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Agenda Item: 8

Current Developments of Competition Policy in Russia

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Federal Antimonopoly Service

Current Developments of Competition Policy in Russia

Mr. Andrey Yunak
Federal Antimonopoly Service
of the Russian Federation

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FAS Russia

FAS Russia – independent governmental authority that directly reports to the Government of the Russian Federation.

FAS Regional Offices function in each of the 83 constitutional subjects of the Russian Federation.



FAS powers:

- Competition protection and antimonopoly regulation;
- Supervision over public procurement;
- Control over natural monopolies;
- Control over distribution of property, resources and rights on a competitive basis;
- Others.

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Long-Term Strategy



In 2012, FAS completed the latest round of antimonopoly legislation reforms.

Strong legislative and institutional framework is elaborated for efficient functioning of competition policy.

In June 2013 the OECD Competition Committee concluded that Russia's competition policy meets the OECD standards.

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Long-Term Strategy

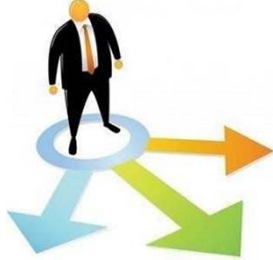
FAS' objective – liberalization of antimonopoly regulation and increase of enforcement efficiency on the basis of the best world practices.

Implementation – by means of development of a long-term strategy of Competition Regulation and Development in the Russian Federation till 2024.



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FAS Russia's Initiatives



- ✓ Narrowing of the legal application of the qualification of “abuse of dominance”;
- ✓ Expansion of the “warning” institute utilization;
- ✓ Exclusion of post-merger notification procedure.

Objectives:

- ✓ Focus on infringements and transactions that substantially restrict competition;
- ✓ Reduction of administrative barriers for business;
- ✓ Reduction of competition authority' workload.

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FAS Russia's Initiatives

- ✓ Synchronization of “leniency programs” within the frameworks of both administrative and criminal proceedings.

Objectives:

- ✓ Securing of criminal liability with regard to hard-core infringements of competition legislation;
- ✓ Increase in effectiveness of “leniency program” application up on cartel detection for cartels disclosure.



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FAS Russia's Initiatives

- ✓ Introduction of mechanism of obtaining preliminary consent of FAS for establishment of state enterprises and enterprises with the state participation.



Objectives:

- ✓ Reducing the State participation in the economy;
- ✓ Impossibility for establishment of enterprises with the state participation in the low-competitive markets.

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Major Results of 2013

Amendments of the competition legislation

- ✓ On January 1st, 2014 the post-merger notification procedure was abolished (Federal Law 423-FZ "On introducing Amendments in Federal Law "On Protection Of Competition")
- ✓ Efficiency program for persons contributing to investigation of violations of the Antimonopoly legislation was introduced
- ✓ Turnover penalty was introduced for abusing of dominant position in the market by buyer of goods (monopsonist)
- ✓ Special penalty for bid ridding was introduced .

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Major Results of 2013

Amendments of the competition legislation:

✓ The draft Federal Law on administrative appeals against acts and actions of state authorities and officials in obtaining of construction permission by economic entities was adopted by the State Duma in the first reading

✓ On the initiative of the FAS Russia the Code of ethics for manufacturers, distributors, dealers, service and trade organizations in the field of automobile business, trade of spare parts and provision of repair services and service of cars was developed and is applying.



Development of competition in the fishing industry were adopted and forwarded to the Russian Government

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Major Results of 2013

Amendments of the competition legislation:

✓ The largest oil companies have implemented models of trade practices

Preparation of the report on progress in the development and implementation of «trade practices» and posting of “model policies” at the official website of the FAS Russia

for purposes of publicity and accessibility of information on pricing and terms of the motor fuel for all market participants by oil companies OJSC «Gazpromneft», OJSC «TNK-BP holding» and JSC «Bashneft»



✓ Joint Order of the FAS Russia and the Ministry of Energy of the Russian Federation of April 30, 2013 entered into force, which established the implementation rules on the exchange of petroleum products by economic entities occupying a dominant position in the relevant commodity markets.

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Major Results of 2013

Amendments of the competition legislation:



- ✓ Companies for advertising of supplements not on advertising was introduced.
- ✓ Amendments in the sphere of placement order were introduced;
- ✓ Consideration of cases on violation when placing the established and start proceedings
- ✓ FAS Russia has developed and issued the Rules of validation of agreements on joint activities of competing economic entities.

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Major Results of 2013

Law on Contract System

- Federal Law of 05.04.2013 № 44-FZ «On the contract system in the sphere of procurement of goods, works, services for state and municipal needs» entered into force in January 2014.
- Articles 100, 101 and 102 of the Law on Contract System stipulates new types of control, namely: departmental control in the field of procurement, control in the sphere of procurement carried out by the customer, and public control over observance of the legislation of the Russian Federation and other regulatory legal acts on the contract system in the field of procurement.



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National Policy

Road Map on “Developing Competition and Improving Antimonopoly Policy” adopted by Decree of the Government in 2012

- Specifies system-wide measures on developing competition;
- Includes a list of measures for competition development in certain industries:



medicines, medical services, air transportation, communications services, pre-school education, and oil products.

The mechanism of monitoring and supervision over the Road Map implementation has been developed.

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Action plan for 2013-2018

Action plan of the Federal Antimonopoly Service 2013-2018 was approved by the Government of the Russian Federation on 18.06.2013.

7 key objectives:

- I. Protection and development of competition in the commodity markets*
- II. Implementation of the single cycle of formation of state order placement and execution of public contracts in the framework of Federal contract system*
- III. Increasing efficiency of trades*
- IV. Development of competition in procurement***
- V. Simplification and optimization of control over foreign investments in business entities of strategic importance for national defense and state security*
- VI. Development of international integration*
- VII. Improving of cooperation between competition authorities and institutes of civil society*

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Investment attractiveness

- To further improve the law of the Russian Federation on foreign investments, the draft Federal Law “On Introducing Amendments to No.57-FZ Federal Law “On the Procedures for Foreign Investments in the Business Entities of Strategic Importance for the National Defence and State Security” of 29th April 2008 was developed. These changes are aimed at eliminating excessive administrative barriers for foreign investors completing transactions with strategic business entities. The draft law has passed the first reading in the State Duma.
- On February 4, 2014 the Law was amended in regard to strategic activities
- For the second reading of the bill to be held in April 2014 the FAS Russia has prepared an additional package of amendments.

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Thank you!



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fas_rus

international@fas.gov.ru