf](http://www.consiliulconcurentei.ro/uploads/docs/items/id6360/raport_2010_final.pdf), 2010, p. 98)

In 2011, several cooperation agreements were concluded with the Prosecutor's Office attached to the High Court of Cassation and Justice, the University of Bucharest – the Faculty of Law, and the Employers' Association Confindustria Romania. In the Bid-Rigging Module, created within the Competition Council in November 2010, a cooperation agreement was concluded with the Public Ministry - the Prosecutor's Office attached to the High Court of Cassation and Justice. In 2011, the elimination of the manufacturer/dealer license as a requirement in the tender documentation was one of the main achievements in the Bid-Rigging Module. The Competition Council prepared and disseminated the "Guide on detecting rigged bids" ("Ghidul privind detectarea licitațiilor trucate") to 111 public contracting authorities in the central and local public administration. ([http://www.consiliulconcurentei.ro/uploads/docs/items/id7432/cc\\_raport\\_anual\\_2011\\_ro.pdf](http://www.consiliulconcurentei.ro/uploads/docs/items/id7432/cc_raport_anual_2011_ro.pdf), 2011, p. 10)

The Competition Council concluded, in 2012 a cooperation agreement with the Ministry of Administration and Interior, and one with the Anti-Fraud Department, in the context of the Bid-Rigging Module. The objective of the cooperation agreement concluded with the Ministry of Administration and Interior was mainly to provide specialised assistance to competition inspectors in performing unannounced inspections; to set the methods of monitoring the behaviour of economic agents in the market, with the purpose of detecting the violation of competition rules, for the protection of the market and of citizens' general interests; and to achieve an information exchange in carrying out investigations/actions performed by the parties according to their competences. ([http://www.consiliulconcurentei.ro/uploads/docs/items/id8323/raport\\_anual\\_2012.pdf](http://www.consiliulconcurentei.ro/uploads/docs/items/id8323/raport_anual_2012.pdf), 2012, p. 58)

A cooperation agreement was concluded in 2013 with the National Agency for Fiscal Administration. The objectives of this cooperation agreement aimed the cooperation between the two institutions with the purpose of enforcing the budgetary debts generated from the application of penalties by the Competition Council; and formalizing the information exchange necessary to the parties in order to fulfil their obligations under the law. ([http://www.consiliulconcurentei.ro/uploads/docs/items/id9160/raport\\_anual\\_ro\\_2013.pdf](http://www.consiliulconcurentei.ro/uploads/docs/items/id9160/raport_anual_ro_2013.pdf), 2013, p.72)

In 2010, the Competition Council, with the purpose of enhancing the dialogue between the parliamentary structures, initiated several meetings with the specialized parliamentary committees and with the heads of the two chambers of the Romanian Parliament. In December 2010, a bilateral meeting took place between the management of the Competition Council and the office of the Romanian Senate. The President of the Competition Council informed the Senate in relation to the current activity, the strategic vision and the laws and regulations of the Competition Council.

In 2011, 4 meetings were held with the parliamentary committees concerning the adjacent areas of interest in order to enhance the dialogue with the parliamentary structures (for example, the Budget, Finance, Banks and Capital Market Committee, the Economic Policy, Industry and Services Committee). During the review of the legislative framework in the competition field, weekly meetings were held with parliamentary committees. On the other hand, a permanent contact was maintained with the committee heads, members of the Parliament and of the European Parliament. The effects of the law amendments on loan agreements for consumers were estimated, being the result of the joint intervention in 2010 of the Competition Council and of the National Authority for Consumer Protection.

([http://www.consiliulconcurentei.ro/uploads/docs/items/id7432/cc\\_raport\\_anual\\_2011\\_ro.pdf](http://www.consiliulconcurentei.ro/uploads/docs/items/id7432/cc_raport_anual_2011_ro.pdf), 2011, p. 4)

The Competition Council, in 2010, organized/took part in more than 1000 actions for the promotion of the competition rules and state aid, consisting of conferences, seminars, round tables, and work meetings dedicated to the business environment, central and local public authorities, the judicial environment, and the mass-media. 50 press releases were issued and 15 press events were organized, i.e. 25% more than between 2010 and 2009. ([http://www.consiliulconcurentei.ro/uploads/docs/items/id6360/raport\\_2010\\_final.pdf](http://www.consiliulconcurentei.ro/uploads/docs/items/id6360/raport_2010_final.pdf), 2010, p. 98)

Through the presentations organized, in 2010, at the "Alexandru Ioan Cuza" University in Iași and at the "Lucian Blaga" University in Sibiu, attended by students, master degree students, and teaching staff working in the higher education, the Competition Council continued to promote the competition culture in the academic environment. They also continued to publish quarterly newsletters, the magazine Concurența – studies and research on the protection of economic competition, materials and guides on competition and state aid.

A website was created and commissioned on the Leniency Module, including all relevant the information concerning the conditions of applying the leniency policy.

Throughout 2011, the Competition Council organized two events dedicated to the consultation of all stakeholders in relation to the conclusions of the sectoral inquiry on the wholesale drug market, as well as in relation to the commitments accepted by the competition in the case of the investigation concerning the potential violation of the Competition Law and of the Community Competition Regulations by the Professional Football League and its members, in relation to the joint sale of the commercial rights on football competitions. The non-confidential final reports of the sectoral inquiries completed in 2011 were also subjected to the consultation of all stakeholders by being published on the website of the institution. ([http://www.consiliulconcurentei.ro/uploads/docs/items/id7432/cc\\_raport\\_anual\\_2011\\_ro.pdf](http://www.consiliulconcurentei.ro/uploads/docs/items/id7432/cc_raport_anual_2011_ro.pdf), 2011, p. 10)

In 2012, the Competition Council subjected to public debate the report of the sectoral inquiry on the automotive spare part market, by publishing it on the website of the institution. After the completion of this process, the competition authority presented the findings of the report and discussed them with the stakeholders. 15 press events were organized, 55 interviews were given in the written and audio-video press, and 40 press releases were issued.

In 2013, the reports of the sectoral inquiries on the distribution of film to Romanian cinemas, the card payment services, and the road and highway construction works were subject to public debate by being published on the website of the institution for a 30-day period. Following the completion of this process, the competition authority was able to include in the reports pertinent observation from all stakeholders. The Competition Council took part into 38 events at which press representatives were also present, out of which 6 were organized by the Romanian competition authority. 33 press releases were issued, 18% less compared to 2012, and 34% less compared to 2011. Throughout the year, 34 requests for information of public interest were registered and answered to, 55% more than in 2011, and 80% more than in 2012 respectively. ([http://www.consiliulconcurentei.ro/uploads/docs/items/id9160/raport\\_anual\\_ro\\_2013.pdf](http://www.consiliulconcurentei.ro/uploads/docs/items/id9160/raport_anual_ro_2013.pdf), 2013, p.72)

During 33 events, held in 2014, the actions of the Competition Council, the rules required to provide a competitive business environment, and also the actions taken to prevent anticompetitive practices were promoted. Out of them, 25% were organized by the competition authority or in cooperation with media partners, such as the news agency Mediafax, Ziarul Financiar, Legal Magazin and The Diplomat. Compared to 2013, the number of requests for information of public interest decreased to 25. ([http://www.consiliulconcurentei.ro/uploads/docs/items/id10061/raport\\_anual\\_2014.pdf](http://www.consiliulconcurentei.ro/uploads/docs/items/id10061/raport_anual_2014.pdf), 2014, p. 70)

The activity of the competition authority, in 2010, was reflected in 3342 by publications in the written press, radio-TV and on news websites, increasing by approximately 80% compared to the previous year precedent, most being at central level. Throughout the year, the Competition Council issued 98 press releases, 9% more compared to 2009, but the number of the press conferences organized (12) was maintained at a similar level to that of 2009.

Following the enhancement of the actions of publicizing the activities of the institution, the number of requests for information made based on the laws on access to public information decreased by 56% compared to 2009. On the other hand, the number of applications forwarded for resolution to the competent authorities decreased by 19%, which shows that the promotion resulted, in addition to the dissemination of information related to the activity of the Competition Council, in the increase of the awareness related to the competences of the institution.

Compared to 2010, the number of press appearances in 2011 increased by 48% (4950 appearances) and it was 2.7 higher than in 2009. This evolution proves that there is an increase in the communication efforts of the institution, and also a higher level of interest of the mass-media to take over information concerning the Competition Council and its field of activity. Out of these, 65% were accounts of the activity of the competition authority, 25% were positive articles about the institution, and 10% were negative materials. The number of press appearances in 2012 related to the activity of the competition authority was 3900, 20% lower compared to 2011 and 17% higher compared to 2010. Out of all these appearances, more than 70% were in the central press, radio and TV. The number of unfavourable mentions was 39% lower compared to 2011, the others being favourable or neutral. ([http://www.consiliulconcurentei.ro/uploads/docs/items/id6360/raport\\_2010\\_final.pdf](http://www.consiliulconcurentei.ro/uploads/docs/items/id6360/raport_2010_final.pdf), 2010, p. 99)

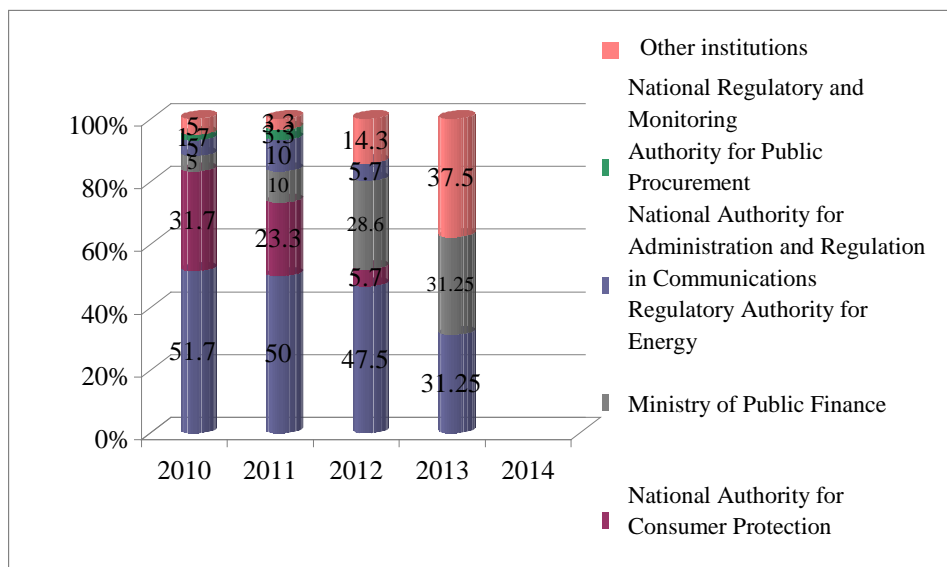
The number of appearances in the central press, referring to the activity of the competition authority was 2970, in 2013, out of which 1200 in the written press, 554 on the radio, and 1216 on TV. Out of these mentions, 16 were unfavourable (0.5% of the total number), and the others were neutral or favourable.

Compared to 2012, the number of mentions increased by 7% and decreased by 16% compared to 2011.

The main subjects reflected in the mass-media in 2013 were the privatization of CFR Marfa (more than 40% of the total number); the report on the road and highway work market in Romania; inter-bank fees charged in Romania; the takeover of the Real supermarkets by the French group Auchan; bread price, the investigation of the cereal market.

In 2014, the appearances in the central press were 1690, out of which 461 on TV, 255 on the radio, and 974 in the written press. 49 press releases were also issued, more than in the previous year. ([http://www.consiliulconcurentei.ro/uploads/docs/items/id10061/raport\\_anual\\_2014.pdf](http://www.consiliulconcurentei.ro/uploads/docs/items/id10061/raport_anual_2014.pdf), 2014, p. 72)

Figure no.1. The structure of the applications forwarded for resolution to other institutions depending on the competent institution (% in the total applications), in the 2010-2014 period



Source: Prepared by the authors based on the data taken over from the Annual Reports of the Competition Council in 2010; 2011; 2012; 2013 and 2014

In 2010, an important tool in ensuring the transparency of the activity of the Competition Council was the official website of the institution, which was continuously updated with information meant to help those interested. The State Aid Network website contributed to the fulfilment of the institution's role of national information point in the field.

Due to an efficient communication with the public, the degree of transparency of the Competition Council was improved in 2011, which was proved by the decrease in the number of requests for information of public interest, and also of the applications which did not fall within the competence of the Romanian competition authority, and were forwarded to other institutions and authorities.

The degree of transparency of the competition authority in 2012 was also improved as result with a good communication with the public, which was proved by the decrease in the number of requests for information of public interest by 5% compared to 2011, and by 41.2% compared to 2010. The number of applications received that did not fall within the competence of the Romanian competition authority and were forwarded to other institutions and authorities, grew by 17% , compared to 2011, but was lower than the 2010 level by 39%. ([http://www.consiliulconcurentei.ro/uploads/docs/items/id8323/raport\\_anual\\_2012.pdf](http://www.consiliulconcurentei.ro/uploads/docs/items/id8323/raport_anual_2012.pdf), 2012, p. 60)

The number of applications received and forwarded in 2013 by other institutions and authorities was 16, lower compared to the previous years (2011-2012). The evolution of these applications shows that the promotion actions carried out in the past three years resulted in the increase in the public awareness concerning the competences of the institution.

In 2014, the number of applications received, which did not fall within the competence of the Romanian competition authority and were forwarded to other institutions and authorities was 19.

### **3. Conclusions**

The promotion of the competition culture is represented by activities performed by the competition authority by mechanisms that are not directly related to the effective application of the law, especially those related to strengthening cooperation relationships with other institutions and those performed with the purpose of enhancing all stakeholders' confidence in the benefits provided by competition (ministries and state institutions, economic agents, magistrates, business associations and trade unions, non-governmental organizations, consumers, etc.).

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