# Russia

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| **Russia’s Bogor Goals Progress Report (as at 3 September 2018)[[1]](#footnote-1)\*** |
|   | **Highlights of Achievements and Areas for Improvement** |

* Average MFN tariffs are going down. However, for agricultural goods, the average MFN tariff is higher than the average bound tariff.
* Export duties are applied to some products, as well as import/export prohibitions, restrictions and licensing.
* Government supported programs in certain sectors to promote economic activity.
* Proposals to remove certain telecommunications activities from the list of regulated services. Restrictions to foreign participation regarding the provision of certain services.
* Russia established a roadmap on the improvement of corporate governance to strengthen information disclosure requirements.
* Foreign investments could require investment clearance in certain cases.
* Free access to documents developed and used in the national standardisation system.
* The new Customs Code of EAEU has been implemented. It enables electronic customs declarations, and establishes shorter clearance periods and stronger networking links with public electronic databases.
* Reforms to prohibit unfair competition and increase effectiveness to combat practices against antimonopoly regulations.
* Efforts to implement all auctions in electronic format. Preferences in public procurement given to small businesses and some restrictions apply to the purchase of foreign goods and services.
* E-visas implemented to enter or exit through checkpoints in Vladivostok.

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|   | **Summary of Topics** |

Tariffs

Between 2012 and 2016, Russia reported a reduction of its average MFN tariff rate from 11% to 8.3%. While the average MFN rate for non-agricultural goods was equal to 6.5%, for agricultural products it was equal to 14.6%, higher than the average bound level of 13,6%.

Since 2015, Russia applied the common customs tariff of the Eurasian Economic Union (EAEU). Russia introduced several temporary import duty waivers on products like polythene, certain chemical substances, and lead ores as part of the EAEU. The EAEU also lowered import duties by half on some types of paper and paperboard. In addition to these, export duties on goods, like, red fish, soybeans and unrefined copper were cancelled while duties for sunflower seeds, lead, zinc and cobalt waste and scrap were reduced.

Export duties are still applied to some products, such as natural gas, aluminium, iron and steel. However, the number of products subject to these duties have been fallen since Russia’s accession to WTO.

Non-Tariff Measures

Russia applies some common measures as part of the EAEU, such as import/export prohibitions, restrictions and licensing. In this regard, Russia has gradually extended its 2014 import ban on certain agricultural products and increased its coverage to more economies. A six-month temporary ban on the export of raw hide was introduced on 1st February 2017.

Government support programs are in place in a number of sectors to promote specific activities. For example, the government has implemented programs in recent years to encourage the local production of medicines and support the automotive manufacturing and animal husbandry industries. Russia has confirmed that any of these programs would be administered in conformity with the WTO Agreement on Subsidies and Countervailing Measures.

Services

A draft decree is proposing amendments to the 2005 state regulation on tariffs for public telecommunication and postal services in order to exclude long-distance telephone connections to the subscriber of a network of fixed communications, fax messages and data from the list of regulated services in 2017. The Russian government is also looking to implement plans during the period 2018-2019 on competition development with regards to communications and information technologies.

Restrictions to foreign participation are in place regarding the provision of some services. For example, insurance companies with majority foreign ownership cannot offer life insurance or other mandatory insurance.

Investment

Russia established a roadmap on the improvement of corporate governance, which aims to strengthen information disclosure requirements by public companies, protect the rights of minority stakeholders and increase transparency of the ownership structure of Russian public joint-stock companies.

Foreign investments could require investment clearance, for example, in cases where those proposed investments involve strategic firms or sectors (e.g. geological exploration of subsoil, extraction of minerals, mass media, and monopolies among others). Amendments were introduced in July 2017, in which the Chair of the Government Commission on Monitoring Foreign Investment can decide whether certain foreign investments require approval due to strategic reasons, such as national interest or security concerns.

Measures on investment facilitation have been implemented, such as the procedures for company registration, as well as tax and infrastructure incentives in high-tech parks, industrial clusters and special economic zones.

Currently, Russia has 69 international investment treaties in force. Also, Russia has signed agreements to avoid double taxation with 83 economies.

Standards and Conformance

In 2016, Russia approved a law regulating free access to the documents developed and used in the national standardisation system. Russia also reported efforts to improve regulation concerning procedures to implement standards. Digital initiatives are also being implemented in terms of certifying compliance. For example, an internet platform that enables certification of real estate projects under local standards of energy efficiency and environmental friendliness was developed to improve transparency of the certification process and make energy efficiency affordable for all structures.

Four unresolved specific trade concerns have been raised against Russia at the WTO SPS Committee since 2016, affecting imports of meats, seafood, wine, confectionery products and edible salts originating from particular markets. Likewise, nine specific trade concerns have been raised at the WTO TBT Committee since 2016. Those most persistently raised are related to burdensome rules of cement certification; draft technical regulation on alcohol drinks safety; and draft amendments to the technical regulation regarding safety on products for children and adolescents.

Customs Procedures

On 22 April 2016, Russia ratified the WTO Trade Facilitation Agreement without any reservations.

The new Customs Code of EAEU, which aims to implement a single customs regulation, enable electronic customs declarations, shorten clearance periods and establish stronger networking links with public electronic databases among others, was enforced on 1 January 2018. The Eurasian Economic Commission Board recently adopted a single window development plan to streamline and harmonise customs procedures.

Intellectual Property Rights

Russia ratified the Geneva Act of the Hague Agreement concerning international registration of industrial designs in April 2017. A decree introducing a higher intellectual property registration fees for patents and providing discounts for electronic filing of applications was signed in 2017.

The Russian Government approved a bill clarifying the procedure for determining the amount of compensation for intellectual property rights’ violations in June 2017.

Competition Policy

In January 2016, new regulations were put in place to prohibit unfair competition with regard to the improper use of intellectual property, and illegal receipt and disclosure of restricted information, as well as to increase the effectiveness in fighting offenses against antimonopoly regulations. Amendments to the Administrative Code of Russia also increased fines for restricting competition and economic activity, and established administrative responsibility for the violation of tender procedures.

The 2018-2020 National Competition Development Plan was approved on 21 December 2017, aiming to improve customer satisfaction, and competitiveness and efficiency of the economy.

Government Procurement

Electronic auction is the most frequent method used for government procurement. In May 2016, the Government released a list of goods and services that were available for procurement only through electronic auctioning. Current efforts are in place to make a transition for all procurement methods and incorporate electronic formats.

Preferences are given to small businesses in tenders. Indeed, to improve SME access and participation in procurement, the annual revenue threshold and the asset value for a firm to participate as SME were reduced. Preferences are also extended to institutions of the penal system, organizations regarding people with disabilities and socially-oriented non-commercial institutions.

Restrictions to the purchase of foreign goods and services in public procurement can be imposed for reasons such as national defense and security, developing the economy and supporting domestic producers. For instance, government procurement is restricted to software developed by Russian enterprises listed in the registry unless there is no domestic alternative. A decree was signed in July 2016 with a plan to phase out the use of foreign office software by government agencies by the end of 2018.

Deregulation/Regulatory Review

Regarding the implementation of Regulatory Impact Assessments, a mechanism to analyze the economic and social impact of proposed regulations on SMEs (“SME test”) was implemented in September 2016.

Mobility of Business People

109,115 holders of the APEC Business Travel Card (ABTC) were allowed free entry to the Russian Federation in 2017. Also, passport holders from 18 economies, including those from several APEC members, can obtain 8-day stay e-visas for entry or exit through checkpoints in Vladivostok.

RTA/FTAs

Russia currently has RTA/FTAs in force with 13 economies[[2]](#footnote-2). As a member of the EAEU, Russia reported participating in free trade negotiations with Singapore, Iran, Israel and Serbia.

1. \* This brief report was prepared with information from Russia’s submission of the 2018 APEC Individual Action Plan (IAP) template; 2016 WTO Trade Policy Review – Report of the Secretariat – Russian Federation; UNCTAD Investment Policy Hub; Eurasian Economic Union; Eurasian Economic Commission; European Commission; Russian Gazette; Russian Legal Information Agency; Agency for Strategic Initiatives; The Russian Government, Ministry of Economic Development, Ministry of Industry and Trade, Russian Federal Service for Intellectual Property, and Federal Antimonopoly Service websites. [↑](#footnote-ref-1)
2. Russia’s RTA/FTAs in force are following ones: Russia-Armenia (1993); Russia-Azerbaijan (1993); Russia-Kyrgyz Republic (1993); Russia-Tajikistan (1993); Russia-Turkmenistan (1993); Russia-Uzbekistan (1993); Russia-Georgia (1994); Commonwealth of Independent States (1994); Russia-Serbia (2000); Russia-Belarus-Kazakhstan-Ukraine (2004); New Commonwealth of Independent States (2012); Eurasian Economic Union (2015); and Viet Nam-Eurasian Economic Union (2016). [↑](#footnote-ref-2)