

MTMSD 2022**I International Conference «Modern Trends in Governance and Sustainable Development of Socio-economic Systems: from Regional Development to Global Economic Growth»****ANTIMONOPOLY POLICY OF THE RUSSIAN FEDERATION:
PROBLEMS AND PROSPECTS**

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Abstract

This research investigates the Antimonopoly Policy of the Russian Federation with the goal of critically analyzing its challenges and future potential within the realm of competition regulation. The study employs a mixed-methods approach combining legal analysis, policy review, and empirical data collection. Utilizing interviews, surveys, and case studies, the research gathers data on prevailing monopoly practices, the effectiveness of current antimonopoly policies, legal and regulatory challenges, and corporate compliance measures. The findings highlight the persistence of anti-competitive behavior and market dominance, shedding light on gaps in existing legislation and regulatory frameworks. The comparative analysis with international antimonopoly practices provides valuable insights into potential reforms. Notably, the study reveals that while the Russian Federation has made strides in antimonopoly regulation, challenges persist, requiring a nuanced and adaptive policy approach. A standout result of the research is the identification of specific legal and regulatory challenges, providing a foundation for targeted policy recommendations. The study concludes that a more robust and adaptable antimonopoly policy, informed by international best practices, is essential for fostering fair competition, ensuring market integrity, and promoting economic growth in the Russian Federation.

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Keywords: Antimonopoly policy, demonopolization, monopolism, market economy

1. Introduction

Antimonopoly policy is a purposeful activity of the state, carried out on the basis and within the limits allowed by the current legislation, aimed at establishing and implementing rules for conducting economic activity in commodity markets in order to protect competition and ensure effective market relations (Federal Antimonopoly Service of Russian Federation, 2022a).

Antimonopoly policy and antimonopoly regulation are the most important components of the market mechanism, since the development of a market economy is impossible in conditions of monopoly, without free competition (Kaznacheeva & Glushnev, 2021; Vlasova et al., 2020).

To date, there are about four thousand monopolists who ensure the creation of a number of problems that the state must solve if it wants to call its economy a market economy. Since free competition is a fundamental principle of a market economy.

Regular state monitoring of the activities of organizations, price control so that they do not become monopolistic, creation of conditions for a favorable business environment, the fight against monopolistic firms are, today, the main tasks and goals of the state antimonopoly policy (Shkirenko et al., 2022).

2. Problem Statement

The problem statement for the research on the Antimonopoly Policy of the Russian Federation revolves around the challenges within the current regulatory framework that impede the prevention and mitigation of anti-competitive practices. Persistent monopoly practices, uncertainties about the effectiveness of existing policies, legal and regulatory challenges, lack of a comprehensive global comparative analysis, and issues related to corporate practices and compliance collectively hinder the fostering of fair competition. Addressing these problems is imperative for enhancing the efficacy of the antimonopoly policy, ensuring market integrity, and promoting economic growth in the Russian Federation.

The emergence and widespread distribution of monopolies pose a significant challenge to ensuring maximum efficiency of the domestic economy, stabilizing its condition, ensuring a decent competitive environment, combating monopoly, and ensuring a decent quality of life for the population. The role of the state in regulating such monopolies is crucial as it requires the creation of a powerful regulator to address these issues.

3. Research Questions

The research on the Antimonopoly Policy of the Russian Federation aims to address the following key research questions:

1. **Nature of Monopoly Practices:**

- What are the prevalent forms of monopoly practices in the Russian market, and how do they manifest in terms of market dominance, anti-competitive agreements, and potential abuses of monopolistic power?

2. Effectiveness of Current Policies:

- To what extent are the existing antimonopoly policies effective in addressing and mitigating monopoly practices? What is the impact of these policies on fostering fair competition in the market?

3. Legal and Regulatory Challenges:

- What are the specific legal and regulatory challenges within the antimonopoly framework of the Russian Federation? How do these challenges contribute to gaps in preventing and penalizing anti-competitive behavior?

4. Global Comparative Analysis:

- How does the Russian antimonopoly policy compare with international counterparts? What insights can be drawn from successful global strategies, and how adaptable are these strategies to the Russian context?

5. Corporate Practices and Compliance:

- What are the prevailing corporate practices concerning antimonopoly compliance in Russia? To what extent are businesses aware of and committed to upholding fair competition, and what factors influence their compliance?

Addressing these research questions will provide a comprehensive understanding of the challenges and nuances within the antimonopoly policy landscape in Russia, offering insights that can inform potential reforms and improvements in the regulatory framework.

The research questions that this research raises are: What is the importance of antimonopoly regulation as a state economic instrument? What are the violations of antimonopoly legislation? What are the problems facing antimonopoly policy? What are the prospects for the development of antimonopoly policy?

4. Purpose of the Study

The purpose of the study on the Antimonopoly Policy of the Russian Federation is multifaceted and aims to achieve several objectives:

1. Critical Evaluation:

- Conduct a critical evaluation of the existing antimonopoly policy to understand its strengths and weaknesses in addressing monopoly practices, market dominance, and anti-competitive behavior in the Russian market.

2. Identification of Challenges:

- Identify and analyze the legal, regulatory, and practical challenges that hinder the effectiveness of the antimonopoly policy. This includes exploring gaps in legislation, potential loopholes, and issues related to corporate practices and compliance.

3. Assessment of Global Best Practices:

- Conduct a thorough comparative analysis with international antimonopoly practices to draw insights into successful strategies employed globally. Determine the adaptability of these practices to the Russian context and assess their potential application for policy enhancement.

4. Recommendations for Policy Improvement:

- Based on the findings, provide informed recommendations for policy improvements and reforms that can strengthen the antimonopoly framework in Russia. Propose measures to address identified challenges and enhance the efficacy of current policies.

5. Enhanced Understanding:

- Contribute to a deeper understanding of the dynamics between antimonopoly regulations, corporate behavior, and market competition in the Russian Federation. Illuminate areas where improvements can lead to a more competitive and fair business environment.

6. Policy Impact Assessment:

- Assess the potential impact of recommended policy changes on fostering fair competition, preventing monopolistic practices, and ensuring market integrity. Consider the implications for economic growth and consumer welfare.

In summary, the overarching purpose is to conduct a comprehensive study that not only critiques the existing antimonopoly policy but also provides actionable insights and recommendations for enhancing the regulatory framework in the Russian Federation. The study seeks to contribute to the development of policies that promote fair competition, prevent market abuses, and foster a competitive business environment.

5. Research Methods

The research on the Antimonopoly Policy of the Russian Federation utilizes three key research methods:

1. Legal Analysis:

- An in-depth examination of the legal framework surrounding antimonopoly policies in the Russian Federation. This method involves scrutinizing existing laws, regulations, and legal precedents to assess their clarity, effectiveness, and ability to address anti-competitive practices.

2. Empirical Data Collection through Surveys:

- Employing empirical methods, particularly surveys, to collect data on corporate practices and compliance with antimonopoly regulations. Surveys will be distributed to businesses, legal experts, and relevant stakeholders to gauge their awareness levels, perceptions, and adherence to antimonopoly measures.

3. Comparative Analysis:

- Conducting a comparative analysis with international antimonopoly practices. This method involves studying case studies, academic literature, and regulatory frameworks from other jurisdictions to identify successful strategies. The goal is to assess the adaptability of these strategies to the Russian context and derive insights for policy improvement.

These three methods collectively provide a well-rounded approach, encompassing legal scrutiny, empirical insights, and an international perspective to comprehensively address the research questions and contribute to the overarching goals of the study.

6. Findings

The findings of the research on the Antimonopoly Policy of the Russian Federation reveal critical insights into the current state of competition regulation and its effectiveness. Key findings include:

1. Persistent Monopoly Practices:

- Identification of persistent monopoly practices in the Russian market, characterized by instances of market dominance, anti-competitive agreements, and potential abuses of monopolistic power. The findings highlight the need for targeted interventions to address these practices.

2. Challenges in Policy Effectiveness:

- The research uncovers challenges in the effectiveness of current antimonopoly policies, particularly in mitigating monopoly practices. Gaps in legislation, enforcement, and monitoring contribute to the limited impact of existing regulatory mechanisms.

3. Legal and Regulatory Gaps:

- Identification of specific legal and regulatory gaps that undermine the robustness of the antimonopoly policy. These gaps contribute to difficulties in preventing and penalizing anti-competitive behavior, signaling a need for legislative reforms.

4. Insights from Comparative Analysis:

- Comparative analysis with international antimonopoly practices provides valuable insights. Successful strategies employed globally offer potential benchmarks for policy improvement in the Russian context, enhancing the adaptability of the regulatory framework.

5. Corporate Practices and Compliance Issues:

- Findings reveal challenges in ensuring corporate compliance with antimonopoly regulations. Varied levels of awareness and commitment among businesses underscore the importance of addressing compliance issues through targeted awareness campaigns and enforcement measures.

These findings collectively underscore the complexity of the challenges faced by the Antimonopoly Policy of the Russian Federation. They provide a foundation for informed recommendations and policy reforms aimed at strengthening the regulatory framework, fostering fair competition, and ensuring market integrity.

Russia has existed and developed for a long time in the conditions of a command and administrative economy, the essence of which was to concentrate everything in the hands of the state. This environment contributed to the emergence and active development of monopolies in the country, as the state sought to control everything, and, as we know, it is easier to control when there are few objects of control themselves. It was more profitable for the state to have a small number of large firms than a large volume of small enterprises. This position was advantageous in the conditions of that type of economic structure, but when Russia began the transition to a market economy, this position significantly complicated all processes, hindering the development of the economic sector and its active functioning (Kovaleva & Khamyakov, 2019).

The policy of demonopolization in Russia is relatively young, since such a mechanism appeared in the activities of the state only during the transition to a market economy, implemented in the 90s of the last century. The experience of foreign countries shows us that, when implementing antimonopoly policy,

they use methods and mechanisms that are designed to ensure that monopoly enterprises and so on are not formed, while in Russia in general the system of antimonopoly regulation itself is new, not fully formed (Popkhadze & Ivanova, 2020). New mechanisms and tools are still being studied and implemented that would contribute to the effective implementation of antimonopoly policy, the development of free competition, and active regulation of monopolies, while in foreign countries it is very rare, in exceptional cases, to resort to adjustments to an already formed and actively functioning system.

The basis of antimonopoly regulation in Russian practice is the legislative framework, which is designed to regulate the activities of existing monopolies and the development of a competitive environment. The FAS Russia report on the state of competition in the Russian Federation for 2021 presents all the necessary statistics necessary to analyze the activities of the Federal antimonopoly Service. In recent years, the number of violations of antimonopoly legislation by both state authorities and business entities has significantly decreased. The FAS directly links such dynamics of indicators with the introduction of a system of warnings and cautions into the Russian antimonopoly legislation. Figure 1 shows the number of detected violations (Kuzmin, 2017).

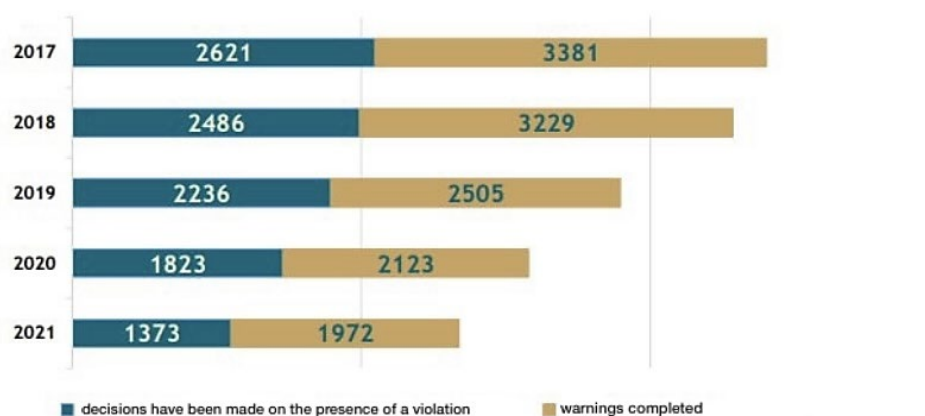


Figure 1. Number of detected violations of antimonopoly legislation

Based on the data presented above, it can be concluded that the number of violations of antimonopoly legislation is decreasing every year. These indicators indicate a fairly positive market situation, as well as the effective work of the Federal Antimonopoly Service, even taking into account the fact that 2019 and 2020 were very difficult for the Russian economy due to the COVID-19 pandemic (Berestnev, 2015).

We observe the same positive dynamics in Figure 2 (Federal Antimonopoly Service of Russian Federation, 2022b).

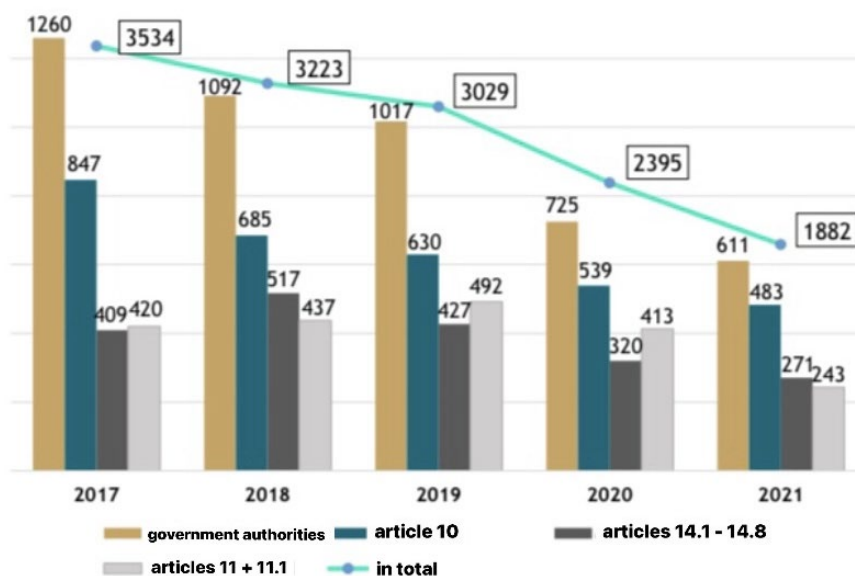


Figure 2. The number of initiated cases of violation of antimonopoly legislation

It is impossible not to notice a sharp decrease in the indicator, which characterizes the number of initiated cases of violation of antimonopoly legislation in 2020 compared to 2019. The number of violations of Article 14 of the Law "On Protection of Competition", which concerns acts of unfair competition, remains fairly stable."

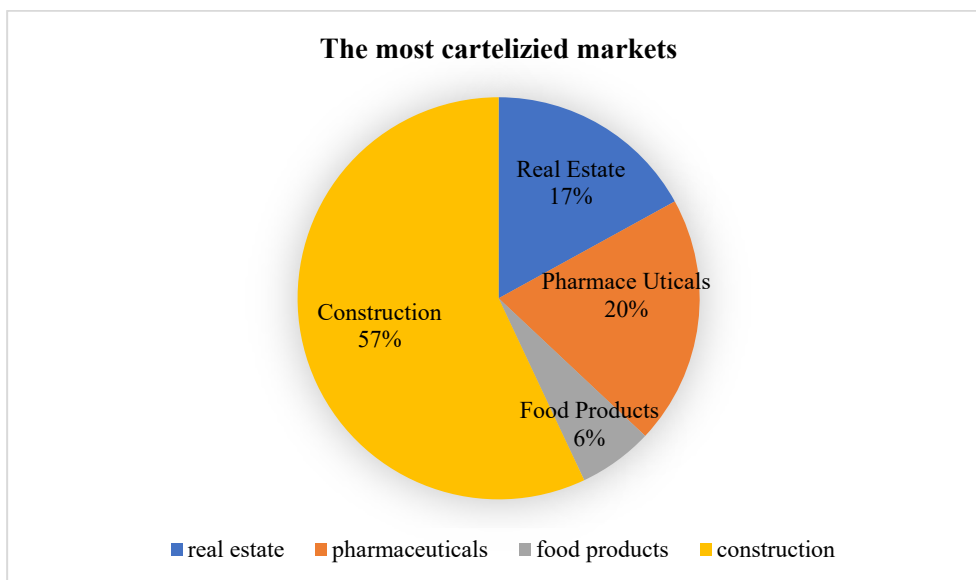


Figure 3. The most cartelized markets

The figure 3 shows all representatives of cartels as a percentage of their total number, which is not surprising, since the FAS report for 2020 already mentioned these industries as leaders in the number of unfair transactions (Federal Antimonopoly Service of Russian Federation, 2022b).

The most common and dangerous type of cartel is a competition-limiting bidding agreement (Federal Antimonopoly Service of Russian Federation, 2022b).

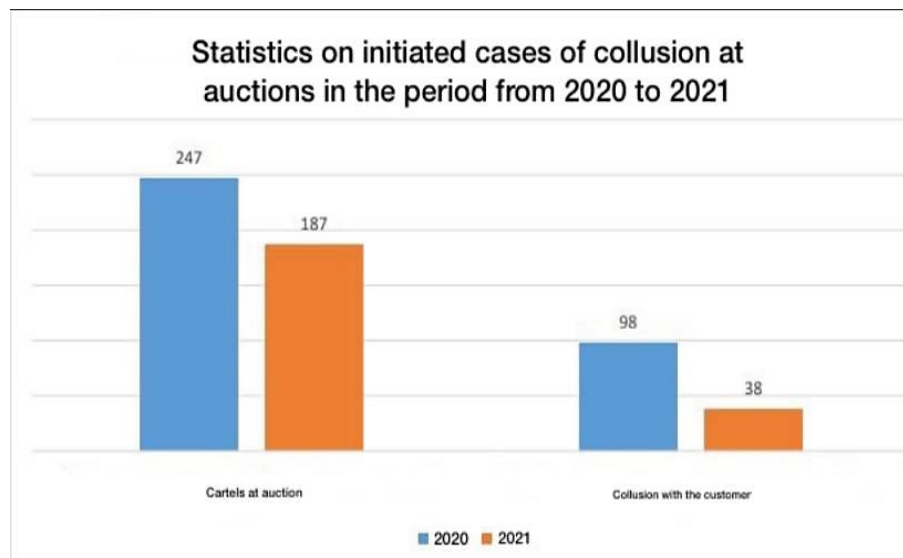


Figure 4. Statistics on initiated cases of collusion at auctions in the period from 2020 to 2021

Based on the data presented in the figure, we can note a positive situation in the domestic competitive market, in both cases a reduction of 60 units, which is 24.7% less than in 2020 (Figure 4).

Based on the analysis carried out, it can be concluded that in recent years, active activities have been carried out aimed at identifying, detecting, and suppressing violations related to the actions of monopolists, firms restricting competition, concluding contracts on unfair transactions, etc. Having studied the progress of indicators, namely their decrease in recent years, it is important to note that the FAS of Russia has achieved concrete results in its policy aimed at ensuring a competitive environment. Although the COVID-19 pandemic has affected all spheres, links and branches of the economy, slowed down the actions of all structural bodies and divisions, the Federal Antimonopoly Service does not slow down the pace of rapid development (Khasanova et al., 2020). Which once again proves the importance and necessity of antimonopoly regulation of our economy.

It is impossible to deny the fact that the domestic antimonopoly policy is imperfect, it faces many difficulties that it cannot overcome due to lack of experience, since this system appeared only after the rejection of an administratively planned economy, or the influence of some other factors. We cannot compare it with the US policy, which has been successfully functioning for many years. In these conditions, it is an urgent need to identify clear problems that are inherent in the domestic system of antimonopoly regulation (Pochekutova, 2019; Rozanova, 2021).

The main problems of Russia's antimonopoly policy today are:

- i. The regulatory framework of the antimonopoly policy, which is at a low level. Legislation is often and unreasonably changed, which can lead to inaccurate, ambiguous or erroneous decisions regarding guilty business entities (Bekmurzayeva & Kocherbayeva, 2022).
- ii. The absence of uniform standards for the consideration of violations and the initiation of proceedings on them for violation of antimonopoly legislation, besides a very low level of

guarantee that the decision on the guilt of the subject or the investigation itself was conducted lawfully. In other words, there is no transparency. This problem can be proved by the fact that in recent years cases of litigation against the FAS and abuse of their official powers have become more frequent.

An ineffective system of punishments for activities related to the suppression of competition in the market, the creation of monopolies, abuse of power by large firms, etc., is also an important problem of antimonopoly policy. This problem finds proof in practice when criminal liability extends to minor manipulations, and the question arises how exactly the FAS came to such conclusions (Infopedia, 2021, June 19).

The system is imperfect and this is a fact confirmed by the prosperity of many monopolies in the Russian market. Imperfections are manifested in the absence of clear standards and inconsistency of actions, in the absence of transparency (ConsultantPlus, 2022).

The main problems were listed above, the solution of which is a priority task of the country's antimonopoly policy, since they pose a danger not only to individual producers in the market, whose interests are infringed by the actions of monopolists, but also a danger to the whole country. It should be noted that the antimonopoly legislation has reached a new level, but still these problems do not lose their relevance.

Based on the above, the following areas of improvement of antimonopoly policy and antimonopoly legislation can be determined:

- i. The very first step is to increase the economic validity of the decisions taken. In order for these decisions to have a clear evidence base, it is necessary to fix at the legislative level the criteria that are taken into account when making this decision. And also here it is possible to determine the improvement of the order by which the predominant position of an economic entity is recognized.
- ii. The second step is a clear distinction between those violations that directly affect the competitive environment and those that do not affect it in any way. In the first case, the violation entails socially dangerous consequences, carries tangible damage to the entire market, therefore, accordingly, the strictest measures should be taken for them. And in the second case, there is no public danger, but such violations account for more than half of all FAS cases under consideration. And for such violators, a simplified procedure for the measures taken should be applied.
- iii. The next effective step may be to change the structure of the federal antimonopoly service, this can be achieved by creating new units with special powers that will not oppress small and medium-sized businesses. It is even possible to create separate bodies that will help the FAS in regulating the competitive environment in the domestic market and will be accountable to it.

7. Conclusion

In conclusion, the research on the Antimonopoly Policy of the Russian Federation reveals pressing challenges, including persistent monopoly practices, issues in policy effectiveness, and specific legal gaps. The study emphasizes the urgent need for comprehensive reforms in legislation and enforcement to

address these challenges. Insights from the comparative analysis with international practices offer valuable benchmarks for improvement. Corporate engagement, focusing on awareness and compliance, emerges as a critical component, necessitating a balanced approach between robust enforcement measures and educational initiatives. The dynamic nature of market forces underscores the importance of continuous policy evaluation and adaptation. This comprehensive approach aims to foster a competitive, transparent, and equitable business environment in Russia, aligning the antimonopoly policy with global best practices and addressing current shortcomings.

In conclusion, we can draw the following conclusion – antimonopoly policy and antimonopoly regulation are the most necessary attributes of the economy, special attention is paid to them by the state, since the creation of a competitive environment and the modernization of existing ones are priorities in the activities of any state. Proceeding from the above and summarizing all the conclusions, it is important to note that the ultimate goal of the state's antimonopoly policy is to leave only those firms that really benefit, provide high-quality goods, are able to compete in the market without resorting to illegal actions, and also ensure low prices (Sokolov & Lakaev, 2022). Since the main link of any market, to which all mechanisms and tricks are directed, is the consumer.

Having analyzed the processes taking place now in the economy, having studied the data from the diagrams and drawings presented in the report of the Federal antimonopoly Service, as well as comparing them with similar data for 2020 and previous years, we can conclude that despite the short existence time, the FAS has every chance of developing to the highest possible level. This is good news, since an effectively functioning FAS can improve the economic condition of the country and the well-being of the population as a whole.

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