



FEDERAL ANTIMONOPOLY SERVICE

National Competition Promotion Plan for 2018 - 2020

Approved by the Executive Order of
the President of the Russian Federation
“On State Competition Policy Guidelines” of December 21, 2017 N 618

The Constitution of the Russian Federation

Part 1 Article 8

In the Russian Federation the integrity of economic space, free flow of goods, services and financial resources, support of competition, and the freedom of economic activity shall be guaranteed.

Part 2 Article 34

Economic activity aimed at monopolization and unfair competition shall not be permitted.



Overarching Goals and Priorities of the Plan as Provided for by the President's Executive Order

- Consider the development of competition as priority for legislative and executive power.
- Increase consumer satisfaction in variety and quality of goods and services and decrease in prices.
- Increase of competitiveness, innovativeness and efficiency of producers; improvement of their access to services of natural monopolies and public services.
- Economic growth, technological development, reduction of production costs, decrease of social tension, insuring national security.

Basic Principles of Competition Policy, as Provided for in the President's Executive Order

- Decrease of the share of entities established or controlled by the state or municipal entities in overall number of entities operating in the market.
- Equal conditions and freedom for doing business in the territory of the Russian Federation.
- Favorable conditions for SME development.
- Targeting state investments at development of competition.
- Creating conditions for investments in development of markets.
- Unacceptability of preventing economically justified deregulation of former natural monopoly markets and their conversion into competitive markets.
- Government control of tariffs based on covering costs of regulated organizations combined with reduction of production costs, efficiency growth in the long-term interests of consumers.

Basic Principles of Competition Policy, as Provided for in the President's Executive Order (cont.)

- Unacceptability of (price) tariff regulation in competitive market (except cases provided for by Laws of the Russian Federation).
- Development of competition in the spheres of economic activity of state enterprises, enterprises with state participation.
- Combining ex-ante and ex-post control to protect competition.
- Motivation of development of corporate competition compliance systems, especially by dominant companies.
- Transparency of anti-monopoly policy.
- Liability of public authorities and local governments for the implementation of state policy on the development of competition.
- Measurability of results of state policy of competition development.

Basic Principles of Competition Policy, as Provided for in the President's Executive Order (cont.)

- Motivation of conscientious business practices by government.
- Development of organized (exchange based) trade in Russia.
- Transparency of infrastructural monopolies.
- Transparency of public procurement, procurement of infrastructural monopolies and companies with state participation.
- Introduction of risk-oriented approach in practice of government control bodies.
- Improvement of anti-monopoly regulations under the conditions of development of digital economy, globalization in order to cease cross border abuses and increasing competitiveness of the Russian companies in the global markets.

Basic Principles of Activities of Federal Executive Authorities, as Provided for in the President's Executive Order

- Prohibition of introduction or maintenance of restrictions creating discriminatory conditions in certain type of economic activity, production and sale of goods and services, except cases provided for by Legal acts of the President or the Government of the Russian Federation.
- Prohibition of the unjustified interventions in commodity markets, including adoption of Acts and Decisions that may lead to restriction and abolishment of competition.

National Competition Promotion Plan: Key Indicators

- Ensure presence of at least 3 entities in each sector of the national economy with at least one of them being private (except natural monopolies and national defence sector).
- Decreases in the number of violations of antitrust law by federal and local government authorities in 2020 by not less than 2 times compared to 2017.
- In 2020 increase public purchasing from SMEs and social NCOs by federal and municipal authorities by 2 times compared to 2017. Increase of the share of such entities in purchases of certain legal bodies (i.e. state enterprises and enterprises with state participation), to 18% in 2020.



- Till July 1, 2018
 - Develop measures on development competition in sectors of the national economy with key indicators of results

Executed: the FAS Russia Order of August 29th, 2018 N 1232/18 «On the Approval of the Methodics on the Calculation of Key Indicators of Competition Promotion in the Branches of the Economy of the Subjects of the Russian Federation»

- Develop of plans of transition of some sectors from the state of natural monopoly to competitive market.

Executed: Directive of the Government of the Russian Federation of August 16th, 2018 N 1697-r «On the Plan of Measures («Road Map») for 2018 – 2020 on Competition Promotion in the Branches of the Economy of the Russian Federation and Transformation of Specific Natural Monopoly Spheres from the State of the Natural Monopoly to the State of Competitive Market»

Allocation of Tasks and Deadlines of the Plan's Implementation – RF Government (cont.)

- Till October 1, 2018
 - Compile a list of natural monopolies and other regulated entities which investment programs determined and implementation is controlled by the Government

Executed: Draft Resolution of the Government of the Russian Federation «On Investment Programs of the Subjects of Natural Monopolies and Holding of Public Discussions» (elaborated by the RF Ministry of Economic Development)

- Determine rules of non-discriminatory access to commonly accessed services of post and sea ports provided by natural monopolies.

Executed: Directive of the Government of the Russian Federation of December 22nd, 2018 N 1640 «On Approval of the Rules of Non-Discriminatory Access to the Commodity Market of Public Communication»; Directive of the Government of the Russian Federation of October 17th, 2017 N 1285 «On Approval of the Rules of Non-Discriminatory Access to the Services of the Subjects of natural Monopolies in Ports»

Allocation of Tasks and Deadlines of the Plan's Implementation – RF Government (cont.)

- Till February 1, 2019
 - Provide suggestions on reduction of administrative barriers restricting competition

Executed: FAS Russia letter to the Government of the Russian Federation N ЦА/106119-ПП/18 of December 24, 2018

- Approve measures on development of organized bidding in commodities markets, including formation of key commodity positions, setting market prices for groups of commodities, motivation of companies to participate in bidding, use of SME potential for bidding development.

Executed: FAS Russia letter to the Government of the Russian Federation N ДФ/809-ПП/19 of January 11, 2019

Allocation of Tasks and Deadlines of the Plan's Implementation – RF Government (cont.)

- Till March 1, 2019
 - Improve efficiency of anti-monopoly bodies, including:
 - Increase authority of staff members to decide on direction of investigation and procedural actions,
 - Exclude possibility of cancellation of decisions of anti-monopoly bodies with regards of local bodies of power and self - governance except when it is imposed by court,
 - Take measures aimed at adoption of the following policies by natural monopolies and companies with government participation with assets over 7 billion rubles or annual turnover over 10 billion rubles:
 - Insure non-discriminatory access of supplies to their purchasing,
 - Reduction of purchasing from a “single supplier,”
 - Develop policies on improvement of procurement and indicators of its efficiency, evaluation and training of procurement personnel

- Till July 1, 2019
 - Adopt regulation providing for unified procedure of development, approval and control of investment programs of natural monopolies and regulated entities in case the investment programs are financed with monetary means accounted for in calculation of tariffs,
 - Make annual evaluation of meeting target indicators provided for by the Plan of development of competition for 2018-2020 in order to estimate the state of competition and effectiveness of state competition policy; representatives of business community and experts should participate in the evaluation.

Allocation of Tasks and Deadlines of the Plan's Implementation – FAS Russia

- Include the following sections in the Annual Report on State of Competition in the Russian Federation*:
 - State and trends of development of competition in the RF, including indicators by international organizations;
 - Status of completion of measures (including plans of development of competition) and meeting target indicators provided for by the National Plan;
 - Major issues, trends and suggestions on development of competition in important sectors;
 - Evaluation of the state of competition in various Subjects of the RF;
 - Evaluation of the state of development of competition by Civil Society Institutions;
 - Development of cooperation with anti-monopoly bodies of countries of BRICS and Euro-Asian Economic Union, including preparation and conclusion of agreements aimed at detection and deterrence of anticompetitive agreements and abuses in cross-border markets.

** Pursuant to Clause 10 Part 2 Article 23 of the Federal Law «On Protection of Competition» the FAS Russia is to submit annually to the Government of the Russian Federation the «Report on the State of Competition in the Russian Federation»*

Allocation of Tasks and Deadlines of the Plan's Implementation – Federal Bodies of Executive Power

To submit the following documents:

- To the Government of the Russian Federation: report on compliance of strategic development plans and government programs with principles of state policy of competition development, factors restricting competition in various industries, and measures on cancelation or amendment of Acts leading to excessive state regulation,
- To the Ministry of Economic Development of the Russian Federation: suggestions on broadening the list of socially significant markets identifies by the standard of development of competition in the subjects of the RF for consideration and development of the relevant changes,
- Establish coordination between bodies of power of the subjects of the RF and bodies of local self governance in implementation of the National Plan
- Provide information on achievement of goals, targets and indicators of the plans of development of competition to the Federal Antimonopoly Service on annual basis for its further inclusion in the Report on state of competition,
- Publish the plans of development of competition and its actual indicators, as well as results of implementation of measures provided for by the Plan in Internet.

- Consider provision of suppliers with non-discriminatory access to procurement contracts as a priority;
- Introduce a system of indicators characterizing efficiency of purchasing of goods and services, including these by subordinate organizations.

- Reveal, prevent, deter and detect agreements in restraint of competition (cartels), prohibited by anti-monopoly law.



Allocation of Tasks and Deadlines of the Plan's Implementation – higher executive officials of bodies of power of the Subjects of the RF

- Till January 1, 2019 – introduce amendments on Charters on Executive Bodies of the Subjects of the RF providing for priority of development of competition in commodity markets;
- Till March 1, 2019 – develop and implement internal systems of compliance with anti-monopoly legislation in the executive bodies of the Subjects of the RF;
- Establish coordination with Federal bodies of Executive Power for the purposes of implementation of the National Plan.
- Local self-governance bodies are advised to consider development of competition in commodity market as priority.

Allocation of Tasks and Deadlines of the Plan's Implementation – Legal Initiatives by Government of the RF

The Government of the RF should submit draft Federal laws to the State Duma of the Federal Assembly of the RF providing for the following:

- Restriction of establishment of unitary enterprises in competitive markets;
- Prohibition of direct and/or indirect purchasing of stocks of companies operating in competitive markets by state and municipal authorities (except defense sector, companies important for national defense and security, as well as cases when such purchasing is provided for by decrees of the President or/and Government of the RF);
- Possibility of use invention, useful model or industrial spacy by Government of the RF without the consent of the holder of the relevant patent with quick notification and payment of the relevant compensation to the holder in situations when such action is required for the purposes of national defense and security, including protection of life and health of citizens;
- Reform of regulation of natural monopolies, including elimination of possibility of inclusion of competitive companies in the category of natural monopolies;
- Guaranteeing the rights of councils of consumers at federal and regional levels to control policies of natural monopolies, companies with public participation and regulated organizations in tariff setting, approval and control implementation of investment programs;
- Legal foundations of internal systems of compliance with anti-monopoly legislation;
- Foundations of state price/tariff regulation with use of benchmarking comparable markets and long-term (not less than five years) regulatory period;
- Unified order of pre-court disputes related to establishment or change of regulated pricess/tariffs.

Expected results of the development of competition by sector

Health care

Social services

Agriculture

Road construction

Telecom

IT

Housing and utilities, including heating, water supply and sanage

Gas supply

Oil and oil products

Natural monopolies

Transportation

Industry

Financial markets

Health care, including medicines, medical goods and services

- Interchangeability of medicines and medical goods;
- Reduction in prices for medicines and medical goods, improvement of their accessibility for citizens;
- Non-discriminatory distribution of financing for compulsory medical insurance and payment for medical services provided to citizens within the framework of program of guaranteed free of charge medical assistance.



Social services

- Possibility for non-government organizations to provide social services on nondiscriminatory basis



Agriculture

- Increase of the market value of major types of agricultural products;
- Broadening geographical scope and variety of agricultural goods sold in organized markets;
- Reduction of dependence of domestic markets from foreign selection and genetic materials and related agricultural solutions.



Road construction

- Reduction of the percentage of the annulled tenders from 30% in 2017 by not less than 5% per year;
- Exclusion of companies that are parts of the same group of persons according to the law (i.e. affiliated companies) from participation in tenders;
- Decartelization of road construction, including public contracts for maintenance, renovation and construction of roads.

Telecom

- Promotion of innovation in infrastructure base on non-discrimination of the market participants regardless of telecommunication technologies they use;
- Presence of not less than 3 signal transmitting telecom providers in not less than 80% of cities with more than 20 thousand people;
- Elimination of unjustified differences in tariffs in citizens' trips in the territory of the RF (rooming).

IT

- Increase of the share of the Russian program products, including these in socially significant sectors (energy, housing and utilities, health care, education, transportation, security) and cloud services by not than 10% annually.



Housing and utilities, including heating, water supply and sewage

Reduction of the share of government and municipal enterprises in provision of below listed services in the Subjects of the RF:

- Heating – from 20% in 2019 to 10% in 2020
- Water supply – from 20% in 2019 to 10% in 2020
- Sewage – from 20% in 2019 to 10% in 2020.

Gas supply

- Transition to market price setting by forming exchange and non-exchange price indexes for natural gas (including use of sales of natural gas in organized markets for establishment of such indexes);
- Forming exchange index;
- Forming non-exchange index.



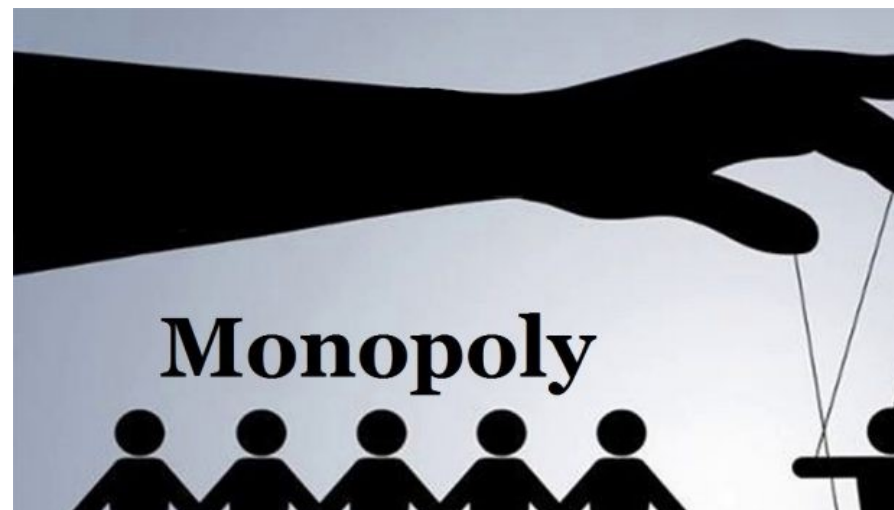
Oil and oil products

- Development of market mechanisms of price setting by means of development organized trade in oil for exporting and forming sample (benchmark) for the Russian oil
- Forming term based commodity exchange market for oil products;
- Development of organized small wholesale trade and formation of price indicators for small wholesale markets;
- Deregulation of prices for transportation of oil products by oil products pipelines
- Selling of not less than 10% of supplies to domestic markets in organized exchanges
- Increase of the volume of export transactions for oil.



Natural monopolies

- Exclusion of tariff discrimination;
- Transparent and long-term regulation.



Transportation

- Development of fare competition in cargo transportation markets (automotive, rail road, air and water transportation);
- Further development of institutions of public-private collaboration (including interaction within the framework of Council of transportation services);
- Development of electronic system of transportation services, including these for SME, provided by transportation companies that are not natural monopolies or by companies not subjected to price regulation. This should be achieved *inter alia* by means of launching electronic platform on cargo transportation and establishment of market price indicators.
- Control over concentration in transportation markets.
- Improvement of legislation on cargo transportation by means of development of rules of non-discriminatory access to port services, rail road transportation and setting standards for information disclosure.
- Approval of new tariff scheme of RZD OJSC (including separate calculation of locomotive service in the required gross revenue of the regulated entity (RZD)).
- Diverse development of inter regional and municipal transportation by different transportation modes. Development of competition among different types of passenger transportation.
- Development of competition among different types of cargo and passenger transportation, including water, rail road and pipeline transportation

Industry

- Creation of conditions for production of the Russian goods compatible with foreign analogues in domestic and international markets.
- Increase of the share of exports in the total volume of goods produced in the territory of the Russian Federation.

Financial markets

- Development of competitive mechanism of subsidizing of reimbursement of losses in the revenue of the Russian leasing companies at granting discounts to counterparts from advance payment under leasing agreements.
- Creation of Committee of Users of the Central Depository to enable them to influence its tariff policy and prevent setting unjustified prices for its services.

