# Press-release of 30.06.2010

30 июня 2010, 10:26

An independent international publication "Global Competition Review" increased the efficiency rating of the Federal Antimonopoly Service (FAS Russia) to three stars. FAS Russia's work is evaluated as "good", which places Russian competition authority on a par with such countries as Austria, Brazil, Norway, Switzerland, etc.

Efficiency rating of competition authorities by the "Global Competition Review" is one of the most authoritative among experts in this field. It is based on independent expert examination by representatives of foreign legal and business community in accordance with criteria devised by the "Global Competition Review".

The work of competition authorities is evaluated using a 5-score scale when competition authorities are grouped according to a number of scores (stars): elite, very good, good, and satisfactory. Currently, of more than 100 competition authorities formed in different countries across the globe only 38 best agencies are included in the rating. Analysis of conclusions made by Global Competition Review" helps determine strong and weak points of the work of an antimonopoly authority and outline the way to improve competition law and enforcement.

In 2006, Russian competition authority shared 36-38 positions out of possible 38 positions, in 2007 FAS Russia managed to rise to 32-36 places, in 2008 FAS Russia was on - 30-35places and in 2009 - 19-29 places. FAS Russia's scores have improved from 1.25 stars in 2005 to 3 stars.

In the opinion of the "Global Competition Review", FAS Russia increased its 2009 rating because the competition authority undertook considerable efforts to improve the quality of its work. In the last three years the Antimonopoly Service drafted new competition law and last year FAS was instrumental to adopting the "second antimonopoly package", says the report. The "second antimonopoly package" comprised amendments to the Federal Law "On Protection of Competition", the Code of the Russian Federation on Administrative Violations and the Criminal Code of the Russian Federation.

The amendments increased the threshold values for approval of transactions, which would help cutting down on unnecessary workload and expand the scope of the law. In particular, it allows FAS Russia investigate cartels outside Russia. The leniency programme is officially incorporated in the Code on Administrative Violations and participation in cartels is now a criminal offence.

Private practicing lawyers were unanimous in their opinion that the status of FAS Russia is becoming more entrenched, especially in the field of cartel investigation, where the Antimonopoly Service reinforced its work by introducing amendments to the law on competition and establishing a specialized carted department in 2008.

As reported by the "Global Competition Review", the number of leniency applications increased nearly fivefold - from fewer than 100 applications in 2008 to 497 in 2009, which is a considerable increase that legal practitioners find to be a direct outcome of the improved law. One of the experts also stated that creating a special cartel unit had a big psychological impact on the attitude of business to this issue as companies are becoming more aware of competition policy and compliance with the law.

The "Global Competition Review" also points out that FAS Russia's indicators do not only reflect the work of the Central Office, which investigates most of the cases, but also its regional offices located around the country, which analyze local markets and carry out numerous lower-scale investigations.

Also in 2009 the number of decisions on cartel cases went down from 409 to 139, FAS Russia explained that 2008 figures included both serious and other types of violations, while 2009 figures cover only decisions on cartel agreements with heavy consequences.

Accordingly, total fines for cartel participation were 26 million euro, which is 10 million less than in 2008. Reviewers believe that last year FAS Russia succeeded in its approach to case investigation, focusing on quality rather than quantity. According to one of the experts, for the first the largest fuel and telecommunication companies were held responsible for abusing market dominance.

According to the "Global Competition Review", legal practitioners trust that due to the amendments, FAS Russia's staff improved their attitude to work. A professional and efficient approach of the staff members is a major factor in discovering and punishing cartels. As mentioned by a private lawyer, case officers are very responsible and flexible and in general their professional level has improved considerably within the last two years.

The level of competence remains an important issue. Due to rapid changes in legislation and enforcement practice, some experts are of the opinion that FAS Russia, especially its regional offices do not have sufficient timeframe to adjust and provide adequate training to its officers to be able to look into complex issues of competition law.

According to the "Global Competition Review", FAS Russia continues to pay considerable attention to abuse of market dominance, focusing its efforts on large natural monopolies in such industries as oil and petrochemicals, natural resources, telecommunications and the energy sector. FAS Russia initiated numerous investigations for abusing market dominance - 10396 cases. Legal practitioners stated that the quality of case investigation is very high but market analysis by the Antimonopoly Authority to determine market dominance still is not satisfactory enough.

The "Global Competition Review" also is of high opinion of international activities carried out by FAS Russia, which help bringing Russian competition law to the same level with the leading jurisdictions: for instance, in September 2009 the Antimonopoly Service organized the first BRIC International Competition Conference in Kazan. The "Global Competition Review" marks the works of FAS Russia within the International Council on Antimonopoly Policy of the CIS member-states (ICAP) that facilitated development of law enforcement practice.

The review emphasizes FAS Russia's efforts towards developing "the third antimonopoly package" with support of the experts of the competition community. It will put forward even more precise amendments to the existing legal norms.

In the opinion of the "Global Competition Review", the overall performance of FAS Russia is improving with modernization of the law on competition. While lawyers are talking about the big "field of actions", it is obvious that the Federal Antimonopoly Service is going along the right path and can achieve even better results in the coming years.