



FEDERAL ANTIMONOPOLY SERVICE

On Developments of Competition Law and Policy in the Russian Federation

**Vitaly Korolev,
Deputy Head of the FAS Russia**

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A map of Russia with its regional boundaries highlighted in a light blue color. The map is centered on the Russian Federation and shows the extensive territory of the country, including its islands and coastal regions.

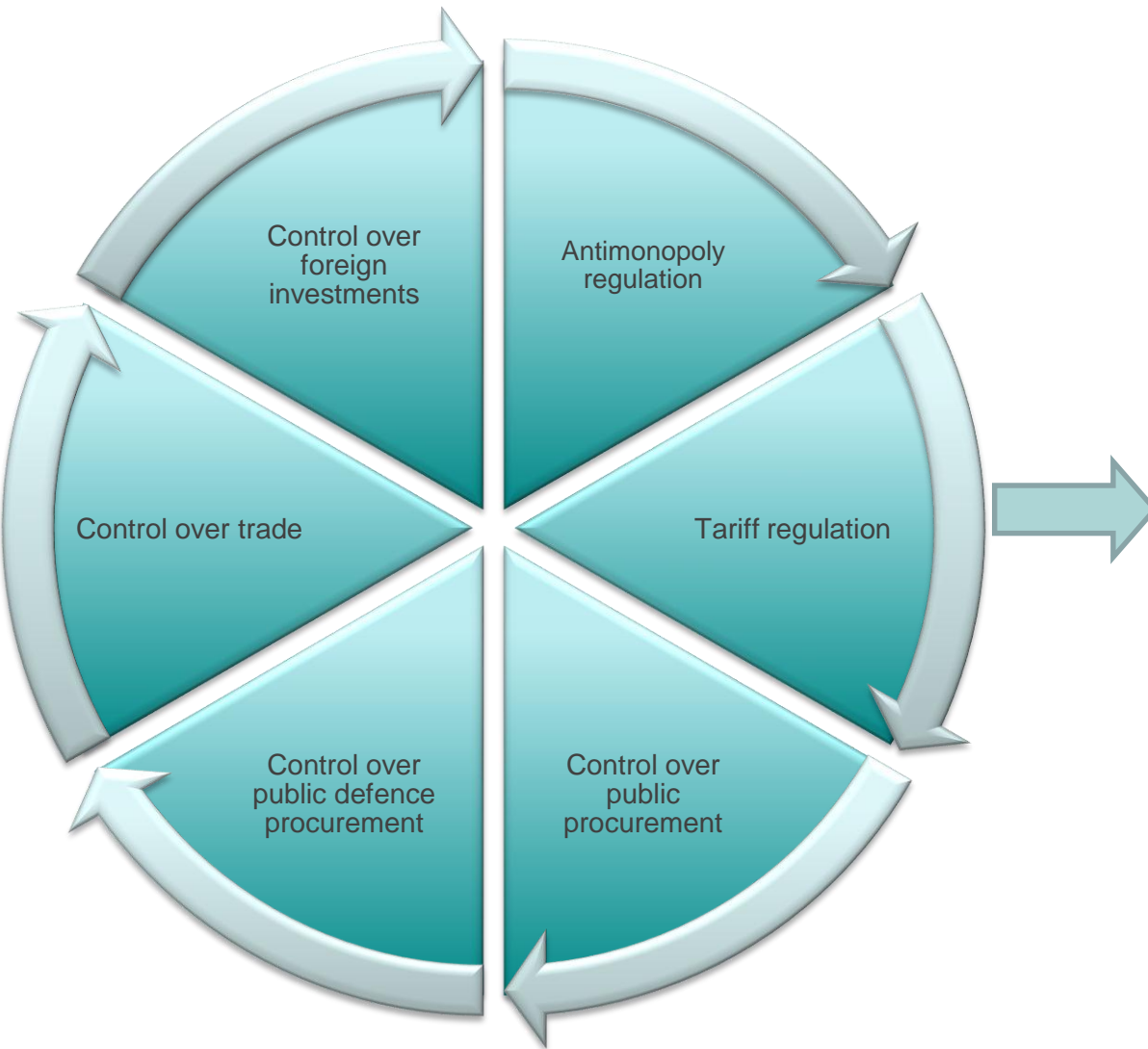
The structure of the FAS Russia consists of the Central Office and 85 Regional offices, which perform their activity on the territory of each subject of the Russian Federation.



- State regulation over compliance of economic entities with the competition law;
- Control over observing competition rules by the authorities, including control over state preferences (state aid);
- Control over public procurement, including the sphere of defense and security;
- Control over natural monopolies' activity
- Control over allocation of property, resources, rights on a competitive basis stipulated in the sectoral legislation;
- Control over advertising law compliance;
- Control over trade legislation compliance;
- Control over foreign investments in strategic industries;
- Control over unfair competition;
- Control over compliance with competition rules in the sphere of intellectual property;
- Specific control functions in defense industries and electricity sector.

In 2015 the functions of the FAS Russia were expanded:

- **Obtaining functions on control over state defense procurement (a new law “On Public Defense Procurement” (275-FZ) came into force on July 1, 2015);**
- **Transferring of functions on control in the sphere of tariff regulation in connection with abandoning**



- **Procompetitive character of regulation**
- **Optimization of expenses in regulated sectors**
- **Focus on consumers' interests**
- **Unification of approaches to regulation**
- **Provision of access to infrastructure on non-discriminatory basis**

- **Antimonopoly regulation**
- **Policy related to natural monopolies**
- **Investment policy (strategic investments and natural monopolies)**
- **Policy in the sphere of public procurement and procurement of state-owned enterprises**



- **Tariff regulation on the basis of pro-competitive approaches;**
- **Indexation in exchange to costs savings;**
- **Focus on consumers but not on natural monopolies;**
- **Transition of markets to competitive conditions;**
- **Creation of rules on non-discriminatory access to natural monopolies' services**

State-owned companies and natural monopolies are required to develop costs-savings program in the sphere of:

- Operating costs;
- Investment costs;
- Economic and financial activity;
- Divestment of incidental assets.

1. Separation of monopoly and competitive sectors:

Competitive sector:
electricity generation
and supply

Targets:

- creation of new competitors
- switch to market price setting

Market rules
(rates)

State as a regulator:

Regulated
prices/Tariffs

Monopoly sector:

- electricity transmission
and
- operation dispatch control

Targets:

- market infrastructure
reorganization
- provision of non- discriminatory
access to networks

2. Implementation of pro-competitive approach

Target:
creating the competitive market of electricity production

Generation

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graph TD;
  A[Generation] --> B["Territorial generating companies  
(congeneration)  
(14 companies):"];
  A --> C["Wholesale generating companies  
(7 companies):"];
  B --> B1[• Small generation capacity (not more than 1000 MWT) producing power and heat energy for the region;];
  B --> B2[• Located in region of Russian Federation;];
  B --> B3[• Combined power generation];
  C --> C1[• Large federal-level generation unit;];
  C --> C2[• Exterritorial approach];
  C --> C3[• Only electricity power generation];
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Territorial generating companies (congeneration) (14 companies):

- Small generation capacity (not more than 1000 MWT) producing power and heat energy for the region;
- Located in region of Russian Federation;
- Combined power generation

Wholesale generating companies (7 companies):

- Large federal-level generation unit;
- Exterritorial approach
- Only electricity power generation

Development of Antimonopoly Legislation in the Russian Federation

The **main goals** of amendments to the Federal Law “On Protection of Competition” are:

- **Implementation** of provisions of the **Road map** “Development of competition and antimonopoly policy” created on the initiative of business-community;
- **Implementation of OECD Recommendations** (2013) Aiming at maintaining of competition policy in the Russian Federation complimentary to the OECD Standards



Expansion of warnings and admonitions' use

Their incidence:

- ✓ Public authorities' actions;
- ✓ Unfair competition;
- ✓ Other elements of abuse of dominant position.

Amendments allow the FAS Russia to concentrate on large and significant cases on violation of antimonopoly legislation

Elimination of the Register of persons with over 35% market share

- It exclude an **administrative burden on notification to competition authority.**
- Business transactions, assets on which are below ones defined in the Law, are excluded from antimonopoly control





- ✓ Procedure of agreement with competition authority is clarified and **prior notification control on joint venture agreements is established.**
- ✓ Amendments imply possibility of recognizing impermissible joint venture agreements and determine the procedure for the notification of such agreements.

Obligation to analyze the state of competition in each particular case in the scope necessary to make a decision.



Goals and Priorities of International Cooperation

- ✓ Harmonization of antimonopoly legislation and development of enforcement practice in accordance with the best world's practices;
- ✓ Creation of Codes of best practices on global markets and their implementation in national activity;
- ✓ Expanding of cooperation with competition authorities within EAEU, BRICS, ICN, OECD, UNCTAD



- On May 19, 2016 in St. Petersburg the **Memorandum on understanding in the for cooperation in the field of competition law and policy** was signed
- Creation of a **Joint Working group on research of competition issues on markets of social importance**





Members of BRICS Working Group that consists of BRICS Competition Authorities and representatives of BRICS countries invite Heads of the largest transnational corporations to participate in the BRICS

Working Group meetings for suppressing unfair practices and elaborating best approaches to competition protection for the sake of our countries

Investigation of international cases is more effective due to coordinated actions of Competition Authorities of several countries!



THANK YOU FOR YOUR ATTENTION!



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international@fas.gov.ru