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Russia Targets Apple, Alleges iPhone Price-Fixing

Russian Retailers Have Escape Charges Despite Collusion Allegations.

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Stephen Lam / Reuters

Russia's Federal Anti-monopoly Service (FAS) has filed a case against U.S. Tech giant Apple on allegations of price-fixing.

A number of retailers are continuing to sell the iPhone 6S, 6S Plus, and other models at the same price as

when the phones were released in October 2015, the FAS claim.

Some 16 Russian companies are alleged to be involved in the case, including MTS, M. Video, Beeline, Eldorado, Euroset, Media Markt, Citilink, and licensed Apple retailer the Re:Store. The agency found that all of the retailers sold the iPhone models nationwide either at almost identical prices, differing overall by just 10 rubles ($0.15), said the FAS' Director for Anti-Cartel Operations, Andrei Tenishev.

While the retailers themselves are not to be held accountable, charges will be brought against Apple, Tenishev said. Selling a product for an identical price is not illegal, and could arise due to a variety of reasons, he said.
Yet when the FAS carefully analyzed the pricing using retailer documents, the agency found that the companies were in collusion and that the price had been imposed on them, Tenishev claimed.

By choosing to prosecute Apple for price-fixing rather than collusion, the FAS have burdened themselves with the need to provide greater amounts of evidence, said Lidings law firm partner Andrei Zelenin.

To prove a charge of collusion, the FAS would be asked to produce evidence of correspondence between managers, minutes of meetings, or the testimony of witnesses who were present at talks which saw a discussion on fixing prices.
Under the current charge, the FAS must prove that price-fixing led to a decrease in competition on the iPhone market - a far more difficult task, said Zelenin.

While declining to reveal details of FAS's evidence, Tenishev maintained that the agency had "a lot" of proof, including an economic analysis and documentation.

If found guilty, Apple will face a fine of from 1 million rubles to 5 million rubles, ($15,400 to $77,300) said Oleg Kolotilov from law firm Kulkov, Kolotilov & Partners. If the FAC proves that retailers signed an agreement or coordinated the setting of prices, they could be fined up to 15 percent of their income from iPhone sales.

Five of the iPhone retailers have denied the claims so far, maintaining that Apple's contract on the supply of smart phones does not contain any requirements or additional conditions regarding pricing.

As of Sunday, retailers involved in the case were continuing to sell the Apple iPhone 6S 16GB in Space Gray at prices ranging from 50,990 rubles ($788) to 51,990 rubles ($804). While ending the practice of coordinating prices would not absolve Apple of guilt, it could mitigate the charges, Tenishev said.

Apple is yet to respond to requests for comment.

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