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ACCESSION OF THE RUSSIAN FEDERATION

Information Regarding the Development of Foreign Trade Legislation of the Russian Federation

Revision

The Permanent Mission of the Russian Federation has submitted the following information regarding the development of foreign trade legislation in the Russian Federation since the informal meeting of the Working Party held on 27 October 1999, with the request that it be circulated to members of the Working Party.

Development of Foreign Trade Legislation in the Russian Federation

In accordance with the WTO practice with respect to acceding countries, the Russian delegation informs the Working Party on a regular basis of the development of the Russian Federation economy and of any changes in foreign trade regulations. See documents Nos. L/7410, WT/ACC/RUS/2, WT/ACC/RUS/9, WT/ACC/RUS/16, WT/ACC/RUS/27, WT/ACC/RUS/31, WT/ACC/RUS/33, etc.

Below is a brief review of the key foreign trade laws and regulations adopted in the Russian Federation between 15 October 1999 and 1 May 2000.

At the same time, given that a considerable period of time has passed since the last Working Party (16 – 17 December 1998) during which time the Russian delegation has submitted a massive number of documents concerning legislative developments in various sectors of trade in goods and services, a brief overview of the main legislative and normative legal acts included in WT/ACC/RUS/33, WT/ACC/RUS/34/Rev.1, WT/ACC/RUS/37 documents is also given below.

1. General Provisions

1.1 Taxation

Federal Law No. 154-FZ “On the Introduction of Amendments and Addenda to the First Part of the Tax Code of the Russian Federation” took effect on 9 July 1999. This Law essentially specifies and provides details regarding a considerable number of the provisions of the Tax Code. For instance, Article 5 of the Law states that all and any changes to tax legislation shall come into force no earlier than a month after their official publication.

On 1 January 2000 the Budget Code of the Russian Federation came into force.

The above two laws are major achievements in terms of greater stability and transparency of fiscal and tax legislation of Russia.

Federal Law 2-FZ of 2 January 2000 revised previously existing excise rates effective 1 April 2000 by increasing them by 30 – 40 per cent for alcoholic products, by 25 per cent for beers and by 100 per cent for tobacco products. The basic principle of Russian excise legislation, however, remained: excise rates are the same for Russian-made and foreign goods.

New designs for excise levy tags, the use of which is mandatory for alcoholic products, tobaccos and tobacco products, were introduced under Resolutions of the Government of the Russian Federation No 1008 “On Excise Levy Marks” dated 4 September 1999, No. 1428 dated 23 December 1999, and No. 17 dated 6 January 2000. The above resolutions also provide a new procedure for selling such marks. The resolutions did not make any revolutionary changes to the previous procedure but merely summarised all developments in this sector since 1994.

Effective 2 January 2000 Federal Law 36-FZ was enacted to amend the Law of the Russian Federation “On VAT”. The most important amendment concerns the list goods eligible for reduced VAT rate of 10 per cent (as against the base rate of 20 per cent) which is now to be enacted by federal laws as opposed to the previously existing practice under which it was the Government which approved such list. The list appearing in Law 36-FZ is more extensive compared with the earlier in effect. Among items that have been added are meat and sea-food, sugar, fish and fish products, eggs and children’s footwear.

We are emphasising that imported goods are subject to VAT at the same rates as domestic produce.

1.2 Federal and regional authorities

Particular importance is attached to Federal Law No. 4-FZ “On Coordination of International and Foreign Economic Relations of the Subjects of the Russian Federation” dated 4 January 1999, which lays down the general procedure for maintaining foreign economic relations for the Russian Federation regions.

Federal Law No. 107-FZ “On the Principles and the Procedure for the Demarcation of the Objects of Jurisdiction and of the Powers Between the State Power Bodies of the Russian Federation and the State Power Bodies of the Subjects of the Russian Federation” dated 27 May 1999 details the mechanics of supremacy of the Constitution of the Russian Federation and federal laws over regional laws.

Presidential Decree No. 362 dated 18 March 1999 acquires particular significance in this context. The Decree suspended Resolution No. 645 of the Head of Administration of the Belgorod Oblast of 16 December 1998 restricting the export of unprocessed agricultural products from the Oblast, as it contradicted the Constitution and the Civil Code of the RF. It was suggested that the Head of the Belgorod Oblast Administration bring his decision into conformity with Russian legislation.

2. Market Access

2.1 Tariff Measures

Since December 1998 to date the Government of the Russian Federation adopted about 30 resolutions which adjust 645 import customs tariff rates. The overwhelming majority of these adjustments (627) were reductions (some of them considerable) of import customs tariff rates.

This reduction in rates concerned first and foremost high technology equipment and component parts which are not produced in Russia or are produced in limited supply. In addition, for the purposes of more effective customs payments collection, the number of import tariff peaks has been cut back drastically over the past year and a half.

All changes in duty rates were summarised in the new import customs tariff of the Russian Federation which was introduced on 1 April 2000 by Government Resolution No. 148 dated 22 February 2000 and was submitted by the Russian delegation to the WTO Secretariat and all member-states concerned. The Russian customs tariff uses a 10-digits goods nomenclature based on the Harmonised System of Description and Codification of Goods 1996.

In 1999, the Government of the Russian Federation took a series of decisions regarding the introduction of export tariffs. Application of export tariffs is an unpopular measure, but a necessity in the face of the task to increase the revenues of the federal budget of Russia. In view of the above, export duties are restricted to those goods, the exporters of which started gaining "super profits" due to the nearly fivefold escalation of the Ruble rate to the U.S. Dollar.

Thus, export duties were imposed in the amount of 6.5 per cent of the customs value on the export of certain types of fish and fish products, alcohol, oil and derivatives, a number of organic and non-organic chemical products, fertilisers, unprocessed leather, coniferous and deciduous timber, paper, ferrous, non-ferrous and precious metals. Increased duty rates were fixed for some very small groups of commodities (non-ferrous metals scrap, seeds of oil-yielding plants, valuable varieties of hard-leaved timber). There are no export duties for finished products.

On the whole the export tariff has a purely fiscal function. According to Federal Law No. 227-FZ of 31 December 1999 "On the Federal Budget for 2000" customs payments contribute 34 per cent in the total revenues of the Federal Budget. Export duties constitute half of the total amount of customs payments.

2.2 Non-Tariff Measures

Resolution of the Government of the Russian Federation No. 1539 of 25 December 1998 enacted the "Regulations on the Procedure for Importation into and Exportation from the Russian Federation of Medicaments and Pharmaceutical Substances", according to which the import of medicines is performed under licenses issued by the Ministry of Trade of Russia (which were formerly issued by the Ministry of Health), whereas export of such goods does not require a license.

Resolution No. 18 of the Government of the Russian Federation "On Additional Measures for the State Regulation in the Procurement, Realisation and Export of the Wood of Valuable Forest Species" dated 5 January 1999 introduced automatic unrestricted licensing for export of valuable varieties of hard-leaved trees.

By Resolution No. 609 of the Government of the Russian Federation "On Amending the Decision of the Government of the Russian Federation No. 1471 dated 7 December 1998" dated 7 June 1999 the Government simplified the procedure for licensing imports of tobacco and tobacco

products. According to this Resolution licensing is not required for samples of tobacco and tobacco products imported for testing, analysis and certification.

Government Resolutions No. 1450 and 1451 of 31 December 1999 imposed a temporary ban on export from Russia of agricultural products included in the nomenclature of humanitarian aid provided by EC and the USA. This ban will be maintained throughout the period of such aid provision. The ban was introduced pursuant to the requirement of the countries supplying humanitarian aid and Russia's international undertakings in this respect.

For similar reasons, and following the signing by the Russian Federation of two agreements on trade in steel products with the USA, the Russian Government imposed quota on the supplies of certain steel products to the American market under Resolutions No. 1261 and 1262 dated 14 November 1999. These quota are implemented in the course of actual export operations whereby priority rights belong to manufacturers irrespective of their forms of ownership.

For the purpose of protection of Russia's national interests Federal Law No. 61-FZ "On the Temporary Ban on the Imports of Ethyl Alcohol" dated 31 March 1999 introduced a ban on import of alcohol derived from any type of raw materials, from 1 May 1999 till 1 January 2002. Considering how important revenues from tax payments on strong alcoholic beverages production are for the Federal Budget of Russia, and considering also the continuous campaign to prevent illicit production of alcoholic beverages, the Russian delegation believes that the said Law is entirely consistent with provisions of Article XX of GATT-94.

In order to prevent disintegration of the domestic oil derivatives market of the Russian Federation (between May and August 1999 prices for gasoline, diesel fuel and fuel oil increased by 2.5 times, and the volume of exports of these products from Russia was equally augmented) and bearing in mind the strategic importance of fuel supplies for successful sowing and harvesting of agricultural products and accommodating the needs of Northern and back-country regions of the Russian Federation, the Government of Russia issued Resolution No.281 dated 29 March 2000 according to which, as a temporary measure, export of certain types of oil derivatives can be performed only after the monthly requirement of their supply to the national market has been fulfilled.

Proposals are currently being prepared in respect of possible replacement of the mechanism provided under Resolution 281 and achievement of tasks therein indicated by introducing flexible export duties for oil derivatives adjusted according to the seasonal demand on the Russian market and the world market prices.

Effective 9 December 1999 measures of state regulation of import into and export from Russia of ozone-unfriendly products were reinforced in full compliance with the provisions of 1987 Montreal Protocol. Thus, the goods indicated in Lists A and B of the Montreal Protocol can be imported into or exported from Russia only as long as they present raw materials for production of other chemical products or if such goods are transferred through the territory of the Russian Federation in accordance with transit regime.

Differentiated customs treatment is instrumental in the facilitation of market access for foreign goods (this issue is addressed in Resolution No. 908 of the Government, 8 August 1999) and simplification of customs procedures. Among the most notable instruments in this respect are: Order No. 450 dated 17 July 1999, Order No. 573 "On Amendments and Supplements to Order No. 450 of the State Customs dated 30 August 1999, and Order No. 676 of the State Customs Committee of the Russian Federation dated 6 October 1999 providing a simplified procedure for customs control and clearance of products imported by shipping and forwarding firms in express mode. Order No. 49 of the State Customs Committee dated 21 January 2000 provides simplified procedures for registration of and control over goods imported into Russia under the free-warehouse regime. This development

will help expedite the goods traffic and create favourable environment for international trade development.

Order No. 531 of the State Customs Committee dated 12 August 1999 stating that effective 10 April 2000 imports of poultry from countries which do not have overland borders with Russia have to enter through one of 30 seaport customs posts.

The intent of this Order is not to hinder the trade flow with technical barriers or provide preferential treatment for countries having an overland border with Russia (these countries are not the producers of poultry). Its only purpose is to discourage the practices used by male fide Russian importers taking advantage of the relative transparency of Russian overland borders and the difference in taxation of poultry in Russia and the neighbouring countries to avoid payment of taxes to the Russian Federation budget in due amount.

Finally, Order No. 831 of the State Customs Committee of Russia dated 1 December 1999 and effective 3 April 2000 provides the entirely voluntary registration of participants of foreign trade activity. Those legal entities and natural persons which apply to the customs authorities and pass the examination for "customs history" (i.e. will be found to have paid the customs payments in due fashion, in time and in full) shall be given a registration card granting them eligibility for using the accelerated customs clearance procedure in the future, a kind of "green corridor". This mechanism of registration of good faith and permanent foreign trade participants is entirely voluntary (i.e. absence of registration card does not constitute grounds for refusal of admission to customs clearance). A similar procedure is used in many countries and is aimed at discouraging the use of one-night firms.

2.3 Trade Remedies Measures

The mechanism of application of special safeguard, antidumping and countervailing measures is provided under Federal Law No. 63-FZ "On Measures for Protection of Economic Interests of the Russian Federation in Respect of Foreign Trade in Goods" of 14 April 1998.

For the purposes of effective implementation of the provisions of the aforesaid Federal Law three regulatory documents were developed and approved by the following Resolutions of the Government of the Russian Federation: (1) No. 183 "On the Special Features of Definition of Material Injury to a Branch of the Russian Economy as a Result of Dumping Imports" dated 16 February 1999; (2) No. 184 "On the Special Features of Definition of Material Injury to a Branch of the Russian Economy when a Foreign State (an Alliance of Foreign States) Subsidises Goods Imported to the Russian Federation, and Determination of the Amount of the Subsidy" dated 16 February 1999; and (3) No. 274 "On the Regulations for Conducting Investigations Prior to the Introduction of Safeguard Measures, Antidumping or Countervailing Measures" dated 11 March 1999.

The above documents allowed the creation a legal framework for the application of safeguard measures, antidumping and countervailing measures in the Russian Federation which was earlier unavailable.

Based on the results of the investigation Government of the Russian Federation introduced temporary 15 per cent special duties for starch syrup for a term of 2.5 years under Resolution No. 209 dated 10 March 2000.

Based on the preliminary results of the investigation, the Government of the Russian Federation has introduced by Resolution No. 241 dated 23 March 2000 provisional 10 per cent special duties for raw sugar through 15 June 2000. The investigation is still in progress.

An investigation is underway to establish in fact the material injury suffered by Russian producers due to the growing imports of steel pipes.

3. State Trading Enterprises

No developments have occurred in this section of foreign trade legislation of Russia as compared with the previous period.

4. TBT

Government Resolution No. 498 “On Approving the Regulations on the State Committee of the Russian Federation for Standardisation and Metrology” of 7 May 1999 endorsed the Regulations on the State Committee of the Russian Federation for Standardisation and Metrology.

Resolution No. 766 of the Government of the Russian Federation “On the Approval of the List of Products that may be subject to procedures of conformity declaration, and of the procedure for the adoption of the conformity declaration and its registration” was adopted on 7 July 1999, to define a list of low risk goods (over 250 items) in respect of which a declaration of the producer (manufacturer, supplier of services) may be sufficient to demonstrate their conformity to regulatory requirements so that a conformity certificate would not be necessary. When registered such declaration has equal legal force with a conformity certificate.

Thus, producers of different goods acquire the option of either completing the necessary certification procedures or submitting their own declaration. This decision of the Government serves to simplify the access of foreign goods to the Russian market.

This approach (use of self-declaration) was carried on by Resolution No. 1104 of the Government of the Russian Federation dated 2 October 1999, which inserted declaration on conformity of the producer (manufacturer, supplier of services) in all respective normative legal acts regulating this sphere.

Notably, Federal Law No. 212-FZ dated 17 December 1999 introduced the same less costly form of assurance of conformity – self-declaration of conformity – to the provisions of the Law “On Protection of Consumers Rights”.

5. SPS

Federal Law No. 52-FZ “On the Sanitary and Epidemiological Welfare of the Population” dated 30 March 1999 took effect replacing the corresponding 1991 Law. The Federal Law set forth sanitary requirements in respect of products imported to the Russian Federation (Article 16) and defined circumstances under which such products are subject to preliminary registration (Article 43).

Letter No. 13-8-01/400 of the Ministry of Agricultural Products of Russia “On the Procedure of Import and Use of Imported Animal Products” of 8 April 1999 laid down the procedure for import to the Russian Federation and use of imported animal products (beef and beef sub-products, pork and pork sub-products, small cattle meat and sub-products, poultry and poultry products, fish and seafood, horse-flesh, game and exotic animals meat).

This document details the procedure for import of the above goods from different countries.

Effective 13 April 2000 a provisional ban on imports of animal products from China, Republic of Korea, Vietnam and Japan was introduced due to dangerous epizootic situation in these countries.

Federal Law 29-FZ “On Quality and Safety of Food Products” took effect on 2 January 2000. According to this Law food products produced in Russia for the first time or imported into Russia for the first time are subject to mandatory state registration.

Article 21 of the above Law requires conducting phytosanitary, veterinary and sanitary-epidemiological control over foreign foodstuffs at cross-border stations or customs clearance stations. Still, requirements in respect of foreign goods are the same as in respect of Russian-made goods.

6. TRIPS

Decree of the President of the Russian Federation No. 443 dated 29 February 2000 brought back the Russian Agency for Patents and Trademarks (Rospatent) which is given the functions of a patent agency and legal protection of intellectual property rights.

For more effective prevention against infringements of intellectual property legislation, the State Customs Committee adopted Order No. 01-14/632 “On Enhancing Control over the Movement of Goods Containing Intellectual Property Objects” dated 27 May 1999 to approve the List of Distinguishing Features of Counterfeit Products.

7. TRIMs

Federal Law No. 19-FZ “On the Introduction of Amendments and Addenda to the Federal Law on Production Sharing Agreements” dated 7 January 1999 was adopted. This Law does a lot to bring the provisions of Russian PSA legislation into conformity with the requirements of foreign investors in terms of:

- simplification of the procedure for subsoil allocations (not just by federal laws);
- extension of their nomenclature.
- actual elimination of the “local component” for the purposes of purchase of equipment.

Federal Law No. 32-FZ “On the Introduction to Legal Acts of the Russian Federation of Amendments and Addenda Arising from the Federal Law on Production Sharing Agreements” was adopted on 10 February 1999. The following Laws were amended to conform:

- “On Subsoil” which provides enhanced rights for foreign investors
- “On the Continental Shelf”
- “On State Regulation of Foreign Trade Activity” (export of goods under PSAs is not restricted for quantity)
- “On Foreign Investment in the RSFSR”
- “On Motorways in the Russian Federation”
- “On Customs Tariffs” (goods imported and exported under PSAs are exempted from customs duties)
- “On Fundamentals of the Tax System in the Russian Federation”
- “On Tax on Property of Enterprises”
- “On Value Added Tax”
- “On Tax on Revenues of Enterprises and Organizations”

- “On Excises” (all goods except motorcars imported and exported under PSAs are exempted from excise payment)
- “The Customs Code” (goods imported and exported under PSAs are exempted from customs duties).

Federal Law No. 87-FZ dated 1 May 1999, Federal Law No. 106-FZ dated 31 May 1999, Federal Law 198-FZ dated 20 November 1999, Federal Law 199-FZ dated 20 November 1999 and Federal Law 1-FZ dated 2 January 2000 attribute the Kirinsk long-term block under the “Sakhalin-3” project, about 30 oil and gas condensate deposits in Tomsk Oblast, hydrocarbon deposit of the “Northern Territory”, Priobskoye northern oil field and Vankorskoye gas and oil field to subsoil allocations that can be granted for use under PSAs.

These legislative provisions were further developed in the Resolution of the Government of the Russian Federation No. 740 dated 3 July 1999 and No. 741 dated 8 July 1999, governing the issues of regulation of the composition and procedure for compensation of costs of the foreign investor under a PSA and the formation and use of the liquidation fund under a PSA.

Foreign investors received additional guarantees under Federal Law 20-FZ dated 2 January 2000 which amends the Subsoil Law. The Law details the procedure for holding tenders and auctions and for granting the mineral license.

On 9 July 1999 Federal Law No. 160-FZ “On Foreign Investment in the Russian Federation” took effect much to the improvement of Russia as a favourable investment environment. Thus, for instance, Article 5 of the above Law provides expressly guaranteed remedies for foreign investments.

Article 9 of the Law for the first time in the Russian legislation contains a “Grandfather Clause” for non-exacerbation of cumulative tax burden of foreign investors. Articles 15 – 17 detail the benefits and guarantees available to foreign investors, including in respect of nationalisation.

On 25 February 1999 Federal Law No. 39-FZ “On Investment Activity in the Russian Federation Pursued in the Form of Capital Investments” took effect.

This Law lays down the legal and economic framework of investment activity in the form of capital investments in the territory of the Russian Federation, and sets forth guarantees of equal protection of rights, interests and property for all the participants of investment activity in the form of capital investments, irrespective of the type of ownership (including for foreign investors).

On 2 January 2000 the above Law was amended by Federal Law 22-FZ which also introduced a “Grandfather Clause”, according to which the cumulative tax burden of an investor performing a priority investment project is not subject to increasing during the pay-off period which, however, cannot exceed 7 years.

Federal Law No. 8-FZ dated 6 January 1999 amending the Law “On Communications” emphasises priority enjoyed by communication devices produced in the Russian Federation under the framework of state research and development policy. The provisions of this Law do not contain any restrictions or prohibitions on the use of foreign-made communication facilities.

8. Government Procurements (GP)

During the reviewed period in the Russian Federation Federal Law No. 97-FZ “On Tenders for the Placement of Orders for the Supply of Goods, Performance of Works, Provision of Services for State Needs” was adopted on 6 May 1999.

This Law regulates the legal relations arising between the organiser of a tender (state customer) and bidders of a tender [suppliers (contractors)] in the course of tender for contracts for deliveries of goods, performance of works and rendition of services for state needs.

Regarding the participation of foreign suppliers or contractors in such bidding, the Law determines that foreign suppliers of goods, works and services may submit their bids in the event that the production of such goods, works or services for state needs in the Russian Federation is non-existent or economically inadvisable.

This legislative act is the first Russian Law regulating this sphere and the regulation will continue to be improved as the system of government procurements develops.

9. Services

9.1. Financial and Insurance Services

Federal Law No. 178-FZ “On Amending the Federal Law on Licensing Specific Kinds of Activities” dated 26 November 1998 extended the list of types of activity subject to licensing in the Russian Federation by including investment funds management.

On 5 March 1999 Federal Law No. 46-FZ “On Protection of Rights and Legitimate Interests of Investors on the Securities Market” took effect. It provides state and public protection of rights and lawful interests of investors on the securities market and defines the procedure for and forms of compensation for damage they incur through illegitimate activity of issuers of securities.

Resolution No. 472 of the Government of the Russian Federation “On the Licensing of Certain Kinds of Auditing Activities in the Russian Federation” dated 27 April 1999 approved corresponding Regulations allowing foreign citizens to participate on a par with Russian citizens.

23 June 1999 was marked by adoption Federal Law No. 117-FZ “On the Protection of Competition on the Financial Services Market”. This Law regulates legal relations affecting competition on the market for securities, banking and insurance and other financial services, and provides for protection of competition. It should be emphasised that its provisions extend to acts and agreements made by residents of the Russian Federation in or outside of Russia.

Federal Law No. 204-FZ was adopted in 20 November 1999 to amend the Law “On Organisation of Insurance Business in the Russian Federation”.

This Law provides the procedure for regulating the access of foreign participants to the insurance services market, namely, measures and provisions regulating the terms of creation of insurance organisations with participation of foreign capital and the activity of the participants in the insurance services market, including qualification, licensing and registration requirements in respect of provision of services and restrictions concerning foreign suppliers of services.

The Law lifts what was virtually the only restriction on the access of foreign suppliers to the Russian insurance market, which limited the foreign interest in the charter capital of a Russian insurer to 49 percent, thus expanding foreign presence in the Russian market.

At the same time, due to a rather complicated situation in the Russian insurance market (in particular, the uncompleted formation of a modern system of insurance supervision, consequences of the August 1998 financial crisis), certain regulatory measures are introduced for insurance companies with a foreign interest exceeding 49 percent (restrictions on life insurance, mandatory insurance etc.).

The Law does not impair the interests of the companies with foreign participation which already operate in the market, since the business environment will not change for such companies, provided that the foreign interest in them is not increased above 49 percent.

The requirements established under the Law are consistent with the interests of national economy and defence, the need for gradual and substantiated provision of free access to the national market for foreign investors. These requirements are aimed at protecting competitiveness of domestic suppliers against the foreign suppliers and sustaining competition on Russian internal insurance market.

9.2. Communications services

Resolution of the Government of the Russian Federation No. 698 dated 26 June 1999 states that licensing of surface TV and radio broadcasting in RF cities populated by over 200 thousand people must proceed only on a tender basis. This Resolution also approves the Regulations governing such tender.

Great importance is attached to Government Resolution No. 88 dated 1 February 2000 which confirmed the procedure for admission and use of foreign systems of satellite communications in the Russian Federation. Various restrictions earlier operating in this sphere were lifted. Foreign systems of satellite communications may be used in Russia for provision of commercial services and in exceptional cases to satisfy state needs. These rights may be provided to foreign operators based on licenses issued on condition of their compliance with the Russian requirements in respect of reliability of transmissions.

Resolutions No. 157 and 158 dated 25 February 2000 serve further liberalisation of telecommunications services in Russia. Pursuant to these resolutions, no permit of the state communications surveillance authority (Gosvyznadzor) is required to purchase subscriber terminals of personal satellite communications; the procedure for trade in radio-electronic and HF-devices in the territory of Russia, and the procedure for exports and imports of such devices from and to Russia were simplified considerably.

Resolution of the Government of the Russian Federation dated 3 May 2000 restructures the procedures and increases the transparency of operations of Gosvyznadzor.

9.3. Transport Service

30 April 1999 was marked by a major breakthrough as the Merchant Shipping Code of the Russian Federation No. 81-FZ entered into force.

The 430 Articles of the Code regulate all legal relations arising out of commercial seafaring including property relations, on the basis of the parity, free will and material independence of the participants.

These Regulations were developed on the basis of the 1978 International Convention on Standards of Training, Certification and Watchkeeping for Seafarers and the amendments made to the Conventions in 1995 (hereinafter, the "1978 Convention"). In accordance with the provisions of the 1978 Convention, it is provided that, instead of assigning titles to commanders, diplomas, qualification certificates and specialist certificates will be issued to seafarers.

With respect to foreign citizens, the Regulations determine diplomas, qualifications and specialist certificates should be issues to:

- foreign citizens who have graduated from seafarer schools in the Russian Federation;
- foreign citizens who work or worked aboard ships flying the national flag of the Russian Federation; and
- foreign citizens in such cases as stipulated by any international treaties concerning seafarer certification and training between the Russian Federation and other states which are parties to the 1978 Convention.

The Regulations also provide that captain and commander certificates issued by a foreign state which is a party to the 1978 Convention should be recognised by issuing confirmations according to the rules determined by the Russian Federation Ministry of Transport.

Resolution No. 1084 of the Russian Government dated 22 September 1999 confirms detailed rules of use of air space of the Russian Federation, which contain, among other things, a provision to the effect that flights of foreign civil aircraft under international agreements shall be performed as scheduled.

9.4 Other Types of Services

Over the period in question a number of resolutions was made in the Russian Federation concerning the licensing of different types of activity. Below we reference the most important developments:

Number of Government Resolution	Brief description
387 of 5 April 1999	On licensing of pharmaceutical activity and wholesale trade in medical preparations
556 of 20 May 1999	On licensing of handling of hazardous waste
1227 of 5 November 1999	On licensing of trade in means of transportation
1280 of 20 November 1999	On licensing of production and marketing of seeds of agricultural plants
1344 of 6 December 1999	On licensing of production, storage and supplies of spirit containing non-food products
337 of 12 January 2000	On licensing of production of and wholesale trade in tobacco products

We would like to emphasise that the above resolutions do not contain any restrictions on participation of foreign physical and legal entities.

An important codifying function is performed by Government Resolution No. 326 dated 11 April 2000. The Resolution lists all sectors of services subject to licensing and indicates those authorities (federal or regional) directly in charge of such licensing.

On 24 June 1999 Federal Law 118-FZ amending the Law “On Entry to and Exit from the Russian Federation” was signed and took effect.

In the event that a foreign citizen or person without citizenship applies for entry into the Russian Federation for work purposes, a Russian visa may be issued to him only if there is a permit of the federal executive body in charge of the migration service granted according to the procedure established by the Government of the Russian Federation”.

Federal Law 176-FZ “On Postal Communications” was adopted on 17 July 1999 and contains the following provisions:

- the activity of postal service operators is subject to licensing. The licensing covers the whole complex of operations comprising the complete operating cycles of postal services, including acceptance, processing, shipment and delivery of mail and transportation of escort. Licensing of any of the operations within the complete operating cycle as separate types of activities is not allowed;
- no restrictions are imposed on the organisational or legal form of postal service operators; postal service suppliers enjoy equal rights in respect of providing public postal services irrespective of their organisational and legal form.

It remains a consistent policy of the Russian Federation to liberalise foreign trade activity and to bring its national legislation into conformity with the WTO rules and regulations.
