



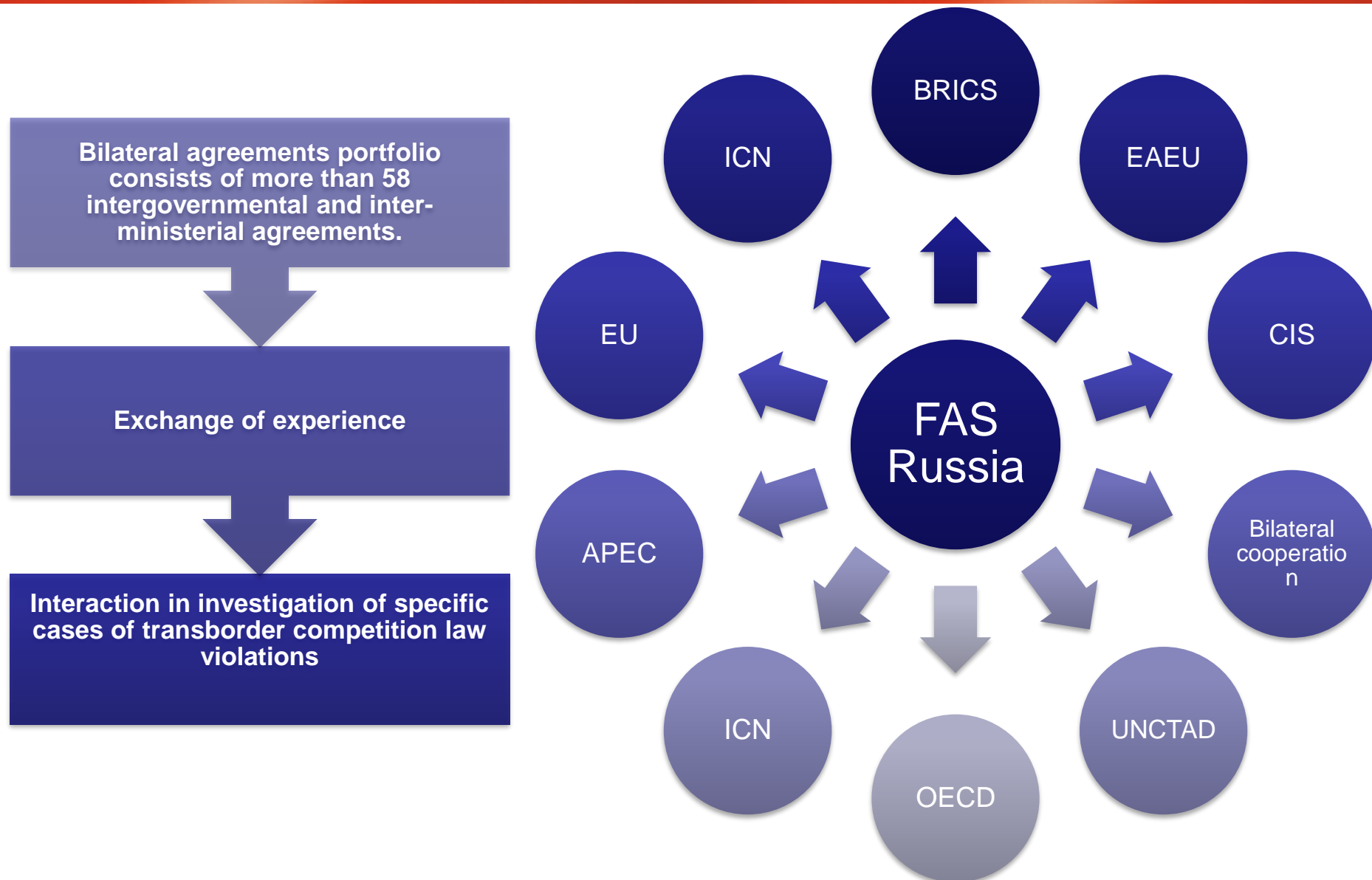
Federal Antimonopoly Service

Cooperation between Competition Authorities at Bilateral and Multilateral Levels

*A. Golomolzin,
Deputy Head of the FAS Russia*

*2 November 2017
Istanbul, Turkey*

Direction of FAS Russia's International Activities



Cooperation within the framework of the CIS: 1993

The Interstate Council for Antimonopoly Policy (ICAP)

Headquarters for Joint Investigations of the Violations of the Antimonopoly Legislation in the CIS Countries

International Working Group for Research of Competition Issues in the Market of International Telecommunications (Roaming)

The Working Group on Investigating Issues on Pricing in the Oil and Oil Product Markets and Methods of their Functioning

The Working Group for Research on the Competition Issues in the Pharmaceutical Sector

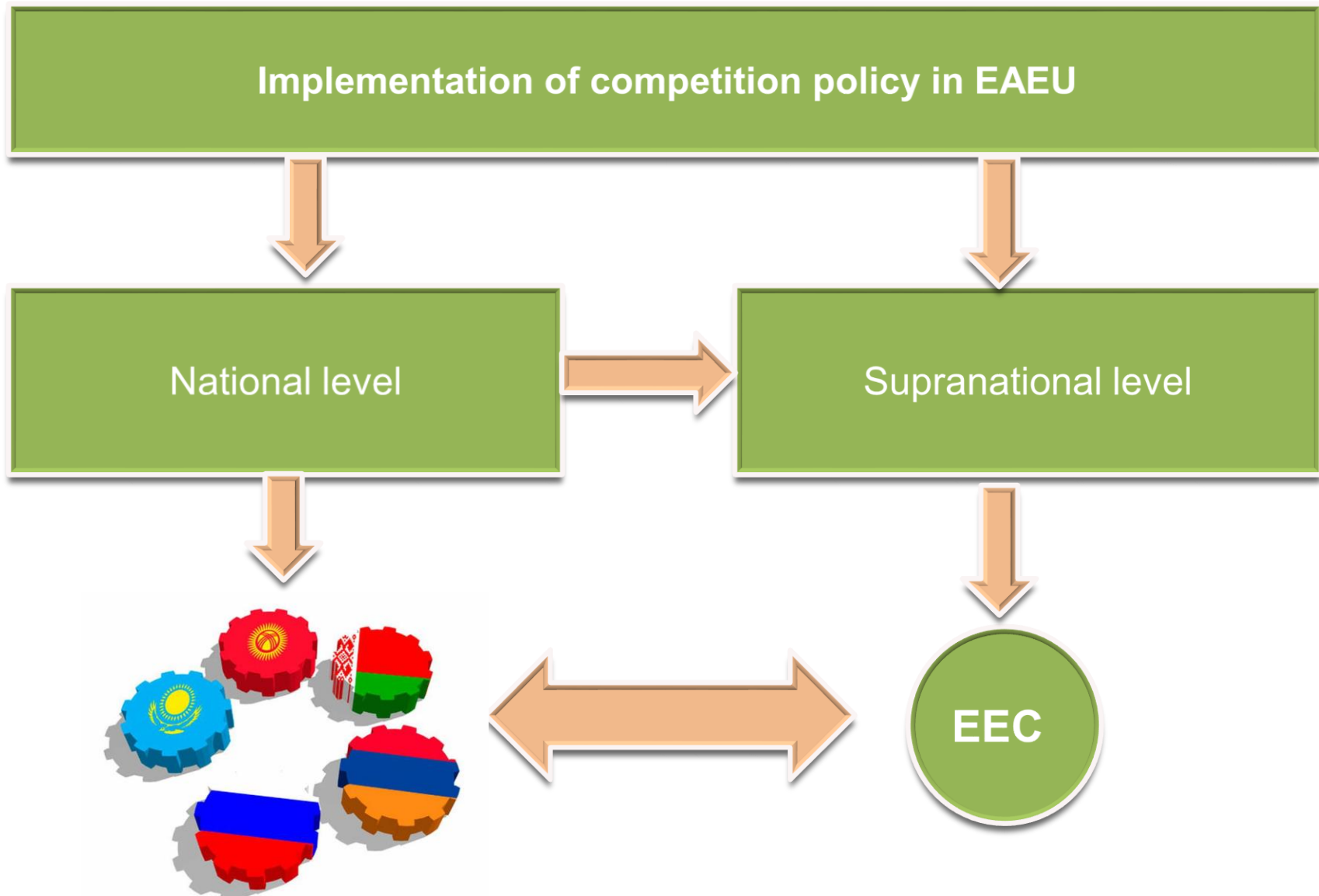
The Headquarters – effective form of joint work: 2006

2006 – Establishment of the Headquarters for Joint Investigations of the Violations of the Antimonopoly Legislation in the CIS Countries

Main goal of the Headquarter – identification of competition issues on the markets of social importance and infrastructure, successful functioning of which ensures effectiveness of the CIS economic integration development



Competition Policy in EAEU: 2014



Cooperation in conducting researches on markets

International Aviation Committee

(Memorandum on Cooperation between the International Aviation Committee and the Interstate Council for Antimonopoly Policy was signed on December 16, 2009)



Regional Commonwealth in the field of Communications

(The proposal to sign the Memorandum on Cooperation between the Regional Commonwealth in the field of Communications and the Interstate Council for Antimonopoly Policy (ICAP) will be considered within the framework of the ICAP session on 27 September 2016)

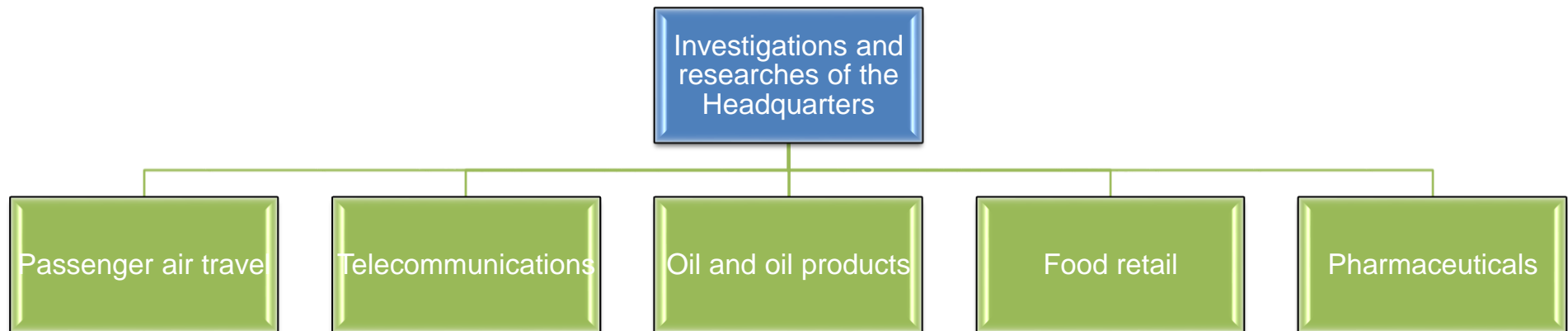
Non-Profit Partnership for Competition Support

(Cooperation agreement between the Interstate Council for Antimonopoly Policy and the Non-Profit Partnership for Competition Support was signed on 25 November 2010)

НЕКОММЕРЧЕСКОЕ ПАРТНЕРСТВО
СОДЕЙСТВИЕ РАЗВИТИЮ КОНКУРЕНЦИИ
В СТРАНАХ СНГ

The Headquarters – effective form of joint work

- During the 10 years of work of the Headquarters , several researches on the markets of social importance (telecommunications, aviation, food retail, oil and oil products, pharmaceuticals, etc.) were conducted, the results of 5 researches were approved by the CIS Heads of Government Council.
- Findings and recommendations of all market researches are being used in practice of competition authorities of the CIS Member States.

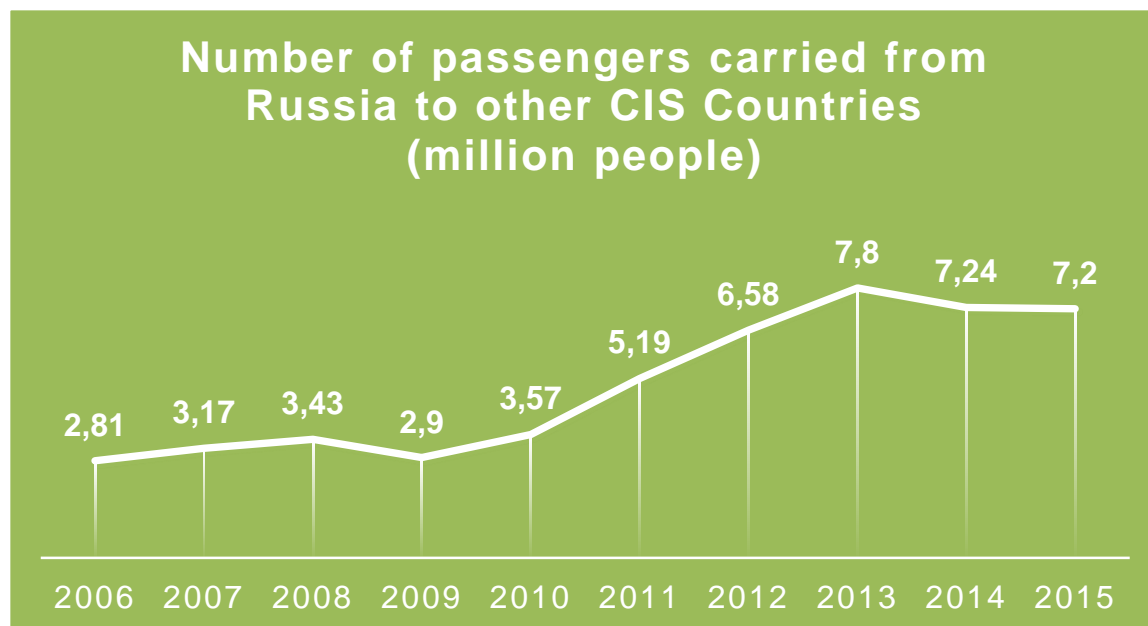


Research on the State of Competition on the Air Passenger Markets in the CIS Member States

For the first time, the issue of coherent liberalization of international aviation was raised. As a result, the **Report on the State of Competition on the Air Passenger Markets in the CIS Member States** was prepared.

The report on the research results was approved by the CIS Heads of Government Council on **14 November 2008 in Kishinev (Republic of Moldova)**

Liberalization of air services and development of competition ensured the growth of air transport volume in the CIS Countries, that **reached 2.7 times for three next years only.**



Strategy of competition policy development in air transportation

Further liberalization of international air transportation

Coherent removal of restrictions, imposed by the agreement on air communication

Access to international air services

The Rules on non-discriminatory access of natural monopolies to airports

Development of competition in ground handling operation, on the BFI market

Setting of unified policy in the markets of aviation fuel and jet fuel distribution

Provision of transport accessibility, achievement of the level of best practices

Oil and oil products Working Group: 2011-2014

Meeting of the OECD Committee, February 2013, Paris



*FAS of Russia and the Austrian Federal Competition Authority (**co-chairs**) submitted a joint report on the results of the activities and initiatives of the Working Group.*

UNCTAD meeting, July 2013, Geneva



Results of the Working Group's activity:

- *Representatives of 20 countries from three continents, including Russia, Austria, Portugal, Germany, Kazakhstan, Ukraine, USA, UK and others participated in the meetings.*
- *Exchange of experience on restraint of violations of AML in oligopoly markets of oil products.*
- *Analysis of markets of oil and oil products: it is important to bear in mind influence of regional, international and country factors;*
- *Impact of world prices on prices in national markets of large and small countries, importers and exporters of oil and oil products.*
- *The key pricing issue – ensuring transparency and validity.*
- *A need for a legal framework: exchange trade of oil and oil products; commodity derivatives, registration of off-exchange transactions; formation of indexes for exchange and off-exchange prices, as well as price indexes of comparable foreign markets.*

Международная рабочая группа
по исследованию вопросов ценообразования
на рынках нефти и нефтепродуктов
и способов их функционирования:

ИТОГИ, ЗАДАЧИ,
СТРАТЕГИЯ РАЗВИТИЯ


The International Working Group
on Investigating Issues on Pricing in the Oil
and Oil Product Markets
and Methods of their Functioning:

RESULTS, TASKS
AND DEVELOPMENT STRATEGY

IOSCO recommendations

IOSCO recommendations:

1. Formal documentation and disclosure of all criteria and procedures that are used in assessment of oil cost, including guidelines, in accordance with which decisions are made, as well as procedures for revision of methodology



Implementation in the Russian Federation:


The Law "On Protection of Competition" stipulates adoption of several legal acts relating to the sales via a commodities exchange:

- Procedure for Submitting to the Exchange the List of Affiliated Persons by an Economic Entity Occupying Dominant Position on the Relevant Market (approved by the order of FAS of Russia).***
- Criteria of Regularity and Evenness of Selling Commodities on an Exchange for the Single Commodity Markets (approved by the Decree of the Government of the Russian Federation).***
- Minimum volume of commodities selling at the commodity exchange, necessary for ensuring liquidity of trading (approved by the joint order of FAS of Russia and the Ministry of Energy of Russia).***

IOSCO recommendations

IOSCO recommendations:

2. The transparency of the procedures by which the Agency will consult stakeholders on any proposed changes in the assessment methodology, including the opportunity for stakeholders to provide comments regarding the impact of the proposed Agencies of changes in the assessment methodology



In the Russian Federation:

★ Federal law "On on-exchange trading":

Trade organizer is entitled to conduct the organized trading subject to the registration rules of on-exchange trading in financial markets regulator.

Trade organizer is obliged to calculate price, indexes and other indicators based on information on contracts, concluded at on-exchange trading and without on-exchange trading. The order and terms of calculation of these indicators are determined by the acts of the regulator of the financial markets, as well as methods established by organizers of trade.

Methods of calculation of trade prices, indexes and other indicators disclosed by the organizer are subject to registration in the financial markets regulator in established order.

The organizer of trading is obliged to ensure free access to information for all interested persons irrespective of purposes for obtaining such information.

Requirements to the procedure and terms of disclosure (provision) of information by organizer of trade are determined by the regulator of financial markets.

Russian crude oil futures

Implementation of Russian crude oil futures project will allow to create a transparent exchange mechanism for determining fair prices for Russian oil and to move away from current dependence on "assessments" practices, susceptible to price manipulation



- Detailed project implementation plan approved;
- Common General terms of delivery under the deliverable futures contract agreed with Russian oil companies;
- Rules of Trading and Access, Contract Specifications developed;
- Exchange, Clearing house and technical infrastructure in place;
- Start of trading – Q4 of 2016.

Competition on the Telecommunications Markets in the CIS Member States

On the basis of research, the Report «On the State of Competition on the Telecommunications Markets in the CIS Member States» was prepared and approved by the CIS Heads of Government Council on 19 November 2010 in Saint Petersburg (Russian Federation).

For the first time, within the framework of this research, **joint investigation (competition authorities of Russia and Kazakhstan)** was introduced as a new form of cooperation between competition authorities, which led to markedly improved efficiency of competition law enforcement.

Work in this direction was continued within the framework of the International Working Group for Research of Competition Issues in the Market of International Telecommunications (Roaming) (**co-chaired by the competition authorities of Turkey and Russia**).

Results of measures taken for competition development on the market of telecommunications

The International Roaming Working Group established:

- ④ Main principles of interaction between regulators and operators, that determine conditions for tariffs reduction;
- ④ The “Road Map” for implementation of measures aimed at enhancing competition and lowering of tariffs in roaming;
- ④ The Fair Roaming Principles.

2010 – 2016

Reduction of inter-operator tariffs from 4 (voice) to 8 (data) times

Growth in service volumes (for the period 2010-2014)

Voice – to 322%

SMS – to 88%

Data – to 509%

Reduction of tariffs for subscribers:

Voice - to 9 times

SMS – to 3 times

Data – to 160 times

Effective interaction of regulators and businesses

International ICT Working Group

- Objectives of the Roaming Working Group were reached successfully by the end of 2016
- Members of the Working Group (**co-chaired by the competition authorities of Turkey and Russia**) decided to expand the scope of activities of the WG to develop competition in the field of information and communications technologies (ICT)
- Wave of international cases against transnational digital companies on violating the antimonopoly legislation
- Necessary to eliminate the gaps in the competition law related to the digital economy

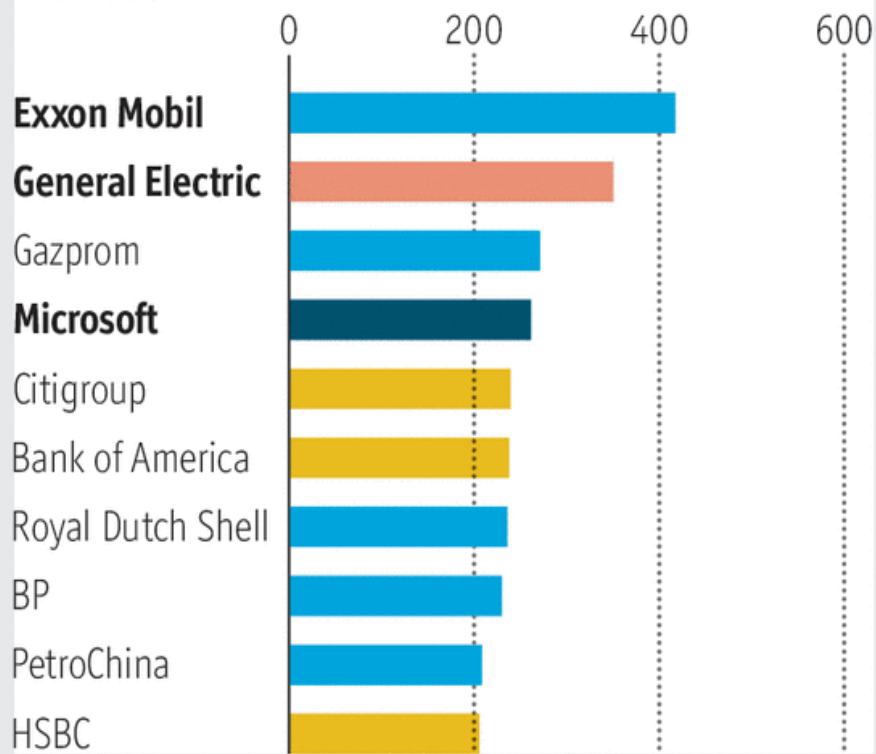
New economic reality

A virtually new world

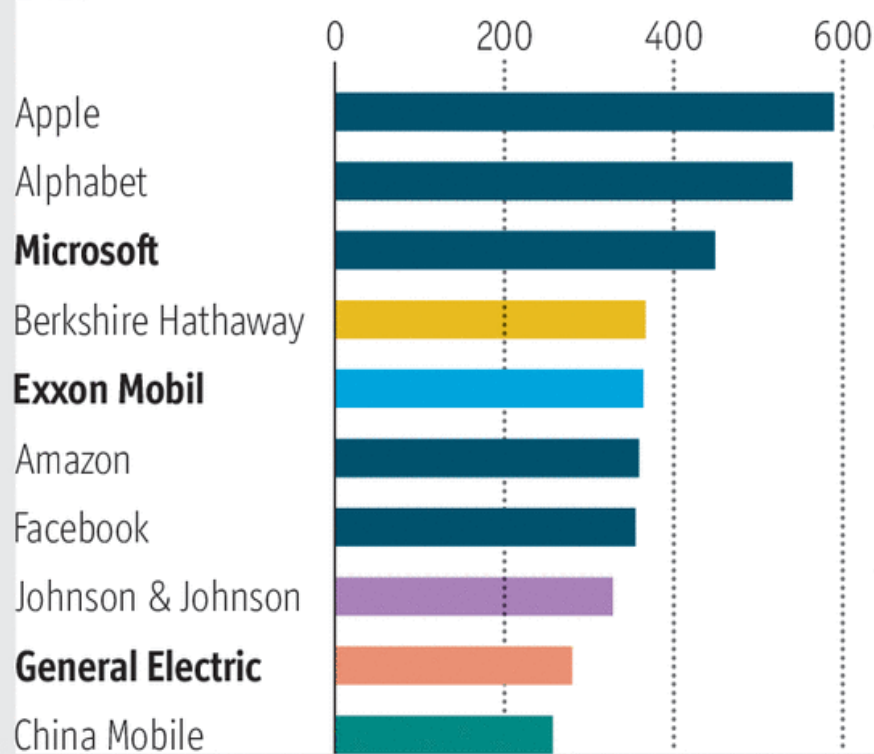
World, largest listed companies by market capitalisation, \$bn

Sector: ■ Energy ■ Financials ■ Health care ■ Industrials ■ IT ■ Telecoms

End 2006



2016*



Source: Bloomberg

*At August 24th 2016

FAS prevents unfair practices of digital giants

➤ Google case

FAS and Google reached a settlement: Google removed anti-competitive restrictions from its agreements with manufacturers on pre-installation of other developers' competing software, including search engines. Google developed and now implements an active "choice window" in its Chrome browser that provides users with the opportunity to choose their default search engine.

Google also paid a 438 million RUB fine to the federal budget of Russian Federation.



➤ Apple case

- FAS issued a warning to the company in the case of maintenance service. Apple opened a maintenance service center in the Russian territory (screens repair and replacement).
- FAS established that Apple Rus. coordinated prices for iPhone 6. The company terminated a violation, which could lead to a price reduction.



➤ Microsoft case

Microsoft executed a FAS warning, issued within the case consideration: the company restored equal conditions for vendors of antivirus products, including reasonable time to enable compatibility of their antivirus applications with the new operational system (2 weeks); changed users' notification; eliminated all calls for changing of the antivirus software for Windows Defender.



New economic reality



Globalization

Digitalization

Intense activity of global TNC that operate on the new markets

Greater commitment of TNC is necessary at a scale of all humankind

In the epoch of new economic reality, speed and character of antimonopoly regulation should meet current changes and character of violations!

Features of digital markets' analysis

- **Multi-sidedness, connectedness to other products** – assessment of all aspects of a market and its interrelations that influence the behavior of sellers and buyers, determination of product boundaries of a market, the undertakings' market shares.
- **Global character of circulation** – determination of geographical boundaries of a commodity market with regard to activity of sellers, consumers and, perhaps, national features of consumption (including regulatory requirements for goods and related goods circulation).
- **Monetization methods variety** – determination of product boundaries of a commodity market, group of sellers and buyers in adjacent markets. **The fact that a product is provided to the consumer free of charge doesn't mean that the seller doesn't reap the economic benefits.**

Not only

New mechanisms of international cooperation

EEU

The Treaty on the Eurasian Economic Union of 29 May 2014

CIS

Joint statement of the CIS member states on consolidation of international community's efforts on order to combat cartels effectively

BRICS

International Working Groups in:
- Pharmaceutical Sector
- Global Value Chains
- Automotive Sector

International Convention on the Fight Against Cartels

UNCTAD

Toolkit on International Cooperation of Competition Authorities on Combating Restrictive Business Practices of Transnational Corporations and Transborder Violations of Rules on Competition

Bilateral cooperation

Agreements of cooperation with foreign competition authorities of a new type



Effectiveness, openness and cooperation between competition authorities worldwide –



**a way to meet challenges
of the new economic reality!**

Thank you for your attention!



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rus_fas



anticartel.ru



international@fas.gov.ru