The basis for antimonopoly regulation in Russia was laid way back in 1990, when the country entered a new era with the transition from the planned economy to the market system.

In due course, a milestone in the history of protecting and developing competition on the Russian markets became adopting the Law “On Protection of Competition”, which encouraged further liberalization of the antimonopoly law in line with the best international practices. Since that moment, every three years we improved the law and have been gradually expanding international cooperation, shifting it in practice: studying socially important markets and investigating the most dangerous crimes – cartels.

A lot has been achieved. Even more must be achieved. Therefore, I wish further productive work, sustainable energy and new accomplishments to all officers of the Antimonopoly Service and our colleagues for the benefit of competition and support of entrepreneurs!

Igor Artemiev
Head of the Federal Antimonopoly Service
The first federal antimonopoly authority – RSFSR State Committee on Antimonopoly Policy and Support of New Economic Structures (SCAP Russia) was formed in 1990.

A year later No. 948-1 RSFSR Law “On Competition and Restricting Monopolistic Activities on Goods Markets” was adopted.

In course of time the antimonopoly authority changed several organizational forms and names:

1990
RSFSR State Committee on Antimonopoly Policy and Support of New Economic Structures (SCAP Russia)

1997
The State Antimonopoly Committee (SAC Russia)

1998
The Ministry on Antimonopoly Policy and Support to Entrepreneurship (MAP)

2004
The Federal Antimonopoly Service (FAS Russia)

Valery Chernogorodsky
Chairman of RSFSR State Committee on Antimonopoly Policy and Support of New Economic Structures (1990–1992)

Leonid Bochin
Chairman of RSFSR State Committee on Antimonopoly Policy and Support of New Economic Structures (1992–1997)

Natalia Fonaryova

Gennady Khodyrev

Ilya Yuzhanov

Igor Artemiev
Head of the Federal Antimonopoly Service (2004 – present)
FAS Russia – the federal executive authority, subordinates directly to the Government of the Russian Federation, was formed by the Decree of the Russian Federation President of 9th March 2004

Mission
Free competition and effective protection of entrepreneurship for the future of Russia.

Objectives
1. Supporting favourable competitive environment in the fields of activities of economic entities that are not natural monopolies.
2. Ensuring equal access to goods (works, services) of natural monopolies and developing competition in potentially competitive types of their activities.
3. Liquidating anticompetitive intervention of the authorities in market performance, achieving high efficiency of budgetary expenditures in state and municipal procurement.
4. Realizing effective state policy in the sphere of the control over foreign investments in companies having strategic importance for national defence and state security.

Values
Openness, cooperation, efficiency.

Motto
Legitimacy, equality, justness.
First regional antimonopoly bodies in Russia were formed in October 1991. In 2004 the FAS Russia had 75 regional Offices.

Currently the FAS Russia comprises 84 regional Offices: from Kaliningrad to the island of Sakhalin, from the Caucasus to Chukotka. The total number of officers – 3114.
№135-FZ Federal Law
“On Protection of Competition”

№44-FZ Federal Law

№223-FZ Federal Law
“On Procurement of Goods, Works, Services by Certain Types of Legal Entities”

№275-FZ Federal Law
“On State Defence Procurement”

№35-FZ Federal Law
“On Electric Power Industry”

№261-FZ Federal Law

№36-FZ Federal Law

№38-FZ Federal Law
“On Advertising”

№381-FZ Federal Law
“On the Fundamental Principles of State Regulation of Trading Activity in the Russian Federation”

№147-FZ Federal Law
“On Natural Monopolies”

№160-FZ Federal Law
“On Foreign Investment in the Russian Federation”

№57-FZ Federal Law
“On the Procedures of Foreign Investments in Business Entities of Strategic Importance for the National Defence and State Security”

№209-FZ Federal Law

№190-FZ Federal Law
“On Heat Supply”

№69-FZ Federal Law
“On Gas Supply in the Russian Federation”

№166-FZ Federal Law
“On Fisheries and Conservation of Aquatic Biological Resources”
Radical modernization of the antimonopoly law took place through introducing changes to over 20 federal acts:

- "First antimonopoly package", 2006
- "Second antimonopoly package", 2009
- "Third antimonopoly package", 2012
- "Forth antimonopoly package", 2014/2015

**№135-FZ Federal Law “On Protection of Competition” – the so-called “first antimonopoly package”**

The Law combined norms on protecting competition on goods and financial markets and in general accumulated the established system of antimonopoly regulation:

- Clarifies the list of prohibitions of monopolistic activities (introduced the concepts of vertical agreement, collective dominance, etc.);
- Establishes a package of procedural norms that determine the procedure for investigating cases on violating the antimonopoly law;
- Establishes antimonopoly requirements to all types of tenders and auctions;
- Determines the specifics of granting state and municipal aid to market participants, in particular, introduces a general prohibition for selective granting of preferences to certain economic entities;
- Consolidates the exterritoriality principle in applying the Law “On Protection of Competition” (covers actions and agreements committed abroad and affecting the state of competition in Russia).

**Reducing administrative burden upon business**

The new №135-FZ Law “On Protection of Competition” introduced mandatory pre-merger approvals by the antimonopoly authority only in cases of acquiring the blocking stake (25%), controlling stake (50%), as well as the package that excludes blocking shareholder’s decisions by third parties (75%). Previously, antimonopoly control was applied to considerably significant number of transactions, including those that did not influence the state of competition.

**For the past 5 years the total number of pre-merger and post-merger notifications has decreased in practically 12 times.**

Turnover fines are calculated in percentage (from 1% to 15%) to the revenue gained by selling goods on the market where a violation of the antimonopoly law was committed:

- Abusing market dominance;
- Cartels;
- Unfair competition related to unlawful use of intellectual property items.

Introducing turnover fines marked emergence of a brand new mechanism for suppressing violations of the antimonopoly law.

Until then, the maximum fine that the FAS Russia could impose upon any monopoly was only 500 000 RUB.

For the first time the FAS Russia applied a turnover fine – an administrative sanction in line with the best international practices – on 20th September 2007 against “Avangard” Bank and “Avangard-Garant” Insurance Group CJSC. The total fine was around 4 million RUB.

The violators concluded an agreement that resulted in imposing disadvantageous contract conditions upon bank borrowers. On 24th August 2005 – 10th September 2006 “Avangard-Garant” Insurance Group CJSC concluded vehicle insurance agreements, under which events that took place in relation to violating the Road Traffic Rules by an insured (driver) did not constitute an insurable event.

In 5.5 years the companies that violated the law transferred 28 320 000 000 RUB to the budget of the Russian Federation.

“Russian Railways”, Kemerovo Regional Authority and railway operators were fined over 2 million RUB for collusion on the coal transportation market.

In October 2011, under an excuse of combating congestion on railway tracks that prevented coal shipments Kemerovo Regional Authority, “Russian Railways” OJSC and 16 rolling stock operators organized joint meetings and decided to reduce the number of operators that provided cars for outbound freight from Kuzbass.

As a result of the concluded anticompetitive agreement, the number of participants on the market of operator services in the Kemerovo region was supposed to be cut down from 230 to 16.
In 2009 the “second antimonopoly package” of laws came into force:

- Formalized the right of antimonopoly bodies to challenge at Courts acts of the authorities of the subjects of the Russian Federation that grant preferences unreasonably;
- Determined possibility to issue determinations to return property unreasonably granted as state and municipal aid;
- Established a 5-year limitation period for initiating and investigating cases on violating the antimonopoly law;
- Determined possibility to establish dominance of an economic entity that controls smaller than 35% market share BUT can exercise a decisive influence upon common conditions of goods circulation on the market;
- Introduced administrative liability for price manipulations on the markets of electric power industry, for breaching the information disclosure standards and failure to submit petitions and notifications under the law on control over foreign investors (№57-FZ Federal Law).

In 2012 the “third antimonopoly package” of laws came into force:

- Introducing the institutions of warnings and admonitions, enabling citizens to protect their rights quicker, business – to avoid “turnover fines”, and the FAS Russia and Courts – to reduce the workload and focus on the cases that significantly influence competition.
- Changing the methods for determining monopolistically high prices. Earlier the main indicator was production costs; now the method of comparable markets is becoming the most important: prices set by Russian producers should not be higher than prices on comparable markets in other countries.
- Setting a fast-track option for appealing tender procedures for property sale – 7 days.
- Establishing an obligation to place information about tenders on the single web-site: torgi.gov.ru.
- Introducing a concept of “cartel” in the law: an unlawful agreement between competitors on the market, implementing which leads or can lead to fixing and maintaining prices (particularly at tenders), dividing the market (by categories of sellers or under the geographic principle), refusing to conclude a contract with a particular buyer (the so-called boycott), terminating, refusing to produce goods in spite of demand for them.
With adopting the “forth antimonopoly package”

- The institutions of warnings and admonitions shall be extrapolated on actions exercised by authorities, unfair competition and other abuses of dominance.
- Companies with less than 35% market share will not be recognized dominant, and the Register of economic entities with over 35% market share will be abolished. It will lessen administrative burden upon dominant economic entities and will considerably reduce the number of economic concentration transactions that are subject to control.
- Antimonopoly requirements shall not be applied to competitive biddings of private companies.
- Possibility to form state and municipal enterprises by the authorities on competitive markets will be restricted.

In 2013 due to applying the institutions of warnings and admonitions, the number of initiated cases reduced by 27.7%. 73% of the issued warnings were executed.

FAS Russia Presidium will be assigned a legal status due to which the FAS Russia will be able to examine contested decisions of any of 84 Regional Offices under the Law "On Protection of Competition" without going to Court.

Companies with less than 35% market share will not be recognized dominant, and the Register of economic entities with over 35% market share will be abolished. It will lessen administrative burden upon dominant economic entities and will considerably reduce the number of economic concentration transactions that are subject to control.

Antimonopoly requirements shall not be applied to competitive biddings of private companies.

Possibility to form state and municipal enterprises by the authorities on competitive markets will be restricted.

To improve the antimonopoly regulation and reduce administrative burden upon business the FAS Russia has already abolished post-merger notifications on economic concentration transactions. Earlier the FAS Russia used to receive over 2000 post-merger notifications from entrepreneurs every year.

Implementing the Road Map “On Developing Competition and Improving the Antimonopoly Policy” approved by the Government of the Russian Federation in December 2012

- medicines;
- medical services;
- transportation services (airports, railway transport, ports);
- communications services;
- pre-school educational services;
- oil products.

In August 2013, by an Decree of the Government of the Russian Federation, the FAS Russia was appointed the chief coordinator of the actions of responsible executors and co-executors of the “Road Map” measures.

The main objectives of amendments to the Law “On Protection of Competition”

Pursuing recommendations issued by the Organization for Economic Cooperation and Development (OECD)

In June 2013 OECD Competition Committee provisionally concluded that the Russian Federation is ready to undertake obligations, associated with OECD membership, in the field of competition policy and enforcement provided it complies with the recommendations.

FAS Russia made its step towards Russia accession to the OECD.

OECD is an international economic organization of developed countries that recognize the principles of representative democracy and free market economy. OECD was formed in 1948 to coordinate economic reconstruction projects in Europe under the Marshall Plan. OECD Headquarters is based in Paris. Currently OECD comprises 34 states, including most countries – members of the European Union.

Since December 1995 Russia has had an observer status in OECD Competition Committee.
We are BRICS. We are those bricks that if put together shall become a solid foundation for future development of the world economy.

IGOR ARTEMIEV, Head of the FAS Russia

FAS Russia robustly develops cooperation with BRICS competition authorities. Such format of interaction between antimonopoly bodies facilitates improvement of competition policy, strengthens economic relations and supports healthy competitive environment in BRICS.

BRICS competition authorities are also discussing a the FAS Russia proposal to form a standing Working Group to:
- Carry out joint investigations on socially important markets;
- Develop cooperation on enforcement in investigating violations of the antimonopoly law of the BRICS countries, including cross-border violations.

Efforts are being taken to draft a pentalateral fundamental document on cooperation between BRICS competition authorities: a Memorandum on Understanding in the field of competition. Singing and implementing the Memorandum will help devise and apply modern remedies against anticompetitive actions on socially important markets.

Since 2002 the FAS Russia has been an active member of the International Competition Network (ICN) – the only organization in the world that unites public authorities of developed and developing countries and is involved exclusively in the issues of antimonopoly policy, competition law enforcement and developing efficient international cooperation in this field.

ICN comprises 126 competition authorities from 111 countries across the globe; and the FAS Russia is one of them.

ICN was formed in October 2001. In 2006 Russian competition authority has been participating in the work of ICN Steering Groupe – the supreme governing body of the International Competition Network (“G20”) - since 2001, and in 2009 the FAS Russia became its permanent member.

Following the 13th ICN Conference in April 2014 in Marrakesh (the Kingdom of Morocco), the FAS Russia extended its membership in ICN Steering Groupe and co-chairmanship in ICN Operational Framework Working Group. FAS Russia was also elected a co-chairman of ICN Cartel Working Group.

Combating cartels is the FAS Russia’s priority

Examples of exposed cartels:
- “Pollack” cartel
- “Soda” cartel
- “Salt” cartel
- A cartel of Norwegian fish suppliers
- A cartel of ocean line carriers

Representatives of BRICS competition authorities are signing Delhi Accord. Delhi, India, 2013

ICN comprises 126 competition authorities from 111 countries across the globe; and the FAS Russia is one of them.
FAS Russia actively cooperates with the European Union (EU) to create a uniform legal environment with European countries, eliminate barriers for mutual trade, and encourage entrepreneurship and investments.

In particular, joint efforts with the Directorate General on Competition of the European Commission to a large extent facilitated drafting the Code of Conduct of car manufacturers and distributors on the markets of sales of new cars and spare parts. FAS Russia and the European Business Association are first-hand drafters of the Code. Its objective is to prevent discrimination in cars and spare parts sale.

The Code of Conduct on the markets of cars and spare parts is better than legislative regulation. It is based on voluntary involvement and contains transparent and non-discriminatory rules for cooperation of car manufacturers and distributors with dealers and independent service stations.

UNCTAD is one of the most reputable organizations uniting countries across the globe under the UN aegis. Today UNCTAD comprises 194 countries. UNCTAD was formed in 1964. Its Headquarters is in Genève.

Every year UNCTAD holds a session of the Intergovernmental Group of experts on competition law and policy that brings together representatives of the anti-monopoly bodies of various countries from all over the world as well as the foremost experts on competition. FAS Russia representatives traditionally take part in the sessions of the Intergovernmental Group as the key speakers, outlining their positions on practically all issues, and act as experts and advisors for “Voluntary reviews of competition law” in various countries. Currently, UNCTAD is discussing possibility to create databases under the framework of International Working Groups, formed upon initiatives of the FAS Russia and several foreign competition authorities.

The main UNCTAD goals:
- Facilitating development of international trade;
- Equal, mutually beneficial cooperation between the states;
- Drafting recommendations, principles, organizational-and-legal conditions and mechanisms of functioning modern international economic relations;
- Involvement in coordinating actions of other institutions within the UN system in the field of economic development of business ties and encouraging international trade.

FAS Russia cooperation with competition authorities of the Customs Union and the Common Economic Space as well as with the Eurasian Economic Commission (EEC) is no less important.

The Eurasian Economic Union will start functioning on 1st January 2015.

The main normative legal document is the Treaty on the Eurasian Economic Union that contains provisions on competition policy, control over subsidies, non-discriminatory access to the services of natural monopolies and regulation of the tariffs for the services of natural monopolies.

To coordinate efforts, EEC Methodological Competition Council was formed as well as joint Working Groups on various aspects of competition policy, for instance, enforcement of the prohibitions of anticompetitive agreements, abusing market dominance, etc.

Cooperation between the FAS Russia and UN Conference on Trade and Development (UNCTAD) has been actively developing over a considerable period of time.

FAS Russia and the European Business Association are first-hand drafters of the Code. Its objective is to prevent discrimination in cars and spare parts sale.

IGOR ARTEMIEV, Head of the FAS Russia
In October 2011, upon an initiative of the FAS Russia and Austria's Federal Competition Authority, the Working Group on Investigating Issues of Pricing on the Oil and Oil Products Markets and Methods of Their Functioning was formed.

Members of the Working Group include competition authorities of Russia, Bulgaria, Hungary, Germany, Kazakhstan, Latvia, Portugal, Romania, Slovakia, the USA, Finland, the Czech Republic and Ukraine. During the period of its existence, the Working Group achieved some representative results. Its members exchange experience on a regular basis in analyzing oil products markets, discuss the issues related to exposing and suppressing violations of the antimonopoly law, as well as objective market mechanisms of oil and oil products pricing on world and national markets.

Achieving the goals set by the Working Group is facilitated by creating the Platform for Exchanging Information on oil and oil products between competition authorities.

In June 2012, the Working Group for Research of Competition Issues in the Market of International Communications (Roaming) was formed upon an initiative of the FAS Russia and Turkey’s competition authority.

Members of the Working Group include competition authorities of Russia, Turkey, Azerbaijan, Belarus, Kazakhstan and Ukraine.

The objectives of the Working Group are to use the best practices in inter-operator agreements and in applying tariffs for end-users; provide possibility to reduce billing units; eliminate price differences for the services in roaming communications and international communications; enable subscribers to choose a provider that render roaming services; protect subscribers from “shock bills”.

In January 2012 the Working Group for Studying Competition Problems in the Pharmaceutical Sector was formed upon an initiative of the FAS Russia and Italy’s competition authority.

The key objective of the Working Group is to draft proposals on establishing competitive environment on the pharmaceutical market and ensuring drug affordability for the population.

Currently the WG is discussing possibility to create the Common information platform that will contain descriptions of the best cases, information about national regulatory specifics, the basic principles of market analysis, the issues of drug substitutability prices and other information.
FAS Russia cooperates with the antimonopoly bodies of the CIS member-states under the framework of the Interstate Council on Antimonopoly Policy (ICAP)

The Council’s efforts are aimed primarily at improving national competition laws of the CIS member-states and enforcement based on the best international practices. In this respect considerable attention is paid to developing coherent methodological approaches to various aspects of competition regulation.

At the moment ICAP members are the Heads of the antimonopoly bodies of the CIS member-states: Azerbaijan, Armenia, Belarus, Kazakhstan, Kirgizia, Moldova, Russia, Tajikistan, Uzbekistan and Ukraine. The Council Chairman is Igor Artemiev, the Head of the FAS Russia.

An important area of ICAP work is developing result-oriented cooperation between antimonopoly bodies of the CIS states in the frame of the Headquarters for Joint Investigations of Violations of the Antimonopoly Law of the CIS Member-States

The results of the work of the Headquarters for investigating violations of the antimonopoly law and developing competition on the markets of passenger air transportation, telecommunications and retail:

- The tariffs for roaming communications services in the CIS states on particular directions reduced by 1.5–4 times.
- Traffic increased by 2–4 times.
- Passenger air transportation grew twofold.
- Including pro-competitive provisions in bilateral agreements on air transportation liberalized air traffic between the CIS member-states.
- Laws on trade were drafted and adopted in several CIS states.

In June 2014, CIS Economic Council approved the Report “On the State of Competition and Pricing in Oil and Oil Products’ Markets”.

In November 2014, the Report will be presented to the Heads of CIS Governments for consideration (Ashkhabad).

The Headquarters is finalizing a report on the findings of a large-scale study of the state of competition on the medicine markets; conducts studies of grain market and monitors prices for food products.
FAS Russia is the first federal executive authority certified for compliance with ISO 9001:2008 international management quality standard.

In January 2011 the Board of auditors awarded the FAS Russia a certificate valid for three years. The main principle of ISO 9001:2008 international management quality standard is providing quality services and satisfying consumer demands. In the case of the Federal Antimonopoly Service - citizens of the Russian Federation and representatives of business community.

FAS Russia has been able to improve its position in the Global Competition Review Rating Enforcement.

Since 2005, the Federal Antimonopoly Service has been included in the Rating Enforcement of the Global Competition Review, an independent international publication.

There are 126 antimonopoly authorities in the world. The Rating Enforcement has only 38 positions.

Only countries with harmonized antimonopoly law that complies with OECD best practices can be included in the Rating. Competition authorities are evaluated under a five-score grading scale with the breakdown by the number of stars.

In 2005 the FAS Russia was assigned 2 stars. Year by year Russian antimonopoly authority had been improving its position and in 2013 was not simply assigned three stars – the “Good” grade, but also marked with a special sign – an “upward star” for positive developments in the FAS Russia performance in comparison with the previous period.

According to GCR, recently the Federal Antimonopoly Service of the Russian Federation has achieved considerable success in economic policy. In ten years since the FAS Russia was founded it has become a large player on the global stage of antimonopoly enforcement and a partner in complex international investigations, the number of which is increasing.

Only 16 antimonopoly authorities are ahead of the FAS Russia. The goal is to get into the “top ten”.

GCR stated that if the positive trend continues, Russian antimonopoly body has all chances to be included in the group of competition authorities on the top of the Rating.
FAS Russia Centre for Education and Methodics is the fourth educational institution of an antimonopoly authority in the world. It was formed adopting the positive experience of the work of the training centres of the Organization for Economic Cooperation and Development (OECD) – the Regional Competition Centre for Latin American countries in Mexico as well as training centres in Seoul (Korea) and Budapest (Hungary).

Establishing the Centre for Education and Methodics of the Federal Antimonopoly Service was driven by harmonization of the antimonopoly law of the CIS states and the importance of devising the common principles of applying dynamically developing law in Russia.

- Competent teaching personnel;
- Over 100 programs for advancing qualification and professional retraining for specialists of the Antimonopoly Service and municipal authorities of the constituent territories of the Russian Federation;
- International and federal workshops with participation of the FAS Russia officers and foreign experts;
- Topical workshops on the areas of antimonopoly regulation for representatives of business-community and large companies.
The Federal Antimonopoly Service endeavours to increase transparency and openness of its activities, being in a constant dialogue with citizens, representatives of business, academia and the authorities on all issues of the work of the antimonopoly bodies.

In June 2013, the Head of the FAS Russia Igor Artemiev approved 2013-1018 Action Plan for the Antimonopoly Service. Public discussions and export information support of the Action Plan are being exercised in line with the Concept of openness of federal executive authorities.

FAS Russia key objectives for the near future:

- Develop and improve the institutions that prevent violations of the antimonopoly law;
- Transition from individual protection of the interests of a physical person to protecting the interests of an indefinite range of physical persons if their rights are violated (interests are infringed) by an economic entity abusing its dominant position;
- Monitor satisfaction with the quality of work of the FAS Russia structural units and regional Offices using surveys and including the results of the monitoring in performance ranking;
- Devise the guidelines on antimonopoly enforcement to better substantiate decisions and ensure uniform enforcement;
- Ensure non-discriminatory access of consumers to the services of natural monopolies, establish efficient tariff-setting mechanisms by reforming the basic institutions for regulating holders of natural monopolies, stimulate downward price trends for their services, improvements in the quality of such services and their availability, enhance transparency of procurement by holders of natural monopolies.

To prevent violations of the antimonopoly law and disseminate the principles of healthy competition, the FAS Russia issued the “White and Back Books” of pro-and anti-competitive regional practices.

On the basis of the White and Back Books we would like to organize some kind of an interactive portal to publish the best pro-competitive practices of the constituent territories of the Russian Federation and local self-government bodies as well as materials on the issues of implementing regional standards for developing competition in the subjects of the Russian Federation directly required by the Road Map.

The White Book comprises the best practices of the authorities of the constituent territories of the Russian Federation and local self-government bodies facilitating development of competition. The Black Book includes the worst regional practices of an anti-competitive nature.

Currently the FAS Russia has issued the “White and Back Books” for 2012 and 2013, which are available at the FAS Russia official web-site in an electronic form. From now on the antimonopoly bodies shall prepare the “White and Back Books” annually.

ANDREY TSYGANOV,
Deputy Head of the FAS Russia
CONTACT INFORMATION

Common number in Russia
+7 (499) 755-23-23

For letters and requests
11, Sadovaya-Kudrinskaya St., Moscow
D-242, GSP-5, 123995
E-mail: delo@fas.gov.ru

Administrative Office
Tel.: +7 (499) 755-23-23, ext. 088-148

Community Liaison Office
Tel.: +7 (499) 755-23-23

Press-Service
Tel.: +7 (499) 755-23-23, ext. 088-770
E-mail: press@fas.gov.ru

Department for International Economic Cooperation
Tel.: +7 (499) 755-23-23, ext. 088-455
Fax: +7 (499) 755-23-24
E-mail: international@fas.gov.ru

WWW.FAS.GOV.RU
ФАС.РФ, ФАСРОССИИ.РФ
EN.FAS.GOV.RU (ENGLISH VERSION)
WWW.ANTICARTEL.RU