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THE GOALS OF COMPETITION POLICY – Contribution from Uzbekistan

- Session I -

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More documentation related to this discussion can be found at: oe.cd/gcp.

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The Goals of Competition Policy

- Contribution from Uzbekistan –

1. This presentation will focus on the latest reforms in sphere of competition policy and consumer rights protection.
2. Over the past period, the Committee has developed more than 30 legal acts that provide for the creation of an effective competitive environment by gradually reducing the monopoly in the commodity and financial markets, reducing the participation of the state in the economy, as well as to reduce the negative impact of the monopoly of business entities with the participation of the state on the competitiveness of the economy.
3. In my speech, I will introduce you to the institutional reforms in the field of competition policy in the Republic of Uzbekistan, carried out in recent years.
4. In 2020, Uzbekistan leadership announced a new, large-scale 5-year national Strategy and Roadmap to enhance competition in the commodity and financial markets in order to address structural problems inhibiting economic development. *Key objective of the Strategy is fostering economic development, innovations, increasing inflow of investments and new jobs, as well as increasing welfare of consumers through ensuring “level playing field” to all market players.*
5. The Strategy actions include such areas as creation of the system of “smart” antitrust regulation and transition to preventive system of competition protection, develop effective tools of regulation of digital markets, implement new tools of market analysis, and decrease level of state price regulation.
6. Roadmap envisages diminishing domination of SOEs in such key sectors as **automobile industry, steel manufacturing industry, telecoms, chemical, banking and oil and gas** sectors.
7. Following the irreversible will to decrease of the extent of State intervention in economy so called *Yellow pages* rule principle implemented, according which, **it’s prohibited to establish SOE** if at least 5 private sector entities have already functioning on the relevant market.
 - The number of SOEs decreased by almost 30%. (from 3.0 thousand as of 01/01/2020 to 2.1 thousand as of 07/01/2022).
8. Additionally, to extend soft power, mandatory introduction of competition compliance tools to state enterprises and public bodies to early prevention of competition law violations.
 - So far the antimonopoly compliance tool has been implemented in 100 organizations (11 SOEs, 10 natural monopoly enterprises, 24 companies with dominant position, 33 local authorities and 22 state administration bodies).
9. Country’s leadership made strong commitment towards creation more enabling environment for SMEs by granting access them Public Procurement through prohibition to participate in procurement procedures for entities affiliated with SOEs, moreover, to ensure level playing field under the State Aid Control all individual privileges and tax benefits, distorting competition, will be revised and cancelled.

10. Furthermore, in order to ensure competition in the economy, create equal conditions for business entities, accelerate a full-fledged transition to market relations, increase the competitiveness of the national economy, as well as a sharp increase in private investment and further strengthen the confidence of the business community, the country's leadership signed the decree a Decree "On regular reforms to create conditions for stable economic growth by improving the business environment and developing the private sector."

11. The decree provides for:

- further development of institutional and administrative reforms to guarantee the inviolability of private property and the freedom of business, and ensuring the rule of law in this area;
- liberalization of the market for goods and services, in which state participation is maintained, creation of conditions for the promotion of the private sector in these areas, as well as the formation of a healthy competitive environment by strengthening the institutional capacity and powers of the antimonopoly body;
- elimination of privileges, exclusive rights and advantages granted to enterprises through the targeted application of the "regulatory guillotine" method.

12. In the meantime, the current pandemic or the recent geopolitical situation occurred in Ukraine has affected economies worldwide and redefined the benchmark for what is normal. The impact of the pandemic and geopolitical situation is high in some key sectors of the economy and it has forced these sectors to completely change ways of doing businesses.

13. Consequently, competition regulators worldwide have attempted to ease the hardships and disruptions, as well as to fight against price gouging by manufacturers of socially significant food products.

14. Along with this, in order to prevent artificial and unjustified price increases for socially significant goods in the domestic consumer market, as well as to mitigate the negative impact of inflation, the President of the Republic of Uzbekistan entrusted the Antimonopoly Committee with the following additional powers:

- a. for a period of sharp fluctuations in prices for basic food products:
 - upon detection of signs of abuse of a dominant position, cartel agreements, non-exhibition in full and a decrease in the supply of monopoly and highly liquid products subject to mandatory exposition on commodity exchange, manipulations, obstruction of the stable functioning of the commodity or financial market, making mandatory submissions to business entities, government bodies, local government authorities and associations of legal entities to eliminate violations, reduce unreasonably inflated prices and sell excess volumes of food products identified during the inventory, without the procedure for initiating cases;
- b. in shopping malls, networks and markets specializing in the sale of consumer goods, identifying and making mandatory instructions for:
 - elimination of illegal actions aimed at manipulation, unreasonable and artificial increase in prices for socially significant goods, creating a shortage of goods and excessive demand for them;
 - compliance with established pricing mechanisms for basic food products;

- elimination of artificial barriers and restrictions on entry to markets and trade networks.
15. Taking into account the best international practice and with the technical assistance of leading international experts, the Antimonopoly Committee of the Republic of Uzbekistan developed and submitted to the Parliament of the Republic of Uzbekistan the draft Law of the Republic of Uzbekistan “On Competition” in a new edition.
16. This draft law provides for:
- clarification of the main directions of the state antimonopoly policy;
 - new criteria for determining the dominant position;
 - criteria for determining superior bargaining power;
 - unification of the laws “On Natural Monopolies” and “On Competition” and the establishment of specific criteria for recognition as a natural monopoly entity;
 - antimonopoly requirements for the digital market;
 - introduction of the institute of antimonopoly compliance;
 - antimonopoly requirements for the provision of state assistance in the form of benefits and preferences;
 - antimonopoly requirements for the degree of state participation in the economy, including the creation of economic entities with state participation;
 - strengthening of antimonopoly requirements for public bidding, including commodity exchanges;
 - introduction of financial sanctions for violations of antimonopoly legislation.