



## Weekly Newsletter Russia

October 2-8, 2017

### State Policy Developments

#### The Government delivers amendments to the Russian federal budget to the State Duma

On October 6, 2017, the draft law on amendments to the Russian federal budget for 2017-2019 was directed by the Russian Government to the responsible committees of the State Duma, the lower chamber of the Russian Parliament. The most recent changes primarily address the budget for 2017.

The final version of amendments elaborated by the Government relies on the updated macroeconomic projections for 2017, including:

- **GDP growth** projected at +2.1% (2.0% previously under the law on the amendments to the federal budget for 2017-2019 #157-FZ dated July 1, 2017);
- **Fixed investment growth** projected at +4.1% (2.0% previously);
- **Real disposable income** growth projected at +1.3% (1.0% previously);
- **Inflation** projected at +3.2% (3.8% previously);
- **Average annual Urals crude oil price** projected at USD 49.9 per barrel (USD 45.6 per barrel previously);
- **RUR/USD rate** projected at 59.4 (64.2 previously).

The key amended indicators of the federal budget for 2017 are as follows:

- The **federal budget revenues** are projected at RUR 14 720.3 billion or 15.96% of GDP (-RUR 41.5 billion as compared to the law on the federal budget for 2017-2019 #415-FZ with amendments adopted on July 1, 2017);
- The **federal budget outlays** are projected at RUR 16 728.4 billion or 18.2% of GDP (+RUR 125.7 billion as compared to the law #415-FZ);
- The **federal budget deficit** is projected at RUR 2 008.1 billion or 2.2% of GDP (+RUR 84.2 billion as compared to the law #415-FZ that envisaged deficit at 2.1% of GDP).

In order to cover the federal budget deficit in 2017 the Government plans to use the following sources:

- **The Reserve Fund** (RUR 1 045.1 billion or -15.7 billion as compared to the law #415-FZ);
- **The National Wealth Fund** (RUR 662.3 billion or -1.2 billion as compared to the law #415-FZ);
- **The sovereign debt** (RUR 1 146.6 billion or +136.3 billion as compared to the law #415-FZ);
- **Revenues from privatization** (RUR 18.4 billion or -23.7 billion as compared to the law #415-FZ);

**Other sources** of the federal budget deficit coverage are projected to have negative impact (RUR -222.4 billion or +14.2 billion as compared to the law #415-FZ).

The **changes in balances of the federal budget accounts** are also projected to be negative at RUR -641.9 billion or -25.7 billion as compared to the law #415-FZ);

Draft law on amendments to the Russian budget with the package of supporting documents: [Original](#) (Rus)

### Business Environment

#### BVI and South Korea to be excluded from the black list of offshores maintained by the Russian Tax Service

On October 3, 2017, RBC news agency reported the Federal Customs Service released the updated list of jurisdictions that do not provide for proper information exchange for taxation purposes to be implemented starting from 2018. The list is widely used when defining if a legal entity shall be considered a controlled foreign company under [appropriate law](#) (amendments to the Russian Tax Code) with corresponding tax and administrative (reporting) implications.

Referring to available information, BVI and South Korea have been excluded from the updated version of the list, with is not available publicly for the moment. Its new revision still reportedly contains 126 jurisdictions (108 countries and 18 territories) that do not disclose beneficiaries of their companies and other important information to the Russian tax authorities.

Before introduction of CFC legislation in the end of 2014, BVI was among the most popular jurisdictions used by the Russian business people in tax optimization schemes.

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

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

### National Statistics

#### The inflation in Russia continues to deteriorate in September lowering to 3.0%

On October 5, 2017, the Russian State Statistics Service released data on CPI in September 2017. The Russian CPI was estimated at 99.9% as compared to August 2017, 103.0% as compared to September 2016 and 101.7% as compared to December 2016.

Similarly to August 2017, the major driver for the lowering inflation rates were deteriorating prices for food and beverages with appropriate CPI indicated at 99.3% against August 2017 or 99.9% against the one registered in December 2016 (i.e. factual deflation on the food and beverages for the period of January-September 2017 was registered).

As of October 2017, inflation continues to stay below the Central Bank's target for the year (4.0%) creating ground for further monetary policy easing.

Data on CPI in September at website of the Russian State Statistics Service: [Original](#) (Rus)| [Google Translate](#)

Data on CPI in 2017 at website of Factosphere: [Original](#) (Eng)

## Reports and Forecasts on Russia Traced by Factsphere

Date	Publisher	Document name	URL
02.10.2017	<a href="#">Raiffeisen Bank</a>	Central & Eastern European Strategy. 4Q 2017.	<a href="#">Original</a> (Eng)
02.10.2017	<a href="#">The Center for Strategic Research</a>	Effective use of intellectual property in Russia. Report.	Summary: <a href="#">Original</a> (Rus)   <a href="#">Google Translate</a>
02.10.2017	<a href="#">The Russian State Statistics Service</a>	Social and economic developments of Russia in January-August 2017. Report.	<a href="#">Original</a> (Rus, rar)
03.10.2017	<a href="#">ROMIR</a>	Survey on imports substitution in the Russian pharmaceutical sector.	<a href="#">Original</a> (Rus)   <a href="#">Google Translate</a>
04.10.2017	<a href="#">Centre of Development of Higher School of Economics</a>	Comments on the State and the Business, September 12-October 3, 2017 (#138)	<a href="#">Original</a> (Rus, pdf)
04.10.2017	<a href="#">The Analytical Centre for the Government of the Russian Federation</a>	Dynamics of foreign trade. September 2017.	<a href="#">Original</a> (Rus, pdf)
05.10.2017	<a href="#">VTB</a>	Weekly Custody newsletter #38 / 2017	<a href="#">Original</a> (Eng, pdf)
05.10.2017	<a href="#">Berenberg</a>	Makroausblick October 2017	<a href="#">Original</a> (Ger, pdf)
06.10.2017	<a href="#">Thomson Reuters</a>	Volume of the foreign investment in the Russian companies is at its 4-years peak.	<a href="#">Original</a> (Rus)   <a href="#">Google Translate</a>
06.10.2017	<a href="#">The Russian Central Bank</a>	Non-monetary inflation factors and inflation volatility prevention measures. Report.	<a href="#">Original</a> (Rus, pdf)
06.10.2017	<a href="#">Gaidar Institute</a> in cooperation with <a href="#">Russian Presidential Academy of National Economy and Public Administration</a>	Monitoring of Economic Situation in Russia. October 2017, #17(55)	<a href="#">Original</a> (Rus, pdf)
06.10.2017	<a href="#">PwC</a>	The bill on the investment deduction and property tax exemption has been submitted to the State Duma.	<a href="#">Original</a> (Eng)
06.10.2017	<a href="#">The Analytical Centre for the Government of the Russian Federation</a>	Development of the electric vehicles in Russia and the world. September 2017.	<a href="#">Original</a> (Rus, pdf)
06.10.2017	<a href="#">The World Bank</a>	Russia. Country snapshot. October 2017.	<a href="#">Original</a> (Eng, pdf)
06.10.2017	<a href="#">Commerzbank</a>	Week in Focus (forecast)	<a href="#">Original</a> (Eng, pdf)
06.10.2017	<a href="#">BOFIT</a>	BOFIT Weekly	<a href="#">Original</a> (Eng, pdf)

## Statistical Publications Traced by Factsphere

Date	Publisher	Document name	URL
02.10.2017	<a href="#">The Russian State Statistics Service</a>	On GDP use in 2Q 2017	<a href="#">Original</a> (Rus)  <a href="#">Google Translate</a>
02.10.2017	<a href="#">The Russian State Statistics Service</a>	Short-term economic indicators of the Russian Federation in August 2017	<a href="#">Original</a> (Rus, Eng, rar)
02.10.2017	<a href="#">The Russian State Statistics Service</a>	Information for monitoring of social and economic developments of subjects of the Federation in August 2017	<a href="#">Original</a> (Rus, rar)
02.10.2017	<a href="#">The Russian Central Bank</a>	Merchandise Trade of the Russian Federation (per Balance of Payments Methodology), Detailed Components	<a href="#">Original</a> (Eng)
02.10.2017	<a href="#">The Russian Central Bank</a>	Balance of Payments of the Russian Federation (Analytical Presentation)	<a href="#">Original</a> (Eng)
02.10.2017	<a href="#">The Russian Ministry of Finance</a>	On results of placement of assets of the National Wealth Fund and the Reserve Fund.	<a href="#">Original</a> (Rus)   <a href="#">Google Translate</a>
03.10.2017	<a href="#">The Russian Central Bank</a>	International Investment Position of the Russian Federation (Main Components) (BPM6)	<a href="#">Original</a> (Eng)
03.10.2017	<a href="#">The Russian Central Bank</a>	International Investment Position of the Russian Federation in 2001-2017 (Standard Components) (BPM6)	<a href="#">Original</a> (Eng)
03.10.2017	<a href="#">The Russian Central Bank</a>	International Investment Position of the Banking Sector of the Russian Federation (BPM6)	<a href="#">Original</a> (Eng)
03.10.2017	<a href="#">The Russian Ministry of Finance</a>	Volume of the Reserve fund	<a href="#">Original</a> (Eng)
03.10.2017	<a href="#">The Russian Ministry of Finance</a>	Volume of the National Wealth Fund	<a href="#">Original</a> (Eng)
03.10.2017	<a href="#">The Russian Ministry of Finance</a>	Allocation of National Wealth Fund's assets to deposits in Vnesheconombank as of 1 October 2017	<a href="#">Original</a> (Eng)



<b>Date</b>	<b>Publisher</b>	<b>Document name</b>	<b>URL</b>
03.10.2017	<a href="#">The Russian Ministry of Finance</a>	Allocation of National Wealth Fund's assets to preferred equities of Russian banks as of 1 October 2017	<a href="#">Original</a> (Eng)
04.10.2017	<a href="#">The Russian State Statistics Service</a>	On CPI estimate for September 26-October 2, 2017	<a href="#">Original</a> (Rus)   <a href="#">Google Translate</a>
04.10.2017	<a href="#">The Russian Central Bank</a>	«Monetary Policy Guidelines 2018-2020», draft	<a href="#">Original</a> (Eng)
04.10.2017	<a href="#">The Russian Ministry of Finance</a>	On revenues from the oil and gas sector and FOREX operations in the domestic market.	<a href="#">Original</a> (Rus)   <a href="#">Google Translate</a>
04.10.2017	<a href="#">The Russian Ministry of Finance</a>	On mining and production of gold and silver in January-June 2017.	<a href="#">Original</a> (Rus)   <a href="#">Google Translate</a>
05.10.2017	<a href="#">The Russian State Statistics Service</a>	Consumer expectations in Russia in 3Q 2017	<a href="#">Original</a> (Rus)   <a href="#">Google Translate</a>
05.10.2017	<a href="#">The Russian State Statistics Service</a>	On CPI in September 2017	<a href="#">Original</a> (Rus)   <a href="#">Google Translate</a>
05.10.2017	<a href="#">The Russian State Statistics Service</a>	On production volumes of oil products and dynamics of their retail prices for September 25-October 1, 2017	<a href="#">Original</a> (Rus)   <a href="#">Google Translate</a>
05.10.2017	<a href="#">The Russian Central Bank</a>	International Reserves of the Russian Federation (Weekly values as of the end of accounting date)	<a href="#">Original</a> (Eng)
05.10.2017	<a href="#">The Russian Central Bank</a>	Statistical bulletin of the Russian Central Bank #9 2017	<a href="#">Original</a> (Rus)
06.10.2017	<a href="#">The Russian Central Bank</a>	Direct Investment of the Russian Federation by Sector	<a href="#">Original</a> (Eng)
06.10.2017	<a href="#">The Russian Central Bank</a>	Direct Investment of the Russian Federation by Instrument (directional principle)	<a href="#">Original</a> (Eng)
06.10.2017	<a href="#">The Russian Central Bank</a>	Direct Investment of the Russian Federation by Instrument (asset/liability principle)	<a href="#">Original</a> (Eng)
06.10.2017	<a href="#">The Russian Central Bank</a>	Direct Investment Income by Institutional Sector and Instrument	<a href="#">Original</a> (Eng)
06.10.2017	<a href="#">The Russian Central Bank</a>	Direct Investment Position of the Russian Federation by Instrument (directional principle)	<a href="#">Original</a> (Eng)
06.10.2017	<a href="#">The Russian Central Bank</a>	Currency Composition of Foreign Assets and Liabilities of the Banking Sector of the Russian Federation	<a href="#">Original</a> (Eng)
06.10.2017	<a href="#">The Russian Central Bank</a>	International Reserves of the Russian Federation (Monthly values as of the beginning of accounting date)	<a href="#">Original</a> (Eng)
06.10.2017	<a href="#">The Russian Central Bank</a>	International Investment Position on International Reserves of the Russian Federation	<a href="#">Original</a> (Eng)
06.10.2017	<a href="#">The Russian Central Bank</a>	Data for Monetary Policy Report	<a href="#">Original</a> (Eng)



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