Annual Report on Competition Policy Developments in Kazakhstan

-- 2017 --

6-8 June 2018

This report is submitted by Kazakhstan to the Competition Committee FOR INFORMATION at its forthcoming meeting to be held on 6-8 June 2018.
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1. Changes in competition law and policy in the Republic of Kazakhstan

1. As a result of the implementation of 53rd of the Plan of Nation aimed at changing the Concept of the work of the antimonopoly service and bringing it in line with OECD standards, the legislation of the Republic of Kazakhstan in the field of protection of competition in the period from 2015 to 2016 has undergone a large-scale liberalization.

2. Thus, in the second stage of improving the competition law in 2016, the Committee on Regulation of Natural Monopolies, Protection of Competition and Consumer Rights under the Ministry of National Economy of the Republic of Kazakhstan (Competition authority) developed the Law of the Republic of Kazakhstan "On Amendments and Additions to Certain Legislative Acts of the Republic of Kazakhstan on Competition and State Support for Housing Construction". The Law was adopted on December 28, 2016, and came into force from January 1, 2017. This law was implementing the OECD recommendations aimed at strengthening the competition authority, regulating its status and order of work, as well as revision of some provisions.

3. Within the framework of this Law, an "Competition authority and its competences” separate chapter has been introduced in the Entrepreneurial Code of the Republic of Kazakhstan (the Competition Law of the Republic of Kazakhstan), where the competition authority’s system and its objectives, competence and rights of its employees, issues of interaction of the competition authority with law enforcement bodies, as well as with competition authorities of other countries were clarified.

4. Furthermore, the Law provided changes in the following main areas:
   1. Increasing of the efficiency of investigations of competition law violations.
   2. Bringing the approaches to the prohibition of anticompetitive agreements in accordance with the best world practice.
   3. Changing of the approaches to the concerted actions of undertakings.
   4. Introducing of the antimonopoly compliance.
   5. Extension of the scope of application of the notification.
   6. Changing of the approaches and methodology on analysis and assessment of the competitive environment.
   7. Changing of the approaches to the state control of economic concentration.

5. Moreover, within this Law the decision on the introduction of price regulation on socially significant markets from January 1, 2017, was made in order to avoid negative consequences of the abolition of price regulation.

6. Thus, the adopted additions and amendments to the competition law of Kazakhstan resulted in:
   - The transition from January 1, 2017 to market pricing in previously regulated sectors of the economy, with the exception of the above-mentioned spheres of socially significant markets;
   - The possibility of taking preventive measures against violations of legislation;
   - Increasing the status of competition authority and credibility on the part of market entities and consumers of services.
7. The obtained results will serve as a basis, on the one hand, for the subsequent liberalization and deregulation of markets, on the other, toughening measures to fight the most severe violations.

8. The new mechanisms are mainly focused on the prevention of anticompetitive behaviour and the concentration of efforts to identify major violations, which will improve Kazakhstan's position in the WEF Global Competitiveness Index on competition indicators.

9. Also, the President of the Republic of Kazakhstan N. Nazarbayev in his annual Address to the people of Kazakhstan dated January 31, 2017, announced the start of the third modernization of Kazakhstan and indicated five main priorities. One of the tasks of the second priority is exclusion of price and tariff collusion. The Government and Atameken NCE were entrusted with conducting an "audit" of the whole legislation to detect provisions that hampered competition.

10. In order to implement paragraph 37 of the National Action Plan for the implementation of the Address of the Head of State to the people of Kazakhstan "Third Modernization of Kazakhstan: Global Competitiveness" from January 31, 2017, Competition authority is working to improve the legal mechanism for detecting and suppressing price and tariff collusion, including in bidding and procurement state and quasi-public sector, as well as increased responsibility for price and tariff collusion and creating obstacles to their detection.

11. In practice, there are various options for collusion at the auction: the creation of the appearance of competition, the agreement to submit proposals, but to win in turn, the division of the market, collusion with the customer.

12. The study of foreign experience in fighting with cartels and the domestic practice of conducting antimonopoly investigations have shown the need for a number of measures to strengthen the mechanism for detecting and suppressing cartels.

13. In this regard, Competition authority has developed a number of amendments to the Competition Law of the Republic of Kazakhstan, providing for:

1.1. Definition of pro-competitive requirements for procurement and auctions;

14. Prohibition of actions that lead or may lead to the prevention, restriction or elimination of competition, including:

1. Co-ordination of activities of procurement suppliers, bidders, conclusion of agreements with them, if this leads or may lead to restriction of competition; (Co-ordination in this case should be understood as influencing the decisions made by the potential supplier (suppliers), as well as the co-ordination by the organisers of the procurement of goods and the auctions of potential suppliers of procurement, bidders when the organisers of procurement of goods and bidding procedures for organising and conducting purchases of goods and bidding);

2. Creation of preferential terms for one or several suppliers of procurement, bidders, including when determining the terms and conditions for the procurement of goods and bidding or by providing information that is not publicly available.
1.2. Introduction of administrative responsibility for violation of pro-competitive requirements for procurement and trading;

15. Failure to comply with the requirements for the protection of competition in the organisation and conduct of procurement of goods and bidding entail a penalty for officials in the amount of three hundred monthly calculation indices.

16. Repeated action within a year after the imposition of an administrative penalty shall entail a penalty for officials in the amount of four hundred monthly calculation indices.

1.3. Implementation of the mechanism of monitoring of procurement conduct for compliance with competition law by Competition authority.

17. Monitoring is necessary in order to detect and suppress price and tariff collusion on the basis of information received about the auctions and tenders conducted.

1.4. Strengthening the powers of the competition authority in conducting antitrust investigations;

18. Cartel agreements, as a rule, are difficult to prove. In this regard, it is necessary to detail the process of collecting evidence (photo, audio, video,), sampling products for examination and the powers of the officials conducting the investigation (requisition of explanations from the investigation objects and other interested persons).

19. The results of the work are reflected in the draft Law of the Republic of Kazakhstan "On Amendments and Additions to Certain Legislative Acts of the Republic of Kazakhstan on Improving Regulation of Entrepreneurial Activity", which is currently under consideration by the Parliament of the Republic of Kazakhstan.

2. Enforcement of competition law and policy

2.1. Detection and suppression of violations of competition law in the Republic of Kazakhstan

20. Main functions of Competition authority are the prevention, suppression, investigation and detection of violations of the law in the field of competition protection.

21. The number of completed investigations in 2017 amounted to 212 investigations, of which 187 investigations were completed with the detection of violations in the Competition Law of the Republic of Kazakhstan (88%).

22. In total, for the year of 2017, the amount of fines imposed in KZT 2.08 billion (administrative penalty amounted to KZT 1.32 billion, monopoly income - KZT 767.8 million), of which KZT 593.6 million was collected (administrative penalty - KZT 41.3 million, monopoly income - 552.3 million tenge), the remaining administrative cases are considered in courts. Also in 2017, 1.33 billion tenge of fines were levied in the budget revenue following the results of the 2016 investigations.

23. In 2017, the Competition authority conducted 5 investigations on the grounds of cartel collusion.
24. The most significant cases of them are:

2.1.1. The cartel in the market of services for storage and transportation of medicines and medical products

25. Competition authority conducted an investigation against "STOFARM" LLP, "Kazakh pharmaceutical company “MEDSERVIS PLUS” LLP and "Pharmaceutical company “Romat” LLP on the basis of conclusion of anti-competitive horizontal agreements (cartel). The subject of the agreements was the division of the commodity market of services for centralised storage and transportation of medicines and medical supplies on a territorial claim incipit, sales volume and composition of sellers.

26. It was proved that for three years (2011-2013) “SK-Pharmacia” LLP purchased services for storage and transportation of medicines and medical supplies from a single source at “STOFARM” LLP, which in its turn attracted to subcontracting two companies: "Kazakh pharmaceutical company “MEDSERVIS PLUS” and "Pharmaceutical company “Romat”.

27. At the same time, "STOFARM" LLP, "Kazakh pharmaceutical company “MEDSERVIS PLUS" LLP and "Pharmaceutical company “Romat" LLP had been providing similar services and were competitors in relation to each other. But, only "STOFARM" LLP took part in the tender, which in turn, by prior agreement, guaranteed to "Kazakh pharmaceutical company “MEDSERVIS PLUS" and "Pharmaceutical company “Romat" subcontracting an equal volume (not more than 1/3) for providing the services (if they will not create potential competition in the procurement of the services).

28. As a result of the investigation, administrative proceedings were initiated and prescriptions were issued to prevent violations of the Competition Law of the Republic of Kazakhstan. The market entities were found guilty by courts for the offense and administrative penalties were imposed, including:

- "Kazakh pharmaceutical company “MEDSERVIS PLUS” LLP (resolution of the court of Almaty dated February 7, 2017, which was left unchanged by the court decision from April 11, 2017), the penalty amounted to KZT 114 921 945 (approximately USD 380 000), exclusive income of KZT 208 203 487.37 (approximately USD 694 000). Penalties are paid in full, the prescription is executed;

- "STOFARM” LLP (resolution of the court of Kostanay, which was left unchanged by the decision of the Judicial Board on Civil Cases of the Kostanay Regional Court from July 3, 2017), the fine was reduced by the court from KZT 135 485 264 (approximately USD 450 000) to KZT 93 524 989.26 (approximately USD 310 000), exclusive income KZT 2 366 765.7 (approximately USD 7 000). Penalties are paid in full, the instruction is executed;

- "Pharmaceutical company “Romat" LLP (resolution of the court of Pavlodar from March 17, 2017, which was left unchanged by the decision of the Pavlodar regional court from May 25, 2017) made a penalty of KZT 75 748 285 (approximately USD 232 000). The penalty is not paid. In accordance with the decision of the court from November 7, 2016, the company was declared bankrupt. Currently, according to the data of the bankruptcy manager, a procedure is carried out to implement the bankruptcy of the debtor to cover his debts.
2.1.2. Cartel in the market of registration services and support of domain names in the domain zones "қаз" and "кz"

29. Competition authority (central office and its territorial departments in the cities of Almaty, Astana and Pavlodar, Karaganda regions) conducted an investigation into the conclusion of anticompetitive agreements in terms of maintenance of prices (tariffs) for services of the registration and support of domain names in the domain zones "қаз" and "кz" against Kazakhtelecom JSC, “PS Internet Company” LLP, “Hoster.KZ Company” LLP, “CyberAge” LLP, “HOST.KZ” LLP, “Zebra Telecom” LLP and “GFX” LLP.

30. The Kazakhstan Association of IT, according to its Order No. 1 from January 13, 2015 determined the cost of registration of domain names by registrars. According to the results of earlier investigation of the competition law violation, the Order was declared illegal and, pursuant to the prescription, was abolished by the Association from September 16, 2015.

31. However, despite the above, the objects of investigation (who were competitors to each other) maintained unreasonably set by the Association the cost of providing services of registration of Internet domain zones in domain zones ".қaz" and ".кz" in the amount of KZT 3360 (approximately USD 10).

32. As a result of the investigation, administrative proceedings were initiated and orders were issued to stop violations of the Competition Law standards. The courts referred to the Association and JSC "Kazakhtelecom" convicted under part 1 of article 159 of the Administrative Code and subject to administrative penalties:

- "GFX” LLP (decision of court of Almaty from October 17, 2017) was fined of KZT 50 352 (approximately USD 154), the monopoly income was KZT 272 381 (approximately USD 840). The fine is paid in full, the monopoly income is on compulsory execution, and the instruction is executed;
- "PS Internet Company" LLP (decision of court of Almaty from October 30, 2017) was fined of KZT 2 727 347 (approximately USD 8 500), there is no monopoly income. The penalty is paid in full, the prescription is executed;
- "Cyber Age" LLP (decision of court of Almaty from October 17, 2017), was fined of KZT 8 786 (approximately USD 27), there is no monopoly income. The penalty is paid in full, the prescription is executed;
- "HOST.KZ" LLP (decision of court of Almaty from October 25, 2017) was fined of KZT 413 667 (approximately USD 1 300), there is no monopoly income. The penalty is paid in full, the prescription is executed;
- "Kazakhtelecom" JSC (decision of court of Astana from November 7, 2017, which was left unchanged by the decision of the court of Astana from December 15, 2017), was fined of KZT 848 250 (approximately USD 2 600), monopoly income amounted KZT 361 581 (approximately USD 1 100). The fine and monopoly income are paid in full. Prescription is executed;
- “Zebra” LLP (decision of court of Ekibastuz from January 16, 2018), was fined of KZT 29 030 (approximately USD 90), monopoly income amounted KZT 208 881 (approximately USD 640). The term of voluntary payment has not expired.
- "Hoster.KZ Company" LLP (decision of court of Karaganda from February 14, 2018), was fined of KZT 2 090 065 (approximately USD 6 500).
2.1.3. Anticompetitive agreements in the market of sulfuric acid supply services

33. Competition authority (central office and its territorial departments in East Kazakhstan and Karaganda regions) conducted an investigation against "Kazakhmys Corporation" LLP and “Kazzinc” LLP on the conclusion of anticompetitive agreements in terms of raising prices at auctions, distortion of the results of trades, including by dividing the commodity market by sales volume or by the composition of sellers in the market of services for the supply of sulfuric acid.

34. The Companies had been domestic producers of sulfuric acid and the only real suppliers to the LLP "Trade and Transport Company" (hereinafter referred to as "TTC"), intentionally with the aim of obtaining additional financial benefits, manipulating the tenders of the TTC made a chain of co-ordinated actions, creating conditions under which TTC was forced to increase the size of the threshold price for the purchase of sulfuric acid, and also by limiting competition in this market, divided among themselves in equal shares all the purchased TTC sulfuric acid.

35. These actions of the Companies were classified as anti-competitive agreements (cartel) the market of supply of sulfuric acid, which led to the establishment of prices, distortion of the results of the auctions, division of the commodity market on a territorial, the volume of sales and composition of sellers basis.

36. According to the results of the investigation, administrative proceedings were initiated and prescriptions were addressed to prevent violations of the norms of the Competition Law.

37. At the same time, in accordance with the resolution of the court of Karaganda from October 16, 2017, the actions of “Kazakhmys Corporation” LLP had been re-qualified as co-ordination of the economic activities of market entities, which may lead to any form of anti-competitive agreements of market entities prohibited by the Competition Law. For this infringement the LLP was fined of 1000 of monthly calculation indices (approximately USD 7 000) to the state income, which was paid in full, the prescription was executed.

38. Currently, a petition is being prepared to the Supreme Court of the Republic of Kazakhstan.

2.1.4. Anti-competitive agreements between «TOYOTA» brand car dealers


40. It was established that in the course of public procurements announced by the local executive bodies of Kostanay Region for the purchase of cars through the electronic public procurement portal “Electronic Public Procure”, Tobol Motors LLP and Ishim Motors LLP entered into cartel collusion and co-ordinated their actions in the part of submitting price proposals and the time of submission of applications. Wherein, the object of the collusion was winning the auction at a price close to the maximum and with the absence of competition between them.

41. As a result of this investigation, administrative cases were initiated against the objects of investigation in the end of 2017.
42. At the same time, they were brought to administrative responsibility in the beginning of 2018. Thus, by the decision of the appeal board of the Karaganda regional court, the decision of the court of Karaganda on recognising the Ishim Motors LLP for the offense provided for in article 159 of the Code of Administrative Offenses of the Republic of Kazakhstan (administrative penalty in the amount of KZT 419,832 (approximately USD 1,300), monopoly income of KZT 668,596 (approximately USD 2,000)) was left unchanged.

43. The second participant of the collusion, Tobol Motors LLP, by the decision of the Special Administrative Court of Kostanay city was also subjected to an administrative fine of KZT 2,126,413 (approximately USD 6,500), with the confiscation of the monopoly income in the amount of KZT 1,043,616 (approximately USD 3,000).

44. At the same time, by the decision of the appeal board of the Kostanay regional court the amount of the administrative fine was changed to the amount of 931,800 tenge (approximately USD 2,800), the amount of monopoly income was changed to KZT 2,482,551 (approximately USD 7,600).

2.2. Control over economic concentration

45. In order to prevent the emergence or strengthening of a monopoly position, or restriction of competition, the Competition authority exercises control over economic concentration.

46. The Methodology for the Assessment of Economic Concentration on Commodity Markets was approved by the Order of the Minister of the National Economy of the Republic of Kazakhstan dated December 14, 2017 No. 416. The methodology is applied when reviewing applications for consent to economic concentration or notices of the completed economic concentration.

47. This methodology determines the mechanism for assessing the economic concentration of the state agency responsible for managing competition protection and limiting monopolistic activities.

48. Within control over economic concentration in 2017, the competition authority examined 65 applications for merger, 4 of them were banned and 1 petition was consent with the behavioural conditions. Also, 14 notifications of the completed economic concentration were received.

3. Other activities of the competition authority aimed at developing competition

3.1. "Revision" of legislation for the purpose of identifying provisions that hamper the development of competition

49. Within the framework of the Address of the Head of the State to the people of Kazakhstan from January 31, 2017, "The Third Modernization of Kazakhstan: Global Competitiveness", a number of instructions were voiced to develop a competitive environment in commodity markets, including "revision" all legislation to identify provisions that hamper the development of competition.

50. At the first stage, the Competition authority developed a Revision Methodology, which provides criteria and methods for identifying provisions that impede competition
and the algorithm for their revision, taking into account the principles of regulating entrepreneurial activities laid down in the Competition Law.

51. Provisions that hamper competition - mechanisms (institutions) of state regulation provided for in the legislation, containing signs of restriction or elimination of competition, including preventing the emergence and development of competition, infringing the rights of unlimited circle of persons, the relevant criteria set out in this Methodology.

52. At the second stage, in 2017, 108 laws and 972 regulations were audited to detect provisions that hamper competition. As a result of the revision of these legislative acts, 144 provisions were identified as hampering competition.

53. To eliminate them, Competition authority proposed:

1. Establishment of a competitive procedure for the selection of the registrar of grain receipts and an expert organisation in the cotton industry (Laws of the Republic of Kazakhstan "On grain", "On the development of the cotton industry").


3. The cancellation of the recommendations of the Interdepartmental Commission on Radio Frequencies when holding a contest for granting rights to use the radio frequency resource (Law of the Republic of Kazakhstan "On Communications");

4. Abolition of the exclusive right of the republican state enterprise for the provision of plant quarantine for the disinfection of quarantine products by the method of gas disinfestation (fumigation units) (Law of the Republic of Kazakhstan "On Plant Quarantine").

3.2. Implementation of the principles «YellowPagesRule»

54. The task of the Head of State to reduce the public sector by 2020 is not more than 15% of GDP is the most relevant for now.

55. Currently, 7,122 subjects of the quasi-public sector are located in the republican and municipal ownership, including 371 in the republic's property (39 of them are included in the Comprehensive Plan of Privatization for 2016-2020, 18 are subject to liquidation, 24 are subject to reorganisation) and 6,751 subjects of municipal property (436 of them are included in the Comprehensive Plan of Privatization for 2016-2020, 225 are subject to liquidation, 326 are subject to liquidation).

56. Resolution of the Government of the Republic of Kazakhstan from December 28, 2015 No. 1095 approved the list of activities permitted for the implementation of joint-stock companies and LLPs with the participation of the state.

57. During the period of 2017, a number of changes were made to the List of Activities.

58. Also, during 2017, an analysis of commodity markets was carried out to reduce this List of Activities.

59. Based on the results of the analysis, in November 2017, proposals were sent to the Government to exclude 65 types of activities, including:
• 17 types of activity from section 1 of the Resolution “Types of activities carried out by legal entities that are in the Republican ownership”;
• 48 types of activities from section 3 of the Resolution “Types of activities carried out by subsidiaries, dependent legal entities of national managing holdings”.

60. In this way, the reduction of state participation in the business environment opens up new opportunities for the entrepreneurial sector.

61. In total, for 2017 on the results of consideration of petitions, 64 enterprises with state participation were created, among them:
• 45 subjects carry out their activities in the social sphere: these are 33 kindergartens, 8 cultural facilities, 2 health facilities, 1 sports facility and 1 educational facility;
• 7 entities in the sphere of natural monopoly providing water supply services;
• 4 subjects in the sphere of housing and communal services: 3 enterprises for disposal of solid waste and 1 for the modernization of housing and communal services;
• 8 entities operate in other sectors.

62. As part of the implementation of the Address of the President of State to the people of Kazakhstan on January 10, 2018, proposals will be formed to expand the list of privatization objects by reducing the number of subordinate organisations of state bodies.

4. International co-operation

63. Competition authority constantly works to intensify international co-operation with foreign competition agencies, both within the framework of the functioning of international integration associations and on a bilateral basis, as well as to enhance the image of the antimonopoly body of the Republic of Kazakhstan and the country as a whole.

4.1. Co-operation within the framework of the OECD Competition Committee

64. On the basis of the Review of Competition Law and Policy of the Republic of Kazakhstan, conducted by OECD, the Competition Law of the Republic of Kazakhstan was significantly improved. As a result of this work, in 2016 Kazakhstan was accepted as a participant to the OECD Competition Committee.

65. Meetings of the Working Groups, of the OECD Competition Committee and the OECD Global Competition Forum are held on a regular basis and their agenda includes the most important and controversial issues of competition law and practice, which are submitted for discussion by OECD member countries and observers.

66. In the period June 19-24, 2017 in Paris (French Republic), was held regular meetings of the OECD Competition Committee and the Working Groups of the OECD Competition Committee.

67. In the period from 4 to 8 December in Paris (French Republic) held a regular meeting of the Competition Committee and its working groups, as well as the meeting of
the Global Forum on Competition Organisation for Economic Co-operation and Development (OECD).

68. They were attended by more than 100 delegations of competition authorities of both OECD countries and countries that are not members of this organisation.

69. The focus of the meetings was on market research, interaction of judicial bodies and antimonopoly bodies in cases of violation of antimonopoly legislation, competition and democracy, and many others.

70. In addition, in the period from 23 to 25 October 2017 in Almaty, the Organisation for Economic Co-operation and Development (OECD) held Eurasian Week on the theme "Open markets for common prosperity".

71. Within the framework of the OECD Eurasian Week, a parallel session was held for competition authorities from Eurasian countries on October 24, 2017, chaired by Frederick Jenny, Chairman of the OECD Competition Committee. The discussion focused on OECD recommendations and tools that could be used by the competition authorities of Eurasia. The main topics for discussion were:

- The fight against cartel agreements, price collusion in public procurement;
- The OECD competition assessment toolkit.

4.2. Interaction within the framework of UNCTAD

72. The United Nations Conference on Trade and Development (UNCTAD) is the body of the UN General Assembly. The headquarters of UNCTAD is in Geneva (Switzerland). Currently, UNCTAD covers 194 countries. The decisions of UNCTAD are taken in the form of resolutions and have a recommendation character.

73. UNCTAD plays in the UN system the role of the focal point for development and related issues of trade, finance, technology, investment and sustainable development. Its main objective is to promote the integration of developing countries and countries with economies in transition into the world economy and development through trade and investment. In pursuit of its objectives, UNCTAD conducts research and policy analysis, intergovernmental meetings, technical co-operation and interaction with civil society and the business sector.

74. The co-operation of the Competition Authority of Kazakhstan and UNCTAD has been intensively developing over a considerable period of time.

75. Annually, at the UNCTAD site in Geneva (Switzerland), a meeting of the Intergovernmental Group of Experts (IGE) on Competition Law and Policy is held, which brings together representatives of competition authorities from around the world, as well as major competition experts.

76. In July 2017, the regular session of the Intergovernmental Group of Experts on Competition Law and Policy was held by UNCTAD, during which a position was voiced about the need to consolidate the efforts of the world community to effectively combat international cartels, as well as the need to create a global mechanism for the interaction of antimonopoly bodies, an international treaty open to accession by any states of the world community that share the idea of combating international cartels and, causing significant damage to the economies of states.
77. At present, the work is being carried out within the framework of the Discussion Group on International Co-operation, the decision of which was taken at the said meeting of the IGE.

4.3. The Regional Association of Energy Regulators (ERRA)

78. The Regional Energy Regulatory Association (ERRA) is a voluntary organisation that unites independent energy regulators, primarily the countries of Europe, Asia, Africa, the Middle East and North America. Currently, ERRA has 30 valid and 7 associate members.

79. The objectives of ERRA are to improve the national energy regulatory system of the member countries of the association, to assist in ensuring the stable operation of energy regulators with the right to self-government and appropriate authority, to help develop closer co-operation among regional regulators, to facilitate the exchange of information and experience between members Association and representatives of regulatory bodies from around the world, increasing the level of scientific research knowledge and practical knowledge.

80. The Committee for Regulation of Natural Monopolies, Protection of Competition and Consumer Rights of the Ministry of National Economy of the Republic of Kazakhstan has been a full member of ERRA since 2000, within the framework of which work on co-operation is ongoing, including the exchange of experience with foreign countries that are part of ERRA near and far abroad) on the improvement of the state regulation system in the energy, heat, water and gas supply.

81. The venue for the 16th ERRA Conference on Investment and Energy Regulation in 2017 was Astana.

82. The ERRA Conference is the most significant event of this organisation, which is held annually in different ERRA member countries. The purpose of this event is to exchange information on topical issues of energy regulation in each of the participating countries. During the event, discussions will be held on improving the state energy regulatory system, as well as on heating, water and gas supply, increasing the exchange of information and experience among ERRA members and increasing access to the accumulated experience of energy regulation worldwide, raising the level of scientific research and practical knowledge.

83. Within the framework of the ERRA Conference on September 25, 2017, the current situation in the energy sector of the Republic of Kazakhstan was discussed, including the current state and prospects for the development of energy and renewable energy sources in the Republic of Kazakhstan, the role of renewable energy in achieving the climate change goal, and prospects of gas markets

4.4. Interaction within the framework of the CIS

84. On an ongoing basis, co-operation is being carried out within the framework of the Interstate Council for Antimonopoly Policy (ICAP) of the CIS member states, the Headquarters for joint investigations of violations of the antimonopoly legislation of the CIS member states, and also takes part in their regular meetings.

85. ICAP was established in accordance with the Treaty on Conducting the Agreed Antimonopoly Policy in 1993. The status of the council and its tasks are determined by
the Regulations, which are an integral part of the Treaty. In accordance with the Treaty, the Parties are obliged to take all necessary measures to fulfil the tasks specified in the Treaty and support the work of the ICAP.

86. The ICAP is formed from authorised representatives of the States Parties to the Treaty; each Party has the right to appoint to the Council two plenipotentiaries with the right to one vote. The Council carries out its activities in close cooperation with the CIS Executive Committee and is guided by the CIS Charter, agreements concluded within the framework of the CIS, decisions of the statutory bodies of the Commonwealth.

87. It should be noted that ICAP is one of the few bodies of sectoral cooperation within the CIS, whose meetings are held on a regular basis at least twice a year, as a rule, alternately in the capitals of the CIS member states. Currently, 47 meetings of ICAP have been held. ICAP meetings allow its participants to regularly exchange opinions on the latest trends in the development of the antimonopoly legislation of the Commonwealth states and the general economic situation in their countries, information on the most interesting cases from the antimonopoly law enforcement practice with a view to developing common approaches to the development of competition law and its application in the CIS.

88. The ICAP is the main platform for the interaction of the antimonopoly authorities of the CIS member states. The range of issues discussed within the framework of ICAP is continuously expanding and covers all areas of activity of the competition authorities of the CIS member states. Interaction within the CIS in the future can become the basis for the formation of a system of supranational regulation of competitive relations in cross-border markets in the CIS space, and become an analogue of the European model for regulating such relations.

89. At present, the work carried out within the framework of ICAP has reached a qualitatively new level. In order to increase the interaction between the antimonopoly bodies of the CIS countries at one of the meetings of the ICAP, a decision was taken to conduct joint investigations (investigations) of anti-competitive practices of antimonopoly bodies of CIS companies operating in international markets within the CIS.

90. To this end, the ICAP Decision established the Headquarters for Joint Investigations of Violations of the Antimonopoly Legislation in the Member States of the CIS (hereinafter - the Headquarters).

91. The activity of the Headquarters is aimed at suppressing violations of the antimonopoly legislation in commodity markets, the successful functioning of which ensures the creation of an infrastructure that is the basis for the formation of a common economic space within the CIS, and also has a direct impact on the welfare of the citizens of the CIS.

92. In addition, one of the activities of the Headquarters is to improve the investigation of cartels, which are known to have the most destructive effect on competition.

93. On March 14-17, 2017, the 46th ICAP meeting was held in Chisinau (Republic of Moldova), as well as the 32nd meeting of the Headquarters in the framework of the International Conference on the 10th Anniversary of the Competition Council of the Republic of Moldova.
94. During the events, panel discussions took place on the following topics: "New challenges for competition law", "Creating a more effective competition policy through monitoring of state aid", as well as a discussion on the activities of the ICAP for 2016.

95. In the period from September 18 to 21, 2017, in the city of Veliky Novgorod, the 47th ICAP meeting and the 33rd meeting of the Headquarters were held within the framework of the International event "The Week of Competition in Russia".

96. Information was provided at the meeting of ICAP by Chairman of the Competition authority:
   - On improving the Competition Legislation of the Republic of Kazakhstan;
   - On the accession of competition authority of the Republic of Kazakhstan in the OECD Competition Committee;
   - On the use by the Committee of the "notification" tool;
   - On the introduction of a new institution "conciliation commission";
   - On the introduction of the concept of "cartel";
   - On investigations conducted by the Committee;
   - On the abolition of state price regulation in several sectors and other initiatives of the Committee.

4.5. Co-operation within the framework of the Eurasian Economic Union. (EAEU)

The main goals of the EAEU are:
1. Creation of conditions for stable development of the economies of member states in order to improve the living standards of their populations;
2. Aspiration to form a single market of goods, services, capital and labour resources within the framework of the EEU;
3. Comprehensive modernization, co-operation and increasing competitiveness of national economies in the global economy.

97. Competition authority permanently works with the Armenian, Belarusian, Kyrgyz and Russian Parties to implement the Protocol on General Principles and Rules of Competition (Appendix No. 19 to the Treaty on the Eurasian Economic Union from May 29, 2014), Protocol on Unified Principles and Rules for the Regulation of Activities of Natural Monopoly Entities (Appendix No. 20 to the Treaty), as well as in the work of the Advisory Committees on Competition and Antimonopoly Regulation, price regulation and state (municipal) procurement, on natural monopolies, on consumer protection issues.

98. In addition, on February 28, 2017 in Moscow (Russian Federation) a joint meeting of the heads of authorised (antimonopoly) bodies of the member states of the EEMP and the Member of the Collegium (Minister) on Competition and Antimonopoly Regulation of the Commission was held. Within the framework of the meeting, relevant issues of competition and antitrust regulation were discussed.
5. Resources of the Competition authority

5.1. Annual budget of the Competition authority

99. In 2017, the annual budget of the competition authority of the Republic of Kazakhstan amounted to approximately 7 million US dollars (KZT 2,260,618 thousand tenge).

5.2. Personnel structure of the Competition authority

100. The system of the Competition authority includes a central office in Astana and 16 subordinate territorial units (departments) located in all regions of Kazakhstan.

101. In 2017, the number of employees of the central apparatus of the antimonopoly authority amounted to 146 people, territorial units - 331 people.

102. At the same time, in the structure of the central office for 2017, the number of employees in the areas of activity is as follows:

1. Investigation of violations of legislation in the field of competition protection - 32 people:

2. State control of economic concentration - 9 people:

3. Advocacy of competition - 8 people.

5.3. The period of coverage of the information provided

103. The information contained in this report covers the period from 1 January 2017 to 31 December 2017.