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Advocacy Working Group
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Dear colleagues, ladies and gentlemen,

I appreciate this opportunity to participate in ICN first Conference and to speak on a very important subject of **competition advocacy**.

In the modern globalizing economy competition among companies becomes very keen - both on national and transnational levels. In these circumstances the role of competition policy is growing, and the activity of antimonopoly authorities becomes a very important factor of economic development.

I think, that in order to safeguard the effective, procompetitive character of economy, two main factors are needed from the point of view of competition advocacy: these are the independent status of competition authority and a rather wide scale of its competence.

As regards the status of antimonopoly authority, I think that only real independence and immunity of competition authority may provide a safe basis for procompetitive character of economic development. So, the Russian competition authority is an independent structure, not subordinated to any other Ministry. We have rights to investigate antimonopoly cases, to give direct orders to companies and regulatory bodies and to impose fines. MAP' decisions may be nullified or changed only by courts. Our Ministry constitutes an integral part of Russian system of executive power. The Minister is a member of the Government and permanently takes part in its sessions, which enables to influence the general economic development.

Another important problem is a range of functions of the antitrust authority. There are different models in this area. In some countries competition authorities deal only with "classic" antimonopoly functions (cartels, abuse of dominant position, control over economic concentration), in other countries the competence of competition authorities is broader: they deal not only with antitrust, but safeguard also the general pro-competitive character of economic regulation and undertake activities in related areas. The second model seems better, enabling

competition authorities to eliminate not only private, but also state barriers and to guarantee free movement of goods and services.

We, in Russia, are following the second model: the Antimonopoly Ministry has a very broad competence, stipulated in a number of laws. The activity of our Ministry is not limited to antimonopoly policy, but includes also the following areas: regulation of tariffs in telecom sector, consumer rights protection, false advertising, unfair competition, support of small\medium entrepreneurship and debureaucratization of economy.

Despite the fact that our Ministry is rather young (it was created in 1990 as one of the first market-promoting institutions), it has managed to make a remarkable input in reforming the Russian economy, safeguarding transition from the planned-administrative system to the competitive market.

To ensure the procompetitive character of economic reforms, our Ministry elaborated a number of laws which constitute now a solid basis of economic regulation. This “legislative package” includes the laws “On Competition and Limitation of Economic Activities on Goods Markets”, “ On Protection of Competition on the Market of Financial Services”, “On Natural Monopolies”, “On Consumer Rights Protection” , “On Advertising”. Recently amendments have been introduced into the law “On Competition” and another amendments to the law “On Natural Monopolies” are under way. Also a draft law “On State Aide” is elaborated now in order to establish antimonopoly control in the sphere of distributing financial resources.

One of the spheres where the competition factor is especially important is the reforming of natural monopolies. The main task of the competition policy in this area is the permanent cutting of spheres of “natural monopolies” with parallel growing of competitive areas, efficient pricing regulation of natural monopolists’ services; liquidation of cross subsidising. To introduce competition principles in the reforming process, our Ministry took part in elaboration of the draft law “On Electrical Energy” and prepared amendments to the current legislation concerning non-discriminating access to services of natural monopolies.

Development of market relationships provides for a decrease of state’s involvement in business activity, elimination of administrative barriers. At the same time, the regulatory authorities’ acts and actions remain one of the most widely spread forms of anticompetitive behaviour and along with structural barriers hamper economic growth. The overcoming administrative barriers is one of our main tasks which is solved both with tools of antimonopoly policy and support of entrepreneurship. Last year our Ministry took active part in elaboration of legislation related to debureaucratization of economy. The laws adopted (“On Protection of Legal Persons’ Rights while State Supervision”, “On State Registration of Legal Persons”, “On Licensing of Certain Kinds of Activities”) make the conditions of business activity more transparent and easy.

It is widely recognized that competition on internal market may be affected by national trade policy. Of particular concern are high import tariffs, quantitative restrictions, discrimination in public procurement system, etc.

Despite the fact that WTO rules foresee the consideration of competition aspects while introducing trade measures, the measures introduced reflect often the interests of the lobbying industries rather than interests of consumers. Trade restrictions represent a serious harm for competition, and that is why they should be regarded as not only 'trade policy' concern, but as a common concern of trade and competition policies. Only such approach could guarantee the real economic efficiency of trade measures.

The participation in forming national trade regime constitutes for a long time one of the most important directions of our activities. The Ministry for Antimonopoly Policy is actively using the provided responsibilities, submitting its recommendations to the Government concerning import restrictive measures. Activities of the Antimonopoly Ministry in this area have positive effect for trade, contributing to reduction of trade barriers, creation of competitive environment in Russia and prevention of unjustified protectionism. We participate in current process of modernization of Russian foreign trade legislation in accordance with WTO rules. We think, that the accession of Russia to WTO will contribute to promote competition and stable business environment in Russia.

And finally, two words about external side of advocacy. The cooperation among antitrust authorities plays a very important role for development of competition and fair business activities throughout the world. And the first Conference of ICN is itself a noticeable event from the point of view of competition advocacy.