



State Policy Developments

Mr. Vladimir Putin approved Strategy of Development of the Information Society in the Russian Federation for 2017-2030

On May 9, 2017 Mr. Vladimir Putin, the Russian President, signed the decree on the Strategy of Development of the Information Society in the Russian Federation for 2017-2030. The strategy shapes the general directions of efforts of the state in the IT (Internet) and telecom sectors. It envisages *a number of steps* that may influence planning of activities of foreign players operating in the Russian market, specifically (our compilation of the most noticeable issues):

- *Replacement of software, hardware and electronic components of foreign origin* comprising the Russian IT infrastructure with those produced in Russia (29[д]);
- *Securing processing of data at the Russian servers* when serving interactions of private persons and organisations located within the territory of the Russian Federation and transfer of those data within Russia using network infrastructure of the Russian operators (31[р]);
- Securing the state regulation and coordination of activities related to *creation and maintenance of information resources* within Russia (31[д]);
- Elaboration of systems securing possibility of sustainable, secure and *independent* operations of the Russian segment of Internet (32[б]);
- Implementation of policy focused on *the state management of infrastructure* of the Russian segment of Internet (33[б]);
- Introducing schemes *excluding anonymity* in Internet (33[д], extraction);
- *Regulation of imports of foreign IT and communication technologies* with consideration of international obligations of the Russian Federation (38[з]);
- Provision of *technological independence* and security of infrastructure used for selling goods and services to Russian private persons and organisations (42[д]);
- Securing protection of data using *Russian* IT and communication technologies (43[к]);
- Securing protection of data from non-sanctioned and illegal cross-border transfer to foreign organisations (43[л]);
- Developing data centers and data processing technical means *using software and hardware of Russian origin* (43[м]);
- Providing security and transparency of electronic payments and financial operations using *national payment system* and components of the Russian IT infrastructure (43[н]);
- Taking measures on limitation of access to software, goods and services provided via Internet within the

Russian territory for *foreign organisations committed an infringement of the Russian legislation* (43[т]);

- Cooperation of Russian and foreign organisations in the sphere of the digital economy shall be possible (a) if the data on their activities are stored and processed *exclusively* at servers and databases located within the territory of the Russian Federation; (b) if protection of interests and security of the Russian parties participating in electronic trade is provided by the requirements of identification, validity and authenticity of appropriate documents; (c) if *the most favored treatment approach* is applied towards the Russian suppliers and buyers when accessing information on goods and services, performing e-trading in Russia or promoting goods abroad given that the interests of the national logistics operators are protected; and (d) if the payments are done via *the Russian payment system* (44[a, б, в, р]);

The Strategy indicates the following *priorities on development of ITC technologies* in Russia (36):

- Network convergence and development of communication networks of new generation;
- Big data;
- AI;
- Trusted technologies of electronic identification and authentication, including those used in financial sector;
- Cloud and fog computing;
- IoT and industrial Internet;
- Robotics and biotech;
- Radio engineering and electronic components;
- Information security.

The Government shall elaborate the list of exact measures aimed at implementation of the Strategy within 3 months period and approve the list of indicators related to implementation of the Strategy until October 1, 2017.

Text of the strategy at the Russian Portal of Legal Documents: [Original](#) (Rus)

The reform on state purchases is postponed for 2019

On May 10, 2017 Kommersant newspaper released the updated timeframe for implementation of the reform of state purchases, which assumes execution of all state purchases in electronic form.

Referring to the present roadmap of the Russian Government, the e-purchases are planned to be launched on obligatory basis on January 1, 2019 (previously the year 2018 was considered as the year of launch). The purchasing bodies will obtain the right to use e-purchases starting from July 1, 2018. At present, the major focus is on improvement of the system of the state purchases of medicines.

In order to prepare the reform, the state will need to converge a number of separated databases, as well as to train approximately 900 thousand people.

Dedicated article of Kommersant newspaper: [Original](#) (Rus)] [Google Translate](#)

The Government Commission approved the draft law aimed at replicating Silicon Valley in Russia

On May 11, 2017 the Commission of the Government on Law Drafting approved the draft federal law "On Science and Technology Valleys".

The law envisages the establishment of valleys that represent entities within designated areas aimed at development of prioritized directions of science and technology, bringing investment into appropriate projects and building the technology-intensive production facilities. The valleys are supposed to be created at the locations of the leading higher education institutions and scientific organisations.

The draft law is to be approved by the Government and to be directed to the Russian Parliament afterwards.

Dedicated message at the web site of the Russian Government: [Original](#) (Rus)| [Google Translate](#)

Business Environment Developments

The Ministry of Finance forces the Russian wine importers to pay higher excise duties for PGI and PDO wines

The Russian wine importers faced the change in position of the Russian Ministry of Finance in relation to excise duties for wines with Protected Geographical Indication (PGI) and Protected Designation of Origin (PDO).

Starting from the beginning of 2016 the excise duties for PGI and PDO wines have been lower than the duties for other types of wines (Article 193 of the Russian Tax Code).

- *Starting from January 1, 2016 the excise duty for still PGO and PDO wines was at RUR 5 per litre vs. RUR 9 per litre for other types of still wines (RUR 13 per litre vs. RUR 26 per litre for sparkling wines, correspondingly).*
- *Starting from January 1, 2017 the excise duty for still PGO and PDO wines has been at RUR 5 per litre vs. RUR 18 per litre for other types of still wines (RUR 14 per litre vs. RUR 36 per litre for sparkling wines, correspondingly).*

Therefore, starting from the beginning of 2016 the wine importers paid reduced excise duties for PGI and PDO wines with no registered claims from the customs and tax authorities. However, the Ministry of Finance has recently stated that the lower duties for PGI and PDO wines apply only to wines produced within the territory of the Russian Federation. There is no reference to this in the Russian Tax Code, but the Ministry insists that the definitions of PGI and PDO shall be used in accordance with the other Russian specialized laws that envisage the production of PGI and PDO wines only within Russia (clauses 24-25, article 2 of the federal law #171-FZ).

Some of the importers have already been notified by authorities on the possible need of payment of recalculated excise duties for PGI and PDO wines starting from beginning of 2016. This may lead to bankruptcies of a number of the market players.

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

Comments of the Ministry of Finance on the issue: [Original](#) (Rus)| [Google Translate](#)

The daily consumer expenditures hit 5-year bottom

On May 11, 2017 ROMIR, an independent survey company scanning 30 000 customers (11 000 households) in 180 cities of Russia, released the results of the recent scan panel on daily consumer expenditures. According to ROMIR Consumer Scan Panel, the daily consumer expenditures in Russia in April 2017 dropped 6.5% as compared to March 2017 (-4.9% as compared to April 2016) hitting 5 year bottom. The share of food and beverages in consumer basket increased to 57% in April (52% share was registered in March 2017).

More information in dedicated survey by ROMIR: [Original](#) (Rus)| [Google Translate](#)

EBRD is not ready to finance new projects in Russia

On May 10, 2017 it was announced that the most part of EBRD shareholders voted against financing of new projects in Russia that was frozen in 2014. However, the bank continues financing of projects that were initiated in 2012-2014 (totally 169 projects with aggregate investment of USD 3.8 billion).

Referring to Mr. Maxim Oreshkin, the Russian Minister of Finance, Russia is going to continue participating in EBRD as shareholder, but it will not provide additional capital to the Bank and will concentrate on other development banks when considering financing options.

More information in the dedicated articles by Reuters: [Original](#) (Eng)| [Original](#) (Eng)

National Statistics

The Russian net capital outflow doubled in January-April 2017 as compared to appropriate period of the previous year

On May 12, 2017 the Russian Central Bank released estimates of key aggregates of the balance of payments of the Russian Federation for January – April of 2017. According to the estimates, the surplus of the current account of BoP amounted to USD 25.7 billion doubling as compared to appropriate period of the previous year. Net private capital outflow was at USD 21.0 billion (USD 9.8 billion in January-April 2016).

Message on estimates of key aggregates of BoP by the Russian Central Bank: [Original](#) (Eng)

Reports and Forecasts on Russia Traced by Factosphere

Date	Publisher	Document name	URL
09.05.2017	Focus Economics	Consensus GDP forecast for 2017-2018	Original (Eng)
09.05.2017	SEB	Nordic Outlook May 2017	Original (Eng)
10.05.2017	The Russian Ministry of Finance	Interview of Mr. Leonid Gornin, the Russian Deputy Minister of Finance, to Gazeta.ru (developments of the regional budgets)	Original (Rus) Google Translate
10.05.2017	EBRD	EBRD Regional Economic Prospects May 2017	Original (Eng)
10.05.2017	Deka Group	Emerging Markets Trends May 2017	Original (German)
10.05.2017	ACRA (Analytical Credit Rating Agency)	Russian foreign trade turns East. Analytical comment.	Original (Eng)
11.05.2017	European Commission	Spring 2017 Economic Forecast	Original (Eng)
11.05.2017	ROMIR	Research on consumer expenditures in Russia	Original (Rus) Google Translate
11.05.2017	OPEC	OPEC Monthly Oil Market Report May 2017	Original (Eng)
11.05.2017	IMF	Regional Economic Outlook May 2017 (Central, Eastern and Southeastern Europe. A Broadening Recovery)	Original (Eng)
12.05.2017	Deloitte University Press	Deloitte Global Economic Outlook Q2 2017	Original (Eng)
12.05.2017	BOFIT	BOFIT Weekly	Original (Eng)
12.05.2017	Commerzbank	Woche im Focus	Original (German)
12.05.2017	The Russian Central Bank	Bulletin 'Talking Trends', April 2017	Original (Eng)
n/a	Eurasian Development Bank	Monthly Macroeconomic Review April 2017	Original (Rus)

Statistical Publications Traced by Factosphere

Date	Publisher	Document name	URL
10.05.2017	The Russian Ministry of Finance	Weekly data on budget funds in deposits, public budget loans and REPO	Original (Eng)
10.05.2017	The Russian Central Bank	International reserves of the Russian Federation (monthly)	Original (Eng)
10.05.2017	The Russian Central Bank	Corporate Sector External Debt of the Russian Federation in the Form of Loans and Deposits Received through Issuance of Eurobonds and Other Debt Securities by Nonresidents for the Benefit of Russian Residents (data for 2016)	Original (Eng)
10.05.2017	The Russian Central Bank	Currency composition of external debt of the Russian Federation (data for 2016)	Original (Eng)
10.05.2017	The Russian Central Bank	International investment position on international reserves of the Russian Federation (January-April 2017)	Original (Eng)
11.05.2017	The Russian Central Bank	International reserves of the Russian Federation (weekly)	Original (Eng)
12.05.2017	The Russian Central Bank	Review of the banking sector of the Russian Federation, May 2017	Original (Eng)
12.05.2017	The Russian Central Bank	Monetary base statistics	Original (Eng)
12.05.2017	The Russian Central Bank	Estimates of Key Aggregates of the Balance of Payments of the Russian Federation for January – April of 2017	Original (Eng)
12.05.2017	The Russian Central Bank	Merchandise trade of the Russian Federation (data for 1Q 2017)	Original (Eng)
12.05.2017	The Russian State Statistics Service	On CPI estimate for May 3-10, 2017	Original (Rus) Google Translate
12.05.2017	The Russian Ministry of Finance	On mining and production of gold and silver in January-March 2017	Original (Rus) Google Translate



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