The development and enhanced application of technologies in the ever-changing and shrinking world has modified the conditions for global economic development, created a genuine opportunity for groundbreaking and unforeseen changes in all sectors of economy, which also directly affects the competitive environment, giving rise to new markets that replace the traditional ones and transforming the existing traditional markets. Such changes give rise to new challenges for competition authorities worldwide.

In 2022 the Competition Protection Commission has carried out its activities guided by the imperative of these developments, prioritising the improvement of its toolkit and introduction of new control mechanisms, continuous capacity building and the enhancement of cooperation.
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MESSAGE OF THE CHAIRPERSON OF THE COMPETITION PROTECTION COMMISSION

Gegham Gevorgyan
CPC CHAIRPERSON

2022 was an eventful and effective year for the work of the Competition Protection Commission.

It was marked by notable proceedings that received a widespread response and new reforms. As a result, we concluded the year 2022 with significant accomplishments and embarked on 2023 with a fresh perspective.

One of the important strides taken in the preceding year was the implementation of new mechanisms for control of state aid, establishment of new regulations within the realm of discounts and other campaigns.

Cases of anti-competitive agreements in public procurements and cases of unfair competition through misleading the public were particularly notable, and these cases were identified due to proactive control measures carried out in several target sectors.

Throughout 2022, we continued our efforts in digitisation, as it is beyond doubt that in today’s digital landscape it is impossible to draw up progressive development plans without leveraging cutting-edge technologies.

During the preceding year the economic entities and citizens began actively implementing the e-Compete digital platform newly operated by the Commission, ensuring a much "quicker, easier and much more effective" communication with the Commission. At the same time, we continued replenishing our digital toolkit and provided the public with the opportunity to track price dynamics on-line through our website. Along with all this aspects, the digitalisation process also continues...
reshaping the traditional economy, casting new challenges for competition authorities and compelling them to focus on the unfolding developments within digital markets.

It is notable that the Commission, for the first time, instituted proceedings against one of the renowned international digital platforms during the previous year.

However, even with "all-seeing" control and the most impeccable laws, achieving the desired outcome is unlikely without simultaneous implementation of preventive measures, such as raising the level of public awareness, maintaining constant discourse with businesses, adopting other measures to boost the competitive environment that remain unwaveringly our priorities.

Today our foremost message to the economic entities is the implementation of anti-monopoly compliance and steadfast adherence to its regulations, thus safeguarding their reputation and good name.

In support to this, during 2022 the Commission developed a Guide for Implementation of Anti-Monopoly compliance, it also created incentives to encourage its implementation.

It is very important that a culture of non-violation of competition rules by business representatives becomes ingrained as a working culture, since failure to observe the rules of fair competition in the market will eventually not help, but only harm the given company.

Ultimately, in the pursuit of competition victory, the winner is the one who channels resources not into harming the competitors, but into self-improvement, innovations, expansion and development of business.

In summarising the work performed, we have identified three key issues on the 2023 agenda that will be at the centre of attention of the Competition Protection Commission: protecting consumer interests, regulating the matter of late payments, and enhancing digital platforms. Works in all three areas have already begun.
Composition of the Commission

Chairperson

Manages and coordinates the smooth functioning of the Commission.

Members

Participate in the adoption of decisions and conclusions of the Commission, coordinate the activities of structural subdivisions or works carried out thereby within the scope of their powers.
The staff carries out its activities through the secretary general, chief secretary general, advisers, assistants to the Chairperson of the Commission and structural subdivisions.
The Commission has 86 staff units

- 7 Autonomous positions
- 58 Civil servants
- 12 Discretionary positions
- 9 People with a general profession and those engaged in maintenance

- 9 Joined
- 15 Left

- 63% Female
- 37% Male

Employees according to age groups

- Up to 29: 32%
- 30-39: 24%
- 40-49: 28%
- 50-65: 16%

Education

- Candidate of Science: 12
- Master’s Degree: 36
- Bachelor’s Degree: 8

Profession

- Lawyer: 21
- Economist: 24
- Other: 17

Duration of employment at the Commission

- up to 5 years: 17%
- from 6-15 years: 76%
- 16 and more years: 7%
## 2022 IN NUMBERS

<table>
<thead>
<tr>
<th>Category</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Website views</td>
<td>43858</td>
</tr>
<tr>
<td>Users who have registered in the recently introduced e-Compete system</td>
<td>200</td>
</tr>
<tr>
<td>Correspondence with economic entities through the e-Compete system</td>
<td>3%</td>
</tr>
<tr>
<td>Calls received through the hotline</td>
<td>1300</td>
</tr>
<tr>
<td>Economic entities held liable</td>
<td>91</td>
</tr>
<tr>
<td>Overall fine imposed for offences</td>
<td>626.8 mln AMD</td>
</tr>
<tr>
<td>Overall fine paid to the State Budget</td>
<td>414.6 mln AMD</td>
</tr>
<tr>
<td>Warnings issued, including 2 to public authorities</td>
<td>38</td>
</tr>
<tr>
<td>Permitted concentrations</td>
<td>54</td>
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## Adopted decisions

<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>Unfair competition</td>
<td>56%</td>
</tr>
<tr>
<td>Concentrations</td>
<td>19%</td>
</tr>
<tr>
<td>Abuse of dominant position</td>
<td>7%</td>
</tr>
<tr>
<td>Late provision or non-provision of information</td>
<td>3%</td>
</tr>
<tr>
<td>Anti-competitive actions of public authorities and officials thereof</td>
<td>3%</td>
</tr>
<tr>
<td>Anti-Competition Agreements</td>
<td>2%</td>
</tr>
<tr>
<td>Abuse of the strong negotiating position</td>
<td>1%</td>
</tr>
<tr>
<td>Prohibited co-ordination of economic activities</td>
<td>1%</td>
</tr>
<tr>
<td>Failure to comply with the decisions of the Commission</td>
<td>1%</td>
</tr>
<tr>
<td>Other</td>
<td>7%</td>
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### Proceedings regarding offences

<table>
<thead>
<tr>
<th>Initiated</th>
<th>Completed</th>
<th>Pending</th>
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<tr>
<td>142</td>
<td>151</td>
<td>33</td>
</tr>
<tr>
<td>98 - at the initiative of the Commission,</td>
<td></td>
<td>As of December 31</td>
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<td>44 - on the basis of a report</td>
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### Decisions appealed

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<tr>
<td><strong>12</strong></td>
<td><strong>31</strong></td>
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<tr>
<td>• Upheld 1</td>
<td>• Completed 17</td>
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<tr>
<td>• Rejected 8</td>
<td>• In favour of the Commission 15</td>
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<tr>
<td></td>
<td>• Declared invalid 2</td>
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**Pending proceedings as of 31 December 2022**: 76
WHAT IS 2022 DISTINGUISHED BY?

- Proceedings were initiated for the first time regarding violation of the strong negotiating position, and a liability measure was imposed;

- An opportunity was established for public authorities to electronically submit information concerning public aid, and this led to automatic creation of the register for public aid provided, which was published on the official website of the Commission;

- An opportunity has been established for daily monitoring of the dynamics of prices for a number of consumer goods in major trade networks, which are automatically monitored and the outcomes whereof are automatically published on the official website of the Commission (an example graph is provided below).

**Prices of goods per time period**

![Graph of prices per time period]

- **Automotive petrol fuel K-5** (*KASOIL* LLC)
- **Automotive petrol AE-100 K-5** (*FLESH* LLC)
- **Automotive petrol AE-92 K-5** (*KAMOIL* LLC)
- **Automotive petrol AE-92 K-5** (*FLESH* LLC)
- **Automotive petrol AE-95 K-5** (*FLESH* LLC)
- **Automotive petrol AE-95 K-5** (*KAMOIL* LLC)
- **Automotive petrol AE-98 K-5** (*KASOIL* LLC)
- **Automotive petrol Premium AE-95 K-5** (*ARM PETROL* LLC)
- **Automotive petrol Premium AE-95 K-5** (*TITAN OIL* LLC)
- **Automotive petrol Regular AE-92 K-5** (*ARM PETROL* LLC)
- **Automotive petrol Regular AE-92 K-5** (*TITAN OIL* LLC)
- **Automotive diesel fuel summer DT K-5** (*FLESH* LLC)
- **Automotive diesel fuel summer K-5** (*FLESH* LLC)
- **Petrol 01** (*MEGATRADE* LLC)
- **Petrol AE-92-AT** (*CPS ENERGY GROUP* LLC)
- **Petrol AE-92-AT, Iranian** (*CPS ENERGY GROUP* LLC)
- **Petrol AE-95 K-5** (*CPS ENERGY GROUP* LLC)
- **Petrol Super 3** (*ARM PETROL* LLC)
- **Diesel fuel 03** (*ELIT-OIL* LLC)
- **Diesel fuel - KS** (*CPS ENERGY GROUP* LLC)
- **Diesel fuel 03** (*MEGATRADE* LLC)
- **Diesel fuel K-5** (*TITAN OIL* LLC)
- **Diesel fuel summer K-5** (*ARM PETROL* LLC)
- **Diesel fuel winter K-5** (*ARM PETROL* LLC)
- **Premium petrol 02** (*ELIT-OIL* LLC)
- **Regular petrol 01** (*ELIT-OIL* LLC)
Anti-competitive agreement within the scope of procurement procedures announced for the purpose of food supply

The Commission has qualified the conduct of "Danini ARMENIAN BRANCH" separated sub-division, "Tumoe", "Foodcity", "Juzzeppe" and "Khachmik" companies that have participated in the procurement procedures announced by the Ministry of Labour and Social Affairs for the purpose of food supply for the needs of boarding houses, care centres for persons with mental health problems, orphanages and other similar institutions as anticompetitive agreement.

The examination has revealed that the above-mentioned companies were affiliated persons that in the period from 1 November 2021 to 31 June 2022 have participated in the procurement procedures announced in the form of electronic auction, by conducting an agreed policy.

In particular, “Danini”, “Tumoe”, “Juzzeppe” and “Khachmik” companies submitted bids under the procurement procedures announced by the Ministry. At the same time, the price proposals of the latter amounted to AMD 120 000 000, 240 000 000 or 360 000 000. Simultaneously, the “Foodcity” company also engaged in the mentioned procurement procedures by submitting price proposals close to the estimated or market prices of goods. Subsequently, as part of the bidding organised during the electronic auction, the companies acted in support of the “Foodcity” company.

In the cases, when the bidder presented a price lower than the initial price proposal submitted by the “Foodcity” company during the bidding, these companies submitted a significantly lower price, thereby obstructing other bidders from further participating in the bidding process. And in the cases, when the “Foodcity” company was declared the winner from the first attempt, or when the object of the win or procurement lay outside the interests of the latter, these companies refrained from participating in the bidding process.

Consequently, the agreements on the outcomes of public procurements of "Danini ARMENIAN BRANCH" separated sub-division, "Tumoe", "Foodcity", "Juzzeppe" and "Khachmik" affiliated limited liability companies by manifesting actions and behaviour involving simultaneous participation of the companies in the same procurement procedures, submitting unrealistically high price proposals within the scope of the same procurement procedures, making unjustified deductions for specific lots during bidding, and avoiding lowering the unrealistically high prices for remaining lots, with the intent of evading selection as the chosen bidder, were qualified as horizontal anticompetitive agreements, and upon the decision of the Commission the above-mentioned companies were collectively fined a total of AMD 13 918 638.

Anti-competitive agreement and anti-competitive action on the part of the public authority within the scope of procurement procedures announced for the purchase of works on the repair of asphalt and concrete pavement and capital repairs of street earthwork (groundwork)

The Commission examined the procurement procedures announced by Yerevan Municipality
for the purpose of purchase of works on the repair of asphalt and concrete pavement and capital repairs of street earthwork (groundwork) during 2017-2021, and, consequently, proceedings were initiated against the Yerevan Municipality and 27 economic entities for violations relating to, respectively, the improper co-ordination of economic activities in the field of economic competition, exhibiting anti-competitive actions and engaging in anti-competitive agreements by a public authority.

The examination revealed that under the procurement procedures of 2020 and 2021 concurrent negotiations on price reductions were conducted, which contained a specific consistent pattern associated with the way the lots of procurement procedures were arranged among themselves. In particular, part of participants in the procurement procedure acted in a co-ordinated manner and elaborated a mechanism for participating in the procurement procedure which enabled them to be declared as selected bidder for previously arranged lots. Thus, according to the preliminary agreement, during the negotiations several companies bid only on certain lots, for which they were declared as the selected bidder when the outcomes of the procedure were summarised, while for other lots they refrained from taking any steps even though they had a real chance of being declared the selected bidder in cases where the bidding was of the same size or smaller.

Consequently, the Commission qualified the arrangements on the outcomes of the public procurement procedures carried out by making reductions by each company with regard to specific lots during negotiations within the procurement procedures for the companies "Khachhar", "Kapavor", "Narimanyan", "Shinplus", "Builder Construction", by simultaneously making no reductions for other lots, as horizontal anticompetitive agreement, and imposed a fine in the amount of more than AMD 136 million on the latter.

At the same time, it became apparent during the proceedings that the Municipality had failed to provide the participants of the procurement procedure with information regarding the pertinence of each lot to a specific administrative district or districts. Moreover, while participating in the procurement procedures the companies indeed lack information regarding the circumstances that significantly affect the performance of works. That is to say, the companies have no actual participation in the allocation process of administrative districts, moreover, some of the companies may find themselves in more advantageous positions, as performance of works across administrative districts differs due to factors such as location complexities, terrain, timing of works and other specifics.

In the outcome of the proceedings, Yerevan Municipality received a warning for allocating the territories where the repair of asphalt and concrete pavement of the city of Yerevan and capital repairs of street earthwork (groundwork) were set to be carried out by applying standards that lacked impartiality among the companies being declared the selected bidders in the administrative districts of the city of Yerevan, which was qualified as an anti-competitive action by the public authority.

**PCR testing services sector**

Reaching an agreement on pricing and price maintenance and examination of the conduct of the economic entity with predominant position in the PCR testing services sector

Considering the fluctuations of service fees for laboratory investigations (investigation of polymerase chain reaction, PCR tests) conducted for diagnosing COVID-19 in the Republic of Armenia throughout September and October 2021, the Commission examined the pricing policies employed by all economic entities providing such services in the territory of the "Zvartnots" International airport and the terms set out in the contracts concluded with ““Armenia” International Airports” company.
The examination revealed that several companies established an identical price of AMD 15,000 for providing this service in the territory of the airport during a specific period in 2021, which has been maintained over an extended duration. It was also revealed that the contracts concluded with "Armenia" International airports" company included the prices of services provided by the companies or a requirement necessitating approval from "Armenia" International airports" company of those prices and any changes thereof and a clause mandating the payment of a certain interest sum to the "Armenia" International airports" company from prices established for the service.

The Commission initiated proceedings with this regard on the grounds of prima facie violations concerning the abuse of a dominant position through manifesting anti-competitive agreement and enforcement of a clause by establishing the same price and subsequently maintaining that price.

The proceedings revealed that:
- The Companies reached an agreement on establishing the same price at the initiative of the Healthcare and Labour Inspection body, whose goal was to prevent the disputes due to frequent price changes during that period and the spread of the epidemic due to crowding in a queue.
- There is no factual evidence of the binding nature of the clause concerning approval by the "Armenia" International Airports" company of service prices of companies providing services or any changes thereof.
- The clause concerning payment of a certain portion of the service prices to the "Armenia" International Airports" company concerns not only granting permission and allocating space, but also managing the queues of persons undergoing testing. Under such circumstances, the mechanism for determining the amount of the fee specified by the contracts (10%, at least AMD 1,500 of the prices established for the service) has been economically justified, as the profit of "Armenia" International Airports" company has depended on the profit obtained by companies providing services, and the latter incurred the potential risk of non-receipt of the profit.

Taking into account that the clause concerning payment by the "Armenia" International Airports" company of a certain portion of prices set for the service and setting and maintaining the same price by companies were not intended for restriction, prevention or prohibition of competition, the Commission concluded that there had been no violations with elements of anti-competitive agreement and abuse of dominant position.

**Sector of provision and maintenance of a booking platform of tickets for events**

Examining the conduct of the economic entity that holds a dominant or strong negotiating position within the sector of supplying cultural, entertainment and sports centres with a platform designed for the booking of tickets for their own events and its maintenance

Based on the report received, the Commission conducted examination, which revealed that in the case "Tomsarkgh" company implements proprietary system in several cultural and entertainment centres, the latter may hold a dominant or strong negotiating position, and the alleged restriction of the opportunity of use by other economic entities of the mentioned system, as well as the conduct manifested within the scope of negotiations aimed at gaining the opportunity to use the system may prima facie contain elements of abuse of dominant position or strong negotiating position, with respect to which proceedings were initiated.

During the proceedings, the Commission revealed that "Tomsarkgh" company provided services to the organisers of events on the basis of the agency agreement, receiving orders for booking or purchasing vacant tickets for events and receiving a mediation fee for this service. That is, in this case the "Tomsarkgh" company cannot take solitary decisions, as while the latter sells event tickets, it is not the actual owner of the tickets sold. Meanwhile, it has become clear that...
there are no organisers with whom "Tomsarkgh" company holds an exclusive right to manage sales of tickets for events, that is no data are revealed during the proceedings according to which "Tomsarkgh" company was granted the exclusive right to sell the majority of event tickets of organisers through its system.

The Commission also established that "Tomsarkgh" company is not the exclusive or sole holder of the system for booking and selling tickets for events at cultural and entertainment centres. Other companies also possess the system designed for booking and selling tickets for events; "Ticketon" limited liability company, for instance, operates through www.ticketon.am website, and several organisers have their individual systems and websites to manage the ticket sales. In essence, "Tomsarkgh" company does not possess an infrastructure without which other economic entities will not be able to carry out activities related to booking and selling tickets for events.

Regarding the issue of providing other companies with access to its system for a fee, the Commission has stated that even if any economic entity gained access to the system of "Tomsarkgh" company, but failed to conclude a relevant agency agreement with event organiser, "Tomsarkgh" company would not have the authority to allow that company to book and sell vacant tickets through its system, given the fact that the company was not the owner of tickets for the event.

In the above-mentioned context, the Commission stated that the infrastructure (system) belonging to "Tomsarkgh" company was not exclusive and was not of essential significance for activities of other economic entities in the commodity market. Hence, there were no grounds to recognise "Tomsarkgh" company within the scope of the proceedings as an entity with a strong negotiating position, and, accordingly, there were no elements of abuse of strong negotiating position.

At the same time, within the proceedings, the Commission did not reveal the discussed elements of abuse of the dominant position in the activities of "Tomsarkgh" company.

**Sector of online games of chance**

Unfair competition in the sector of online games of chance manifested in misleading the public

The Commission initiated proceedings on the grounds of prima facie existence of elements of unfair competition manifested in misleading the public, within the scope of which a number of campaigns carried out by companies engaged in online games of chance were considered.

In the course of proceedings it became evident that the companies presented information in their advertising carried out in relation to certain campaigns in a way that might confuse and give a misleading impression, several important conditions were applicable as part of the campaigns, but no information was mentioned in the advertisements on the origin and source of existence thereof, depriving the consumer of the ability to form a complete understanding of the these conditions.

In particular:

*Regarding advertising carried out within "Slot Ninja" and "Wild West" campaigns conducted by "Kabarco" limited liability company:*

The Commission found that publications and advertisements made within the scope of "Slot Ninja" and "Wild West" campaigns conducted by "Kabarco" limited liability company through television, radio broadcasts, as well as through Facebook pages, official Internet sites, short messages and external billboards created the impression that it was possible within the campaign to make daily draws and win unlimited number of cars of "Mazda CX5" and "Kia Seltos" make by participating in slot games and betting in sports without imposing any additional condition.

Whereas, the opportunity of participating in draws and winning a car during the draw was given only with previously developed conditions.

Thus, the participants had one free chance daily to win a ticket to participate in the draw, they received three more chances to replenish
their gambling account, on condition of making bets of a fixed size. The probability of winning a lottery ticket under these conditions was quite high, which prompted the participants to place as many bets as possible to increase the chances of winning the car. Meanwhile the probability of winning was extremely small, as during the draw carried out by live broadcasting, a maximum of 4 tickets per day were randomly withdrawn from the tens of thousands of lottery tickets available in the drum intended for lottery tickets, which enabled to participate in 5 game rounds of the bonus drawing and only in case of overcoming all those game rounds win the cars of specified make, the probability of which actually was only 3,125%.

As a result, only three out of 111 participants having won in the drawings carried out by live broadcasting and participating in the bonus drawing within the "Slot Ninja" campaign (2.7% of participants) managed to win a car of "Mazda CX5" make, while none of the 123 participants having won in the drawings carried out by live broadcasting and participating in the bonus drawings within the "Wild West" campaign succeeded in winning a car of "Kia Seltos" make.

Regarding advertising carried out within "Cash/cash prizes" and "Cosmo Race" campaigns conducted by "Digitain" limited liability company

The "Digitain" limited liability company conducted advertising within the "Cash/cash prizes" campaign, according where to:
1. Thousand people will receive an instant prize of one hundred thousand Armenian Drams each;
2. Five hundred people will receive a prize in medals in the amount of five hundred thousand Armenian Drams each;
3. For the rest of prizes "and so on until 10 million" was noted;
4. The images «1000 x AMD 100 000, 500 x AMD 500 000, 100 X AMD 1 000 000, 5 X AMD 10 000 000, 10 x AMD 5 000 000» are illustrated together with the phrase "and so on until 10 million".

The above-mentioned creates an impression that:
1. In the context where the term "instant" is applied, no conditions are required to receive a prize in the amount of 100 thousand Armenian Drams, the winning process occurs instantly, that is very quickly.
2. There are no conditions for receiving a prize of "and so on until 10 million". Moreover, the inclusion of "and so on until" phrase alongside the listing of all winnings and uniform illustration gives the impression that "and so on until (...)" pertains to conveying both the count of winning participants and the corresponding prize amounts.
3. The "Cash/cash prizes" campaign refers to all Internet games of chance available on "totogaming.am" website.
4. The campaign is not restricted in time.

However, the Commission revealed that:

1. In fact, there were certain conditions for participating in the campaign, in particular, making bets of fixed amount.
2. Apart from the prize in the amount of 100 thousand Armenian drams, winning is possible only through collection of respective medals, specifically, the prerequisite for winning a cash prize of 500 thousand, 1 million, 5 million and 10 million Armenian drams entails attaining 8 bronze, silver, gold or platinum medals, respectively, through the activation of "STANDARD" device.
3. The "Cash/cash prizes" campaign does not cover all Internet games of chance available on "totogaming.am" website.
4. The campaign actually lasted from 18 February to 24 March, 2022.

The "Digitain" limited liability company conducted advertising within the "Cosmo Race" campaign, according whereto:
1. There is an opportunity to win an unlimited number of "Macbooks", "iPhones 13", "AirPods Pro" plus 100x cash out bonuses.
2. A tournament is held twice a day, with a prize pool of 14 million drams.

The above-mentioned creates an impression that:
1. There is no need for additional actions to win
"Macbooks", "iPhones 13", "AirPods Pro" plus 100x cash out bonuses.
2. A tournament is held twice a day, with a prize pool of 14 million drams.

The above-mentioned creates an impression that:
1. There is no need for additional actions to win "Macbooks", "iPhones 13", "AirPods Pro" plus 100x cash out bonuses, and there is an unrestricted possibility thereof.
2. The prize pool of each tournament of the "Cosmo Race" campaign is 14 million Armenian drams.
3. The campaign is not restricted in time.

However, the Commission revealed that:

1. The opportunity to win "Macbooks", "iPhones 13", "AirPods Pro" raffled within the campaign was restricted by its terms. In particular, at each stage of the campaign, the participant was eligible for receiving a maximum of 1 prize in kind, throughout the campaign each participant had the opportunity to win a maximum of one "AirPods Pro", "iPhone 13" and "MacBook Air", within the scope of the campaign the participants could win "AirPods Pro" only by achieving a score of 20 million or more points, "iPhone 13" – by achieving a score of 40 million or more points, and "MacBook Air" – by achieving a score of 80 million or more points. Moreover, the probability of winning a "MacBook", "iPhone 13", "AirPods Pro" in terms mentioned in the campaign was restricted to such extent that only one case of winning for both "AirPods Pro" and "iPhone 13", respectively, was registered, moreover, the winner was the same participant, while no participant won "MacBook Air".
2. The advertised prize pool of 14 million Armenian drams actually constitutes the prize pool not for each tournament, but for the entire campaign.
3. The campaign lasted from 9 to 23 May, 2022.

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With regard to advertising carried out within the "HajoghAk" [LuckyWheel] and "HajoghMiamsyAk" [Lucky month] campaigns of "Soft Construct" closed joint stock company: The Commission revealed that "SoftConstruct" closed joint stock company disseminated advertisements about "Hajoghak" and "HajoghMiamsyAk" campaigns on television, through radio broadcasting, online advertising, including "Vbet.am" Facebook and Youtube pages, which gave an impression that within the scope of the campaign the participants could each day win 4 cars of "Volkswagen ID.4" make and 3 cars of "Land Rover Sport" make without any additional conditions.

Meanwhile, it became clear during the proceedings that the cars were raffled only during a special drawing concluding the campaign. And the participants received a chance to spin the "HajoghAk" by placing bets only under specific conditions, when completing the relevant scales in the "Sports" section of the company's website. In particular, the scales with a value of "5000 Armenian drams", "20 000 Armenian drams", "25 000" Armenian drams" were in place. Moreover, participants could complete the scales with values of "5000 Armenian drams" and "20 000 Armenian drams" once during the day, while the scale with a value of "25 000 Armenian drams" could be completed an unlimited number of times, and when completing each of the mentioned scales the participant was granted one chance to spin the "HajoghAk". In case the participants made one-off bets, they were eligible to spin the "HajoghAk" a maximum of 20 times.

Besides, in the special drawings concluding the campaign, the slot IDs and names of car winners were announced, leading to the assumption that the cars were to be awarded to the winners, but it emerged during the proceedings that 3 of the cars were, actually, not handed over.

The Commission qualified the above-mentioned conduct of "Kabarco" and "Digitain" limited liability companies and "Soft Construct" closed joint stock company as unfair competition manifested in misleading the public, imposing fines thereon in the amount of 202 147 342 Armenian drams, 62 424 401 Armenian drams and 168 503 335 Armenian drams, respectively.
Sector of provision of delivery services

Unfair competition in the sector of delivery services manifested in misleading the public

The Commission initiated a number of proceedings against companies providing delivery services in the Republic of Armenia on the grounds of apparent presence of elements of unfair competition manifested in misleading the public by declaring a deadline for delivery of services that differed from the operational timeframe.

In the course of proceedings, the companies published on their official websites dates of delivery from different countries, in different ways (by air, sea, land) of goods to the Republic of Armenia, while consistently failing to meet these dates, simultaneously failing to review them and bringing the published information in line with the conduct that had become predictable.

In particular, the "Global Shipping" limited liability company – for air super express deliveries from the USA to the Republic of Armenia, air express deliveries from the USA to the Republic of Armenia, marine deliveries from the USA to the Republic of Armenia, land deliveries from Russian Federation to the Republic of Armenia, "HayPost" closed joint stock company and "HayPost USA Corp." corporation group of entities – for deliveries from the USA to the Republic of Armenia, "ONEX" limited liability company for air deliveries from the USA to the Republic of Armenia and marine deliveries from the USA to the Republic of Armenia set minimum and maximum, respectively, or maximum delivery periods, creating an impression that if these intervals were established the deliveries would be made within that interval, and in case a maximum period was established – before the end of that period, while the companies made almost no deliveries within the established minimum delivery period, and violated the maximum delivery period so frequently that the predictability of deliveries in violation of the delivery period surpassed that of on-time deliveries.

The Commission qualified the conduct of the companies as unfair competition manifested in misleading the public, and imposed a fine in the amount of AMD 6 741 125 on "Global Shipping" limited liability company, a fine in the amount of AMD 2 880 192 on ""HayPost" closed joint stock company and "HayPost USA Corp." corporation group of entities and AMD 18 311 294 on "ONEX" limited liability company.

Campaign implementation sector

Unfair competition in the sector of implementation of campaigns (discounts) characterised by misleading the public

Numerous reports about the ambiguity in the sector of implementation of campaigns and about the violations occurred, served as a ground for the Commission to initiate a study of the sector, establish a clear, predictable legislative and definite framework and take actions to prevent and eliminate violations.

Following the implementation of large-scale measures aimed at informing the public about legislative amendments and the anticipated conduct resulting from these amendments, legal consequences for non-compliance, the Commission undertook a study of campaigns (discounts), resulting in the initiation of proceedings against a number of economic entities for an offence manifested in misleading the public in the sector of economic competition.

It became clear during the proceedings that the requirements for informing about campaigns were not adhered to. In particular, the methods of informing consumers about the campaign lacked a brief description of the campaign's essence, the clear range of goods and services for which the campaign was conducted or the sources of their availability, the duration of the campaign, including its start and end dates, there was no interest reduction in the price of goods or services from the average price of the sale of goods or provision of services within a month preceding the start of the campaign, the highest percentage of the announced discount
of the campaign did not apply to at least one fifth of goods available at the start of the campaign, the difference between the biggest and smallest font sizes in the published content on terms of the campaign was more than twice, etc.

The Commission qualified the mentioned actions as unfair competition manifested in misleading the public, imposing a fine in the total amount of 25 802 184 Armenian drams.

**Sector of activities of trade networks**

Abuse of negotiating position by undue refusal to obtain goods and undue termination of entrepreneurial relations

The Commission initiated proceedings on the ground of apparent violation manifested by abuse of negotiating position through undue refusal to obtain goods and undue termination of entrepreneurial relations.

The proceedings revealed that "Evrika Group" company ceased accepting goods from the previous supplier and on 1 March 2022 concluded a paid services provision contract with the new supplier of quail eggs, according to which "Evrika Group" company would receive from the new supplier of quail eggs a payment in the amount of a certain percentage of the value of goods supplied by the latter in exchange for marketing services provided by it.

Based on the same principle, an offer to provide marketing services was also made to the previous supplier, the latter declined the offer, which led to termination of entrepreneurial relations with the latter.

The Commission stated that although the provision by trade networks to suppliers of marketing services in itself may not contain elements of an offence in the field of economic competition, at any stage of relations with suppliers, including when providing marketing services to them, an entity holding a strong negotiating position should refrain from imposing or applying artificial and unjustified differentiations.

Meanwhile, termination by "Evrika Group" company of entrepreneurial relations with the supplier due to the supplier's refusal to accept the offer of marketing services was not justified; it was not prompted by economic conditions or factors in the sense of the law and contradicted the interests of the supplier, incurring unexpected expenses for the latter and leading to reduction in anticipated income.

Taking into consideration the above-mentioned, the Commission qualified the actions of "Evrika Group" company as abuse of strong negotiating position.

**Sector of distribution of bottled, non-carbonated drinking water**

Unfair competition in the sector of distribution of bottled, non-carbonated drinking water manifested in misleading the public

The Commission conducted a study in the sector of distribution of bottled, non-carbonated drinking water. In particular, the activities of all economic entities (around 24) engaged in production and sale of bottled, non-carbonated waters labelled "spring water" and "natural drinking water" were considered; as a result, proceedings were initiated against 12 economic entities regarding offences in the field of economic competition manifested in misleading the public.

During the proceedings it was revealed that 9 economic entities had produced and sold bottled, non-carbonated water labelled as "spring water" and "natural drinking water" in the case, when those goods, within the meaning of the EAEU regulations, did not meet the criteria to be classified as "spring water" and "natural drinking water", specifically, they did not qualify as spring water and (or) were treated with chlorine preparations at some stage of production.

Following the proceedings conducted, the Commission issued warnings to 6 economic entities, imposed a fine in the total amount of 4 658 805 Armenian drams on 3 economic entities, 3 proceedings were dismissed.
In 2022 the Commission revealed 13 cases of undeclared concentrations, of which:

- **Mixed**: 11 cases
- **Vertical**: 1 case
- **Horizontal**: 1 case

### 1.2 Application of the set of control instruments

<table>
<thead>
<tr>
<th>Activity</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>External surveillance</td>
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<tr>
<td>Control purchase</td>
<td>15</td>
</tr>
<tr>
<td>Monitoring</td>
<td>66</td>
</tr>
<tr>
<td>Regular monitoring</td>
<td></td>
</tr>
</tbody>
</table>
Objective of the study

In the Republic of Armenia, in case of disability the right to social security is one of the fundamental human rights enshrined by the Constitution.

First of all, the cornerstone for the social and professional rehabilitation of the disabled persons is the medical rehabilitation of the latter, wherein the effective processes of providing assistive devices play an essential role. In order to achieve the main social goal of the state and to ensure the maximum possible inclusiveness of people with disabilities in public life, it is essential to have an effectively functioning, competitive sector of assistive devices.

The promotion of competition in the sector of assistive devices will also have a significant impact from the point of view of the effective management of state budget funds, taking into account the fact that over the last year, state allocations for the provision of assistive devices have increased by 66.7%.

The study has been conducted in order to reveal the competitive problems and possible risks existing in the sector, to observe the best practice of regulation of the sector applied in comparable countries and to develop recommendations for improving the competitive environment in the sector.

Subject matter of the study

During the study, the Commission identified and considered the product market "Upper and lower limb prostheses", which includes all types of upper and lower limb prostheses, except for functional prostheses, and the product market "Orthoses", which includes all types of orthoses, in the sector of provision of assistive devices.

Problems revealed and solutions suggested

- Price competition is missing in both markets considered within the framework of the sector of provision of assistive devices; all economic entities sell the assistive devices at the price values of the certificates defined by the state, applying surcharges in unique cases. One of the reasons for such a situation is the lack of realistic opportunities for the beneficiary to use the actual price of the assistive device and the compensable value in the field of existing legal regulations, because of which the beneficiary prefers to spend all the compensation provided only on the acquisition of the assistive device and chooses the assistive device with such a price. In such conditions, setting of a lower price by economic entities will simply drive away the beneficiaries, because from the latter's point of view, the choice of such a company will lead to the loss of the difference between the actual price of the assistive device and the compensable value.

In both of the observed markets, there was a high level of concentration in 2021 and 2022. Taking into account the small number of participants in the process of prosthetics of persons injured in the second Artsakh war in the sub-sector of provision of functional prostheses, the high risks of production of functional prostheses, it is predicted that the market of functional prostheses will have a narrower entry list and a higher degree of concentration.

- Along with the conclusion provided by the Unified Social Service, the beneficiary is informed only about the addresses and contact information of the organisations, which does not allow him or her to perform a comparative analysis of the organisations in the absence of price signals. Both mechanisms for determining the price value of certificates used by the Ministry had low efficiency in the phase of application, which
indicates that the Ministry – as a party creating demand and having a significant influence on the price in the market – also lacks the information necessary for making a comprehensive analysis.

From the point of view of economic theory, such disproportion of information between consumers and suppliers necessarily leads to quite a higher level than the realistic prices and to the exclusion of economic entities ensuring higher quality by the economic operators supplying lower quality products at the expense of higher profitability. This is also one of the reasons for the lack of price competition in the market.

The fact that the Ministry left the price values of the certificates unchanged in 2019-2022 and the above-mentioned disproportion in awareness also leads to a low level of research and development (R&D) in the sector. From the point of view of formulating an offer, economic entities do not expect that in the conditions of the production of higher quality and higher priced assistive devices the state will adequately increase the unit value of compensation through certificates and on the other hand, in the current conditions, even in the case of even lower material costs, it is possible to ensure high level of profitability, fully implementing the requirements defined by the Ministry.

Economic entities operating in the field of prosthetics and orthotics considered the lack of specialists with the necessary qualifications as the most problematic factor for their activities. There is no educational programme for relevant specialists in the higher educational institutions of the Republic of Armenia; as for the secondary vocational educational institutions, the educational programme in the specialty "Prosthetist-orthetist-technician" has launched in YSMU College only starting from 2021.

Both in the field of prosthetics and orthotics, a high level of loyalty of the beneficiaries towards the organisations was recorded, the level of loyalty is especially high during the transition from medical sports prosthesis to the main one, which is the actual entry of the beneficiary into the field of prosthetics, and in the case of children's orthotics it is important to take into account that the vast majority of beneficiaries of orthotics are the children themselves. With a shortage of specialists and the risk of forwarding and referral networks, such high level of loyalty can be a barrier to entry into market.

The analysis shows that the goal of increasing the access to the process of receiving assistive devices for persons residing in the marzes, which is the basis of the requirement for having representations in marzes having no border with Yerevan, is significantly underachieved, because such representations, especially in the case of prosthetics and orthotics, do not have the necessary professional or technical support. The absolute absence of such representations in some marzes is also added to the problems related to the quality of fulfilment of the request by the organisations, which leads to the preservation of the problem of access to assistive devices for the population residing in marzes.

As compared to other EAEU member countries, the scope of the assistive devices provided in Armenia is narrower, focused only on the primary rehabilitation of functional problems of the organism. The frequency of changes in the mechanisms for the regulation of the sector leads to the problems of long-term predictability and organisation of own business processes for the economic entities operating in the sector.

The possible difference in the requirements for the economic entities prescribed by the legal acts regulating the sector can become an obstacle to entering the market. On the other hand, there is a need for improvement of technical requirements and standards. The lack of minimum requirements for other services (training, adaptation, etc.) related to the provision of assistive devices is also problematic.

Providing assistive device repair services by only one economic entity can create an unequal conditions in the market for provision of assistive devices.

Measures implemented by the Ministry – both in terms of collecting price offers and holding tenders for the procurement of services by price quotations – can be considered not so effective.
In both cases, the Ministry has received price offers that are significantly out of touch with reality, economically unjustified, the application of which would lead to a sharp increase in budget costs and inefficiency in the management of state funds.

In order to ensure sufficient awareness for the purpose of choosing an assistive device by the beneficiaries and to create an opportunity to conduct a comparative analysis, the option of launching an electronic platform for the acquisition of an assistive device by the beneficiary can be considered, which is already used in the Russian Federation and the Republic of Kazakhstan. As a technical base, the platform “Information system for the provision of prosthetic-orthopedic and rehabilitation products” can act as a platform for such a platform, which already ensures the connection between the Ministry and the organisations.

Taking into account the availability of Internet access throughout the Republic of Armenia, such a platform will significantly facilitate the process of comparison of organisations providing an assistive device by the beneficiary. Access to the platform can be based on the personal data of the beneficiary and reflect all the possible options of the assistive device to be provided within the framework of the certificate issued by the USS.

It is important that the platform provides as much information as possible about the manufacturing process and qualitative characteristics of the specific assistive device, which may include the country of origin of the parts of the assistive device, medical contraindications, if any, or directions of use. The possibility of entering opinions by other beneficiaries can also be considered. As in Kazakhstan, the sales of assistive devices should be organised mostly through the platform itself; there may be exceptions for specific reasons. It is possible to distinguish only the process of functional prosthetics, for which – taking into account the narrow and unchanging scope of beneficiaries, as well as the risk of full operation of the market version of the sector associated with complex technologies and high production costs – it is possible to consider the option of provision by the state of the full package of prosthetics and rehabilitation services. At the same time, in case of application of such a model, it is necessary to pay special attention to the issue of the option (mechanism for state procurement, formation of a separate organisation, etc.) of organising the process.

Taking into account the insignificant personal participation of the beneficiary – due to the objective lack of professional knowledge – in the selection of the type of assistive device to be allocated to him or her, the conclusion on the type of assistive device by the USS should have clear criteria, which will allow to ensure the transparency and clarity of the decisions taken by the Commission. In general, it is necessary to develop more in-depth technical requirements based on international standards for the production of assistive devices, as well as the provision of related services (training, adaptation, etc.), social standards underlying the decisions of the Commission.

Taking into account the lack of qualified specialists in the sector of assistive devices in the Republic of Armenia and the risk of forming a barrier to entering the inter-related market, it is necessary to develop additional programmes to attract young people to this sector. In this context, the experience used by the French Republic can be used: The French government sets a discount system and separate quotas of free places for students studying educational programmes related to the production of assistive devices. At the same time, the formation of base of scientific-research works and a research base by the state can help to increase the quality of the assistive devices produced in Armenia, which in turn will improve the level of meeting the needs of the beneficiaries.

Besides the legislative requirement of the functioning representations, the experience of the Republic of Kazakhstan in ensuring marz access can also be considered; in case of certain type of assistive device, the state can compensate the transportation costs for the beneficiary to visit the organisation, for instance, in the cases of prosthesis sizing, prosthesis fitting and training, as well as annual follow-up visits. Determining the amount of compensation will become significantly easier in case the beneficiary uses the electronic platform for the acquisition of an
assistive device, because the selection of the assistive device by the beneficiary at the platform will automatically output the distance between the address of the beneficiary's residence and the selected organisation already available in the database, which will allow determining the amount of compensation at once.

One of the main priority issues in determining the price value of certificates is the selection of the assessment model. In this part, such a model can be recommended: an economic entity entering the sector of providing assistive devices – in addition to the qualification process – submits price offers for relevant assistive devices, which are considered by the CPC and the SRC, from the point of view of justification in the economic sense and the realism of the data submitted. In this context, SRC information bases can be used regarding the activities of the economic operators, foreign economic relations (import, export), reports submitted within the framework of tax administration. Where necessary, these bodies must have the authority to carry out visits or other measures to verify the information submitted. For the justification of the prices of the parts being used, the pricing of similar parts in the reference countries, or the situation in the domestic markets of the supplier countries, can also be considered. As a result, justified and realistic price offers will be defined for the mentioned economic entity. Arithmetic average of these price offers will be considered as the price value of the certificates, with a certain limit from the minimum value.

The other important issue considered within the framework of the study was the freedom for an economic entity to change the prices after the presentation of the offers during the model of the price offers, which led to the lack of price competition, because everyone eventually equated their own selling prices with the value set by the state. From the point of view of this issue, in the recommended model, the selling prices within the framework of the certification system by an economic entity will be formed on the basis of the price offers submitted by each economic entity; this process is quite easy to conduct in the conditions of operation of the electronic platform presented in the first point. For the beneficiaries, in case of each assistive device the platform will reflect the price offers submitted by the organisations and approved by the Ministry as the selling prices of that organisation.

Under these conditions, the premise – that is the basis for making a choice by the beneficiary, that in the conditions of the impossibility of using the compensation being provided by other ways, it is necessary to use it completely on the acquisition of an assistive device – remains problematic. In such a situation, a risk arises that economic entities with a selling price lower than the price value of the certificate will simply be left out of the market. From the point of view of the settlement of this problem, it is recommended to keep the difference between the selling price of the assistive device and the price value of the certificate for the entire period of use of the assistive device on the account of the beneficiary, allowing the latter to use it, for example, for the acquisition of repair services (the use of the balance of the account may not be limited to the additional expenses related to the assistive device, including measures aimed at meeting other social needs of a person with disability).

In this case, the beneficiary will not face the option of purchasing parts within the three-month period currently imposed by the legal regulation, which enforces the latter to make a prediction about the parts he or she will need in the future; the beneficiary will be able to use the balance of his or her account in case of such need. At the same time, such a mechanism will be a mechanism for sharing the risks of using the assistive device between the state and the beneficiary.

For instance, where the price of the certificate of the assistive device comprises AMD 350 000, the beneficiary has the opportunity to choose the option with that price, in which case he or she takes the risk of possible problems and repairs in future, or he or she may choose a cheaper option by which he or she shares the risk of possible financial losses with the state where such problems occur. Such a mechanism simultaneously solves the current problematic situation of the provision of repair services. The state can establish additional compensation for repair services in cases of a narrower scope, for
which, as recommended in the second point, it is necessary to develop clear criteria.

It is important to emphasise that in the conditions of availability of an electronic platform, in the event of the exit of an economic entity from the market or the entry of a new economic entity, new price offers should automatically affect both the price values of the certificates and the balances on the account of the beneficiaries through proper indexation.

The possibility of submitting a new price offer by the economic entity once a year can also be considered, where the reasons and grounds for changing the specific cost component should be indicated. The latter, of course, must be verified by the SRC and the Commission.
Objective of the study

Playing an important role in economic growth and consumer welfare, the sector of cargo transportation services also has a major impact on the integration of international markets, boosting the competitiveness of domestic producers in foreign markets. In general, a well-developed cargo transportation system affects almost all types of economic activity. Having an efficient cargo transportation network it will be possible to improve the country's competitiveness, facilitate international trade, and ensure the uninterrupted inflow and outflow of goods in regional production processes. Based on the geopolitical features of the country, the development of the economy in Armenia is largely determined by the efficiency of transport expenses and cross-border communication.

In order to find out what kind of effect cargo transportation services have on the selling prices of imported and exported goods – which in turn indirectly affects both the living standards of the population and the competitiveness of Armenian products – the Commission has considered the structure of products imported from EAEU, EU and other 3rd countries and those exported in the same directions, and has separated the imported and exported commodity groups that have social importance and a relatively large share in exports from Armenia to those countries and imports to Armenia.

From the commodity groups imported into the Republic of Armenia, wheat (CN FEA 1001), sugar (CN FEA 1701) and sunflower oil CN FEA 1512) have been included in the study, whereas from the exported commodity groups – brandy (CN FEA 2208 20), fresh or frozen fish (CN FEA 0302) and waters, natural or artificial mineral waters and drinks (without sugar) (CN FEA 2201) have been included in the study.

The study has been conducted to understand the general profile of the sector, to find out the components forming the values of the provision of cargo transportation services, the impact of costs incurred for cargo transportation on the formation of the final prices of both exported and imported goods, to assess the competitive environment and the existing problems in the sector.

Subject matter of the study

During the study, the international cargo transportation and cargo turnover of the Republic of Armenia in 2021 have been observed according to the portions of the types of cargo transportation vehicles, as a result whereof it became clear that, by volumes of cargo transportation, around 56% of the international cargo transportation of the Republic of Armenia is carried out by motor move vehicles, 29% – by overland pipeline vehicles. About 15% of international cargo transportation of the Republic of Armenia is accounted for by rail transportation vehicles, and only 0.2% by air transportation vehicles.

Within the framework of the study, a more detailed reference has been made to the cargo transportation services performed by motor move and rail transportation vehicles during trade turnover with the EAEU, the EU and other 3rd countries.

Problems revealed and solutions suggested

According to the Tax Code of the Republic of Armenia, for the use of foreign-registered cargo transportation vehicles on the motor roads of the Republic of Armenia the road tax is calculated for every 15 days of entry into the Republic of Armenia, according to the maximum permissible weight of the vehicle.
As a result of conducting a comparative analysis, the Commission finds that for the purpose of increasing the attractiveness of the Republic of Armenia in the field of international cargo transportation, a more flexible system of setting the road tax rate can be introduced, first by studying the statistics of the period of stay of foreign cargo carriers in the Republic of Armenia, and then, while setting the rates, taking into account both the period of stay of those cargo transportation companies in the Republic of Armenia, and the length of the road. The latter will create an opportunity to increase the competitiveness of the Republic of Armenia in the field of international cargo transportation in the region.

As a result of the problems in Russia, currently, the vehicles of Armenian cargo transportation companies – on their way from the Republic of Armenia to the Russian Federation – undergo rapiscan 3 times at the checkpoints of the Russian Federation for security reasons, regardless of whether they are loaded or empty. As a result of what has been mentioned, queues are getting more and instead of the previous 1-2 days, companies spend 20 or more days on the road, and for each subsequent day counted from the 21st, a fine of about 50 GEL is prescribed in Georgia. As a result of this problem, drivers are also affected, spending a long and uncertain time on the road, and in some cases, refusing to work.

<table>
<thead>
<tr>
<th>Cargo transportation</th>
<th>Cargo turnover</th>
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<tbody>
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<td><img src="image" alt="Motor move" /></td>
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<tr>
<td><img src="image" alt="Overland pipeline" /></td>
<td>29% Overland pipeline</td>
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<tr>
<td><img src="image" alt="Rail transportation" /></td>
<td>15% Rail transportation</td>
</tr>
<tr>
<td><img src="image" alt="Air transportation" /></td>
<td>0.2% Air transportation</td>
</tr>
<tr>
<td><img src="image" alt="7,017 thousand tonnes" /></td>
<td>5,087 million tonnes per kilometre</td>
</tr>
</tbody>
</table>

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Besides, an issue was raised by companies transporting perishable goods, including frozen fish and fish products, according to which Georgia treats this perishable products in the same way as other cargoes. As a result of the above-mentioned, some large companies have stopped exporting fish products, as the shelf life of fish products draws to an end before reaching the destination.

The above-written causes significant financial problems for the companies exporting the given product and is a threat to the given sector.

According to the provisions of the Concession Agreement, "South Caucasus Railway" CJSC is free to set the tariffs for the railway transportation services provided thereby, except for several cases, among which are the declaration of an emergency in the Republic of Armenia, tariffs for transportation of products of strategic significance, etc. In this case, the authorised body provides its conclusion on the definition of the maximum tariffs for the mentioned products with remarks and recommendations on agreement or disagreement. Nevertheless, it should be noted that the study of the existing legal framework has not provided a possibility to find a legal act clearly regulating the issue of determining the tariffs of products of strategic significance.

In the Commission’s opinion, taking into account the geopolitical conditions of the Republic of Armenia, it is necessary to regulate the procedure for determining the tariffs for transportation of products of strategic significance by rail transportation vehicles.
Objective of the study

As it is known, infants under 6 months are not allowed to be fed with additional food, so in case of impossibility to feed the child with maternal milk, the use of milk formulas becomes indispensable, therefore there is great public attention and interest in their price fluctuations and pricing mechanisms.

In addition to milk formulas, other baby care items, including baby diapers – the prices of which are also in the centre of public interest – make up a significant part of the costs allocated to children.

The study has been conducted to assess the degree of concentration of the product market, to evaluate and compare the composition and structure of economic entities participating in the market, their shares and changes thereof, to identify the features of possible violations of the legislation on protection of competition, including possible abuses of a dominant position and other actions restricting competition, as well as for the purpose of developing recommendations for increasing the efficiency of the state policy of ensuring competition.

Subject matter of the study

In the course of the study, the product markets "Milk formulas for infants and young children" and "Baby diapers" were observed.

Conclusions

- There is "brand power" in the product market "Milk formulas for infants and young children", and consumers have long-term "loyalty" and "addiction" to the brand, which somewhat limits the competition between the economic operators operating in the market, it initially limits the opportunities for the new economic operators to enter into market, find own level and expand therein, which leads to the development of unfettered pricing policies and the application of high margins, resulting in high prices in the market.

- The implementation of any advertising is prohibited by law in the market "Milk formulas for infants and young children". Prohibition of advertising is a problem from the point of view of an economic entity newly entering the market, especially when the market is small and full of the range of milk formulas of manufacturers well-known throughout the world.

- The product market "Baby diapers" has a high degree of concentration. There are two economic entities that are the main players in the product market, each of them occupying a dominant position with 41 and 39% shares in sales volumes, respectively.

2.3. "Sector of baby food and other products turnover"
Objective of the study

The international vegetable oil market is one of the important segments of the global consumer market. Domestic demand for vegetable oil in the Republic of Armenia is currently met exclusively at the expense of imports. If we also keep in mind that the main part of the vegetable oil imported to the Republic of Armenia (more than 95%) is provided from one country, the Russian Federation, the domestic market of the Republic of Armenia for vegetable oil becomes more than vulnerable to the economic fluctuations occurring in the Russian Federation. Some events of local or global significance after 2020, such as Covid-19, the Artsakh war, geopolitical developments, the escalation of the Russian-Ukrainian conflict and the war, are a clear evidence of this.

Conditioned by this market situation, as well as social, nutritional and strategic importance, the commodity group of vegetable oils has been included in the list of commodity groups subject to consideration by the Competition Protection Commission during 2022.

Subject matter of the study

During the study, the Commission considered the product market "Sunflower and corn vegetable oil", which includes the entire range of vegetable oil obtained from sunflower and corn.

Conclusions

In the general picture of the structure of the product market sunflower and corn vegetable oils, the dynamics of import and nutritional consumption is increasing in the long term. At the same time, many economic operators carry out activities in the product market, which proves that the increase in import and consumption recorded in the long term may also be due to the increase in the demand for vegetable oil, which was accompanied by the increase in the number of economic operators and their further activities. Moreover, the increase in the number of economic operators is a positive impulse from the point of view of the lack of barriers to entering the product market. However, it should also be noted that the indicators of recent years prove that the total number of economic operators has not have a significant impact on the shares of economic entities having the largest volumes.

The market has a medium level of concentration. The maintenance of such a level of concentration is mainly due to the number of economic entities operating in the product market, but from the point of view of the shares held by large economic entities, the picture cannot be considered positive. This is also evidenced by the calculations carried out using the Linda index, according to which there are characteristics of a product market with highlighted oligopoly structure. Therefore, taking into account the above-written, we can state that there are sufficient grounds for a possible increase in market concentration, which, of course, will have a negative impact on the competitive environment of the product market.

In the context of structural changes, it is also necessary to discuss the risk factors related to the extremely low level of self-sufficiency. In particular, the study of the structure of the product market shows that, although there has been a trend of increasing production volumes in some years, the domestic demand for sunflower and corn is currently fully satisfied by imports. Taking into account the ongoing geopolitical processes and the increase in the average selling prices of vegetable oil in recent years, it is becoming more relevant to develop and implement appropriate strategies for the promotion of the domestic production of this socially important product, as well as the diversification of the geography of imports.

The geography of imports is also highly concentrated. During the observed period, sunflower vegetable oil was almost completely imported from the Russian Federation, on
average around 96-98%, corn vegetable oil was also mostly imported from the Russian Federation. In the current geopolitical situation, the sanctions and restrictions applied to the Russian Federation, as well as the uncertainties in the economic developments of the Russian Federation, cause additional risks for the international food markets, which can have a significant impact on the food market of the Republic of Armenia, in particular, on the import volumes and price fluctuations of vegetable oils.

In terms of legal regulations of the vegetable oil market, we can state that there is an active technical regulation directly regulating the market, which combines the requirements set by other technical regulations and standards. At the same time, it should be noted that the requirements mentioned in the technical regulations derive from the standards regulating the sector, the total number of which exceeds the threshold of 160 only in the "Technical Regulation of Fat and Oil Products". Such a number of standards can cause complications during the implementation of the requirements of the regulation, because the scope of regulation is not limited only to the technical regulation. For example, among the more than 1000 standards included in the Technical Regulation "On Food Safety", there are also standards that refer to the market of vegetable oils and prescribe requirements and norms for products belonging to this group.

The prices of sunflower oil in the international product markets are correlated with the prices of other types of vegetable oil, as well as with the general prices of food, being the most volatile of them. Meanwhile, they are also correlated with the prices of energy carriers, which is also due to the latter's fuel use.

The international prices of sunflower vegetable oil have entered a phase of high volatility since March 2022 due to the military conflict between two key supplier countries in the market, Russia and Ukraine, and the resulting logistical and other problems. However, starting from April 2022, the price has gradually decreased, although it continues to be at a historically high level.

The price of vegetable oil in the consumer market of the Republic of Armenia did not have a clear tendency, which was present in the case of the prices of general consumer and food products, and the latter lagged behind both the increase in the price of butter and the prices of consumer and food baskets, being strongly correlated with international prices.

Analysis of micro data revealed that prices of sunflower and corn oil are correlated with each other, which makes it possible to extend the findings for sunflower oil prices to corn oil in the absence of sufficient data on the latter.

The main components of the prime cost of vegetable oils are the purchase price in the international market and transportation expenses. Econometric evaluations also proved that international prices, food prices in the Republic of Armenia, and the dollar/dram exchange rate are the factors that significantly explain the changes in sunflower vegetable oil prices in the market of the Republic of Armenia; moreover, there is no significant differential existence of an increase or decrease in international prices. Meanwhile, there is a significant inertial component in the prices. Whereas transportation expenses comprise 5-7% of the prime cost.

Importing companies use an average profit margin of 8-11% (overhead) in this market. The developments of the vegetable oil market in 2021 indicate that importing companies increase selling prices in parallel with the increase in prices in international markets, but show greater rigidity in terms of margin adjustment when prices decrease. A certain response lag is observed at the end of the first quarter of 2021, when international prices began to register a downward tendency and a more smooth movement was recorded in the following months. Meanwhile, in the same period, the tendency of growth in the Republic of Armenia continued for about a month and then only started to decrease.

A negative correlation was recorded between the sales volumes and prices of sunflower vegetable oil. The performed calculations show that the elasticity of sales, depending on the price, is 0.15%, which means that if the price increases by one percent from the average level, the monthly sales volumes decrease by 0.15%.
Evaluations based on the developed econometric model show that during 2021, an "overreaction" phenomenon to the fundamental pricing factors was observed. The price increase in the market of the Republic of Armenia has exceeded the estimated level, which can be interpreted as the formation of a certain "additional risk premium".

At the same time, since March 2022, the consumer market of the Republic of Armenia has been mostly "sheltered" from the rapid inflationary pressures observed in the international markets, which is due to the breakdown of international and Russian prices. Where this factor is taken into account, it is visible that in the conditions of the Russian-Ukrainian conflict, the "additional risk premium" has shown a regular increase.

In the medium term, the international prices of sunflower oil are expected to decrease and stabilise, under which similar tendencies are expected for the prices in the Republic of Armenia, with significant risks of upward deviation.

The internal inflationary environment and exchange rate developments also create risks for prices of sunflower oil in the Republic of Armenia, but their potential impact is more limited.
Objective of the study

In parallel with the development of information technologies, electronic trading is developing all over the world, as well as in the Republic of Armenia, which is increasingly improving and replacing traditional trade methods, absorbing more sectors, increasing its influence on many branches of the economy.

The study has been conducted to find out the impact of e-trading on the markets, to identify possible entry barriers, to highlight the phenomena indicating a possible violation of the competition legislation and legislative issues, as well as to assess the competitive situation.

Subject matter of the study

During the study, the Commission considered the features of the activities carried out in the field of e-trading, the advantages and disadvantages of e-trading, the factors promoting and hindering the development of e-trading.

Problems revealed and solutions suggested

- Lack of legislative framework regulating the sector of e-trading.
- The creation of a full legislative framework regulating the sector will contribute to the development of e-trading, including ensuring equal competitive conditions for economic entities. Moreover, both the clear formulations of the necessary concepts regarding electronic trading, as well as the issues related to the regulation of electronic document circulation, are subject to regulation.

2.5 "E-trading sector"

Product selection

Order for the product

Payment for the product

Product delivery
3. PREVENTATIVE MEASURES AND RAISING PUBLIC AWARENESS

3.1. Legal acts and consultative documents

Prevention of offences while implementing campaigns

New regulations regarding campaigns

Given the uncertainty of regulations in the field of implementing campaigns, signs of manifested misconduct, as well as international best practice, including the practice studied within the scope of the programme "Institutional Strengthening of the Republic of Armenia for the Creation of a System for Protection of the Rights of Consumers" implemented with the Office of Competition and Consumer Protection of the Republic of Poland, the Commission organised events aimed at the regulation of relations regarding the discounts and other campaigns, which led to legislative amendments.

The purpose of the legislative amendment was to create necessary, predictable and specific legislative grounds for a campaign, which will contribute to fair trade, including the improvement of the competitive landscape and enhancing the level of protection of consumer rights.

For the purpose of the fulfilment of this goal, the concept and types of campaigns, concept of a discount and terms for application thereof, including time limitations etc., requirements for the measures other than those related to the change in the price for the sale of goods or delivery of services and performance thereof, as well as requirements for informing about the campaign, including terms for the publication of information about the campaign and for termination thereof, legal consequences envisaged for the implementation of a campaign contradicting law were prescribed.

After the legislative amendments on campaigns (discounts), the Commission undertook to hold large-scale events to raise public awareness of the regulations envisaged by the legislative amendments thereof and the legal consequences resulting therefrom. Press conferences, interviews, TV reports were held, press releases were disseminated, explanations were given, also, public discussions were initiated with the participation of state officials, economic entities, representatives of non-governmental organisations and journalists. During the discussions the legal regulations regarding the discounts and other campaigns, as well as comments in relation to certain provisions were presented, the concerns of economic entities in the law enforcement phase were heard and responded to, objective issues that had to be solved were highlighted.

It was reported that due to legislative amendments and measures aimed at raising public awareness, the conduct of economic entities improved significantly, in particular, they started to apply real discounts and adhere to the requirements with regard to raising awareness about campaigns. This serves as an evidence of the acceptance by economic entities of the fact of offences in the specified field and the application of expedited proceedings.
**Prevention of offences with the application of the soft law mechanism**

Guide to the introduction of an antitrust compliance

The scientific progress, technical resources and information technologies, as well as emerging technological markets creates prerequisites to circumvent antitrust regulations by hindering the possibilities to reveal and prevent the actual and potential offences in the field of economic competition by competition bodies.

With regard to this, in recent years along with envisaging strictly imperative regulations by the legislation on protection of economic competition, mechanisms and instruments of the soft law aimed at encouraging economic entities to adhere to the regulations enshrined by the competitive legislation shall be adopted. One of such instruments is envisaging regulations regarding the system of ensuring the alignment of the antitrust compliance to the requirements of the antitrust legislation.

As a result of analysing the international practice, it should be stated that the introduction of an antitrust compliance in a number of countries has been applied quite efficiently contributing to the improvement and development of the business landscape in the country, as well as to the preservation of the highly competitive economic activity.

Taking the aforementioned into consideration, the Commission undertook to perform works aimed at the introduction of the antitrust compliance by developing a guide for the purpose of assisting economic entities to become closer to the competitive legislation, more aware of the consequences caused by their conduct, as well as to make the negative legal consequences that were caused by the infringement of the competitive legislation foreseeable for them.

**Prevention of infringements in the audiovisual media sector**

Guide on the rules of conduct of the distributors of audiovisual programs and network operators in the audiovisual media sector

During the activity of the Commission, it was required to periodically respond to the problems that were caused with regard to the contractual relations with network operators in the scope of granting the right to the dissemination of audiovisual programs to the distributors, including to the mechanisms of price formation and application of discriminatory conditions.

The Commission was frequently informed that the calculation of the price for the right to rebroadcasting shall be based on the number of the subscribers of network operators, meanwhile the distributors do not actually have an opportunity to verify the credibility of the collected information. While discussing the issue on the bias of the set prices, the Commission spent a lot of resources to verify the credibility of the information of the data on the number of subscribers presented by network operators.

Taking the aforementioned into consideration, as well as the necessity to make the conduct of distributors and network operators more certain and foreseeable, the Commission developed the guide on the rules of conduct of the distributors of audiovisual programs and network operators in the audiovisual media sector.

The guide demonstrates the relations with regard to the rules of conduct of the distributors of audiovisual programs and network operators in the audiovisual media sector, in particular, the relations with regard to the price policy in the scope of granting the right to the dissemination of the programs and to contractual provisions.
3.2. Conclusions

Ensuring competitive terms in the sector of the sale of substitutes of tobacco products

Conclusion

on the issues of economic competition of the draft decision of the Government "On approving the technical regulation for the security of the substitutes for tobacco products and declaring the decision of the Government of the Republic of Armenia No 675-N of 29 April 2021 ineffective"

In the conclusion No 30-A on the issues regarding economic competition of the draft decision of the Government of 25 January 2022 "On approving the technical regulation for the security of the substitutes for tobacco products and declaring the decision of the Government of the Republic of Armenia No 675-N of 29 April 2021 ineffective", the Commission raised the following question:

Do the regulations of the Draft ensure equal competitive terms for all the substitutes for tobacco products?

As a result, the Commission considered the issue of not including heated tobacco products among the substitutes for tobacco products and not envisaging regulations thereof as problematic.

The Commission noted that the necessity for the current regulation of those products was conditioned by ensuring equal competitive terms for the economic entities selling the given products, and when the draft does not envisage regulations for the turnover of heated tobacco products, unequal competitive terms may be created for economic entities selling the given product and the substitutes for the tobacco product while performing an activity in the market.

Taking the aforementioned into consideration, the Commission suggested that the question for the regulation of heated tobacco products shall be discussed in line with the logic of draft regulations.

As a result of the conclusion issued by the Commission, the regulations envisaged for heated tobacco products were not declared ineffective.
3.3. Concentration and State Aid

**Concentrations**

In 2022, the Commission allowed 54 concentrations, out of which 2 were horizontal, 5 were vertical, 26 were mixed, and 21 were conducted among a group of people. It is notable that in 2022 a number of economic entities forming a group of people preferred the mechanism of presenting the list of economic entities involved in a group of people and their substantiations to the Commission and applying thereof to declaration for the concentration, as a result of which the Commission made 16 decisions on placing the list of economic entities involved in the group of people on the official website of the Commission, which assumes that the latter may carry out the reorganisations, activities and transactions taking place between them without a declaration.

Among other things, in the scope of the evaluation of the permissibility of the concentration, the Commission also discussed the question of horizontal concentration among credit organisations in the financial sector, concentration with an insurance company in the insurance, leasing sector, concentrations among the companies delivering telecommunications services, etc.

**State Aid**


According to the procedure for the evaluation of state aid, the following were prescribed:

1) types and phases for the evaluation of state aid;

2) concept of state aid, moreover, the terms for state aid;

3) procedure for the evaluation of the issue of availability of support in minimum permissible amounts;

4) procedure for the evaluation of the issue of state aid being prohibited;

5) procedure for the evaluation of the issue of availability of state aid permissible by law;

6) procedure for initiating proceedings for the evaluation of state aid;

7) peculiarities for the evaluation of state aid before the provision thereof;

8) peculiarities for the evaluation of state aid after the provision thereof.

The development of the procedure created solid legal grounds for more effective implementation of the preventive and control capacities of the Commission, detection of prohibited state aid and exclusion of manifestations hindering competition.

In line with the improvement of the legislative framework, the Commission also introduced a simplified mechanism for the provision of information on state aid by creating an opportunity to submit them via the e-Compete electronic system.

After the reforms made in the field of state aid, the Commission undertook to raise the level of awareness of state bodies and to take measures to clarify the questions regarding the provision of information on state aid. A meeting was organised with the participation of representatives of state bodies providing state aid, during which the legislative regulations on the protection of economic competition regarding state aid were presented, the possibilities and advantages of presenting information on the provided state aid via the e-Compete electronic system of the Commission were presented, other questions regarding the provision of information were heard and responded.
It was reported that due to the reforms and events aimed at raising public awareness, the cooperation in this field between the Commission and state bodies providing state aid became more distinct and effective. This serves as an evidence of the fact that in 2022 information was received on around 140 cases of state aid, 130 of which were received via the e-Compete electronic system of the Commission.

### 3.4. Trainings held by the Commission

Given the peculiarities of the competitive legislation and the problems occurring in the law enforcement practice, the Commission considered the interpretation of the regulations specific to the competitive legislation and peculiarities of the application thereof, as well as holding training courses for specialists among its critical missions of 2022.

In particular, on 28 December 2022 members of the Commission held training for judges and persons involved in the list of candidates for judges on the topic "Fundamentals for the Protection of Economic Competition" in the Academy of Justice.

On April 12-20, the Armenian State University of Economics held training for lecturers on the topic "Competitive relations."
4. INTERNATIONAL COOPERATION

In the course of 2022, the Commission continued its active participation in conferences, seminars being organised on international platforms, expanded and strengthened the international cooperation for capacity building, study of the international practice and introduction of the best practice.

**Multilateral cooperation**

The Commission cooperates with the following international structures:

- **Interstate Council for Antimonopoly Policy of CIS Participating States (including the Coordination Council on Advertising)**

- **Eurasian Economic Commission (EEC) (Department for Antitrust Regulation, Department for Competitive Policy and Department for Policy in the Sector of State (Municipal) Procurements)**

- **United Nations (UN) Conference on Trade and Development (UNCTAD)**

- **Organization for Economic Cooperation and Development (OECD)**

- **Regional Centre for Competition of the Organisation for Economic Cooperation and Development in Budapest (OECD-RCC)**

- **Competition Network Among the Competitive Authorities of the Member States of the EU Energy Community**

- **International Competition Network (ICN)**
**New collaborations**

In 2022, the Commission submitted an application to the supervising group of the International Competition Network in order to join the Framework on Competition Agency Procedures of the International Competition Network. This is a new platform for cooperation with great opportunities for the competitive authorities of the member states of the International Competition Network to take the predictability and influence of the competitive situation to the maximum with the application of joint principles, at the same time taking the administrative burden of the participants acting in different legal regimes and application systems to the minimum.

In 2022 the Commission started to cooperate with Stanford University in the scope of the "Antitrust Legislation Programme", whereto competitive authorities from 63 countries joined. The main purpose of the programme is the application of the digitalised legal analysis in the process of the detection of anti-competitive behaviour.

**Participation in the events organised on international platforms**

**Annual conference of the "International Competition Network" organisation in Berlin**

During the meetings that took place in the scope of the conference, arrangements were made on new areas of cooperation with foreign colleagues.

**20th session of UN Conference on Trade and Development (UNCTAD) on the competition law and political inter-governmental group in Geneva**

During the session, the Chairperson of the Commission, who acted as the main reporter, delivered a speech on the challenges of the reinterpretation of the application of competitive legislation, the influence of the coronavirus pandemic on the critical social markets, effective responses and economic recovery.

In particular, the mechanisms for the detection of anti-competitive agreements and other possible violations in the process of state procurements, the possibilities for conducting joint studies and creating joint working groups were discussed with the Head of the Portuguese Competition Authority. The possibilities for the exchange of experience and implementation of training programmes were discussed with the President of the U.S. Federal Trade Commission.
21st world conference entitled "Objectives of the Competition Policy" of the Organisation for Economic Cooperation and Development (OECD) in Paris

In the framework of the event, a wide scope of issues aimed at development of bilateral cooperation was discussed with the Head of the Competition Authority of France. The issues of competition in digital markets, protection of rights in the field of competition and introduction of the antitrust compliance, as well as the development of further cooperation in the scope of various international programmes were particularly addressed.

International conference on competition in Athens

During the conference, discussions with the participation of the competitive authorities of the European Union and high-ranking officials of the European Commission took place on the issues of critical importance regarding the policy of competition, as well as on the ways to foster cooperation among the competitive authorities.

Seminars organised by Budapest Regional Centre for Competition of the Organisation for Economic Cooperation and Development (OECD RCC)

4 employees of the Commission took part in the seminars organised by Budapest Regional Centre for Competition of the OECD, which took place in Hungary and Croatia.

The informative videos on the competition issues created by Budapest Regional Centre for Competition of the OECD were translated into Armenian and are available through the links below:

- Abuses of a dominant position in 7 minutes [https://youtu.be/9IX6zAXVgcI](https://youtu.be/9IX6zAXVgcI)
- Effective studies of the market in 7 minutes [https://youtu.be/01mgPv42cP8](https://youtu.be/01mgPv42cP8)
- Specification of the market in 8 minutes [https://youtu.be/nOepwLy0rMk](https://youtu.be/nOepwLy0rMk)
- Effective study of anti-competitive agreements in 8 minutes [https://youtu.be/GRITcq_VpEq](https://youtu.be/GRITcq_VpEq)
Session of the Interstate Council for Antimonopoly Policy (ICAP) of CIS participating states in Moscow

During the session a decision was rendered to draw up reports entitled "The activity of the CIS participating states in separate markets of products critical for the society under the present conditions", "The development of product markets of medicines in CIS states", "Application of the competitive legislation over the objects of intellectual property", "The law enforcement practice of CIS states in the field of unfair competition" in the scope of the activity of the headquarters for joint studies of the violations of the antitrust legislations of CIS participating states acting under ICAP in the course of 2023.

Meetings of the executives of Competent Authorities of the EEU Member States with the participation of the member of the collegium on the issues of competition and anti-monopoly regulation of the Eurasian Economic Commission (Minister) held in the so-called “5+1” format

CPC Chairperson delivered a report on the improvement of the methodical grounds and secondary regulatory legal base in the sector of the protection of competition in the Republic of Armenia, in particular, the Chairperson addressed the adoption of around 18 regulatory legal acts ensuring the enforcement of the new amendment to the Law "On the protection of economic competition", which are aimed at ensuring a more transparent and predictable application of the institutes and mechanisms newly established by the law for businesses by highlighting the fact that the solutions and regulations presented in those acts may be useful from the perspective of the improvement of the legal base of the EAEU.
International programmes

Technical assistance programme "EU-EBRD Support to the State Commission for the Protection of Economic Competition in Armenia"

The programme is realised through the joint efforts of the European Union, European Bank for Reconstruction and Development and the World Bank, and is financed by the European Union.

In 2022, in the scope of the programme, the guide on “Unreasonably high and unreasonably low prices” was developed, which shall regulate the relations with regard to the Commission determining the unreasonably high and unreasonably low prices set by the economic entity having a monopolistic or dominant position in the product market and the guide on the "Specification of product markets", which shall regulate the relations with regard to determining the product markets by the Commission.

Joint study of the "Sector for delivering cargo transportation services" was also carried out with international experts.

For the purpose of exchange of experience and development of capacities, visits were made to a range of European countries. In particular, in the Federal Republic of Germany, the evaluation and control of concentrations, mechanisms for the detection of anti-competitive agreements in state procurements, the programme for leniency of liability measures were studied, in the Republic of Lithuania, the European practice for performing an activity aimed at advocacy, detection of anti-competitive agreements, control of concentrations, detection of cases of abuse of dominant position and methodology for market research were studied. In the Republic of Italy, employees of the Commission passed trainings on topics such as "Market protection", "Competition and state procurements", "Abuse of dominant position in digital markets", "Evaluation of concentrations", and in the competitive authority of the Republic of Austria, the exchange of experience was carried out regarding topics on anti-competitive agreements (cartels), concentrations and area studies.

In the scope of the programme, the employees of the Commission also took part in the courses of the summer school of micro econometrics, which took place in the Kingdom of Spain, in the international conference on anti-competitive agreements, which took place in Portugal, as well as in the 16th annual conference on Competition and regulation (CRESSE), which took place in the Republic of Greece.


In the scope of the programme, the Commission shall get support in two attributes:
- Legal and economic contribution for the purpose of control of state aid,
- Support for the development and enforcement of mechanisms necessary for the application of the provisions of the Law "On the protection of economic competition" regarding anti-competitive activities of state bodies and the officials thereof.

In 2022 in the scope of the programme, the Commission developed and adopted the procedure for the evaluation of state aid.

The employees of the Commission took part in the online training course on the topic "Fostering stability and competition in Armenian markets", during which the expert of the World Bank made an exhibition entitled "Importance of structures for the control of state aid to foster equal competitive conditions in the market."
Technical support programme in the scope of the "SME resurgence and the role of competition policy in the Post-COVID-19 Period Programme" in partnership with the UN Conference on Trade and Development (UNCTAD)

Official consultations were held with the participation of the representatives of the Commission, UNCTAD, Ministry of Economy of the Republic of Armenia, Office for Entrepreneurship Support, "Enterprise Armenia" foundation, Unit for Competition of the Eurasian Economic Commission. During the event, participants set forth questions on the evaluation of the impact of the competitive landscape on the activity of MSME, accessibility to electronic commerce, including international online payment systems, engagement of MSME-s in the process of state procurements and improvement of mechanisms, raising awareness of sectoral legislation, as well as development of applicable skills for the implementation of electronic commerce in the COVID-19 and post-COVID-19 period.

The Commission took part in the video conference on the topic "The role of the competitive policy in the re-establishment of SME-s in the post-COVID-19 period", which took place in partnership with the UN Conference on Trade and Development (UNCTAD), United Nations Economic Commission of the countries of Asia and those surrounding the Pacific Ocean and Competition Commission of Thailand and presented its remarks on the guide "Support to SME-s to recover from the COVID-19 pandemic" developed by the Competition Commission of Thailand.

«Strengthening of the institutional capacity for consumer protection system in the Republic of Armenia» with assistance to the Office of Competition and Consumer Protection of the Republic of Poland

In the scope of the programme, an exchange of experience was carried out on topics "Anti-competitive agreements in the process of procurements", "Secret agreements", "Contractual privileges", "Legal analysis – presentation of a screening (with regard to contractual privileges)", in the course of which the approaches and the best practice Poland adheres to in the specified field have been studied.

The knowledge acquired and practice studied in the scope of the programme served as a key incentive to undertake legislative reforms aimed at the introduction of mechanisms for the prevention of abuses by economic entities having contractual privileges.

Technical support programme for the Commission of Fair Trade of the Republic of South Korea

In 2022 in the scope of the cooperation with the Commission of Fair Trade of the Republic of South Korea and technical support programme provided thereof, the employees of the Commission took part in the online workshops on topics "Law of competition and policy: recent development and
notable cases" and "Digital economy: trends and possibilities for improvement", in the course of which they got to know the approaches and practices Korea adheres to in order to overcome ongoing challenges that competitive authorities face.

**Bilateral cooperation**

Given the effectiveness of cooperation with the Office of Poland for the Protection of Competition and Consumer Interests and prioritising the necessity for continuing that cooperation, in 2022 a Memorandum of Understanding "On cooperation in the sector of application of competitive legislation and policy" was concluded between the Commission for the Protection of Competition and Office of Poland for the Protection of Competition and Consumer Interests.
## 5. FINANCIAL AND ECONOMIC ACTIVITY

Event of the "Protection of Economic Competition Programme" No 1034-11001 of 2022
"Development and Control of Policy in the Sector of the Protection of Economic Competition of the
Republic of Armenia"

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<td>Actual expense in cash</td>
<td>Performance of budget, %</td>
</tr>
<tr>
<td>----</td>
<td>----------------------------------------------</td>
<td>---------------------</td>
<td>----------------</td>
<td>------------------------</td>
<td>--------------------------</td>
</tr>
<tr>
<td>16</td>
<td>Ongoing repair and maintenance of buildings and structures</td>
<td>4251</td>
<td>300.0</td>
<td>300.0</td>
<td>100.0</td>
</tr>
<tr>
<td>17</td>
<td>Ongoing repair and maintenance of vehicles</td>
<td>4252</td>
<td>3,423.9</td>
<td>3,176.0</td>
<td>92.8</td>
</tr>
<tr>
<td>18</td>
<td>Office materials and apparel</td>
<td>4261</td>
<td>1,301.0</td>
<td>1,066.9</td>
<td>82.0</td>
</tr>
<tr>
<td>19</td>
<td>Transport materials</td>
<td>4264</td>
<td>3,070.4</td>
<td>3,014.0</td>
<td>98.2</td>
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<tr>
<td>20</td>
<td>Household and public catering materials</td>
<td>4267</td>
<td>1,647.9</td>
<td>1,480.2</td>
<td>89.8</td>
</tr>
<tr>
<td>21</td>
<td>Other materials for special purposes</td>
<td>4269</td>
<td>800.0</td>
<td></td>
<td>0.0</td>
</tr>
<tr>
<td>22</td>
<td>Mandatory payments</td>
<td>4823</td>
<td>288.3</td>
<td>288.3</td>
<td>100.0</td>
</tr>
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</table>
6. PRIORITIES FOR 2023

In order to reveal the possible cases of trying to prevent, limit, prohibit economic competition and damage the interests of consumers, to ensure the required setting for fair competition, given the great impact on economic growth and consumer welfare, the Commission plans to perform studies in the following areas in 2023:

- Delivery of transportation services via electronic platforms;
- Energetics (except for the gas supply system);
- Tobacco production;
- Financing of small and medium enterprise entities;
- Bodyguard activity.

Regulation of the problem of delayed payments by economic entities having contractual privileges

As a result of disproportion of the negotiating positions between trade networks and suppliers, problems such as showing discriminatory approach to the selection of suppliers, applying discriminatory discount policy, postponing payments to suppliers, limiting entry of new economic entities by trade networks arise.

In transactions, a delay of payments is not only an issue of ethical responsibility, it also negatively affects the cash flow of suppliers, especially small ones, the liquidity thereof may be seriously affected, as a result of which the latter may be left out of the market. The culture of delayed and not agreed payments harms not only the parties of the transaction and interests of consumers, but also the economy.

In this context, in order to balance the interests of trade networks and suppliers, harness the possible risks and ensure a fair, equitable and competitive landscape, the Commission prioritises expansion and improvement of the mechanisms for the implementation of preventative and control capacities, regulation of the problem of delayed payments for supplied products by economic entities having "contractual privileges" in the sector of agriculture in the near future. The application of the recently introduced digital tools shall also have a significant role in identifying and controlling the specified problems.

Expansion of capacities in the sector of the protection of consumer interests

Protection of consumer interests is among the priorities of the activity of competitive authorities: ensuring free and fair economic competition always positively affects consumer welfare. At the same time, we need to improve and pay more attention to the protection of consumer interests, for the purpose whereof the Commission plans to expand the scope of activities in this regard by effectively preventing, revealing, as well as giving alternative solutions to the different manifestations of unfair competition affecting consumer interests by economic entities.

In this context, raising the level of consumer awareness is also an important attribute, for the purpose whereof works shall also be done.