



FEDERAL ANTIMONOPOLY SERVICE

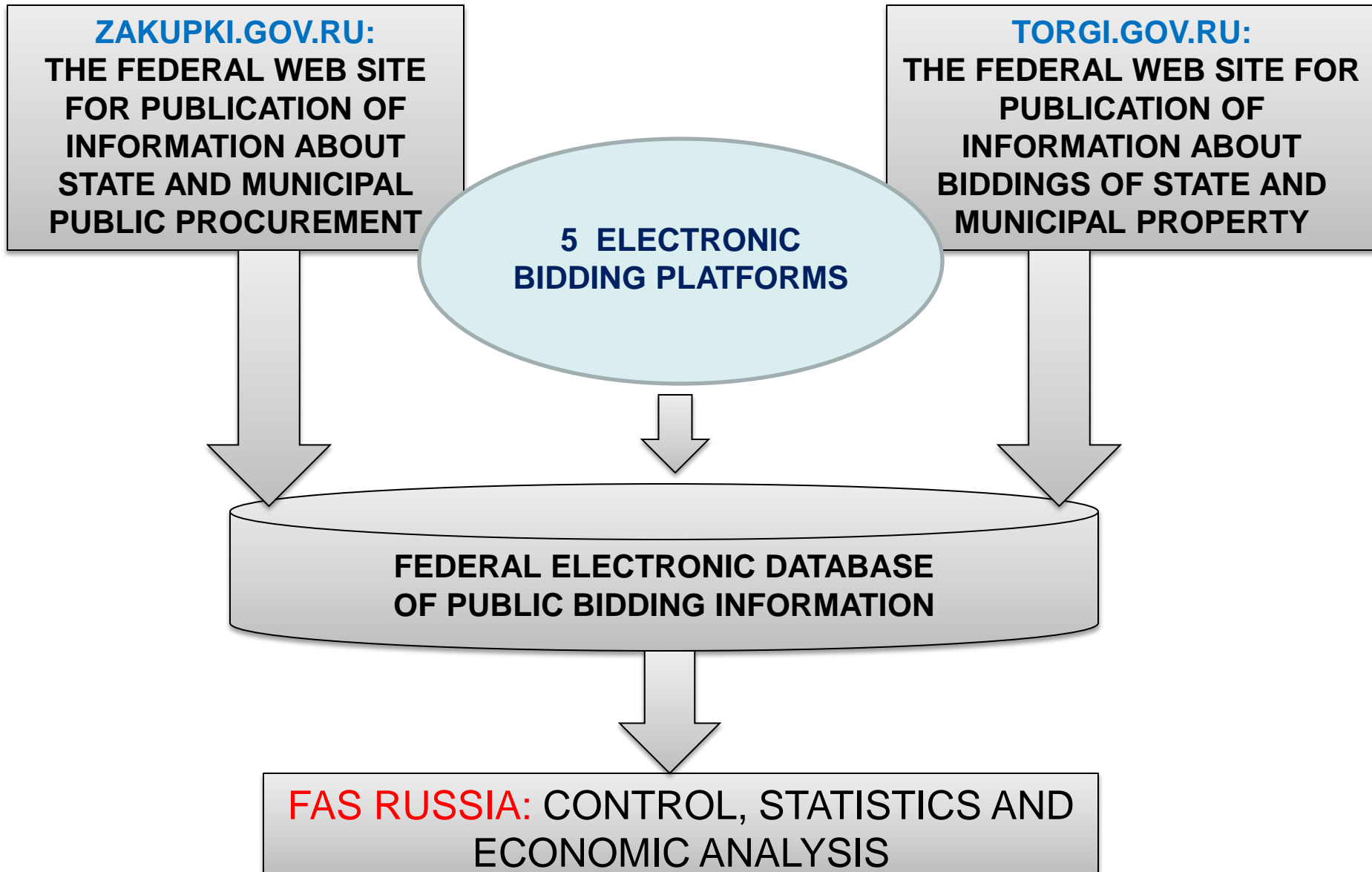
Electronic bidding in public procurement: cartel investigation

*Denis Gavrilov,
Deputy Head of Legal Department of the FAS Russia, Ph.D.*

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- Unified procedure of bidding on state and municipal property is established, the single web site to provide information about tenders is identified- www.torgi.gov.ru.
- The single national web portal brings into action for publication information about state and municipal tenders – www.zakupki.gov.ru.
- Electronic bidding procedure came into force, 5 specialized e-bidding platforms are established for placing of state or municipal tenders. Registration on e-bidding platforms is performed electronically. Anonymity of the first parts of participants' bids.
- Development of the Federal Contract System (FCS).

SYSTEM OF ELECTRONIC BIDDING



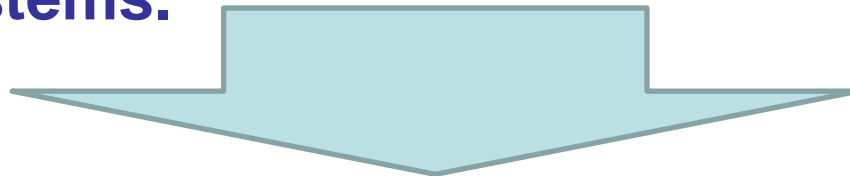
The main goals of FCS :

- increase in openness of information about public procurement at all the stages (planning – selection of executors – contract execution)
- increase in quality of procured goods, works and services
- development of competition environment
- minimization of corruption level, level of abuse in the procurement system and bid rigging
- increase in efficiency of public spending
- increase in professional level of customers and responsibility for the efficiency of procurement activity

E-BIDDING FOR CARTEL PREVENTION

THROUGH THE SYSTEM OF E-BIDDING:

- It is more difficult to make agreements. One of the main requirements to the first parts of the orders given to electronic bidding is anonymity, e.g. potential participants of bid rigging cannot know each other before the beginning of the auction. It means that they, as a rule, are not able to make a cartel.
- It is easier to identify an agreement. Information about all the tenders is placed in the same form, with a unified search and analytic systems.



GENERAL AND PARTICULAR PREVENTION
(prevention, aimed at protection against bid rigging)

- **CONTROL THE PROCEDURE OF PUBLIC PROCUREMENT AND THE PROCEDURE OF FEDERAL AND MUNICIPAL PROPERTY BIDDING** (*REVIEW OF BIDDERS CLAIMS AGAINST PUBLIC PROCUREMENT AGENCIES, ANALYSIS OF INFORMATION FROM ELECTRONIC BIDDING PLATFORMS etc.*);
- **BID RIGGING ANTI-CARTEL ENFORCEMENT** (*PREVENTION, INVESTIGATION, ADVOCACY*)

ANTI-CARTEL ENFORCEMENT

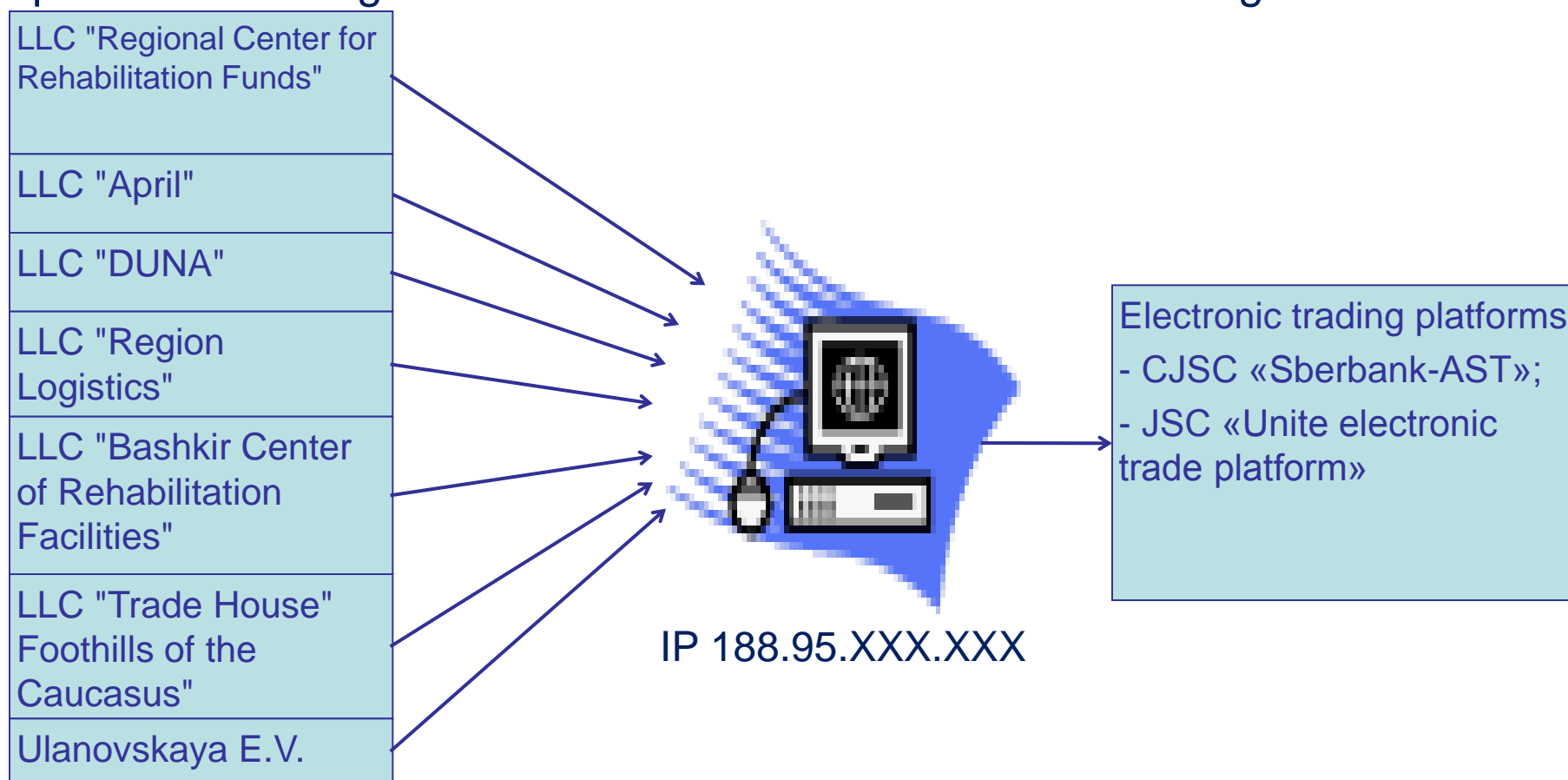
- **Agreements between competitors which lead to raising, lowering or maintaining of prices at public biddings are prohibited «per se»** (*article 11 of the Federal law «On protection of competition»*);
- **Leniency program** (*immunity and reduction*);
- **Dawn raids;**
- **Direct and circumstantial evidence, analytical tools, electronic data;**
- **Cooperation with criminal enforcement agencies;**
- **Administrative and (or) Criminal liability** (*turnover fines for companies, financial fines and (or) imprisonment for individuals*)

CARTEL BY SUPPLIERS OF CARE FACILITIES

Case summary: During the electronic auction, 7 cartel members used the model of behavior which is known as «ram»: during the auction two members cartel, pretending to be actively trading among themselves, sharply lowered the price (up to 51% of the initial contract price). At the same time conscientious bidders lost interest in the bidding. Then, one of the cartel participants in the last seconds of the auction, bid slightly below the rate of conscientious participants or the initial (maximum) contract price. Next, cartel participants that took the first and the second places refused to sign the contract. Thus, a contract was signed with a third bidder of the cartel, which only slightly deviated from the initial price.

Fines: total € 153 000

During the time of the auction, Defendants signed into the electronic trading platform, placed and changed documentation and filled out applications using the same IP address. Moreover, defendants performed change of auction documentation from similar log-ins.



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