

Dear participants, I am pleased to meet you!

Let me welcome you on behalf of the Competition authority of Kazakhstan.

Kazakhstan is a member of the Eurasian Economic Union (EAEU), an economic union of five countries (the Republic of Armenia, the Republic of Belarus, the Republic of Kazakhstan, the Kyrgyz Republic and the Russian Federation).

In the EAEU, the Eurasian Economic Commission (Commission) has been given the status of a supranational authority, to which the five competition authorities have transferred their competition competencies, including cross-border market investigations.

In general, there are few competencies like the EAEU in the world. For example, there are a number of notable examples of economic integration with regional competition rules: the European Union, the Andean Community of Nations, the Caribbean Community, the East African Community, etc.

Therefore, for cross-border market violations involving two or more country national territories, investigative powers are vested in the Commission.

Let me present you an interesting case study on cartels that we reviewed together with the Commission.

Slide 1.

On the first slide we will look at the Delrus cross-border cartel. When considering the appeal of Scuderia (KAZ), the antimonopoly authority of the Republic of Kazakhstan uncovered the existence of anticompetitive agreements between Delrus (RUS) and Delrus RK (KAZ), which divided the product market on the territorial principle. This concerned provision of sensor calibration services for "Fibroscan", which is an ultrasound diagnostics tool used on the liver.

The history of the proceedings began in Kazakhstan. The point is that the Kazakh consumer (Scuderia) contacted Delrus (RUS), who refused to provide the service, referring to the fact that Delrus (KAZ) is **the exclusive distributor** in the territory of Kazakhstan.

It should be added that the copyright holder is a French company, Echosens who have made exclusive distribution agreements.

However, according to paragraph 16 of Annex No.26 of the EAEU Treaty, the **regional principle of exhaustion of exclusive right applies in the territories of the EAEU member States** to goods, which have been validly introduced by the right holder into the public sphere on the territory of any of the Union member States.

In addition, a price comparison showed that the cost of the ultrasonic sensor calibration service from the Kazakh supplier Delrus is **2.5 times more** expensive than the Russian supplier.

Given that signs of violation were identified at cross-border markets (territories of Russia and Kazakhstan), the details were passed on to the Commission.

The Commission completed an investigation and did indeed established the existence of an anti-competitive agreement between Delrus (KAZ) and Delrus (RUS).

Judicial proceedings are currently underway.

Since this service is a part of State medical care of Kazakhstan this meant an increase in Government expenditure by **250 per cent** in this area.

Slide 2.

I would also like to bring to your attention the following NF PHARMA case, which we have uncovered at the national level. Here there are prohibited vertical agreements that have led to a cartel in the Republic of Kazakhstan.

Collusion between distributors of Kazakhstan and the United Arab Emirates has been identified in the market for pharmaceuticals, resulting in an increase in the cost of medicines by **300 per cent** in Kazakhstan.

THESAY (UAE), which purchases medicines from manufacturers in India, are subsequently deliberately inflating the cost of pharmaceuticals, is sold to NF Pharma (KAZ). Both companies are affiliated with each other.

The pharmaceuticals are then sold to the three Kazakh companies that in turn supply them to the State. In their actions, **the evidence of a cartel is being considered.**

Such actions ultimately harm the population and the State budget.

Currently, the case materials have been transferred to the law enforcement authorities of Kazakhstan, since we do not have the power to investigate outside the territory of Kazakhstan.

In general, I would like draw your attention the diversity of various nuances in the consideration of cartel cases.

Therefore, we support the initiative of FAS Russia to conclude an international agreement on cartels. I also believe that the antimonopoly authorities should jointly coordinate work in this direction, send requests and share information.

Thanks for attention!