



Cyprus is an island situated in the Eastern Mediterranean which positions it a strategic crossroad to the continents of Europe, Asia and Africa. It has been used by travellers in their various journeys throughout the history of Cyprus.

A former British colony, Cyprus gained independence in 1960 following years of resistance to British rule. The Constitution of the Republic incorporated a system of entrenched community rights for Turkish Cypriots and a heavy inefficient biocommunal structure. In 1963, Cyprus' first President put forward proposals for amendment to the Constitution in order to improve the functionality of the state. Turkey and the leadership of the Turkish Cypriot community rejected the proposal.

As a consequence of the ensuing standoff, the Turkish Cypriot Ministers withdrew from the Council of Ministers, and Turkish Cypriot civil servants ceased attending their offices. The deadlock gave rise to inter-communal clashes and threats on the part of Turkey to invade Cyprus.

The Government of Cyprus appealed to the UN Security Council which confirmed the sovereignty and legality of the Republic of Cyprus and its government, sent a peace keeping force (UNFICYP) to help, *inter alia*, restore law and order and put in motion a process for a peaceful settlement.

Inter-communal strife subsided relatively quickly and the Cyprus government at the time made all efforts to restore the situation to normality. On July 20, 1974, Turkey, invaded Cyprus, allegedly to restore constitutional order. It seized about 36.2 percent of the territory of the island in the north, an act universally condemned as a gross infringement of international law and the UN Charter.

As a consequence of the invasion and occupation, thousands of people were killed or went missing, more than 160.000 Greek Cypriot were forcibly expelled from the occupied northern part of the island and a further 20.000

PROFILE

| | |
|-----------------------------------|--|
| Population: | 1.129 mn*** |
| GDP (Current US\$): | 22.77 bn*** |
| Per Capita Income: (Current US\$) | 26,110 (Atlas method)*** 23,825 (at PPP)*** |
| Surface Area: | 9,251 sq kms |
| Life Expectancy: | 80 years*** |
| Literacy (%): | 98.7 (of ages 15 and above)** |
| HDI Rank: | 31*** |

Sources:

- World Development Indicators Database, World Bank, 2012

- Human Development Report Statistics, UNDP, 2012

(**) For the year 2011

(***) For the year 2012

in the occupied areas were gradually forced to abandon their homes.

Since 1974 there have been numerous rounds of UN-sponsored talks between the Greek and Turkish Cypriot communities to resolve the problem and reunite the country, which were fruitless.

In 1990, the Cyprus Government applied for a full membership in the European Communities. On April 16, 2003 the Treaty of Accession of Cyprus to the European Union was signed and on May 01, 2004, Cyprus became a full EU Member State.

Following the country's accession to the EU, the government of the Republic of Cyprus undertook the obligation to join the Economic and Monetary Union. On January 01, 2008, Cyprus joined the euro zone and adopted the euro as its national currency.

Economy¹

During the 50 years since independence, Cyprus has been gradually transformed from a closed economy, based on agriculture and mining, into a service-based, export-oriented economy.

❖ All opinions expressed in this document are personal to the author and do not bind the institution she belongs to.

The economy of Cyprus may be described as small, open and dynamic, with services constituting its engine power. Following the accession of the country to the European Union on May 01, 2004, its economy underwent a significant economic and structural reform that has transformed the economic landscape. According to the information published by the Statistical Service of the Government, the services sector was the fastest growing and accounted for about 80.5 percent of GDP in 2011. This development reflects the gradual restructuring of the Cypriot economy from an exporter of minerals and agricultural products in the period 1961-73 and an exporter of manufactured goods in the latter part of the 1970s and the early part of the 80s, to an international tourist, business and services centre during the 1980s, 1990s and the 2000s.

However, the onset of the global financial crisis since 2008, curtailed the growth path, affecting mostly the construction and tourism sectors. At the same time the economic crisis revealed additional structural problems, particularly with regard to the competitiveness of the Cyprus economy which must be addressed. Also the economic crisis involved the exposure of Cypriot banks, the Greek government-debt crisis, the downgrading of the Cypriot government's bond credit rating to junk status by international credit rating agencies, the consequential inability to refund its state expenses from the international markets and the reluctance of the government to restructure the troubled Cypriot financial sector.

On March 25, 2013, an €10bn international bailout by the Eurogroup, European Commission (EC), European Central Bank (ECB) and International Monetary Fund (IMF) was announced, in return for Cyprus agreeing to close the country's second-largest bank, the Cyprus Popular Bank (also known as Laiki Bank), imposing a one-time bank deposit levy on all uninsured deposits there.

Competition Evolution

The Cypriot legislation on the Protection of Competition was first enacted in 1983, which prohibited anti-competitive practices, abuse of dominance and empowered the Minister of Commerce, Industry and Tourism to issue Orders for minimum and maximum prices and the percentage of profit in relation to products. The law, however, lacked provisions on merger control, as well as enforcement structures.

During 1990-2004, Cyprus made rigorous attempts to harmonise its laws, policies and institutional structure with the EU's *acquis communautaire*. An important chapter of the harmonisation process was the modernisation of the competition regime in Cyprus.

As a consequence the 1983 Law was replaced by the law of 1989, which came into force in June of 1990 and prohibited anti-competitive practices, abuse of dominance

and abuse of economic dependence. The said law was amended several times to account new provisions that would improve the enforcement of competition rules in the market.

In 1999 the Law on Control of Concentrations between Enterprises [Law no 22(I)/99] came into force. The Law forms the rules by which the CPC may control mergers between undertakings in order to ensure that they do not result in the distortion of the structure of the market and thus, damage competition.

All these changes that took place since the middle of 2000 had a major impact on all aspects and levels of implementation and enforcement of the national competition policy. The progress achieved through 2000 up to 2003, in the field of competition, was grandiose, which was confirmed by the EU with the closure of the chapter of competition policy on June 10, 2002.

One of the landmark structural changes that the CPC underwent was the independency of the CPC in 2000, which up to then was under the auspices of the Ministry of Commerce, Industry and Tourism. The amendment of the Law of 1989, provided for the CPC to have its own office/Service responsible for the investigation of anti-competitive practices, abuse of dominance and control of concentration. At the same time the Chairman of the Commission was appointed on a full time basis.

Also, with Cyprus' accession to the EU, various sectors of the economy were being liberalised, which till then functioned in a monopolistic environment.

In April 2008, the Law on the Protection of Competition was replaced by Law 13(I)/2009 in order to accommodate Regulation (EC) no. 1/2003 of 16.12.2002 on the application of Articles 81 and 82 of the Treaty and also modernise the provisions of the existing Law, by filling the gaps and drafting more flexible and transparent procedural rules.

One of the milestone changes that the Commission underwent was the fact that pursuant to the new Law, the five members of the Commission, four Members and a Chairperson, would henceforth be employed on a full time basis, enabling them to meet more often and deal with competition matters rapidly in order to help the operation of the market.

With the enactment of the Protection of Competition Law of 2008 [Law No. 13(I)/2008], the powers of the CPC were broadened to incorporate the application of competition rules, as provided in articles 101 and 102 of the Treaty on the Functioning of the European Union (ex Articles 81 and 82 of the Treaty of the European Community), through its designation as the National Competition Authority of the Republic of Cyprus.

In May 2012, the Regulations on granting Immunity and/or reducing administrative fines for infringements of Section 3 of the Law and Article 101 of the Treaty of the Functioning of the EU came into force.

On March 28, 2014, an amendment of the Protection of Competition Law was adopted and entered into force. The amendments introduced improve the effectiveness of competition law enforcement in Cyprus, by enhancing powers to the CPC. Some of the most important amendments to the basic Law on the Protection of Competition are the introduction of the following powers:

- The power of the CPC to prioritise cases taking into account a range of criteria, some of which are public interest, potential impact on competition and consumer and limitation period provided within the Law.
- The power of the CPC to undertake sector inquiries into particular sector of the economy or into a particular type of agreement across various sectors.
- The power of the CPC to take statements from any natural or legal person.

Lastly, it should be noted that in June 2013, the CPC placed for public consultation a proposed legislation for the replacement of the current legislation on Control of Concentration between Undertakings with a new modernised version of the Law.

Competition Law

The Protection of Competition Laws of 2008 and 2014 along with the Control of Concentrations between Undertakings Law 22(I)/99 constitute the foundations of competition policy in Cyprus. The competition policy secures the effective and beneficial operation of the market, thereby contributing to the creation of an environment welcoming innovation and technological advancement, to the benefit of consumers, who can enjoy higher quality products and services at competitive prices.

The Protection of Competition Laws of 2008 and 2014 [No 13(I)/2008 and No 41(I)/2014]

The Law prohibits three forms of anti-competitive practices:

- (a) Agreements between undertakings, decisions by association of undertakings and concerted practices that have as their object or effect the elimination of competition within the Republic, (Section 3) and
- (b) The abuse of dominant position in the Republic (Section 6(1)).
- (c) The abuse by one or more undertakings, of a relationship of economic dependence that an undertaking has with another undertaking, which is either a client, supplier, producer, representative, distributor or commercial cooperation and it does not have an equal alternative solution [Section 6(2)].

The prohibition of anti-competitive agreements and the prohibition of abuse of dominant position are enforced in accordance with the case law of the European Commission and the European Court of Justice.

As in the European system, anti-competitive agreements or decisions may be exempt from prohibition if the companies provide that they fulfill certain cumulative criteria (i.e. improve the production and distribution of goods, promote technical and financial development, do not impose restrictions, do not afford the undertakings involved to eliminate competition.

In case of abuse of dominant position, the prohibition is absolute and there is no possibility to obtain an exemption.

Pursuant to the Laws of 2008 and 2014, the CPC has the exclusive competence for every infringement of sections 3 and/or 6 of the Law and of Articles 101 and/or 102 TFEU, to impose the following measures:-

- (a) to impose an administrative fine, according to the gravity and duration of the infringement, not exceeding ten percent (10 percent) of the total annual revenue of the undertaking or not exceeding ten percent of the revenue of every undertaking member of the association of undertakings, in the preceding business year;

Box 1: Autorité fines Cartel of World four major Detergent Manufacturers

On December 08, 2011, the Autorité de la concurrence established the existence of a cartel between the four laundry detergent manufacturers active in France – Unilever, Procter & Gamble, Henkel and Colgate Palmolive – and fined the last three participants for a total amount of €367 900 000. The companies were found to have coordinated their commercial strategies through a common determination of sale prices and rebates directed at the French retail grocery sector (supermarkets and hypermarkets).. Coordination had occurred between September 1997 and August 2004, with the four manufacturers holding secret talks on a regular basis and agreeing on the price differentials between their brands, the level of rebates. The cartel was supported price reporting and monitoring in supermarkets and further facilitated by certain loopholes in the regulation prohibiting sales below costs, which enabled the setting, by the manufacturers, of a floor price.

To date, this is the most important leniency case investigated by the Autorité and it involved the cooperation of all the participants under the French leniency programme. Moreover, it is the first time in France that a leniency case concerns a mass-market product.

- (b) require that the undertakings or association of undertakings bring the infringement to an end within the set time period and avoid repetition in the future. Where the infringement has been brought to an end before the decision of the CPC, the CPC may condemn the undertakings with a reconnoitering decision;
- (c) impose terms and behaviour and/or structural remedies, according to the infringement, necessary to bring the infringement to an end;
- (d) in case the infringement continues by the participated undertakings or association of undertakings and/or do not comply with the decision or remedies imposed by the CPC, the CPC may impose and administrate fine up to five percent of the average daily turnover in the preceding business year per day;

Where the Commission intends to adopt a decision requiring that the infringement is brought to an end and the undertakings concerned offer commitments to meet the concerns expressed to them by the CPC in its preliminary assessment, the CPC may by decision make those commitments binding on the undertakings. Such a decision may be adopted for a specific period and shall conclude

that there is no longer need for action by the CPC. In case the participated undertakings or association of undertakings do not comply with the commitment decision of the CPC, the CPC may impose a fine of not exceeding ten percent (10 percent) of the total annual revenue of the undertaking or not exceeding ten percent of the revenue of every undertaking member of the association of undertakings, in the preceding business year;

In May 2012, Regulations on Granting Immunity and/or Reducing administrative fines in cases of infringements of section 3 of Law 13(I)/2008 and/or Article 101 TFEU (Leniency Programme) came into force. The Leniency Programme sets out in detail the procedure and conditions for immunity from and/or reduction of the administrative fine.

The Leniency policy is based on the assumption that certain undertakings involved in cartels, are willing to put an end to their participation and provide evidence relating to the existence and operation of the cartels, but are dissuaded by the imposition of sanctions against them. The Commission considers that it is in the public interest to

Box 1: Complaint by PrimeTel Co Ltd against CYTA (Predatory pricing)

On December 10, 2012, the CPC unanimously decided that Cyprus Telecommunication Authority (CYTA) had infringed section 6 (1)(a) of the Protection of Competition Law. Subject of the complaint was the alleged infringement as a result of reductions in the retail prices of i-choice (broadband access) and miVision (pay TV) services which came into effect on 1/6/2005, as well as promotional offers made by CYTA, in relation to the above products.

The CPC, concluded that CYTA held a dominant position in the relevant retail market for broadband access. The CPC, having taken into account CYTA's dominant position at the wholesale level in the provision of broadband access, and the retail level, concluded that CYTA aimed at inhibiting other businesses from operating within the electronic communications sector, and therefore intended to foreclose the market by implementing a plan, known as the "aggressive promotion" plan. The, CPC concluded that CYTA infringed section 6 (1) (a) of the Law, as a result of:

- (a) The imposition of unfair retail prices for the provision of the i-choice service, as evidenced from the fact that the retail prices for the sale of the i-choice service for the years 2004, 2005 and 2006 exceeded the average variable cost, but remained under the total cost. The intention to eliminate competition was evident from the various internal documents prepared by either the General Manager or the relevant Departments of CYTA.

- (b) The imposition of unfair retail prices for the provision of the miVision service, as evidenced from the retail prices for the sale of the miVision service for the years 2004, 2005 and 2006, which were below the average variable cost. For the years 2007 and 2008, although the retail prices exceeded the average variable cost and were below the total cost, the intention to eliminate competition was evidenced in various internal documents which were prepared by either the General Manager or the relevant Departments of CYTA.

- (c) The imposition of unfair retail prices in the bundling of the miVision and i-choice services, as evidenced from the fact that the retail sale prices for the miVision and i-choice services for years 2004, 2005 and 2006 were below the average variable cost. For the years 2006, 2007 and 2008, although the retail price of the bundled services exceeded the average variable cost and were below the total cost, the intention to eliminate competition was either evidenced in the various internal documents which were prepared by the General Manager or the relevant Departments of CYTA.

The CPC imposed CYTA a total fine of €2.150.680 for the infringement of section 6(1)(a) of the Law.

Source: Annual Report 2012 of Commission for Protection of Competition (www.competition.gov.cy)

Box 2: THE Best MCC Limited against Hermes Airports Ltd

On April 04, 2013, the CPC issued a commitment decision regarding the complaint submitted by B&A THE Best MCC Limited against Hermes Airports. The complaint concerned the signing of contract subject to terms and conditions which, by their nature or according to commercial usage, have no connection with the subject of such contracts. Specifically, B&A THE Best MCC Limited signed an agreement with Hermes Airports Limited for the purpose of renting spaces within the two international airports of Cyprus (Larnaca and Paphos). Hermes Airports Limited made subject to this agreement the supply of cleaning services from a specific company.

The CPC issued a Statement of Objection, with its preliminary assessment arguing that the contractual clause defining the providers of cleaning services, or the contractual obligation to a pre-approved provider without objectively defining the relevant prerequisites, constituted an abuse of dominant position.

Hermes Airports Limited submitted a set of commitments to meet the concerns expressed by the CPC in its preliminary assessment. The Commission considered that the alleged infringement did not constitute a hard core restriction and so accepted a set of priorities.

Source: Website of the Commission for the Protection of Competition of the Republic of Cyprus (www.competition.gov.cy)

“reward” those undertakings which are willing to terminate their participation in this type of illegal practices and collaborate with it, as such contributing to the investigation or detection and determination of anti-competitive behaviour, by granting immunity from the imposition of any fines imposed by the Commission to the first informant. Moreover, the collaboration of one or more undertakings may justify the reduction of administrative fines by the Commission, upon the condition that certain requirements are met.

The framework of the Commission’s Leniency Programme is largely based on the ECN Model Leniency Programme. The Leniency Programme provides for:

- applications for Immunity;
- applications for Reduction in administrative fines;
- hypothetical applications (only for immunity);
- informal guidance;
- summary applications (only for immunity); and
- request for a marker (only for immunity).

Box 3: Action against the Telecommunication Authority for Omission to Comply with an Order on Interim Measures

In 2013, the Commission for Protection of Competition imposed CYTA a fine of €663.000 for omission to comply with the Interim Order of the Commission dated 13.06.2013 regarding the complaint Primetel PLC (hereinafter the «Primetel») submitted against CYTA.

The decision concerned the interim measures imposed to the Cyprus Telecommunications Authority (hereinafter «CYTA») on the 13/6/2013, in regards to the complaint submitted by Primetel PLC (hereinafter «Primetel») to the CPC for the alleged infringement of sections 6 (1) (b) and 6 (2) of the Protection of Competition Law No. 13(I)/2008 in relation to the prices charged by CYTA for the right of use of capacity over the MINERVA cable system.

The CPC in its decision noted that CYTA had proceeded on 1 July 2013 to terminate the agreement signed with Primetel, in contradiction with the Interim Measured Issues and thus failed to comply with the Commission’s Interim Order. Also, the CPC noted that CYTA failed to make an immediate and without further delay reconnection of the capacity or otherwise that Primetel had a right of use over the Minerva cable system pursuant to Agreements signed between them and which CYTA had disconnected as from the 3/6/2013, without informing about the existence of any potential cost of reconnection despite the letters or/and calls that Primetel made and despite the fact that Primetel had paid CYTA the sum on 28/6/2013 pursuant to the Commission’s Interim Order.

Thus, the CPC unanimously decided that CYTA had indeed failed to comply with the order and to imposed an administrative fine of €17,000 for each day of failure to comply with the above-mentioned Interim measures. Therefore, the total amount of the administrative fine imposed to CYTA for 39 days that the omission of compliance lasted amounts to €663.000.

*Source: CPC Press Release, Decembe 23, 2013
(www.competition.gov.cy)*

The Control of Concentrations Law of 1999 (Law no. 22(I)/1999)

According to the Law, a concentration takes place if (i) two or more previously independent undertakings merge, or (ii) one or more persons already controlling at least one undertaking, or one or more undertakings acquire, directly or indirectly, control of the whole or parts of one or more of the other undertaking, or (iii) if a joint venture is established, which permanently carries out all the functions of an autonomous economic entity.

Section 3 of the Law 22(I)/99 sets cumulative criteria and provides:

- at least two of the undertakings merging must have a total turnover of €3.417.202,88 each; and
- at least one of the participating companies engages in commercial activities within the /republic of Cyprus; and
- at least €3.417.202,88 out of the aggregate turnover of all the participating undertakings relates to the disposal of goods or the supply of services within the Republic; or
- it is declared as being of major importance by the Minister of Commerce, Industry and Tourism.

If the participating undertakings meet the above thresholds and other criteria laid down in the same section, then they must notify their concentration within seven days from the date of conclusion of the agreement or the publication of the relevant offer of purchase or exchange or the acquisition of a controlling interest (whichever of the said events occurs first) to the CPC.

If a specific concentration does not meet the thresholds set out in Law 22(I)/99, the Minister of Commerce, Industry and Tourism is vested with the power to declare through a Reasoned Order a concentration as being of a major importance, thereby empowering the CPC to investigate the merger as if the criteria had been met (section 36 of Law 22(I)/99).

The Commission taking into account the Service’s report, has three options:

- (i) it will declare that the notified concentration does not come within the ambit of the law, or

- (ii) it will declare that, even though the concentration comes within the ambit of the law, it does not raise serious doubts as to its compatibility with the competitive market and thus is declared compatible with the competitive market, or
- (iii) it will find that the notified concentration comes within the scope of the law and that it raises serious doubts as to its compatibility with the competitive market.

In such a case the Commission will initiate a full investigation – Phase II Proceedings.

The outcome of the CPC’s decision may be an unconditional or conditional clearance of the notified concentration or a prohibition of the notified concentration.

Sectoral Regulation

Telecommunications Sector

The responsible body for the regulation of the telecommunications sector is the Office of the Commissioner for Electronic Communications and Postal Services (OCECPR).

The Law Regulating Electronic Communications and Postal Services of 2004, Law 112(I)/2004 which was adopted for the purpose of harmonising the Cypriot legislation regarding electronic communications with the 2002 European telecommunications regulatory package, constitutes the framework for regulating Electronic communications networks and services provided by undertakings within the territory of the Republic of Cyprus.

Box 4: Merger Clearance

In 2014, the Commission cleared the merger between Proteas Press Ltd, I.G. Kasoulides & Son Ltd and Litho Web Ltd. All three companies are active in Cyprus, in the printing sector and are specialized in magazines, brochures, catalogues, business cards and general forms printing. Two of the companies also print newspapers. The three founding companies will transfer to the joint company their activities concerning the printing of magazines, brochures and catalogues, except for newspaper printing services that Proteas Press Ltd and Hermes Media Press Ltd provide.

The Commission cleared the merger, having completed a full investigation of the proposed merger (second face) and having accepted the remedies proposed by the parties:

- (a) The Joint Venture will not sign exclusive contracts with its suppliers, extending over the period of 12 months.
- (b) The Joint Venture will not sign exclusive contracts with its customers, extending over the period of 12 months.
- (c) The Joint Venture will divestiture printing equipment relevant to the printing of weekly and monthly magazines.
- (d) The Joint Venture will not subsequently acquire new or similar equipment to the divested equipment. The commitment foresees no acquisition for the period of 4 years.
- (e) The imposition of Chinese walls to the two founding companies active in the print of newspapers.
- (f) The imposition of Chinese walls to the one of the founding companies that is connected with a Publishing company.

Source: CPC Press Release dated March 28, 2014. www.competition.gov.cy

The OCECPR has prepared and managed the transition of the electronic communications market from a monopolistic to a competitive state. During its relatively short period of existence the Office dealt with all basic and complex regulatory matters and survived doubts to achieve regulatory certainty in the market, having adopted transparency as its basic functional tool and protecting its independence as an institution.

Postal Sector

The Law Regulating Electronic Communications and Postal Services of 2004, Law 112(I)/2004 has also, accommodated the provisions of the Directive 2002/39/EC, which aims at the full liberalisation of the postal services market by the year 2009, with years 2003 and 2006 as intermediate phases. The main regulatory input of the Directive is concerned with the reduction of the limits of the exclusive services by the universal postal service provider.

On the basis of the information provided in the official website of the OCECPR, the burden of effort of the Regulator focuses on protecting and informing consumers with price control and quality of service offered by the universal service provider (Cyprus Post), and will also assess the impact of implementation of the 3rd EU Directive on the Cypriot market.

Energy Sector⁵

The Law for the Regulation of the Electricity Market Law (L. 122(I)/2003) was approved by the House of Representatives in July 2003. The Law fulfils all requirements of Directive 96/92/EC concerning common rules for the internal market in electricity. Following the publication of the Law, the Cyprus Energy Regulatory Authority (CERA) was established which is an independent body whose sphere of competence covers the electricity and the gas market.

According to the Law, the CERA is responsible for the development of a level playing field for all market participants and prospective competitors, or potential entrants into the energy market, the avoidance of any abuse of dominant position, the protection of the environment and of consumers and the settlement of disputes.

Under the new regime, the Electricity Authority of Cyprus (EAC) remains the owner of the transmission and the distribution network, but an independent transmission system operator has been appointed for ensuring non-discriminatory access to the network.

EAC is an independent, non-profit making semi-government corporation established under the Electricity Development Law CAP 171 of 1952 in order to exercise and perform functions relating to the generation, transmission and distribution of electric energy in Cyprus.

Consumer Protection

The CPC aims at prohibiting anticompetitive practices by firms or companies that affect the balance of competition and, consequently, the interest of the consumer. On the other hand, the Competition and Consumer Protection Service of the Ministry of Industry, Commerce and Tourism, is responsible for the health and safety of the consumers regarding goods and services. This division looks into all issues, which may affect the well-being of consumers, regardless of whether any provisions of competition law are infringed. Its aim is to improve the quality of life of the citizens.

The Service is assigned with the enforcement of several pieces of legislation regarding the health and safety, and with the task of market surveillance in order to spot products that may endanger the health and safety of consumers.

Even more, the protection of the economic interests of the consumers is of great importance to the Service and this becomes evident by the various pieces of legislation currently enforced in the country. Briefly, there are pieces of legislation that refer to the correct description of goods and or services (characteristics, price, weight, size, etc.) as this facilitates the consumer by providing him/her with all the necessary information in order to exercise the right of choice.

Also since 2005 operated a European Consumer Center⁶. ECC Cyprus is part of the ECC-Net since April 2005 and it is co-financed by the European Commission, via the Directorate General for Health and Consumers and the Republic of Cyprus. The offices of ECC Cyprus are located in the premises of the Ministry of Commerce, Industry and Tourism. The aim of the Network is to provide information and advice to consumers on issues related to their safety, health and economic interests.

There are two Consumers' Associations⁷ that play an important role in supporting Cypriot consumers and ensuring that the consumer voice is heard at all levels of the system, the Cyprus Consumers Association and the Cyprus Consumer Union and Quality of Life. Both organisations are non-political, independent and non-governmental.

The Cyprus Consumers Association, since its establishment in 1973, has been very active in promoting and safeguarding consumer interests in Cyprus. The Association is a full member of the Consumers International (1980) and of the BEUC (2002). Its representatives sit on Cyprus Standards Committees, on the Government Council for Consumer Affairs, on Parliamentary Committees when dealing with consumers' matters. It also participates in some 30 advisory Committees on various issues connected with the consumers.

The Cyprus Union and Quality of Life was established in 2003 and its main aim and objective is to help all Cypriot consumers, without any kind of discrimination, their protection by any and every legal means, as well as for the support and promotion of their right to have a comfortable and healthy live within a healthy and friendly developing environment, as well as of all the other rights and/ or interests, as they rise from the Cyprus legislation, the *acquis communautaire*, the international laws and the internationally recognised and guaranteed rights as part of the International Consumers Movement.

Concluding Observations and Future Scenario

Since 2004, with Cyprus's accession to the EU, the CPC has made steady progress in modernising the national legislation and in enforcing the competition rule. However, there were important setbacks in the CPC's progress, especially due to the two judgments of the Supreme Court (in 2007 and 2011), on the legality of its constitutional existence. The CPC was faced with the re-examination of the cases pending before it and also the re-examination of the decisions that were annulled by the Supreme Court as a result of the ruling in the Admin. Decision ExxonMobile and other vs CPC (25/5/2011).

Consequently, there are still some steps to be taken in order for competition policy to be truly and successfully implemented.

Now that the re-examination of the cases and decision that were annulled by the Supreme Court of Cyprus, has been concluded, an important challenge for the CPC is to prioritise its work and the investigations being carried out, in order to ensure further strengthening the competitive market. This is imperative, especially after the cutbacks affecting the public service generally. The new legislation will enable the CPC to prioritise the investigation of complaints by taking into account the public interest and the consumer welfare. In doing so, the CPC must use its resources more carefully in order to respond rapidly in detecting anticompetitive practices in the Cypriot market, since now there is a need for greater efficiency that will increase consumer welfare.

Focus should also be given in the enforcement of European Competition Rules that derive from the Treaty of the Functioning of the EU and the modernization package and on the advocacy role of the CPC.

Another important task is the reform of the legislation of the control of concentration in order to focus the CPCs capacity in the examination of concentrations having a national scope by reducing the number of foreign to foreign concentrations that are been examined.

In doing all of the above the State must support the CPC by employing more staff that will cover the needs of the CPC and provide the necessary funds for the necessary training to new and existing staff.

Endnotes

- 1 The information in this introduction has been compiled from the official website of the Press and Information office of the Republic of Cyprus <http://www.aboutcyprus.org.cy/en>
- 2 http://www.ecccyprus.org/images/pdf_en/Annual%20Report%202011.pdf
- 3 <http://www.cyprusconsumers.org.cy/>
- 4 <http://www.consumersunion.org.cy/conunion/page.php?pageID=32>
- 5 <http://www.cera.org.cy/main/default.aspx?tabid=21>
- 6 <http://www.ldlaw.com.cy/services/competition.htm>
- 7 http://www.mcit.gov.cy/mcit/mcit.nsf/dmlprotection_en/dmlprotection_en?OpenDocument

Reference

1. Annual Reports of the Commission for the Protection of Competition
2. Annual Reports of the OECPR
3. Website of the Commission for the Protection of Competition
4. Website of the Statistic Service of the Republic of Cyprus

† *Olga Droussiotti Papachrysanthou* was awarded the degree of Bachelor in Law in 1999, by the University of East Anglia in UK. She later on continued her studies at the University of Leeds, where she acquired a post-graduate degree in European Legal Studies. Currently, she holds the position of a senior officer at the Commission for the Protection of Competition of the Republic of Cyprus. She has been working at the CPC since 2002.