

**Working Party on the Accession
of the Russian Federation**

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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 developments in the foreign trade legislation of the Russian Federation since the last meeting of the Working Party held in May 2000, with the request that it be circulated to members of the Working Party.

Recent Developments in the Foreign Trade Legislation of the Russian Federation

The Russian Federation informs the Working Party on a regular basis of the developments in national economy and trade-related legislative developments (please see previous documents on this matter: L/7410, WT/ACC/RUS/2, WT/ACC/RUS/9, WT/ACC/RUS/16, WT/ACC/RUS/27, WT/ACC/RUS/31 and WT/ACC/RUS/33/Rev.1).

Below is a brief review of developments with respect to foreign trade laws and regulations in the period from 1 May to 9 December 2000.

1. General

1.1. Taxation

The first four Chapters of the Second Part of the Tax Code of the Russian Federation will take effect on 1 January 2001 by virtue of the Federal Laws Nos. 117-FZ and 118-FZ dated 5 August 2000. These Chapters are devoted to the value added tax, excise taxes, income tax on natural persons and a unified social tax (instalment). As from 1 January 2001, these provisions of the Tax Code will replace the existing legislative acts with respect to the above taxes.

The Second Part of the Tax Code unifies and specifies all aspects of introduction, levying and exemptions with respect to VAT, excise taxes and other above mentioned types of taxes. Major elements of taxation are significantly liberalised in taxpayer's favour. Thus, tax on income of natural persons cannot exceed 13 per cent.

At the same time the basic principles of taxation continue to provide equal treatment for domestically produced and imported goods with the same rate of levying VAT and excise taxes.

1.2 Federal and sub-federal legislation

A great deal of work has been done in bringing sub-federal or regional legislation into conformity with the federal legislation.

Thus, the Presidential Decrees (Nos. 790 and 791 of 5 May 2000, 891 of 15 May 2000, 1101 of 12 June 2000, 1196-1200 of 28 June 2000, 1280 of 10 July 2000, 1389 of 27 July 2000, 1609 of 25 August 2000, 1620 and 1621 of 9 September 2000) abolished the decisions of authorities of Ingushetia, Adygea, Smolensk, Tula, Voronezh, Arkhangelsk and Orenburg oblast creating barriers to free movement of goods, including imported goods, within the territory of Russia and establishing additional fees for foreign legal and natural persons.

The Government of Russia, by its Resolution No 522 dated 24 May 2000, introduced federal registration of agreements on international co-operation concluded by the regional authorities of the Russian Federation. The agreements not registered in the Ministry of Foreign Affairs of Russia are to be considered not valid.

The work to bring regional legislation into full conformity with the federal legislation will be vigorously pursued.

2. Market Access

2.1 Tariff Measures

From May to November 2000, the Government of Russia adopted a number of resolutions to reduce import duties on concentrate of fruit juices (Resolution No. 389 of 11 May 2000), poultry meat (Resolution No. 501 of 7 July 2000), videos (Resolution No. 502 of 7 July 2000), TV sets (Resolution No. 503 of 7 July 2000) and rolling-mills (Resolution No. 579 of 3 August 2000).

Federal Law No. 74-FZ dated 27 May 2000 exempted from customs duties the equipment for production of child's nutrition, as well as its components and spare parts imported into Russia under the Presidential Program "Children of Russia".

However, the most radical changes took place pursuant to the adoption of Government Resolution No. 886 of 27 November 2000 on unification and simplification of the structure of import customs tariff.

In accordance with this Resolution the rates of import duties will be changed (in vast majority of cases reduced) since 1 January 2001 for a period of 9 months. Those changes cover about 3,500 items which is approximately 33 per cent of all nomenclature of the Customs Tariff nomenclature.

Such measures are designed, firstly, to facilitate reestablishment of competitive conditions in the Russian markets of modern technology and capital and other goods after devaluation of the national currency in 1998. Secondly, it was decided to substantially reduce tariff peaks to rationalize the fiscal and regulatory roles of the tariff. Thirdly, one of the goals of these temporary measures is to improve the customs administration and management pending implementation of customs service reform plan and respective amendments to the Customs code and other relevant laws.

The Government Resolution No. 414 dated 25 May 2000 set up a list of goods subject to the National Scheme of Preferences of the Russian Federation. The Government Resolution No. 572 dated 27 July 2000 introduced, within the National Scheme of Preferences, a tariff quota on raw sugar for 2001: 3.65 million tonnes of sugar may be imported at the rate of duty of 5 per cent, while any

additional quantity - at the rate of 30 per cent. On 27 November 2000 the tariff quota was distributed among Russian companies on auction basis.

As was mentioned in earlier WP documents, temporary export duties are applied on raw materials. These measures are of fiscal nature.

Taking into account the outstanding growth of prices on raw materials exported by Russia, as well as the declining rate of the Euro against the US dollar (export duties in Russia, both ad valorem or specific, are measured in Euro), the Government of the Russian Federation raised in May-December 2000 the rates of export duties on oil, oil products, tanning raw material and scrap of non-ferrous metals.

2.2. Non-tariff measures

The Presidential Decrees No. 1151 of 21 June 2000 and No. 1477 of 9 August 2000 introduced amendments and additions to the lists of nuclear materials as well as products and technologies of dual use, exports and imports of which are subject to special procedures in accordance with the international commitments of the Russian Federation.

The above mentioned amendments were caused by the relevant changes of the international lists of those items.

Pursuant to UN Security Council resolution No. 1306 of 5 July 2000, the Presidential Decree No. 1849 of 7 November 2000 prohibits till 5 January 2002 imports to or transit through the territory of Russia of raw natural diamonds originating from Sierra Leone.

Earlier in doc. WT/ACC/RUS/33/Rev.1 export regulation of oil products was mentioned. This regulation provides that specified quantities of oil products should be supplied to the domestic market first, and only after that such products may be exported. The list of oil products subject to this regulation was radically reduced and contains now only fuel oils and liquefied gases.

The Government intends to abolish this regulation in the first quarter of 2001.

2.3. Trade Remedies Measures

A special duty (as an emergency safeguard measure) of 15 per cent ad valorem with respect to starch syrup was introduced on 10 March 2000 by virtue of the Government Resolution No. 209 for a period of 30 months.

3. TBT

By the Government Resolution No. 403 of 24 May 2000 watches were included in the list of products subject to mandatory certification or self declaration of conformity.

4. SPS

The Federal Law "On quarantine of plants" took effect on 15 July 2000. Article 9 of this Law is devoted to a detailed description of phytosanitary controls on imports of plants and products of plant-growing. The provisions of this Law establish the procedure of protection of plants and products of plant-growing against plant vermin and disease agents.

The Government Resolution No. 554 dated 24 July 2000 approved the status of the State Sanitary and Epidemiological Service of the Russian Federation. The orders of the Chief Sanitary Official Nos. 13 and 14 of 8 November 2000 set up procedures of sanitary and epidemiological expertise of food products obtained from genetically modified plants, including the provision of necessary information for consumers and labelling.

5. TRIPS

The order of Rospatent No. 38 of 17 March 2000 introduced regulations on the recognition of trade mark as well known in the Russian Federation. These regulations contain procedures and requirements for recognition of trade mark as well known in the Russian Federation by virtue of paragraph 1 of Article 6 *bis* of Paris Convention for Protection of Industrial Property of 20 March 1883.

The above mentioned regulations meet the requirements of Article 16 of TRIPS Agreement with respect to the well known trade marks.

6. Services

The Government Resolution No. 380 of 28 April 2000 empowered Ministry of Communications of the Russian Federation as well as its regional offices with the functions of the State Supervising Service over communication and informatisation.

A number of legislative acts of the Russian Federation was enacted on matters of licensing of specific services:

Federal Law No. 69-FZ of 11.04.2000	The Law introduced licensing of non-state pension funds.
Government Resolution No. 471 of 20.06.2000	On licensing of activity in the area of usage of radioactive materials.
Government Resolution No. 747 of 03.10.2000	On licensing of activity in the area of employment.
Government Resolution No. 796 of 18.10.2000	On licensing of activity in the area of education.

Plans of future legislative work

The Action plan of the Government in the areas of social policies and modernization of economy for 2000-2001 approved by the decision of the Government of Russia No.1072-p of 26 July 2000 provides for bringing legislation of the Russian Federation into conformity with the requirements of the WTO including reduction of barriers for economic operators and investors as a priority task.

The tentative plan of respective work is distributed as WT/ACC/RUS/42 Rev.1

To contribute the achievement of these goals the Expert council on foreign trade and foreign investment legislation was established within the Economic Committee of the State Duma comprising from representative of the Duma, federal agencies, private sector and independent experts.