

**STATE COMMISSION FOR PROTECTION OF ECONOMIC COMPETITION OF
THE REPUBLIC OF ARMENIA**

**2004 ANNUAL ACTIVITY
PROGRAM**

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Introduction

The present Action Plan ensures continuation of 2002-2003 Annual Action Plans of RA State Commission for Protection of Economic Competition (hereinafter “Commission”).

The legal bases for Action Plan drafting are as follows:

- Constitution of the Republic of Armenia (Article 8), according to which: “The state shall guarantee the free development and equal legal protection of all forms of property, the freedom of economic activity and free economic competition”;
- RA Civil Code (Article 12), which fixes the provisions prohibiting the use of civic rights to restrict competition and abuse of dominance on product market;
- “Agreement on Partnership and Co-operation” signed between the RA and European Union member states (Articles 43 (1) and 43(2)), according to which economic competition protection legislation of Republic of Armenia should be harmonized with the European Union legislation.

The goal of Action Plan is to promote the formation and development of the competitive environment through protection of economic competition on product markets subject to examination in 2004.

Based on the goal of Action Plan, Commission analyzed the competitive situation of the product markets studied, detected their current key issues and envisaged economic competition protection measures, their implementation mechanisms and schedule.

Action Plan components include measures and mechanisms related to ensuring publicity of Commission activity, its collaboration with international structures and non-governmental organizations, improvement of Commission administration system, training and increase of the staff qualification.

I. Analysis of Economic Competitive Situation and Detection of Current Key Issues

From the perspective of key issues of competition, the general progress and the economic indicators defining the dynamics of competitive environment have the following pattern:

Explicit trend of economic progress with high growth rates have been fixed in the Republic in the recent years. In 2001 GDP grew by 9.6% as compared with 2000, in 2002 GDP grew by 12.9% as compared with 2001¹. As a result, population incomes have increased. In comparison with 2001, the real growth of those incomes totaled to 13.7% in 2002².

On a number of product markets the free competition led to a more effective mode of action and production quality increase and hence, increase of competitiveness of economic entities.

Dynamics of the Armenian foreign trade of the recent years demonstrates that the export growth rates significantly exceed the import growth rates (in 2002 it was 35.4%)³, which is partially conditioned by substitution of product import with product export. The stated confirms that different branches of the country’s economy have provided opportunities to produce products, which freely competing with imported products, have found their stable place on the market. Import penetration index confirms that product markets are open for international trade. Average aggregated import penetration index of the country is 15%. However, this is not a result of limitation of activities of foreign participants in commercial transactions, but rather a consequence of the absence of product transportation effective schemes due to the long-term blockade of transportation routes.

At the same time, it should be noted that on underdeveloped product markets local produces are not competitive. Such products are manufactured by large-scale industries which have serious weight in the economy of the country and significant level of depreciation of fixed assets. Major investments are needed to overcome the situation and become competitive on the international

¹ RA Social-Economic Statistics, Yerevan 2003, page 11.

² Ibid, page 109

³ Ibid, page 142

market, whereas the current investments are not sufficient. Another reason for insufficient level in re-equipment and technical saturation in the stated spheres of the industry is the credit policy of the banks. To make investments, credits with longer-term payback lags are necessary, which, practically, are not provided. On the other hand, the maximum amount of provided credits is not sufficient to purchase modern technologies and equipment, in the result of which businessmen are forced to buy outdated equipment.

According to the report of the RA CB, 2002 recorded only 2.6% growth in providing credits to the economy.

It may be stated that the crediting process of the real sector of economy by the banking system is not consistent with the economic growth rates and the banking system has a passive participation in the economic development process.

Foreign investments, for which the most important component for an attractive environment is assurance of the free competitive environment, can also solve the problem of providing finances for the economic growth.

Protection and development of competition with legitimate actions through increase of market entry opportunities for new economic entities will lead, undoubtedly, to improvement of investment environment of the economy of the country.

One of the serious obstacles of economic competition development on some product markets of the Republic is the existence of the “shadow” sector. The “shadow”, per se, being an expression of unequal competition, not only puts compliant market participants in “unfavorable” conditions, but also complicates the real assessment of competitive situations on different product markets. Under conditions of shadow turnover, measures directed at the competition protection become less effective, the results of product markets analysis become inaccurate and it becomes difficult to select properly regulatory means for non-sufficient competitive environment on product markets. Application of economic competition regulatory mechanisms also becomes difficult as for different product markets, as well as for the whole economy of the country.

Product market is competitive, when it has numerous participants, which, as a rule, is ensured on account of the growth of small and medium enterprises (SME). This is the most preferable way to supplement product markets with new participants and the basis for SME-s dynamic development. Development of small and medium entrepreneurship is one of important directions of economic policy of the state, which should simultaneously lead to competition development. The importance of establishment of SME-s as a source of improvement and development of the competition environment is assessed.

Sectoral structure of small entrepreneurship, in fact, has not been changed over the recent years. Trade still remains as the utmost attraction for them, rather than production sector. This can be explained first of all by the differences of small entrepreneurship as a servicing sector of the economy. In this respect, the situation apparently is good. In particular when we look at the statistics of enterprise register. In 2002, approximately 8,200 SME-s were registered. At the same time, approximately 1,500 SME-s were liquidated. In general, at the eve of 2003, more than 100.000 SME-s were registered in Armenia. It might even seem that according to the indicators adopted in economically developed countries, i.e. number of SME-s per 1000 people Armenia exceeded the indicators of Euro Union (25-30). However, it is well known that in terms of economic development in addition to quantitative indicators, qualitative indicators of small entrepreneurship are important as well. While in European countries this sector of economy ensures half of GDP, in our country its share does not exceed 10% of GDP. This is partially connected with the fact that entrepreneurs, in overcoming problems with the creation of small enterprises, face such administrative obstacles and market restrictions which are not easily overcome and a part of them cease its activities.

It is important that activities to support small entrepreneurship have sharply intensified during the recent years. The State has made the important step for systemized approach. National Center of Small and Medium Enterprise Development of Armenia, which aims at implementation of the Government program on SME assistance, is established. To develop this sector, among other steps, the Center envisages also financial assistance to SME, which in fact means taking “special”

measures in financial support issues in the form of state guarantees. In this respect, while prioritizing the freedom of established competition, the Commission intends to cooperate with NGOs engaged in SME-s related issues for analyzing the reasons why economic entities leave market and detect market entry impediments.

Thus, the general analysis of economic competitive situation based on various indicators and directions characterizing competitive environment shows that parallel to economic development, product markets competitive environment is improving.

Additionally, there are numerous problems restricting competition, of which the important are as follows:

- Scarcity of financial resources and first of all credit resources;
- “Shadow” economy;
- Small share of SME in the general outcome of economic activity;
- Lack of optimal schemes of transportation, the availability of which would ensure competitiveness of a number of products on the market and competitiveness of locally manufactured products with guaranteed qualitative specifics on foreign markets.

Commission has studied more than 30 markets since the very beginning of its activity. For more realistic observation of the competition environment establishment prerequisites and further implementation of state competitive policy on markets, it is important to observe the competitive environment according to different markets in terms of their marked characteristics.

Given characteristics of markets, it is expedient to carry out observations based on the following division: three groups of products and one group of service markets, which according to the market participant numbers, dominant economic entities and centralization levels are illustrated in Table 1:

- Markets operating primarily on account of import;
- Markets operating primarily on account of locally manufactured products;
- Markets operating both on account of import and locally manufactured products;
- Services markets.

Table 1*Number of Market Participants, Share of Dominant Economic Entities and Concentration Level, 2000-2002*

		Number of market participants			Share of dominant economic entities			CR-3		
		2000	2001	2002	2000	2001	2002	2000	2001	2002
1	2	3	4	5	6	7	8	9	10	11
Net Import										
1	Petrol	X	14	10	X	-	X	X	58.10	58.80
2	Diesel fuel	X	35	21	X	38.13	47.14	X	54.67	69.88
3	Vegetable oil	X	25	X	X	-	X	X	59.17	X
4	Animal oil	X	24	X	X	-	X	X	61.73	X
5	Medications	77	72	X	-	-	X	28.83	30.06	X
6	Coffee	20	21	X	34.86	25.93	X	72.00	57.30	X
7	Sugar	X	9	12	X	79.80	97.88	X	98.00	100.00
8	Metal	X	114	X	X	34.64	X	x	69.65	X
Local Production										
1	Champagne and sparkling wine	6	18	X	84.70	81.22	X	95.30	89.42	X
2	Cognac	17	13	X	83.60	66.60	X	95.10	85.80	X
3	Beer	5	6	14	74.62	71.97	59.65	99.56	99.70	95.87
4	Ethyl spirit	X	20	X	X	79.83	X	X	95.15	X
5	Vodka	X	47	X	X	46.47	X	X	80.41	X
6	Wine	X	40	X	X	-	X	X	45.60	X
7	Table & technical salt	2	2	X	99.99	99.97	X	X	X	X
8	Unfiltered cigarette	X	6	5	X	91.62	98.46	X	97.43	99.92
9	Soft drinks	54	X	X	66.41	-	X	88.15	X	X
10	Mineral water bottling	20	48	X	37.10	33.47	X	74.80	66.63	X
11	Ice cream	8	10	10	38.6 (35.1)	35.08 (34.07)	35.53	86.30	85.16	80.91
12	Tuff	X	47	X	X	-	X	X	37.77	X
13	Granite	X	5	X	X	34.61	X	X	79.68	X
14	Marble	X	2	X	X	99.11	X	X	X	X
15	Basalt	X	16	X	X	60.79	X	X	82.59	X
16	Cement	X	2	X	X	51.44 (48.56)	X	X	-	-
17	Plaster	2	2	X	55.7 (44.3)	52.9 (47.1)	X	-	-	X
18	Compressed gas	X	X	21	X	X	39.13	X	X	66.78
Import and Local Production										
1	Grain flour	X	19	24	X	41.80	27.35	X	80.70	65.73
2	Grain	X	22	X	X	40.64	X	X	63.14	X
3	Filtered cigarette	X	12	10	X	44.03	50.73	X	81.66	87.84
Services										
1	Passenger transportation	X	75	X	X	-	X	X	20.70	X
2	Tourism	X	24	X	X	-	X	X	36.60	X

Competitive Situation on Markets Operating on Account of Import (8 markets)

Concentration level on six product markets of this group is moderate (54,7-69,7), except "Sugar" product market which has one entity not exposed to significant competition, and "Medications" products market which concentration level is low. Average figure of this group of product markets is quite explainable and even normal since they have no explicit market entry impediments, and economic restrictions result from the scale economy. A large number of participants characterize these product markets. Thus, in 2001 the number of participants on "Vegetable Oil," "Animal Oil" and "Coffee" product markets reached 25, 24, and 21, respectively.

The number of participants is relatively high on "Metal" product market. The number of participants on "Petrol" and "Diesel Fuel" product markets is decreased, in the result of which an increase of concentration levels on these markets is observed (0.7 and 15.2% respectively). It should be mentioned that the main composition of market participants of these two product markets is not changed. Import volumes of companies which left the market did not exceed 2% in 2001. Reducing the dependency from a single supplier is important for "Petrol" product market. In 2001, petrol sellers purchased 87% of it from one supplier, whereas in 2002 this dependence was 63.7%. It may be fixed that the product markets of this group are saturated markets. This is explicitly seen on "Coffee," "Animal Oil" and "Vegetable Oil" product markets, where, depending from the solvent demand, the volumes of the sold products almost have not been changed. The same can be said about "Diesel Fuel" product market, where the import and sales volumes have remained on the

same level in the last two years. “Petrol” product market has somewhat different picture. Import and sales volumes on this market are partially decreasing since vehicles shift to alternative fuel – gas. The chart below shows the volumes of petrol imported by “Petrol” product market participants and volumes of gas sold by gas filling stations in 2001-2002. It should be mentioned that the gas volume is presented in the quantity equivalent to petrol.

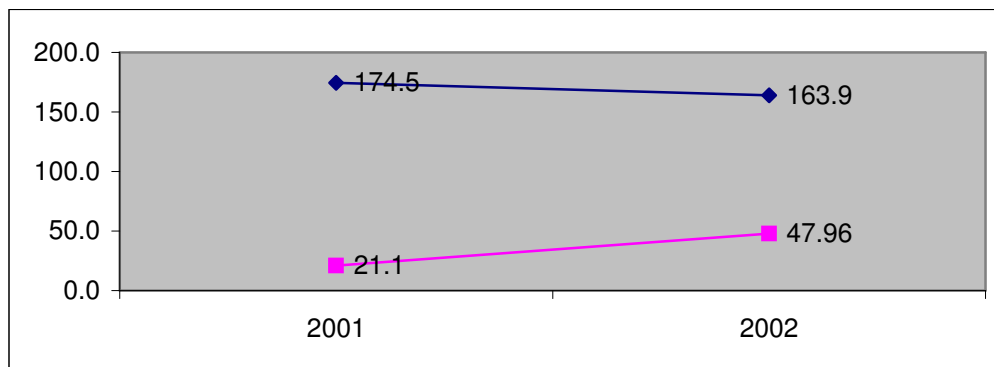


Chart 1. Petrol and Gas Sales in 2001-2002 (thousand tons)

Special approaches should be adopted for “Sugar” product market where operates one economic entity, not exposed to a significant competition.

Competitive Situation on Markets Operating on Account of Major Volumes of Local Production (18 Markets)

These markets present two large areas of activity: food (processing industry) and construction materials which conventionally are divided into three sub-groups.

Analyses of the product markets of the first sub-group cover those where products are traditionally sold by one or two (three) economic entities. These are narrow specialized major firms, such as Yerevan Cognac Factory, Champagne Winery, Tobacco Plant (in terms of unfiltered cigarette), Avan Salt Combinat, Hrazdan and Ararat Cement factories, Yerevan Plaster Factory, etc. Ten product markets were analyzed in this Sub-group, all of which have high concentration level; moreover, the concentration level ranges from 80% to 100%. The leaders on these markets are “objectively conditioned” dominant entities. On some of these product markets (champagne and sparkling wines, unfiltered cigarette, cognac) operating economic entities are not exposed to significant competition, and therefore, the key issue is prevention of possible abuse of dominance by them. Unfair competition cases through damaging other’s reputation or causing confusion are prevailing on such markets.

Situation in construction material sector is somewhat different. Two economic entities operate on “Cement” and “Plaster” product markets. On such market the key issue is to reveal and prevent possible anti-monopoly agreements (artificial price increase, market division etc). With respect to competition on product markets included in this Sub-group - “Granite,” “Marble,” and “Basalt” - current issues subject to the state regulation in the sphere of mining industry are important since they may create unequal competitive conditions for economic entities.

The second Sub-group includes “Ethyl Spirit,” “Vodka,” “Beer,” “Ice Cream” product markets which also have high concentration levels. Major companies operating on these product markets build their full production cycle on modern production capacities using new technologies and technological lines. High concentration on “Beer” and “Ice Cream” is conditioned with two and three prime leaders, the severe competition of which leads to high quality and stable prices. These are the product markets where competition brought to positive outcomes as in production and sale as well in delivery, including supply to consumers. Opposite to this, formation of the new traditions of production and sale on “Ethyl Spirit” and “Vodka” product markets is based on the negative background. The latter explains frequent cases of unfair competition expressed in using reputation and/or industrial property of other entity. Hence, it brings the necessity to supervise the behavior of

the dominant economic entity on “Ethyl Spirit” product market to exclude its negative impact on “Vodka” product market.

“Wine” and “Mineral Water Bottling” markets, the third Sub-group of product markets, have moderate concentration level: 45.6% and 66.6% respectively. This is conditioned with the large number of market participants and comparatively weakly expressed market entry impediments. “Wine” product market is freer in terms of competition. This product market, in general, is closer to the low concentration level, and competition ensures rapid development of the area. Economic entities seek foreign markets under the conditions of the restricted market demand for wine. The number of economic entities on “Mineral Water Bottling” product market has been stabilized and the key issue here is to protect fair competition. Repeated violations of unfair competition cases are more frequent on this product market.

Among markets operating on account of prevailing volumes of local products, it is worth mentioning “Tuff” product market which has atypical low concentration level (37.8%) for the stated markets. This is conditioned with rather large volume of mining and sale of tuff, the large number of suppliers and sellers, and a big sale network. This product market also faces the key issues typical for the aforementioned “Basalt,” “Granite,” and “Marble” product markets.

Competitive Situation on Imported and Locally Produced (Mixed) Product Markets (3 Markets)

“Grain,” “Grain Flour,” and “Filtered Cigarette” product markets were analyzed among such markets. It should be noted that the first two markets have moderate concentration level.

The difference of these product markets is that the composition of participants undergoes changes, while the leading economic entities remain unchanged except for negligible changes in their shares.

It is difficult to conduct research on these markets since the reliable data on locally produced grain sale volumes is not clear. In practice, it is impossible to collect information which part of the grain produced by farmers is sold on the market and which part is used for personal consumption.

“Filtered Cigarette” product market is highly concentrated, having only one dominant economic entity. The market faces a tense competition between locally produced and imported cigarettes. The key issue of this market is to prevent possible anti-competitive agreements between importing entities (market division by assortment etc).

Competitive Situation on Service Market (2 Markets)

Commission should adopt principally other approach towards the service markets since these markets are also classified as natural monopoly areas. Natural monopoly markets should be regulated according to tariffs defined by the state, which is done to some extent. This issue will have its comprehensive solution after adoption of a respective law.

Commission activities on these markets will be aimed at supervising activities of dominant entities (having no competitor) and conducting monitoring of the competitive situation on related markets.

Concentration level on competitive markets, the other part of service area, is not high.

As a concluding remark, it should be noted that more than half of markets studied (17 markets) have high concentration level, one third moderate and only three markets have low concentration levels. However, it cannot be inferred from these data that the republican markets are highly centralized. In the first stage of its activities, Commission exerted much effort to study markets of social importance and select the product markets with dominant entities to control and prevent their possible abuses.

At the same time, the market concentration worldwide tends to increase as in the system of national economy as well of geo-economic links. Such processes require detailed and differentiated economic analyses, which take into account general (global) trends in production development, including intensification of international division of labor and economic integrations. Therefore, premature consideration of any concentration as non-sufficient and dangerous and imposition of

normative approaches of competition law is not only prudent, but it may withhold development of national economy, especially in respect to ensuring competition on international markets.

Depending on the market concentration levels, Commission will take differentiated actions towards economic entities operating on them.

For a comprehensive analysis and assessment of competitive environment, a number of other factors describing competitive situation on product markets were also regarded together with the study of concentration level index. In particular, market structure, existence of market entry impediments (including those imposed by market participants), the circumstance that dominant economic entities are not exposed to a significant competition, existence of vertical or horizontal integration of entities on related markets, existence of “group of persons” and “affiliated persons” among market participants etc.

Expansion of analysis in above areas allows to address more comprehensively the current key issues of competitive environment, reveal markets more distinguished by restricted competition, as well as to fix the clear actions and measures of Commission in Action Plan.

Summarizing the results of product markets general analysis, it may be concluded that competition development has positive trends such as:

- A stable increase in the number of economic entities in different sectors of industry (mainly on account of small and medium enterprises);
- Decrease in market concentration level on some product markets (urban transport, tourism, construction materials);
- Improvement of competitive environment on numerous food markets, especially on alcohol drinks market.

II. Measures for Economic Competition Protection and Their Implementation Schedule

According to 2004 Annual Action Plan of Commission, it is envisaged to take the measures in following main directions:

1. From the planned studies of markets, shift to detection and elimination of Law infringements as well as ensuring implementation of concrete actions aimed at the improvement of competitive situation taking into account the type and concentration level of market, existence of dominant entities not exposed to a significant competition, entry impediments, horizontal or vertical integration of entities, “group of persons” and “affiliated persons”.
2. Detection of concrete facts of impediments practiced against economic entity market entry and first of all, particularly against SME-s and examination of steps to overcome them and implementation of actions aimed at their elimination.
3. Comprehensive monitoring of legislative acts adopted by the state and local government bodies to exclude or minimize competition restricting administrative impediments and create conditions to overcome them.

Measures subject to implementation by Commission are deriving from the issues which have been identified in the results of analysis of market competitive environment and are conditioned with actions necessary to ensure their implementation.

In 2004, Commission will take effective measures on high and moderate concentration product markets, on those markets, which have practically one player or which lack significant competition, and oligopolistic product markets.

With this respect, it is necessary to:

1. Detect facts of the Law infringements on product markets⁴ and implement concrete measures aimed at the improvement of competitive situation:

1.1. On product markets with high concentration level⁵:

⁴ The stated measures will be taken both in product and service markets.

⁵ Commission will implement its activities based on the applications-complaints proving violations on different markets.

- a) Permanent supervision over activities of economic entity operating **on monopolistic (without competitor) product markets;**
- b) **On product markets where economic entity is not exposed to a significant competition⁶:**
 - Permanent supervision over actions and behavior of dominant economic entities (not exposed to a significant competition);
 - Detection of market entry impediments and initiation of steps for their elimination;
- c) **On oligopolistic markets:**
 - Detection of anti-competitive agreements, annulment of agreements concluded, initiation of steps directed at weakening of horizontal and vertical integration;
 - Systematic supervision over concentrations;
 - Monitoring of actions and behavior of dominant economic entities;
 - Detection of market entry impediments, initiation of steps directed at their elimination;
 - Supervision over unfair competition.

1.2. On Moderate Concentration Product Markets

- Monitoring of concentration;
- Detection of anti-competitive agreements, annulment of agreements concluded, initiation of steps directed at the weakening of horizontal and vertical integration;
- Monitoring of actions and behavior of dominant economic entities;
- Supervision over unfair competition.

2. Establishment of a legal base to ensure the Law enforcement, including:

- Drafting of normative acts (regulations) necessary for detection of unlawful actions;
- Drafting of methodology to study and analyze product markets and detect illegal actions by economic entities operating on them;
- Drafting of methodology to detect “group of persons” and “affiliated persons”;
- Drafting of organizational acts ensuring sufficient substantiation of Commission decisions.

3. **Ensuring Measures Directed at Creation of Fair Competition Conditions for Small and Medium Enterprise Development:**

- Ensuring of equal conditions in applying the state guarantees;
- In detection of administration and administrative barriers and restrictions;
- In cooperation with the state, local governments, SME DO and NGOs aimed at their elimination removal.

4. **Regulation of Unfair Competition Issues:**

- Conduct analyses based on applications filed by citizens and economic entities as well as mass media publications;
- Systematic supervision over commercials.

5. **Drafting of recommendations on the improvement of legislation aimed at ensuring full enforcement of the Law provisions.**

6. **Elaboration of methods to obtain information and supporting documents necessary to conduct studies (analysis), qualify facts and adopt decisions.**

7. **Systematic monitoring of legislative acts adopted by the state and local government bodies.**

8. **Monitoring of possible tying of conditions conflicting with business practices;**

9. **Advocacy of principles and provisions of the economic competition legislation and publicity of Commission activities.**

Table below illustrates the implementation schedule of described measures:

⁶ Commission will keep an eye also on dominant buyers (“monopolistic” buyers etc)

Table 2

	Measure	Schedule
1.	Detection (elimination) of the Law infringements	
1.1.	On highly concentrated product markets: a) markets having a monopoly economic entity (having no competitor); b) markets where economic entity is not exposed to a significant competition; c) oligopolistic markets.	During the year
1.2.	On moderately concentrated product markets	During the year
2.	Creation of a legal base necessary to ensure the Law enforcement	
2.1.	Drafting of necessary acts, including procedures, to detect unlawful actions	June
2.2.	Drafting of methodology to study and analyze product markets and detect illegal actions by economic entities operating on them;	July
2.3.	Drafting of organizational acts ensuring sufficient substantiation of Commission decisions;	November
2.4.	Drafting of methodology to detect “group of persons” and “affiliated persons”;	December
3.	Studies based on application-appeals and facts of the Law infringements	During the year
4.	Creation and maintenance of equal competitive conditions for SME-s	During the year
4.1.	Supervision to ensure equal conditions in providing the state guarantees	During the year
4.2.	Reveal of administrative impediments and economic restrictions	During the year
4.3.	Cooperation with the state & LG bodies, SME DO-s, and NGOs to eliminate impediments	During the year
5.	Regulation of unfair competition issues	During the year
5.1.	Study of the issues raised in applications and MMM publications	During the year
5.2.	Permanent control over commercials	During the year
6.	Drafting of recommendations for the legislation improvement	December
7.	Elaboration of methods to obtain information and supporting documents necessary to conduct studies (analysis), qualify facts and adopt decision	May
8.	Systematic monitoring of legislative acts adopted by the state and local government bodies	During the year
9.	Advocacy of principles and provisions of the economic competition legislation and publicity of Commission activities	During the year

III. Economic Competition Regulation Mechanisms

To ensure the enforcement of provisions defined by the Law in the planning year, Commission will implement 2004 Action Plan by applying the following mechanisms of economic competition regulation:

1. Introduction of effective (operative) forms of study and, first of all, a procedure of monitoring aimed at detection of violations of economic competition protection legislation.
2. Update and expansion of the database.
3. Active application of sanctions for failure to provide information or provision of unreliable data.
4. Unavoidability of application of sanctions upon economic entities for the Law violation; especially based on the provisions that enable economic entities to receive the opinion of Commission before taking certain action or declare their intentions and receive the permission of Commission.
5. Consistent monitoring and presenting of the Commission opinion referring legal acts adopted by the state and local government bodies.
6. Close cooperation with NGO-s directly or indirectly promoting the formation of a free competitive environment.
7. Active work with economic entities to determine practical tasks when performing law enforcement functions within the competence of Commission.
8. Direct involvement of the public in the Commission activities through ensuring publicity of decisions to be adopted and providing preliminary information about them.
9. Ensuring transparency of the Commission activities:
 - Inform the public about the outcomes of studies conducted;
 - Presentation of outcomes of planned and operational studies to business community.

10. Creation of favorable conditions and formation of confidential atmosphere for economic entities to carry out active “appealing” process by operatively responding to:
 - Anti-competition practices present on market;
 - Applications received, phone calls, mass media publications.
11. Active advocacy of the Law, consequences of the Law infringements and Commission activities through MMM-s.
12. Inform the society about the outcomes of the Commission activities through MMM-s, bulletins, and briefings;
13. Inform the society about the necessity of enforcement of the Law provisions and remedies to be exercised in case of their violations;
14. Redrafting of documents for the regulation of the Commission activities and aimed at enhancing efficiency of organization of activities.
15. Consistent accomplishment of the Commission decisions adopted and supervision over their execution.

IV. Other Provisions Necessary for Implementation of Objectives and Functions Defined by Law

4.1. Cooperation with NGOs

Commission envisages to activate cooperation with NGO-s protecting rights and interests of economic entities and consumers. Such cooperation will enable to find out or reveal the current problems related to protection of competition and consumer interests, respond timely and effectively to all kinds of violations of the competition legislation, and conduct preventive warning measures.

Such cooperation will enable to raise the level of the Commission awareness concerning the general economic situation and in particular, concerning certain markets, and on the other hand, it will increase the Commission reputation among the business community.

4.2. Ensuring Publicity of Commission Activities

To ensure publicity of activities carried out for the implementation of the competition protection state policy, the Law enforcement and development of competitive environment by Commission, it is necessary to expand the scope and scales of publications in MMM-s, which will enable to increase significantly the efficiency of administrative, preventive and warning functions as well as promote the formation of the public opinion equivalent to the Commission activities, and strengthen contacts with businesses and consumers.

In this regard, it is very important to publish regularly a popular professional periodical devoted to competition issues, as well as publicly discuss the Commission activities with businesses and consumers, which will enable them to understand better the essence of the competition legislation, learn about their own rights and protection opportunities, and strengthen the confident in applicability of competition law.

4.3. International Collaboration

Commission will continue its cooperation with international organizations, competition protection bodies of the CIS member countries and other states in 2004.

In the planning year Commission will participate in works and annual seminars of the Interstate Council of Antitrust Policy of CIS member countries, the principle objective of which is to draft coordinated policy between the CIS member countries, foster collaboration and define priorities for further actions, as well as ensure equal and fair competitive environment for participation of local producers (exporters) on CIS markets.

Commission will expand and strengthen its cooperation with the RF Ministry of Antitrust Policy and Entrepreneurial Support, Antitrust Committee of Ukraine, Kazakhstan State Committee

of Demonopolization and Competition Development, Georgian Antitrust Service as well as Competition Councils of the Baltic States.

Cooperation with the International Competition Network (ICN) will continue. Within the framework of ICN cooperation, Commission will participate and assist in publication of 2004 “Global Competition Review” on competition policy implementing agencies.

In 2004, it is planned to develop and expand cooperation with Armenian-European Policy and Legal Advice Center (AEPLAC) under “Technical Assistance to CIS Countries” program (TACIS), US Agency for Development (USAID) and Yerevan Office of Organization of Security and Co-operation of Europe (OSCE). Main directions of the cooperation will be as follows:

- Further improvement of the RA Law on “Protection of Economic Competition” and further harmonization with the approaches present in the European and developed countries;
- Provision of expertise consultations for the further improvement of by-laws necessary for the enforcement of Law in the Republic;
- Organization of training courses.

In 2004, Commission will continue the cooperation with the Organization of Economic Cooperation Development (OECD) and the World Bank (WB).

4.4. Improvement of Commission administration system, staff training, increase of their qualification

To improve the administration system of the Commission staff, it is envisaged to implement organizational and structural changes aimed at increase of the quality and effectiveness of activity. According to the new structure the examination of subject matter issues will be based on “line system” principle which will enable to conduct the Law enforcement functions of Commission in a more tangible and substantiated manner.

To implement this Action Plan, a special attention will be attached to the creation of working conditions necessary for the staff, including creation of comfortable working conditions and work places equipped with modern optimal technical devices as well as ensuring real database and informational center with internal and external networks.

It is envisaged to organize training courses for the Commission employees, including in leading centers of CIS member countries as well as in the countries with advanced experience in the competition regulation. It is also planned to invite foreign experts who will organize lectures and practical workshops based on concrete examples and precedents.