



CONSUMER PROTECTION AND PRICE CONTROLS IN UKRAINE

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Abstract

This article has shown evolutionary transforming the institutional basis of the state regulatory impact on the consumer market. Outlines the basics of institutional support state control over pricing and quality of consumer goods. The analysis of legislative and regulatory acts, including the Constitution and laws of Ukraine "On Protection of Consumer Rights" and "On prices and pricing" that serve as the basis for complex transmission mechanism of state influence on the consumer market.

Institutional support of price controls for two decades have passed no easy way of helpless efforts to curb the wave of massive rise in price of production during the liberalization of prices to stabilizing the price dynamics of multifactor means of influence. The task of the state is not the freezing level of prices, and operative and objective tracking prices in order to establish civilized norms of pricing, creating limitations for abuse of monopoly position, followed by appropriate macroeconomic impact of the Government and the National Bank on consumer prices.

One of the main components of the institutional basis of the state which effectively protects the rights of its citizens is the right to independent consumer organizations to participate in the protection of consumers. Democracy begins "from below" - through the participation of every citizen in resolving issues related to their living conditions, the most effective means of engaging citizens is public awareness, public consultation, public control, audit, monitoring. Existing consumer legislation and the law "On Local Self-Government in Ukraine", give every opportunity to include in the charter of the territorial community participation of citizens as consumers in resolving common to all residents of the community the most important priority for consumer services.

Keywords: *Consumer prices, consumer protection, the impact of state, implementation*

1 THE INSTITUTIONAL FOUNDATIONS OF REGULATORY PRICING MECHANISM.

The most common and simplest in terms of organization is a form of price control by means of restrictive measures on price levels and their

individual components. While a market economy based on the competitive basis functioning of enterprises based on consideration of the individual demand and optimizes their costs precisely calculated before going on the market with their goods. Therefore, the role of state regulatory processes consists in influence on the formation of optimal cost and should be limited to the indicative regulation of the process the use of limited resources, the creation of unified planning

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methods and cost accounting that enable enterprises of different industries and ownership forms freely choose the structural elements of costs and spending records to compare prices for components of different manufacturers and products. The state should motivate enterprises to increase profitability by increasing production, improving product quality and increased efficiency rather than by easy way - higher prices for their products.

Economic and legal justification of principles price formation's processes is contained in the Law of Ukraine "On the Prices and Pricing", adopted at the end of 1990, which proclaimed most free pricing by economic entities for their products, regardless of ownership and subordination. According with Article 9 the government has the right to introduce state fixed or regulated prices and tariffs for resources that have a decisive influence on the general level and dynamics of prices for goods and services that are of critical social importance, and also on products, goods and services whose production is concentrated in enterprises that take monopoly position in the market that allotted by this government. In Article 10 of the Law, cautions to change the state fixed and regulated prices, allowed in connection with a change in the conditions of production and realization that are independent of economic activity of enterprises. However, as shown subsequent practice, this caution in an open economy did not play a deterrent role. Actually low efficient in terms of mass overpricing was and a special body, on which was entrusted obligation to exercise control over the observance of state discipline prices - the State Inspection for Control over prices. The purpose of activity this body was operative tracking of price dynamics on certain objects for monitoring and inspection exercise, during which in the case of breach of discipline prices take appropriate measures of influence to prevent unreasonable raise the prices of goods and services. The State Inspectorate for Prices has to protect the legitimate interests of citizens to influence on enterprise entities for the purpose of stability price dynamics, apply economic and administrative sanctions Infringements of state discipline of prices. Control measures were carried out in the form of checks validity of rules approved by the ministries and departments, enterprises and organizations within the limits of

their authority and regardless of ownership and management, prices and rates, inspection besides relied coordinating the work of state control over prices with other regulatory agencies and public institutions.

Regulation "On the State Inspection for Price Control" provided for wide enough powers, so during control checks of inspectors have the right to request the available bookkeeping documents, books, reports, calculation, etc., associated with the installation and use of prices, despite a trade secret. Employees inspection during the inspection may inspect production, storage, trade and other premises of enterprises and organizations that are used for the manufacture, storage and sale of goods and raw materials, and in case of violations of price discipline to demand their immediate elimination, suspend the operation of business entities in the accounts of banks and other financial and credit institutions. By results of the checks decisions were made about the use of the violators provided by the law of economic sanctions and considered as administrative penalties.

However, the State Inspectorate for Prices could not significantly counteract the inflationary process for several reasons. Firstly, the machine control authority was a not numerous and could not cope with the help of inspections of overpricing, as each verification required lengthy analytical work specialist. Secondly, the price inspection does not become a major element of a unified system of price controls, and could not become generator departmental and public control of pricing. Thirdly, were no institutional preconditions for the release prices which has led a strong motivation for the majority of economic entities in period of inflation expectations to an unjustified increase in prices, stop which are low-power control authority was not able to do.

During this period of formation the State authorities tried directive to set the limits of profitability, but released and the prevailing aggregate demand over supply rapid strides influence on price dynamics. Also fixing the standard profitability because the ratio of profit to the cost price cannot be a complete stabilizer, since in practice such regulator level due to the effect Averh-Johnson, which provides that an increase in fee income is possible if unchanged its

relation to costs and built up by increasing the denominator, in other words, an increase in production costs.

Price regulating legislative and regulatory framework, formed during the high inflationary development of the economy, was low efficient basis to contain prices. Made by the Government on the "fire order" at the end 1992 temporary provision "On state regulation of prices and tariffs", based on a command-administrative approach. His first action was circulated for public enterprises that regularly inflated the price or have a monopoly, later resolution of Cabinet of Ministers № 153 of 3 February 1993 his action was extended to non-state enterprises. While the mass was performed overpricing by economic entities, government price controls could not cope with the tasks to conduct price monitoring, thoroughly check the accuracy of products costing and control consumer prices.

Low effectiveness of regulatory measures in conjunction with the financial instability in 1993, gave rise to the highest, in recent history Ukraine inflation, and therefore the deepest decline in production so the amount of national income in 1994 decreased by 24.3%, while industrial production fell by 28% (Economy of Ukraine in 1994, 1995).

Effective monetary policy of the National Bank through the introduction into circulation of the hryvnia and favorable external financing of the economy gradually helped to achieve a relative stabilization of prices. Approaches in the use of instruments of influence on price were changed, government has moved from wide impact of regulatory means to narrowly direct. Cabinet of Ministers accepts October 21, 1994 resolution № 733 "On the pricing in restructuring the economy", which aims to bring the pricing adjustment mechanism to similar the existing sub-systems in developed market economies. Firstly, was reduced the range of regulated products, reduced by 30% for the declared price, limited use of marginal price levels and profitability levels within the limits of socially significant goods and services. Secondly, declaring the changes of prices began to apply only to businesses that occupied natural or artificially monopoly position in industry and regional markets. Thirdly, held decentralization of regulatory processes: more

and more rights in the field of control and direct impact on the price situation given for regional and branch of government. The regional authorities of executive power regulating the prices of fuel for the population, tariffs for public transport, water and heating, drainage, boundary trade allowances bread- products, fruit-vegetable products long term storage, drugs, limit levels of profitability for harvesting and grain enterprises. These powers were granted to the regional administration by the Cabinet of Ministers of Ukraine of 25.12.1996 № 1548 "On Establishment of Authority bodies of executive power and executive organs of city councils for the regulation of prices (tariffs)", State Department of Coal Industry, Ministry of Defence, Ministry of Transport, Ministry of Communications, Ministry of Finance set prices and tariffs on products of their subordinate enterprises. Fourthly, the government rejected the budgetary grants enterprises reducing costs of subsidizing housing and communal services.

These results were obtained by improving the mechanisms of direct price regulation that took of the two main directions: on the one hand, improved the legislative base for the prevention and elimination of price abuses of monopoly formations, on the other - introduced restrictive measures on prices of imported goods. High monopoly prices began to be seen as an abuse of its position, and treated as a violation of consumer rights under the Law of Ukraine "On Protection of Consumers' Rights", on the contrary monopoly low prices violated the competition and covered by the Law "On protection from unfair competition". Anticompetitive recognized any actions business entities that contradict the rules of trade and other fair customs in entrepreneurial activity. (Zakon, Law of Ukraine "On Protection Against Unfair Competition" from 06.07.96, 1996) Accepted in 1995 resolution № 135 which approved the "Regulations on the state regulation of prices (tariffs) for products of industrial supplies, consumer goods, works and services monopolies". Adopted in 1998, the Instruction "On the Procedure for the use of economic and financial sanctions by the state price controls" more clearly than previous normative documents regulated procedure for determining the price violations, and take measures to subjects that allows them. (1998) In particular, the bases for the application of penalties are:

- Accruals extra charges are required by law to regulated prices and tariffs;
- Use of free prices and tariffs for products with the introduction of the regime for their regulation;
- Use of product prices on the profitability level which exceeds the marginal;
- The use of prices in violation of established procedure of the obligatory declaration their change;
- Inclusion in the structure regulated prices are not provided by the law or the costs over set size;
- Inclusion in the cost of production, the price of which is regulated, not actually performed or not performed in full service (work);
- The use of trade and supply and marketing allowances in excess of the threshold;
- The use of prices and tariffs imposed in violation of other methods of regulation.

Over these violations was calculated amount unreasonably received revenue that was subject to seizure and absented in the income of the budget and used a fine of twice the amount of such revenue.

Started in 1994, disinflation in Ukraine, which was a consequence of the stabilization process in the money market and improving regulatory pricing levers of influence, changed in 1998 the initial stages of sporadic price shocks, the economy from time to time was going through sharp jumps in prices, which were caused by exchange rate fluctuations, changes in energy prices, price volatility of certain commodity markets. The application of state indirect effects on the price level rarely practiced: commodity interventions food from state reserves held impulsively, dotted only in certain regions, which of course could not stabilize the price situation.

Since the beginning of new millennium government accepted a number of legislative and regulatory documents whose purpose was to adequately and timely impact on the price increases. In 2000, the Cabinet of Ministers adopted resolution providing for provisions on State Inspection for Price Control, which defines that the main task is to carry out a governmental body control and supervisory functions for compliance with central and local executive bodies, The Council of Ministers of the

Autonomous Republic of Crimea, enterprises, institutions and organizations of the requirements for the formation, establishment and application of prices and tariffs. Pursuant to this Resolution the government authorized inspection to carry out except control and supervisory functions in economic entities control over the formation and use of cost of services that provided by various state governments on a fee basis for additional resources for their maintenance. Their cost formed on the basis of departmental normative documents and allowed during the budget deficit and reduces public spending enough to live comfortably in some public authorities. In order to streamline and unify approaches to monitoring studies Government adopted Resolution of the Cabinet of Ministers of Ukraine from 13.06.2002 № 803 “On measures for the monitoring of prices and tariffs for the consumer market”. Resolution approved list of socially important goods and services which is held constant monitoring of prices and tariffs for the consumer market and conduct monitoring of prices and tariffs for the consumer market. In order to use the possibility of timely repayment of price fluctuations and the peculiar of preparation to price shocks state returns to the mechanism of influence on the formation of housing and communal tariffs by providing conclusion on the economically-based planning costs, and declare the value of socially important goods are produced by local manufacturers adopting “The order of formation of tariffs for removal of domestic waste”, the Cabinet of Ministers of Ukraine of 26 July 2006 № 1010, and “The order of formation of tariffs for maintenance of buildings and structures and adjacent areas”, the Cabinet of Ministers of Ukraine of June 01, 2011 № 869 and “The order declaration of change wholesale selling food prices”, approved by the Cabinet of Ministers of Ukraine of 17 October 2007 № 1222.

In 20011, the Decree of the President of the State Inspection for Price Control was eliminated as a body. Six months, and if you count the organizational and preparatory period then almost a year in the state had no authority to which relied function of price controls. It is difficult to understand the logic but January 19, 2012 President of Ukraine signed a decree according to which was re-established State Inspection of Ukraine on price control and appointed its leaders.

March 30 approved the Regulation on inspection, and on 21 June, Parliament adopted a new law "On Prices and Pricing", which entered into force on 3 August. (Zakon, 2013) Due to these actions Inspection has acquired the status of the central executive body. Cabinet of Ministers of Ukraine in July this year the decision was made on the creation of territorial divisions State Inspectorate which are the structural units of the State Inspectorate staff, the number of employees they have reduced in tens times and reached 2-3 specialist in accordance with the provisions of the inspection, the main task for today are:

1. implementation of the state policy of price control by:
 - carrying out continuous monitoring, analysis and study of the dynamics of prices (tariffs) for the consumer market and operational support of the Cabinet of Ministers of Ukraine, government forecasting and analytical materials on the expectations of the price situation in the country;
 - introducing to Minister, central and local executive authorities proposals on the methods of influence on economic processes and price situation in the consumer market;
 - provision in cases provided by law, the conclusions on the economic justification of expenditure during the formation of prices (tariffs) for goods, works and services in respect of which introduced state regulation of prices (tariffs);
2. submission for consideration of Minister proposals for formation of state policy of price control.

Additions to existing legal instruments expanded powers and have the right carry out checks, but insignificant staffing number of territorial subdivisions of the State Inspection of Ukraine on price control does not allow effectively implementing the supervisory and controlling functions, this indicates that the state holds more hope for prevention, pre-pricing measures. The government also held a consistent policy on the provision of public available effective and quality medicines. The state operates a model of state regulation of prices, which is based on the National List of Essential Medicines (Resolution

Of Cabinet of Ministers Ukraine of 25 March 2009 № 333), that can satisfy the basic health needs of the population and who are selected based on evidence of effectiveness, expediency safety and rate of "cost-effectiveness".

At this time of all registered medicines, more than 40% of items are regulated at the state level. Besides the National List of Essential Drugs aimed at execution of programs related to state guarantees of Ukraine's population health care in inpatient and outpatient conditions, there is a list of drugs whose prices are subject to regulation and which will be able to purchase health care institutions, wholly or partly funded from state and local budgets, according with resolution Cabinet of Ministers of Ukraine on September 5, 1996 № 1071 and according with the order of Ministry of Health of Ukraine dated February 27, 2006 № 86. By the Order Ministry of Health of Ukraine dated 29 December 2011 № 1000 (as amended) has approved mandatory minimum range (socially oriented) medicines and medical products to pharmacies. Supervision of compliance with license conditions in pharmacies and pharmacy posts, including the execution of resolutions of the Cabinet of Ministers of Ukraine and the orders Ministry of Health of Ukraine, which affect the pricing policy of medicines, by the State Service for Medicines. Institutional support of price controls for two decades have passed no easy way of helpless attempts to curb the wave of massive rise in production during the liberalization of prices to stabilizing the price dynamics multifactor means of influence. The task of the state is not the freezing of prices, and operative and objective tracking prices in order to establish civilized norms pricing, creating limitations for abuse monopoly position, followed by adequate macroeconomic impact of the Government and the National Bank on consumer prices.

2 INSTITUTIONAL ARRANGEMENTS FOR CONSUMER PROTECTION.

The implementation of the national policy development of protecting the rights of citizens as consumers, in Ukraine began to ensure the legal and organizational - structural basis for the formation of the institutional framework in the country. Ukraine was the first country from the former USSR camp where was adopted by the Supreme Council of 12 May 1991 the Law "On

Protection of Consumers' Rights" which came into force on 1 October 1991. The law contained many fundamentally new for the Ukrainian law provisions, but because of lack of experience in this field of law-making, the original edition of the Law has not acquired the necessary consistency and completeness of its content repeatedly was amended and supplemented. According with the Cabinet of Ministers on July 1, 1992 (№ 297) was created a State Committee of Ukraine on Consumer Protection (State consumer protection). (Resolution, 1992) Later in accordance with the decree of the President of Ukraine "On Changes in the structure of the executive power" of 15 December 1999 was formed the State Committee for Standardization Metrology and Certification of Ukraine (State Standard) based on former State Committee of Ukraine on Consumer Protection and the State Committee Ukraine for Standardization, Metrology and certification. At the present stage the Ministry of Economic Development and Trade of Ukraine is the legal successor of the State Service of Ukraine for Technical Regulation in the part of formation and implementation of state policy in the sphere of technical regulation (standardization, metrology, certification, assessment (confirmation) compliance, quality management), well as formation and realization of the state policy in the field of consumer protection (other than functions for the implementation of state policy on state control in the field of consumer protection; functions of formation and realization of state policy on safety of food products). By Presidential Decree of 31 May 2011 the Regulations on the Ministry of Economic Development and Trade of Ukraine № 634/2011 in accordance with the tasks assigned to it were approved to:

I.

- ensure the formation and realization of state policy in the sphere of technical regulation (standardization, metrology, certification, evaluation (confirmation) of compliance accreditation of conformity assessment, quality control);
- ensure formation of state policy in the field of protection of consumer rights and exercises control over its realization;
- ensure interdepartmental coordination in the field of technical regulation and protection of consumer rights;
- organize the development of projects normative and legal acts on the protection of the rights and interests of consumers, advertising, standardization, metrology, certification, assessment (confirmation) of compliance quality control and approve them;
- organize public discussion drafts of normative legal acts that can severely affect the scope and content of the rights and interests of consumers;
- provide together with other central executive bodies, the Council of Ministers of the Autonomous Republic of Crimea, regional, Kyiv and Sevastopol city state administrations annual report on the status of the rights of consumers, bring it to the attention of state and local self-government;
- develop draft regulatory legal Acts regarding state support for the implementation of quality management systems according to the requirements of national and international standards;
- contribute to the development and implementation of quality management systems in the executive bodies, local authorities, enterprises, institutions and organizations;
- organize information support of the executive authorities, local authorities, enterprises, institutions and organizations on the implementation of quality management systems;
- take part in organization work on preparation and improvement of professional skill specialists in quality management, developing appropriate curricula, organization of fundamental and applied research in the field of quality management;
- provide generalization and promotion through the mass media, including its own web portal, national and international experience in quality management systems, organizes and participates in scientific international and national events with such matters;
- take part in organizing and realization of measures for cooperation with regional,

- European and international organizations for quality management;
- organize and monitors the introduction of quality management systems in the executive bodies, local authorities, enterprises, institutions and organizations;
- organize and coordinate activities in the field of standardization, develops and approves regulations in this area;
- form the program works on standardization;
- take measures to harmonize national standards are developed with relevant international (regional) standards;
- organize the development and harmonization of technical regulations and other regulatory legal acts on standardization;
- establish rules for the development, approval, acceptance, review, change and loss of force of national standards, their designation, classification by type and other features, coding and registration;
- approve and adopt national legislation in accordance with the standards, rules and classifications established practice;
- perform in accordance with the laws of the registration standards and other regulations;
- by request of the relevant of central executive authorities, create a list of national standards in the case of voluntary application is proof of conformity to product requirements with technical regulations, and the absence of such standards, arrange for their development;
- take measures to fulfil obligations resulting from the participation of Ukraine in international (regional) organizations of standardization;
- decide on the establishment and termination of the technical committees of standardization, determine their powers and the order of creation;
- organize creation and maintenance of a national fund regulations and the National Information Centre for International Information Network ;
- carry out on behalf of property rights to national standards, rules established practice, classifiers and directories;
- organize according to laws of distribution official publications of national standards, rules established practice and classifiers and other printed matter concerning the accepted national standards and documents relevant international and regional organizations standardize and delegate these powers to other organizations;
- organize the provision of information services for Standardization;
- support and promotes cooperation between producers, suppliers and consumers of products, processes and services and relevant government authorities in standardization;
- approve regulations on the national accreditation body, the position of the Accreditation Council and its composition, description and rules for the application of the national mark of accreditation rules for determining the value of accreditation, and exercise other powers on these issues;
- coordinate the activities of the development and revision of technical regulations;
- provide a program to develop technical regulations;
- consider accordance with the legislation draft technical regulations and submit comments on them, approves the projects and submits in the prescribed manner to the Cabinet of Ministers of Ukraine;
- organize the assessment of equivalence of Ukrainian and foreign technical regulations and provide appropriate proposals to the Cabinet of Ministers of Ukraine;
- maintains a registry of technical regulations;
- appoint the proposals of central executive bodies, which charged with technical regulations in certain areas, conformity assessment bodies and with the involvement of the central authorities monitors (supervision) conformity assessment bodies designated compliance with legislation, adopts decisions in accordance with the law on the abolition of destination;
- lead National Register of designated conformity assessment bodies;
- provide proposals for Ukraine's accession to the international (regional) systems of certification, the conclusion of international agreements in the field of assessment (confirmation) of compliance, makes decisions on the procedure for recognition of

- work carried out by the certification of other states;
 - coordinate the work of the central bodies of executive power in certain spheres of activity of the evaluation (confirmation) accordance to legislatively regulated sphere;
 - organizes the development of projects normative and legal acts establishing common requirements and rules of procedure of evaluation (confirmation) in the legislatively regulated sphere;
 - provides methodological assistance to central executive authorities in the drafting of laws and other normative legal acts of evaluation (confirmation) of conformity;
 - organize the preparation and attestation of auditors from certification;
 - hold and coordinates work according to the laws of ensure the functioning of the state system of certification;
 - keep the Register of State Certification System (National Register of certificates of compliance) and a register of declarations of conformity;
 - appoint certification bodies;
 - approve the list of products subject to compulsory certification in Ukraine;
 - examine the controversial issue of testing and certification compliance with the rules;
 - provide information on software evaluation (confirmation) of compliance and certification;
 - take part in relevant international and regional organizations of consumer protection, standardization, metrology, certification, evaluation (confirmation) of compliance, of quality management;
 - perform state management of traceability in Ukraine, provides a unified technical policy in the state to ensure traceability;
 - coordinate activities to ensure the functioning and development of the state metrological system;
 - coordinate the activities of the metrological service of Ukraine;
 - approve the staff of the Scientific and Technical Committee on Metrology and position of it;
 - organize holding of fundamental research in the field of metrology;
 - develop or takes part in the development of state scientific and technical programs related to ensuring the uniformity of measurements;
 - develop and approves in accordance with the laws normative legal acts and normative documents in the field of metrology and metrological activity;
 - organize the establishment and functioning standard base of Ukraine establishes the order of creation, approval, registration, storage and usage of standards and verification of standards with other states and international standards;
 - offer in the prescribed manner benchmark of the status of state;
 - set the definition of the basic units of the International System of Units (SI), the name and definition of derivative units SI, decimal multiples and partial units of SI, allowed off-system units and their designations and rules of writing, makes decisions on provisional application in a particular field of measurement units that are not included in the SI, multiple and partial to them;
 - organize and conducts the state metrological control and supervision;
 - approve the provision of metrological services of ministries and other central bodies of executive power;
 - provide representation and participation of Ukraine in international, European and regional metrology organizations;
 - organize and conducts the certification of production enterprises engaged in processing, recycling or destroy the circulation of substandard and unsafe products;
- II.**
- provide the formation of state policy in the sphere of state market surveillance and supervise its implementation;
 - perform within the limits the competence of national market surveillance;
 - approve position of the Council of market surveillance and its composition, considering it developed proposal provides organizational and informational support its work;

- evaluate market surveillance submissions to the Cabinet of Ministers of Ukraine conclusions, recommendations and suggestions for improving the organization of market surveillance developed based on the results of this assessment;
- provides the functioning and free access to the national information system of the market surveillance system and immediate mutual notification about the product, which is a serious risk;
- coordinates activities in Ukraine's access to international, regional and foreign systems of communication about the product that poses a serious risk;

III.

- develop appropriate proposals for harmonization normative and legal acts and regulations with international, including European, rules and standards that define requirements for trading activities and activities in the field of public services;
- develops and approves rules for trade in certain groups of goods, the provision of public services, work facilities restaurant industry, the implementation of different types and forms of trade, limiting the size of the write-off loss products in enterprises of trade and restaurant industry, and also order of their application state norms in commercial activities and domestic services;

In the Ministry of Economic Development exist permanent consultative and advisory body - the Council of State market surveillance, which is formed in order to prepare the agreed proposals on organization implementation of state market surveillance and control of non-food products. Ensuring implementation of the state policy in the field of consumer protection, standardization, metrology and certification implementation of management in this area, and also inter-sectoral coordination of functional regulation on consumer protection, standardization, metrology and certification shall through the system under the jurisdiction of state enterprises, which includes:

- State Enterprise "Ukrainian Scientific Research and Training Center of

Standardization, Certification and Quality" (SE "UkrSRTC", Kyiv);

- National Scientific Centre "Institute of Metrology" (NSC "Institute of Metrology", Kharkiv);
- State Enterprise "Scientific-Research Institute of Metrology Measurement and Control Systems" (SE "SRI system", Lviv);
- State Enterprise "Ukrainian Centre for Certification and Consumer Protection" Kyiv;
- 28 local state enterprises of Standardization, Metrology and Certification;

They provide technical regulations as the basis of reliable consumer protection through a system of standardization, metrology, and certification:

Standardization - is an activity that is in establishing provisions for common and repeated use on existing or potential tasks to achieve the optimal level of regulation in a particular area, which results in the increase of the degree of conformity of products, processes and services to their functional purpose, remove trade barriers and promote scientific and technological cooperation.

Metrology - is the science of measurement, which includes both theoretical and practical aspects of measurement in all fields of science and technology.

Certification -is procedure by means of which recognized in the prescribed manner authority certifies the conformity of products, quality systems, quality management systems, environmental management systems, personnel requirements established by law.

Consumer policy - is the creation of favorable conditions for the saturation of the consumer market with quality and safe goods (works, services) increase the level of protect the health and safety of consumers, improving the legislation of Ukraine on protection of consumer rights and its adaptation to EU legislation.

Accordance with resolution of Cabinet of Ministers of Ukraine dated 13 September 2002 № 1371 "On the procedure of participation of the central bodies of executive power in the activities of international organizations of which is Ukraine" and on an agreement "On holding coordinated policy in the

field of standardization, metrology and certification” signed by Community of Independent States member-states March 13, 1992 in Moscow, Ukraine is represented in 9 international, national and regional organizations for standardization, metrology and certification:

- International Organization for Standardization (ISO);
- International Electro-technical Commission (IEC);
- European Committee for Standardization (ECS);
- European Committee for Standardization in electrical engineering (ECSEE);
- International Organization of Legal Metrology (IOLM);
- General Conference on Weights and Measures (GCWM)
- Organization of Eurasian Cooperation of National Metrological Institutions (COOMET);
- European Association of National Metrology Institutes (EURAMET);
- Interstate Council for Standardization, Metrology and Certification (ICSMC).

Legislative normative basis that covers consumer protection has more than one hundred normative and legal documents and for the period of the state more than once was changed and perfected. Besides, the Minister of Economic Development and Trade of Ukraine in the process of consumer protection involved a number of government agencies:

- The Ministry of Justice of Ukraine control over compliance norms of law-making and law enforcement;
- The Ministry of Health of Ukraine in accordance with the Regulations approved by the Cabinet of Ministers of Ukraine dated November 2, 2006 № 1542, exercises control over the production, appropriate mode of storage and marketing, quality drugs (Resolution No. 1542, 2006);
- The Ministry of Regional Development, Construction and Housing and Communal Services of Ukraine in accordance with the Regulations approved by the Cabinet of Ministers of Ukraine of 12 May 2007 № 717 protects the rights of consumers of utility

services within its powers defined by law (Resolution No. 717, 2007);

- Ministry of Agrarian Policy and Food of Ukraine in accordance with the Regulations approved by the Cabinet of Ministers of Ukraine of November 1, 2006 № 1541, provides according to the legislation implementation of state control and supervision over the quality and safety of agricultural products, raw materials and food, storage and sale; organizes certification of crop production, livestock, including breeding (genetic) resources, poultry and food processing industries (Resolution No. 1541, 2006);
- Ministry of Finance of Ukraine in accordance to the Regulation approved by the Cabinet of Ministers of Ukraine of 27 December 2006 № 1837 carries out state control over the circulation and accounting precious metals and precious stones, precious stones of organogenic origin and semi-precious stones (Resolution No. 1837, 2007);
- Ministry of Infrastructure of Ukraine in accordance to the Regulation approved by the Cabinet of Ministers of Ukraine on June 6, 2006 № 789, organizes and controls in accordance to the legislation work related to the safety of vehicular traffic and take measures to reduce the harmful effects of the operation of transport on the environment and ensure environmental safety in transport (Resolution No. 789, 2006);
- Ministry of Ukraine of income and charges in accordance with Art. 8 of the Law of Ukraine “On State Tax Service of Ukraine” are working to combat the illegal circulation alcohol and tobacco products (Zakon, 1991), and in accordance with Art. 11 of the Customs Code of Ukraine, taking measures to protect the interests of consumers of goods verification of (establishing authenticity) certificates of origin of goods from Ukraine (Mytnyy kodeks Ukrayiny, 2002);
- Antimonopoly Committee, in accordance with Art. 3 of the Law of Ukraine “On the Antimonopoly Committee of Ukraine”, exercise state control over observance of the legislation on protection of economic

competition on the basis of equality before the law, businesses and the priority of consumers, prevent, detect and deter violations of the law on protection of economic competition (Zakon, 1993);

- The local state administrations in accordance with Art. 16 Law of Ukraine “On Local State Administrations” exercise state control over the observance of the producers of standards, technical specifications and other requirements related to its quality and certification, compliance with sanitary and veterinary regulations, collection, recycling and disposal of industrial, household and other waste observance of the rules of beautification; compliance with trade regulations, consumer, transport, public services, legislation on consumer protection. (Zakon, 1999)

The realization of state policy in the sphere of state control over observance of the legislation on consumer protection by the State Consumer Inspection of Ukraine which is a specially authorized central body of executive power in the sphere of state control over observance of the legislation on consumer protection and activity is directed by the Cabinet of Ministers of Ukraine through the Minister of Economic Development and Trade of Ukraine. According to the approved by the President on April 13 of 2011 Regulations major tasks of the State Consumer Inspection of Ukraine are:

1. implementation of state policy in the areas of:
 - state control over observance of the legislation on consumer protection and advertising in this area;
 - State market surveillance;
 - State supervision over compliance with technical regulations, standards, rules and regulations;
2. submission for consideration Minister proposals for public policy in the areas of consumer State Inspection of Ukraine.

State Inspectorate for Consumer Ukraine shall exercise its powers directly and through its territorial bodies of the Autonomous Republic of Crimea, Kyiv and Sevastopol.

According with Art. 26 Law of Ukraine “On Local Self-Government” Local governments have the right to decide issues: adoption of Social and Economic development of the respective local communities, targeted programs on other matters of local government, according to the legislation establishing rules for trade in the markets for the violation of which provides for administrative responsibility. (Zakon, 1997) Based on the above responsibilities and needs of the community, local governments can create and fund from the budget of the territorial community own programs on consumer protection, as well as according with Art. 28 Law of Ukraine “On Protection of Consumer Rights” to create organizational units for consumer protection. (Zakon, 1997B) But, in reality, there are some major problems there are the lack of funds in the budget to create divisions and a certain deformation on the system of consumer protection by local authorities due to the mismatch of the current legal framework. For example in accordance with Article 28 of the Law of Ukraine “On Protection of Consumers' Rights” structural subdivisions on issues consumer protection executive bodies of local self-government is entitled in detection goods of improper quality without the required information or supporting documents suspend or discontinue the sale of goods, but check business entities on compliance with requirements of current laws on the protection of consumer rights, the right to give economic entities mandatory for execution orders to cease violations of consumer rights belongs only to the regional executive body in the field of consumer protection. Also, local governments may establish in accordance with the legislation rules for trade in the markets, but according with the Code of Ukraine on Administrative Violations impose penalties for violations of the current legislation on consumer protection can only territorial executive authority in the field of consumer protection. (Zakon, 1998)

From these examples it is clear that it is necessary legislation to resolve the institutional legal conflict regarding the distribution of powers between the regional bodies of executive power in the field of consumer protection and local authorities.

Within the limits of the Law “On Protection of Consumers' Rights” in Ukraine created a system of organizational and legal principles of activities of non-governmental organizations in the field of

consumer rights. Public associations consumers have the right to: conduct an independent examination and testing; to study consumer properties of products demand; to conduct a survey about the quality and price; organize legal and consultative assistance to consumers; to participate in the development of national standards; to protect consumer interests in government and the courts; contribute to the legal authorities materials to bring to justice those guilty of violating the rights of consumers and others. (Yazvinska & Ivanenko, 2001)

One of the main components of the institutional framework of the state which effectively protects the rights of its citizens have the right to independent consumer organizations to participate in the protection of consumers. Experience of democratic states demonstrates that democracy begins “from below” - through the participation of every citizen in matters relating to their living conditions, the most efficient mechanisms of involving citizens is public awareness, public consultation, public control, audit, monitoring. Existing consumer legislation and the law “On Local Self-Government in Ukraine”, give every opportunity to include in the charter of the territorial community participation of citizens as consumers in resolving common to all the inhabitants of the respective district (community), the most important, priority issues of consumer services, but should clearly define the scope of these issues and limit the powers of the community.

3 CONCLUSION

Summarizing it should be noted that one of the main tasks Ministry of Economic Development of Ukraine is holding effectively pricing and protection of human rights as consumers. To perform control functions in the state created such central executive authorities as the State Inspectorate of Ukraine of price controls, and the State Inspectorate of Ukraine on issues of

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consumer protection which at the present stage of development of our country there are not as effective as it need Ukrainian society and shows experience leading countries. In view of the above, it should be noted that this situation is due to several reasons:

- Low purchasing power and the level of satisfaction of physiological and spiritual needs of citizens, their legal exposure to the conditions of Liberalization state influence on the consumer market;
- A significant saturation of the consumer market counterfeit, adulterated and substandard products entering from both domestic producers and importers;
- Low efficiency of the judicial protection of the rights of citizens as consumers;
- Low efficiency of the existing system of state control over the consumer market and the lack of role and impact on the situation of public authorities, local governments and non-governmental organizations (structure and strength of the local inspection does not meet the requirements);
- Lack of clear distinction of rights and obligations between state authorities, local governments and community organizations;
- Due to orientation on subsequent control rather than on preventive measures increased administrative pressure on business entities, this is contrary to the principles of market economy and deregulation of business activities;
- The efficiency of local authorities calculated through indicators such as the number of violations, penalties, administrative violations whereas they must, first, to provide assistance to citizens in defending their rights in the courts and other authorities.

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