

In 2012 the Macedonian Commission for Protection of Competition filed misdemeanour charges against four electricity trading firms on suspicion that they created a cartel so they could dictate the price for electricity imports through their bids in a January 2012 tender. Later in the year the customs office also charged three electricity trading companies additional customs duties, saying that they had used various methods to evade paying these fees.

In December 2011 and January 2012 tenders were published for electricity imports to cover shortages due to increased consumption (very low temperatures combined with high use of electricity for heating). In late January 2012 the Government instructed ELEM, the state electricity generator, to submit all tender documentation for review to the Commission for Protection of Competition. This findings are presented by Balkan resource group and Bankwatch.

On 27 March 2012 the Commission for Protection of Competition filed misdemeanour charges against four electricity trading firms on suspicion that they broke the law by colluding on their bids for the tender for the procurement of electricity launched by ELEM in January 2012.

The Commission considered that it had reasonable grounds to suspect that four companies - GEN - i, Rudnap Group, ESPADA and EFT - created a cartel organisation so they could dictate the price for electricity imports and have an advantage over other firms also bidding in this tender.

The companies accused have denied all allegations, stating that there is healthy competition on the electricity market.

It is interesting that Čedomir Kraljevski was dismissed as President of the Commission for Protection of Competition in April 2012, just one month after these cases were brought to light, though he remained a member of the Commission. There is no news on why the President was replaced, though the Government replaced numerous officials at the time in a re-shuffle it called the New Wave, which was carried out in 22 institutions and agencies but did not involve the replacement of any Ministers.

Charges of cartel activity do not seem to have harmed the position of those alleged by the media to be involved: Indeed, Kocho Angjushev a founder of one of the companies, EFT, left the company in February 2013, a year after these charges were filed, and was elected President of the Macedonian Energy Association (MEA) at the Chamber of Commerce.

Several months after the media reported the case of the alleged cartel activities, in November 2012 the Macedonian Customs Office announced that during routine inspections comparing the quantities of electricity in the country which passed customs checks with data on the quantities of import, export and electricity which passed the transmission system for the period 2010-2012. The Customs Office found major irregularities at three electricity trading companies, after which decisions were adopted for additional payment of

customs duties for about 113 million Denars (EUR 1.8 million EUR).

In the first case, a company from Skopje evaded customs duties totalling approximately 79.4 million Denars (EUR 1.3 million). During 2011 and 2012 the company delivered a total of 154,790 MWh electricity but some of the imported electricity had been illegally removed from customs supervision without paying customs duty amounting to 71.6 million Denars (EUR 1.16 million). Also the Customs Office discovered annexes to the General Agreement for sale of electricity where the unit cost per MWh electricity which was purchased was significantly higher compared with the unit price at which it was declared, and thus the company avoided a payment of customs duties for a further 7.8 million Denars (EUR 0.12 million)

In the second case, a company from Skopje evaded paying customs duties of about 30 million Denars (EUR 0.5 million), and the Customs Office adopted two decisions on additional payment of customs debt. In the third case, the Office charged additional customs duties of 3.5 million Denars (EUR 0.06 million) for electricity which was earmarked for one company but actually re-sold without paying appropriate taxes.

The official statement does not identify the companies that evaded taxes. However, the weekly journal Faktor reported it had unofficially learned from 'government sources' that the companies were Rudnap and Gen - i. There is no publicly available information on whether the companies paid what they owed, or whether prosecutions have ensued.

Source; Balkan Policy resource group/Bankwatch