

Chapter 8 : Competition Policy

Objective

APEC Economies will enhance the competitive environment in the Asia-Pacific region by introducing or maintaining effective and adequate competition policy and/or laws and associated enforcement policies, ensuring the transparency of the above, and promoting cooperation among APEC economies, thereby maximizing, inter-alia, the efficient operation of markets, competition among producers and traders, and consumer benefits.

Guidelines

Each APEC economy will:

- (a) review its respective competition policy and/or laws and the enforcement thereof in terms of transparency;
- (b) implement as appropriate technical assistance in regard to policy development, legislative drafting, and the constitution, powers and functions of appropriate enforcement agencies; and
- (c) establish appropriate cooperation arrangements among APEC economies.

Collective Actions

APEC Economies have agreed to take collective actions to help achieve these goals. These actions are contained in Collective Action Plans (CAPs) which are updated annually. The current CAP relating to competition policy can be found in the [Competition Policy Collective Action Plan](#).

APEC Principles to Enhance Competition and Regulatory Reform

The APEC Leader's Declaration of September 1999 endorsed the following Principles:

Non Discrimination

- (a) Application of competition and regulatory principles in a manner that does not discriminate between or among economic entities in like circumstances, whether these entities are foreign or domestic.

Comprehensiveness

- (b) Broad application of competition and regulatory principles to economic activity including goods and services, and private and public business activities.
- (c) The recognition of the competition dimension of policy development and reform which affects the efficient functioning of markets.
- (d) The protection of the competitive process and the creation and maintenance of an environment for free and fair competition.
- (e) The recognition that competitive markets require a good overall legal framework, clear property rights, and non discriminatory, efficient and effective enforcement.

Transparency

- (f) Transparency in policies and rules, and their implementation.

Accountability

- (g) Clear responsibility within domestic administrations for the implementation of the competition and efficiency dimension in the development of policies and rules, and their administration.

Russia's Approach to Competition Policy in 2003

According to the Program of social and economic development of the Russian Federation for the period of the years 2002-2004 the most important direction of the Government activity in the sphere of competition policy will be

The elimination of privilege and preferences for special economic agents, leveling of competition condition on the regional and federal levels;

non-admission for regional authorities the carrying out of economic policy which contrary to the federal legislation, including:

prevention of the establishing of the barriers for movement of goods in all forms;

non-admission the establishing of the interregional barriers for movement of the labor force;

prohibition of the regional and local taxes, non envisaged in the federal legislation, providing of the individual tax prevencies.

In order to increase the effectiveness of control for economic concentration will be provided the access for the date base of regional legislation for all interested persons (both magistracy and entrepreneurs).

Also the uniform system of the goods markets monitoring on the federal and regional levels will be established

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Section	Improvements Implemented Since Last IAP	Current Competition Policies / Arrangements	Further Improvements Planned
<p>General Policy Framework</p>	<p>For the last years, economic policy of the Russian Government was aimed at creating favorable business and investment climate. Efforts of the Russian Government concentrated on providing equal conditions for competition, ownership protection, taking down redundant administrative barriers for business and investments, rising financial transparency of enterprises and organizations.</p>	<p>In accordance with article 2 of the Law of the Russian Federation on Competition and Restriction of Monopolistic Activities in the Commodity Markets the Law is active on the whole territory of the Russian Federation, also it is active in cases when activities or agreements, carried out or concluded outside Russia, result in restraint of competition or other negative consequences on republican or local commodity markets. This demonstrates that responsibility measures provided for in the Law are applied to the Russian economic entities and management organs independent of the place of illegal activities if the negative consequences of such activities resulted in Russia in republican or local markets.</p> <p>The application of the Law is extended first of all to the participants of the commodity market - economic entities (juridical persons and individual businessmen), as well as government and management bodies and individual officials. In accordance with Article 4 economic entities are juridical and private persons independent of their location (citizenship, residence, juridical address) which on their own behalf carry out economic activities, aimed at deriving a profit. The application of the Law is extended to Russian and foreign commercial organizations and their associations, as well as to public organizations carrying out commercial activities.</p> <p>The application of the Law does not extend to relations regulated under norms of legal protection of inventions, industrial models, trademarks and copyrights except cases when corresponding rights are intendedly used by their owners to restrain competition.</p> <p>Relations connected with monopoly activities and unfair competition on securities and financial markets, except cases when relations on these markets influence competition on commodity markets, are regulated by other legislative acts.</p>	<p>Next years competition policy in Russia must construct issue from accumulating practice of last years, taking to account sectoral priorities, formed structure of manufacture in the country.</p> <p>Offer steps must be connected with more effective activity of all bodies of state authority and government in the frames of development of competition on Russian markets and rise of competitiveness domestic producers on foreign markets. Complex of problems, objective standing before all system of economic reforms in Russia, explains necessity of broadening steps, aimed at extra progress of competition.</p> <p>Analysis of existing mechanisms of competition policy shows up the necessity of its intensification as fast as possible.</p>

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Section	Improvements Implemented Since Last IAP	Current Competition Policies / Arrangements	Further Improvements Planned
<p>Reviews of Competition Policies and/or Laws</p>	<p>In order to perfect legislation base for antimonopoly policy Federal law No. 122-FZ 09.10.2002 "On the Introduction of Amendments and Additions to the Law of the RSFSR on Competition and Restrain of Monopolistic Activity in Commodities Markets" was accepted, proceeding changes of goals and orientation of the law in general and some of its positions that is underline connection of the Law and fundamental principles of competition right, consolidated by Articles 8,34,74 of the Constitution of the Russian Federation; strengthening the control of acts, actions of the federal executive bodies, state executive bodies of the subject of the Russian Federation, local authorities, other bodies or organization entrusted with functions or authority of the above mentioned bodies limiting competition, supposing and expansioning of the sphere antimonopoly legislature;</p>	<p>Part 1 of Article 8 of the Constitution of the Russian Federation provides that common economic space, free transfer of commodities, services and financial resources, support for competition, freedom of economic activities are guaranteed in the Russian Federation. The legislation on competition comprises 4 federal laws: the Law on Competition and Restriction of Monopolistic Activities in Commodity Markets, the Law on Natural Monopolies, the Law on Advertising and the Law on Protection of the Competition in the Financial Services Market. The general trends of the State policy in the area of competition are summarized in the Law of the Russian Federation on Competition and Restriction of Monopolistic Activities in Commodity Markets. It sets out basic tasks of the federal antimonopolistic body - Ministry of the RF for antimonopolistic policy and business support - assistance in forming market relations by developing competition and enterprise; prevention, restriction and suppression of the monopolistic activity and unfair competition; State control over observance of the antimonopolistic legislation. The Federal Law "On protection of competition on financial markets", which was brought into force from 29.12.99, has stipulated the legislative premises to prevention and suppression by antimonopoly bodies of restraining of competition in financial markets. 01.07.2002 Code of Administrative Infringements stipulated strengthening amenability for violation of antimonopoly law. In accord to article 19.5 CoAI nonfulfilment of direction of the antimonopoly body in time bending imposition of a fine to official at the rate of 40 to 50 minimum wage, fixed by federal law, legal person from 200 to 1000 minimum wage. Article 19.7 stipulated levy of fine for render information or render</p>	<p>In order to perfect legislation base for antimonopoly policy elaborates a number of draft laws: -the draft Federal Law " On ammendments and additions to different legislative acts of Russia (in part of introduction of forfeit on combining functions of federal executive bodies and economic entities). - the draft Federal Law "On ammendments and additions to Law on Natural Monopolies" is stipulating introduction of norms, to clarify regulation of local natural monopolies, specifying of procedure of the state regulation the subjects of natural monopolies and definitions, used in the Law; - the draft Federal Law "On state aid" which provides for control over granting of state aid , yet there was stipulated the maintenance of competition in the markets of Russia in the deed.</p>

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	<p>introduction of brand new determination of monopolistic high price, rising of possibilities of proving of such kind of violation; creating of effective system of prevention and suppressing of facts of creating of discrimination conditions; concretizing of definitions used in Law; antimonopoly bodies shall have the right to issue to economic entities binding orders to fulfil the directions of implementation of the economic, technical, information or other demands; increasing threshold value of total cost assets of economic entities, when transactions and other activities of economic entities and natural persons in accordance to Articles 17, 18 of Law "On competition" are subject to consideration with antimonopoly bodies; optimization of the system antimonopoly control of economic concentration, supposing, on the one hand, the reception of the steps of nonadmission of groundless origin or strengthening of dominant position of economic</p>	<p>information not in time at the rate of 1 to 3 minimum wage, fixed by law, for natural person, to 30-50 for legal person.</p>	

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Section	Improvements Implemented Since Last IAP	Current Competition Policies / Arrangements	Further Improvements Planned
	<p>entities on commodities and financial markets, attend with limit competition, and, on the another hand, realization of policy of support grounded concentration, guaranteeing firmness of Russian enterprizes and competitiveness its products on world market.</p>		
<p>Competition Institutions (Including Enforcement Agencies)</p>		<p>The Ministry of Antimonopoly Policies and Support for Entrepreneurship (MAP of Russia) was established in September of 1998. The Ministry was assigned functions of the abolished State Antitrust Committee of the RF, the Federal Service on Control over Natural Monopolies in Communications of Russia, the Federal Service on Control over Natural Monopolies in Transport of Russia, the RF State Committee on Support and Development of Small Business.</p> <p>The ruling of the Government of the Russian Federation «On Approval of the Statute of the Ministry of the Russian Federation on Antimonopoly Policies and Support for Entrepreneurship» of July 12, 99, No. 793 defines objectives and functions of the Ministry, its rights, as well as rights of the Minister, standard operating procedure for the supreme collegiate bodies, standard operating procedure for the Ministry.</p> <p>Main objectives of the federal antitrust body are as follows: promotion of market relations on the basis of development of competition and entrepreneurship; prevention, restraint and suppression of monopolistic activity and unfair competition; public control over compliance with antimonopoly legislation.</p>	

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		There were organized 71 regional offices, which perform their functions in 86 administrative-territorial subjects of the Russian federation.	
Measures to Deal with Horizontal Restraints	<p>Ammendments introduced in the Law "On Competition" modified legislature base for realization activities of preventing and restricting anticompetitive agreements and concerted actions. In particular, clearly identified relation of legislator to concerted actions of competitive and noncompetitive economic entities to object their social danger for the state of commodity markets, established straight prohibition to conclude between competitors agreements, whose realization may cause fixing (maintenance) of prices (tariffs), discounts, mark-ups (subcharges), or increases, the division of the market by territory, by volume of sales or purchases, by the types of goods being sold, or by groups of sellers or purchasers (or customers); the refusal to conclude contracts with specific</p>	<p>Control over horizontal agreements, unfavourable for competition, is effected in accordance with Article 6 of the law «On Competition...» that forbids contracts, other transactions, agreements (in the following: agreement) or concerted practices, concluded between economic entities operating on the same commodity market(substitutes), which lead or may lead to:</p> <ul style="list-style-type: none"> - the fixing (maintenance) of prices (tariffs), discounts, mark-ups (subcharges), or increases; - the raising, lowering, or maintenance of prices at auctions and tenders; - the division of the market by territory, by volume of sales or purchases, by the types of commodities being sold, or by groups of sellers or purchasers (or customers); - the restriction of market access or elimination from the market of other economic entities as the sellers of specific commodities or the purchasers (or customers) thereof; - the refusal to conclude contracts with specific sellers or purchasers (or customers). <p>Also prohibited is the conclusion of contracts or concerted practices between economic entities being active on the market of the same commodity (substitutes) that lead or may lead to the prevention, restraint or elimination of competition and to the impairment the interests of other economic entities.</p> <p>Prohibited is the coordination of entrepreneurial activities of commercial organisations which have or may have as a result a restraint of competition.</p>	<p>Determination of agreements (concerted actions) is extremely complicated by conclusion of overwhelming majority of them in tacit (oral) form. A major problem in respect of investigation of horizontal agreements is to prove that the determined parallel acts of economic agents result not from their individual economic policy, but from a concluded agreement.</p> <p>With the purpose of strenthening responsibility for violation of terms of Law "On competition" was prepared law draft of federal Law "On introducing ammendments and additions to Article 178 Criminal Code of Russia".</p>

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	<p>sellers or purchasers (or customers). In general, in this part Russian legislature is harmonized with legislature of the world leading countries.</p>	<p>Based on a lawsuit instigated by the antimonopoly body, a violation of the above provisions shall constitute grounds for winding-up through a Court procedure with due process of law an organisation, coordinating the entrepreneurial activity.</p> <p>Under Article 6 of the law, agreements (concerted action) of competitor economic agents (potential competitors) having (in a position to have) an aggregate share of the market of a certain goods that exceeds 35 per cent, reached in any form, are forbidden and shall be deemed ineffective on the whole or partially under established order, if such agreements (concerted action) result or can result in restraint of competition.</p> <p>Agreements can be deemed contradicting antimonopoly legislation irrespective of the form of their conclusion.</p>	
<p>Measures to Deal with Vertical Restraints</p>	<p>Ammendments introduced in 2002 to Law "On competition" changes legislature base for realization activity to prevent and to suppress anticompetitive agreement and concerted actions. (see the previous section)</p>	<p>The control over vertical anticompetitive agreements is exercised in compliance with art.6 of the Law on Competition which bans the economic entities' agreements (concerted actions) that restrict competition.</p> <p>According to art.6 of the Law concluded in any form agreements (or concerted practices) concluded in any form between noncompeting economic entities, one of which occupies a dominant position, and the other is its supplier, or purchaser (or customer) thereof shall be prohibited and shall be held void, in whole or in part, according to the established procedure, if such agreements (or concerted practices) have or may have as their result a restriction of competition. The provisions of this paragraph are not applicable to economic entities whose combined share on the market of this specific commodity does not exceed 35%. Prohibited is the coordination of entrepreneurial activities of commercial organisations which have or may have as a result a restraint of competition. Based</p>	<p>The realization of steps of competitive policy, directed on control of vertical concentration need to not admit form of vertical integrated structures, which leads to conservation existing economic connections, decreasing of economic effective activities, small enterprises leaves these spheres.</p>

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		<p>on a lawsuit instigated by the antimonopoly body, a violation of the above provisions shall constitute grounds for winding-up through a Court procedure with due process of law an organisation, coordinating the entrepreneurial activity.</p>	
<p>Measures to Deal with Abuse of Dominant Position</p>	<p>Adopted in 2002 federal Law "On Competition" stipulated, besides, creating of effective system of prevention and suppressing of facts of creating of discrimination conditions; concreting of definitions used in Law; antimonopoly bodies shall have the right to issue to economic entities binding orders to fulfil the directions of implementation of the economic, technical, information or other demands;</p>	<p>The article 5 of the Law on Competition contains a general regulation that bans economic entities (group of persons), that have dominating position, activities that have or may have as their result the restriction of competition and (or) infringement of interests of other economic entities or individual persons. This regulation was further developed by inclusion into article 5 of the list of possible banned activities (corpus delicti).</p> <p>The availability of dominating position by economic entities (further - e.e.) in a market is not in itself unlawful according to Russian legislation. But attempts of a e.e., that is dominating in a commodity market, to keep or strengthen its position (market power) by using certain methods that facilitate general conditions of competition and restrict it, cause damage to competitors, as well as to other e.e. or individual persons, are considered to be a violation and should be stopped and eliminated by the antimonopolistic bodies.</p> <p>The list of the prohibited actions of the economic entities which is in par. 1, Article 5 includes:</p> <ul style="list-style-type: none"> - withdrawing a commodity from circulation; - imposing unprofitable conditions of the treaty to the counterpart; - including discriminatory conditions into the treaty; - creating obstacles to the access to markets; - infringing principles of price formation; - restricting production of a commodity which has demand; - non-substantiated refusal from concluding a treaty. 	<p>Development of mechanisms aimed to antimonopoly control of dominating economic entities' activities, that primarily concerns fuel and energy complex, as well as development of legislative ground for ascertainment and substantiation of monopolistic pricing (or dumping).</p> <p>Solution of problem of correlation between antimonopoly regulations' observance and state control (primarily tariff control) over natural monopolies.</p>

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<p>Measures to Deal with Mergers and Acquisitions</p>	<p>Activity of antimonopoly bodies in part of nonadmission of groundless economic concentration gained more wide and system character. General measure, stipulated by Russian antimonopoly legislation, directed on nonadmission of origin or strenthen dominant position of economic entities is consideration of petition and notification legal and natural persons, connected to processes of concentration market power. Adopted in 2002 the Federal Law "On Competition" stipulated the introduction of preliminary state control of conclusion anticompetitive agreements between economic entities, especially directed on realization anticompetitive price policy, to create barriers to enter to market competitors. Law stipulated optimization of system antimonopoly control of economical concentration, supposing, on one hand, the reception of the steps of nonadmission of groundless origin or strenthening of</p>	<p>Economic situation in Russia is characterized by intensification of processes of economic concentration that are substantiated by objective courses of activities: ongoing process of formation of big financial and industrial conglomerates, regulation of the investment portfolios of the banks, sale of large blocks of shares in the process of privatization.</p> <p>On the targets of the MAP of Russia is to prevent emerging in the domestic market of Russia new integrated structures of monopoly character as well as possibility of concluding in the frames of created structures some anticompetitive agreements. In this connection a problem of a control over economic concentration, including that when privatizing the state enterprises, creating reorganization and liquidation of the economic entities, of acquiring voting shares with authorized capital stock of the economic entities that can lead to predominance of the economic entities in the markets of the Russian Federation or to restricting competition.</p> <p>Articles 17 and 18 of the Law on Competition urge by applying a special state control to prevent merging or strengthening predominance i.e. to make inadmissible emerging reasons for violations on the part of the economic entities of the anti-monopoly legislation.</p> <p>Article 17 of the Law "On Competition" the merger and acquisition of commercial organisations whose total amount of assets according to the last balance sheet exceeds 200.000 times the minimum wage, fixed by federal law, shall be subject to a prior approval by the antimonopoly body.</p> <p>. The antimonopoly body shall be notified by the founders (participants) (one of the founders, participants), within 45 days from the date of state registration (or modification or amendment to the State Register of legal persons):</p> <ul style="list-style-type: none"> - on the formation, merger and acquisition of non-commercial 	<p>Important problem in frames of control of antimonopoly policy remains exposure of true owner some of the vertical integrated structures. This aspect forms an extra problem in creating mechanism of control cross ownership in the different fields of economic as well as broadening of international information exchanges consider this question. Besides, rise of effectiveness of state control of economic concentration, also definition of dominant position, exposure group of persons and affiliated persons, need system decision of problem interdepartmental exchange of primary information about activity of economic entities.</p>

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	<p>dominant position of economic entities on commodities and financial markets, attend with limit competition, and, on the another hand, realization of policy of support grounded concentration, guaranteeing firmness of Russian enterprizes and competitiveness its products on world market.</p>	<p>organisations (associations, unions, non-commercial partnerships) if there are at least two commercial organisations among the members of these organisations;</p> <ul style="list-style-type: none"> - on modification of the composition of participants (members) of non-commercial organisations (associations, unions, non-commercial partnerships) if there are at least two commercial organisations among the members of these organisations; - on the creation of commercial organisations if the aggregated amount of the assets of their founders (participants) exceeds, according to the latest balance sheet, 200.000 times the minimum wage, fixed by federal law, as well as on the merger or acquisition of commercial organisations if their aggregated amount of the assets exceeds, according to the latest balance sheet, 100.000 times the minimum wage, fixed by federal law. <p>According to Law "On competition" the following transactions shall be implemented with the preliminary permission of the antimonopoly body on the basis of an application from a legal or natural person:</p> <ul style="list-style-type: none"> - acquisition by a person (group of persons) of voting stock (shares) in the authorised capital of an economic entity, giving such a person (group of persons) the right to dispose of more than 20 percent of such stock (shares). The said requirement shall not apply to the founders of an economic entity at its formation; - acquisition by one economic entity (group of persons) of the rights of ownership or use of fixed or intangible assets of another economic entity where the value in the balance sheet of assets constituting the object of the transaction (related transactions) exceeds 10 percent of the value in the balance sheet of the fixed or intangible assets of the economic entity alienating or transferring the property; - acquisition by a person (group of persons) of the rights allowing them to determine conditions for the economic entity to conduct its entrepreneurial activity, or to perform functions of its executive body. <p>Preliminary consent to the conclusion of transactions shall be</p>	

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		<p>required where the total value in the balance sheet of assets of persons exceeds 200,000 times the minimum wage, fixed by federal law, or where one of them is an economic entity included in the Register of Economic Entities having a share of over 35 percent of the market for a particular commodity, or where the buyer is a group of persons controlling the activity of the given economic entity.</p> <p>The antimonopoly body shall be notified by application submitted by a legal or natural person within 45 days from the date of the realisation of the transaction if the total value of assets in the last balance sheet of the persons exceeds 100,000 times the minimum wage, fixed by federal law.</p> <p>Economic entities whose total value of assets in the last balance sheet exceeds 100,000 times the minimum wage, fixed by federal law, or the economic entities included in the register of economic entities having a share of over 35 percent of the market for a particular commodity, have the obligation to notify the antimonopoly body about the election of natural persons to the executive bodies, boards of directors (supervisory boards) within 45 days from the date of election.</p>	
Other Issues Addressed by Competition Policy	Assignment of the state financial resources may lead to injudicious utilization of the state financial resources, to containment of essential structural reformations of economy owing to artificial maintenance of non-competitive enterprises. Therefore the problem calls for definite regulation of matters connected	<p>As provided for in Article 4 of the law, unfair competition means any actions of an economic entity aimed at obtaining advantages in its business activity, which run counter to provisions of the existing legislation, business practices, requirements of integrity, good sense and justice and may cause or have caused damage to other competitors, or may damage their business reputation.</p> <p>Article 10 of the law contains an indicative list of forms of unfair competition which are largely similar to those specified in Article 10 of the Paris Convention of 1883:</p> <ul style="list-style-type: none"> - all acts that can bring about, in any way, confusion in respect of an enterprise, products and industrial or trade activity of a competitor; 	Guaranteeing of equal possibilities of management on commodities market, also by legal reglamentation of questions of order and procedure of assignment of licences in field of nature management, assignment of the state financial aid, such as subsidies, privileges, guarantees or other preferences for separate

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	to subsidizing and utilization of funds given by state, it primarily concerns distribution of federal and municipal funds. Elaborated draft law "On state aid", directed to establishment antimonopoly rules of rendering of the support by state separate enterprises or regions.	<p>- false allegations, in carrying out commercial activity, that can discredit an enterprise, products and industrial or trade activity of a competitor,</p> <p>- indications or allegations the use of which, in carrying out commercial activity, may mislead the public with regard to the character, mode of production, properties, usability and quantity of goods.</p> <p>Antimonopoly control over granting of state subsidies is substantively regulated by articles 7 and 8 of the Law. Nevertheless it is urgent to extend and clarify the regulations and that calls for development of law on state aid.</p>	<p>economic entities and regions, the development of competitive principles and maintenance of antimonopoly demands to accommodating of state prohibition and arrangement for state requirements</p> <p>Adopted Law "On state aid" will enable the authority to prevent uncontrolled and legally unfounded allocation of the funds which facilitates corruption and other economic crimes.</p>
Co-operation Arrangements with other Member Economies	<p>1.1 The participation of the delegation of the SETC in the Innovative Forum, Moscow</p> <p>1.2</p>	<p>1. Agreement between the Government of the Russian Federation and the Government of the People's Republic of China on cooperation in the Field of Combating Unfair Competition and Antimonopoly Policy (Beijin, 25.04.96).</p> <p>1.1. Co-operation with State Economic and Trade Commission People's Republic of China (SETC China) 2001 The visit of the delegation SETC headed by Mr. HOU Ynchun, Secretary-Genera of SETC, in Moscow; signing of the Protocol of meeting. Holding of the high level meetings and consultations on competition policy issues.</p> <p>1.2.Co-operation with the State Administrative Directorate for Trade</p>	<p>1.1 The visit of the delegation SETC in Moscow;</p> <p>1.2</p>

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	Commission of the Republic of Korea, the Interstate Antimonopoly Council of CIS countries and some competition bodies of East Europe; participation of Vice Chairman of KFTC in the session of the IAC of CIS, held in Tashkent	Series of educational projects 2000 Participation of the delegation of FTC Korea in "10 years of existence of the antimonopoly organs of the RF. Overall results and prospect", Moscow. 2001 Participation of the delegation of the MAP Russia headed of Minister Yuzhanov in International Symposium on competition, Seoul; Holding of the Fourth consultation, Moscow. 2002 Participation of the delegation of the MAP Russia headed of Minister Yuzhanov in International Symposium on competition, Seoul; Holding the Five and Six consultations on competition policy of MAP Russia and FTC Korea, Moscow, Seoul	KFTC in the Open Session of IAC of CIS, Sankt-Peterburg, September 2003
Activities with other APEC Economies and in other International Fora	2. Holding of the International seminar, May, Moscow region	1. Cooperation with the Fair Trade Commission of Japan The meeting of the Chairman Negoro with Minister Yuzhanov, Moscow Traning course for 10 representatives of MAP Russia in FTC Japan Holding of meeting and consultation on the issues of mutual interest. 2. Cooperation with the Antitrust Division of the US Department of Justice and US Federal Trade Commission In the frameworks of the cooperation exchange of information and methodological materials is carried out. Joint seminars on competition policy issues are been organized. 3. Participation in the APEC-OECD Cooperative Initiative on Regulatory Reform Participation in the First and Second Workshops (February,	Holding of meeting and consultation on the issues of mutual interest. 2. Holding of the joint consultations while consideration of concrete cases on violation of antimonopoly legislation. 3. Participation in the joint events of APEC-OECD

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	4. Sessions of Competition Law and Policy Committee Second session of the Global Forum on Competition	September 2001) 4. Interaction with the Organization of Economic Cooperation and Development Specialist from MAP Russia regularly participate in the sessions of Competition Law and Policy Committee, sessions of working groups of this Committee (on competition and international trade, on competition and regulation, on cooperation in the field of restricted business practice which influence on the international trade) and in the activity of international conferences and forums, organized OECD.	4. Sessions of Competition Law and Policy Committee presentation the review of Russian antimonopoly legislation on the Global Forum on Competition (February); participation in the preparation of the Regulation Reform Review of the Russian Federation (Competition Chapter)
Collective Actions			

Improvements in Russia's Approach to Competition Policy since 1996

Section	Position at Base Year (1996)	Cumulative Improvements Implemented to Date
General Policy Position	<p>The role of monopoly productions including natural monopolies may be mainly explained by the large scale of manufacture branches in the structure of Russian economy. One of the peculiarities of Russian monopolism is not highly concentrated production only but its narrow "technological" specialization. So the evident long-term target of antimonopoly policy is stimulating of technological production restructuring with strengthening of diversification processes.</p>	<p>For the last years economic policy of the Russian Government was aimed at creation of favourable business and investment climate in the country. Facilities of the Russian Government concentrated at providing equal conditions of competition, property rights protection, elimination of excessive administrative barriers for entrepreneur and investment activities, increasing financial transparency of enterprises and organizations.</p>
Reviews of Competition Policies and/or Laws	<p>Legislation on competition comprised 3 Federal Laws : Law "On competition and restriction of monopolistic activity at commodity markets" of 22 March 1991, Law "On natural monopolies" of 17 August 1995, the Law "On advertising" of 18 July 1995.</p>	<p>The fourth Law included into the legislation on competition was Federal Law "On competition protection at the market of financial services" adopted on 23 June 1999. Changing of constitutional and civil legislation, specifics of realization of market reforms in Russia provided the necessity of realization of amendments in the Law on competition. For these years several drafts of the Law were adopted but without changing the primary conception. With the aim of perfecting the legal base of antimonopoly policy the Federal Law "On introducing amendments and comments to the RSFSR Law "On competition and restriction of monopolistic activity at commodity markets" of 9 October 2002 №122-FL was adopted, which stipulated strengthening of state control over agreements and concerted actions of economic entities restricting competition (introducing state control from the party of antimonopoly bodies, excluding agreements between economic entities on creating barriers for competitors entering the market, especially aimed at conducting anti-competitive price policy).</p>

Improvements in Russia's Approach to Competition Policy since 1996

Section	Position at Base Year (1996)	Cumulative Improvements Implemented to Date
Competition Institutions (Including Enforcement Agencies)	A new Federal antimonopoly body - RSFSR State Committee on antimonopoly policy and new economic structures support - was established in 1990 in Russia. In 1995 it was reorganized to the State Antimonopoly Committee of the Russian Federation.	In 1998 the Ministry for Antimonopoly Policy and Entrepreneurship Support (MAP Russia) was established. The Ministry was responsible for the tasks stipulated in the Law on competition, regulation of communication natural monopolies activities and state support of entrepreneurship.
Measures to Deal with Horizontal Restraints	Control over horizontal anti-competitive agreements is executed in accordance with the Article 6 of the Law "On competition..." which bans agreements (concerted actions) of economic entities restricting competition.	Amendments introduced into the Law "On competition" in 2002 changed the legal base for implementation of activities on preventing and restricting anti-competitive agreements and concerted actions. Particularly, attitude of legislator to the concerted actions of competitive and non-competitive economic entities is clearly determined what is concerned the subject of their social danger for the state of commodity markets; the Law determines a direct prohibition on concluding agreements (between competitors) which may lead to fixing the prices (tariffs), discounts, extracharges, extrafares, dividing the market on territorial principal (on volume of sales or purchases, on goods assortment, on the range of buyers and customers), refusal on concluding agreements with certain buyers or customers. In general in this part Russian legislation is harmonized with the legislation of the leading countries of the world.
Measures to Deal with Vertical Restraints	Control over horizontal anti-competitive agreements is executed in accordance with the Article 6 of the Law "On competition..." which bans agreements (concerted actions) of economic entities restricting competition.	Amendments introduced into the Law "On competition" in 2002 changed the legal base for implementation of activities on preventing and restricting anti-competitive agreements and concerted actions. (see the previous section)
Measures to Deal with Abuse	Article 5 of the Law "On competition" contains a general	In accordance with the version 2002 of RSFSR Law "On

Improvements in Russia's Approach to Competition Policy since 1996

Section	Position at Base Year (1996)	Cumulative Improvements Implemented to Date
of Dominant Position	regulation that bans economic entities (group of persons) having a dominating position, activities that have or may have as their result restriction of competition and (or) infringement of interests of other economic entities or individuals. This regulation has developed by including the list of possible prohibited activities (corpus delicti) into Article 5.	competition" creation of effective system on preventing and restricting the facts of discriminative conditions should be provided: definitions specified, antimonopoly bodies have competence in giving instructions for provision of economic, technical, information and other requirements obligatory for implementation to economic entities.
Measures to Deal with Mergers and Acquisitions	Articles 17 and 18 of the Law "On competition..." by providing a special state control should prevent appearance or strengthening the dominant position, i.e. not to admit origin for infringements of the antimonopoly legislation by economic entities.	The last version of the Law "On competition" of 9 October 2002 stipulates introducing of preliminary state control over concluding anti-competitive agreements between economic entities, especially those which are aimed at conducting anti-competitive price policy, for creation barriers for competitors entering the market. The Law envisaged optimization of the system of antimonopoly control of economic concentration which means from the one side taking measures on non-admission of unjustified origin or strengthening of dominant position of economic entities at commodity and financial markets together with restriction of competition, and from the other side conducting the policy of support to justified concentration, providing sustainability of Russian enterprises and competitiveness of their production at the world market.
Other Issues Addressed by Competition Policy	Article 4 of the Law "On competition..." says that unfair competition means any actions of economic entity aimed getting advantages in entrepreneurial activity which contradict to the present legislation, customs of business ethics, requirements of respectability, rationality and fairness and which may cause damage or be detrimental to the other economic entities or which may hurt their business reputation. Article 10 of the Law contains an approximate list of the forms of	A draft Federal Law "On state aid" is worked out and have the purpose of establishing antimonopoly rules when certain enterprises, branches or regions are supported by the state. Granting state aid or exclusive rights may lead to irrational usage of public resources, restraining necessary structural changings in the economy through artificial maintenance of non-competitive productions. So a clear reclamation of the matters connected with provision and usage of state aid (especially public and municipal means) is needed.

Improvements in Russia's Approach to Competition Policy since 1996

Section	Position at Base Year (1996)	Cumulative Improvements Implemented to Date
	unfair competition, which mainly reproduce Article 10 of Paris Convention of 1883: all practices, which may in any way cause damage to the enterprise, production or industrial and trade activities of the competitor.	
Co-operation Arrangements with other Member Economies	Agreement between the Government of the Russian Federation and the Government of the People's Republic of China on cooperation in the Field of Combating Unfair Competition and Antimonopoly Policy (Beijing, 25.04.96).	Memorandum on cooperation between Ministry of the Russian Federation for Antimonopoly Policy and Support to Entrepreneurship and Fair Trade Commission of the Republic of KoreaCo-operation, 07.12.99, Seoul
Activities with other APEC Economies and in other International Fora	Cooperation with the Antitrust Division of the US Department of Justice and US Federal Trade Commission	Cooperation with UNCTAD, ICN, OECD and WTO (in two last as an observer). Participation in joint activities ATEC - OECD.