

WORLD TRADE ORGANIZATION

RESTRICTED

WT/ACC/RUS/22

24 November 1997

(97-5150)

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

Original: English

ACCESSION OF THE RUSSIAN FEDERATION

Information on the Subsidies System in the Russian Federation

The Permanent Mission of the Russian Federation has submitted the following information on the subsidies system in the Russian Federation, with the request that it be circulated to members of the Working Party.

At present, in accordance with the applicable standards in Russia, the following types of State support are provided for economic sectors, specific enterprises and regions:

- direct transfers from the Federal Budget;
- budgetary loans;
- deferred payments to the Federal Budget;
- investment tax credits;
- specific forms of State support;
- grants and subsidies ("subventions") to regions;
- State financing for specific programmes.

Direct Transfers from the Federal Budget

Pursuant to the Federal Law No. 29-FZ "On the Federal Budget for 1997" of 26 February 1997, the overall Federal Budget funds designated to cover expenses of the main industries amount to 7,426.7 billion rubles.

1. The bulk of the expenditure was planned to support the coal industry, amounting to 6,479.2 billion rubles (herein and hereafter before budget adjustments) in the budget approved for 1997, or 87.2 per cent of the total Federal Budget expenditures appropriated to enterprises and organizations.

Non-repayable coal industry funding out of Section 7 of the Federal Budget is performed in accordance with the Regulations on State Funding for Coal Industry Restructuring Activities approved by Resolution of the Government of the Russian Federation No. 598 dated 17 May 1996 which determine the procedure for managing these funds. The Regulations call for the following elements of State support:

- (a) technical operations to abandon highly unprofitable and unpromising mines and open pit operations;
- (b) research and design support for coal industry restructuring;

- (c) activities for social protection of the employees to be released in connection with coal industry restructuring;
- (d) expenses to cover damages caused to the employees of the enterprises and open pits to be abandoned;
- (e) demolition of worn-out housing and construction of new housing;
- (f) maintenance, re-engineering and modernization of mines and open pit operations;
- (g) construction of new profitable mines with appropriate infrastructure;
- (h) selective support for coal producers which fail to cover their expenses through free market prices for coal products;
- (i) corporate expenses for the implementation of the industry-wide wage rate agreement;
- (j) maintenance of social assets held in corporate balance sheets; and
- (k) formation of a centralized reserve fund.

2. The State regulation of prices for the production and sale of liquefied gas for individual household needs is retained to date, and State support is therefore provided in the form of subsidies to gas processing plants of the oil industry and enterprises of the petrochemical industry in the amount of 9.7 billion rubles.

3. Enterprises are being relieved from their obligations to finance the maintenance of social assets in accordance with Decree of the President of the Russian Federation No. 8 dated 10 January 1993, Resolutions of the Government of the Russian Federation No. 1325 of 23 December 1993, No. 235 of 7 March 1995 and No. 724 of 17 July 1995.

The Federal Budget includes partial compensation for the costs associated with the maintenance of social assets in the amount of 575 billion rubles for 1997.

4. The 1997 Budget also provides for a power rate compensation payment for power generation and supply companies in the amount of 1,300 billion rubles (after budget adjustments).

5. Besides, the 1997 Federal Budget includes:

- funding for the expenditures of the State Committee for Standardization and Metrology in the amount of 26.5 billion rubles in 1997 (for maintenance of the basic time and frequency reference service);
- State support for folk arts and crafts (10 billion rubles in 1997); and
- State support for certain other sectors (see Appendix 1 for Consolidated Calculation of Financing for Coal Industry Restructuring Activities and Appendix 6* for other sectors).

*To be submitted shortly.

Budgetary Loans for Enterprises and Organizations

According to the 1997 Budget, appropriations have been planned and made out of the State budget in the form of repayable loans to the mechanical engineering industry (the names of the enterprises and the respective loan amounts are listed in Appendix 6^{*}).

In particular, appropriations for the wood industry have been made against a repayment security for the creation of wood, raw materials and fuel reserves between seasons totalling 800 billion rubles (107.6 billion rubles actually disbursed).

Deferred Payments to the Federal Budget

In 1997, to stabilize the financial condition of certain industrial enterprises, deferrals were granted with respect to payments to the Federal Budget at an interest rate of 50 per cent of the Central Bank's refunding rate in accordance with the legislation in force (Appendix 6^{*} lists the enterprises to which such deferrals of payments to the budget have been granted).

Investment Tax Credits

These credits are granted to a number of enterprises on an interest-bearing and non-forgivable basis pursuant to decisions of the Government of the Russian Federation and executive authorities. The amounts and types of investment tax credits granted to various enterprises are listed in Appendix 6.

Specific Forms of State Support

The participation of the Government of the Russian Federation in eliminating the consequences of natural calamities, fires and disasters and the allocation of funds to damaged enterprises is one of the forms of specific State support and cannot be considered as prohibited since the funds are allocated on an ad hoc basis. Thus, after the fire at the engine plant of the joint stock company KaMAZ in 1993, the company was granted forgivable and non-forgivable resources and a deferral of debt repayment until 2000. The types of State support for KaMAZ are listed in Appendix 6^{*}.

Grants and Subsidies ("Subventions") to Regions

Articles 31 and 32 of the Law "On the Federal Budget for 1997" provide for the allocation of grants to closed administrative areas.

In accordance with the said Law, the allocation of grants to certain geographic regions is envisaged. The estimated amounts and names of such regions are given in Appendix 2.

Article 22 of the Law "On the Federal Budget for 1997" provides for the allocation of subsidies ("subventions") to the city of Moscow for performing the functions of the Russian Federation capital (see Appendix 2) and also to the city of Sochi as a resort of national importance, to develop appropriate infrastructure.

^{*}To be submitted shortly.

State Financing for Specific Programmes

Federal special-purpose programmes, including regional ones, are developed, approved and implemented as prescribed by Resolution of the Government of the Russian Federation No. 594 dated 26 June 1995.

The list of federal special-purpose programmes to be financed out of the Federal Budget must be approved by the Law concerning the Federal Budget for each subsequent year. It makes special appropriations to the State customers of such programmes for the funding of capital investments, research and development costs (subject to the WTO standards and rules) and other current expenses.

The general purpose of all federal regional development programmes and other special programmes developed and approved by the Government to date, has been to establish and implement a package of measures ensuring economic recovery and creation of an efficient regional economy.

The federal regional development programmes are also oriented to achieving the overall objectives of the regional economic policy of the State which are set forth in the Guidelines for Regional Policies in the Russian Federation approved by Decree of the President of the Russian Federation No. 803 dated 3 June 1996.

These objectives include:

- strengthening the economic foundations of Russia, ensuring national integrity and stability;
- promoting the development and enhancement of economic reform, creation of a diversified economy in all regions, development of regional and national commodity, labour and capital markets, institutional and market infrastructure;
- reducing regional disparities in social and economic development, progressive creation of conditions for strengthening regional public welfare and streamlining of regional resettlement programmes;
- achieving increased levels of specialization and diversification of regional economies, increasing the viability of regional economies;
- providing State support for depressed, underdeveloped, environmentally damaged areas and other areas with complex demographic and migration-related problems; and
- developing and implementing comprehensive policies for regions with difficult business conditions which require special measures, such as the Arctic, Far Eastern and frontier areas.

The funds allocated for the implementation of regional development programmes are provided in the form of financing capital investments and research and development out of the Federal Budget, principally in the development and modernization of transport and energy infrastructure, environmental protection, protection and restoration of cultural monuments, elimination of consequences of natural calamities, development of housing and social infrastructure. The provision of such subsidies is neither legally nor factually related to exports or imports.

Therefore, in the opinion of the Russian delegation the funds which are allocated to finance regional development programmes may, in accordance with Article 8 of the Agreement on Subsidies and Countervailing Measures, be classified as "non-actionable subsidies".

The list of regional programmes financed out of the State budget is attached hereto as Appendix 3. Appendix 4 offers the list of federal special-purpose programmes financed out of the State budget in 1997. Appendix 5 is a list of legislative acts governing tax and customs privileges. The text of this legislation is provided as part of the routine legislative update diskette*.

* * *

There are a number of other measures of financial assistance which do not constitute prohibited subsidies and are consistent with the WTO rules. These include State support for transportation companies aimed at enhancing transportation safety; budgetary appropriations for water management, hydrometeorology, mapping, geodesy, environmental and plant protection.

Converted defence enterprises are compensated for part of their lost profits in connection with shifting from military to civil production from the Federal Budget. Compensation is provided in the form of grants for the consumption fund and partial refund of the enterprises' costs associated with the maintenance of social infrastructure.

State support is provided for the delivery of fuel, medicines, foodstuffs and priority needs in order to meet individual social institution, housing and utilities requirement in Arctic and equivalent areas.

Appendices:

- Appendix 1. Consolidated Calculation of Financing for Coal Industry Restructuring Activities
- Appendix 2. Calculation of Allocations to Regional Governments from the 1997 Federal Budget
- Appendix 3. Information on Federal Programmes of Regional Development Included in the 1997 Federal Budget Financing List
- Appendix 4. List of Federal Special-Purpose Programmes to Be Financed out of the 1997 Federal Budget
- Appendix 5. List of Legislative Acts Governing Tax and Customs Privileges
- Appendix 6. List of Financial Assistance Programmes of the Russian Federation*

*To be submitted shortly.

Appendix 1. Consolidated Calculation of Financing for Coal Industry Restructuring Activities

(billion rubles)					
	Lines of Financing for Coal Industry Restructuring (To the extent of funds allocatable to coal industry organizations and local authorities of mining cities and settlements)	1996 (actual)	1997		
			Schedule No. ÀCh-P27-45 dated 29/5/97	Expected	
	TOTAL STATE SUPPORT FUNDS including along the following lines:	10044.6	4543.42		6479.17
1	Technical operations to abandon highly unprofitable and non-promising coal mines and open pits	379.4	453.9		583.38
2	Research and development support for coal industry restructuring	20.0	124.5		178.17
3	Activities aimed at social protection of employees to be released in connection with coal industry restructuring, their family members, retirees and disabled persons who have worked in coal mining, including:	781.0	1314.7		2005.82
3.1	Local development and employment programmes for mining cities and settlements:	238.0	200.0		323.41
3.1.1	incl. on a repayable and remunerative basis		165.6		290.00
3.1.2	incl. on a non-repayable basis	238.0	33.4		33.41
3.2	Social expenses of coal companies, including:	543.0	1114.7		1682.41
3.2.1	permissible expenses of coal companies for social protection of current and former mine employees and their family members	543.0	723.1		1081.03
3.2.2	other social protection expenses of coal companies	0.0	391.6		601.38
4	Expenses to compensate employees of mines and open pits to be abandoned for damage caused due to industrial necessity	100.0	131.1		188.40
5	Operations to demolish worn-out and construct new housing in mining cities and settlements	208.0	40.8		120.12
6+ 7	Investments - total	3177.2	1188.1		1676.00
	incl. on a repayable and remunerative basis	0.0	884.7		1676.00
	incl. on a non-repayable basis	3177.2	303.4		0.00

(billion rubles)

	Lines of Financing for Coal Industry Restructuring (To the extent of funds allocatable to coal industry organizations and local authorities of mining cities and settlements)	1996 (actual)	1997	
			Schedule No. ÀCh-P27-45 dated 29/5/97	Expected
6	Maintenance, re-engineering and modernization of operating mines and open pits in order to establish profitable coal enterprises	1080.0	611.4	839.70
6.1	incl. on a repayable and remunerative basis		458.0	839.699
6.2	incl. on a non-repayable basis	1080.0	153.4	0.00
7	Construction of new profitable coal mines and open pits with appropriate industrial infrastructure	2097.0	576.7	836.30
7.1	incl. on a repayable and remunerative basis		426.7	836.301
7.2	incl. on a non-repayable basis	2097.0	150.0	0.00
8	Selective support for coal producers which do not cover their expenses through free prices for coal products	1679.0	564.3	793.569
9	Expenses of coal industry and mine construction enterprises and organizations to implement the industry rate agreement	1459.0	422.31	603.711
10	Maintenance of social assets and housing stock held in the balance sheets of coal industry enterprises and organizations before their transfer to local governments	851.0	67.3	0.00
11	Formation of a centralized reserve fund in an amount of up to 10% of the funds allocated	0.0	228.5	330.0
12	Maintenance of social assets and housing stock transferred to local governments before 31 December 1996	1390.0	0.0	0.00

Appendix 2

Calculation Of Allocations To Regional Governments From The 1997 Federal Budget

(billion rubles)

	Transfers	Allocations to Federal Regional Programmes	Subventions	Closed Administrative Areas	Arctic Deliveries	Grants	Total Federal Budget Expenditures
	1	2	3	5	8	11	13
Total for all regions	52940.0	3590.0	2755.0	2735.0	3500.0	10753.6	76273.6
Reserve							
NORTHERN AREA	1815.4	350.0	.0	706.3	307.0	970.9	4149.6
Arkhangelsk Region	512.8	.0		15.1	119.1	21.5	668.5
Nenets Autonomous District	108.5				62.6	.5	171.6
Vologda Region	136.7				.0	49.5	186.2
Murmansk Region	445.5			691.2	16.0	57.6	1210.3
Republic of Karelia	423.0				11.1	13.6	447.7
Komi Republic	188.9	350.0			98.2	828.2	1465.3
NORTHWEST AREA	1745.4	158.0	.0	.0	.0	828.2	2092.5
City of St. Petersburg	355.4	64.0			.0	.0	419.4
Leningrad Region	264.8				.0	130.5	395.3
Novgorod Region	541.3				.0	28.8	570.1
Pskov Region	94.0				.0	29.8	707.7

	Transfers	Allocations to Federal Regional Programmes	Subventions	Closed Administrative Areas	Arctic Deliveries	Grants	Total Federal Budget Expenditures
	1	2	3	5	8	11	13
CENTRAL AREA	7207.5	47.5	2400.0	150.3	.0	1114.3	10919.6
Bryansk Region	417.7					44.4	462.1
Vladimir Region	513.2					26.0	539.2
Ivanovo Region	856.0	37.5				28.4	921.9
Tver Region	445.2			49.3		201.8	696.3
Kaluga Region	588.3					123.4	711.7
Kostroma Region	825.1					28.6	853.7
City of Moscow	.0	.0	2400.0			27.7	2427.7
Moscow Region	1641.8			101.0		133.5	1876.3
Orel Region	589.8	.0				56.2	646.0
Ryazan Region	462.0					44.3	506.3
Smolensk Region	307.5					162.8	470.3
Tula Region	321.9	10.0				201.6	433.5
Yaroslavl Region	239.0					35.6	274.6
VOLGA-VYATKA AREA	3060.4	84.0	.0	151.7	.0	210.7	3506.8
Nizhny Novgorod Region	426.7			145.8	.0	66.7	639.2
Kirov Region	829.9			5.9	.0	43.8	879.6
Republic of Mari-El	552.8				.0	32.4	585.2
Mordovian SSR	692.1	84.0			.0	40.6	816.7
Chuvash Republic	558.9				.0	27.2	586.1

	Transfers	Allocations to Federal Regional Programmes	Subventions	Closed Administrative Areas	Arctic Deliveries	Grants	Total Federal Budget Expenditures
	1	2	3	5	8	11	13
CENTRAL CHERNOZEM AREA	2044.6	.0	.0	.0	.0	314.2	2358.8
Belgorod Region	126.9					71.5	198.4
Voronezh Region	781.6					94.9	876.5
Kursk Region	582.4					51.5	633.9
Lipetsk Region	.0					48.2	48.2
Tambov Region	553.7					48.1	601.8
VOLGA AREA	4223.3	48.6	.0	192.2	.0	520.9	4985.0
Astrakhan Region	771.9			34.6		26.0	832.5
Volgograd Region	382.2					85.4	467.6
Samara Region	.0	4.6				55.3	59.9
Penza Region	646.4			141.8		54.6	842.8
Saratov Region	1011.9			15.8		66.3	1094.0
Ulyanovsk Region	479.7					47.5	527.2
Republic of Kalmykia	488.9	44.0				48.5	581.4
Republic of Tatarstan	442.3					137.3	579.6
NORTH CAUCASIAN AREA	8869.6	978.3	355.0	.0	.0	2359.2	12562.1
Krasnodar Territory	1668.7		355.0			241.8	2265.5
Republic of Adygeya	368.2	15.0				31.9	415.1
Stavropol Territory	1252.0	15.0				253.4	1520.4

	Transfers	Allocations to Federal Regional Programmes	Subventions	Closed Administrative Areas	Arctic Deliveries	Grants	Total Federal Budget Expenditures
	1	2	3	5	8	11	13
Karachai-Cherkess Republic	272.5	.0				32.0	304.5
Rostov Region	1266.6					1635.3	2901.9
Republic of Dagestan	1815.8	350.0				95.3	2261.1
Kabardino-Balkar Republic	572.4	220.0				37.2	829.6
North Ossetian SSR	590.7	78.3				29.8	698.8
Chechen Republic	747.3					.0	747.3
Ingush Republic	315.4	300.0				2.5	617.9
URAL AREA	2635.4	26.0	.0	699.2	22.1	1156.9	4539.6
Kurgan Region	533.2					35.8	569.0
Orenburg Region	440.2			16.9		85.9	543.0
Perm Region	326.0			23.3		517.5	866.8
Komi-Permyak Autonomous District	139.9	26.0			22.1	1.7	189.7
Sverdlovsk Region	.0			170.9		112.8	283.7
Chelyabinsk Region	405.8			407.2		184.3	997.3
Republic of Bashkortostan	.0			80.9		172.2	253.1
Udmurt Republic	790.3					46.7	837.0
WESTERN SIBERIAN AREA	7142.6	36.4	.0	26.0	343.8	2489.1	10037.9
Altai Territory	2403.6			26.0		99.5	2529.1
Republic of Altai	186.8	15.0			14.7	20.3	236.8
Kemerovo Region	1700.6				.0	2138.7	3839.3

	Transfers	Allocations to Federal Regional Programmes	Subventions	Closed Administrative Areas	Arctic Deliveries	Grants	Total Federal Budget Expenditures
	1	2	3	5	8	11	13
Novosibirsk Region	671.1				.0	78.0	749.1
Omsk Region	850.5				.0	74.5	925.0
Tomsk Region	525.2	21.4		.0	78.6	23.5	648.7
Tyumen Region	804.8			.0	6.1	53.7	864.8
Khanty-Mansi Autonomous District	.0				126.5	.9	127.4
Yamalo-Nenets Autonomous District	.0				117.9	.0	117.9
EASTERN SIBERIAN AREA	3024.6	129.7	.0	397.1	625.3	435.4	4612.0
Krasnoyarsk Territory	.0			385.7	305.8	179.5	871.0
Republic of Khakassia	181.5				.0	40.1	221.6
Taimyr Autonomous District	108.6				86.0	.5	195.1
Evenk Autonomous District	130.9				55.3	.7	186.9
Irkutsk Region	310.4	24.7			81.1	66.9	483.1
Ust-Ordynsky Buryat Autonomous District	219.2				.0	8.6	227.8
Chita Region	636.1			11.4	14.7	61.4	723.6
Aginskoye Buryat Autonomous District	108.2				.0	13.7	121.9
Republic of Buryatia	865.6	10.0			31.7	39.6	947.1
Republic of Tuva	464.1	95.0			50.4	24.4	633.9

	Transfers	Allocations to Federal Regional Programmes	Subventions	Closed Administrative Areas	Arctic Deliveries	Grants	Total Federal Budget Expenditures
	1	2	3	5	8	11	13
FAR EASTERN AREA	10905.2	1471.8	.0	412.2	2201.9	972.7	15963.8
Primorsky Territory	2532.4	1388.0		248.8	34.4	281.2	4484.8
Khabarovsk Territory	1250.7	.0			164.6	189.6	1604.9
Jewish Autonomous Region	354.9				.0	16.7	371.6
Amur Region	1366.5	.0		3.2	19.6	113.3	1502.6
Kamchatka Region	684.7	36.4		160.2	179.3	12.0	1072.6
Koryak Autonomous District	260.6	.0			82.3	28.7	371.6
Magadan Region	842.4	.0			250.5	30.8	1123.7
Chukotka Autonomous District	618.1	.0			278.8	8.0	904.9
Sakhalin Region	834.2	47.4			144.9	276.9	1303.4
Republic of Sakha (Yakutia)	2160.7				1047.5	15.5	3223.7
Kaliningrad Region	266.0	259.7				20.2	545.9

Appendix 3

Information On Federal Programmes Of Regional Development
included in the 1997 federal budget financing list
(billion rubles in 1997 prices)

	Programme Name	Programme Approval Decision	State Customer	Implementation Period	Programme Financing Earmarked in 1997 Federal Budget (adjusted for sequestration)
1	2	3	4	5	6
REGIONAL PROGRAMMES					
1	"Social and economic development of the Kuril Islands and Sakhalin Region"	Government Decree No. 1297 dated 17/12/93	Administration of Sakhalin Region, State Committee for Northern Territories	1993-1996 and until 2000	69.2
2	Presidential programme "Economic and social development of the Far East and Trans-Baikal Regions"	Government Decree No. 480 dated 15/4/96	Ministry of Economics (coordinator), Ministry of Labour, Ministry of Transport, Ministry of Foreign Economic Relations, Ministry of Agriculture and Provisions, Ministry of Railways, State Committee for Northern Territories	1996-2005	18.5

	Programme Name	Programme Approval Decision	State Customer	Implementation Period	Programme Financing Earmarked in 1997 Federal Budget (adjusted for sequestration)
1	2	3	4	5	6
3	"Comprehensive social and economic development of Krasnodar Territory"	Government Decree No. 702 dated 13/6/96	Ministry of Economics (coordinator), Ministry of Agriculture and Provisions, State Committee for Construction, Ministry of Fuel and Energy, Ministry of Transport, State Committee for Physical Culture and Tourism	1996-2000	7.0
4	"Economic and social development of the Republic of Mordovia"	Government Decree No. 1257 dated 26/12/95	Ministry of Economics (coordinator), Ministry of Agriculture and Provisions, State Committee for Construction, Ministry of Transport	1996-2000	52.8
5	"Economic and social development of Pskov Region"	Government Decree No. 149 dated 16/2/96	State Committee for Construction	1996-1998	42.3
6	"Economic and social development of Tver Region (Great Watershed areas)"	Resolution No. 2336-1 of the Soviet of Nationalities of the Supreme Soviet dated 12/2/92	Administration of Tver Region	1993-2000	0.9
7	"Preservation and development of St. Petersburg's historical city centre"	Government Decree No. 585 dated 16/5/96	State Committee for Construction	1996-2010	28.8
8	"Social and economic development, ethnic and cultural revival of the Balkan people"	Government Decree No. 374 dated 3/4/96	Ministry of Nationalities	1996-2000	1.1

	Programme Name	Programme Approval Decision	State Customer	Implementation Period	Programme Financing Earmarked in 1997 Federal Budget (adjusted for sequestration)
1	2	3	4	5	6
ENVIRONMENTAL PROGRAMMES					
9	"State support for public natural reservations and national parks"	Government Decree No. 1032 dated 10/10/96	State Committee for Ecology, Forestry Agency	until 2000	100.1
10	"Environmental rehabilitation of the Volga river and its tributaries, restoration and prevention of deterioration of natural complexes in the Volga basin" ("Volga Revival")	Government Decree No. 95 dated 2/2/96 (First-priority activities)	Ministry of Natural Resources (coordinator), federal executive authorities, executive authorities of Russian Federation subjects	1996-2010 (First-priority activities for 1996-1998)	43.3
11	"Establishment of an Integral Automated Radiation Monitoring System (IARMS) in the Russian Federation"	Government Decree No. 1085 dated 2/11/94	State Committee for Ecology (coordinator), the relevant ministries and agencies for specific aspects	1997-2002	5.9
12	"Development of the system of hydro meteorological support for the economy of the Russian Federation"	Government Decree No. 437 dated 3/5/94	Committee for Hydro meteorology	1994-2000	383.9
13	Environmental rehabilitation and human health protection in Tula Region	Government Decree No. 732 dated 2/6/93	Administration of Tula Region	1993-1998	5.2
14	"Urgent measures to improve the environmental, sanitary, epidemiological and public health situation in Bratsk, Irkutsk Region" ("Bratsk Ecology")	Government Decree No. 376 dated 23/4/94	Bratsk City Administration, Irkutsk Region	1994-2000	12.7

	Programme Name	Programme Approval Decision	State Customer	Implementation Period	Programme Financing Earmarked in 1997 Federal Budget (adjusted for sequestration)
1	2	3	4	5	6
15	"Flood protection of localities, business facilities, agricultural and other valuable lands in Primorsky Territory"	Government Decree No. 340 dated 15/4/95	Administration of Primorsky Territory	1995-2000	37.3
16	"Rehabilitation of the environmental and public health situation in Nizhny Tagil, Sverdlovsk Region	Government Decree No. 452, 6/5/95	Nizhny Tagil City Administration, Sverdlovsk Region	1996-2000	2.3
17	"Protection and improvement of the localities damaged by the destructive impact of Krasnodar Reservoir"	Presidential Edict No. 207 dated 10/2/93; Government Decree No. 81 dated 26/1/95	Government of the Republic of Adygeya	1993-2000	8.9
18	"Solving the social, economic and environmental problems related to Caspian water rise" ("Caspian")	Government Decree No. 328 dated 23/3/96 (First-priority activities)	State Committee for Construction	1996-2000	58.9
19	"Social and economic rehabilitation and human health protection in Chapayevsk, Samara Region	Government Decree No. 1071 dated 2/11/95	State Committee for Ecology	1997-2010	5.1
20	"Protecting the environment and population against dioxin and dioxin-like toxic substances" ("Dioxin")	Government Decree No. 1102 dated 11/11/95	State Committee for Ecology	1996-1997	6.3
PROGRAMMES FOR ELIMINATING CONSEQUENCES OF DISASTERS AND OTHER EMERGENCIES					
21	"Protecting the Russian Federation population against Chernobyl consequences" ("Chernobyl")	Decree 1112 of the Council of Ministers dated 28/8/97	Ministry of Emergencies	1996-2000	89.3

	Programme Name	Programme Approval Decision	State Customer	Implementation Period	Programme Financing Earmarked in 1997 Federal Budget (adjusted for sequestration)
1	2	3	4	5	6
22	"Social and radiation rehabilitation of the Ural population and areas damaged due to the operations of Production Association "Mayak" for the period ending 2000"	Government Decree No. 577 dated 13/5/96	Ministry of Emergencies (coordinator), Ministry of Nuclear Energy, executive authorities of Chelyabinsk, Kurgan and Sverdlovsk regions	1996-2000	39.2
23	"Rehabilitation of the population, social and economic development in the areas of Altai Territory damaged by radiation as a result of Semipalatinsk nuclear tests for 1994-1995 and for the period ending 2000"	Decree No. 1160 of the Council of Ministers dated 16/11/93	Ministry of Emergencies	1994-2000	14.42
24	"Medical and social assistance to the population, sanitary and hygienic rehabilitation of the localities of the Republic of Altai damaged by radiation as a result of Semipalatinsk nuclear tests for 1994-1995 and for the period ending 2000"	Government Decree No. 1307 dated 31/12/95	Ministry of Emergencies, Government of the Republic of Altai	1996-1997 and until 2000	9.9
25	"Ensuring the seismic stability of business facilities in Kamchatka Region" ("Seismic Protection")	Government Decree No. 606 dated 26/6/95	Administration of Kamchatka Region	1995-1999	61.8

	Programme Name	Programme Approval Decision	State Customer	Implementation Period	Programme Financing Earmarked in 1997 Federal Budget (adjusted for sequestration)
1	2	3	4	5	6
26	"Developing the Federal Seismic Observation and Earthquake Forecast System (FSOS)"	Government Decree No. 1207 dated 3/11/94	Ministry of Emergencies	1996-2000	16.5

Appendix 4 List Of Federal Special-purpose Programmes To Be Financed Out Of The 1997 Federal Budget
(Billion Rb in 1997 levels)

	Name of Programme/Sub-programme	State Investment	Current Expenses		Total Financing
			Research and development Needs	Other	
1	2	3	4	5	6
	Housing Development				
1.	"Housing" programme State customer: Russian Federation Government, Ministry of Construction, State Committee for Northern Territories, Ministry of Emergencies, Ministry of Defense, State Ministry for Youth Affairs, other federal executive authorities, executive authorities of subjects	6,525.34	1.90		6,527.24
	including:				
	Management Centre of the Military Space Forces (Krasnoznamensk)	106.00			106.00
	housing development pursuant to Edicts of the Russian Federation President and Decrees of the Russian Federation Government	150.50			150.50
	as part of the "Housing" programme:				
1.1	Programme: "Housing Provision for Servicemen, Individuals Dismissed or Retired from Military Service, Employees of Internal Affairs Authorities and Their Family Members in 1996-1997"	3,985.80			3,985.80
	including:				
	relocation from Leninsk (Baikonur)	200.00			200.00
	in addition:				
	under the defence expenditure budget	4,057.50			4,057.50

	Name of Programme/Sub-programme	State Investment	Current Expenses		Total Financing
			Research and development Needs	Other	
1	2	3	4	5	6
	State customer: Ministry of Defence, other federal executive authorities, executive authorities of Russian Federation subjects, Ministry of Construction (supervision)				
1.2	Presidential programme: "Housing development in the Russian Federation for individuals moving from Arctic and equivalent areas" (1993-2005) State customer: State Committee for Northern Territories	224.00			224.00
1.3	Programme: "Housing Provision for Participants in the Liquidation of the Chernobyl Accident Consequences" ("Housing for Liquidators") (1995-1997) State customer: Ministry of Emergencies	200.00			200.00
1.4	"Own Home" programme (1996-2000)	965.00	1.90		967.10
2.	"Statistics Reform" programme (1997-2000) State customer: State Committee for Statistics	25.00	10.30		35.30
3.	Programme: "State Support for Small Businesses in the Russian Federation" (1996-1997), financed from the Federal Small Business Support Fund State customer: Federal Small Business Support Fund			386.60	386.60
	Base Economic Sectors and Infrastructure				
4.	Programme: "Defense Industry Conversion in 1995-1997"		931.80	2,025.50	2,957.30
	including:				
	conversion of the Russian Space Agency's enterprises		51.80	82.09	133.89
	conversion loan	2,412.50			2,412.50
	State customer: State Conversion Fund (coordinator), Ministry of the Defense Industry, Ministry of Transport, Ministry of Fuel and Energy, Ministry of Communications, Ministry of Nuclear Energy, Ministry of Labour, Russian Space Agency				
5	Presidential programme: "Development of Russian Civil Aircraft" (for the period ending 2000) State customer: Ministry of the Defense Industry		843.15	42.00	885.15

	Name of Programme/Sub-programme	State Investment	Current Expenses		Total Financing
			Research and development Needs	Other	
1	2	3	4	5	6
6.	Presidential programme: "Russian Shipyards" (1996-2000) State customer: Ministry of the Defense Industry		217.80		217.80
7	Presidential programme: "Development of Russian Electronics" (1994-2000) State customer: Ministry of the Defense Industry		361.95		361.95
8	"Fuel and Energy" programme (1996-2000) State customer: Ministry of Fuel and Energy (coordinator), Ministry of Nuclear Energy, State Committee for Science and Technology, Ministry of Industry	1,260.00	143.50	0.80	1,404.30
	in addition:				
	out of the proceeds of coal industry subsidies	2,402.00			2,402.00
	including:				
	Beringovskaya Mine (Chukotka Autonomous District)	25.00			25.00
	Soltsevsky Open Pit (Sakhalin Region)	30.00			30.00
	Mugunsky Open Pit (Irkutsk Region)	35.00			35.00
	Yerkhovetsky Open Pit (Amur Region)	10.00			10.00
9.	Programme: "Energy-Saving Electrical Equipment" (1996-1997) State customer: Ministry of Industry	9.50	1.58		11.08
10.	Presidential programme: "Gasification of Russia" (1996-2000) State customer: Ministry of Fuel and Energy, Ministry of Agriculture and Provisions	115.00			115.00
	including:				
10.1	Presidential programme: "Gasification Development in the Central Chernozem Area of the Russian Federation in 1996-2000"				
	State customer: Ministry of Fuel and Energy, Ministry of Agriculture and Provisions	20.00			20.00
11	"Communications" programme	668.5	190.48	1,365.88	2,224.86

	Name of Programme/Sub-programme	State Investment	Current Expenses		Total Financing
			Research and development Needs	Other	
1	2	3	4	5	6
	including:				
11.1	Programme: "Revival of the Russian Merchant Marine" (1993-2000) State customer: Ministry of Transport	241.00	14.68		255.68
11.2	Programme: "Russian Inland Waterways" (1996-2000) State customer: Ministry of Transport	330.00		668.80	998.80
11.3	Programme: "Railway Passenger Transportation Development and Quality Improvement" ("Vehicle Development, Including Locomotive Engineering") (1994-2000) State customer: Ministry of Railways, Ministry of Industry	27.80			27.80
11.4	Programme: "Development of Urban Bus, Trolley Bus and Tram Manufacture in the Russian Federation during 1993-2000" ("Passenger Vehicle Development") State customer: Ministry of Industry, Ministry of Transport, Ministry of the Defense Industry	24.50	3.00		27.50
11.5	Presidential programme: "Development of Communications, Television and Radio Broadcasting Equipment" (1997-2005) State customer: Ministry of the Defense Industry		170.00		170.00
11.6	Presidential programme: "Establishment and Development of a Special-Purpose Information and Telecommunications System in the Interests of Governmental Authorities" (ITCS programme, Governmental Communications) (1996-2000), financed from the Customs System Development Fund State customer: Federal Agency of Governmental Communications and Information	2.50			2.50
11.7	Programme: "Traffic Safety Enhancement in Russia" (1996-1998) State customer: Ministry of Transport, Ministry of Internal Affairs		2.80	22.58	25.38

	Name of Programme/Sub-programme	State Investment	Current Expenses		Total Financing
			Research and development Needs	Other	
1	2	3	4	5	6
11.8	Programme: "Development of Postal Communications in the Russian Federation" (1994-2005) State customer: Ministry of Communications	42.70			42.70
12	Programme: "State Protection of Machine Tool Manufacture" (1993-1998) State customer: Ministry of Industry	7.30	3.98		11.28
13	Programme: "Retooling and Development of Russian Metallurgy" (1993-2000) State customer: Ministry of Industry	162.00			162.00
14	Programme: "Increasing the Competitiveness of Russian Products" including:	216.00	9.87	15.00	240.87
14.1	Innovation programme: "Development and Establishment of Competitive Commercial Chemical Production to Implement Economic Development Priorities and Reduce Man-Induced Impact on the Environment" (1993-1997) State customer: Ministry of Industry	185.00	4.23		189.23
14.2	Innovation programme: "Certification and Metrology" (1992-1998) State customer: State Committee for Standards, Ministry of Industry	31.00	5.64	15.00	51.64
15	Innovation programme: "Russian Arctic Equipment" State customer: Ministry of Industry		0.53		0.53
16	Programme: "Development of Commercial Biotechnology" (1996-2000) State customer: Ministry of Industry	3.50	6.00		9.50
	Programme: "Russian Forest Preservation" including:	210.50	76.35	1,449.9	1,736.75
16.1	Programme: "Fire Protection of Forests" (1993-1997) State customer: Russian Forestry Agency	100.00	1.88	638.8	740.68
16.2	"Russian Forests" programme (1996-2000) State customer: Russian Forestry Agency	20.00	4.47	811.10	835.57

	Name of Programme/Sub-programme	State Investment	Current Expenses		Total Financing
			Research and development Needs	Other	
1	2	3	4	5	6
16.3	Programme: Wood Industry Development in the Russian Federation" (1996-2000) State customer: State Committee for the Wood Industry	90.50	70.00		160.50
17	Programme: "Stabilization and Development of Agroindustrial Production in the Russian Federation during 1996-2000" State customer: Ministry of Agriculture and Provisions	73.30	90.45	3,215.5	3,379.25
	including:				
17.1	Programme: "Mechanical Engineering for the Russian Agroindustrial Sector" (1993-1998) State customer: Ministry of Agriculture and Provisions, Ministry of Industry	18.30	76.65		94.95
17.2	Programme: "Development of an Automated State Land Registry System" (1996-2000) State customer: State Land Committee	15.00		616.2	631.20
17.3	"Russian Hops" programme (1996-2000) State customer: Ministry of Agriculture and Provisions	5.00			5.00
17.4	Programme: "Enhancing the Fertility of Russian Soils" ("Fertility") (1996-2000) State customer: Ministry of Agriculture and Provisions		13.80	2,305.7	2,319.50
17.5	Programme: "Fish Industry Development in the Russian Federation" ("Fish") (for the period ending 2000) State customer: State Fishing Committee	35.00		293.6	328.6
18	Programme: "Advanced Mapping and Geodetic Technologies in the Russian Federation" (1994-2000) State customer: Russian Mapping Service	8.70	5.33	39.90	53.93
19	Programme: "Russian Engineering Network of Technical Novelties" ("Russian Engineering Network") (1996-1998) State customer: Ministry of Economics	0.90			0.90

	Name of Programme/Sub-programme	State Investment	Current Expenses		Total Financing
			Research and development Needs	Other	
1	2	3	4	5	6
20	Presidential programme "National Technology Base" State customer: Ministry of the Defense Industry			21.00	21.00
21	Presidential programme: "Development and Application of Dual-Use Technologies in Special Chemistry" State customer: Ministry of the Defense Industry	20.00			20.00
22	State Programme of State Secret Protection in the Russian Federation for 1996-1997 State customer: State Technical Commission of the President			10.00	10.00
23	Programme: "State Support for Local Governments"			50.00	50.00
24	Programme: "Preservation and Development of St. Petersburg's Historical City Centre" State customer: Ministry of Construction, St. Petersburg City Administration			64.00	64.00
25	Programme: "Social and Economic Development of Pskov Region during 1996-1998" State customer: Pskov Regional Administration			94.00	94.00

Appendix 5. List of Legislative Acts Containing and Governing Tax and Customs Privileges

	Legislative Act	Articles of the Legislative Act Containing Tax or Customs Privileges
1	Law No. 2116-1 "On Corporate Profits Tax" dated 27/12/91	Article 6. Tax Privileges
2	Law No. 1992-1 "On Value Added Tax" dated 6/12/91	Article 5. List of Tax-Exempt Goods (Work, Services)
3	Law No. 1998-1 "On Individual Income Tax" dated 7/12/91	Chapter I, Article 3. Tax-Exempt Income
4	Law No. 1759-1 "On Road Funds in the Russian Federation" dated 18/10/91	Article 5, Section 4 Article 6, Section 4 Article 7, Section 4 Tax Privileges
5	Law No. 226-FZ "On State Duty" dated 31/12/95	Article 5. State Duty Privileges
6	Law No. 2003 -1 "On Individual Property Tax" dated 9/12/91	Article 4. Tax Privileges
7	Law No. 2020-1 "On Gift and Legacy Tax" dated 12/12/91	Article 4. Tax Privileges
8	Law No. 2030-1 "On Corporate Property Tax" dated 13/12/91	Articles 4, 5. Tax Privileges
9	Law No. 1730-1 "On Land Tax" dated 11/10/91	Part IV, Article 12. Land Tax Privileges
10	Law No. 2305-1 "On Underground Resources" dated 21/2/92	Article 40. Tax Privileges
11	Law No. 5003-1 "On Customs Tariff" dated 21/5/93	Part VI. Tariff Privileges Article 35. Exemptions from Duty Article 36. Granting of Tariff Preferences Article 37. Granting of Tariff Privileges
12	Federal Law No. 190-FZ of 30/11/95 on the Financial-industrial Groups	Article 15. State Support for the activity of the Financial-Industrial Groups

* The list describes fundamental legislative acts which should be considered taking into account any amendments and additions made thereto.