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Russia: Competition Authority
The 2021 edition of the Europe, Middle East and Africa Antitrust Review is part of the Global Competition Review Insight series of books that also covers the Americas and Asia-Pacific. Each book delivers specialist intelligence and research designed to help readers – general counsel, government agencies and private practitioners – successfully navigate the world's increasingly complex competition regimes. Global Competition Review works exclusively with leading competition practitioners in each region, and it is their wealth of experience and knowledge – enabling them not only to explain law and policy, but also to put it into context – that makes this report particularly valuable to anyone doing business in Europe, Africa and the Middle East today.
Russia: Competition Authority

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Federal Antimonopoly Service

Summary

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In summary

This article gives insights on the enforcement practices of the Federal Antimonopoly Service (FAS) of Russia in such fields as suppressing anticompetitive agreements, combating cartels and considering M&A transactions. It covers recent amendments to antimonopoly legislation and explains how the FAS is addressing the challenges of the modern world. The article centres on recent achievements of the FAS, including advocacy and legislative initiatives such as cancellation of intra-network roaming, transformation of state-owned enterprises, elimination of banking roaming, monitoring state of competition in commodity markets, development of exchange trading and implementation of the automated system for detecting and proving cartels. Particular attention is paid to international cooperation in enforcement, advocacy and legislative initiatives.

Discussion points

• Combating violations of large transnational corporations
• Considering global M&A transactions and facilitating international cooperation
• Addressing challenges of cartelisation of competitive economic areas
• Objectives of the National Competition Development Plan for 2018–2020

Referenced in this article

• Fifth antimonopoly package
• Guidelines on applying waivers of confidentiality when considering merger control transactions
• Package of bills to strengthen measures aimed at combating cartels
• Decree of the President of the Russian Federation No. 618 ‘On the main directions of the state policy towards competition development’
• Report: ‘Digital Era Competition: A BRICS View’
• Guiding Principles and Procedures under Section F of UN Set on Competition

The global and local economic challenges of the modern economy put new goals and objectives before the Federal Antimonopoly Service of Russia (the FAS Russia) for improving legal and organisational measures to ensure, protect and develop competition in the digital age, and to adapt antimonopoly legislation to digitalisation. The efforts of the FAS Russia are therefore focused currently on introducing into legislation a whole range of changes aimed at developing legal regulation in the digital era.
In response to the development of information technology, amendments to the Russian antimonopoly legislation (the 'fifth antimonopoly package') will introduce new concepts into the legislation (such as network effect and price algorithm), revise criteria for determining dominant position in the market and application of competition law in the field of intellectual property.

We are also continuing our efforts to address competition issues by combining advocacy, enforcement and legislative initiatives, interacting with both government bodies and stakeholders.

It is important to emphasise that one of the key aspects of our work in the past years has been combating violations by large transnational corporations, which have a significant effect on international trade, movement of investment flows and the state of the global and national economy.

In the modern world, international economics is showing increasing tendencies towards globalisation. A growing number of companies operate in several states, whether developed or developing, and there are entire markets that have no clear geographical boundaries, in particular the various information markets that have become an important part in the life of any modern person.

In the past few years, the FAS Russia has closely monitored the behaviour of digital companies and has a successful track record in a great number of investigations.

In the Microsoft case, in fulfilling our requirements, equal conditions were created for developers and antivirus products not only in Russia but in all territories where Microsoft is present, ensuring efficient competition on the global IT market. The Google case related to abuse of dominant position on the market of pre-installed application stores.

To restore competition, Google had to adjust its contracts with mobile devices vendors to exclude anticompetitive requirements that restrict installation of applications and services from other vendors. More recently, we have issued a warning to Booking.com to stop actions that have signs of violating the antimonopoly legislation. We believe that applying parity conditions leads to restricting and eliminating competition on the market when accommodation prices on any platform (online and offline, including those of other aggregators, tour operators and tour agents) cannot be lower than on Booking.com. Furthermore, the FAS Russia decided to open an investigation against Apple as the company has allegedly set unclear requirements relating to vendors’ software and has rejected software versions that were previously in the App Store. These actions could contain elements of abuse of dominance by the company.

The FAS Russia has paid particular attention to the suppression of anticompetitive agreements, and we already have experience in examining cases against such major players as LG, Samsung and Philips. We found out that LG coordinated the economic operations of resellers using price algorithms, including fixing recommended retail prices for its smartphones and influencing resellers to make sure they observed recommended retail prices, as well as punishing those that did not comply. In a similar way, Samsung and Philips were found guilty of unlawful coordination of economic operations of their smartphone resellers, which resulted in fixing and maintaining prices for smartphones and tablets in retail outlets.

It is important that the FAS Russia has the authority to suppress violations by government agencies, including their participation in cartels. This year, we managed to restore
competition when the governor of the Irkutsk region, the government of the Irkutsk region and several other entities entered into an agreement that restricted access to the works on an investment project for constructing a new terminal in the Irkutsk International Airport, as a result of which a private investor for the construction of the airport terminal was selected without any competitive procedures. Moreover, we suppressed unfair behaviour in more than 1,000 tenders for procurement and supply of pharmaceuticals to hospitals and the Ministry of Healthcare of the Dagestan Republic. Cartel members, the Ministry of Healthcare of the Republic of Dagestan and the Dagestan Republican Oncology Treatment Clinic were found guilty of concluding an anticompetitive agreement between the customer and auction participants. The FAS Russia believes that rigorous compliance with the antimonopoly legislation by the authorities guarantees observance of the legitimate rights of economic entities, competition support, saving public funds and successful implementation of infrastructure projects.

When considering mergers and acquisitions (M&A) transactions, the FAS Russia uses new approaches when making decisions and takes into account main trends in economic development, the characteristics of modern commodity markets and the possible effects on competition in related markets as a result of the transaction. Recently, we have considered many large transactions, with the aim of making balanced decisions. In particular, when considering the Siemens/Alstom transaction, we came to the conclusion that significant technological potential that could be developed by a merger, and its access to the huge amounts of data relating to the unique technologies for the production of rolling-stock and railway safety systems, could be critical for other market participants. We were not alone in our concerns and after the European Commission blocked the Siemens/Alstom transaction, respective merger notifications were withdrawn in several countries, including the Russian Federation. Conversely, the Avon/Natura transaction, which establishes the fourth largest cosmetic company making direct sales to consumers, was approved owing to the absence of competition concerns.

In the pharmaceutical industry, the FAS Russia, in considering a Taceda/Shire merger, evaluated a potential restriction of access to Shire medicine markets and negative implications for competition in the case of abuse of a dominant position and conditionally approved the transaction. The GSK/Pfizer deal was approved as it was concluded that it will not undermine competition in the market, owing in part to the fact that the companies will not be carrying out any joint activities for the production of their products. Further, they do not currently have any horizontal intersections and will still not have any as a result of cooperation within the Russian Federation. Consideration of the Abbvie/Allergan merger concluded with conditional approval as there is potential for abuse of a dominant position by Abbvie. Significantly, close cooperation with our colleagues from competition authorities around the world was of great help during consideration of these transactions.

In the Yandex.Taxi/Uber deal, the FAS Russia remedies concerned implementation of actions by the merging parties aimed at optimising the interaction of aggregators, taxi drivers and passengers.

In all M&A reviews, we held numerous consultations, including those using waivers of confidentiality.

We believe the exchange of waivers is an effective tool in international cooperation with competition authorities in law enforcement, which is widely used in developed countries when considering global M&A.
Taking into account the long-standing need to systematise work on applying waivers, we adopted a set of guidelines, one of the main goals of which is to ensure a uniform application of a waiver of confidentiality mechanism within the FAS Russia when cooperating with competition authorities in other countries and parties to the transactions in question.

Given the importance of using a waiver of confidentiality mechanism from a practical point of view, under the FAS Russia initiative, the Model Recommendations for the competition authorities of the CIS member states were developed and adopted. Currently, we are working on a similar document within the BRICS (the combined economies of Brazil, Russia, India, China and South Africa).

Taking account of the ever-changing realities of the modern world, the FAS Russia tries to keep pace with necessary antimonopoly legislative changes.

Cartelisation of competitive areas of economic activity is one of the key challenges for the development of competition. Currently, the main legislative initiative in this area is a package of bills to strengthen measures aimed at combating cartels, which should establish a procedure for transferring law enforcement agencies’ material to the FAS Russia. We are confident that the proposed legislative amendments will improve the mechanisms for identifying and suppressing cartels and other anticompetitive agreements by complementing the existing powers of the FAS Russia and bringing them into line with the realities of the modern digital economy.

Another legislative initiative of the FAS Russia is to create unified, clear and understandable rules relating to tariff regulation that ensure the modernisation of infrastructure, business development, and the quality and availability of goods and services for consumers. There are more than 150 different regulatory legal acts in the field of tariff regulation, there can be dozens of different tariffs for the same types of services, and regulators can make almost any decision. New amendments contain lists of regulated sectors, define shared objectives, principles, forms and methods of state tariff regulation, introduce basic provisions on the investment activities of regulated economic entities, reflect fundamental principles of the procedure for establishing regulated tariffs, and describe the procedure for implementing state control.

Throughout the past year, we actively worked on the implementation of the National Competition Development Plan for 2018–2020, approved by the Decree of the President of the Russian Federation No. 618 ‘On the main directions of the state policy towards competition development’. Deputies of the FAS Russia and I have visited more than 60 Russian regions and held working meetings with governors on the implementation of competition development measures. In 2020, we will complete the development of the National Competition Development Plan for 2021–2025 to further ensure economic growth and overcome the factors that hinder development of the Russian economy.

One expected outcome for the telecommunications sector under the National Competition Development Plan for 2018–2020 was the elimination of unreasonable differences in tariffs for mobile communications services while travelling across Russia. In 2019, we managed to complete the process of cancellation of intra-network roaming, that is the service that an operator provides to its users when they travel across the country and are automatically connected to their service provider’s network. From the beginning, companies refused to comply with our requirements and later set the cost of services in the region of residence that were equal to those in the home region, but introduced a fee for incoming long-distance
calls to compensate for the lost income. Finally, we succeeded in establishing equal pricing conditions for communication services in the home region and for travellers across the territory of the Russian Federation within the operator's network. On average, the cost of communication services for travellers across Russia when in the network area of another operator was reduced by between two and five times.

The FAS Russia again won the competition advocacy contest held by the World Bank and the International Competition Network (ICN) in the category ‘Promoting competitive digital infrastructure, digital platforms and digital finance’ with our project on abolishing intra-network roaming. Experience has shown that, thanks to these initiatives, customer loyalty increased and a reduction in tariffs led to a comparable increase in traffic. Abolition of roaming charges will contribute to the development of the telecommunications market, more active involvement of customers in the use of telecommunications services, increase transparency in this area and make telecommunication tariffs more clear, which will benefit both users and telecommunications operators.

Another achievement was the introduction of amendments to the Federal Law No. 485-FZ 'On amendments to the Federal Law “On public and municipal unitary enterprises” and the Federal Law “On Protection of Competition”, which were devised in accord with the National Competition Development Plan. It is important to understand that state-owned enterprises and state aid do not always lead to increased competitiveness in the sector. There are a lot of state-owned enterprises that work in areas with developed competition: heat supply, water supply, sanitation, housing management, trade and the provision of services. We believe that they adversely affect competition and lead to monopolisation by granting unreasonable privileges to state-owned enterprises. The transformation of state-owned enterprises will help to eliminate the disadvantages of this form of organisation, namely low labour productivity, ‘protected demand’ for a company’s products, additional opportunities for the property owner to capitalise on the situation, and the lack of market signals for changing an inefficient management team.

To fulfil the National Competition Development Plan, the FAS Russia continued to cooperate actively with the Bank of Russia and jointly introduce pro-competitive regulatory activities in financial markets.

In 2019, we managed to eliminate 'banking roaming', or high commission for interregional transfers between accounts within the same bank. The dynamics of bank cards payments indicate a growing interest by Russian citizens in the non-cash segment. However, a number of banks still charge commission at up to 1.5 per cent for interregional transfers to the accounts of relatives and friends opened in another territorial unit of one bank, which undoubtedly suggests that there are geographical barriers to money transfers within the territory of the Russian Federation. We estimated that, in 2018, the costs faced by consumers in terms of interregional discrimination amounted to 6 billion roubles. By virtue of the measures aimed at competition advocacy, we managed to protect our citizens, ensure freedom of money movement and further development of non-cash payments, eliminate discriminatory practices, and increase the motivation of banks to optimise business models and search for technological solutions to meet customer needs.

At the same time, one of the main tasks of the FAS Russia in the framework of monitoring the state of competition in commodity markets is to identify circumstances that impede, *inter alia*, the development of competition in these markets and their effective functioning. To exclude unreasonable advantages for organisations that accept payments for utility bills, and
to ensure the development of price competition when they provide services on the initiative of the competition authority, the Decree of the Government of the Russian Federation No. 1164 of 5 September 2019 ‘On amendments to some acts of the Government of the Russian Federation’ established a prohibition of the inclusion in the economically feasible costs of organisations engaged in a regulated type of activity of the utility services users’ spending on payment services provided by banks and other organisations in accordance with the legislation of the Russian Federation. This initiative made it possible to exclude the possibility of a situation in which consumers of utility services pay commission twice or pay for services that were not actually provided to them.

At the present time, in accordance with the Decree of the President of the Russian Federation No. 618 and National Competition Development Plan, one of the priority areas relating to economic policy is the development of exchange trading. Alongside industry regulators, institutions have significant influence on the development of markets for goods and services in the fuel and energy sector and the chemical industry for interactions between government and business. One of these institutions is the Exchange Committee under the FAS Russia, which continues to deal with a wide range of issues, from reducing shadow turnover in certain markets to creating sustainable economic development based on increasing price transparency and developing mechanisms for hedging risks of price fluctuations, covering such markets as oil, oil products, gas, coal, timber, mineral fertilisers and agricultural products. Meetings held by the Exchange Committee focus on reviewing the current situation in markets, taking measures to develop and improve exchange trading, and giving recommendations to market participants with the aim of preventing possible violations of the antimonopoly legislation. We believe that the development of exchange trading is one of the key elements in improving the efficiency of economic development and the industrial policy of the state, as well as introducing structural reforms that permit the removal of barriers to entry for new players and create competitive conditions for existing players.

Taking account of the special attention given in the National Competition Development Plan to developing competition in the digital era and adapting norms of antimonopoly legislation, the FAS Russia strives to use the capabilities of digitalisation to combat cartels in a more enhanced and systematic way. We continue implementation of the automated system for detecting and proving cartels – known as Big Digital Cat – which allows big data to be received and analysed automatically through open and closed communication channels to systematically identify anticompetitive agreements and form an evidence base. With respect to the digitalisation of merger review, we have created a special programme that allows companies to file electronic applications, and helps the authority to analyse big data using artificial intelligence.

In accordance with the National Competition Development Plan, the FAS Russia strives to increase the availability of agricultural subsidies for small enterprises, which account for nearly 50 per cent of the total volume of agricultural production in the Russian Federation. However, access to state support measures for small agricultural enterprises is significantly lower than for the large ones.

Small enterprises in this field mainly operate in crop production. A support measure known as ‘decoupled support’, which is provided only to agricultural producers who are classified as small enterprises, is widely used. To promote access to agricultural subsidies for small enterprises, we decided to limit the ceiling for the average annual income of agricultural producers, which determines their right to receive decoupled support.
The agro-industrial sector has a number of social obligations and generates demand in related sectors of the economy, providing for an increase in employment opportunities. We believe that it is critically important to provide support for small enterprises and development of competition in the agro-industrial sector. One of the major steps towards this development was introducing guaranteed subsidies at the fixed rate of the total budgetary provision for financing the State Programme for Agricultural Development and Regulation of Agricultural Products, Commodities and Food Markets for small enterprises operating in the field of crop production.

Other achievements of the FAS Russia during the past year include:

- the development and promotion of a pro-competitive principle of distribution of aquatic biological resources;
- quotas for 50 per cent of the entire permitted crab catch will be allocated in a competitive and transparent manner through electronic auctions;
- the introduction of legal amendments to remove the possibility for regulatory authorities to independently decide on exceeding the maximum levels of utilities tariffs without the approval of the FAS Russia; and
- a decrease in citizens’ fees for solid municipal waste management services.

Traditionally, the FAS Russia pays particular to international cooperation. We actively participate in events held by international organisations, including the Organisation for Economic Co-operation and Development, the ICN, the UN Conference on Trade and Development (UNCTAD) and the Asia-Pacific Economic Cooperation. We also fruitfully interact, both bilaterally and multilaterally, with our colleagues from foreign competition authorities.

A significant area of international activity for the FAS Russia is the development and diversification of cooperation with competition authorities of BRICS countries. We are carrying out constant interaction aimed at maintaining a high level of five-way cooperation in the field of antimonopoly policy. In September 2019, Moscow hosted the VI BRICS Conference on Competition and Annual Russian Competition Week, which brought together more than 200 foreign delegates and more than 15 heads of international authorities.

To fulfil arrangements set by the heads of the BRICS competition authorities, the BRICS Contact Group on Cartels was formed. Its objectives are to discuss particular cases for joint investigations in the BRICS space, and to improve existing mechanisms and develop new mechanisms for exposing anticompetitive agreements. The BRICS Contact Group on Cartels not only facilitates the exchange of experiences in developing state-of-the-art technological programmes but also has a positive effect upon investigations of anticompetitive agreements in the digital space. Further, currently on the BRICS platform are successful working groups on pharmaceuticals, food value chains, the automotive industry and digitalisation. For instance, to reflect the challenges to modern competition law enforcement posed by the digital economy, the digitalisation working group issued a report Report titled ‘Digital Era Competition: A BRICS View’, which aims to exchange information on the experience of the BRICS countries in suppressing anticompetitive practices in the digital economy, including combating cartels of a new type, considering transactions of economic concentrations in the digital age, and developing new mechanisms to combat anticompetitive practices adapted to digital reality.
Moreover, we are constantly working on developing cooperation with foreign competition authorities to create and improve legal frameworks for implementing modern mechanisms to counter cross-border violations of antimonopoly legislation. Our joint efforts with foreign colleagues to introduce mechanisms for practical cooperation between competition authorities at the UNCTAD Platform have been reflected in the Guiding Principles and Procedures under Section F of the UN Set of Principles on Competition, which is expected to be adopted during the Eighth Conference on the Revision of the UN Set of Principles on Competition later in 2020. We believe this document will be significant in the process of improving antimonopoly legislation by UN member states, which is of the utmost importance for developing countries and young competition agencies as they will be able to use the Guiding Principles and Procedures, which contain best enforcement practices in the field of international cooperation of competition authorities.

In preparation for the Eighth UN Conference, at the initiative of the FAS Russia, a series of events were held to disseminate knowledge regarding the Guiding Principles and Procedures among competition authorities, businesses and academia to address possible questions prior to them being adopted. Events organised by the FAS Russia included themed sessions, in which representatives of foreign competition authorities and UNCTAD experts participated, which were held as part of the V International Conference ‘Antimonopoly Policy: Science, Education, Practice’.

To strengthen bilateral cooperation, we concluded new level agreements, which include clauses on the specific behaviour of the parties in the event of investigations and on holding consultations to suppress violations of antimonopoly legislation in the territory of the parties to the agreement. For instance, the Agreement between the Government of the Russian Federation and the Government of the Republic of Belarus on cooperation in the field of competition protection, which was signed in 2019, provides for the exchange of confidential information and coordination of enforcement efforts, including organising joint inspections and investigations, issuing simultaneous decisions on cases, carrying out proceedings, and initiating enforcement activities.

With the purpose of developing international cooperation in the frame of the Eurasian Economic Union (EAEU), we closely interact with both the Eurasian Economic Commission and competition authorities of the EAEU member states. As part of the work to improve the EAEU contractual legal framework with regard to competition policy, the FAS Russia participated in the development of amendments to the Treaty on the Eurasian Economic Union, which will introduce warning mechanisms for violations of the general rules of competition, allowing prompt restoration of competition in the EAEU cross-border markets and without long investigation procedures. In addition, the FAS Russia took part in preparing the road map for implementing strategic directions for the development of Eurasian economic integration until 2025, which provides for the realisation of a number of strategic areas for joint work in the field of competition policy.

We should accept that the world is changing and it is crucial to continue to search for new approaches in antimonopoly regulation both globally and locally. The digital era poses plenty of questions for the regulators: protecting competition amid rapid digitalisation, global mergers of the largest companies with enormous innovative potential, countering international digital cartels and much more.
The FAS Russia has made enormous efforts and has already achieved very positive results in addressing new challenges of the modern economy by improving legal and organisational measures to ensure, protect and develop competition.

**IN SUMMARY**

This article gives insights on the enforcement practices of the Federal Antimonopoly Service (FAS) of Russia in such fields as suppressing anticompetitive agreements, combating cartels and considering M&A transactions. It covers recent amendments to antimonopoly legislation and explains how the FAS is addressing the challenges of the modern world. The article centres on recent achievements of the FAS, including advocacy and legislative initiatives such as cancellation of intra-network roaming, transformation of state-owned enterprises, elimination of banking roaming, monitoring state of competition in commodity markets, development of exchange trading and implementation of the automated system for detecting and proving cartels. Particular attention is paid to international cooperation in enforcement, advocacy and legislative initiatives.

**DISCUSSION POINTS**

- Combating violations of large transnational corporations
- Considering global M&A transactions and facilitating international cooperation
- Addressing challenges of cartelisation of competitive economic areas
- Objectives of the National Competition Development Plan for 2018–2020

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dominant position in the market and application of competition law in the field of intellectual property.

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The FAS Russia has paid particular attention to the suppression of anticompetitive agreements, and we already have experience in examining cases against such major players as LG, Samsung and Philips. We found out that LG coordinated the economic operations of resellers using price algorithms, including fixing recommended retail prices for its smartphones and influencing resellers to make sure they observed recommended retail prices, as well as punishing those that did not comply. In a similar way, Samsung and Philips were found guilty of unlawful coordination of economic operations of their smartphone resellers, which resulted in fixing and maintaining prices for smartphones and tablets in retail outlets.

It is important that the FAS Russia has the authority to suppress violations by government agencies, including their participation in cartels. This year, we managed to restore competition when the governor of the Irkutsk region, the government of the Irkutsk region and several other entities entered into an agreement that restricted access to the works on an investment project for constructing a new terminal in the Irkutsk International Airport,
as a result of which a private investor for the construction of the airport terminal was selected without any competitive procedures. Moreover, we suppressed unfair behaviour in more than 1,000 tenders for procurement and supply of pharmaceuticals to hospitals and the Ministry of Healthcare of the Dagestan Republic. Cartel members, the Ministry of Healthcare of the Republic of Dagestan and the Dagestan Republican Oncology Treatment Clinic were found guilty of concluding an anticompetitive agreement between the customer and auction participants. The FAS Russia believes that rigorous compliance with the antimonopoly legislation by the authorities guarantees observance of the legitimate rights of economic entities, competition support, saving public funds and successful implementation of infrastructure projects.

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The FAS Russia again won the competition advocacy contest held by the World Bank and the International Competition Network (ICN) in the category ‘Promoting competitive digital infrastructure, digital platforms and digital finance’ with our project on abolishing intra-network roaming. Experience has shown that, thanks to these initiatives, customer loyalty increased and a reduction in tariffs led to a comparable increase in traffic. Abolition of roaming charges will contribute to the development of the telecommunications market, more active involvement of customers in the use of telecommunications services, increase transparency in this area and make telecommunication tariffs more clear, which will benefit both users and telecommunications operators.

Another achievement was the introduction of amendments to the Federal Law No. 485-FZ ‘On amendments to the Federal Law “On public and municipal unitary enterprises” and the Federal Law “On Protection of Competition”, which were devised in accord with the National Competition Development Plan. It is important to understand that state-owned enterprises and state aid do not always lead to increased competitiveness in the sector. There are a lot of state-owned enterprises that work in areas with developed competition: heat supply, water supply, sanitation, housing management, trade and the provision of services. We believe that they adversely affect competition and lead to monopolisation by granting unreasonable privileges to state-owned enterprises. The transformation of state-owned enterprises will help to eliminate the disadvantages of this form of organisation, namely low labour productivity, ‘protected demand’ for a company’s products, additional opportunities for the property owner to capitalise on the situation, and the lack of market signals for changing an inefficient management team.

To fulfil the National Competition Development Plan, the FAS Russia continued to cooperate actively with the Bank of Russia and jointly introduce pro-competitive regulatory activities in financial markets.

In 2019, we managed to eliminate ‘banking roaming’, or high commission for interregional transfers between accounts within the same bank. The dynamics of bank cards payments indicate a growing interest by Russian citizens in the non-cash segment. However, a number of banks still charge commission at up to 1.5 per cent for interregional transfers to the accounts of relatives and friends opened in another territorial unit of one bank, which undoubtedly suggests that there are geographical barriers to money transfers within the territory of the Russian Federation. We estimated that, in 2018, the costs faced by consumers in terms of interregional discrimination amounted to 6 billion roubles. By virtue of the measures aimed at competition advocacy, we managed to protect our citizens, ensure freedom of money movement and further development of non-cash payments, eliminate discriminatory practices, and increase the motivation of banks to optimise business models and search for technological solutions to meet customer needs.

At the same time, one of the main tasks of the FAS Russia in the framework of monitoring the state of competition in commodity markets is to identify circumstances that impede, *inter alia*, the development of competition in these markets and their effective functioning. To exclude unreasonable advantages for organisations that accept payments for utility bills, and to ensure the development of price competition when they provide services on the initiative of the competition authority, the Decree of the Government of the Russian Federation No.
1164 of 5 September 2019 ‘On amendments to some acts of the Government of the Russian Federation’ established a prohibition of the inclusion in the economically feasible costs of organisations engaged in a regulated type of activity of the utility services users’ spending on payment services provided by banks and other organisations in accordance with the legislation of the Russian Federation. This initiative made it possible to exclude the possibility of a situation in which consumers of utility services pay commission twice or pay for services that were not actually provided to them.

At the present time, in accordance with the Decree of the President of the Russian Federation No. 618 and National Competition Development Plan, one of the priority areas relating to economic policy is the development of exchange trading. Alongside industry regulators, institutions have significant influence on the development of markets for goods and services in the fuel and energy sector and the chemical industry for interactions between government and business. One of these institutions is the Exchange Committee under the FAS Russia, which continues to deal with a wide range of issues, from reducing shadow turnover in certain markets to creating sustainable economic development based on increasing price transparency and developing mechanisms for hedging risks of price fluctuations, covering such markets as oil, oil products, gas, coal, timber, mineral fertilisers and agricultural products. Meetings held by the Exchange Committee focus on reviewing the current situation in markets, taking measures to develop and improve exchange trading, and giving recommendations to market participants with the aim of preventing possible violations of the antimonopoly legislation. We believe that the development of exchange trading is one of the key elements in improving the efficiency of economic development and the industrial policy of the state, as well as introducing structural reforms that permit the removal of barriers to entry for new players and create competitive conditions for existing players.

Taking account of the special attention given in the National Competition Development Plan to developing competition in the digital era and adapting norms of antimonopoly legislation, the FAS Russia strives to use the capabilities of digitalisation to combat cartels in a more enhanced and systematic way. We continue implementation of the automated system for detecting and proving cartels – known as Big Digital Cat – which allows big data to be received and analysed automatically through open and closed communication channels to systematically identify anticompetitive agreements and form an evidence base. With respect to the digitalisation of merger review, we have created a special programme that allows companies to file electronic applications, and helps the authority to analyse big data using artificial intelligence.

In accordance with the National Competition Development Plan, the FAS Russia strives to increase the availability of agricultural subsidies for small enterprises, which account for nearly 50 per cent of the total volume of agricultural production in the Russian Federation. However, access to state support measures for small agricultural enterprises is significantly lower than for the large ones.

Small enterprises in this field mainly operate in crop production. A support measure known as ‘decoupled support’, which is provided only to agricultural producers who are classified as small enterprises, is widely used. To promote access to agricultural subsidies for small enterprises, we decided to limit the ceiling for the average annual income of agricultural producers, which determines their right to receive decoupled support.

The agro-industrial sector has a number of social obligations and generates demand in related sectors of the economy, providing for an increase in employment opportunities. We
believe that it is critically important to provide support for small enterprises and development of competition in the agro-industrial sector. One of the major steps towards this development was introducing guaranteed subsidies at the fixed rate of the total budgetary provision for financing the State Programme for Agricultural Development and Regulation of Agricultural Products, Commodities and Food Markets for small enterprises operating in the field of crop production.

Other achievements of the FAS Russia during the past year include:

- the development and promotion of a pro-competitive principle of distribution of aquatic biological resources;
- quotas for 50 per cent of the entire permitted crab catch will be allocated in a competitive and transparent manner through electronic auctions;
- the introduction of legal amendments to remove the possibility for regulatory authorities to independently decide on exceeding the maximum levels of utilities tariffs without the approval of the FAS Russia; and
- a decrease in citizens’ fees for solid municipal waste management services.

Traditionally, the FAS Russia pays particular to international cooperation. We actively participate in events held by international organisations, including the Organisation for Economic Co-operation and Development, the ICN, the UN Conference on Trade and Development (UNCTAD) and the Asia-Pacific Economic Cooperation. We also fruitfully interact, both bilaterally and multilaterally, with our colleagues from foreign competition authorities.

A significant area of international activity for the FAS Russia is the development and diversification of cooperation with competition authorities of BRICS countries. We are carrying out constant interaction aimed at maintaining a high level of five-way cooperation in the field of antimonopoly policy. In September 2019, Moscow hosted the VI BRICS Conference on Competition and Annual Russian Competition Week, which brought together more than 200 foreign delegates and more than 15 heads of international authorities. To fulfil arrangements set by the heads of the BRICS competition authorities, the BRICS Contact Group on Cartels was formed. Its objectives are to discuss particular cases for joint investigations in the BRICS space, and to improve existing mechanisms and develop new mechanisms for exposing anticompetitive agreements. The BRICS Contact Group on Cartels not only facilitates the exchange of experiences in developing state-of-the-art technological programmes but also has a positive effect upon investigations of anticompetitive agreements in the digital space. Further, currently on the BRICS platform are successful working groups on pharmaceuticals, food value chains, the automotive industry and digitalisation. For instance, to reflect the challenges to modern competition law enforcement posed by the digital economy, the digitalisation working group issued a report Report titled ‘Digital Era Competition: A BRICS View’, which aims to exchange information on the experience of the BRICS countries in suppressing anticompetitive practices in the digital economy, including combating cartels of a new type, considering transactions of economic concentrations in the digital age, and developing new mechanisms to combat anticompetitive practices adapted to digital reality.

Moreover, we are constantly working on developing cooperation with foreign competition authorities to create and improve legal frameworks for implementing modern mechanisms
to counter cross-border violations of antimonopoly legislation. Our joint efforts with foreign colleagues to introduce mechanisms for practical cooperation between competition authorities at the UNCTAD Platform have been reflected in the Guiding Principles and Procedures under Section F of the UN Set of Principles on Competition, which is expected to be adopted during the Eighth Conference on the Revision of the UN Set of Principles on Competition later in 2020. We believe this document will be significant in the process of improving antimonopoly legislation by UN member states, which is of the utmost importance for developing countries and young competition agencies as they will be able to use the Guiding Principles and Procedures, which contain best enforcement practices in the field of international cooperation of competition authorities.

In preparation for the Eighth UN Conference, at the initiative of the FAS Russia, a series of events were held to disseminate knowledge regarding the Guiding Principles and Procedures among competition authorities, businesses and academia to address possible questions prior to them being adopted. Events organised by the FAS Russia included themed sessions, in which representatives of foreign competition authorities and UNCTAD experts participated, which were held as part of the V International Conference 'Antimonopoly Policy: Science, Education, Practice'.

To strengthen bilateral cooperation, we concluded new level agreements, which include clauses on the specific behaviour of the parties in the event of investigations and on holding consultations to suppress violations of antimonopoly legislation in the territory of the parties to the agreement. For instance, the Agreement between the Government of the Russian Federation and the Government of the Republic of Belarus on cooperation in the field of competition protection, which was signed in 2019, provides for the exchange of confidential information and coordination of enforcement efforts, including organising joint inspections and investigations, issuing simultaneous decisions on cases, carrying out proceedings, and initiating enforcement activities.

With the purpose of developing international cooperation in the frame of the Eurasian Economic Union (EAEU), we closely interact with both the Eurasian Economic Commission and competition authorities of the EAEU member states. As part of the work to improve the EAEU contractual legal framework with regard to competition policy, the FAS Russia participated in the development of amendments to the Treaty on the Eurasian Economic Union, which will introduce warning mechanisms for violations of the general rules of competition, allowing prompt restoration of competition in the EAEU cross-border markets and without long investigation procedures. In addition, the FAS Russia took part in preparing the road map for implementing strategic directions for the development of Eurasian economic integration until 2025, which provides for the realisation of a number of strategic areas for joint work in the field of competition policy.

We should accept that the world is changing and it is crucial to continue to search for new approaches in antimonopoly regulation both globally and locally. The digital era poses plenty of questions for the regulators: protecting competition amid rapid digitalisation, global mergers of the largest companies with enormous innovative potential, countering international digital cartels and much more.

The FAS Russia has made enormous efforts and has already achieved very positive results in addressing new challenges of the modern economy by improving legal and organisational measures to ensure, protect and develop competition.
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