**Evidence of protectionism in antitrust regulation**

**Anna Meleshkina,**

Researcher of Center for Studies of Competition and Economic Regulation,

The Russian Presidential Academy of National Economy and Public Administration

**Olga Markova,**

Junior researcher of Center for Studies of Competition and Economic Regulation,

The Russian Presidential Academy of National Economy and Public Administration

The tradition of using a narrow approach to geographic market definition has developed in the Russian antitrust practice of market analysis – the boundaries of a commodity market in most cases are defined as the boundaries of the Russian Federation. This approach excludes from consideration of the competitive environment the possibility of consumers to switch between products of domestic and foreign origin. And in cases where imports make up a significant part of consumption in the domestic market, FAS Russia tends to use protectionist elements in the framework of antitrust regulation.

The case of the optical fiber market is a clear illustration of the problems that exist between goals and objectives of antitrust and industrial policy in terms of domestic markets protection. On the example of a specific situation – antitrust regulation of the optical fiber market – a distortion of the goals of competition policy in Russia was identified.

The study follows research methodology of industrial organization theory, antitrust economics and new institutional economic theory. Data from the analytical agency CRU Monitor and trade statistics are used as the information base for quantitative analysis.

The study includes the Elzinga-Hogarty test, which allows to determine geographic boundaries of the single-mode fiber market. The economic rationale of the Elzinga-Hogarty test is to determine the minimum territory from which no more than 10% of production is exported, and to which no more than 10% of consumption is imported. Failure to meet any of the conditions of this test indicates that the intended market is too narrowly defined. Then the analysis is repeated until the conditions are met.

The study identifies the factors that determine dynamics of optical fiber market, including demand for optical fiber cable, production capacities of the main raw material for optical fiber – preforms, integration of optical fiber production process stages, investments in R&D.

The study outcomes provide evidence of narrow market definition in optical fiber case setting by FAS Russia. This is important for observing the procedure for analysing the state of competition in commodity markets, since incorrect determination of the geographic market boundaries can lead to wrong estimates of market concentration and mistaken detection of the market dominance applied to the company – potential competitor of a domestic producer. Lobbying the interests of national producers not only contradicts the antitrust principles, but also reduces the incentives of market players for innovative activity.

The study provides the evidence of protectionism in Russian antitrust regulation. FAS Russia opposes this kind of practices on the scale of the federal subjects, but implements protectionist measures on a national scale.