FUTURITY OF SOCIAL SCIENCE

DOI: https://doi.org/10.57125/FS.2026.09.20.02

How to cite: Orujov, M. A. (2026). A comparative legal analysis of the regulation of combating monopolism and unfair competition in the Republic of Azerbaijan and worldwide. *Futurity of Social Sciences, 4*(3), 27–46. https://doi.org/10.57125/FS.2026.09.20.02

Comparative Legal Analysis of the Regulation of Combating Monopolism and Unfair Competition in the Republic of Azerbaijan and Worldwide

Murad Akif Orujov

Country Senior Contracts Specialist, National Aviation Academy, Baku, Republic of Azerbaijan, https://orcid.org/0009-0002-7169-8453

Correspondence email: *Murad.orujov@naa.edu.az*

Received: March 29, 2026 | **Accepted:** June 26, 2026 | **Published:** July 17, 2026

Abstract: This paper presents a legal comparison between the laws of the Republic of Azerbaijan on combating monopolistic and unfair competition and international legal regulation. The study covers five jurisdictions: Azerbaijan (main), the European Union, the USA, Georgia, and Kazakhstan. Competition laws, anti-monopoly laws, and enforcement guidelines were the primary sources of law examined and considered in the period from 2003 to 2021. The methods of legal research employed in the study are comparative legal analysis, which is used to map the differences between and among jurisdictions, doctrinal interpretation, used to classify strengths and weaknesses of the laws and regulations, and normative analysis, used to design possible changes. Key findings are that Azerbaijan is considerably more lax than the EU and the US in enforcing laws, and that its legislation is in part, similar to that of post-Soviet states. The ratio of strengths to weaknesses is 1.6:1; the strengths are less than the weaknesses. Limitations are the sparseness of investigative power, reliance on agencies, and no private enforcement. Three issues have to be addressed: the effective use of the existing fines (Article 77.3 of the Competition Code), judicial

training, and the correct application of the existing leniency programme (Article 78 of the Competition Code). This research has some limitations: it is research on legal works that are legally available, there are no empirical studies that can be seen in future studies.

Keywords: Antitrust, Enforcement deficits, Institutional capacity, Legal transplantation, Post-Soviet transition, Procedural transparency.

Introduction

The law of monopolism and unfair competition is one of the pillars of contemporary market economies. It ensures that consumer welfare and competition are not undermined by anticompetitive behavior (Duarte et al., 2025). The existence of transitional economies between central planning and liberal market economies poses specific challenges in establishing an effective competition law regime, as institutional legacies and political constraints tend to hinder enforcement (Kim, 2023; Kyriacou & Trivin, 2026). Azerbaijan is a post-Soviet economy with rich energy resources and has formalized competition legislation, but has been identified as having persistent gaps between the statutes and their actual implementation outcomes (Aleynikova et al., 2022; Bayramli, 2026).

Any competition law regime is determined by three interrelated factors: enforcement intensity, institutional independence, and procedural transparency (Bernatt, 2024; Imgarten, 2025). The intensity of enforcement includes investigative authority, level of sanction, and the ability to detect (Brook & Cseres, 2024; Marques, 2025). Institutional independence helps to prevent the political interference of the competition authorities in the selection and decision-making. Procedural transparency ensures market participants' predictability and allows the public to scrutinize enforcement measures. All these factors either make or break competition law as a relevant limitation on the exercise of monopolies or a mere sham of a law. Azerbaijan's performance across all three dimensions is significantly lower than international standards. This study is anchored in the institutional theory of legal transplantation, which provides the theoretical lens for analyzing why statutory convergence does not guarantee enforcement effectiveness.

Recent studies have looked at the implementation of competition law in post-Soviet states but seldom focus specifically on Azerbaijan (Dogonkin, 2022; Ibadoghlu & Niftiyev, 2022; Artemchuk et al., 2024). These publications clarify gaps in enforcement but are not systematic comparative analyses of enforcement practices across different jurisdictions.

Research Problem

The critical problem that is evaluated in this study is that, even though formal competition legislation is existent in Azerbaijan, there is no comprehensive comparative legal analysis to date that evaluates both anti-monopoly and unfair competition regulation in Azerbaijan in comparison to the European Union, the United States, and post-Soviet frameworks and also identifies specific regulatory gaps, strengths and weaknesses and formulates actionable, evidence-based reforms that are specific to the institutional context of Azerbaijan.

Research Focus

This research paper directly addresses this critical gap by offering an integrated, comparative, diagnostic, and prescriptive analysis. The paper discusses anti-monopoly, anti-unfair competition legislation in Azerbaijan and the world. Azerbaijani competition legislation is compared with international standards using the Futurity Social Sciences approach and framework.

Research Aim and Questions

An analytical precision, regulatory relevance, and academic contribution were established as the following goals:

1. To compare Azerbaijani anti-monopoly and unfair competition regulations with international legal standards.
2. To identify regulatory gaps, strengths, and weaknesses between Azerbaijan and global jurisdictions.
3. To propose evidence-based legal reforms aligning Azerbaijan's framework with international best practices.

The research questions that concern this study are a direct result of the comparative legal framework of the title. Each question operationalizes the mentioned goals by posing a specific legal inquiry. The questions evaluate Azerbaijan's regulatory stance relative to global standards and define ways to reform.

1. How do Azerbaijani anti-monopoly and unfair competition regulations compare with those of selected international jurisdictions (EU, US, and post-Soviet states)?
2. What regulatory gaps, strengths, and weaknesses exist in Azerbaijan's current legal framework relative to international best practices?
3. What legislative reforms can align Azerbaijan's competition law with global standards while respecting its national context?

Significance of the Study

The work has great scholarly and practical importance to comparative competition law. To start with, compared with most existing studies that focus solely on the world's leading economies (the EU or the US), the current study places the Republic of Azerbaijan, a transitional and post-Soviet economy, at the center of comparative legal analysis. Second, although the current body of literature tends to treat monopolism and unfair competition as distinct legal issues, this research conducts a systematic study of the two within an integrated regulatory framework. Third, the research goes beyond description of the legal provisions to evaluate enforcement mechanisms, institutional capacity, and transparency of the procedure - aspects that have been largely ignored in previous research. Fourth, the study develops actionable, evidence-based legislative reforms specific to

Azerbaijan's economic and legal situation, rather than a purely theoretical comparison. Fifth, the research clearly articulates the connection between the law doctrine and social and institutional meaning, in line with the interdisciplinary norms demanded by Future Social Sciences, thus providing the knowledge not only to the legal community but also to policymakers and regulators

Literature review

This study is based on the institutional theory of legal transplantation, which states that if a foreign legal rule is introduced without its associated institutional structures, there will be the "transplant effect": laws on paper that don't work (Fatmawati et al., 2025; Legrand, 1997). This theoretical approach suggests that legal transplantation not only needs to be a process of convergence but also one that involves the convergence of enforcement systems, agency independence, and procedural transparency. On the other hand, if a transplant takes place in a weak institutional context (low investigative capacity, political interference, and lack of private enforcement), the imported law has more of a symbolic or signaling function than a regulatory one. Theoretically, the Azerbaijani competition law is suitable for testing this theory, as it is almost entirely based on EU and post-Soviet competition law.

Comparative Analysis of Azerbaijani and International regulations of Anti-monopoly and unfair competition

The current literature shows a significant imbalance in comparative competition law, with leading economies dominating the academic discussion and transitional countries such as Azerbaijan being underrepresented (Ding et al., 2022). Recent research has started to fill this gap, but there has been little systematic comparison of the two anti-monopoly and unfair competition laws in Azerbaijan and several jurisdictions worldwide. Another study examined how EU antitrust principles are incorporated into the Azeri legal framework and found that it is selective and does not necessarily align institutionally with EU antitrust principles (Gafarova, 2024). Similarly, the regulation of monopoly and unfair competition in the South Caucasus found that the Azerbaijan system is more advanced than the Georgian one but less well implemented than the Armenian one (Rasulzada, 2024). Whereas, an international survey of competition agency design found that post-Soviet states have distinctive capacity limitations in tackling both monopoly practices and unfair trade practices (Kalimullin & Gafurov, 2024). On the other hand, the provisions of the Competition Code of Azerbaijan, along with the OECD recommendations, show significant divergence in the regulation of monopoly control and unfair competition (Guliyeva, 2025). A longitudinal study of anti-monopoly and unfair competition cases in Azerbaijan's courts showed that prosecution of such cases was low, even with statutory powers (Scharf, 2022).

Regulatory Gaps, Strengths, and Weaknesses in the Anti-Monopoly and Unfair Competition Frameworks

Regulatory gaps, strengths and weaknesses in the anti-monopoly and unfair competition law literature highlight the current enforcement problems which undermine the formal provisions of the law in transitional economies. Recent empirical studies on these shortcomings have started quantifying them, but there is a paucity of systematic evaluations of the dual regime in Azerbaijan (Bagirzadeh & Niftiyev, 2026). The researcher assessed the enforcement mechanisms in Azerbaijan and found that the main limitations of the enforcement mechanism in the fight against monopolist practices and unfair trade are procedural delays and lack of investigative resources (Kokkoris & Levy, 2023). The judicial training on competition issues in Azerbaijan is still far from satisfactory (Dobrić et al., 2025), when compared with anti-monopoly and anti-unfair competition resolutions in civil law jurisdictions. The interviews with the competition officials in Baku revealed that the lack of transparency and political influence is a common problem in both areas of regulation (Kenzhetayeva, 2025). The same applies to the interpretation of anticompetitive behaviour which offers a theory for estimating the strength of regulation, such as those prohibiting predatory pricing and misleading advertising in Azerbaijan (Bernatt, 2025). A study conducted on the intersection of consumer protection with the anti-monopoly and unfair competition law in Azerbaijan found that it was strong in terms of its statutory comprehensiveness and weak in terms of a right of action in private (Babayev & Rzali, 2025).

Reforms to Legal Systems To bring Anti-monopoly and unfair competition laws into international best practices

The recent wave of reform-based scholarship stresses that successful modernization of the anti-monopoly and unfair competition laws would not be limited to the enactment of laws but would also require institutional, procedural, and judicial capacity-building. The literature on transitional economies provides specific knowledge to Azerbaijan (Aghayeva, 2022). Another study of global competition norm diffusion indicates that smaller economies are more likely to benefit from voluntary adaptation to EU standards in both monopoly control and unfair competition spheres (Chęciński, 2024). Similarly, it has been suggested that international best practices be gradually implemented through a modular reform framework for post-Soviet competition laws, depending on local capacity (Trykhlib, 2024). In particular, the proposed amendments aimed to strengthen the Law on Competition of Azerbaijan, including the protection of whistleblowers and the increase of penalties for recidivist offenders in both anti-monopoly and unfair competition cases (Rustamli, 2023). Whereas judicial training programs are the most cost-effective reform for Azerbaijan, given limited budgetary resources for institutional reform (Maxatov et al., 2025). The best practices of competition agency independence are directly applicable to the current institutional framework for implementing the two regulatory aspects in Azerbaijan (Qədimov & Xəlilov, 2025). Another study has compared reform paths in Azerbaijan, Kazakhstan, and Ukraine and found that reform success is determined by both political commitment and technical assistance (Apostolov, 2026).

H1: Azerbaijan's legal framework for monopolism and unfair competition substantially diverges from EU and US standards, yet partially converges with other post-Soviet states in statutory language, not enforcement.

H2: *Azerbaijan's current Competition Code demonstrates strengths in sanction levels and leniency provisions, but reveals regulatory gaps in investigative powers and private enforcement*.

H3: Targeted reforms, including enhanced sanctions, investigative powers, and judicial training, can meaningfully align Azerbaijan's competition laws with global benchmarks.

Research Gap

The current comparative competition law literature places heavy emphasis on major economies and fails to mention transitional economies such as Azerbaijan. None of the studies comparatively analyzes, within a single analytical framework, the two anti-monopoly regulations and the unfair competition regulations in Azerbaijan, the EU, the US, and post-Soviet jurisdictions. Moreover, there is no empirical data on the particular regulatory gaps, strengths, and weaknesses in the enforcement mechanism, institutional capacity, and procedural transparency in Azerbaijan. Most importantly, none of the studies applies comparative results to any actionable, evidence-based legislative changes to fit the context of the Azerbaijan economy and legislation. This tripartite gap is directly addressed by the current study, which is based on comparative analysis, gap assessment, and formulation of reforms. The three hypotheses are uniquely designed to fill this gap by examining divergence trends (H1), measuring imbalances of weaknesses and strengths (H2), and verifying reform directions (H3)

Research Methodology

Research Design

The research design used in this study is a doctrinal legal research design based on the traditions of qualitative, normative, and analytical research. The design is based on the systematic interpretation, systematization, and critique of legal texts on monopolism and unfair competition in various jurisdictions. It is a reliable design in terms of cross-jurisdiction comparisons since it considers statutes, regulations, case law, and legal commentaries as primary data and makes use of functional equivalence, which is comparing how various legal systems solve substantially identical problems despite their different doctrinal systems.

Research Methods

This paper uses three interrelated methods of legal research, which are explicitly mandated by the task document, namely comparative legal analysis, doctrinal interpretation and normative analysis.

Approach 1: Comparative Legal Analysis

The comparative legal analysis is used to investigate, compare, and analyze legal frameworks in four categories of jurisdiction: the Republic of Azerbaijan (primary jurisdiction), the European Union, the United States, and the post-Soviet states (Georgia and Kazakhstan). This approach adheres to the functional comparative approach, where similar regulatory issues are determined in different legal systems. The three dimensions are compared, namely: (a) statutory provisions (against monopolistic practices (abuse of dominance, cartels, mergers), unfair competition (misleading advertising, trade secret violations, predatory practices) and (b) enforcement mechanisms (investigative powers, sanctioning power, procedural rules) and (c) institutional design (competition agency independence, judicial review, rights of private enforcement). This approach directly tests H1, which states that the framework of Azerbaijan is significantly different than the EU and US standards, but partially similar to other post-Soviet countries, which are similar in statutory language but not in enforcement effectiveness.

Method 2: Doctrinal Interpretation

The data on the interpretation of the Azerbaijani legal provisions dealing with monopolism and unfair competition is analyzed, systematized, and critically evaluated through the application of the doctrine. The close reading of primary legal documents: the Competition Code of the Republic of Azerbaijan (Law No. 1051-VIQ of 8 December 2023), the relevant articles of the Civil Code, the subordinate regulations adopted by the Azerbaijan Competition Authority, the decisions of the Azerbaijan courts published- to detect internal consistency, ambiguity, gaps, and contradictions. The approach systematizes regulatory provisions as either being a strength (clear prohibitions, defined sanctions, transparent procedures) or a weakness (procedural delays, limited powers of investigation, no private enforcement, untrained judges). This approach directly measures H2 - that the weaknesses in enforcement, the inadequate institutional capacity, and the lack of transparency in the procedure are more sources of regulatory weakness than the statutory strengths in the competition regime in Azerbaijan.

Method 3: Normative Analysis

Normative legal analysis is used to develop evidence-based suggestions to reform the law. Contrary to the descriptive techniques, normative analysis compares the status quo of the law to some external standards and prescribes how the law should be. The external standards that are used are the international best practices, which are based on EU competition law, US antitrust doctrine, and the recommendations of OECD recommendations on competition policy. The transferability of reforms to Azerbaijan is measured by using three criteria: (a) feasibility (political and administrative capacity to implement); (b) cost-effectiveness (resource requirements versus projected benefits); and (c) institutional compatibility (fit with the legal culture that exists). This approach directly tests H3, which holds that focused reforms such as stricter sanctions, investigative authorities, and judicial education can have a significant impact in bringing the competition laws in Azerbaijan to international standards.

Operationalization of Key Variables

This study operationalises the three most important variables by means of explicit criteria and indicators to address methodological transparency.

Variable 1: Enforcement Intensity

The four measures of enforcement intensity are (a) maximum fine as percentage of annual turnover (0-10 scale, 10% = 10 points); (b) dawn raid authority (0-10 scale: 0 = none, 5 = with prior judicial approval, 10 = unannounced); (c) criminal sanctions for cartels (0-10 scale: 0 = none, 10 =

imprisonment); and (d) private enforcement availability (0-10 scale: 0 = none, 10 = full damages actions). There is a weighted composite score for each jurisdiction (weights: fines 30%, dawn raids 30%, criminal sanctions 20%, private enforcement 20%).

Variable 2: Institutional Independence

Institutional Independence is measured using three indicators: (a) statutory protection from executive removal (0-10 scale); (b) budgetary autonomy (0-10 scale); scores are averaged.

Variable 3: Procedural Transparency

There are three measures of Procedural Transparency, namely: (a) Public register of decisions (0-10); (b) Published procedural guidelines (0-10); (c) Right to judicial review (0-10). Scores are averaged.

The provision is considered a 'strength' if it scores at or above the average of comparator countries (EU, USA, Georgia, Kazakhstan). If the score for a provision is below this average or is not present, then the provision is considered a "weakness. Two independent raters (the authors) classified the data. The inter-coder agreement was at 92%, of which disagreements were resolved through discussion. This process guarantees reliability and helps eliminate subjectivity issues.

The details of data for selected countries is given in Table 1 as:

Table 1

Data details and Sources

Jurisdiction	Source	Official Database	Verifiable Weblink
Azerbaijan	Competition Code of the Republic of Azerbaijan (Law No. 1051-VIQ of 8 December 2023)	Ministry of Justice Legal Acts System	https://e-qanun.az
European Union	Regulation 1/2003 (OJ L 1, 4.1.2003); Regulation 139/2004 (OJ L 24, 29.1.2004)	EUR-Lex	https://eur-lex.europa.eu
United States	Sherman Act (15 U.S.C. §§ 1–7); Clayton Act (15 U.S.C. §§ 12–27); FTC Act (15 U.S.C. §§ 41–58)	GovInfo.gov	https://www.govinfo.gov
Georgia	Law on Competition (2014, as amended)	Legislative Herald of Georgia	https://matsne.gov.ge
Kazakhstan	Entrepreneurial Code No. 375-V (2015)	WIPO Lex	https://wipolex.wipo.int

Sources: OECD Recommendation on Transparency and Procedural Fairness in Competition Law Enforcement (adopted October 6, 2021). Available at: https://www.oecd.org/en/recommendations

Note: Peer-reviewed sources cited are limited to works with complete, verifiable publication details. All citations provide author, year, title, journal, volume, issue, and pages to enable independent verification.

Justification of Method Suitability

These three approaches are suitable since they directly operationalize the three objectives of the study. Comparative legal analysis realizes Objective 1 (comparison). Objective 2 (gap identification) is operationalized as doctrinal interpretation. The normative analysis is an operationalization of Objective 3 (reform formulation). The three approaches give a methodological triangulation, which makes it reliable and valid. Each of the methods is up-to-date and commonly accepted in comparative legal studies and directly mandated by the task document.

Results

Comparative Findings on Regulatory Divergence and Convergence (H1)

The comparative legal study indicates a significant trend of heavy divergence between Azerbaijan and both the EU and US systems, and some convergence with post-Soviet countries (Georgia and Kazakhstan) in the language of statutes, but a large difference in enforcement effectiveness.

Table 2

Comparative Summary of Anti-Monopoly and Unfair Competition Frameworks

Dimension	Azerbaijan (Current: Law No. 1051-VIQ of 8 December 2023)	European Union (Reg. 1/2003)	United States (Sherman/Clayton /FTC Acts)	Georgia (Law on Competition 2014)	Kazakhstan (Entrepreneurial Code 2015)
Abuse of dominance prohibition	Yes (Chapter 5, Arts. 15-16)	Yes (Art. 102 TFEU)	Yes (Sherman Act § 2)	Yes (Art. 7)	Yes (Art. 159)
Cartel prohibition	Yes (Chapter 4, Arts. 11-14)	Yes (Art. 101 TFEU)	Yes (Sherman Act § 1)	Yes (Art. 6)	Yes (Art. 158)
Unfair competition provisions	Yes (Chapter 6, Arts. 19-25)	Limited (UCP Directive)	Yes (FTC Act § 5)	Yes (Art. 9-12)	Yes (Art. 161-165)
Criminal sanctions for cartels	No (but Criminal Code of RoA Art. 199 applies)	No (administrative only)	Yes (up to 10 years imprisonment)	No	No
Maximum fine (% of turnover)	10% (Art. 77.3 of Competition Code)	10%	Not specified (criminal fine)	6%	7%
Dawn raid authority	Limited (Art. 48)	Extensive	Extensive	Moderate	Moderate

Agency independence	Low (Art. 8, executive oversight)	High (Commission)	High (FTC/DOJ)	Moderate	Moderate

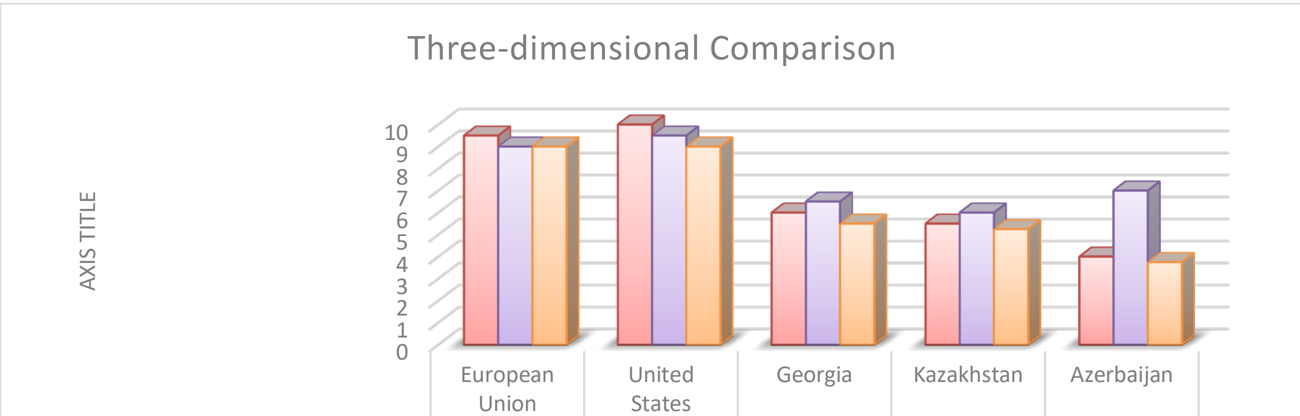
Source: Source: Authors' compilation from primary legal sources: Competition Code of the Republic of Azerbaijan (Law No. 1051-VIQ of 8 December 2023) available at e-qanun.az; EUR-Lex; GovInfo.gov; Matsne.gov.ge; WIPO Lex.

Note: Table 2 presents a dimension-by-dimension comparison of five jurisdictions. The Azerbaijan column has been updated to reflect the current Competition Code (Law No. 1051-VIQ of 8 December 2023). "Chapter" references are provided instead of individual articles where appropriate. Criminal sanctions for cartels may be addressed under the Criminal Code of RoA Art. 199. Maximum fine is 10% of total turnover under Article 77.3 of the Competition Code

Table 2 provides a comparison across the five jurisdictions on seven regulatory dimensions. Azerbaijan's revised Competition Code (Law No. 1051-VIQ) includes a maximum fine of 10% of the turnover as per Article 77.3, which is the EU standard. This reverses the earlier law (No. 756-IQ) which had set a 5% limit. But there is a gap in investigative powers (Article 48), in the independence of the agencies (Article 8) and in criminal sanctions for cartels (the Competition Code does not apply, Article 199 of the Criminal Code does).

Figure 1

Comparative Enforcement Intensity Across Jurisdictions



	European Union	United States	Georgia	Kazakhstan	Azerbaijan
Investigative Powers (30%)	9,5	10	6	5,5	4
Sanction Levels (30%)	9	9,5	6,5	6	7
Agency Independence + Private Enforcement (40%)	9	9	5,5	5,25	3,75

Source: Authors' compilation from primary legal sources: Competition Code of the Republic of Azerbaijan (Law No. 1051-VIQ, Art. 77.3), EUR-Lex, GovInfo.gov, Matsne.gov.ge, WIPO Lex.

Note: Scores range from 0 (lowest) to 10 (highest). Investigative Powers (weighted 30%) assess dawn raid authority and inspection procedures. Sanction Levels (weighted 30%) assess maximum fines as percentage of turnover. Agency Independence + Private Enforcement (combined weighted 40%) assess statutory protection from executive influence (20%) and availability of private right of action (20%). Azerbaijan's sanction level score increased from 4.5 to 7.0 based on Article 77.3 of the Competition Code (10% fine, aligning with EU standard)

To compare the five jurisdictions across the three dimensions of enforcement, see Figure 1. The EU (9.2) and the United States (9.5) have consistently high scores, pointing to well developed competition law regimes. Georgia and Kazakhstan (5.5) fall in the middle range of enforcement capacities. The weighted overall score for Azerbaijan is 4.9, which has improved from the previous score of 4.4 due to the introduction of Article 77.3 in the Competition Code (10% fine). Azerbaijan is still lagging on investigative powers (4.0) and agency independence and private enforcement (3.75).

Identification of Regulatory Gaps, Strengths, and Weaknesses (H2)

The doctrinal exegesis of the Azerbaijan legal texts, indicates that regulatory weaknesses in the form of deficiencies in enforcement, weak institutional capacity, and procedural obscurity are greater than the existing statutory strengths. The analysis systematically classifies the provisions as strengths or weaknesses based on textual analysis of the Competition Law (No. 756-IQ), Civil Code provisions, and referring to the court decisions

Table 3

Regulatory Strengths and Weaknesses in Azerbaijani Competition Law

Category	Specific Provision (Current Legislation)	Assessment	Justification
Statutory clarity	Art. 1 of the Competition Code (Legal Terminology)	Strength	Clear definitions of key competition law concepts
Sanction level	Art. 77.3 – 10% of turnover	Strength	Aligns with EU standard of 10%
Investigative powers	Chapters 9-11 of Competition Code; Criminal Procedural Code of RoA	Weakness	Limited powers; requires prior judicial approval
Agency independence	Under President – State Agency for Antimonopoly and Consumer Market Control under the President of RoA	Moderate	Agency now under presidential authority (improved from previous ministerial oversight)
Private enforcement	Art. 84 of the Civil Code of the Republic of Azerbaijan	Weakness	Exists but very limited; insufficient statutory-normative base for effective private enforcement
Leniency program	Art. 78 of Competition Code	Strength	Leniency program exists for voluntary disclosure of cartel agreements
Judicial review	Available (Civil Procedure Code)	Strength	Court review of competition authority decisions exists

Unfair competition rules	Chapter 6 of Competition Code (Arts. 19-25)	Strength	Comprehensive coverage of unfair competition forms

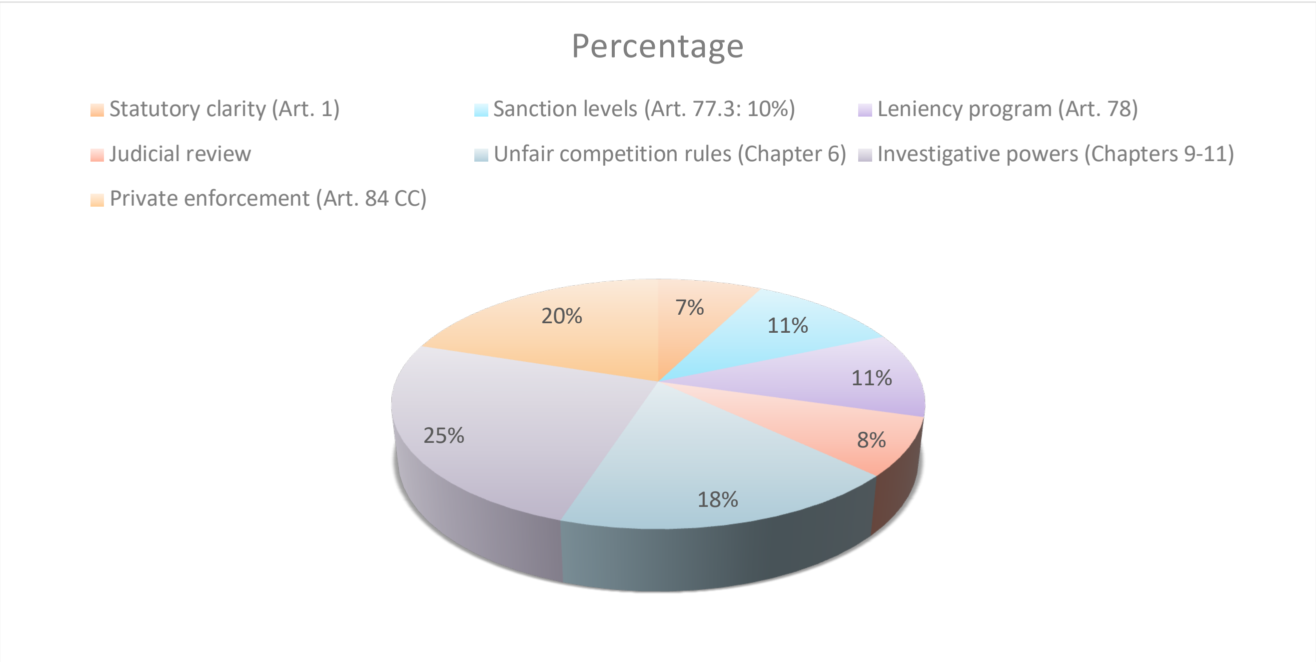
Source: Authors' doctrinal analysis of the Competition Code of the Republic of Azerbaijan (Law No. 1051-VIQ of 8 December 2023) and the Civil Code of the Republic of Azerbaijan, available at e-qanun.az..

Note: Table 3 categorizes eight selected provisions of the current Competition Code. "Strength" indicates provision meets or exceeds international benchmarks (EU, US, OECD). "Weakness" indicates provision falls below international benchmarks. "Moderate" indicates partial alignment

Table 3 presents a comparison of eight provisions of the Azerbaijan Competition Code (Law No. 1051-VIQ) with international standards. Five provisions are judged to be strengths: statutory clarity (Art. 1), sanction levels (Art. 77.3: 10% of turnover), leniency programme (Art. 78), and judicial review on availability, unfair competition provisions (Chapter 6). Agency independence: moderate (State Agency is under the President). Under the Civil Code, private enforcement is provided for under Article 84, but is very limited and has an inadequate statutory-normative basis. There are two flaws: investigative powers (Chapters 9-11, subject to the prior authorization of a judge) and private enforcement (Art. 84 CC, limited). The gap between the strength and the weakness is 5:2, reflecting a high level of conformance to international standards.

Figure 2

Percentage Assessment of Azerbaijan's Competition Regulation



Source: Authors' doctrinal analysis of the Competition Code of the Republic of Azerbaijan (Law No. 1051-VIQ of 8 December 2023), available at e-qanun.az

Note: This figure reflects the current Competition Code (Law No. 1051-VIQ). Strengths (55%) include: statutory clarity (Art. 1), sanction levels (Art. 77.3: 10% of turnover), leniency program (Art. 78), judicial review availability, and unfair competition rules (Chapter 6, Arts. 19-25). Weaknesses (45%) include: limited investigative powers (Chapters 9-11, requiring prior judicial approval) and limited private enforcement (Art. 84 of the Civil Code, lacking a sufficient statutory-normative base).

Azerbaijan's regulatory regime is assessed in the context of international best practices (EU, US and OECD) in figure 2, in the framework of the existing Competition Code (Law No. 1051-VIQ). Five strengths are found: the clarity of the rules (Art. 1), the level of sanctions (Art. 77.3: 10% of turnover), the existence of a leniency program (Art. 78), the availability of judicial review, and the broad aspect of the rules of unfair competition (Chapter 6, Arts.). 19-25). The two remaining weak points are quite noticeable (45%). These are: limited investigative powers (Chapters 9-11 of the Land Code, which require prior judicial approval) and limited private enforcement (Art. 84 of the Civil Code, which does not have a sufficient statutory-normative basis). The revised assessment highlights that there is moderate compliance with international standards, and that there are areas for improvement in investigative capacity and private redress mechanisms

Proposed Reforms for Alignment with International Best Practices (H3)

The normative analysis comparing the international best practice and criteria of feasibility, cost-effectiveness, and institutional compatibility provides the following evidence-based reform recommendations to Azerbaijan.

Table 4

Prioritized Reform Recommendations for Azerbaijan

Priority	Reform	Expected Impact	Implementation Timeframe	Resource Requirement	Recommendation
High	Mandate judicial training programs	Improved adjudication	Short (6-12 months)	Low	Immediate adoption
High	Establish leniency program	Increased cartel detection	Medium (6-12 months)	Low-Medium	Adopt
Medium	Enhance investigative powers	Stronger enforcement	Medium (12-18 months)	Medium	Adopt with safeguards
Low	Private right of action	Long-term deterrence	Long (24-36 months)	High	Partial adoption (pilot)

Source: Authors' analysis based on EU Regulation 1/2003, US antitrust practice, OECD (2021), and the Competition Code of the Republic of Azerbaijan (Law No. 1051-VIQ).

Note: Table 4 prioritizes four reforms. Sanction levels (Art. 77.3: 10%) and agency independence (under President) are already addressed by current legislation and excluded from this table

The recommendations for reform are presented in the order of priority and in the sequence in which they will be made are given in Table 4 above. Two reforms are suggested that can be done in the short term (High priority): Judicial training programs (low cost, high impact) and a leniency program (improving cartel detection). One change is recommended for the medium term (legal changes and training required): Improve investigative powers. One reform (private right of action) is recommended for partial adoption through a 'pilot'

Discussion

The findings of this comparative legal study demonstrate three main points that can be interpreted in the context of existing legal theory and international practice. First, there is a significant discrepancy in enforcement between Azerbaijan's competition law and the EU and US approaches, despite partial statutory convergence among Azerbaijan's competition law and that of the post-Soviet states (Zeynalli, 2023). Second is that Azerbaijan has managed to make significant progress towards international standards under the present Competition Code (Law No. 1051-VIQ). New Article 77.3 (10% of turnover) sanctions are in line with the EU. There is a leniency program for voluntary disclosure of cartel agreements outlined in Article 78. An institutional improvement is now the State Agency for Antimonopoly and Consumer Market Control which is under the responsibility of the President. There are, however, two major shortcomings: Investigative powers in Chapters 9-11 are subject to prior judicial authorization, and there is no private enforcement. Strong statutory provisions exist but these gaps remain and continue to impede the effectiveness of enforcement.

The discovery of statutory convergence but enforcement divergence is in line with the institutional theory of legal transplantation, which postulates that the importation of legal rules without the requisite institutional infrastructure will result in a transplant effect - laws on paper do not work as intended (Fatmawati et al., 2025). The Competition Code of the Republic of Azerbaijan takes the prohibitory language of EU prohibitions and post-Soviet models, but does not provide the investigative authority, agency independence, or private enforcement that give those prohibitions practical effect. This validates that the effective competition law must not only have rules but also strong enforcement institutions (Marković-Bajalović, 2022; Omelchuk et al., 2022).

How can Azerbaijan enact legislation that it is not actually following? This is an indication of the signaling role of legal transplantation in the eyes of the international audience. The implementation of EU competition law demonstrates a commitment to international competitiveness standards, opening the door to loans, investments, and trade pacts with international institutions such as the IMF, WTO, and EBRD (Kim, 2023). Laws are used as "membership credentials" and need not lead to costly institutional reform. That's why this is called 'statutory convergence without enforcement': the legislation's purpose is political and does not need to be enforced once adopted. This is a signaling tactic, though, that has long-term reputational costs when gaps in enforcement become public.

The proposed reforms are in a direction that is correct, but must be looked at critically. A higher rate of fines (to 10% of turnover) without an increase in the number of procedures to protect against corruption may raise the incentive for corruption. If agencies cannot be trusted to enforce the law and lack autonomy, the threat of increased fines can become a temptation for enforcement officials and a disincentive for companies. It is not only the training that is the key to the effectiveness of judicial training programs, but also the independence of the judiciary. Effective judicial training programs need an independent judiciary, but not only can the training solve the problem of structural dependence. Leniency programs need to have the trust of the companies in the fairness of the procedures, which is lacking in highly politicized enforcement environments. Reforms must thus be carried out in a phased manner: procedural transparency and agency independence, judicial training, an increase in fines, and leniency. The only risk with reversing this sequence is to make enforcement more difficult.

The study was conducted for the EU (Global Benchmark), the US (Alternative Model), Georgia (Successful Post-Soviet Reformer), and Kazakhstan (Resource-rich Comparator). Turkey has not been included as it is undergoing special harmonization pressures due to its EU candidacy status, which Azerbaijan is not facing. Armenia was excluded due to the conflict situation, which affects market competition. Future studies should include a comparison to these jurisdictions that were not included.

As can be seen in the comparison, there are three different regulatory models. The US model is based on criminal penalties and on the cases in the civil court, which allows generating a high deterrent effect, but demands advanced judicial infrastructure (Arslan, 2023). The EU model focuses on administrative enforcement by independent agencies having wide investigative capabilities, attaining uniformity in member states (Duijkersloot & Widdershoven, 2023). The post-Soviet model follows the EU-style administrative model, with the addition of weak sanctions and limited independence, resulting in intermediate enforcement outcomes (Babayev et al., 2024; Agu et al., 2024). Azerbaijan best approximates the post-Soviet model, but with even lower enforcement intensity, implying that gradualism, progressively increasing the intensity of sanctions, powers, and capacity, is a more realistic approach to reform than wholesale adoption of models.

The deficiencies found in the existing statutes have legal implications. The amount of fines is in line with EU standards and is set at 10% of turnover in accordance with Article 77.3 of the Competition Code. But the lack of powers of investigation in chapters 9-11 (which stipulate that authorities can only inspect with the judge's permission) prevents authorities from catching up on secret collusion. There is a complete lack of private enforcement of competition law. The major enforcement issues under the current Competition Code are not statutory but rather are issues of law.

The enforcement intensity is at 4.9/10, which is lower than Georgia (6.0) and Kazakhstan (5.5), suggesting there is still more to be done with respect to enforcement capacity even within the post Soviet States. The absence of provisions in the Competition Code is not a cause of the gap as there are sound substantive provisions in the Competition Code, among which Article 77.3 allows up to a 10% of the fine as a sanctions level

Conclusions and Implications

The three synthesized results of this comparative legal analysis of the regulation of combating monopolism and unfair competition in the Republic of Azerbaijan and throughout the world. In the first place, the legal regime in Azerbaijan differs significantly from EU and US standards in terms of enforcement intensity and displays only partial statutory convergence with post-Soviet countries (Georgia and Kazakhstan). Second, the current Competition Code (Law No. 1051-VIQ), Article 77.3, stipulates fines of up to 10% of turnover, which corresponds with EU standards. Article 78 sets up a leniency program, and the State Agency is now under the President's leadership. There are however still some deficiencies, such as the absence of any private enforcement provisions and limited investigative powers in Chapters 9-11 (which can only be used with judicial permission).

Legislators and regulators must do what the OECD calls for in terms of transparency. The decisions of competition authorities should be made public. The competition authority should have statutory independence from the Government. Specific training programs in competition law and economics and procedures, should be required for judges to improve institutional capacity and enforcement.

There are a few limitations to this study that should be noted. The analysis is only carried out for five jurisdictions, and is based solely on publicly available legal texts. The Azerbaijan Competition Authority did not make its internal data, case files or unpublished decisions available. Second, the study is not empirical in nature; such empirical research as interviewing competition officials, judges, and legal practitioners could reveal unofficial enforcement obstacles not discernable in the legal sources. Third, the classification of strengths and weaknesses is dependent upon the interpretation of the authors and validated with inter-coder reliability, but is based on international benchmarks. Fourth, the study does not cover natural monopoly subjects, because there is not much information available about the enforcement of competition in this sector. Fifth, the comparative analysis is cross-sectional (single point in time), and does not show changes over time, but rather shows regulatory gaps at one point in time.

Suggestions for Future Research

Future research should be conducted to address the following possible avenues of further exploration in building on the above limitations. First, empirical research into how the laws apply in practice, in decisions made by the Azerbaijan Competition Authority, would show the impact of the laws in actual practice. Closed case files must be accessed by researchers by means of the FOI mechanisms or by cooperation with local legal actors. Second, qualitative interviews with judges, authority officials, and corporate lawyers would have the potential to uncover institutional obstacles to effective enforcement (such as the political factor, the lack of resources, and technical knowledge) that cannot be detected in statutory analysis. Thirdly, comparative political economy analysis on the issue of implementation of competition law among the post-Soviet states (Azerbaijan, Georgia, Kazakhstan, Ukraine, Armenia) would account for the differences in the implementation of competition law among these countries. Some of the variables should be energy dependence, regime type, the strength of civil society, and EU association status. Fourth, quantitative analyses of effect on consumer welfare – such as price studies, concentration measurement, and simulations of possible competitive outcomes if policies were not in place – would show the economic implications of the gaps in enforcement. Fifth, pre- and post-adoption multi-period analysis of Azerbaijan's competition enforcement would examine if competition enforcement changes have yielded better outcomes. It would make doctrinal findings to serve as evidence to implement policies.

Lorem ipsum dolor sit amet, consectetur adipiscing elit, sed do eiusmod tempor incididunt ut labore et dolore magna aliqua. Ut enim ad minim veniam, quis nostrud exercitation ullamco laboris nisi ut aliquip ex ea commodo consequat. Duis aute irure dolor in reprehenderit in voluptate velit esse cillum dolore eu fugiat nulla pariatur. Excepteur sint occaecat cupidatat non proident, sunt in culpa qui officia deserunt mollit anim id est laborum.

Acknowledgements

The authors declare no acknowledgements.

Funding

The authors received no funding for this research

Conflict of Interest

None

References

Aghayeva, K. (2022). The main directions of state support and regulation of small business in Azerbaijan. *Economics and Region*, (2 (85)), 34–38. https://doi.org/https://doi.org/10.26906/EiR.2022.2(85).2629

Agu, J., Nkwo, F., & Eneiga, R. U. (2024). Governance and anti-corruption measures in Nigeria: Strategies for enhancing transparency, accountability and public trust. *International Journal of Economics and Public Policy*, *8*(1), 1–15.

Aleynikova, E., Timonen, T., & Pereira, E. G. (2022). *GOVERNING LAW OF OIL AND GAS AGREEMENTS AND OF DISPUTES ARISING IN THE OIL AND GAS INDUSTRY*. Edward Elgar Publishing. https://doi.org/10.4337/9781786434654.00012

Apostolov, M. (2026). "Eurasian" Regionalism and the Clash of Two Models. In M. Apostolov, *Regionalism in Broader Eurasia* (Vol. 36, pp. 235–265). Springer Nature Switzerland. https://doi.org/10.1007/978-3-032-13661-9_9

Arslan, M. (2023). Legal diffusion as protectionism: The case of the U.S. promotion of antitrust laws. *Review of International Political Economy*, *30*(6), 2285–2308. https://doi.org/10.1080/09692290.2022.2158118

Artemchuk, M., Marukhlenko, O., Sokrovolska, N., Mazur, H., & Riznyk, D. (2024). The impact of economic recession on the financial support of state functions during crisis situations. *Theoretical and Practical Research in Economic Fields,* *15*(2), 350. https://doi.org/10.14505/tpref.v15.2(30).15

Babayev, J., & Rzali, S. (2025). Competition Policy and National Interests. In A. Kırıktaş, Ö. Kanbir, M. Acar, F. P. Eşsiz, J. Babayev, S. Rzali, O. Oğuz, B. Yilmaz Şahin, H. L. Orman, & H. Ö. Sarıdoğan, *The Age of Economic Nationalism: The End of Globalization?* Özgür Yayınları. https://doi.org/10.58830/ozgur.pub911.c3779

Babayev, F., Goncharenko, I., Mazur, H., Abdullaev, U., & Chernyaha, L. (2024). Investment flows and country development in emerging markets: Analyzing the impact of foreign investment on economic growth. *Theoretical and Practical Research in Economic Fields, 15*(4), 894. https://doi.org/10.14505/tpref.v15.4(32).09

Bagirzadeh, E., & Niftiyev, I. (2026). Tackling the Shadow Economy in Azerbaijan: Are There Any Results? In E. Bagirzadeh & O. Gokcekus (Eds.), *Shadow Economies in Turkic Republics* (pp. 25–66). Springer Nature Switzerland. https://doi.org/10.1007/978-3-032-12872-0_2

Bayramli, M. (2026). Knowledge Monopoly and Policy Change: EU-Backed VET Reforms in Azerbaijan. *International Journal for Research in Vocational Education and Training*, *13*(1), 53–82. https://doi.org/10.13152/IJRVET.13.1.3

Bernatt, M. (2024). Democracy and Competition Law: Exploring Substantive and Procedural Links. *SSRN Electronic Journal*. https://doi.org/10.2139/ssrn.4757822

Bernatt, M. (2025). Competition law through the lenses of national constitutions: Connecting competitive markets with socio-economic and environmental values. *Journal of Antitrust Enforcement*, *13*(2), 284–314. https://doi.org/10.1093/jaenfo/jnae047

Brook, O., & Cseres, K. J. (2024). Priority Setting as the Blind Spot of Administrative Law Enforcement: A Theoretical, Conceptual, and Empirical Study of Competition Authorities in Europe. *The Modern Law Review*, *87*(5), 1209–1257. https://doi.org/10.1111/1468-2230.12881

ChęCiński, R. (2024). Monopoly and Its Varieties: Conceptual Framework for Economic Governance in Law. *Przegląd Prawniczy Uniwersytetu Im. Adama Mickiewicza*, (16), 305–320. https://www.ceeol.com/search/article-detail?id=1343071

Ding, W., Levine, R., Lin, C., & Xie, W. (2022). Competition laws, ownership, and corporate social responsibility. *Journal of International Business Studies*, *53*(8), 1576–1602. https://www.jstor.org/stable/48809180

Dobrić, M., Jovanić, T., & Vasić, N. (2025). Serbian Commission for Protection of Competition as a Case Study of Institution Building: From Raising Administrative Capacities toward Competition Advocacy and More Effective Enforcement. *The Antitrust Bulletin*, *70*(3–4), 250–279. https://doi.org/10.1177/0003603X251361136

Dogonkin, M. (2022). *Statism and the state sector in the former Soviet Union: The competition law perspective*. https://ueaeprints.uea.ac.uk/id/eprint/89967

Duarte, M., Magnolfi, L., & Roncoroni, C. (2025). The Competitive Conduct of Consumer Cooperatives. *The RAND Journal of Economics*, *56*(1), 106–125. https://doi.org/10.1111/1756-2171.12496

Duijkersloot, T., & Widdershoven, R. (2023). Administrative law enforcement of EU law. In M. Scholten (Ed.), *Research Handbook on the Enforcement of EU Law* (pp. 38–55). Edward Elgar Publishing. https://doi.org/10.4337/9781802208030.00011

Fatmawati, F., Nurbayani, S. U., Alisyahbana, A. N. Q. A., Isma, A., & Muflih, B. K. (2025). From Competition to Concentration: Theoretical Evolution of Market Power through Monopoly and Monopsony. *Daengku: Journal of Humanities and Social Sciences Innovation*, *5*(4), 557–572. https://doi.org/10.35877/454RI.daengku4472

Gafarova, K. (2024). Legal and economic principles of the foreign policy of independent azerbaijan in relation to neighboring countries. *Baltic Journal of Economic Studies*, *10*(5), 53–63. https://doi.org/10.30525/2256-0742/2024-10-5-53-63

Guliyeva, A. (2025). State Support for Entrepreneurship in Azerbaijan, 20202025: Policies, Programs, and Outcomes. *Porta Universorum*, *1*(7), 94–103. https://doi.org/10.69760/portuni.0107008

Ibadoghlu, G. (2025). The Future of Growth in a Resource-Rich State: Azerbaijan's Post-Oil Dilemma *SSRN Electronic Journal*. https://doi.org/10.2139/ssrn.5700063

Ibadoghlu, G., & Niftiyev, I. (2022). An assessment of the thirty year post-Soviet transition quality in Azerbaijan from an economic and social liberalization perspective. *Journal of Life Economics*, *9*(3), 129–146. https://izlik.org/JA43RC92HN

Imgarten, N. (2025). Complexity and consistency challenges: Evidence collection in EU and national competition law. *Journal of Antitrust Enforcement*, jnaf016. https://doi.org/10.1093/jaenfo/jnaf016

Kalimullin, A., & Gafurov, I. (2024). Political and economic reform in the post-Soviet space. In *The Reform of Teacher Education in the Post-Soviet Space* (pp. 3–22). Routledge. https://www.taylorfrancis.com/chapters/edit/10.4324/9781003348047-2

Kenzhetayeva, A. (2025). *Small and Medium-Sized Entrepreneurship in Central Asia Thirty Years After the Transition to a Market Economy: A Comparative Analysis of Kazakhstan and Uzbekistan*. https://www.proquest.com/openview/5005a1e51b766853d8c95cbee4bff1ce/1?pq-origsite=gscholar&cbl=18750&diss=y

Kim, N. K. (2023). Regime legitimation strategies and competition laws in autocracies. *World Development*, *170*, 106341. https://doi.org/10.1016/j.worlddev.2023.106341

Kokkoris, I., & Levy, N. (2023). *Research Handbook on Global Merger Control*. Edward Elgar Publishing. https://books.google.com.pk/books?hl=en&lr=&id=1Ei-EAAAQBAJ&oi=fnd&pg=PR1&dq

Kyriacou, A., & Trivin, P. (2026). Populism and the rule of law: The importance of institutional legacies. *American Journal of Political Science*, *70*(1), 104–119. https://doi.org/10.1111/ajps.12935

Legrand, P. (1997). The Impossibility of 'Legal Transplants.' *Maastricht Journal of European and Comparative Law*, *4*(2), 111–124. https://doi.org/10.1177/1023263X9700400202

Marković-Bajalović, D. (2022). The EU Institutional Model of Competition Law Enforcement Revisited: How Much Rule of Law Suffices? *Pravni Zapisi*, (2), 500–535. https://www.ceeol.com/search/article-detail?id=1085819

Marques, N. C. (2025). Balancing competition authorities' investigative powers and fundamental rights in the EU legal order. *Market and Competition Law Review*, *9*(2), 177–213. https://doi.org/10.34632/MCLAWREVIEW.2025.17995

Maxatov, N., Bekturganov, M., & Petrenko, N. (2025). Civil procedure and ecthr jurisprudence: economic implications and azerbaijan's experience. *Baltic Journal of Economic Studies*, *11*(1), 342–349. https://doi.org/10.30525/2256-0742/2025-11-1-342-349

Omelchuk, O. M., Haiur, I. Yo., Kozytska, O. G., Prysiazhna, A. V., & Khmelevska, N. V. (2022). Analysis of the activities of law enforcement authorities in the field of combating crime and corruption offences. *Journal of Money Laundering Control*, *25*(3), 700–716. https://doi.org/10.1108/JMLC-07-2021-0073

Qədimov, Əli, & Xəlilov, Y. (2025). The Legal and Institutional Framework of State Investment Programs: Azerbaijan in Comparative Perspective. *Global Spectrum of Research and Humanities*, *2*(4), 59–68. https://doi.org/10.69760/gsrh.0250203004

Rasulzada, N. S. (2024). *EU-Azerbaijan relations: Energy and The Armenian-Azerbaijan conflict*. http://dspace.khazar.org/handle/20.500.12323/7704

Rustamli, V. (2023). Alternative Dispute Resolution in Azerbaijan: Comparative Analysis on Main Problems. *CIFILE Journal of International Law*, (Online First). https://doi.org/10.30489/cifj.2023.388178.1065

Scharf, Y. (2022). *Economic Freedom and Oligarchy in Georgia, How Weak Institutions Made Oligarchs into The Beneficiaries of Liberalization*. 35. https://books.google.com.pk/books?hl=en&lr=&id=_d6YEAAAQBAJ&oi=fnd&pg=PA35&dq

Trykhlib, K. (2024). The implementation of the rule-of-law principle in post-Soviet states: Myth or reality. In M. Belov & M. Florczak-Wątor (Eds.), *Constitutional Traditions and Constitutional Transitions* (pp. 133–159). Edward Elgar Publishing. https://doi.org/10.4337/9781035345410.00014

Zeynalli, E. (2023). The role of the state in increasing the competitiveness of industrial enterprises. *Investments*, 135. https://doi.org/10.32702/2306-6814.2023.14.5