“PRICE MONITORING REGIONAL INITIATIVE”
Case Study

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“Protection of Consumers’ Rights” NGO (PCR)

PCR is a consumer NGO operating in Armenia since January 1997.

Mission of PCR is to ensure provision of quality goods and services that are safe for lives, health, property and environment of consumers of Armenia.

PCR works in Armenia aiming at assuring safe consumer commodities in the country and redress of consumer rights infringements.
International Cooperation

- **Consumers International**
  (associate member since 1999)

- **International Association of Consumer Food Organization (IACFO)**
  (member since 2003)

- **Safe Food International**
  (member since 2005)
Partner Organization & Implemented Projects

During its eleven years working experience PCR has co-operated with a wide variety of international organizations, such as:

- Eurasia Foundation
- Counterpart International /USAID/
- Organization for Security and Cooperation in Europe
- OXFAM GB
- US Embassy in Armenia
- British Embassy in Armenia

PCR has implemented 20 projects, 7 of which were regional incorporating the entire South Caucasus region.

Currently PCR has 3 on-going projects.
Spheres of Activities

- Food Safety
- Public Utilities
- Poverty Reduction
- Economic Competition
Economic Competition

- Weekly price monitoring of consumer basket food products
- Advocacy campaign to improve legislation on Economic Competition
- Oversight the regulatory activities of State Commission for Protection of Economic Competition of RA (SCPEC)
- Awareness raising of consumers and retailers on Economic Competition legislation
- Regional price monitoring project incorporating three Republics of South Caucuses
Economic Competition in Armenia

- Constitution of Armenia guarantees free economic competition.
- Law on the Protection of Economic Competition entered into force in 2001

BUT...

- Lot of cases of anti-competitive collusions and abuse of a dominant position can be detected.
- Small and medium businesses often suffer from unequal competition.
- Consumers constantly become the victims of illegal cartel agreements among traders and importers.
Price Collusions in Market of Eggs Third quarter of 2006

Based on PCR request SCPES initiated investigation and revealed that:

- Three major egg producing companies simultaneously increased prices up to 20%

Based on PCR letter the SCPES 04.2007 decided that eggs producing companies were accused in abuse of dominant position and in cartel agreement and were fined with 2% their annual income.
Price Collusions on Butter & Vegetable Oil Market in August and September 2007

Based on PCR request SCPES initiated investigation and revealed:

- In August and September 2007 international market prices on butter and vegetable oil increased from 1.4% to 17%.
- The prices in Armenia raised from 43% to 80% as a result of price speculation.
- Cost of imported butter has not been changed since April 2007.
- Custom taxes has not been increased.
- The prices on imported butter and vegetable oil were increased before raising of international prices.

Based on the SCPES 10.2007 decision 50 companies have been accused in cartel agreement and fined with 2% their annual income.
Vegetable Oil Prices in Capitals of CIS Countries in 2007

1 Euro = 470 AMD

Source: Inter-State Statistical Committee of THE CIS
Butter Prices in Capitals of CIS Countries in 2007 (AMD per kilo)

Source: Inter-State Statistical Committee of THE CIS
Egg Prices in Capitals of CIS Countries in 2007
(AMD per dozen)

Source: Inter-State Statistical Committee of THE CIS
Refined Sugar Price In Armenia 2007 (in USD)

Armenian sugar price increased, but did not fall
Russian Butter Price in South Caucasus
March-June 2008
(Euro per kilo)

Russian Butter /Armenia/
Russian Butter /Georgia/
Russian Butter /Azerbaijan/
Butter “Valio” Price in South Caucasus
March-June 2008
(Euro per 200 gr.)
Vegetable Oil Price in South Caucasus
March-June 2008
(Euro per liter)
Policy Recommendations of PCR

- Increase amount of penalty for violation of law on economic competition up to 5% of annual income of the liable company.  
  Part of it will be used for creation of a foundation to educate consumers, monitor the prices and carry out researches.

- To take actions to fight shadow economy.  
  During Soviet period in Armenia declared amount of imported butter was 14 000 tons, during 1990s crisis period it was 7000.  
  During last 4 years this amount has been decreased from 5000 to 2300 tons, which is an evidence of huge black market in this field.
Policy Recommendations of PCR

- Increase competition.

- Strengthen the State Commission for the Protection of Economic Competition.

- Carry out public awareness raising.

- Implement price monitoring activities incorporating not only South Caucasus, but also EU member States.
Thank You For Your Attention

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