(2000)

#### Introduction

- 1. In 2000, the activity of the Office for the Protection of Competition (hereinafter referred to as "the Office") was primarily concentrated on the fulfilment of the tasks arising out from the obligations of the Czech Republic contained in the Europe Agreement and on further progress in the issues identified by the European Commission's Regular Report on the Czech Republic in 2000.
- 2. A great effort has been paid to the legislative activities. The Office has prepared a proposal of a new Act on the Protection of Competition, which is fully compatible with the EC law. The new Act was approved by the Parliament of the Czech Republic without any substantial changes at the beginning of 2001. Further, the Office has worked out a proposal of an Act on Surveillance over the Public Procurement, which is also fully compatible with the EC law. This proposal has been put together during the legislative process with a proposal of an Act on the Public Procurement and the final proposal of the Act on the Public Procurement and the Execution of the Surveillance over the Public Procurement has been submitted to the Parliament of the Czech Republic this year.
- 3. On 1 May 2000, when the Act No. 59/2000 Coll., on State Aid entered into force, the competence of the monitoring institution for the state aid was transferred to the Office. The Office has adopted in this new field of the competence an implementing decree laying down the details of notifications concerning state aid granted. The Office has also worked out and distributed guidelines setting out criteria for reviewing state aid in sensitive sectors (such as steel, synthetic fibres, motor vehicles etc.) or for specific purposes (guarantees, research and development, regional aid schemes) and issued further guidelines for the application of articles 87 and 88 of the EC Treaty in the area of employment and training aid and state aid to small and medium-sized enterprises. The leading principle of Act on State Aid is the prohibition of state aid, with the possibility to grant exemptions. Every state aid provider is thus required to apply for an exemption from the general prohibition. State aid provided without the exemption granted by the Office is unlawful state aid and the Office may initiate proceedings for the annulment and repayment of such state aid. When assessing the applications for an exemption the Office proceeds fully in compliance with the EC legislation and case law in this area.
- 4. As for the protection of competition the Office has focused on more effective detection and sanctioning of the cartel agreements. The Office has launched work on the adoption of leniency programme inspired by the experiences some of the OECD Member States and by discussions within the OECD Committee on Competition Law and Policy.
- 5. The Office has started last year a permanent training programme for its staff where a considerable attention is being paid to improving the knowledge of the Office's staff on the EC law and more often use of the experiences of the foreign competition authorities. For this purpose the Office has organised e.g. an international workshop on the detection and sanctioning of cartel agreements where participated experts from Italian and Slovak competition authorities.

- 6. A great attention is paid by the Office to the competition advocacy, both in the form of promoting competition principles in the newly proposed legislation and within the process of privatisation and restructuring of enterprises, where the Office strives to promote procompetitive principles from the early stages of the decision-making.
- 7. In 2000, an important priority of the Office was the participation in the OECD project assessing the regulatory reform in the Czech Republic. The Office has actively participated in the preparation of the Chapter 3 of this assessment The Role of Competition Policy in Regulatory Reform. This project was successfully closed by the peer review within the OECD Committee on Competition Law and Policy in February 2001 and by the subsequent discussion on the whole report on regulatory reform in the Czech Republic at the meeting of the ad hoc multidisciplinary group in March 2001. These discussions have brought a number of useful recommendations for the Office's further work.

## 1. Summary of new legal provisions of competition law

## 1.1. Current legal arrangement

- 8. The Office performs its competence on the basis of the Act No. 273/1996 Coll., on Operation of the Office in the wording of the Act No. 187/1999 Coll. The legally defined competencies of the Office relate to promotion and protection of competition against unauthorised restrictions, to surveillance over the public procurement, and to other activities laid down by special acts. These special acts defining additional competencies of the Office include in particular the Act No. 59/2000 Coll., on State Aid, which is the basic legal norm regulating the activities of the Office in this field. The Act on State Aid entered into force on 1 May 2000.
- 9. As for the protection of competition, within the meaning of the Act No. 63/1991 Coll., on the Protection of Competition in the wording of the Act No. 495/1992 Coll., Act No. 286/1993 Coll. and Act No. 132/2000 Coll. (hereinafter referred to as "the Competition Act") the Office has focused on the detection of agreements restricting competition, their prohibition and granting exemptions in reasoned cases, abuse of dominant position, and control of concentrations. The Office has also performed surveillance over state administrative authorities and municipal authorities.
- 10. In the context of surveillance over public procurement the Office, according to the Act No. 199/1994 Coll., on Public Procurement as amended, has guarded observance of legally defined obligations by both contracting authorities and bidders. The Office is also authorised to impose fines for serious or repeated violations of the Act on Public Procurement.
- 11. On 1 May 2000, when the Act No. 59/2000 Coll., on State Aid entered into force, the competence of the monitoring institution for the state aid was transferred from the Ministry of Finance to the Office. On the basis of this Act the Office is empowered to grant exemption from the general prohibition of state aid. According to Article 2 par. 1 of the Act, the Office has also power to adopt a block exemption from the prohibition of state aid, in particular with respect to aid to small and medium sized enterprises, aid to research and development, environmental aid, training or regional aid. The Office registers state aid granted and checks if the state aid was provided in compliance with the Act on State Aid.
- 12. Special Acts defining additional activities of the Office include the Act No. 152/1997 Coll., on the Protection Against the Import of Dumping Products. On the basis of a request of the Ministry of Industry and Trade the Office submits its opinion on the evaluation of an injury caused by importing

dumped products and the protection of competition. The Office also submits its opinion on the proposal for the imposition of a temporary or a final duty and on the outcome of proceedings.

## 1.2. Summary of both proposed and adopted new legal provisions of competition law

Amendment to the Act on the Protection of Competition

13. In 2000, the Parliament of the Czech Republic reviewed the amendment to the Act on the Protection of Competition extending the scope of application by a new institute of breach of competition by abuse of economic dependency and introducing a number of changes with a view to achieve a higher degree of compatibility with the EC law. However, on 4 April 2000 the House of Deputies did not accept the Senate's comments on the draft and subsequently rejected the amendment to the Act on the Protection of Competition.

## New Act on the Protection of Competition

- 14. The Office has worked out a proposal of a new Act on the Protection of Competition (hereinafter referred to as "the new Competition Act"), whose aim is to achieve full compatibility with the EC competition law in all three fields of public competition law, i.e. in the field of agreements restricting competition, abuse of dominant position and control of concentrations. The proposed new Competition Act contains in particular the following changes:
  - It expressly regulates the application of competition rules with respect to undertakings entrusted, by the special act or by the decision adopted in compliance with this special act, with the operation of services of general economic interest (public utilities). In this way the new Competition Act has taken over the provisions of Article 86 para. 2 of the EC Treaty (ex Article 90 of the Treaty).
  - It preserves a general prohibition of agreements restricting competition, decisions of associations of undertakings and concerted practices between undertakings, unless the Competition Act or any other act states otherwise or the Office grants an exemption. In harmony with the EC law, the new Competition Act distinguishes between horizontal and vertical agreements restricting competition. This distinction is important namely with respect to a new definition of the new criteria for *de minimis* agreements which are thus not subject to the general ban on agreements restricting competition. Thus, the new Competition Act abandons the current Office's authorisation process concerning non-prohibited and valid agreements for the sole purpose of their coming into effect, which is not common in the Community law. The proposal of the new Competition Act further empowers the Office to adopt in the form of implementing decrees the block exemptions from the general prohibition of agreements restricting competition. These block exemptions should enter into force at the same time as the new Competition Act.
  - In the field of dominant position of undertakings, the new Competition Act introduces, in the sense of the case law of the EC Court of Justice, an institute of collective dominance and newly defines the dominant position on the basis of market power, when the market share is a significant but not the single criterion for identifying the dominant position. The dominance will also be defined based on other criteria, such as an economic and financial strength of undertakings, legal and other barriers to entry on the market for other competitors, degree of vertical integration etc. The new Competition Act abandons present reporting duty of

undertakings on reaching the dominant position which is not common in the EC competition law.

- The new Competition Act brings about significant changes in the filed of control of concentrations which is now fully aligned both from the substantial and procedural point of view with Council Regulation (EC) No. 4064/89 on the control of concentrations between undertakings in the wording of Council Regulation No 1310/97. The new Competition Act contains a new definition of concentration between undertakings, new conditions for the notification of concentrations according to the criterion of turnovers of the merging companies and not according to their market shares, deadlines for Office's decisions concerning concentrations approval which should speed up the proceedings and other changes.
- The new Competition Act newly introduces a public cartel register containing the agreements for which the Office granted exemptions.
- The undertakings will be able to apply to the Office for a negative clearance for an agreement which is to determine whether their intended agreement would be considered prohibited and void. This provision provides undertakings with significant protection in the case of conclusion of a prohibited agreement and thus with legal certainty.
- The new Competition Act also introduces a new definition of the party to the administrative proceeding, where the Office may consider as the party to the proceeding also persons, whose rights or obligations may be significantly affected by the decision of the Office.
- In order to speed up and achieve more effective proceedings held by the Office the new Competition Act contains further significant amendments to the procedural provisions of the current competition law.
- 15. The draft of the new Competition Act was approved by the Government of the Czech Republic on 30 August 2000 and subsequently submitted to the Parliament of the Czech Republic which approved this draft on 4 April 2001. The new Competition Act will enter into force on 1 July 2001.

*Implementing decrees to the proposal of the new Competition Act – block exemptions* 

- 16. The Office has already adopted a decree containing the block exemption from the general prohibition of agreements restricting competition with respect to franchise agreements, which entered into force on 1 March 2000. Authorisation process with respect to great number of agreements where the procompetitive effects usually outweigh the restrictions of competition has caused enormous administrative burden for the Office's resources. Thus, the adoption of the block exemption provides more time for dealing with more serious restrictions of competition.
- 17. In order to ensure an effective enforcement of the new Competition Act compatible with the EC law and based on the empowering provision contained in the new Competition Act, the Office has worked out draft decrees implementing the Competition Act which transpose the whole block exemption system established in the EC law. The draft decrees cover the following categories of agreements:
  - certain categories of agreements in insurance sector;
  - certain categories of vertical agreements;
  - certain categories of technology transfer agreements;

- certain categories of motor vehicle distribution and servicing agreements;
- certain categories of research and development agreements;
- certain categories of specialisation agreements;
- certain categories of agreements in the field of railway, road and inland waterway transport;
- certain categories of agreements concerning consultations on prices in passenger air transport and allocation of airport slots.
- 18. These draft decrees are compatible with the regulations of the European Commission (EU Council) containing the corresponding block exemptions from the general ban of agreements distorting competition according to the Article 81 par. 1 of the EC Treaty. The draft decrees have been submitted to the Legislative Council of the Government of the Czech Republic and it is expected that they enter into force at the same time as the new Competition Act, i.e. on 1 July 2001.

## 1.3. Other relevant measures, including new guidelines

19. In order to further improve transparency of the decision-making process the Office continued its activities concerning the preparation of the guidelines on the enforcement practice of the Office. The Office has completed guideline which provides the undertakings with the principles of the Office's procedures during the assessment of concentrations. Other guideline, completed in 2000, describes the Office's practice in defining the relevant market. The Office drafted this guideline in accordance with the notice of the European Commission on the definition of relevant market for the purposes of Community competition law.

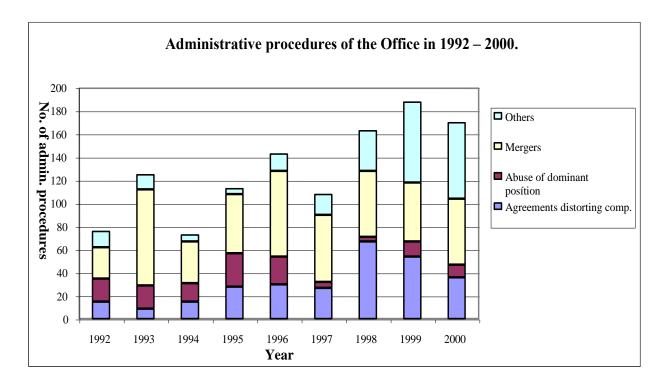
## 2. Enforcement of competition law and policy

## 2.1. Statistics

20. The number of administrative proceedings including appellations against decisions issued by the first instance authority and number of actions taken to the High Court against second instance decisions of the Minister for Competition (till 31. October 1996) and the Chairman of the Office for the Protection of Competition in years 1992-2000 is presented in following chart.

| Administrative proceedings                         | 1992 | 1993 | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 |
|--|------|------|------|------|------|------|------|------|------|
| Agreements distorting competition                  | 15   | 9    | 15   | 28   | 30   | 27   | 67   | 54   | 36   |
| Abuse of dominant position                         | 20   | 20   | 16   | 29   | 24   | 5    | 4    | 13   | 11   |
| Mergers and acquisitions                           | 27   | 83   | 36   | 51   | 74   | 58   | 57   | 51   | 57   |
| Others (cessation, interruption a procedure fines) | 14   | 13   | 6    | 5    | 15   | 18   | 35   | 70   | 66   |
| Administrative procedures overall                  | 76   | 125  | 73   | 113  | 143  | 108  | 163  | 188  | 170  |
| Number of appeals                                  | 12   | 36   | 31   | 34   | 36   | 37   | 20   | 19   | 16   |

| Administrative proceedings   | 1992 | 1993 | 1994 | 1995 | 1996 | 1997 | 1998                   | 1999 | 2000 |
|--|------|------|------|------|------|------|------------------------|------|------|
| Number of actions taken to the High Court                                  |      | 5    | 3    | 10   | 6    | 10   | 5                      | 1    | 2    |
| Total amount of fines imposed in year 2000 (decisions issued in year 2000) |      |      |      |      |      |      | 36 350 00<br>( 941 954 | -    |      |



## 2.2 Agreements distorting competition

21. The decrease in number of agreements distorting competition was caused by the decrease of the number of franchise agreements in 2000 in comparison with 1999 from 19 administrative procedures to 10 (for illustration – there were 54 franchise agreements in 1998). Approving large number of such agreements, in which there are generally pro-competitive effects prevailing over restrictions of competition, represented excessive demands on administration and therefore the Office elaborated and issued general exemption from the prohibition of agreements distorting competition for specific types of franchise agreements in the form of decree taking effect on 1 March 2000.

Description of significant cases:

Concerted practice of the producers of corrugated paperboard packages

22. In 2000 the Office investigated alleged cartel agreement among six producers of corrugated paperboard packages. During the administrative proceedings the Office proved contacts of the parties to the proceeding and also the intend of all companies involved to increase the prices of paperboard products by 12 - 15 per cent as of 1 April 2000. As a consequence of the concerted practice the uncertainty about the further behaviour of the competitors in relation to the price increases has been eliminated. The Office

stated in its first-instance decision that these producers of corrugated paperboard packages breached the article 3 of the Competition Act by concerted practice during negotiations of the increases of prices of their products with customers. The concerted practice has been prohibited by the Office and fines have been imposed in the total amount of 7,800,000 CZK. All the parties to the proceeding lodged an appeal against the decision.

## Agreement on price fixing concerning slaughter pigs

Board of directors of Agropork co-operative decided on its meeting on declaration of minimal purchase price, which should have been required for 1 kilogram of meat of live slaughter pigs weight by members of the co-operative. Overall market share of the co-operative members represented approximately 30 per cent of nation-wide market in 1999. As a result of this behaviour of the party to the proceedings, price policy unification of co-operative's members – pig producers, appeared on major part of domestic territory. Although meat price increase in forthcoming period could have been presumed, declaration of price by Agropork co-operative represented an impulse, which unilaterally and with immediate effect accelerated the process of price increase, eliminating the chance to gain similar effect gradually by development of market relations and principally on the basis of independent entrepreneur's decision of each supplier – a member of the co-operative. The Office assessed above mentioned behaviour as prohibited decision of entrepreneurs' association, distorting competition and imposed a fine on Agropork.

## Resale price maintenance in the area of household appliances

24. The Office initiated an administrative proceeding based on the assessment of documents gained during an inquiry concerned with contract relationships between distributors and sellers of household appliances (washing machines, dryers, refrigerators, dishwashers, microwaves etc.). The company MIELE breached the Competition Act by obliging the retailers in the contracts for the years 1999 and 2000 to sell the MIELE appliances at the set retail prices, which constitutes a prohibited resale price maintenance agreement. The Office prohibited the performance of these provisions of the contracts and imposed a fine on the MIELE company amounting to 200,000 CZK. At the same time the company was ordered to change the contracts with retailers so that the resale price maintenance obligation is eliminated.

Agreement among insurers on pursuit of caution insurance for the case of travel agency bankrupt

- 25. Nine insurance companies entered into an agreement on provision of insurance for the case of travel agencies bankrupt (representing new type of insurance, provided for by the Act No. 159/1999 Coll. on various business conditions on the field of travel), presented a draft of the agreement to the Office and applied to the Office for an exemption from invalidity of agreement distorting competition. The agreement consisted in establishing free association of insurers with no legal subjectivity so called pool, established for the purpose of pursuit of obligatory contractual caution insurance for the case of travel agency bankrupt.
- 26. The Office granted an exemption by its decision for the period of two years. The Office has simultaneously stated, that the insurance companies were obliged to adopt such arrangements, so that after termination of the exemption validity they were able to provide caution insurance for the case of travel agency bankrupt independently.

## 2.3. Abuse of dominant position

- 27. Most decisions in cases of abuse of dominant position concerned the abuse by administrative and local monopolies (e.g. four cases in sectors of postal services, telecommunications, gas industry and electricity sector). A fine of total amount of 16,500,000 CZK was imposed in these four cases, representing a significant increase in amount of fines in comparison with 9,500,000 CZK in 1999.
- 28. Most cases referred to enforcement of inadequate conditions or application of unequal conditions in case of identical or comparable performance against individual market participants.

Description of significant cases:

Refusal to enter into an amendment to the contract on interconnection in telecommunications sector

- 29. The Office intervened in the case of the behaviour of a dominant operator of integrated telecommunication network ČESKÝ TELECOM, a.s. against its competitor, DATTEL, a.s., which provided telecommunications services via integrated telecommunication network in delimited territory of the Capital of Prague.
- 30. The Office assessed the behaviour of ČESKÝ TELECOM against the second competitor on the market of integrated telecommunication network operation – DATTEL, as an abuse of dominant position. ČESKÝ TELECOM refused to enter into an amendment to existing contract on interconnection with above mentioned competitor, which would provide for the division of fees (eventually even appropriate reduction) for interconnection of networks between both operators as well in case of special lowered tariff (tariff Internet 99) when using both networks of TELECOM and DATTEL for transmission of information between customer and provider of access to Internet service. By above mentioned procedure ČESKÝ TELECOM sought to exclude the competitor from effective competition in case of special lowered tariff. As a result of the anti-competitive behaviour of the dominant operator, DATTEL was forced to provide its transmission network for Internet calls with lowered tariff to its network for free, without receiving any interconnection fees from ČESKÝ TELECOM in cases of such calls. DATTEL was forced to accept such situation, so that its providers of Internet services did not cancel co-operation with it. Thus ČESKÝ TELECOM made DATTEL incapable to compete under equal conditions with similar service in "Internet operation" for lowered tariff between the networks. For above mentioned behaviour a fine of 2 million CZK was imposed on ČESKÝ TELECOM.

Reduction of brown coal purchases without objectively justifiable reason

- A dominant electricity producer ČEZ dealt with reduced consumption and intake of brown coal for electric power production, resulting from decreased consumption of electric power in the Czech Republic, by gradual reduction of brown coal purchases only from one of long-term suppliers, Mostecká uhelná společnost, a.s. (Most coal company) without objectively justifiable reason in 1999, while purchases from other brown coal suppliers were not reduced. This behaviour was assessed by the Office as an abuse of dominant position on relevant market of brown coal for electric power production with prejudice to Mostecká uhelná společnost and imposed fine of 7,5 million CZK on ČEZ company.
- 32. The Office's decision was based on the fact, that in extraordinary circumstances (significant reduction of electric power consumption) is abuse of dominant position established by behaviour, by which undertaking with dominant position considerably reduces its purchases not proportionally in relation to one of the suppliers, in situation, when such a behaviour may cause to this supplier a serious competitive

disadvantage and endanger its further existence, provided, that the undertaking in dominant position cannot provide any objective reasons for its behaviour.

Unlawful fee collection for gas meter installation

- 33. There was a finding in the case of regional gas distribution company Jihomoravská plynárenská, a.s. (South Moravian gas company hereinafter referred to as JMP), that JMP unlawfully collected fee for gas meter installation from consumers, exceeding so its rights set by the Energy Act. The evidence was acquired during the procedure, that JMP unlawfully transferred expenditures related to installation (purchase), connection and montage of gas meter to customers by above mentioned behaviour, although such an expenditure should bear the supplier in accordance with legal provisions in force.
- 34. The Office during the proceeding also relied on decision of State Energy Inspection, according to which a gas meter, measuring device in sense of the Energy Act, does not represent a distributing device, hence not giving any opportunity to transfer any expenditures related to connection, installation and maintenance of measuring device to consumers. JMP abused its monopoly position by above described behaviour on the market of gas supplies to the prejudice of consumers and therefore a fine of 2.5 million CZK was imposed on it. JMP contested the Office's decision by an action to the High Court, which it dismissed in February 2001 and confirmed thus the Office's decision.

## 2.4 Mergers and acquisitions

- 35. During the year 2000 the Office further actively used the possibility to impose conditions or require obligations from the parties to the mergers, which eliminate possible competition concerns connected with the particular merger.
- 36. The highest number of mergers in 2000 was recorded in the chemical industry, electricity and telecommunication sectors. Strong tendencies to concentration in the chemical industry were registered already in 1999, but the increase of cases in the telecommunications began first in 2000 especially in connection with the planned liberalisation of the market and with development of Internet services. In the electricity sector the increase has been caused mainly by the entries of foreign partners into electricity distribution companies.

Description of significant cases:

Erste Bank der österreichischen Sparkassen AG/Česká spořitelna, a.s.

- 37. The company Erste Bank der österreichischen Sparkassen AG acquired 52.07 per cent stake in the company Česká spořitelna, a.s. The transaction has been part of the process of privatisation of banks in the Czech Republic
- 38. The analysis of the effects of the merger on the competition made by the Office showed that the merger would consequently bring benefits for the consumers and approved the concentration without any conditions.

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Mergers RWE/GESO/the city of Prague /Pražská energetika, a.s. and RWE/Ruhrgas/the city of Prague/Pražská plynárenská, a.s.

- 39. The Office approved the merger by which the companies RWE, GESO and the capital of Prague gained joint control over the Prague electricity distribution company Pražská energetika, a.s. by creating the company Pražská energetika holding, a.s. and transferring into it their stakes in Pražská enegretika under conditions stated in the Framework Agreement on Joint Holding Company. At the same time the Office approved similar transaction leading to a joint control of the Prague gas distribution company Pražská plynárenská, a.s. by the companies RWE, Ruhrgas and the city of Prague through establishment of the company Pražská plynárenská holding, a.s. The decision of the Office stated in both cases the following condition necessary for the protection of competition:
  - the parties of the proceeding may not, without prior approval by the Office, take any action which would lead to sole direct or indirect control of both Pražská energetika holding and Pražská plynárenská holding by the company RWE.

Linde Technoplyn a.s./Aga Gas, s.r.o.

- 40. The Office approved the concentration of companies Linde Technoplyn, a.s. and Aga Gas, s.r.o. performed by the acquisition of the shares in Aga AB by the company Linde AG. The decision of the Office contains the following conditions eliminating competition concerns:
  - the company Linde Technische Gase GmbH as a party to the proceeding has been ordered to divest within two years two filling facilities of Aga Gas or Linde Technoplyn. The facilities must be sold to an undertaking which will secure further provision of the services on the level comparable to the situation before the concentration.
  - The company has been also ordered to adjust the contracts with the companies distributing to the final consumer the gas in cylinders produced by Aga Gas and Linde Technoplyn within three months. The contracts should no longer contain provisions granting exclusive position to these producers as suppliers to the distributors so that the distributors are allowed to sell gases and technical equipment of other suppliers as well and perform all related activities.

# 3. The role of the Office in the formulation and implementation of other policies (competition advocacy)

## 3.1. Promoting market principles in legislation and in the process of privatisation and restructuring

- 41. In 2000 the Office elaborated within the framework of the inter-departmental review procedure or for the government meetings opinions on new acts and other legislation concerning their impact on competition in 376 cases.
- 42. The Office also promoted pro-competitive elements within the processes of privatisation and restructuring of undertakings in dominant or monopoly position as they are for the most part irreversible processes that significantly determine the conditions for competition on the markets. The Office thus contributes to the creation of competitive environment in particular sectors. The attention of the Office is focused primarily on the beginning of the decision-making process and its officials take part in the

meetings of the privatisation commissions and actively work there towards the implementation of market principles.

- 43. Within the process of restructuring and liberalisation of the energy sector the Office promoted separation of electricity transmission network from the ownership of the dominant electricity producer. The Office also supported gradual liberalisation of the electricity and gas markets and the creation of an independent regulator for the energy sector, which is as of 1 January 2000 the Energy Regulatory Office
- 44. During the inter-departmental review procedure concerning the draft Act on the Transformation of Czech Railways, the Office requested that the infrastructure be consistently separated from the actual transportation activities, and that any other activities of the Czech Railways company are accounted for and financed independently of the operation of the railway and railway transportation.
- 45. The Office also requested during the review procedure concerning the draft Act on Packages that the amount of the deposits for returnable bottles should be set directly by the Government resolution and not by the agreement of the producers, distributors and retailers as this could cause competition concerns. This opinion has been accepted by the relevant ministry.

## 3.2. Relationships with newly created independent regulators

46. The Office is convinced about the need to formalise the relationships with independent regulators in the natural monopoly sectors. The Office concluded in January 2001 a memorandum on mutual cooperation with the Czech Telecommunication Office, which is since July 2000 an independent regulator for the telecommunication sector. The co-operation will consist mainly in consultations on cases that are in the spheres of interest of both the offices, in the exchange of information on applications submitted by firms in order to prevent interference in powers of the other office, and in co-operation in the area of legislation. A possibility of making a similar agreement with the Energy Regulatory Office established in January 2001 is currently under consideration.

## 4. Resources of the Office

## 4.1 Annual budget of the Office

|                          | 1997       | 1998       | 1999       | 2000       |
|--------------------------|------------|------------|------------|------------|
| Total expenditure in CZK | 34 571 000 | 35 397 000 | 37 835 000 | 61 965 000 |
| Total expenditure in USD | 932 713    | 954 998    | 1 020 774  | 1 605 727  |

# 4.2 Number of employees

|                     | 1997 | 1998 | 1999 | 2000 |
|---------------------|------|------|------|------|
| Lawyers             | 31   | 30   | 40   | 44   |
| Economists          | 25   | 28   | 36   | 36   |
| Other professionals | 12   | 11   | 17   | 18   |
| Support staff       | 22   | 21   | 13   | 15   |
| All staff combined  | 90   | 90   | 106  | 113  |

# 4.3 Human resources (focus on activities)

|   | 1997 | 1998 | 1999 | 2000 |
|---|------|------|------|------|
| Enforcement of the Act on the Protection of Competition and of the competition principles                         | 42   | 44   | 47   | 50   |
| Supervision of the public procurement process   | 13   | 16   | 21   | 25   |
| Supervision of the provision of state aid (state aid department was established with effect as of 1 December 1999 | _    | _    | 14   | 15   |