



**Asia-Pacific
Economic Cooperation**

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Correlation Between Competition Policy and Investments Based on Federal Antimonopoly Service Russia Experience

Submitted by: Russia



**Free Trade Area of the Asia-Pacific
Capacity Building Workshop on
Competition Chapter in Free Trade
Agreements and Economic
Partnership Agreements
Port Moresby, Papua New Guinea
11 August 2018**



Correlation between Competition Policy and Investments based on FAS Russia experience

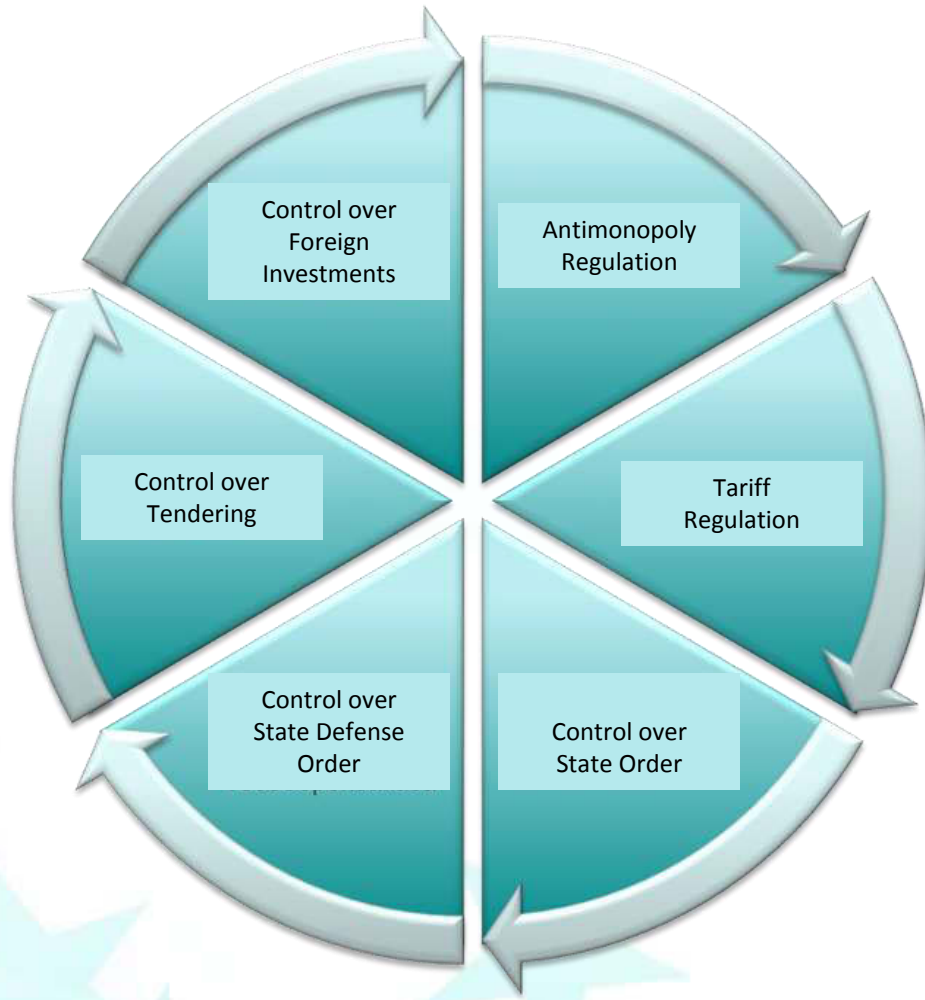
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Foreign Investment Control Department
FAS Russia

Development of Competition Policy. Synergy of FAS Russia Competence



Федеральная
Антимонопольная
Служба



- **Pro-competitive nature of regulation**
- **Optimizing expenditures in regulated sectors**
- **Customer orientation**
- **Unity of approaches to regulation**
- **Ensuring the availability of infrastructure on a non-discriminatory basis**

Development of Competition Policy. New trends.



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- Reducing administrative burden on business;
- Decrease in the number of pre-merger notifications (2008 – 5821, 2015 – 1793, 2017 - 1001);
- Decrease in the number of post-merger notifications (2008 – 44088, 2015 – 165, 2017 - 109);
- FAS Russia objective – liberalization of antimonopoly regulation and increase of enforcement efficiency on the basis of the best world practices.

Competition Policy. Advocation.



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➤ **Advocation of competition and foreign investment:**

- ✓ **Conception of an “Open Authority”;**
- ✓ **Interaction with business and scientific unions;**
- ✓ **Establishment of FAS Russia Expert Councils;**
- ✓ **International cooperation;**
- ✓ **Social and network activity.**

Competition Policy. Future steps.



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➤ Antimonopoly and Investment Compliance:

- ✓ Preventive mechanisms in antimonopoly control;
- ✓ Warnings instead of penalties (5 200 administrative cases in 2013, 1 200 – in 2017);
- ✓ Implementation of compliance as a mitigating factor for businesses;
- ✓ Obligation of regional governmental bodies to implement antimonopoly compliance in their activity;
- ✓ Adoption of a law on antimonopoly compliance.

Foreign Investment Control. Legal Bases.



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- **Federal Law № 160-FZ** “On Foreign Investments in the Russian Federation”, dated July 9, 1999;
- **Federal Law № 57-FZ** “On Procedure for Foreign Investments in Companies of Strategic Significance for Russian National Defense and State Security”, dated April 29, 2008;
- **Code of Administrative Offences** Of the Russian Federation № 195-FZ dated December 30, 2001;
- **More than 20 sectoral legislative and regulatory acts** supervising the procedure for foreign investments in the Russian Federation.

Federal Law On Foreign Investments in the Russian Federation



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Article 4

The **legal treatment** of the activities of foreign investors and the use of profit received from investments **shall not be less favorable** than the legal treatment granted to Russian investors

Article 18

A **foreign investor shall observe the anti-monopoly legislation** of the Russian Federation and avoid unfair competition and restrictive business practices

Mechanism of Control of Foreign Investment in Strategic Companies

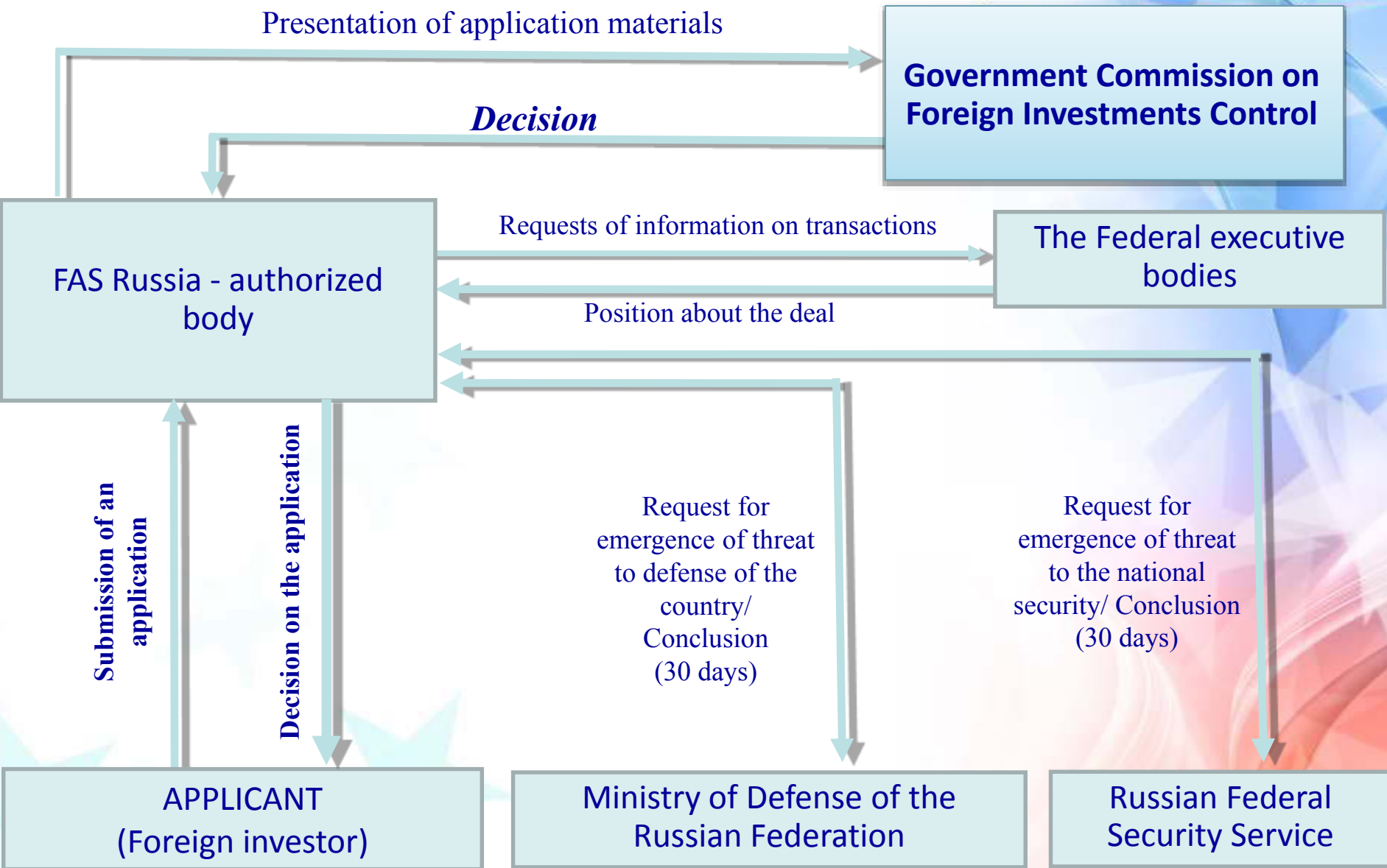


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Federal Law № 57-FZ establishes:

- **Restrictive exemptions for foreign investors:**
 - on transactions or other actions resulted in establishing control over strategic companies;
 - on acquisition of property which costs 25 and more percent of strategic companies' book value.
- **Listing of the strategic activities;**
- **Procedure for considering applications of foreign investors on preliminary approval of transactions;**
- **Consequences and sanctions for non-compliance with legal requirements.**

Foreign Investment Control Procedure.



Statistic of considering applications of foreign investors.



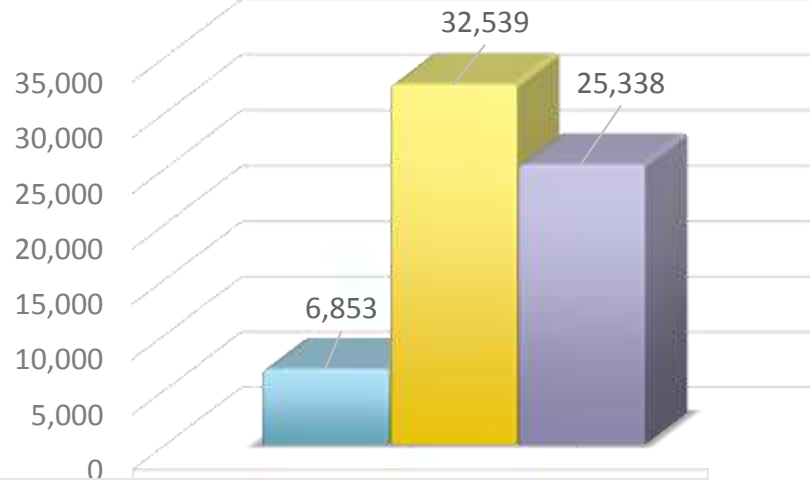
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During 10 years of the application of the Law № 57-FZ the FAS Russia has received **534 requests**, including:

- ✓ **237 were considered by Government Commission:**
 - **221** were preliminary approved,
 - **16** were declined because of the treatments to the national security or defense;
- ✓ **214 were returned to applicants** as they did not require preliminary consideration;
- ✓ **47 were withdrawn by applicants** as the latter refused to carry out a transaction;
- ✓ **36 are under consideration.**

Volume of the Foreign Investments to the Russian Federation

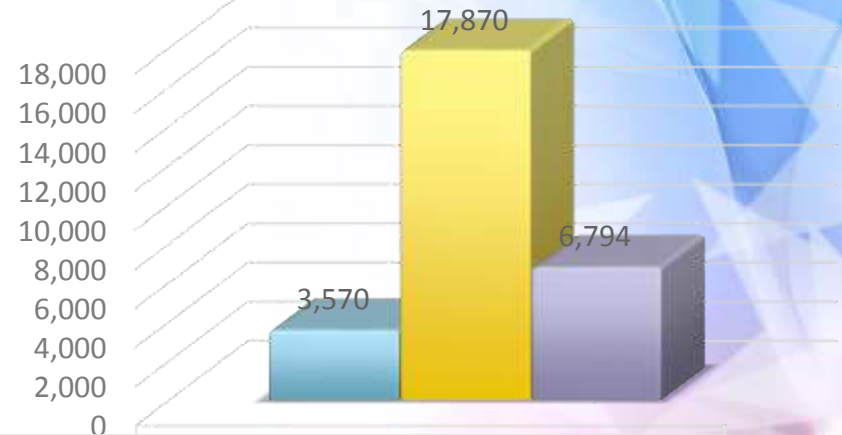
Total value of direct foreign investments into economy of the Russian Federation during 2015-2017



2015 mln. \$	6,853
2016 mln. \$	32,539
2017 mln. \$	25,338

Total: 64 730 million \$

Value of foreign investments into strategic companies during 2015-2017



2015 mln. \$	3,570
2016 mln. \$	17,870
2017 mln. \$	6,794

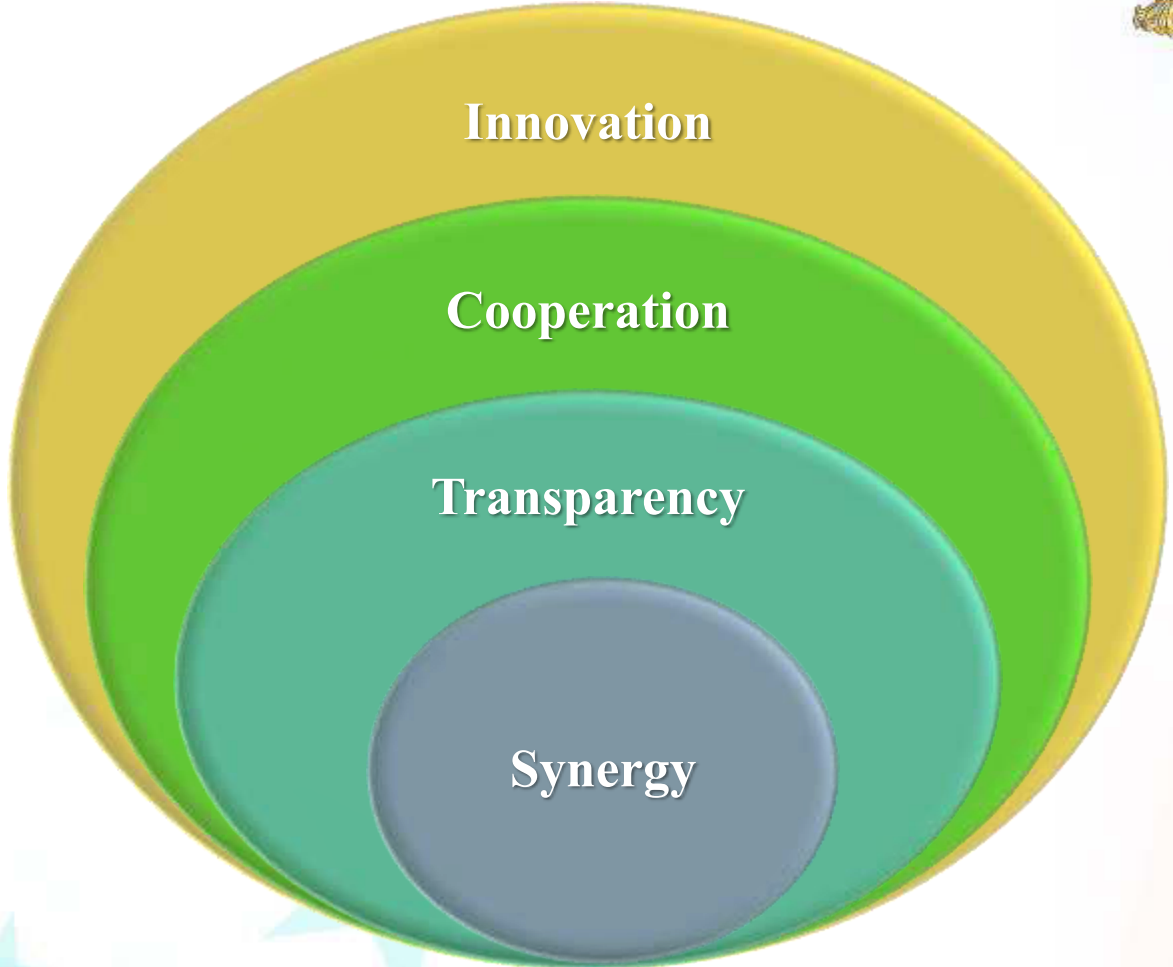
Total: 28 234 million \$

43,6 per cent from the total value of foreign investments to the Russian Federation

The Image of the FAS Russia Future



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