

The Russian Federation
Lessons learned from the pandemic, particularly in socially important markets
Challenges and opportunities for an effective response during the pandemic and
economic recovery in post-pandemic period
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The spread of COVID-19 has become a major challenge for economies all over the world. There have been observed significant price increases, especially in markets for socially significant goods, anticompetitive agreements, unstable and vulnerable environment for doing business, as well as temporary shortage of essential goods.

In order to tackle these challenges we strived to maintain a balance between supporting businesses and citizens in current socio-economic conditions. Since the beginning of the pandemic, FAS Russia has been continuously working to:

- monitor the state of competition in commodity markets;
- participate in the development of state support measures for small and medium-sized businesses and the most affected sectors of the economy;
- maintain the stability of the financial system;
- prevent economically unjustified rise in the prices of medicines, medical devices, personal protective equipment and other essential goods, including food products;
- avoid shortages of essential goods;
- reduce the administrative burden on the business;
- simplify procurement procedures aimed at preventing and relieving the consequences of the COVID-19;
- prevent the dissemination of inappropriate advertising about medicines and medical devices;
- socially oriented and balanced tariff policy (transport, housing and communal services, electricity).

Moreover, one of the most important tasks facing FAS Russia during the crisis was the competition advocacy in order to realize the importance of maintaining a competitive economy by the business community.

Comprehensive information on our activities during the pandemic was published on the official website and in social networks, our officials were holding numerous briefings, press conferences and meetings with businesses focusing public attention

on the importance of competition and unacceptability of violation of its rules, not simply because it could jeopardize markets, but also because it is inappropriate to profit from suffering and fear of citizens.

It is worth noting that the successful overcoming of the emerged challenges became possible thanks to the implementation of a response state policy aimed at supporting and restoring the economy, as well as providing timely antimonopoly response in all sectors of the economy.

Significantly, Decree of the Government of the Russian Federation of April 3, 2020 No. 434 distinguished sectors of the economy that were most affected by the pandemic, including transportation; culture, leisure and entertainment; health, fitness and sport activities; hotel business; public catering; organisations of additional education and non-state educational institutions; conferences and exhibitions arranging activities; rendering household services to the population (repair, washing, dry cleaning, hair salon and beauty services); recreation activities; non-food retail market; media sources and print media materials.

Unsurprisingly, the biggest pressure fell on socially significant commodity markets: healthcare, social sector, agro-industrial complex and construction material market.

In order to stabilize price increases in the healthcare market, we have been calculating economically justified prices for COVID-19 medicines, promptly conducting economic analysis and approving maximum sale prices for vital and essential medicines, as well as adopting response measures in order to prevent unreasonable price increases in the markets of medicines, medical devices and medical services (for instance, price analysis for medical masks, PCR tests). We carried out mandatory re-registration of the maximum selling prices for vital and essential medicines of all manufacturers registered in Russia – more than 14 thousand prices have been revised, more than 7 thousand prices have been reduced by an average of 30%. The savings for the budget and citizens of the country are at least 40 billion rubles annually.

In the social sector, we carry out weekly monitoring of prices for 24 socially important food products in retail chains throughout the country and as one of the results, we recommended the largest retail chains to limit margins on some items from each category of socially important food products and ensure their availability in retail outlets in sufficient volume.

In the agro-industrial complex, the main challenges were the short-term rush demand for socially important food products and the subsequent steady increase in prices for

agricultural commodities (grain, oilseeds, sugar and other). Together with the Government of the Russian Federation we are taking a number of measures to stabilize the situation, including customs tariff and non-tariff measures aimed at regulation of export of agricultural raw materials in order to increase its supply in the domestic market and maintain a certain level of prices, subsidizing the costs of agricultural manufactures and processors in order to reduce the cost of their products, as well as carrying out commodity interventions in the grain market. For instance, we validated the process of granting subsidies to producers of sunflower oil and sugar and identified cases when discriminatory conditions were created when granting subsidies for individual producers.

In response to the sharp rise in prices in the construction material market, we organized weekly monitoring of prices for the primary building materials (cement, crushed stone, roofing materials), as well as conducted antimonopoly investigations and initiated cases on the grounds of establishing a monopolistically high prices in the markets of hot-rolled steel, oriented strand board and flat glass. For instance, on February 10, 2022 we completed consideration of cases on violation of antimonopoly legislation against Magnitogorsk Iron and Steel Works PJSC, Severstal PJSC, Novolipetsk Metallurgical Combine PJSC and established that companies have established and maintained monopolistically high prices for hot-rolled flat products in the domestic market.

On the one hand, FAS Russia strictly executes antimonopoly legislation in relation to market participants violating it, and, on the other hand, strives to comply with a soft regulatory regime to prevent violations, especially in socially significant markets.

It should also be mentioned that during the pandemic, the information technology market has grown even faster than before, which is especially noticeable in the e-commerce market. Thus, we have developed the so-called "fifth antimonopoly package" of amendments to the antimonopoly legislation aimed at improving antimonopoly regulation in the digital economy and creating legal framework to counter the abuse of market power by digital monopolies. In addition, the Expert Council under FAS Russia adopted the Basic Principles for Interaction with Digital Platforms, which are aimed at development of good practice in digital markets and are designed to increase transparency and predictability of relations between digital platforms and consumers of their services. On February 17, 2022 memorandum of accession to these principles was signed by FAS Russia and representatives of such companies as 1C, Avito, AliExpress Russia, Wildberries, VK, Lamoda, Ozon, Yandex and others.

The state policy in the field of competition has greatly contributed to overcoming the challenges of the global crisis with minimum losses and damage to the business community and citizens, which can be evidenced by the high rates of economic recovery.

One of the most important results of our activity was the development and adoption of the National Competition Development Plan for 2021-2025, approved by the Order of the Government of the Russian Federation of September 2, 2021 No. 2424-p.

The measures laid down in this document address main systemic and sectoral issues, contribute to the creation of favorable conditions for doing business, eliminate administrative barriers and distortions of competitive environment, as well as factors hindering the development of competition in the Russian Federation, including in the context of COVID-19.

As part of the implementation of the National Competition Development Plan, the regional authorities, together with FAS Russia, developed the so-called "road maps", which differ for each subject of the Russian Federation. These documents take into account the economic specifics of each region separately and determine the strategy for the development of the regional economy for the next four years. We are convinced that the achievement of the targets set in the National Competition Development Plan will make a significant contribution to the development of Russian economy.

Moreover, the Federal Law of March 1, 2020 No. 33-FZ "On Amendments to the Federal Law "On Protection of Competition" came into force, which introduced the legal definition of antimonopoly compliance as "system of internal compliance with the requirements of antimonopoly law". This mechanism allows economic entities to reduce the risk of violations, and as a result, reduce the risk of negative consequences: fines, losses and damage to their goodwill.

In February 2022, the President of the Russian Federation signed the Federal Law of February 16, 2022 No. 11-FZ "On Amendments to the Federal Law "On Protection of Competition" and Article 1 of the Federal Law "On the Basic Principles of State Regulation of Trading Activities in the Russian Federation" according to which a company cannot be recognized as a dominant economic entity if its annual revenue does not exceed 800 million rubles. It means that when the revenue of the acquired company under the transaction of economic concentration

does not exceed 800 million rubles, our approval will not be required (previously the threshold value was 400 million rubles).

Taken together, all these measures and tools allowed us to effectively respond to arising challenges during the pandemic and contribute to the economic recovery in post-pandemic period.