



TRADE POLICY DEVELOPMENTS PAPER NO. 68

TRADE POLICY MONITORING REPORT

OF

RUSSIAN FEDERATION

(JANUARY – MARCH 2014)

VOLUME IX

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ABBREVIATIONS

AD	–	Anti Dumping
CBR	–	Central Bank of Russia
DS	–	Dispute Settlement
EFTA	–	European Free Trade Association
EU	–	European Union
FCS	–	Federal Customs Service
FTA	–	Free Trade Agreement
GATT	–	General Agreement on Trade and Tariffs
GDP	–	Gross Domestic Product
IP	–	Intellectual Property
ITA	–	Information Technology Agreement
SPS	–	Sanitary and Phyto-Sanitary measures
TIR	–	Transports Internationaux Routiers
TBT	–	Technical Barriers to Trade
TRIMs	–	Trade Related Investment Measures
TRIPS	–	Trade Related Aspects of Intellectual Property Rights
US	–	United States
USITC	–	United States International Trade Commission
WTO	–	World Trade Organization

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EXECUTIVE SUMMARY

ECONOMIC ENVIRONMENT

- Russia's GDP grew by 0.9 % (in seasonally adjusted terms) over the previous quarter.
- Industrial production in Russia has declined to 18.8 %. This is the lowest rate of growth since 1999.
- Russia's inflation rate has increased by 0.8% during Q4 2013 to be recorded at 6.9% in March 2014.
- Russia's rate of unemployment has declined for the first time in 4 months.
- Russia has registered a current account surplus of USD 27600 million during Q4 2014.
- Central Bank of Russia has decided to raise interest rates by 1.5 % points due to a perceived risk to financial stability and inflation

TRADE AGREEMENTS AND ARRANGEMENTS

- Negotiations with Israel, European Free Trade Area (EFTA) and New Zealand were suspended temporarily because of the crisis in Ukraine

TRADE POLICY BY PRACTICE AND MEASURE

- On 28 January 2014, the Federal Customs Service have reintroduced risk profiles upon products imported from Ukraine which include food, trade equipment, machinery and metal.
- Russia's Ministry of Finance has clarified that certain domestic transactions are to be deemed 'controlled' for transfer pricing purposes
- New Rules concerning Tax Rebates on Foreign Controlled Companies have been released during the quarter.
- Russia is planning to make visa rules less stringent.
- The OECD Economic Survey of Russia Report 2014 has been released during the quarter.
- Russia's new Corporate Governance Code has been sent to the Parliament for approval.
- Russia has initiated four anti-dumping actions during the quarter out of which three are against China.

TRADE POLICY BY SECTOR

- Russia has increased the wheat import from Kazakhstan and is nearing self-sufficiency in producing meat products.

WTO DISPUTE SETTLEMENT AND RELATED UPDATES

- Russia changes law on vehicle recycling following complaints by EU.
- Russia files dispute against the European Union over anti-dumping measures.

TRADE POLICY MONITORING REPORT OF RUSSIA
FOR THE QUARTERLY PERIOD: JANUARY – MARCH 2014

I. INTRODUCTION

This is the twelfth Quarterly Trade Policy Monitoring Report of Russia prepared by the Centre for International Trade and Economic Laws (CITEL), Jindal Global Law School. This report will monitor and discuss the trade and macroeconomic policy developments that took place in the Russian Federation during the period October-December, 2013.

Russia is the largest country in the world and the fifth largest economy. The Russian economy is commodity-driven. Russia is the world's largest producer of oil (12 % of world output), natural gas (18 %) and nickel (20 %). The energy sector is the most important; it contributes 20-25 % of GDP, 65 % of total exports and 30 % of government budget revenue. During the past decade, poverty and unemployment declined steadily and the middle class continued to expand. However, in recent years, government's tight control of the economy, lack of property rights laws and corruption have hampered private investment and innovation.

Structural reforms are required to increase Russia's potential growth

Recent measures to improve the business environment and stimulate small- and medium-sized enterprises (SMEs) and MEs have proved insufficient to enhance growth potential. Inadequate infrastructure, constraints on access to finance for many firms, especially SMEs, and skill mismatches in the labor market appear as key obstacles. More decisive implementation of corporate governance reforms and of the lagging government privatization plans for SOEs and state-owned banks is needed to reduce the government footprint in the economy. Deeper global integration, notably through WTO entry, and steps towards OECD accession, present an opportunity to improve the efficiency of the economy. Collectively, such steps should help Russia retain domestic savings and attract foreign investment to support growth.

II. ECONOMIC ENVIRONMENT

II.A. GDP

In the fourth quarter of 2013, Russian GDP grew by a seasonally adjusted 0.9 % over the previous quarter.¹ The increase in industrial production during the current quarter averaged at 1.1 %.² In January of this quarter, the industrial production registered a decline in growth rate of 18.8 %, the

¹ GDP per capita, <http://www.tradingeconomics.com/russia/gdp-per-capita> (last visited 21 April 2014).

² Industrial production, <http://www.tradingeconomics.com/russia/industrial-production> (last visited 21 April 2014).

least recorded since 1999.³ In January 2014, the manufacturing PMI also reached its lowest mark since 2002 at 48.0 (See Graph II).⁴ Further, PMI for services also dipped downwards to 47.7 Index Points, also the lowest recorded since 2002.

Important Quarterly Development in the Industrial Sector:

Russia's second-largest steelmaker *Severstal's* steel output in Russia in the first quarter increased by 2 % to be recorded at 2.7 %. *Severstal* produced 3.9 million tons of crude steel in the first quarter of 2014, an increase of 3 % from the same period a year ago, while the company's sales of steel products fell by the same amount to 3.7 million tons.⁵

Contribution of various sectors to the GDP



Source: *Federal State Statistics Service*

II.B. INFLATION

In January 2014, Russian inflation rate decreased to be recorded at 6.1 %, after remaining steady at 6.5 % in the previous two months.⁶ This reduction in inflation is attributed to the lowering of food prices in the month of January. The Consumer Price Index increased by 0.6 % month-on-month in January 2014.

High food and electricity cost was speculated to be the reason for the annual inflation rate to increase by 6.2 % in February 2014.⁷ Additional, pressures came from hotels services which recorded the highest annual increase (33.4 %), followed by tobacco prices (28.2 %), social protection (11.7 %) and electricity, gas and other fuels (11.3 %). The cost of a minimum food basket in Russia increased by 2.6 % in February 2014 to 2998.3 Rubles.

³ Industrial production mom, <http://www.tradingeconomics.com/russia/industrial-production-mom> (last visited 21 April 2014).

⁴ Manufacturing PMI, <http://www.tradingeconomics.com/russia/manufacturing-pmi> (last visited 21 April 2014).

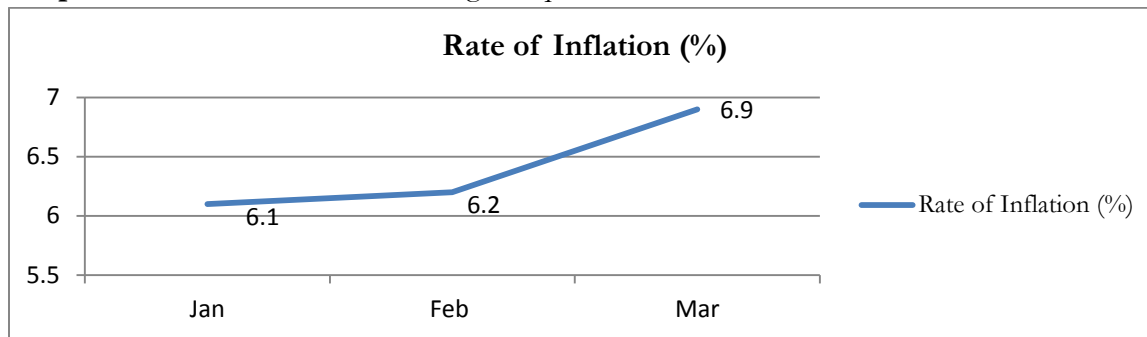
⁵ Moscow Times, q1 Steel output up 3, sales down 3 <http://www.themoscowtimes.com/business/article/severstal-q1-steel-output-up-3-sales-down-3/498062.html> (last visited 21 April 2014).

⁶ Inflation rate, <http://www.tradingeconomics.com/articles/02052014123941.htm> (last visited 21 April 2014).

⁷ Inflation rate, <http://www.tradingeconomics.com/articles/03042014123811.htm> (last visited 21 April 2014).

In March 2014, the inflation rate was recorded at 6.9 %.⁸ This rise was largely driven by higher cost of milk, fruit, electricity and gas.⁹ On a monthly basis, consumer prices accelerated 1 %, up from a 0.7 % rise in the previous month. Food prices surged 1.8 %, while cost of services increased 0.5 % and non-food prices rose 0.7 %.¹⁰

Graph I: Russian inflation rate during the quarter



Source: *Federal State Statistics Service*

Similar to inflation, the wholesale price index or the producer price index of Russia also witnessed a steady increase during the quarter under review. Producer prices in Russia increased to 496.7 Index Points in March 2014 from 485.5 Index Points in February 2014, whereas producer prices in January 2014 were recorded as 487.4 Index Points. Retail Sales in Russia increased 8.5 % in March 2014 after recording negative sale growths in the previous two months.

II.C. UNEMPLOYMENT

In March 2014, the Russian rate of unemployment declined for the first time in four months to be recorded at 5.4 %, after having remained stable at 5.6 % in the previous two months of the current quarter.¹¹ From February to March 2014, the number of unemployed people decreased by 205 thousand to 4 million. A year earlier, unemployment was recorded at 5.7 %.¹²

II.D. EXTERNAL ACCOUNT

In the quarter under review, Russia recorded a current account surplus of USD 27600 million.¹³ In January 2014, Russian trade surplus widened to USD 18.86 billion, up from USD 15.8 billion a month earlier and USD 17.21 billion in the same month last year.

⁸ CPI, <http://www.tradingeconomics.com/russia/inflation-cpi> (last visited 21 April 2014).

⁹ *Id.*

¹⁰ *Id.*

¹¹ Trading Economics, Unemployment rate, <http://www.tradingeconomics.com/russia/unemployment-rate> (last visited 21 April 2014).

¹² *Id.*

¹³ Trading Economics, Current account, <http://www.tradingeconomics.com/russia/current-account> (last visited 21 April 2014).

In February 2014, the trade surplus narrowed sharply by 34 % to USD 12.43 billion.¹⁴ The reason for a decrease in trade surplus was a sharp fall in exports to countries outside the Commonwealth of Independent States (CIS). Imports amounted to USD 24.1 billion, down by 9.4 % year-on-year, but up by 17 % on a monthly basis.¹⁵

The FOB export of goods for this quarter amounted to USD 139,454 million, whereas the CIF imports of goods were valued at USD 103,834.5 dollars.¹⁶ Additionally, in this quarter aluminium and nickel exports to countries outside the CIS countries declined in volume terms, while copper exports rose. Wheat exports surged 358 % in volume terms. Shipments of red meat and poultry on the other hand, decreased by an average of 13.6 % during the quarter.¹⁷

The Ruble exchange rate per US dollar stood at an average of 32.5 during the present quarter.¹⁸ Earlier on 3 March 2014, the Russian Ruble fell 2.9 % against the US dollar, as political turmoil in Ukraine and fears of international sanctions led investors to take money out from Russia.¹⁹

II.E. MONETARY POLICY AND FISCAL POLICY

On 3 March 2014, the Central Bank of Russia decided to temporarily raise interest rates by 1.5 % points due to a perceived risk to financial stability and inflation.²⁰ Consequentially, the benchmark lending rate rose from 5.5 % to 7 % and the repo rate, at which banks receive liquidity increased to 8%. Money market rate for the current quarter stood at 6.233% per annum, whereas the deposit rate stood at 5.067% per annum.²¹ With regard to the determination of interest rates, the Board of Directors of the Bank of Russia said that “The decision is aimed at preventing the emergence of risks to inflation and financial stability associated with the recently observed increased levels of volatility in the financial markets.”²²

Central Bank Balance Sheet in Russia, as reported by the Central Bank of Russia, was calculated to be 1021.50 billion Rubles in March 2014.²³ The Central Bank assets were valued at 22,251.2 billion Rubles. The assets were composed of claims on other depository corporations (4,815.4 billion Rubles), other residents (313.5 billion Rubles) and non-residents (16,757.7 billion

¹⁴ Trading Economics, Balance of trade, <http://www.tradingeconomics.com/russia/balance-of-trade> (last visited 21 April 2014).

¹⁵ *Id.*

¹⁶ Principal Global Indicators, <http://www.principalglobalindicators.org/pages/default.aspx> (last visited 13 April 2014).

¹⁷ *Id.*

¹⁸ International financial statistics (Russia), *available at* www.imf.org (last visited 21 April 2014).

¹⁹ Exchange rate, <http://www.tradingeconomics.com/articles/03032014092240.htm> (last visited 21 April 2014).

²⁰ Inflation rate, <http://www.tradingeconomics.com/articles/03032014092240.htm> (last visited 21 April 2014).

²¹ *Id.*

²² *Id.*

²³ Trading Economics, Central Bank balance sheet, <http://www.tradingeconomics.com/russia/central-bank-balance-sheet> (last visited 21 April 2014).

Rubles). Claims on general government accounted for 364.6 billion Rubles. Central bank liabilities which totaled at 22,251.3 billion Rubles consisted of claims on currency in circulation (8,307.5 billion Rubles) and other depository corporations (2,196.4 billion Rubles). The government revenue for this quarter was recorded as 6,593 billion Rubles, while government expenditure stood at 8,117.6 billion Rubles.²⁴

Foreign exchange reserves in Russia decreased to USD 486131 million in March 2014 from USD 493326 million in February 2014.²⁵ The amount of funds placed in the SDR amounted to USD 5,688.586 million, whereas the gold reserves amounted to USD 33.283 million.²⁶

II.F. FISCAL MEASURES

At its 14 February 2014 meeting, the Bank of Russia Board of Directors decided to maintain the benchmark key rate at 5.5 %, as the inflation is expected to be close to the target level by the end of 2014 amid slow economic growth. But the central bank also noticed that it would raise rates if the weakening rouble causes inflation to rise above mid-term targets. Factors that led to acceleration of inflation at the end of 2013 are expected to exhaust their influence in the first half of 2014. Amid slow recovery of external demand and weak investment activity, the aggregate output of goods and services will remain below potential. This factor will contribute to a decrease in the consumer price growth rate. Slow growth rates in monetary aggregates formed in 2012 and persisted in 2013 will also contain inflation in 2014. Based on the above specified trends and given the current key rate level, the Bank of Russia expects the downward trend in consumer price growth to continue with inflation rate converging to the target level of 5.0% in late 2014. A major source of uncertainty for this forecast is inflationary risks related to accelerated price growth at the end of 2013 and observed currency depreciation. If the negative impact of these factors spills over to the prices of a wide range of goods and services and to the household expectations, the possibility of inflation deviating from the mid-term targets will increase. In this case, the Bank of Russia will be ready to tighten its monetary policy.²⁷

The benchmark lending rate rose from 5.5 % to 7 % and the repo rate, at which banks receive liquidity increased to 8 %. The Board of Directors of the Bank of Russia said that “The decision is aimed at preventing the emergence of risks to inflation and financial stability associated with the recently observed increased levels of volatility in the financial markets.” Earlier on March

²⁴ Principal Global Indicators, <http://www.principalglobalindicators.org/Pages/Default.aspx> (last visited 4 May 2014).

²⁵ Foreign exchange reserves, http://www.tradingeconomics.com/russia/foreign-exchange-reserves_ (last visited 21 April 2014).

²⁶ *Supra* note 19.

²⁷ Trading Economics, Bank of Russia Leaves Rates on Hold, <http://www.tradingeconomics.com/articles/02142014103427.htm> (last visited on April 10, 2014).

3rd, the Russian ruble fell 2.9 % against the US dollar, as political turmoil in Ukraine and fears of international sanctions led investors to take money out from Russia.²⁸

III. TRADE AND INVESTMENT AGREEMENTS AND ARRANGEMENTS

New Zealand – Russian Federation – Kazakhstan Free Trade Agreement

On 9 November 2010, New Zealand, Russia and its Customs Union partners Belarus and Kazakhstan agreed to commence negotiations on a comprehensive and modern Free Trade Agreement (FTA). This followed the completion of experts' scoping discussions that began in June 2010.²⁹

Eleven rounds of negotiations have been held so far, with the most recent being held in Moscow during February 2014. Significant progress has been made but following the events in Ukraine/Crimea, the negotiations have been suspended in the meantime. Officials are monitoring the situation closely.³⁰ Market Access, Customs, Technical Barriers to Trade, Sanitary and Phytosanitary Measures, Intellectual Property, Trade and Labour, Trade and Environment have all been included in negotiations thus far.³¹

EFTA - Russia – Belarus – Kazakhstan Free Trade Agreement

A 12th round of negotiations scheduled for April 2014 has been postponed owing to the Ukraine crisis. No new dates have been set yet.³²

Israel – Russia Free Trade Agreement

Israel and Russia had agreed to begin negotiating a free-trade agreement in the previous quarter. With trade between the two nations quantified at \$2 billion a year, the agreement could significant increase trade between the two countries. The first round of negotiation was to begin on 1 January 2014, but have been temporarily suspended.³³

IV. TRADE POLICY BY PRACTICE AND MEASURE

IV.A. CUSTOMS

IV.A.1. Increased Customs Paperwork for International Courier Companies

Russia has imposed strict customs procedures requiring the online retailers to file extra paperwork

²⁸ Trading Economics, Bank of Russia Raises Rates, <http://www.tradingeconomics.com/articles/03032014092240.htm> (last visited on April 10, 2014).

²⁹ Government of New Zealand, Foreign Affairs, available at: <http://www.mfat.govt.nz/Trade-and-Economic-Relations/2-Trade-Relationships-and-Agreements/Russia-Belarus-Kazakhstan/index.php>.

³⁰ *Id.*

³¹ *Id.*

³² EFTA, available at <http://www.efta.int/free-trade/ongoing-negotiations-talks/russia-belarus-kazakhstan>.

³³ Israel News 24, Diplomacy and Defence, available at <http://www.i24news.tv/en/news/israel/diplomacy-defense/131212-israel-russia-to-negotiate-free-trade-agreement>.

with respect to all parcels for personal use valued under 1000 EUR. This has significantly slowed down the customs clearance. Hence, retailers like DHL and FedEx have suspended their express deliveries from abroad to individuals in Russia, the fastest growing e-commerce market, irrespective of the shipment value. This is in furtherance of the government's decision to take steps that would promote and protect the local operators. The government is ordering imposition of 30% tax on imports that are worth more than 7000 rubles and also limiting the number of parcels imported by placing limits on delivery services like DHL/UPS.

However, FedEx has reopened service for B2C customers in Russia from mid-February 2014 after it ceased its operations in January 2014. This is in furtherance to an agreement entered with the customs authority wherein it agreed to implement a simplified, electronic clearance for e-commerce shipments to private consignees in Russia.

IV.A.2. Risk profiles on products from Ukraine introduced

From 28 January 2014, the Federal Customs Service has reintroduced the risk profiles upon products imported from Ukraine which include food, trade equipment, machinery and metal. These rigorous measures include unloading of the products during customs clearing, weighing them and checking the conformity certificates. In addition to this, Russian customs authorities also require an additional provisory fee amounting to 5-40% of the cost of the goods to be paid by the cargo owners.

IV.B. TAXATION

IV.B.1. Russia Corporate and Sales Tax Rate

The Corporate Tax Rate in Russia as of January 2014 stands at 20 %. Corporate Tax Rate in Russia is reported by the Federal Tax Service of Russia. Corporate Tax Rate in Russia averaged 21.33 % from 2006 until 2014, reaching an all-time high of 24 % in 2007 and a record low of 20 % in 2009.

In Russia, the Corporate Income tax rate is a tax collected from companies. Its amount is based on the net income companies obtain while exercising their business activity, normally during one business year. The benchmark we use refers to the highest rate for Corporate Income. Revenues from the Corporate Tax Rate are an important source of income for the government of Russia.³⁴

The Sales Tax Rate in Russia stands at 18 %. In Russia, the sales tax rate is a tax charged to consumers based on the purchase price of certain goods and services. The benchmark we use for the sales tax rate refers to the highest rate. Revenues from the Sales Tax Rate are an important source of income for the government of Russia.³⁵

³⁴ Trading economics , Russia's Corporate Tax Rate, <http://www.tradingeconomics.com/russia/corporate-tax-rate>(last visited April 10, 2014).

³⁵ Trading Economics, Russia's sales tax rate, <http://www.tradingeconomics.com/russia/sales-tax-rate>(last visited on April 10, 2014).

IV.B.2. Russia considering 30% import tax on foreign online retailers

The government is looking at a 30% tax on imports that cost more than 7,000 roubles (£123) as well as restrictions on the number of parcels imported, possibly *via* limits on delivery services such as DHL or UPS. Such firms could be restricted to five business-to-consumer imports a day, according to the Retail Insider blog. Such restrictions could constrain the plans of retailers such as ASOS, Next and Net-a-Porter, which see Russia as a growth area and have local language sites. Moscow's move follows new controls on foreign online retailers in Argentina, which wants to limit the number of purchases residents can make from international sites to two a year without a large amount of paperwork.³⁶

IV.B.3. Russia clarifies rules on transfer pricing for domestic transactions

On 22 January 2014, the Ministry of Finance has clarified that certain domestic transactions are to be deemed 'controlled' for transfer pricing purposes, and therefore subject to the arm's length standard. These transactions include situations where at least one party is taxed under the Uniform Tax on Imputed Income (UTII) regime, while the other party is not subject to this tax treatment.

There is a *de minimis* exemption though, as transfer pricing scrutiny will apply only if the aggregate value of the relevant transactions exceeds RUB100m (USD2.76m) per year. This contrasts with the general RUB1bn threshold for domestic transactions with connected parties. The Ministry of Finance has reminded, however, that this is subject to transitional provisions enacted by Federal Law No 227-FZ of July 18, 2011, according to which the reporting requirements apply only if the aggregate controlled transactions with the same person(s) exceed RUB100m in 2012, and RUB80m in 2013.³⁷

IV.B.4. Tax Rebates for Small and Medium Enterprises

The Russian government has announced a raft of stimulus measures for small and medium enterprises (SMEs), including a two-year tax exemption. The tax exemption will apply to SMEs engaged in manufacturing, services and research.

New companies operating in Russia's Far East and Eastern Siberia will be given a five-year tax exemption. The measures were announced by Russian Prime Minister Dmitry Medvedev during the Gaidar Economic Forum, which took place in Moscow from 15-17 January 2014. Foreign investors will also be eligible to take advantage of the incentives, as long as they meet certain conditions. Russian law treats small firms established by foreign entrepreneurs the same as Russian

³⁶ Sarah Butler, *Russia Considering 30% Import Tax on Foreign Online Retailers*, The Guardian, Jan. 23, 2014, at <http://www.theguardian.com/world/2014/jan/23/russia-30%-import-tax-foreign-online-retailers>

³⁷ Tatiana Smolenska, *Russia Clarifies on TP for Domestic Transactions*, Tax-News, March 24, 2014, at http://www.tax-news.com/news/Russia_Clarifies_On_TP_For_Domestic_Transactions____64124.html

SMEs. However, companies which are set up by foreign firms will need to forge partnerships with domestic companies (with the foreign firm taking a 25 % stake at most) in order to enjoy the same rights as Russian firms.³⁸

IV.B.5. New Rules Concerning Tax Rebates on Foreign Controlled Companies

On 9 January 2014, the Prime Minister of Russia, Dmitry Medvedev gave an Instruction (resolution No. DM-P13-9589 dated 31 December 2013), in pursuance of the Russian President's list of directions No. Pr-3086 dated Dec. 27, 2013, for the appropriate draft federal law to be prepared and submitted to the Russian government before May 19, 2014. This draft law will implement a set of measures concerning "deoffshorization" of the economy. Among the measures which the government has already announced are: applying profit tax to the income of foreign companies with Russian beneficial owners (the rule concerning foreign-controlled companies), if they do not pay dividends in Russia; imposing a ban on state support being provided to companies registered in offshore jurisdictions; and imposing a ban on state or municipal contracts being entered into with companies incorporated in an offshore jurisdiction.

The government has prepared an action plan to "deoffshorize" the economy, and under this it is intended that: a definition of "companies' tax residency" will be introduced; the concept of "beneficial owner" and requirements to disclose it will be enacted in Russian legislation; a treaty base will be developed so that Russia's Federal Tax Service can cooperate more effectively with tax authorities abroad to exchange tax-related information. The first steps in this direction will be amending transfer pricing legislation and ratifying the Convention on Mutual Administrative Assistance in Tax Matters.³⁹

IV.B.6. Russia amends domestic bank laws to fulfil FATCA obligations

Russian Finance Ministry has amended the law on banks to give them the opportunity to interact directly with the US Internal Revenue Service (IRS) to fulfill the Foreign Account Tax Compliance Act (FATCA) obligations, avoiding possible sanctions.

The first amendment allows banks to transfer information on transactions and accounts of the foreign taxpayers to the respective state tax authority, if the country is included in the relevant list of the Finance Ministry. The second adjustment gives the Bank of Russia the right to determine transaction rules and the requirements for the opening and, most importantly, closing of the accounts for foreign taxpayers. The deadline for banks to register with the IRS is 6 May 2014.⁴⁰

³⁸ Tatiana Smolenska, *Russia Grants Tax Breaks To SMEs*, Tax-News, Jan. 24, 2014, at http://www.tax-news.com/news/Russia_Grants_Tax_Breaks_To_SMEs____63468.html

³⁹Andrey Tereschenko, *B2B: Deoffshorization as a Trend in the Reform of Russian Tax Law*, The Moscow Times, Feb. 25, 2014, at <http://www.themoscowtimes.com/news/article/495147.html>

⁴⁰RIA Novosti, *Russian Finance Ministry to Help Mitigate Risks of FATCA-Related Sanctions*, April 10, 2014, <http://en.ria.ru/business/20140410/189138244/Russian-Finance-Ministry-to-Help-Mitigate-Risks-of-FATCA-Related.html>

IV.C. GOVERNMENT SUBSIDIES

- Russia plans to support its struggling auto industry with subsidies of up to 271 billion roubles (\$8 billion) in the three years to 2016. The subsidies will be for research and development, to support jobs and to compensate for some costs related to meeting tighter exhaust emission standards, the government said in a statement on its web site.⁴¹
- The Russian government has discussed the possibility of providing the Crimea and Sevastopol budget subsidies in 2014 in the sum of 13.1 billion rubles, stated the press service of the Cabinet Office. Law on the federal budget for 2014-2016 year provides the possibility of spending in the current year appropriations in the sum of 343.9 billion rubles to provide additional measures to support sectors of the economy, small and medium business, labor, monocities and social needs, as it is stated in the release. Given the current situation with the implementation of the budgets of the Republic of Crimea and Sevastopol these funds are offered to provide 10.7 billion rubles for Crimea and 2.4 billion rubles for Sevastopol in 2014 in the form of grants to support measures to balance the budgets of subjects of the Russian Federation.⁴²
- Russian Gas Company Gazprom announced today that it will increase oil prices in Ukraine by more than 40 %, canceling a subsidy agreement struck while ousted Ukrainian president Viktor Yanukovich was still in charge. According to Gazprom CEO Alexei Miller, the decision follows from Ukraine's non-performance of obligations to repay the debt for gas supplies in 2013 and the lack of 100 % payment for the current supplies.⁴³
- In 2014, the Russian government will allocate nearly 2 billion roubles to subsidize agricultural machinery producers. Russian Prime Minister Dmitry Medvedev stated this on Tuesday, opening the conference "On measures to increase the production of contemporary agricultural machinery and on improvement of agricultural producers' supply."⁴⁴

⁴¹Reuters, Russia to Support Domestic Car Industry with Subsidies, Jan. 20, 2014, <http://www.reuters.com/article/2014/01/20/us-russia-autos-idUSBREA0J0LF20140120>

⁴² The Voice of Russia, Russian Government to Discuss Subsidies for Crimea and Sevastopol in 2014, March 27, 2014, http://voiceofrussia.com/news/2014_03_27/Russian-government-to-discuss-subsidies-for-Crimea-and-Sevastopol-in-2014-2625/

⁴³ The Wire, Russia Increases Gas Prices in Ukraine as Ultra-Nationalists Turn Violent in Kiev, April 1, 2014, <http://www.thewire.com/global/2014/04/russia-increases-gas-prices-in-ukraine-as-ultra-nationalists-turn-violent-in-kiev/359946/>

⁴⁴ ITAR-TASS News Agency, RF Government to Allocate 2 Bln Rubles in 2014 to Subsidize Farm Machinery Producers, March 11, 2014, <http://en.itar-tass.com/economy/723048>

- Russian budget may provide subsidies to Tu-204SM customers amounting to 20-30% of the jet's price; this was reported with reference to the Deputy Minister of Industry and Trade, Yuri Slusar. According to him, the self-cost of the vehicle's production will be too high at first stages. Without these subsidies the jet will not be attractive for the potential customers. Thus, in furtherance, subsidy rates are being discussed.⁴⁵
- According to a source from St. Petersburg Culture Committee, in 2014 non-state funded theatres and independent theatre projects will receive 72.5 million rubles from the city government. This is twice as much in comparison with the funding they received last year. The subsidies will be distributed in accordance with the decision of the regional theatre experts. As of today, St Petersburg is the only region in Russia where non-state funded theatres are supported on permanent basis. Last year, in total 170 non-commercial organizations received subsidies from the regional authorities.⁴⁶
- Low-cost air tickets to Simferopol will cost RUB 8,000 (USD 224) from Yakutsk and Khabarovsk and less than RUB 6,800 (USD 191) from Norilsk. This is stated in a draft resolution of the Russian government prepared by the Russian Ministry of Transport, the ITAR-TASS news agency reported. The document states that the ministry intends to subsidize flights to Simferopol from a number of cities in the Far East. The subsidies will apply to flights to Simferopol from Khabarovsk, Norilsk, and Yakutsk. The subsidies will be granted to students and pensioners, as well as to people of all ages in the first group of disability and people accompanying them. The Russian Ministry of Transport also proposes subsidizing flights from Kaliningrad to Simferopol for an unlimited number of air passengers. The planned volume of air traffic on this route is about 9,000 people, the document states.⁴⁷

IV.D. INTELLECTUAL PROPERTY RIGHTS

- The Chair of the Intellectual Property Court opened a mediation room at the court on 18 March 2014. The room can be used to settle disputes out of court and through the mediators, Russian Legal Information Agency (RAPSI) reported. The chair of the IP Court explained

⁴⁵Siberian Insider, Russia may Subsidize 20-30% of Tu-204SM Aircraft Price, March 4, 2014, <http://www.siberianinsider.com/russia-may-subsidize-20-30-of-tu-204sm-aircraft-price.html>

⁴⁶Theatre Information Gateway For Russia And About Russia, St. Petersburg Government to Double Subsidies for Independent Theatres, http://www.rtlb.ru/en_infocus_latest/

⁴⁷ Center for Transport Strategies, Russia to Subsidize Flights From Far East to Simferopol, April 1, 2014, http://en.cfts.org.ua/news/russia_to_subsidize_flights_from_far_east_to_simferopol

that mediation services are provided free of charge. The costs for any other services that may be required are agreed to by the parties, and they reserve the right to decline any paid service.⁴⁸

- According to RBC (Russian Business News) information dated 2 January 2014, Commission to the Russian Government on legislation activities approved the Bill on ratification of agreement between the Russian Government and WIPO about opening WIPO office in Russia. Said agreement was signed in Geneva on 10 April 2013 and temporally used by the parties from 10 June 2013.⁴⁹
- The Federal Law dated 12 March 2014 No. 35-FZ introduces amendments to the provisions of the Parts 1, 2 and 4 of the Civil Code of the Russian (the Civil Code) and other regulatory acts of the Russian Federation regarding the rights to results of intellectual activity and means of individualization. Most of the amendments become effective from 1 October 2014, in particular: the right of persons holding jointly an exclusive right to an intellectual property object to enter into agreement regulating the procedure for disposal of such right; the imperative rule under which proceeds from joint disposal of an exclusive right should be distributed equally among the right holders; the right of a right holder to terminate unilaterally an agreement on disposal of an exclusive right only in the event of a material breach by the acquirer of the payment obligation; the prohibition for a right holder to use a result of intellectual activity for which it granted an exclusive license; the right of a right holder to grant open nonexclusive licenses for works of literature, science and art to general public.

IV.E. REGULATORY REFORMS

IV.E.1. Russia is planning to ease visa rules

Russia is planning to simplify its visa application process, and to make tourist visas valid for up to six months rather than just 30 days. The draft legislation proposes reducing the number of documents required from applicants, and making visas multiple-entry. There are also particular provisions to support entry for the purpose of developing cultural, scientific, technical, political, sporting, and youth relations, as well as a provision for visa-free travel for visitors in tourist groups. According to the Government, the legislation will allow for "substantial" visa relaxations with states willing to enter into reciprocal arrangements. If the legislation is passed, the changes will come into force from 1 June 2014.⁵⁰

⁴⁸ Russian Legal Information Agency, Russian Intellectual Property Court opens Mediation Room, March 18, 2014, http://rapsinews.com/judicial_news/20140318/270956212.html

⁴⁹Gorodissky & Partners, Ratification of Agreement on Opening WIPO Office in Russia Approved, January 21, 2014, http://www.gorodissky.com/law_news/?newsid=43

⁵⁰Tatiana Smolenska, *Russia Planning to Ease Visa Rules*, Tax-News, March 27, 2014, at http://www.tax-news.com/news/Russia_Planning_To_Ease_Visa_Rules____64171.html

IV.F. COMPETITION POLICY

IV.F.1. OECD Economic Survey of Russia Report 2014

The OECD Economic Survey of Russia released on 15th January 2014, and underscores the importance of making the economy less dependent on fluctuations of world market prices for natural resources, increasing productivity, and better matching skills to jobs. The survey seeks the Russian Federation to tackle inter-regional inequality, an area where progress has been slow in the last decade.

The Survey indicates that the Russian Federation is doing well on a number of fronts but that future growth is being held back by poor governance and rule of law issues. Productivity and living standards are also still well below those of the most advanced market-oriented countries, and the speed of convergence since the crisis has stalled. Establishing a transparent, coherent and predictable business climate would help chart a path for stronger growth. The Survey urges sustained and effective anti-corruption measures, greater judicial independence, and a reduction in barriers to market entry and competition. Accelerating privatization that is well-managed should go hand in hand with fostering a level playing field between public and private companies. The OECD encourages tackling transport bottlenecks by improving the efficiency of infrastructure spending, promoting competition in the transport sector and ensuring better policy coordination to address urban transport challenges.

The OECD has been co-operating with the Russian Federation since 1992. The Russian Federation takes part in several OECD committees and working groups and participates in meetings of the OECD Global Forums as well as in regional activities involving non-OECD countries in Europe. Russian Ministers also participate in Ministerial Council Meeting dialogue sessions with non-OECD economies.⁵¹

IV.F.2. Priority given to Cartel and Anti-Trust Investigations

Russia's competition authority, the Federal Antimonopoly Service (FAS) among other things will prioritize cartels and antitrust investigations in markets of social significance in 2014, Andrey Tenishev the head of the cartel division at FAS, told Policy and Regulatory Report. Consumer sectors such as food and fuel have always been closely monitored by FAS, said Nikolay Voznesenskiy, head of competition practice at Goltsblat BLP, the Russian practice of Berwin Leighton Paisner LLP. In 2014, FAS will continue investigating high profile cases initiated last year, such an investigation into an alleged container shipping cartel, predicted a Moscow based competition lawyer.

In November 2013, FAS had opened a probe into alleged antitrust violations by major ocean container shippers, including SC Maersk, Mediterranean Shipping Company Rus, CMA CGM Rus, APL CIS, K Line RUS, NICK Line Rus, OOCL Russia Limited, China Shipping Agency Russia,

⁵¹ OECD, Russian Economy Growing but Further Reforms Needed, says OECD, Jan. 15, 2014, <http://www.oecd.org/russia/russian-economy-growing-but-further-reforms-needed.htm>

Hyundai Merchant Marine CIS, JSC ZIM Russia, Cosco Russia, Evergreen Shipping Agency Limited Russia, Ocean Container Services, and Ocean Container Services MSK.

On 15 January FAS noted that Uralsib financial corporation and Volkswagen Bank RUS have acted on a warning from the regulator and ended a cartel in the car loan sector. This year FAS is also planning to further perfect the legislative basis for cartel enforcement: FAS has already proposed amendments to eliminate the discrepancy in cartel definitions in the Russian competition law and the country's criminal code.⁵²

IV.G. CORPORATE GOVERNANCE

A meeting of the Government of the Russian Federation convened on 13 February 2014 to discuss Russia's new Corporate Governance Code. The Government approved the new Code, and submitted it to the Central Bank of Russia with the recommendation that the CBR also approve it. The Code contains key corporate governance principles and guidelines, as well as recommendations on its implementation. The main changes aim to protect minority shareholder rights and expand the role of Boards of Directors in governance of listed companies.

One of the most important changes is to the criteria by which Board Members can be defined as Independent. Significant changes were made to the section of the Code on the creation and functioning of risk management and internal control systems. Also covered are new approaches to remuneration for Directors and executive body members, as are procedures for creating Board committees on audit, remuneration, and personnel. The new Code was developed with the involvement of the CBR, the Organization for Economic Co-operation and Development (OECD), the Moscow International Financial Centre taskforce, Moscow Exchange, and representatives of Russia's largest issuers.⁵³

IV.H. TECHNICAL BARRIERS TO TRADE

Kindly refer to Annexure A.

IV.I. SANITARY AND PHYTOSANITARY MEASURES

Kindly refer to Annexure B.

⁵² Goltsblat BLP, FAS to Prioritize Cartels and Markets of Social Significance in 2014, January 29, 2014, <http://gblplaw.com/news/articles/76431/>

⁵³ Moscow Exchange, Moscow Exchange CEO Participates in Russian Government Meeting on New Corporate Governance Code, February 13, 2014, <http://moex.com/n5013/?nt=201>

IV.J. ANTI-DUMPING

- **Initiation of an anti-dumping investigation, concerning steel seamless pipes, used for drilling and operation of oil and gas wells, originating from China**

On 28 March 2014, the Eurasian Economic Commission initiated an antidumping investigation concerning steel seamless pipes, used for drilling and operation of oil and gas wells (tariff lines 7304 22 000 1, 7304 22 000 2, 7304 22 000 9, 7304 23 000 1, 7304 23 000 2, 7304 23 000 9, 7304 24 000 1, 7304 24 000 2, 7304 24 000 3, 7304 24 000 4, 7304 24 000 5, 7304 24 000 6, 7304 24 000 9, 7304 29 100 1, 7304 29 100 2, 7304 29 100 3, 7304 29 100 9, 7304 29 300 1, 7304 29 300 2, 7304 29 300 3, 7304 29 300 4, 7304 29 300 9, 7304 29 900 1, 7304 29 900 9 of the Commodity Nomenclature of the Customs Union) originating in China, and imported into the common customs territory of the Customs Union of Russia, Belarus and Kazakhstan.⁵⁴

- **Initiation of an anti-dumping re-investigation concerning Ukrainian forged steel rolls for metal-rolling mills**

On 21 February 2014, the Eurasian Economic Commission (according to Decision Nr. 4) initiated an antidumping re-investigation concerning Ukrainian forged steel rolls for metal-rolling mills (tariff lines 8455 30 310 0 and 8455 30 390 0) of the Commodity Nomenclature of the Customs Union) imported into the common customs territory of the Customs Union of Russia, Belarus and Kazakhstan.⁵⁵

- **Initiation of an anti-dumping investigation on utensils and cutlery of stainless steel originating from China**

On 23 January 2014, the Eurasian Economic Commission (according to Decision Nr. 1) initiated an antidumping investigation on utensils and cutlery of stainless steel (tariff lines 8211 91 000 1, 8215 99 100 0, 8215 20 100 0) of the Commodity Nomenclature of the Customs Union) originating the China and imported into the common customs territory of the Customs Union of Russia, Belarus and Kazakhstan.⁵⁶

- **Initiation of an anti-dumping investigation on citric acid originating from China**

On 14 February 2014, the Eurasian Economic Commission (according to Decision Nr. 2) initiated an antidumping investigation on citric acid (tariff line 2918 14 000 0 of the

⁵⁴ Global Trade Alert, Initiation of AD against China, available at: <http://www.globaltradealert.org/measure/customs-union-russia-belarus-and-kazakhstan-initiation-anti-dumping-investigation-concerning>.

⁵⁵ Global Trade Alert, Initiation of AD against Ukraine forged steel rolls, available at: <http://www.globaltradealert.org/measure/customs-union-russia-belarus-and-kazakhstan-initiation-anti-dumping-re-investigation-concern>.

⁵⁶ Global Trade Alert, Initiation of AD investigation, available at: <http://www.globaltradealert.org/measure/customs-union-russia-belarus-and-kazakhstan-initiation-anti-dumping-investigation-utensils-a>.

Commodity Nomenclature of the Customs Union) originating in China and imported into the common customs territory of the Customs Union of Russia, Belarus and Kazakhstan.⁵⁷

V. TRADE POLICY BY SECTOR

V.A. AGRICULTURE AND POULTRY

V.A.1. Agriculture

Russia has increased the wheat import from Kazakhstan. Recently, the Ministry of Agriculture has got the responsibility for the issuance of “pesticides imports” permits, which was earlier with the Federal Service for Veterinary and Phytosanitary Surveillance. The wheat prices slightly rose due to the uncertainty of wheat supply from the Black Sea where the political conditions are still not stable⁵⁸.

V.A.2. Meat and Meat Products

Russia has achieved a good level in meat self-sufficiency since the meat import by Russia has been reduced. Russia has also lifted its ban on imports of turkey meat from the US, which was imposed last year. The Russian Federation banned the import of pigs, pork and reproductive material certified from the European Union after the discovery of cases of African swine flu in Lithuania. Russia has also imposed a ban on Australian beef by-products since it considers the use of a growth stimulant to be unsafe and accumulates the steroid in greater quantities than regular meat⁵⁹.

V.B. OIL AND GAS

The limited economic sanctions imposed by the European Union on Russia have increased the focus of Russia to develop the ties with the East instead of the West. The recent development of talks between Total, French energy supplier and Lukoil, Russia’s largest oil company to form a joint venture to develop shale oil in Russia may lead to the development of world’s largest reserve of shale gas in the world⁶⁰.

⁵⁷ Global Trade Alert, Initiation of AD investigation, available at: <http://www.globaltradealert.org/measure/customs-union-russia-belarus-and-kazakhstan-initiation-anti-dumping-investigation-citric-aci>.

⁵⁸ Kazakhstan Increases Wheat Export to Russia By One Third, <http://en.tengrinews.kz/markets/Kazakhstan-increases-wheat-export-to-Russia-by-one-third-26874/>.

⁵⁹ Vladislav Vorotnikov, Russian Meat Imports Drop By Almost a Third , http://www.globalmeatnews.com/Industry-Markets/Russian-meat-imports-drop-by-almost-a-third?utm_source=copyright&utm_medium=OnSite&utm_campaign=copyright.

⁶⁰ Russia May Lead to the Development of World’s Largest Reserve of Shale Gas in the World., <http://nautilus.org/napsnet/napsnet-special-reports/the-impact-of-the-shale-gas-revolution-on-russian-energy-strategy/#axzz30e8rxaYJ>.

VI. WTO DISPUTE SETTLEMENT AND RELATED UPDATES

Russia changes law on vehicle recycling following complaints by EU

Russia has changed the law on its vehicle recycling fee following complaints made to the World Trade Organization (WTO) by the European Union (EU) and others. The amendment, which was enacted on 1 January 2014, requires domestic automakers to pay the same recycling fee as foreign manufacturers, as requested by Japan in WTO dispute settlement consultations.

The recycling fee, introduced on 1 September 2012, is levied on imported cars, trucks, buses and other motor vehicles at rates ranging from EUR420 (USD571) to EUR147,700. Although the fee also applies to domestic manufacturers, exemption was granted to vehicles from Russia's Customs Union partners Kazakhstan and Belarus, as well as domestic manufacturers which agreed to handle waste safely. The fee was disputed by the EU, Japan and the United States on the grounds that it appeared to conflict with Article III of the General Agreement on Tariffs and Trade 1994 by giving preferential treatment to Russian and Customs Union car makers. The amendment removes the exemptions for vehicles produced in Russia, Kazakhstan and Belarus.⁶¹

Russia files dispute against the European Union over anti-dumping measures

In a communication received on 6 January 2014 the Russian Federation notified the WTO Secretariat of a request for consultations with the European Union regarding anti-dumping measures imposed by the European Union on several products imported from Russia, including ammonium nitrate and steel products.⁶²

In Russia's view the administrative procedures, methodologies or practices of the European Union for the calculation of the dumping margin in anti-dumping investigations and reviews appear to be, in several respects, not in conformity with the obligations of the EU under several WTO agreements.

The imports at issue are ammonium nitrate, certain welded tubes and pipes of iron or non-alloy steel, and certain seamless steel pipes of iron or steel.

This is the first dispute originated by Russia at the Dispute Settlement Mechanism of the WTO since it became a full member on 22 August 2012. Russia is already a respondent on two disputes: DS462, initiated by the European Union, and DS463, initiated by Japan, both on recycling fees for motor vehicles.

⁶¹Tatiana Smolenska, *Russia Adjusts Law On Car Recycling Tax*, Tax-News, Jan. 13, 2014, at http://www.tax-news.com/news/Russia_Adjusts_Law_On_Car_Recycling_Tax___63304.html

⁶²WTO Dispute Settlement News Update, available at: http://www.wto.org/english/news_e/news14_e/ds474rfc_06jan14_e.htm.

ANNEXURE A

TECHNICAL BARRIERS TO TRADE

Notification and Date	Agency Concerned	Products Concerned	Purpose of Notification
G/TBT/N/EU/178 January 28 2014	European Commission	Electric mains – operated professional storage	Establish regulations for requirements for the energy labelling and the provision of product information for professional storage cabinets. The draft Regulation is based on the findings of technical, environmental and economic studies, which have been carried out with stakeholders from around the world. The aim is to allow end-users to make an informed choice when buying professional storage cabinets - thereby pulling the market towards more environmentally friendly products
G/TBT/N/EU/177 January 28 2014	European Commission	Professional Storage Cabinets	Establish regulations for minimum energy performance and information requirements for professional storage cabinets, blast cabinets, condensing units and process chillers, as there exists a cost-effective potential to limit the energy consumption of these products. In accordance with Framework Directive 2009/125/EC, products not meeting these requirements will not be allowed to be placed on the EU market. The draft Regulation is based on the findings of technical, environmental and economic studies, which have been carried out with stakeholders from around the world. The aim is to Fight against climate change, increase of energy efficiency in the European Union.
G/TBT/N/EU/176 January 28 2014	European Commission	Lightweight plastic carrier bags	Establish provisions setting targets for reuse and recycling of packaging. This proposal defines the term 'lightweight plastic carrier bags' as plastic carrier bags with a thickness below 50 microns and introduces an

			<p>obligation to reduce consumption of these lightweight plastic carrier bags supplemented with a recommendation to Member States to use economic instruments for this purpose as well as the possibility to introduce marketing restrictions in derogation of Article 18 of the Directive.</p> <p>The objectives of the initiative are to:</p> <ul style="list-style-type: none"> - Limit the environmental damage caused by an increasing consumption of plastic bags, in particular in terms of littering and unsustainable resource use, by significantly reducing the amount of lightweight plastic carrier bags consumed per capita by 2015; - Tackle a common and trans-boundary problem in a coordinated and coherent way across the EU.
G/TBT/N/EU/180 February 5 2014	European Commission	Food	<p>Establishes regulation for the authorization of one health claim made on foods and referring to the reduction of disease risk in accordance with Article 17(3) of Regulation (EC) No 1924/2006 of the European Parliament and of the Council of 20 December 2006 on nutrition and health claims made on foods.</p> <p>The proposed measure aims for protection of Human health or Safety</p>
G/TBT/N/EU/179 February 5 2014	European Commission	Construction Products	<p>Proposes to adapt Annex V to Regulation (EU) No 305/2011 in order to fulfill three main objectives. First, to determine the particular treatment of products for which a European Technical Assessment (ETA) has been issued. Second, to simplify and bring clarity to the distribution and description of assessment and verification of constancy of performance (AVCP) tasks contained in Annex V, including via increasing consistency with the roles and terms used in Regulation (EU) No 305/2011; and third, to better reflect the current application practices of the systems of AVCP following experience reported by Member States, notified bodies designated for Regulation (EU) No 305/2011 and industry.</p>

			This would facilitate the work of manufacturers and notified bodies authorized to carry out AVCP tasks. This will be the outcome of clarifying their respective roles and the simplified process applicable to products for which an ETA has been issued. All these should both reduce administrative burden and increase clarity on the interpretation of Regulation (EU) No 305/2011.
G/TBT/N/EU/181 February 14 2014	European Commission	Children's toys	Introduces an exemption from the existing maximum concentration limit of 1% for nickel in those parts of toys allowing the correct electric function of toys, in addition to the already existing exemption for nickel in stainless steel. A scientific evaluation of the use of nickel in parts of toys allowing the correct electric function of toys found that no health risks are expected. Hence the use can be exempted from the existing maximum concentration limit.
G/TBT/N/EU/184 February 18 2014	European Commission	Cosmetics	Aims at restricting the use of the mixture Methylchloroisothiazolinone and Methylisothiazolinone used as preservative in cosmetic products to rinse-off products only, due to its important skin sensitizing potential, by amending Annex V (positive list of preservatives) to Regulation (EC) No 1223/2009. The proposed measure aims for protection of Human health or Safety.
G/TBT/N/EU/183 February 18 2014	European Commission	Cosmetics	Aims at the authorization of: 1. Preservatives cetrimonium chloride, steartrimonium chloride and behentrimonium chloride, for other uses and at higher concentrations than for preservation of the cosmetic product; 2. The mixture citric acid (and) silver citrate, as a preservative; 3. The nanomaterial tris-biphenyl triazine, as a UV-filter. The proposed measure aims for protection of Human health or Safety.

<p>G/TBT/N/EU/182</p> <p>February 18 2014</p>	<p>European Commission</p>	<p>Cosmetics</p>	<p>Aims at restricting the use of butyl and propylparabens as preservatives in cosmetic products to a reduced maximum concentration of 0.14% (as acid) and banning these substances in leave-on products intended to be used on the nappy area of children under three years of age, by amending Annex V (positive list of preservatives) to Regulation (EC) No 1223/2009</p> <p>The proposed measure aims for protection of Human health or Safety.</p>
<p>G/TBT/N/EU/185</p> <p>February 21 2014</p>	<p>European Commission</p>	<p>Fertilizers</p>	<p>The purposes of the legislative proposal are:</p> <ul style="list-style-type: none"> - To change the minimum nutrient requirement for crude potassium salt; - To include new types of nitrification and urease inhibitors in the list of authorized inhibitors; - To enable the placing on the market, as EC fertilizers, of fluid NPK, NP and NK fertilizers containing urea formaldehyde; - To introduce reference to EN Standards for the new nitrification and urease inhibitors. <p>Objective of proposed measures –</p> <ul style="list-style-type: none"> - Manufacturers will benefit from facilitated access to the internal market and farmers will take advantage of a wider range of fertiliser types. - The efficient control of fertilisers will be reinforced by the use of a common EN Standard.
<p>G/TBT/N/EU/186</p> <p>February 27 2014</p>	<p>European Commission</p>	<p>Novel Foods</p>	<p>Repeals Regulation (EC) No 258/97 on Novel Foods. It creates in the European Union (EU) a centralized authorization system, with a scientific risk assessment based on food safety and a Commission authorisation decision for the placing of novel foods on the EU market. It provides greater certainty, simplifies and speeds up the authorisation process for applicants thereby reducing administrative burden and</p>

			<p>costs.</p> <p>The proposed regulation also introduces an appropriate authorisation process for foods, which are new in the European Union but are traditional in third countries. If a history of safe food use can be demonstrated in a third country and there are no food safety objections from the European Food Safety Authority (EFSA) or EU Member States the food will be allowed to be placed on the EU market on the basis of a notification from the third country's food business operators. The proposed measure aims for protection of Human health or Safety.</p>
G/TBT/N/EU/187 February 27 2014	European Commission	Ultra-wideband devices	<p>Member States will allow the use of the radio spectrum on a non-interference and non-protected basis by equipment using ultra-wideband technology provided that such equipment meets the conditions set out in the Annex to this Decision and it is used indoors or, if it is used outdoors, it is not attached to a fixed installation, a fixed infrastructure or a fixed outdoor antenna. Equipment using ultra-wideband technology, which meets the conditions set out in the Annex, shall also be allowed in road and rail vehicles.</p> <p>By replacing the technical annex in place with an updated version that reflects the latest technical requirements and uses of UWB equipment.</p>
G/TBT/N/EU/188 February 27 2014	European Commission	Electrical and Electronic Equipment	<p>Adapting to technical progress, Annex IV to Directive 2011/65/EU of the European Parliament and of the Council as regards an exemption for lead in dielectric ceramic in capacitors for a rated voltage of less than 125 V AC or 250 V DC for industrial monitoring and control instruments</p> <p>This measures aims at adaptation of existing legislation to scientific and technical progress, granting manufacturers adequate transition time for compliance.</p>
G/TBT/N/EU/189 February 27 2014	European Commission	Electrical and Electronic Equipment	<p>Concerns an application specific and temporary exemption from the RoHS 2 (Directive 2011/65/EU) substance</p>

			<p>restrictions</p> <p>This measures aims at adaptation of existing legislation to scientific and technical progress, granting manufacturers adequate transition time for compliance.</p>
G/TBT/N/EU/190 February 27 2014	European Commission	Electrical and Electronic Equipment	<p>Concerns an application specific and temporary exemption from the RoHS 2 (Directive 2011/65/EU) substance restrictions. This measures aims at adaptation of existing legislation to scientific and technical progress, granting manufacturers adequate transition time for compliance.</p>
G/TBT/N/EU/191 February 27 2014	European Commission	Electrical and Electronic Equipment	<p>Establishes the purpose of adapting to technical progress, Annex III to Directive 2011/65/EU of the European Parliament and of the Council as regards an exemption for lead in solders and termination finishes of electrical and electronic components and finishes of printed circuit boards used in ignition modules and other electrical and electronic engine control systems</p> <p>This measures aims at adaptation of existing legislation to scientific and technical progress, granting manufacturers adequate transition time for compliance.</p>
G/TBT/N/EU/192 February 27 2014	European Commission	Electrical and Electronic Equipment	<p>This draft Commission Delegated Directive concerns an application specific and temporary exemption from the RoHS 2 (Directive 2011/65/EU) substance restrictions.</p> <p>This measures aims at adaptation of existing legislation to scientific and technical progress, granting manufacturers adequate transition time for compliance.</p>
G/TBT/N/EU/193 February 27 2014	European Commission	Electrical and Electronic Equipment	<p>This draft Commission Delegated Directive concerns an application specific and temporary exemption from the RoHS 2 (Directive 2011/65/EU) substance restrictions.</p> <p>This measures aims at adaptation of existing legislation to scientific and technical progress, granting manufacturers adequate transition time for compliance.</p>

G/TBT/N/EU/194 February 27 2014	European Commission	Fluorescent lamps	Adapts to technical progress, Annex IV to Directive 2011/65/EU of the European Parliament and of the Council as regards an exemption for mercury in cold cathode fluorescent lamps (CCFLs) for back-lighting liquid crystal displays, not exceeding 5 mg per lamp, used in industrial monitoring and control instruments placed on the market before 22 July 2017. This measures aims at adaptation of existing legislation to scientific and technical progress, granting manufacturers adequate transition time for compliance.
G/TBT/N/EU/195 February 27 2014	European Commission	Electrical and Electronic Equipment	Adapting to technical progress, Annex III to Directive 2011/65/EU of the European Parliament and of the Council as regards an exemption for Mercury in hand crafted luminous discharge tubes (HLDTs) used for signs, decorative or architectural and specialist lighting and light-artwork
G/TBT/N/EU/196 March 4 2014	European Commission	Pollutants	Lays down rules to control emissions of sulphur dioxide, nitrogen oxides and particulate matter into the air from medium combustion plants by setting EU-wide emission limit values (differentiated by fuel type) and monitoring obligations. Establishes provisions for medium combustion plants, aims at filling in an existing gap in legislation. It introduces minimum requirements for controlling emissions to air aiming to reduce pollution and potential risks to human health and the environment from such emissions.
G/TBT/N/EU/197 March 12 2014	European Commission	Live bovine animals, live swine, live sheep and goats, live horses, asses, mules and hinnies, other live animals	Provisionally prohibit the: - Cloning of bovine, porcine, ovine, caprine and equine species kept and reproduced for farming purposes (food, wool, fur or other farming purpose); - Placing on the market of animal clones and embryo clones. It would not apply to animals kept and reproduced exclusively for other purposes such as research, the production of medicinal products and medical devices, the preservation of rare breeds or endangered

			<p>species, sporting and cultural events.</p> <p>The proposed Directive would require Member States to report to the Commission on the operation of the Directive 5 years after its transposition. The Commission would then present a report on the application of the Directive to the Parliament and Council taking into account the national reports, scientific and technical progress particularly that relating to animal welfare aspects of cloning and international developments. Member States would be required to transpose the Directive into national law within one year after its entry into force.</p> <p>This proposal aims for protection of animal welfare.</p>
G/TBT/N/EU/198 March 12 2014	European Commission	All food from animal clones	<p>Provisionally prohibit the marketing of food from animal clones. The rules would only concern the clones themselves (not offspring or descendants). The proposed Directive would require Member States to report to the Commission on the operation of the Directive 5 years after its transposition. The Commission would then present a report on the application of the Directive to the Parliament and Council taking into account the national reports, scientific and technical progress particularly that relating to animal welfare aspects of cloning and international developments. Member States would be required to transpose the Directive into national law within one year after its entry into force.</p> <p>This proposal aims for Protection of animal welfare and public morals (i.e. consumer perception, ethical concerns related to cloning)</p>
G/TBT/N/EU/199 March 17 2014	European Commission	Waste	<p>Amends the legislation to adapt them to technical and scientific progress. They include the general principles to classify waste, the list of waste and the 15 hazardous properties (HPs) that render waste hazardous.</p> <p>The measure aims to review the legislation</p>

			to include the appropriate references to the new chemicals legislation.
G/TBT/N/EU/200 March 17 2014	European Commission	Waste	Establish how waste has to be classified: These pieces of legislation had to be amended to adapt them to technical and scientific progress. They include the general principles to classify waste, the list of waste and the 15 hazardous properties (HPs) that render waste hazardous. Reviews the legislation to include the appropriate references to the new chemicals legislation.
G/TBT/N/EU/201 March 17 2014	European Commission	Waste containing persistent organic pollutants	Amendment of the waste related annexes to Regulation (EC) No 850/2004 to add the new persistent organic pollutants (POPs) to the annexes and include the corresponding concentration limits for waste management purposes. Therefore, these substances have to be added to the Annexes of the POP Regulation, in line with the obligations resulting from these international agreements. Furthermore, it establishes maximum concentration limits for polybrominated diphenyl ethers and PFOS in waste.
G/TBT/N/EU/202 March 17 2014	European Commission	Food	Authorisation of one health claim made on foods and referring to the reduction of disease risk in accordance with Article 17(3) of Regulation (EC) No 1924/2006 of the European Parliament and of the Council of 20 December 2006 on nutrition and health claims made on foods. The proposed measure concerns one application related to a health claim that has been assessed by the European Food Safety Authority (EFSA) with a favorable outcome
G/TBT/N/EU/203 March 17 2014	European Commission	Food	Refusal of authorisation of five health claims made on foods, other than those referring to the reduction of disease risk and to children's development and health in accordance with Article 18(5) of Regulation (EC) No 1924/2006 of the European Parliament and of the Council of 20

			<p>December 2006 on nutrition and health claims made on foods</p> <p>The proposed measure is a Commission Regulation for five health claims as referred to above under point 6 that have been assessed by the European Food Safety Authority (EFSA) . The health claims included in this Commission Regulation do not comply with the conditions set out in Regulation (EC) No 1924/2006, and will not be authorized for use on foods because EFSA concluded that they are not scientifically substantiated.</p>
G/TBT/N/EU/205 March 25 2014	European Commission	Gluten	<p>Establishes the requirements for the provision of food information on the absence or reduced presence of gluten in food ("gluten-free" and "very low gluten" statements).</p> <p>Concretely transfers the rules of Regulation (EC) No 41/2009 with the necessary adjustments resulting from the revision of the Framework applicable to foods for particular nutritional uses and aims for Protection of Human health or Safety</p>
G/TBT/N/EU/206 March 28 2014	European Commission	Light and heavy duty vehicles	<p>This Proposed Regulation concerns a number of amendments to Regulation (EC) 715/2007 and Regulation (EC) 595/2009 with respect to the reduction of pollutant emissions from road vehicles.</p> <p>The above-mentioned text groups emission related issues that should be corrected and complemented within the Euro VI and Euro 5/6 legislation.</p> <p>The draft proposal includes the following measures:</p> <ol style="list-style-type: none"> 1. Clarification that the ammonium emission limits introduced in the Euro VI legislation should apply only to the compression ignition engines; 2. Removal of the upper mass limit of Regulation (EC) No 715/2007 in order to allow manufacturers to type-approve vehicles under LD or HD legislation upon the choice of the manufacturer; 3. Introduction of more severe low

			<p>temperature emission limits for Euro 6 LD vehicles;</p> <p>4. Introduction of NO2 emission limits for Euro 6 LD vehicles;</p> <p>Introduction of an alternative route for measuring total hydrocarbons (THC) emissions for Euro 5/6 vehicles.</p> <p>The focus of this proposal is on those areas where market and regulatory failures hinder addressing the overarching challenges situated within the context of the EU's air quality policy and the Better Regulation Agenda. The amendments aim to strengthen the environmental impact of the Euro VI and Euro 5/6 legislation and remedy the points which pose an unnecessary burden for the industry.</p>
G/TBT/N/EU/207 March 28 2014	European Commission	Food	<p>Refusal of authorisation of two health claims made on foods, other than those referring to the reduction of disease risk and to children's development and health in accordance with Article 18(5) of Regulation (EC) No 1924/2006 of the European Parliament and of the Council of 20 December 2006 on nutrition and health claims made on foods.</p> <p>This measure aims for protection of human health and safety</p>
G/TBT/N/EU/207 March 31 2014	European Commission	Food	<p>Authorisation of three health claims and the rejection of five health claims made on foods and referring to the reduction of disease risk in accordance with Article 17(3) of Regulation (EC) No 1924/2006 of the European Parliament and of the Council of 20 December 2006 on nutrition and health claims made on foods.</p> <p>The proposed measure concerns eight health claim applications that have been assessed by the European Food Safety Authority (EFSA) . For three applications, the assessment is considered to be favorable and therefore, as these health claims comply with the conditions set out in Regulation (EC) No 1924/2006, they will be authorised for use on foods. For five health claims, the</p>

			assessment is considered to be unfavourable and therefore the health claims do not comply with the conditions set out in Regulation (EC) No 1924/2006 and consequently they will not be authorised for use on foods.
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ANNEXURE B

SANITARY AND PHYTO-SANITARY MEASURES

Notification	Product	Purpose	Description
G/SPS/N/E U/65	Feed and Food of non- animal origin	Food Safety	Reviews the list of imports of feed and food of non-animal origin, which are subject to an increased level of official controls. The changes concern the removal from the list of hazelnuts from Azerbaijan, mace, ginger and curcuma from India, mace from Indonesia and brassica vegetables from Thailand.
G/SPS/N/E U/66	Animal Feed	Food safety, animal health	Establishes and updates the essential product properties of and provisions for dietetic feed in order to assure animal welfare, animal health and public health once such feed is fed to the animals.
G/SPS/N/E U/67	Ovine embryos	Animal health	Lays down rules for the importation into the European Union of ovine and caprine semen and embryos. These import rules are updated to reflect the conditions for intra-Union trade laid down in Annex VIII to Regulation (EC) No 999/2001 and offer to the EU's trading partners the possibility to exempt heterozygous ovine ARR embryos exported to the European Union from any classical scrapie related requirements.
G/SPS/N/E U/68	Caramel Colours	Food safety	Caramel colours (INS 150a-d) are food colours currently approved for use in the European Union in defined food categories in accordance with good manufacturing practice. In 2012 the European Food Safety Authority issued a statement outlining a possible exceedance of the Acceptable Daily Intake for ammonia caramel (INS 150c) . The subcategory 14.2.1 "Beer and malt beverages" was identified as the main contributor. Therefore, it is appropriate to establish maximum use levels for ammonia caramel (E 150c) in food subcategory 14.2.1 "Beer and malt

			<p>beverages" to guarantee a high level of protection of human health.</p> <p>Furthermore, a request was received for the use of caramel colours (E 150a-d) in malt beverages. Caramel colours are permitted only in beer and beer is not defined in the EU legislation.</p> <p>Therefore, a particular product classified as beer in one member State could be classified as a malt beverage in another. This situation has a negative impact on the internal market and hinders the free movement of these products. Therefore, it is appropriate to authorize the use of caramel colours in malt beverages.</p>
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Source: *WTO Documents Online*