

persons that are tax residents (persons with permanent place of residence) of this first member State.

The provisions of this Article shall apply to taxation of income related to employment earned by the citizens of member States.

SECTION XVIII

COMMON PRINCIPLES AND RULES OF COMPETITION

Article 74

General Provisions

1. The subject of this Article is establishment of common principles and rules of competition, providing detection and restraint of anticompetitive practices in the territory of the member States and actions, adversely affecting competition on transboundary markets in the territory of two and more member States.

2. The provisions of this sector are applied to relationship, connected with implementation of competition (antimonopoly) policy in the territory of the member States, and to the relationship with participation of business entities (market participants) of the member States, which adversely affect or may affect competition on transboundary markets in the territory of two and more member States. Criteria of reference of the market to transboundary for the purposes of determining competence of the Commission are established by the decision of the Supreme council.

3. The member States are eligible to establish additional prohibitions in the legislation, and additional requirements and limitations regarding prohibitions, provided for in Article 75 and 76 of this Treaty.

4. The member States pursue the aligned competition (antimonopoly) policy regarding actions of business entities (market participants) of the third countries, if these actions may adversely affect the condition of competition on the goods markets of the member States.

5. Nothing in this Section should not be interpreted as preventing any member State from taking any measures it considers necessary for protection of the major interests of national defense or security of the State.

6. Provisions of this Section are applied to natural monopoly entities as provided for by this Treaty.

7. Implementation of provisions of this Article is performed pursuant to Annex 19 to this Treaty.

Article 75

Common Principles of Competition

1. Application by the member States of the provisions of their competition (antimonopoly) legislation to business entities (market entities) of the member States is carried out similarly and equally irrespective of legal form and place of registration of such business entities (market entities) on equal terms.

2. The member States establish prohibitions in their legislation, including on the following:

1) agreements between public authorities, local governments, other authorities or organizations carrying out their function or between them and business entities (market entities) if such agreements lead to or may lead to prevention, restriction or elimination of competition, except for the cases provided by this Treaty and/or by other international agreements of the member States;

2) granting of the State or municipal preferences, except for the cases provided for in the legislation of the member States and with consideration of specificities as provided for by this Treaty and/or other international agreements of the member States.

3. The member States take effective measures for the prevention, identification and suppression of the actions (inaction) provided by subparagraph 1 of paragraph 2 of this Article.

4. The member States in accordance with their legislation ensure effective control over economic concentration to the extent necessary for the protection and development of competition in the territories of each member State.

5. Each member State provides existence of the national authority of the government whose competence includes implementation and (or) carrying out competition (antimonopoly) policy, which means, *inter alia*, granting to such authority powers to control observance over prohibition of anti-competitive actions and prohibition of unfair competition, control over economic concentration, and also powers on prevention, identification of violation of the competition (antimonopoly) legislation, take measures on termination of the mentioned violation and bringing to responsibility for such violation (hereinafter – the authorized body of the member State).

6. The member States establish in their legislation effective sanctions for conducting anticompetitive actions regarding business entities (market entities) and officials of authorized bodies, based on the principles of effectiveness, proportionality, security, inevitability and definiteness, and provide control of their application. The member States recognize that in case of application of penalties, the highest penalties have to be established for the violations constituting the greatest threat for competition (agreements limiting competition, abuse of the dominant position by business entities (market entities) of the member States), thus the preferable fines are estimated from the sum of revenues of the offender gained from sale of goods or from the sum of expenses of the offender on purchase of goods, in the market where the violation took place.

7. The member States pursuant to their legislation provide informational openness of competition (antimonopoly) policy pursued by them, including by publication of information on activity of the authorized bodies of the member States in mass media and the Internet.

8. Authorized bodies of the member States in accordance with the legislation of their State and this Treaty carry out cooperation by sending notices, requests for providing information, carrying out consultations, informing on the investigations (hearing of cases) affecting interests of the other member State, carrying out investigations (hearing of cases)

at the request of the authorized body of one of the member States and informing on its results.

Article 76

Common Rules of Competition

1. Actions (inaction) of the business entities (market entities) with a dominant position resulted in prevention, restriction, elimination of the competition and (or) infringement of interests of other persons, including the following actions (inaction), are forbidden:

1) establishment, support of monopolistically high or monopolistically low price of a good;

2) withdrawal of a good from circulation, if such withdrawal resulted in increase of the price of goods ;

3) imposition on the counter-partner economically or technologically unreasonable terms of the agreement which are unprofitable for him or do not relate to subject of the agreement;

4) economically or technologically unreasonable reduction or termination of goods production if there is a demand for these goods or orders are placed for its deliveries with the possibility of its profitable production, and also if such reduction or such termination of goods production isn't directly provided for by this Treaty and/or other international agreements of the member States;

5) economically or technologically unreasonable refusal or avoidance of the conclusion of the agreement with certain buyers (customers) with the possibility of production or delivery of the corresponding goods with specificities provided for in this Treaty and/or other international agreements of the member States;

6) economically, technologically or otherwise unreasonable establishment of various prices (tariffs) for the same goods, creation of discriminatory conditions with specificities provided for in this Treaty and/or other international agreements of the member States;

7) creation of restrictions on access to the goods market or exit from the goods market for other business entities (market entities).

2. Unfair competition is not allowed, including:

1) dissemination of the false, inadequate or distorted information which can cause losses to a business entity (market entity) or can cause damage of its business reputation;

2) misleading concerning character, method and place of production, consumer properties, quality and quantity of goods or concerning its producers;

3) incorrect comparison by the business entities (market entities) of the goods produced or sold by it with the goods produced or sold by other business entities (market participants).

3. Agreements are forbidden between business entities (market entities) - competitors acting in one goods market which lead or can lead to:

1) establishment or maintenance of the prices (tariffs), discounts, extra charges (surcharges), margins;

2) increase, decrease or support of the prices at the auctions;

3) division of the goods market by the territorial principle, volume of sale or purchase of goods, the range of goods sold or structure of sellers or buyers (customers);

4) reduction or termination of goods production;

5) refusal of the conclusion of agreements with certain sellers or buyers (customers).

4. Vertical agreements are forbidden between business entities (market entities) (except for vertical agreements which are admissible according to the criteria of admissibility established by the Annex 19 to this Treaty), if:

1) such agreements lead or can lead to establishment of the price of resale of goods, except for the case when the seller establishes a ceiling price of resale of goods for the buyer;

2) such agreements stipulate the obligation of the buyer not to sell goods of the business entity (market entity), who is a competitor of the seller. Such prohibition does not concern agreement on organization by the buyer of sale of goods under the trademark or other means of individualization of the seller or the producer.

5. Other agreements are forbidden between the business entities (market entities) (except for vertical agreements which are admissible according to the criteria of admissibility established by the Annex 19 to this Treaty) if it is established that such agreements lead or can lead to competition restriction.

6. Natural persons, commercial organizations and non-commercial organizations are forbidden to carry out coordination of economic activity of business entities (market entities) if such coordination leads or can lead to the consequences, stated in paragraphs 3 and 4 of this Article, which cannot be admitted as admissible under the criteria of admissibility, established by Annex 19 to this Treaty. The member States are entitled to establish in their legislation prohibition of coordination of economic activity, if such coordination leads or may lead to the consequences stated also in paragraph 5 of this Article, which cannot be admitted as admissible under the criteria of admissibility, established by Annex 19 to this Treaty.

7. Prevention of violation by business entities (market entities) of the member States, and also by natural persons and non-commercial organizations which do not carry out business activity, of common rules of competition established in this section if such violations affect or can adversely affect competition on transboundary markets in the territory of two and more member States, except for financial markets, is carried out by the Commission in the order provided by the Annex 19 to this Treaty.

Article 77

State Price Regulation

The order of introduction of the State price regulation, and also challenging the decisions of the member States on its introduction are determined by the Annex 19 to this Treaty.

SECTION XIX

NATURAL MONOPOLIES