

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

2005 ANNUAL ACTION PLAN

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Introduction

The present Action Plan shall ensure the continuity of 2002-2005 Annual Actions of the State Commission for Protection of Economic Competition of the Republic of Armenia (hereinafter also “Commission”), its goal being to improve competitive environment through protection of economic competition on product markets subject to study in 2005.

Action Plan is prepared based on the Constitution of the Republic of Armenia, (Article 8), Civil Code of the Republic of Armenia (Article 12), and the RA Law on “Protection of Economic Competition”.

Analysis of competitive environment on studied product markets, detection of current key issues, measures for the economic competition protection and mechanisms and schedule for their implementation are envisaged based on the Action Plan objective, taking into account the general progress of the economy of the country and economic indices defining change of competitive environment dynamics.

I. Analysis of Economic Competition Situation and Detection of Current Problems

The role of the competitive environment is important in the process of ensuring economic development of the country, improving business and investment environment, the proof of which are the economic processes taking place in the Republic recently.

It is necessary to consider the differences in formation of product markets in the Republic in both the transition period and the preceding period for the competitive environment real assessment. Thus, the Socialist authoritarian administration system led to the establishment of major enterprises that meet the demand of produce as inside the Republic as well large territories outside of it. After the privatization, these enterprises automatically became dominant economic entities on product markets.

As a result, highly concentrated product markets were formed in addition to the natural monopolistic product markets, namely, “Table and Technical Salt” and “Champagne and Sparkling Wines” (one economic entity on each), “Plaster”, “Cement”, and “Beer” (two economic entities on each) product markets.

Relative restricted demand for numerous products significantly affects the development of markets and formation of market volumes.

Lack of optimal transportations schemes also seriously affects the export and import structure, whereas their presence could have ensured competitiveness of numerous imported products on domestic markets and competitiveness of domestic products with guaranteed qualitative features on foreign markets.

Commission has taken into account these competitive environment-affecting preconditions when analyzing and assessing competitive situation on product markets. Commission analyzed competitive environment only on the studied markets.

Analysis of the economic competition situation was conducted based on the two main standards: product market concentration and product market accessibility. To analyze the assessment of product market concentration, Commission took the sum of shares of the three top economic entities in the total volume of product market (CR-3 coefficient¹). Product market accessibility was assessed based on the market entry impediments detected and degree of possibility to overcome them.

The general economic competition situation on product markets according to concentration levels studied by Commission has the following picture:

“Sugar” product market is highly concentrated (95,9% in 2003). Import volume totaled to 87 thousand tons (2003) on market. The number of sugar importing economic entities was seven (2003). Although the dominant economic entity left (was liquidated) the product market in January of 2004 and a change of leading economic entity took place, the factual proportion of shares on market almost remained unaltered. The leading entity (“Astghatsolk JV” Ltd) was replaced by other economic entity (“Fleetfood” Ltd) which share was 93,23% as of the data of 2004 first quarter. It should be also mentioned that the greater part of economic entities, like in 2002, imported sugar for their own needs and in limited volumes in 2003. Sugar for sale was imported mainly by one economic entity.

Table 1

Shares of Major Economic Entities on “Sugar” Product Market in 2002-2003 (in %)

	Name	2002	2003**
	1	2	3
1	“Astghatsolk” JV Ltd	97,88	81,6
2	“Grand Candy” JV Ltd	1,83	1.03
3	“Fleetfood” Ltd	–	12,6
4	“Coca Cola Bottlers Company” cjsc	–	1,70
5	Other economic entities*	0,29	3.07
	Total	100	100

* The number of other economic entities was 7 in 2002 and 3 in 2003.

** 2003 presents import volume data.

“Unfiltered Cigarette” product market (in 2003) had 99% concentration. Dominant economic entity on the market was “Grand Tobacco JV” Ltd (2003) which share totaled to 92,3% as compared with 98,46% of 2002. This was conditioned by the market entry of a new economic entity – “International Masis Tabak’ Ltd. Simultaneously, actually, these two economic entities are

¹ Product market is highly concentrated if $70\% \leq CR-3 \leq 100\%$, moderate level if it varies within the range of 45% -70%, and low level if $CR-3 < 45\%$.

a group of persons and their activities are mutually interconnected. Here one can talk about monopoly. The market volume (2003) was 767,1 million units.

Table 2

Shares of Major Economic Entities on “Unfiltered Cigarette” Product Market in 2002-2003 (in %)

	Name	2002	2003**
	1	2	3
1	“Grand Tobacco” JV Ltd	98,46	92,30
2	“Rouben Kocharyan” Ltd	1,22	-
3	“International Masis Tabak” Ltd	-	6,70
4	Other economic entities*	0,32	1,00
	Total	100	100

* The number of other economic entities was 2 in 2002 and 3 in 2003.

Total market volume of “Filtered Cigarette” product market (2003) was 4097,1 million units. Market was also highly concentrated - 90,8% (2003). The share of the dominant “Grand Tobacco JV” Ltd was almost the same in 2002 and 2003 (50,7% and 50,8%). The market had 8 players (2003).

Table 3

Shares of Major Economic Entities on “Filtered Cigarette” Product Market in 2002-2003 (in %)

	Name	2002	2003
	1	2	3
1	“Grand Tobacco” JV Ltd	50,73	50,80
2	“Pares Armenia” Ltd	25,40	23,70
3	“Arsoil” JV Ltd	5,47	16,30
4	Other economic entities*	18,40	9,20
	Total	100	100

* The number of other economic entities was 8 in 2002 and 5 in 2003.

“Beer” market has high concentration level (94,5% in 2003). The market sales volume (2003) was 5284,4 thousand l. The market has 8 players, the competition, however, takes place between the two leading economic entities.

Table 4

Shares of Major Economic Entities on “Beer” Product Market in 2002-2003 (in %)

	Name	2002	2003
	1	2	3
1	“Abovyan Beverage” ojsc	59,65	53,10
2	“Yerevan Beverage” cjsc	32,85	39,90
3	“Samvel & Adrian” Ltd	3,37	1,50
4	Other economic entities*	4,13	5,50
	Total	100	100

* The number of other economic entities was 11 in 2002 and 5 in 2003.

Volume of “Cash Grain” product market was 262,1 thousands tons(2003). The market has a moderate concentration (57,4% in 2003). The total number of the market players was 20 in 2003. The total market volume did not include the volume of grain sold by farmers’ economies. At the same time, the grain imported by economic entities is not sold immediately in general, rather it is

processed in their own mills. Actually, the competitive relationships of economic entities operating on this market are transferred to flour market.

Table 5

Shares of Major Economic Entities on “Cash Grain” Product Market in 2002-2003 (in %)

	Name	2002	2003**
	1	2	3
1	“Astghatsolk” JV Ltd	47,17	16,31
2	“Victoria Trade” Ltd	12,95	23,50
3	“Manana Grain”	7,51	17,59
4	Other economic entities*	32,37	42,60
	Total	100	100

* The number of other economic entities was 19 in 2001 and 17 in 2003.

** 2003 presents import volume data.

Volume of “Animal Oil” product market (2003) was 3,4 thousands tons. The market has a moderate concentration - 66,2%, the number of operating economic entities is decreased to 19 from 24.

Table 6

Shares of Major Economic Entities on “Animal Oil” Product Market in 2001-2003 (in %)

	Name	2002	2003**
	1	2	3
1	“Marnik” Ltd	28,20	20,80
2	“Astghatsolk” JV Ltd	22,80	20,70
3	“Armen-OSS” Ltd	10,73	1,20
4	“Mijnavan” Ltd	3,70	24,70
5	Other economic entities*	34,57	32,60
	Total	100	100

* The number of other economic entities was 20 in 2002 and 15 in 2003.

** 2003 presents import volume data.

Concentration level on “Vegetable Oil” product market is 51,7%, and the number of economic entities operating on the market is rather high – 51. The market volume was 24,8 thousands tons (2003), of which 66,6% was the volume of sunflower, soya and corn oils and 33,4% the volume of hydrogenised fats. This market is still unstable. In 2003, the three leading economic entities of 2001 as well as 1 vegetable oil producing and importing economic entity left the market. New entities, including producing economic entities entered the market in 2003. Commission is studying this product market taking into account the aforementioned.

Table 7

Shares of Major Economic Entities on “Vegetable Oil” Product Market in 2001-2003 (in %)

	Name	2002	2003**
	1	2	3
1	“Meshkin” Ltd	30,74	x_
2	“Soranj” Ltd	14,34	x_
3	“Ladan” Ltd	14,09	x_
4	“Turna” Ltd	_x	27,54
5	UMCOR	_x	13,60
6	“Astghatsolk” JV Ltd	6,89	10,60
7	Other economic entities*	33,94	48,26
	Total	100	100

* The number of other economic entities was 22 in 2002 and 48 in 2003.

** 2003 presents import volume data.

The market volume of “Coffee” product market (2003) was 10,0 thousands tons in comparison with 8,1 thousands tons of 2001 (22,9% growth). The market concentration level was 56,2% (2003). The number of economic entities operating on the market was increased, in 2000 the market was highly concentrated (71,9%) with 21 market players, and in 2003 the market became moderately concentrated (56,2%) with 27 players. At the same time, the shares of 2000, 2001 and 2003 leading economic entities varied within the range of 27,9 - 29,98%.

Table 8

Shares of Major Economic Entities on “Coffee” Product Market in 2001-2003 (in %)

	Name	2002	2003**
	1	2	3
1	“Armen Hamik Brothers” JV Ltd	24,30	27,90
2	“Fudo” Ltd	12,60	3.46
3	“Royal -Armenia” JV Ltd	8,50	8.77
4	“Astghatsolk” JV Ltd	x_	14,90
5	“Café due Brazil” Ltd	x_	13,40
6	Other economic entities*	54,60	31.57
	Total	100	100

* The number of other economic entities was 18 in 2002 and 22 in 2003.

** 2003 presents import volume data.

The volume of “Ammonium Fertilizers” product market was 31,8 thousands tons (2003). The market concentration level was 96,07% in 2002 in comparison with 80,59% of 2003, and 93,08% according to the import volumes in 2004 before the month of May. The market share of the dominant entity (“Dvin Holding” cjsc) increased from 42,49 % (2003) to 92,35% (01.05.2004).

Table 9

Shares of Major Economic Entities on “Ammonium Fertilizers” Product Market in 2002-2003 (in %)

	Name	2002	2003*
	1	2	3
1	“Dvin Holding” cjsc	91,65	42,49
2	“Agrochemistry” state cjsc	2,47	24,70
3	Masis regional Union “Berriutyun” CU ojsc	1,95	13,40
4	Other economic entities*	3,93	19,41
	Total	100	100

* The number of other economic entities was 12 in 2002 and 13 in 2003.

Concentration level of “Diesel Fuel” product market is 75,6%. The market volume (2003) was 112,7 thousands tons, and in 2002 85,5 thousands tons. The number of economic entities operating on the market is decreased by three, reaching to 18. The difference of shares of import volumes of the two leading entities is small (35% and 33,7%). It should be noted that as compared with 2002, the share of the leading entity was decreased by 12,14% in 2003.

Table 10

Shares of Major Economic Entities on “Diesel Fuel” Product Market in 2002-2003 (in %)

	Name	2002	2003**
	1	2	3
1	“Exsime Petrol Group” Ltd	47,14	35,00

2	“Flesh” Ltd	<i>12,62</i>	<i>33,70</i>
3	“Garratu” Ltd	<i>10,12</i>	0.80
4	“Max Fuel” Ltd	0.47	<i>6,90</i>
5	Other economic entities*	29.65	23.60
	Total	100	100

* The number of other economic entities was 17 in 2002 and 14 in 2003.

** 2003 presents import volume data.

The volume of “Petrol” product market (2003) was 191,7 thousands tons, and 158,6 thousands tons in 2002. The market concentration level was at high and moderate concentration threshold comprising 66,9% (2003).

Table 11

Shares of Major Economic Entities on “Petrol” Product Market in 2002-2003 (in %)

	Name	2002	2003**
	1	2	3
1	“Exsime Petrol Group” Ltd	<i>21,50</i>	<i>25,50</i>
2	“Flesh” Ltd	<i>21,00</i>	<i>25,20</i>
3	“Ran-Oil” Ltd	<i>16,30</i>	8.70
4	“Mika Armenia Trading” Ltd	11.80	<i>16,20</i>
5	Other economic entities*	29.40	24.40
	Total	100	100

* The number of other economic entities was 6 in 2002 and in 2003.

** 2003 presents import volume data.

In general, a number of product markets, namely, “Cement”, “Plaster”, “Table and Technical Salt”, “Sugar”, “Beer”, “Champagne and Sparkling Wines”, “Cognac”, “Ethyl Spirit”, “Ammonium Fertilizers”, “Diesel Fuel” had high concentration levels. Actually, some of them had one or two economic entities not exposed to a significant competition (seeking monopoly). This refers to “Table and Technical Salt”, “Sugar” and “Ammonium Fertilizers” markets.

The state authorized body, RA Public Service Regulatory Commission, regulates activities of economic entities operating on numerous monopolistic product markets of the country. However, Commission keeps an eye on economic competition issues on such markets, in particular, behavior of a dominant economic entity, and first of all, their impact on other product markets. There are monopolistic product markets beyond the competency of the RA Public Service Regulatory Commission where economic entities operate on the exclusive rights (licenses) issued by the state such as “ArmenTel JV” cjsc and “Zvartnots” airport. The latter are the only economic entities of the markets and ensure the full volume of the services sold.

Various impediments present in the competitive environment may also cause high concentration on markets. Economic competition situation on product markets is characterized not only by quantitative indices but also qualitative indices (market accessibility). Competitive environment accessibility is mainly qualified by the following types of impediments: economic, administrative, limited demand, scale economy, and necessary volume of initial investments.

The limited demand, typical for the economy of the Republic, conditions the market access only for major importers (due to the scale economy) which are enabled to capture more dominant position on market. The stated explains why the positions of the leading entities are not changed on product markets. To overcome such impediments, large volume investments and turnover means are required, the accessibility of which is a serious issue for economic entities.

Product markets face also administrative impediments that occur at the stage when economic entities seek permission, registration and licenses for their activity.

Procedures of registration, introduction of standards and approval of technical conditions are significantly improved in the Republic, the registration timing as well as expenses are reduced. However, it should be noted that the registration system still includes separate recording in 5 state bodies (State Registrar of Juridical Persons, Tax State Service, National Statistical Service, RA Police, Social Insurance Foundation) and requires a series of procedures (receipt of a stamp, registration number and etc).

At the same time, license-issuing procedure contains such impediments, which affect the competitive environment creating unequal competitive conditions. Thus, contradictions (unclear definitions) in the requirements set forth for licenses of “Pharmacy Activity” and “Medication Trade” activities create unequal competitive conditions on “Medications” product market.

Acts containing competition restriction provisions adopted by the local self-government bodies are also regarded as administrative intervention into product markets. For example, upon the decision adopted on August 24 2001 by the Council of Elders of Kanaker-Zeytun community of Yerevan the installation and maintenance of the external advertisement boards within the area of the community was granted to one firm (“EGA” Ltd), restricting the possibility to deliver similar services by other economic entities.

In some cases economic competition restricting administrative impediments also lead to delays or extensions in solving the issues referring to competency of the state administration bodies. Such situation was with “Aeroflot-Don’ ojsc (Russian Federation) which was reflected in the delayed organization (permission for the second weekly flight) of air flights in “Gyumri-Doni Rostov-Gyumri” direction. In case of lack of agreement between the parties, the relevant state administration body – Civil Aviation Central Department at the GOA, should have solved the issue. Civil Aviation Central Department extended the adoption of relevant decision (permission of the second weekly flight). However, as a result of the extension of the issue, the volume of the rendered service was restricted on the product market.

Separate decisions adopted by the state administration bodies referring economic competition issues also create administrative impediments. The RA Ministry of Transport and Communication organized a tender on procurement of O&M works for the state importance roads within the frames of the state order and regarded the territory of the Republic of Armenia as a geographic boundary

of this product market, whereas the state importance roads O&M works are product markets with the different geographic boundaries. Under these conditions it was obvious that from the very beginning that such scope of works could be carried only through “Hayastani avtomobilayin tsanapartner” cjsc. Such an approach, in fact, created restriction for other economic entities operating on this market.

Even negligible intervention of the state bodies into product markets may cause deterioration of competitive situation on product market as well as restriction of economic competition. Such situation was created on “Ammonium Fertilizers” product market. The Ministry of Agriculture of the Republic of Armenia sent an informative letter to the product market main supplier “Itera” Firm to maintain the provisions of ammonium fertilizer supply contract for the year mentioned by “Dvin Holding” cjsc and provide the Republic with 19 thousands tons of ammonium fertilizer envisaged in the contract before May 2004. “Itera” Firm used the stated letter to oust out other current firms from the market through dissolving the contracts. As a result, two operating firms were ousted out from the market, and “Dvin Holding” cjsc actually became the single economic entity (not exposed to a significant competition) operating on the product market. This circumstance conditions almost 100% share of “Dvin Holding” cjsc on the market.

The current tax policy is having a significant impact on the competitive environment. Such situation is found on “Compressed Natural Gas” product market connected with the application of fixed fees. In particular, computation of the fixed fees imposed on vehicle gas charging stations is based on number of gas charging pipes available on gas stations. This circumstance creates unequal competitive conditions as for economic entities operating on the product market as well economic entities planning to enter the market. Economic entities with larger sales volumes enjoy better favorable conditions (from the tax policy aspect). The change (1,5 million AMD per pipe, but not less than 20 AMD per 1 normal m³) on the RA Law on “Fixed Fees”, perhaps, mitigated the situation to a certain extent, however without eliminating the problem. Commission believes that it is more appropriate to take as a basis the volume of the received (sold) gas, rather than the gas pipe.

At the same time, we would like to mention that even the tax policy conducted to foster local producer has created restriction of competition on the product market. Thus, the reason of ousting out economic entities from “Unfiltered Cigarette” product market is the notably different tariffs defined for the unfiltered cigarette import, in the result of which the import of such cigarettes into the Republic is ceased. Actually only one economic entity operates on this product market, the share of which is 99%.

Behavior and strategy of dominant economic entities also significantly affect competitive situation. Thus, abuse of dominance by dominant (monopolistic) economic entities are mainly expressed by introducing discriminatory conditions, applying of unjustified prices upon separate economic entities as well as tying additional obligations on contract parties.

“ArmenTel JV” cjsc which has a dominant position on “Main Fixed and International Services for Public Switched Telephone Network” product market switched off several times all phones of “Intarnet” Firm operating on “Delivery of Data Transmission (telematic) Services” product market during 2002-2003, while continuing to provide this service to other firms operating on this product market. Thus, “ArmenTel JV” cjsc abused its dominant position by imposing discriminatory conditions over separate colleagues and creating unequal competitive situation.

Imposition of discriminatory conditions over separate colleagues was also provision of Pan-Armenian number² to only one of the internet service providing firms (“ArmenCell”) by “ArmenTel JV” cjsc for the internet connection from August 1 2002 to March 1 2004.

Another abuse of dominance by “ArmenTel JV” cjsc was tying of additional obligations (participate in the lottery until winning) which in their nature and implementation aspect are not related with the subject of the contract (provision of cell phone services) with a public contract party receiving mobile phone services – the end-user.

Competitive situation is also assessed from the aspect of unfair competition practiced by economic entities. Regulation of unfair competition on products markets of the Republic of Armenia is an urgent issue. In particular, unfair competition is expressed in fabricating and creating of confusion with respect to recognized trademarks and names demanded among consumers as well as inaccuracy or incompleteness of data required on labeling. Such cases of unfair competition are typical for consumer products and were fixed on “Coffee”, “Chocolate Candies”, “Tea”, “Alcohol Drinks”, “Lottery” product markets and which created confusion in respect with the stated product and mislead (misinformation) the society.

Analysis of economic competition shows that the competitive situation differs on different product markets. Different product markets, depending on their typical peculiarities, require differentiated approach in implementing measures targeted at the competitive environment improvement.

II. Economic Competition Protection Measures and Their Implementation Schedule

Commission, based on the analysis of economic competitive situation described in Chapter I of the present Action Plan as well as taking into account the experience in the sphere of economic competition protection accumulated during the previous years, plans to implement protection of economic competition in 2005 in the following directions:

1. Expansion of informational base necessary for the economic competition assessment on product market;

² Pan-Armenian number allows connection to the internet network from all areas of Armenia via Dial-up modem, collecting the code without paying for internet calls.

2. Detection of anticompetitive agreements which restrict, prevent or prohibit competition;
3. Study behavior of dominant economic entities and detect possible abuse of dominance on product markets;
4. Supervision over concentrations;
5. Detection of unfair competition cases;
6. Ensuring of execution of decisions adopted by Commission;
7. Detection of market entry impediments and ensuring of market accessibility;
8. Immediate feedback to MMM publications and applications of economic entities;
9. Normative regulation reforms on economic competition protection.

To ensure the stated directions, Commission anticipates to implement the following measures in 2005:

Expansion of Information Base

- Analysis of economic competition situation on product markets which have the biggest specific weight in the consumption structure of population (product markets which were not studied by Commission previously);
- Monitoring and assessment of economic competition on already studied product markets.

Measures Aimed at Anticompetitive Agreements Detection

- On oligopolistic product markets: monitoring aimed at the detection of price agreements;
- Study product turnover restriction cases within certain areas of the same product market, at certain volumes, assortment, and by groups of consumers or suppliers;
- Studies directed at detection of facts of market entry impediments or ousting out economic entities from markets by economic entities resulting from the agreed actions.

Measures Aimed at Detection of Behavior and of Abuse of Dominance by Economic Entities

- Monitoring of prices charged by dominant economic entities on product markets;
- Studies of legal relations (contractual etc) between economic entities to detect cases of discriminatory conditions and tying of additional obligations upon colleagues;
- Conduct studies to exclude artificial deficit in case of turnover volumes reduction on product markets.

Supervision over Concentrations

- Obtain operative information on mergers of economic entities, supervision over stocks (shares), means, an economic entity by other entity.

Unfair Competition Detection

- Continuous supervision over commercials;
- Conduct studies based on applications of citizens and economic entities and MMM publications.

Detection of Product Market Entry & Ensuring of Market Accessibility

- Monitoring of economic competition related decisions adopted by the state administration bodies;
- Monitoring of economic competition related decisions adopted by local self-government bodies;
- Study of obstacles created by the state administration bodies while carrying out powers delegated by the Law.

The listed measures shall be implemented mainly based on information under the disposal of Commission, on requests submitted by the state and self-government bodies, economic entities as well as MMM publications.

Reforms of Economic Competition Protection Normative Regulation

- Improvement of relevant normative base ensuring the enforcement of the Law provisions;
- Publication of clarifications connected with the enforcement of the competition legislation;
- Measures connected with harmonizing the RA economic competition protection legislation with the European competition legislation.

The described measures together with the implementation schedule are provided in the table below:

Table 12

##	Activity	Timing
1.	<i>Expansion of Informational Base</i>	
	<ul style="list-style-type: none"> ▪ Analysis of economic competition situation on product markets which have the biggest specific weight in the consumption structure of population (product markets which were not studied by Commission previously) 	During the year (upon the separate calendar plan)
	<ul style="list-style-type: none"> ▪ Monitoring and assessment of economic competition on already studied product markets 	July
2.	<i>Measures Aimed at Anticompetitive Agreements Detection</i>	
	<ul style="list-style-type: none"> ▪ On oligopolistic product markets: monitoring aimed at the detection of price agreements 	During the year

	<ul style="list-style-type: none"> ▪ Study product turnover restriction cases within certain areas of the same product market, at certain volumes, assortment, and by groups of consumers or suppliers 	
	<ul style="list-style-type: none"> ▪ Studies directed at detection of facts of market entry impediments or ousting out economic entities from markets by economic entities resulting from the agreed actions. 	
3.	<i>Measures Aimed at Detection of Behavior and Abuse by Dominant Economic Entities</i>	
	<ul style="list-style-type: none"> ▪ Monitoring of prices charged by dominant economic entities on product markets 	During the year
	<ul style="list-style-type: none"> ▪ Studies of legal relations (contractual etc) between economic entities to detect cases of discriminatory conditions and tying of additional obligations upon colleagues 	
	<ul style="list-style-type: none"> ▪ Conduct studies to exclude artificial deficit in case of reduction of turnover volumes on product markets 	
4.	<i>Supervision over Concentrations</i>	
	<ul style="list-style-type: none"> ▪ Information on mergers of economic entities, supervision over obtaining stocks (shares) of one economic entity by other and over economic entity 	During the year
5.	<i>Unfair Competition Detection</i>	
	<ul style="list-style-type: none"> ▪ Continuous supervision over commercials 	During the year
	<ul style="list-style-type: none"> ▪ Studies conducted based on applications of citizens and economic entities and MMM publications 	
6.	<i>Ensuring enforcement of decisions adopted by Commission</i>	During the year
7.	<i>Detection of Product Market Entry & Ensuring of Market Accessibility</i>	
	<ul style="list-style-type: none"> ▪ Monitoring of economic competition related decisions adopted by the state administration bodies 	During the year
	<ul style="list-style-type: none"> ▪ Monitoring of economic competition related decisions adopted by local self-government bodies 	
	<ul style="list-style-type: none"> ▪ Study of obstacles created by the state administration bodies while implementing powers delegated by the Law 	
8.	<i>Immediate Feedback to MMM Publications & Applications of Economic Entities</i>	During the year
9.	<i>Reforms of Economic Competition Protection Normative Regulation</i>	
	<ul style="list-style-type: none"> ▪ Improvement of relevant normative base ensuring the enforcement of the Law provisions 	During the year
	<ul style="list-style-type: none"> ▪ Publication of clarifications connected with the enforcement of the competition legislation 	
	<ul style="list-style-type: none"> ▪ Measures connected with harmonizing the RA economic competition protection legislation with the European co petition legislation 	

III. Economic Competition Regulation Mechanism

In addition to the mechanisms fixed by the Law, to secure implementation of activities for economic competition protection, the following competition regulatory mechanisms shall be applied in the course of Action Plan implementation:

1. Formation of favorable conditions and environment of trust for economic entities to apply to Commission in case of Law infringements on product markets by providing immediate response/feedback to the submitted applications, warnings, and publications in mass media.

2. Formation of environment where economic entities shall inevitably bear responsibility for the Law violation;
3. Presentation of conclusions referring legal acts adopted by the state and local government bodies.
4. Collaboration with:
 - State and local government bodies;
 - Relevant NGO-s which activities are aimed at the formation of favorable environment for economic competition;
 - Economic entities operating on product markets.
5. Ensuring transparency of Commission activities through bulletins, press conferences, collaboration with mass media, informing public about the Law provisions, consequences of their violations, Commission powers and functions, issues under discussion, adopted decisions, planned and operative studies and their results.

IV. Other Necessary Provisions Defined by Commission to Implement Tasks and Functions Defined by the Law

The RA State Commission for Protection of the Economic Competition plans to co-operate actively with NGO-s to ensure implementation of its functions based on its 20005 Annual Action Plan. Due to activities carried out in the recent years, a field of co-operation has been established between Commission and NGO-s in the result of which organizations interested in economic competition sphere forwarded numerous questions to Commission.

In particular, the researches conducted based on the requests received from “Union of Medication Importing and Producing Commercial Juridical Persons” and “Armenian Association of Public Relations” organizations brought to the necessity of regulation of the import of medications on “Medications” product market, several cases of unfair competition practiced by economic entities were detected and prevented on “Coffee’ product market.

To develop further the co-operation, Commission shall organize joint discussions, round tables on the legislative changes, normative procedures and filed applications, and analyze and publish the information gained during these events.

To increase the efficiency of issues of mutual interest, Commission anticipates to initiate measures to solve the problems raised in applications submitted and to present the results to the society.

At the same time, Commission shall continue to elucidate the events and activities conducted in the sphere of competition protection through mass media.

To increase the efficiency of Commission activities and improve its staff qualification, it is envisaged to:

- Exchange of experience and training courses within the frame of programs implemented by international organizations – “Commercial Law and Economic Regulation”/USAID;
- In-depth professional training courses with the internal resources, which shall be aimed at the elucidation of normative procedures adopted by Commission and provisions of the RA Law on “Protection of Economic Competition” and better organization of their enforcement;
- Drafting of training courses based on the analysis of (requested) courses conducted for the staff.

Commission shall co-operate with the RA Ministry of Education and Science to prepare cadres.

During the planning year, Commission shall continue its cooperation with international agencies and organizations operating in the Republic of Armenia as well as with similar structures and international bodies operating in foreign countries. Commission shall participate in annual sessions and meetings of Interstate Council of Antitrust Policy of the CIS member countries. Within the frames of the collaboration with ICN, Commission shall participate in measures encouraged by ICN and organized by competition policy implementing structures and routine activities of ICN Work Group as well as international sessions held regularly by Organization of Economic Co-operation Development (OECD).

Within the frames of bilateral collaboration on the implementation of coordinated policy in the sphere of economic competition, it is anticipated to intensify the close collaboration with the Russian and Ukrainian competition bodies.

To increase of efficiency of future activity and for the further advance of activities it is anticipated to develop competition sphere fostering technical assistance projects and expand the current long-term programs.

In particular, Commission plans to collaborate with the World Bank (WB) and WB FIAS, especially within the frames of Poverty Reduction Strategic Program.

Commission shall continue the activities for expansion of the collaboration and implementation of joint programs with UNDP and Yerevan office of Organization of Security and Co-operation of Europe. Commission anticipates establishment of a professional library and obtaining from the stated organizations specialized literature referring economic competition accepted principles and classic approaches to be used as a guideline in everyday work.

It is planned to work with the international organization of Central European and Eurasian Legal Initiative (CEELI) of ABA.

Commission plans to expand collaboration with the EC mission Yerevan Office within the frames of Technical Assistance to CIS member countries (Tacis) during 2005 for the enforcement

of competition legislation, improvement of sub-legislative field as well as their future harmonization with the European standards.

It is anticipated to continue collaboration with the Armenian-European Policy Legal Advisory Centre (AEPLAC) on the issues of mutual interests.

Collaboration with BearingPoint (Barents Group) organization funded within the frame of USAID “Commercial Law and Economic Regulation” (CLERP) project shall be developed during the planning year. This collaboration, in addition to its main goals, will promote intensification of links between Commission and the US Federal Trade Commission (US FTC) and Department of Justice (US DOJ).