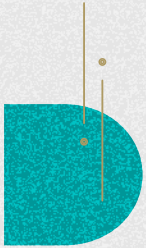


**eec**

EURASIAN ECONOMIC  
COMMISSION



**2020**



EURASIAN  
ECONOMIC  
UNION



# FACTS AND FIGURES



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**ANTITRUST REGULATION**



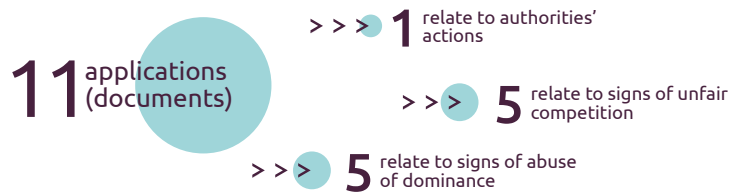
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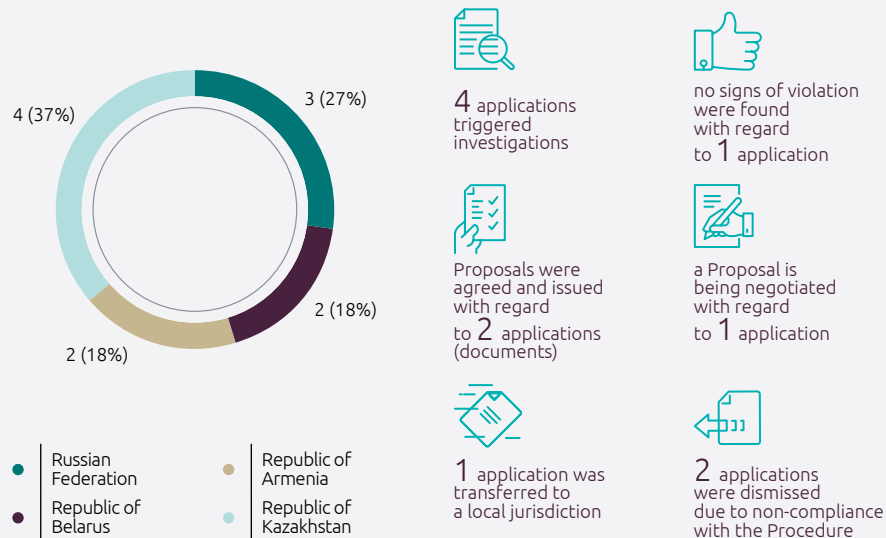


# LAW ENFORCEMENT BY THE EEC TO MONITOR COMPLIANCE WITH THE GENERAL COMPETITION RULES IN 2019

## APPLICATIONS (DOCUMENTS) RECEIVED IN 2019



## AS A RESULT OF CONSIDERATION:



## Elaboration and Agreement of Proposals to Address Signs of Violations

The Commission applied the procedure for developing and agreeing proposals to address violations of the general competition rules and ensure competition in cross-border markets to 6 applications (documents) throughout 2019:

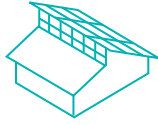
- » in the cross-border market of **liquefied natural gas** due to signs of abuse of dominance;
- » in the cross-border market of **energy coal** due to signs of abuse of dominance;
- » in the cross-border market of **skylights** due to signs of unfair competition;
- » in the cross-border market of **cablings and wiring products** due to signs of unfair competition;
- » in the cross-border market of **thermal cutting machines** due to signs of unfair competition (twice).

## Agreed Proposals: Markets of Coal and Skylights

### The application by PJSC Enel Russia (Russian Federation) on alleged violations in the market of KSN energy coal

Market	Energy coal (KSN)
<b>Signs of violation</b>	Abuse of dominance by: <ul style="list-style-type: none"> <li>» forcing to accept unfavorable contractual terms;</li> <li>» unjustified reduction in supplies of goods.</li> </ul>
<b>Results of consideration</b>	A Proposal issued to settle disputes with the applicant, to elaborate and agree a trade and distribution policy that shall provide for equal and non-discriminatory terms for all consumers in the EAEU. The Proposal is currently in course of execution.





 **The documents provided by the Ministry of Antimonopoly Regulation and Trade of the Republic of Belarus on alleged violations in the market of skylights**

Market	Skylights
<b>Signs of violation</b>	Unfair competition by placement of incorrect comparative information about quality, consumer properties and warranty periods of goods on the Internet.
<b>Results of consideration</b>	A Proposal was issued to cease posting incorrect information about the competitor's products and publish retractions. The Proposal is currently in course of execution.

**Failure to Agree the Proposal: Markets of Thermal Cutting Machines and Cabling Products**

 **Two applications by Avtogen-M LLC (Armenia) on alleged violation in the market of thermal cutting machines**

Market	Thermal cutting machines
<b>Signs of violation</b>	Unfair competition by using ORBITA trademark without permission by the rights holder.
<b>Results of consideration</b>	<ul style="list-style-type: none"> <li>» The draft Proposal to cease the use of the trademark was not agreed upon.</li> <li>» Proceedings were initiated based on results of the investigation.</li> </ul>

 **The application by Rezhev Cable Plant LLC (Russian Federation) on alleged violation in the market of cabling products**

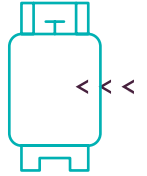
Market	Cabling products
<b>Signs of violation</b>	Unfair competition by distribution of unreliable information regarding the applicant's products.
<b>Results of consideration</b>	<ul style="list-style-type: none"> <li>» The draft Proposal was not agreed upon.</li> <li>» Proceedings were initiated based on results of the investigation.</li> </ul>



**Proposals under Negotiation: The Market of Liquefied Natural Gas**

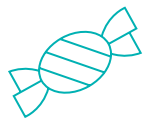
 **The application by LLP Global Gas Regazification (Kazakhstan) on alleged violation in the market of liquefied natural gas**

Market	Liquefied natural gas
<b>Signs of violation</b>	Abuse of dominance by forcing to accept unfavorable contractual terms.
<b>Results of consideration</b>	The draft Proposal to conclude a long-term contract for the supply of liquefied natural gas at a price reasonable in terms of economy, technology and other matters is under negotiation.



**Investigations Which Revealed No Violation: Markets of Margarine and Confectionery Products**

Market	Margarine	Confectionery
<b>Signs of violation</b>	Abuse of dominance by establishing a monopolistically low price for goods.	
<b>Applicants</b>	OJSC Minsk Margarine Plant (Belarus).	6 confectionery manufacturers (Armenia).
<b>Potential violators</b>	Efko Group of Companies (Russian Federation).	KDV Group of Companies (Russian Federation).
<b>Geographical boundaries</b>	Belarus – Russia	EAEU
<b>Share of potential violators</b>	<b>Efko Group:</b> in the cross-border market — 4.56%; Russian market — 3.69%; Belorussian market — 15.86%.	<b>KDV Group:</b> in the cross-border market — 16.3%; Armenian market — 3%; Belorussian market — 5%; Kazakhstan market — 3%; Kyrgyz market — 21%, and Russian market — 15%.
<b>Investigation results</b>	No violation was found due to the lack of dominance.	





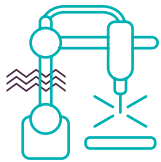
## Investigations Resulting in Opening of Proceedings: The Market of Butter

Market	Butter
<b>Signs of violation</b>	Unfair competition prohibited by clause 2, Article 76 of the Treaty.
<b>Activities that constitute a possible violation</b>	Using information about the Applicant as a manufacturer on the butter packaging made by the potential violator.
<b>Applicant</b>	JSC Milkavita (Belarus).
<b>Potential violator</b>	Nastoyashchee LLC (Russian Federation).
<b>Results of consideration</b>	<ul style="list-style-type: none"> <li>» A draft Proposal was elaborated (not agreed with the potential violator).</li> <li>» Investigation was carried out, and a reasoned order was sent (Russian Federation).</li> <li>» Proceedings were initiated.</li> </ul> <p>The Commission found that Nastoyashchee butter could have been sold by 11 economic entities in the Russian Federation: IE Nasonova Z. V., Nastoyashchee LLC, Romashka LLC, Biomol LLC, Dobraya Pogoda LLC, Slavprodukt LLC, IE Zhunina N. V., Produktoria+ LLC, IE Lunkov D. A., Sitimilk LLC, and IE Kolomeitseva V. A.</p>



## Investigations Resulting in Opening of Proceedings: The Market of Thermal Cutting Machines

Market	Thermal cutting machines
<b>Signs of violation</b>	Unfair competition prohibited by clause 2, Article 76 of the Treaty.
<b>Activities that constitute a possible violation</b>	The use of ORBITA trademark when selling thermal cutting machines without the permission from the rights holder.
<b>Applicant</b>	Avtogen-M LLC (Armenia).

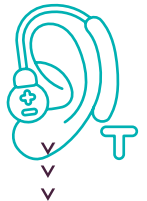


Market	Thermal cutting machines
<b>Potential violators</b>	<p>Metallotekhnika LLC (Russian Federation);            Metalloobrabotka LLC (Russian Federation).</p>
<b>Results of consideration</b>	<ul style="list-style-type: none"> <li>» A draft Proposal was developed (not agreed with the potential violator).</li> <li>» An investigation was carried out.</li> <li>» Proceedings were initiated.</li> </ul>



## Investigations Resulting in Opening of Proceedings: The Market of Speech Processors for Cochlear Implants

Market	Speech processors for cochlear implants
<b>Signs of violation</b>	<p>The agreements that led to a territorial division of the market, which is prohibited by subcl. 3, cl. 3, Article 76 of the Treaty:</p> <ul style="list-style-type: none"> <li>» the trilateral agreement effective in the Republic of Belarus between Cochlear Europe Limited, Asomedica LLC and Staverton Business LLP (the distributor's agent);</li> <li>» the trilateral agreement effective in the Republic of Kazakhstan between Cochlear Europe Limited, Pharm Express LLP and LLC ANG Apparel Group (the distributor's agent);</li> <li>» the trilateral agreement effective in the Russian Federation between Cochlear Europe Limited, Euromax LLC and VMG Partners Ltd (the distributor's agent).</li> </ul>
<b>Applicant</b>	Ministry of National Economy of the Republic of Kazakhstan.
<b>Potential violators</b>	Belvidad LLC (Belarus), Asomedica LLC (Belarus), LLP Pharm Express (Kazakhstan), LLP SPP VEK (Kazakhstan), and Euromax LLC (Russian Federation).
<b>Results of consideration</b>	<ul style="list-style-type: none"> <li>» An investigation and market analysis were carried out.</li> <li>» Proceedings were initiated, reasoned orders were sent (to Kazakhstan, Belarus, and Russia).</li> <li>» The Board admitted the violation.</li> </ul>



## Investigations Resulting in Opening of Proceedings: Wholesale Markets of Explosives and Initiating Devices

Market	Wholesale distribution of explosives and initiating devices
<b>Signs of violation</b>	Agreement between economic entities that restricts competition (cl. 5, Article 76 of the Treaty).
<b>Activities that constitute a possible violation</b>	The Russian plants turned down the applicant's request to distribute explosives and initiating devices and re-directed it to strategic partners in the Republic of Kazakhstan.
<b>Applicant</b>	Ministry of National Economy of the Republic of Kazakhstan, upon the claim filed by LLP Nitro-Kazakhstan (Kazakhstan).
<b>Potential violators</b>	JSC NMP Iskra (Russian Federation), JSC Promsintez (Russian Federation), FSE Plant Named After Y. M. Sverdlov (Russian Federation), JSC Rusperforator (Russian Federation), LLP SPE Interrin (Kazakhstan), LLP Iskra-Service (Kazakhstan), LLP Promvzryv (Kazakhstan).
<b>Results of consideration</b>	<ul style="list-style-type: none"> <li>» An investigation and market analysis were carried out.</li> <li>» Proceedings were initiated; expert evaluation was conducted to determine the interchangeability of explosives and initiating devices.</li> </ul>

## Investigations Resulting in Opening of Proceedings: The Wholesale Market of Car Tires

Market	Wholesale distribution of car tires
<b>Signs of violation</b>	Coordination of economic activities of EAEU Member States' entities (market players) that leads to a territorial and compositional market division (cl. 6, Article 76 of the Treaty).
<b>Activities that constitute a possible violation</b>	Conclusion of contracts with dealers (distributors) allocating territories of sales and penalties in case of violation.
<b>Applicant</b>	The Commission conducted the investigation by its own initiative.
<b>Potential violator</b>	Trading House KAMA LLC (Russian Federation).




Market	Wholesale distribution of car tires
<b>Results of consideration</b>	<ul style="list-style-type: none"> <li>» An investigation and market analysis were carried out.</li> <li>» Proceedings were initiated, a linguistic analysis conducted, and opinion of the EAEU Court received.</li> <li>» The Board found no violation.</li> </ul>

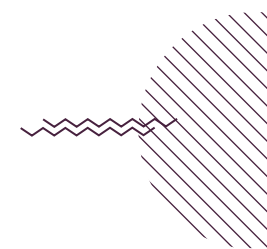
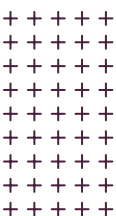
## Discontinued Investigations: The Market of Baker's Yeast

Market	Baker's yeast
<b>Signs of violation</b>	Abuse of dominance, anti-competitive agreement, coordination of economic activities.
<b>Activities that constitute a possible violation</b>	Sale of compressed baker's yeast in Kazakhstan at lower prices than in Russia.
<b>Applicant</b>	JSC Almaty Yeast Plant (Kazakhstan).
<b>Potential violators</b>	Angel Yeast Rus LLC (Russian Federation); LLP Astana-Kompanion (Kazakhstan).
<b>Results of consideration</b>	<ul style="list-style-type: none"> <li>» A Draft Proposal was developed (not agreed with the potential violators).</li> <li>» An investigation is under way (market analysis was performed).</li> <li>» Proceedings initiation was denied.</li> </ul>

## The Board Decisions on Cases Adopted in 2019

In 2019, the Commission's Board adopted 3 decisions in respect of the initiated cases of violation of the competition rules:

-  Decision No. 23, dated February 4, 2019, on dismissal of the case in the market of **passenger air transportation** due to the absence of violations by the EAEU Member States' economic entities.
-  Decision No. 164, dated September 17, 2019, on dismissal of the case in the market of **wrought wheels** due to the absence of violations in the period from January 2016 to June 2017.
-  Decision No. 165, dated September 17, 2019, on violation of the general competition rules in the market of **calibration services for FibroScan medical devices**.





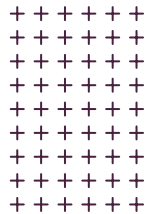
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## The EEC Board Decision: The Market of Passenger Air Transportation

Market	Passenger air transportation
<b>Signs of violation</b>	<p>Abuse of dominance by setting monopolistically high prices: increase of tickets price for scheduled flights operated by Russian airlines on the following routes:</p> <ul style="list-style-type: none"> <li>» Yerevan – Moscow;</li> <li>» Yerevan – Krasnodar;</li> <li>» Yerevan – Sochi;</li> <li>» Yerevan – Rostov-on-Don (both directions) due to the temporary closure of the Verkhny Lars checkpoint on June 23–July 6 and July 11, 2016.</li> </ul>
<b>Applicant</b>	<p>State Commission for the Protection of Economic Competition of the Republic of Armenia.</p>
<b>Potential violators</b>	<ul style="list-style-type: none"> <li>» PJSC Aeroflot — Russian Airlines;</li> <li>» JSC Rossiya Airlines;</li> <li>» JSC Donavia;</li> <li>» PJSC Siberia Airlines;</li> <li>» JSC Ural Airlines (Russian Federation).</li> </ul>
Geographical boundaries	Economic entities and their shares
Yerevan – Moscow	PJSC Aeroflot and PJSC Siberia: a total share of at least 50%.
Yerevan – Sochi	JSC Rossiya Airlines and JSC Donavia: a total share of at least 50%.
Yerevan – Krasnodar	JSC Ural Airlines and JSC Donavia: a total share of at least 50%.
Yerevan – Rostov-on-Don	
<b>Results of consideration</b>	<ul style="list-style-type: none"> <li>» An investigation and market analysis were carried out.</li> <li>» Proceedings were initiated, reasoned orders were sent (to Armenia and Russia).</li> <li>» The Board found no violation.</li> </ul>

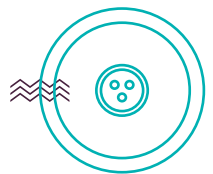


Market	Passenger air transportation
<b>Decision of the EEC Board</b>	<p>To efficiently implement tariff subclasses, the airlines use their software to automatically open subclasses in tariff groups; in case of deviation of actual data from historical data, <b>manual</b> adjustment can be performed.</p> <ul style="list-style-type: none"> <li>» software for profit margin management, which is intellectual property of business entities in third countries;</li> <li>» software for sale and booking, seat allocation, electronic checkin, luggage registration, etc.</li> </ul> <p><i>the software is linked together</i></p> <p><b>No evidence of manual adjustment of tariff subclasses</b> performed by airlines on June 23–July 6 and July 11, 2016, which led to or could have resulted in an increase of prices for flight tickets on the mentioned routes, was <b>found</b>.</p>



## Investigations Resulting in Opening of Proceedings: The Market of Wrought Wheels

Market	Wrought wheels
<b>Signs of violation</b>	<p>Abuse of dominance by setting unreasonably different prices for wrought wheels leading to discriminatory conditions for consumers (subcl. 6, cl. 1, Article 76 of the Treaty).</p>
<b>Activities that constitute a possible violation</b>	<p>Setting different prices for consumers of wrought wheels in Kazakhstan and Russia.</p>
<b>Applicant</b>	<p>The Commission conducted the investigation on its own initiative.</p>
<b>Potential violators</b>	<p>Collectively, EVRAZ (Russian Federation) represented by</p> <ul style="list-style-type: none"> <li>» EvrazHolding LLC;</li> <li>» JSC Evraz Nizhniy Tagil Iron and Steel Works.</li> </ul> <p>Collectively, OMK (Russian Federation) represented by</p> <ul style="list-style-type: none"> <li>» JSC Vyksa Steel Works;</li> <li>» JSC United Metallurgical Company.</li> </ul>



Market	Wrought wheels		
<b>Results of consideration</b>	<ul style="list-style-type: none"> <li>» An investigation and market analysis were carried out.</li> <li>» Proceedings were initiated (a reasoned order was sent, and an expert examination was scheduled).</li> <li>» The Board found no violation.</li> </ul>		
<b>Geographical boundaries</b>	Belarus — Russia — Kazakhstan	Belarus — Russia	Kazakhstan — Russia
<b>Product boundaries — wrought wheels</b>	With a roller path diameter of <b>957</b> mm	With a roller path diameter of <b>710</b> mm	With a roller path diameter of <b>1050</b> mm <ul style="list-style-type: none"> <li>» compliant with GOST</li> <li>» off-standard*</li> </ul>
<b>Dominant companies</b>	Collectively, OMK (Russian Federation) and Interpipe-M LLC	Collectively, EVRAZ (Russian Federation)	Collectively, EVRAZ (Russian Federation)
<b>Results of consideration</b>	<p>No significant difference in sale price was found.</p> <p>The difference in price is due to the sale of GOST-compliant and off-standard wheels.</p> <p>No evidence confirming a significant increase in the price for wheels 1050 sold in the Republic of Kazakhstan was found.</p>		

\* "Off-standard" means that wheels 1050 have deviations in the structure, so that they should not be used for main railways (defective wheels).

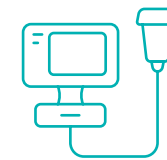
## The EEC Board Decision: The Market of Calibration Services for Medical Equipment

Market	Calibration of medical equipment
<b>Signs of violation</b>	Existence and implementation of the agreement by competitors that led to a territorial division in the market of calibration services for ultrasound sensors of the FibroScan device, which is prohibited by subcl. 3, cl. 3, Article 76 of the Treaty.
<b>Applicant</b>	Ministry of National Economy of the Republic of Kazakhstan, upon the claim by LLP Scuderia (Kazakhstan).
<b>Potential violators</b>	Delrus LLC (Russian Federation) and LLP Delrus KZ (Kazakhstan).
<b>Results of consideration</b>	<ul style="list-style-type: none"> <li>» An investigation and market analysis were carried out.</li> <li>» Proceedings were initiated, reasoned orders were sent (to Kazakhstan and Russia).</li> <li>» The Board resolved that the general competition rules had been violated.</li> <li>» Execution of the resolution was suspended due to appeal to the EAEU Court.</li> </ul>



FibroScan is a device specifically created and used by medical institutions to quantify the elasticity of liver, allowing to identify the stage of fibrosis in objective numeric values.

Maintenance of FibroScan is regulated by the manufacturer (Echosens) and includes, inter alia, calibration of ultrasonic sensors for FibroScan devices.







**Market**      **Calibration of medical equipment**

**Results of consideration**

**Existence and implementation of the prohibited agreement** between LLP Delrus KZ and CJSC Delrus, which resulted in a territorial division in the market, is supported by the following evidence:

- CJSC Delrus unreasonably refused the Kazakh consumer (the applicant) to perform calibration of ultrasonic sensors of the FibroScan device in favor of the competitor (LLP Delrus KZ), given its ability to provide the said service;
- a significant difference in the price (2.5 times higher compared to the cost of ultrasonic sensor calibration by a competitor company LLP Delrus KZ);
- awareness of competitors (CJSC Delrus and LLP Delrus KZ) about each other's activities and redirection of buyers to service providers based on geography on a regular basis;
- actual market division: CJSC Delrus renders services to Russian business entities in Russia, and LLP Delrus KZ renders services to Kazakh business entities in Kazakhstan.





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Eurasian Economic Union  
FACTS AND FIGURES

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