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# LEGAL ALERT

Bulgaria

## *Key Amendments to Bulgaria's Competition Protection Act: What Businesses Need to Know*

Significant amendments to the Bulgarian Competition Protection Act (the "CPA") have introduced new compliance obligations for businesses operating in Bulgaria, particularly those in dominant market positions and those involved in agricultural and food supply chains. The key changes include: (i) a new framework for assessing joint dominant positions; (ii) an express prohibition on excessive pricing by dominant undertakings; (iii) new transparency requirements through a Central Registry for Supply Chain Traceability; and (iv) expanded prohibitions on unfair trading practices.

### Joint dominant position

The amendments introduce a statutory framework for determining when two or more undertakings may be regarded as jointly dominant. A joint dominant position exists where economic interdependence or other factors create a link between undertakings, enabling them to act together to a significant extent independently of competitors, suppliers, or buyers, and thereby hinder competition on the relevant market. The Commission on Protection of Competition (the "CPC") will assess joint dominance based on the factors set out in the amended legislation, including market structure, transparency, symmetry between undertakings, and other relevant economic and legal criteria.

### Prohibition of imposing excessively high prices

Undertakings holding a monopoly, dominant position, or joint dominant position are now expressly prohibited from imposing excessively high prices where such conduct may prevent, restrict, or distort competition and affect consumer interests.

The CPC may apply one or more of the following criteria to determine whether pricing is excessive:

(i) **Cost plus**: whether the selling price significantly exceeds economically justified costs plus a reasonable profit margin; (ii) **Comparative**: whether the price significantly exceeds prices for the same or similar goods or services in other EU Member States; (iii) **Historical**: whether there has been a significant price increase over a short period without objective economic justification; (iv) **Economic value**: whether the price is disproportionate to the

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23 July 2026

economic value of the good or service; and (v) other relevant economic and legal criteria as the CPC considers appropriate.

**Defences and exemptions**: The prohibition does not apply to prices regulated by a competent state authority. Additionally, undertakings may rebut a finding of excessive pricing by demonstrating objective economic justifications, such as increased production costs, changes in logistics costs, external market factors, or other demonstrable economic circumstances.

## Central Registry for Supply Chain Traceability

A new Central Registry for Supply Chain Traceability will be established at the Ministry of Economy, Investments and Industry. The registry will track the supply chain of agricultural and food products, as well as other products at the wholesale stage, from first placing on the Bulgarian market through to distribution to end consumers.

**Reporting obligations**: Business operators must submit electronic information to the registry regarding each first placing on the Bulgarian market of agricultural and food products, and each subsequent wholesale distribution.

The detailed information requirements, conditions, and procedures for the registry will be set out in an ordinance of the Council of Ministers, to be adopted within three months of the amendments entering into force. Businesses should monitor developments as the implementing rules are finalised.

## Expanded unfair trading practice prohibitions

The amendments expand the list of prohibited unfair trading practices in the agricultural and food supply chain. Key additions include practices such as: (i) buyers imposing commercial terms that suppliers would not accept if alternative sales channels were reasonably available; and (ii) buyers imposing contractual terms that create unjustified advantages for the buyer to the actual or potential detriment of the supplier. The amendments also modify the conditions for exemption from certain conditional prohibitions, including new requirements for buyers to

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provide suppliers with advance written estimates when requiring certain payments or contributions.

## New administrative sanctions

Failure to submit data, or submission of incorrect or incomplete data, to the Central Registry may result in administrative fines calibrated to annual turnover. By way of example, undertakings with annual turnover up to EUR 2,500,000 may face fines ranging from EUR 2,500 to EUR 25,000. Higher turnover brackets attract correspondingly higher penalties.

## Compliance deadline for existing supply contracts

**Compliance deadline**: Existing supply contracts must be brought into compliance with the new unfair trading practice rules within two months of the amendments entering into force. Businesses with agricultural and food supply chain contracts should review their terms promptly to ensure compliance.

**Practical implications for businesses**

Businesses operating in Bulgaria should consider the following steps: (i) review pricing practices if holding a dominant or potentially joint dominant market position; (ii) prepare for registry reporting obligations if involved in agricultural or food supply chains at wholesale level; (iii) review and amend existing supply contracts to comply with the expanded unfair trading practice rules within the two-month compliance window; and (iv) monitor the forthcoming Council of Ministers ordinance for detailed registry requirements.

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