

EUROPEAN COMMISSION

PRESS RELEASE

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Antitrust: Commission opens proceedings against Gazprom

The European Commission has opened formal proceedings to investigate whether Gazprom, the Russian producer and supplier of natural gas, might be hindering competition in Central and Eastern European gas markets, in breach of EU antitrust rules. An opening of proceedings does not prejudge the outcome of the investigation; it only means that the Commission will treat the case as a matter of priority.

The Commission has concerns that Gazprom may be abusing its dominant market position in upstream gas supply markets in Central and Eastern European Member States, in breach of Article 102 of the Treaty on the Functioning of the European Union.

The Commission is investigating three suspected anti-competitive practices in Central and Eastern Europe. First, Gazprom may have divided gas markets by hindering the free flow of gas across Member States. Second, Gazprom may have prevented the diversification of supply of gas. Finally, Gazprom may have imposed unfair prices on its customers by linking the price of gas to oil prices.

Such behaviour, if established, may constitute a restriction of competition and lead to higher prices and deterioration of security of supply. Ultimately, such behaviour would harm EU consumers.

In September 2011, the Commission carried out inspections at the premises of gas companies in several Member States (see $\underline{\mathsf{MEMO}/11/641}$).



Background

Article 102 TFEU prohibits the abuse of a dominant position which may affect trade between Member States. The implementation of this provision is defined in the Antitrust Regulation (Council Regulation No 1/2003), which can be applied by the Commission and by the national competition authorities of EU Member States.

Article 11(6) of the Antitrust Regulation provides that the initiation of proceedings by the Commission relieves the competition authorities of the Member States of their competence to also apply EU competition rules to the practices concerned. Article 16(1) of the same Regulation provides that national courts must avoid giving decisions which would conflict with a decision contemplated by the Commission in proceedings it has initiated.

The Commission has informed Gazprom and the competition authorities of the Member States that it has opened proceedings in this case.

There is no legal deadline to complete inquiries into anti-competitive conduct. The duration of an antitrust investigation depends on a number of factors, including the complexity of the case, the extent to which the undertaking concerned cooperates with the Commission and the exercise of the rights of defence.

More information on this investigation will be available in the Commission's public case register under the case number <u>39816</u>.

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