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Russian Regional Governors Rebuked for Trying to Quell Food Price Inflation

By The Moscow Times

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Regional governors who tried to limit markups on food products as prices soared have been chastised for overstepping their authority and violating anti-monopoly law.

Russia's Federal Anti-Monopoly Service sent a letter to regional governors saying the regions do not have the right to pass acts limiting wholesale or retail prices except "in situations provided for by federal law," the anti-monopoly watchdog said in a statement Tuesday.

Year-on-year food price inflation soared to a high of 24.7 percent in March, driven up by a steep devaluation of the ruble and Russia's bans on a range of food imports from the West last August in response to Western sanctions over the Ukraine crisis.

As food prices climbed, some regional authorities took extraordinary measures. In December, as the ruble fell around 10 percent against the U.S. dollar over the month, the government of

the Tyumen region in central Russia ordered distributors to keep markups on the wholesale prices of some food products to 15 percent or less, the Kommersant newspaper reported.

The Tyumen government repealed its order on April 20 after receiving the Federal Anti-Monopoly Service's letter, the watchdog said.

Governors in the Rostov, Kurgan, Kaluga and Krasnodar regions took similar actions, either agreeing with retailers on limits to retail markups or fixing prices on certain products, according to Kommersant.

In its statement, the anti-monopoly watchdog said that not only injunctions — such as the Tyumen government's order — are at risk of violating Russian anti-monopoly law. Even an order with a "non-binding character" can be viewed as breaking the law if the authorities are able to prove that retailers obeyed the recommendation, the statement said.

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