



State Policy Developments

The planned reform of the Russian state contracting system comes under criticism of different interest groups

On June 26, 2017, Kommersant newspaper reported that the amendments to the state contracting laws proposed by the Russian Government and delivered for consideration to the State Duma have been heavily criticized by Gazprom and a number of other parties.

Specifically, **Mr. Valery Golubev, the Deputy CEO of Gazprom**, contacted Mr. Vyacheslav Volodin, the Speaker of the State Duma, on abolishment or softening the most demanding amendments proposed by the Government.

Ms. Tatiana Golikova, the head of Accounts Chamber, directed her comments to the Main Legal Department of the President's Administration. She supports transfer of all purchases from SME sector to electronic form, as well as introduction of 20 days deadline on making agreement with selected contractor. However, she criticizes the lack of clause on limiting non-competitive purchases and, specifically, purchases from single contractor. Ms. Golikova also points at the lack of requirement to the state companies to provide rationale for the initial purchase price and the lack of ban on purchases from offshore companies.

Mr. Andrei Vorobyev, the head of the Moscow region, also appealed to the President's Administration and commented that introduction of the right of e-auctions to collect fee from the state bodies would hit heavily the regional budget.

Mr. Andrey Lipov, the head of IT Technologies Application and IT Democracy Development Department of the President's Administration, commented that the proposed amendments do not appoint an operator of the state information system to be used for registering all transactions in the field of state contracting (presumably, the Federal Anti-Monopoly Service is considered as an operator). Referring to Mr. Lipov, the amendments also do not shape the authority of the Government on introduction of requirements to the information system on interactions with other existing IT systems involved in the state contracting.

The comments will be considered by both the President's Administration and the State Duma, and the consensus over peculiarities of the state contracting reform is likely to take substantial time.

Dedicated article by Kommersant newspaper: [Original \(Rus\)](#) | [Google Translate](#)

The Federal Anti-Monopoly Service offers new approach to regulation of concession agreements

On June 29, 2017, Kommersant newspaper reported on new proposals of the Russian Federal Anti-Monopoly Service (FAS) in relation to concession projects (public private partnerships) with implementation schemes assuming coverage of 100% of investors' costs by the state.

Earlier FAS insisted that the concession projects with 100% of project costs covered by the state should be qualified as the state purchases subject to appropriate regulations instead of the concession law.

In January 2017, division of FAS in the Republic of Bashkortostan nullified the results of the concession tender on construction of Sterlitamak-Magnitogorsk motor road due to the terms of concession agreement assuming compensation by the state of 100% of the road construction and maintenance costs to investors. The tender initiator (the State Committee on Transport and Road Construction of Bashkortostan) appealed to the arbitration court in relation to decision of FAS, but on June 1, 2017, the court supported that decision, thus, creating an important precedent and raising the risks for participants of concession agreements in Russia. At this time, there are about 40 concession projects implemented in Russia using the similar scheme standing for 1/3 of the aggregate investment volumes of concession agreements, including [Platon toll system](#), Moscow-St. Petersburg motor road, Central Ring Road in the Moscow region and many others.

At this time, FAS proposes to allow the investors to receive reimbursement of 100% of project costs from the state, but only after appropriate object is constructed and not earlier than 5 years after the appropriate concession agreement is signed. FAS prepared and delivered to the Government the corresponding amendments to the concession law. The Russian Ministry of Transport does not agree with FAS and is preparing own version of amendments to be further discussed by the Government.

Dedicated article by Kommersant newspaper: [Original \(Rus\)](#) | [Google Translate](#)

Business Environment Developments

The Russian Federal Service for Accreditation secures the Russian laboratory tests recognition in Asia Pacific region

On June 27, 2017, the Russian Federal Service for Accreditation (RusAccreditation) joined Mutual Recognition Arrangement of Asia Pacific Laboratory Accreditation Cooperation (APLAC MRA).

[APLAC MRA](#) embraces 39 accreditation bodies from 26 countries of the world, including China, the U.S., Canada, India, Australia and Mexico.

Signing APLAC MRA will provide for smoother access to international markets for the Russian exporters, as far as they will be able to use the results of tests of the Russian laboratories in the course of conformity assessments without necessity to deliver the product samples abroad. However, the recognition of the Russian certificates in countries that joined MRA will require further additional



arrangements with the national accreditation bodies, and RusAccreditation is presently in talks on appropriate roadmaps with China and 7 other countries. The rules of use of APLAC MRA sign by the local laboratories are supposed to be adopted by the end of summer 2017.

This step was made in the course of reform of the Russian accreditation system aimed at harmonisation of the local regulations with requirements of [International Laboratory Accreditation Cooperation](#) (ILAC) and [International Accreditation Forum](#) (IAF). Signing APLAC MRA creates prospects for the full-scale membership of Russia in ILAC (presently Russia is an associated member of ILAC). The appropriate decision is likely to be made at ILAC's meeting in December 2017 to take place in Vancouver, Canada.

Press release of the Russian Federal Service for Accreditation: [Original](#) (Rus) | [Google Translate](#)

EU prolonged sanctions targeting selected sectors of the Russian economy until January 31, 2018

On June 28, 2017, the Council of European Union made a decision on prolongation of sanctions connected to the conflict in Ukraine (implementation of Minsk agreements) by six months.

The prolonged economic sanctions include (citing the Council):

- limiting access to EU primary and secondary capital markets for 5 major Russian majority state-owned financial institutions and their majority-owned subsidiaries established outside of the EU, as well as three major Russian energy and three defence companies;
- imposing an export and import ban on trade in arms;
- establishing an export ban for dual-use goods for military use or military end users in Russia;
- curtailing Russian access to certain sensitive technologies and services that can be used for oil production and exploration.

These sanctions come in line with the following additional restrictive measures and sanctions (citing the Council):

- targeted individual restrictive measures, namely a visa ban and an asset freeze, currently against 150 people and 37 entities until 15 September 2017;
- [restrictive measures in response to the illegal annexation of Crimea and Sevastopol](#), limited to the territory of Crimea and Sevastopol, currently in place until 23 June 2018.

Press release of the Council of European Union: [Original](#) (Eng).

The Russian Central Bank plans to introduce new type of security (so-called "structural receipts")

On June 28, 2017, Ms. Elena Tchaikovskaya, the Director of Department on Financial Markets of the Russian Central Bank announced to the press that the bank plans introduction of new type of security called "structural receipts". The appropriate bill with amendments to the federal law #39-FZ "On Securities Market" and selected

other legislative acts was introduced to the State Duma on the same day.

Referring to the bill, the structural receipt principally differs from bonds by not securing repayment of the face value while providing better yield. The introduction of structural receipts targets sophisticated (qualified) private investors.

Dedicated article by TASS news agency: [Original](#) (Rus) | [Google Translate](#)

The bill on introduction of structural receipts at web site of the State Duma: [Original](#) (Rus)

Russia plans to prolong counter-sanctions until the end of 2018

On June 29, 2017 Mr. Dmitry Medvedev, the Russian Prime Minister, informed that the Russian Government will come with proposal to prolong the existing counter-sanctions until the end of 2018 (presently in force until the end of 2017). The decision resulted from the recent [prolongation of EU sanctions on Russia](#).

The counter-sanctions assume imports ban on selected agricultural products, raw materials and foodstuffs from the EU, the U.S., Canada and a number of other countries. The list of products include fish, meat and meat products, milk and milk products, fruits and vegetables and other foodstuff articles.

UPDATE: On June 30, 2017, Mr. Vladimir Putin signed the decree on prolongation of counter-sanctions until December 31, 2018.

Citing Mr. Dmitry Medvedev (Kommersant newspaper): [Original](#) (Rus) | [Google Translate](#)

Translations of the Russian legislative acts on counter-sanctions featuring the list of banned products: [Original](#) (Eng)



Reports and Forecasts on Russia Traced by Factosphere

Date	Publisher	Document name	URL
26.06.2017	The Center for Macroeconomic Analysis and Short-Term Forecasting	Russia in the global economy: possible directions of development in the changing world (presentation)	Original (Rus)
26.06.2017	The Center for Macroeconomic Analysis and Short-Term Forecasting	The state policy: key directions of actions in the following 10 years (presentation)	Original (Rus)
26.06.2017	Gaidar Institute	We can expect stabilisation of investment in fixed capital at the level of the previous year	Original (Rus) Google Translate
28.06.2017	Centre for Development of Higher School of Economics	Comments on the state and the business, June 15-26, 2017 (#135)	Original (Rus)
28.06.2017	Raiffeisen Bank International	Central & Eastern European Strategy 3Q 2017	Original (Eng)
29.06.2017	The Russian Central Bank	Inflation expectations and consumer behaviour of population. June 2017.	Original (Rus) + Statistical appendix (Rus)
29.06.2017	The Russian Central Bank	Comments on current situation in the economy. June 2017.	Original (Rus)
	The Russian Central Bank	Review of cross-border remittances of private persons in 2016	Original (Rus)
29.06.2017	Centre for Strategic Research	Theses on Russia's foreign policy and global positioning	Original (Eng)
29.06.2017	Levada Center	Approval and trust ratings. June 2017.	Original (Rus) Google Translate
29.06.2017	VTB	Weekly Custody newsletter #24 / 2017	Original (Eng)
30.06.2017	Fitch Ratings	Fitch: Central Bank Stance Supports Russian Growth Recovery	Original (Eng)
30.06.2017	The Russian Central Bank	Monetary Policy Report June 2017	Original (Eng)
30.06.2017	The Russian Central Bank	Comments: Main Indicators of External Sector Statistics for the First Quarter of 2017	Original (Eng)
30.06.2017	Gaidar Institute in cooperation with Russian Presidential Academy of National Economy and Public Administration and Russian Foreign Trade Academy	Monitoring of Economic Situation in Russia. June 2017, #12(50)	Original (Rus) Google Translate
30.06.2017	Focus Economics	Russia: Economy picks up steam in Q1	Original (Eng)
30.06.2017	Thomson Reuters (Rus)	Reuters poll: Analysts lowered the RTS index forecasts for the end of 2017 due to the risk of new sanctions and the weakness of the oil market	Original (Rus) Google Translate
30.06.2017	BOFIT	BOFIT Weekly	Original (Eng)
30.06.2017	Commerzbank	Week in Focus	Original (Eng)
30.06.2017	Berenberg	Makroausblick Juni 2017	Original (Ger)
30.06.2017	PwC	Advance pricing arrangements on cross-border transactions and other matters regarding transfer pricing: Planned amendments to the Russian Tax Code	Original (Eng)

Statistical Publications Traced by Factosphere

Date	Publisher	Document name	URL
26.06.2017	The Russian State Statistics Service	Main economic and social indicators May 2017	Original (Eng)
26.06.2017	The Russian State Statistics Service	On dynamics of prices for gasoline and oil products' resources in May 2017	Original (Rus) Google Translate
26.06.2017	The Russian State Statistics Service	Comparison of CPI in Russia and foreign countries in May 2017	Original (Rus) Google Translate
26.06.2017	The Russian State Statistics Service	Outstanding Debt Due to the Employees by the Employers (Wages) as of June 1, 2017 (bulletin)	Original (Rus, rar)
26.06.2017	The Russian Central Bank	Russian Federation: Energy Exports	Original (Eng)
27.06.2017	The Russian State Statistics Service	On financial results of activities of organisations in January-April 2017	Original (Rus) Google Translate
27.06.2017	The Russian State Statistics Service	Final results of complete observation over activities of SME in 2015	Original (Rus)
27.06.2017	The Russian Central Bank	Statistical Yearbook "Housing (Mortgage) Loan Market in Russia"	Original (Eng)



Date	Publisher	Document name	URL
28.06.2017	The Russian State Statistics Service	Current information on natural movement of population for January-May 2017	Original (Rus)
28.06.2017	The Russian State Statistics Service	On CPI estimate for June 20-26, 2017	Original (Rus) Google Translate
29.06.2017	The Russian State Statistics Service	On production volumes of oil products and dynamics of their retail prices for June 19-25, 2017	Original (Rus) Google Translate
29.06.2017	The Russian Central Bank	International reserves of the Russian Federation (weekly)	Original (Eng)
30.06.2017	The Russian State Statistics Service	On the use of GDP in 1Q 2017	Original (Rus) Google Translate
30.06.2017	The Russian Central Bank	Monetary Statistics Indicators (xls)	Original (Eng)
30.06.2017	The Russian Central Bank	Balance of Payments of the Russian Federation (Neutral Presentation, Main Components)	Original (Eng)
30.06.2017	The Russian Central Bank	External Debt of the Russian Federation	Original (Eng)
30.06.2017	The Russian Central Bank	Merchandise Trade of the Russian Federation	Original (Eng)
30.06.2017	The Russian Central Bank	International Investment Position of the Russian Federation (Standard Components) (BPM6)	Original (Eng)
30.06.2017	The Russian Central Bank	Financial Sector Survey (xls)	Original (Eng)
30.06.2017	The Russian Central Bank	Other Financial Institutions Survey (xls)	Original (Eng)
30.06.2017	The Russian Central Bank	Foreign trade of the Russian Federation with goods	Original (Rus)



Contact Information

Mr. Dmitry Efremov, Director & Project Lead
e-mail: dmitry.efremov@factosphere.com

Ms. Liudmila Novikova, Managing Director
e-mail: liudmila.novikova@factosphere.com

Ms. Elizaveta Markovskaya, Head of Consulting
e-mail: elizaveta.markovskaya@factosphere.com

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