

New Cyprus competition law

Cyprus has enacted a new competition framework, which introduces additional powers for the Cyprus Commission for the Protection of Competition (the **CPC**). The new legislation consolidates previous statutes regulating collusive conduct, abuses of dominance and abuses of relationships of economic dependence.

The new legislation enhances the safeguards of the CPC's independence and competence, as it transposes Directive (EU) 2019/1 into Cyprus law (*Directive (EU) 2019/1 of the European Parliament and of the Council of 11 December 2018 to empower the competition authorities of the Member States to be more effective enforcers and to ensure the proper functioning of the internal market*).

We set out below some of the key changes brought about by the new legislation:

- ▶ the CPC is empowered to continue investigating a complaint which has in the meantime been withdrawn
- ▶ the CPC, acting on its own account or on behalf of national competition authorities of other EU member states, is empowered to summon persons before it to provide information and evidence in interviews to the CPC in relation to matters under the CPC's competence
- ▶ the deadline to settle any fines imposed by the CPC is 60 days (unless specified otherwise in the CPC's decision) and fines are subject to annual interest if they not settled by such deadline
- ▶ procedural aspects relating to access to case files and the protection of confidential information and personal data have been enhanced
- ▶ the powers of the CPC to cooperate with other national competition authorities in other EU member states have been enhanced, with the CPC now able to carry out dawn-raids and collect evidence on behalf of such other national competition authorities
- ▶ the CPC is now able to issue announcements, recommendations and guidelines regarding its competence, its procedures and the assessment of the seriousness, duration and mitigatory factors relating to an infringement that are taken into account to impose an administrative fine
- ▶ an undertaking to which a statement of objections has been notified is entitled to access the non-confidential evidence forming part of their case file.

Infringements provided under the law remain largely the same, and comprise:

Abuse of dominance

Any abuse by one or more undertakings of a dominant position within the market or in a substantial part of it in respect of a product is prohibited, particularly if this practice results or may result in:

- directly or indirectly imposing unfair purchase or selling prices or other unfair trading conditions
- limiting production, markets or technical development to the prejudice of consumers
- applying dissimilar conditions to equivalent transactions with other trading parties, thereby placing them at a competitive disadvantage

- making the conclusion of contracts subject to acceptance by the other parties of supplementary obligations which, by their nature or according to commercial usage, have no connection with the subject of such contracts.

Abuse of relationship of economic dependence

The Cypriot legal order features the abuse of a relationship of economic dependence as a distinct competition infringement. It is prohibited for an undertaking that is either a customer, supplier, producer, representative, distributor or trading partner of another undertaking, which other undertaking does not have an equivalent alternative solution, to abuse a relationship of economic dependence.

Restrictive agreements, decisions and practices

Agreements between undertakings, decisions by associations of undertakings and concerted practices that have as their object or effect the prevention, restriction or distortion of competition within the national market are void *ab initio*.

Restrictive agreements, decisions and practices are those which:

- directly or indirectly fix purchase or selling prices or any other trading conditions
- limit or control production, markets, technical development, or investment
- share markets or sources of supply
- apply dissimilar conditions to equivalent transactions with other trading parties, thereby placing them at a competitive disadvantage
- make the conclusion of contracts subject to acceptance by the other parties of supplementary obligations which, by their nature or according to commercial usage, have no connection with the subject of such contracts.

A restrictive agreement, decision or concerted practice is permitted and valid without a prior decision of the CPC if it contributes to improving the production or distribution of goods or to promoting technical or economic progress. It must also allow consumers a fair share of the resulting benefit. It must not:

- Impose on the undertakings concerned restrictions that are not indispensable to the attainment of these objectives.
- Give the undertakings the possibility of eliminating competition for a substantial part of the products in question.

14 February 2022

Anastasios A. Antoniou
Advocate | Partner
Antoniou McCollum & Co.
T: +357 22 053333
anastasios.antoniou@amc.law

Ifigenia Iacovou
Advocate | Senior Associate
Antoniou McCollum & Co.
T: +357 22 053333
ifigenia.iacovou@amc.law

Dimitris Siailis
Advocate | Associate
Antoniou McCollum & Co.
T: +357 22 053333
dimitris.siailis@amc.law