



MONITORING OF SOCIO-ECONOMIC REFORMS in Russia

No. 1, 2005

**Novelties in the Law and Regulation Introduced
between 01/01/04 and 07/30/05**

Improving Efficiency of Public
Governance

Judicial Reform

Civil Society

Increasing Openness and Competitive
Potential of the Russian Economy

This project is funded by the EU





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RECEP

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IMPROVING EFFICIENCY OF PUBLIC GOVERNANCE

NOVELTIES IN THE LAW AND REGULATION INTRODUCED
BETWEEN 01/01/04 AND 04/30/05

Year 2004 witnessed emergence of a new structure of the federal government. The new structure is streamlined by the governance levels. It is more centralized with the number of ministries and departments being significantly reduced and the redundant functions eliminated. The appointment procedure for top figures has also been made more centralized and formalized. (President Decree No. 314 of March 9, 2004 *On System and Structure of Federal Executive Bodies*). Yet the new system is to prove its efficiency. A number of measures has also been proposed to optimize of the functions of the Administration of the President. In particular, it is expected that its expenses will be cut, the functions of the staff clarified, and the procedure for communication with the Government formalized and streamlined. (Presidential Decree No. 400 of March 25, 2004 *On Executive Office of the President of the Russian Federation*).

The administrative reform and the reform of public service were launched with the Presidential Decree No. 910 of July 16, 2004 *On Measures to Improve Public Administration*, which sets up the Presidential Commission on Improving Public Administration. The Commission is responsible for drawing up and submitting to the President drafts of federal laws and other statutory acts on enhancement of public governance.

One of the first steps is the Federal Law No. 79-FZ of July 27, 2004 *On Official Public Service in the Russian Federation*. The Law defines the state service as a civil society institution and elaborates on procedures including examination and verification of officials' qualifications, their training, motivation, and recruitment.

A major novelty aimed to raise efficiency of public spending is Government Statutory Act No. 80 of February 14, 2004 *On Measures for Implementation of Federal Law "On Federal Budget-2004"*. In particular, the act makes it illegal for the Government to amend the annual budget after the Budget Law is signed by the Duma. The act also rules out any possibility for using the federal budget for financing contracts of federal institutions in excess of the established spending limits.

Higher efficiency of government spending is also expected from the budget reform initiated in April of 2004. The idea of the reform is to develop a mechanism that would link public expenditures to the outcome – quantified public costs and benefits (Government Act No. 249 of May 22, 2004).

Drastic changes in the taxation system of the Russian Federation have been brought in by Federal Law No. 95-FZ of July 29, 2004 *On Amendments to Parts One and Two of the Tax Code*. The Law reduces the number of taxes and duties, streamlines the tax base, and terminates almost all current tax privileges. Overall, the adopted measures aim at making the taxation more transparent and less complicated. Along with the reforming the fiscal system at the federal level, a number of changes have been implemented at the regional and municipal levels. In particular, the principle of a balanced local budget was suggested, the excess or unplanned subventions have been ruled out, as well as any expenses that are not adequately financed (State Duma Act No. 935-IV GD of August 3, 2004).

EXPERT ASSESSMENT OF REFORMS BETWEEN 01/01/2004 AND 04/30/2005

In 2004 first practical steps were made to reform the structure of the public governance and public service. According to the *Concept of the Public Service Reform* approved by the President of the Russian Federation in 2001, the key objective of the reform is to assist business by reducing administrative barriers and easing the red tape. To this end, the intermediate results are as follows:

- (1) a new functional structure for federal public administration has been established,
- (2) the support staff in both executive and legislative bodies has been cut,
- (3) a procedure for privatization of public (government-controlled) assets and a framework for commercial activities of public institutions and unitary enterprises have been established.

It is important that the above mentioned laws and initiatives are largely research-based. They are based on a number of studies of the prescribed functions and the practice.

It can be concluded that the lack of external motivation represents a serious threat for the administrative reform in Russia. There is no any national-wide force such as a political party or any other public institution that would enforce the executive authorities to implement the reform and to provide monitoring. This could be done by parliamentary and off-parliamentary activities. But no motivation is seen on the part of the State Duma, whereas the reform enjoys no broad public support from the civil society institutions, which are either weak or nonexistent. In fact, the motivation comes from a private initiative group and, possibly, the President, whereas the concept is a product of rather academic work but not of a platform of a political party or an alliance.

As a result, the newly adopted laws and regulations are not fully consistent and they demonstrate some inefficiencies. The following drawbacks and difficulties need to be emphasized:

- (1) the political and administrative powers of executive bodies have not been separated, with ministers still administrating and approving current decisions of the subordinated agencies and departments,
- (2) while the structure was drastically changed and functions revised, the functions, the flows of information and financial flows have not been optimized,
- (3) no progress is seen (with regress in certain cases) in information transparency as well as no improvements in the interest groups regulation,
- (4) except for issues of tax administration, the reform failed to reach the sub-federal authorities,
- (5) no adequate mechanisms created for pre-court appeals against actions of government bodies and officials.

Overall, the steps undertaken during the study period make very little to improve the relationship and communication between the state, civil society institutions and business. In part, this is because of the incompleteness and inconsistency of the reform, in part this is due to the vague position demonstrated by the President, the government and the Federation Council. The poor implementation procedure is responsible too.

Those five points need to be addressed as high-priority issues in 2005.

In addition to the above mentioned, the government is advised to take on the following measures:

- to develop the IT support for administrative processes and to introduce the use of electronic documents, to give the electronic documents a full or partial legal

status. This reform has been earmarked by the federal program *Electronic Russia 2002 – 2010*,

- in labor contracts with employees, to complement the assessment system by an efficient motivation scheme, to implement a monitoring of the performance of both the staff members at the individual level and the departments,
- to develop the federal public service standards, procedures, and compensation-by-result system for the staff in line with the Federal Law *On Public Service in the Russian Federation* of July 27, 2004.

There is no need in additional research. The outcome now largely depends on the organization and the political will.

LIST OF MAJOR LAWS AND STATUTORY ACTS

Reform Target Area	Act Adopting Body and Type of Act	Act Title	Novelty Introduced by Act
Administrative reform and reform of public service	<i>Government, Regulation No. 78 of February 13, 2004</i>	On Wages for the Employees of the State Courier Service of the Russian Federation	The act defines the pay procedure, deregulates the decision-making mechanism for compensations and payments to the Courier Service employees. For the first time, the Service has obtained a free hand for setting bonuses and compensation payments related to specifics of the employees' activities (as per list agreed upon with Ministry of Labor and Social Development).
Government spending efficiency Tax reform Inter-budgetary relations and local government	<i>Government, Regulation No. 80 of February 14, 2004</i>	On Implementation of Federal Law "On Federal Budget for Year 2004".	The act establishes a procedure for amending the draft budget. In particular, this year changes in the combined list under Article 35 of Federal Law "On Federal Budget for Year 2004" shall be introduced by the Finance Ministry upon special requests from the federal funds administrating bodies. No amendments generating a positive balance surplus are allowed. Any amendment needs to be considered in accordance with the Budget Law. In other words, the once adopted budget plan can not be adjusted to the circumstances by the Duma or by the government. In 2004 the financial liabilities of the federal institutions which operate under the contracts financed out of federal budget shall not be financed by federal funds in excess of the initially established levels. In purchasing goods and services, in extending established payments, in entering into contracts for supplies of works and services, and in taking other liabilities which shall be funded from public (federal) sources, the federal institutions shall not exceed the annual limits. The limits, in turn, have to comply with the structure of the economic classification of expenditures of the official budgets.

Reform Target Area	Act Adopting Body and Type of Act	Act Title	Novelty Introduced by Act
			<p>The institutions are required to provide the Treasury with documents on assuming payments for heating and technical needs, natural gas consumption, petrol, electricity, water supply and other utilities.</p> <p>The same refers to the national security and special service institutions. If the above documents disclose operating plans of such federal institutions, only unspecified document shall be submitted.</p> <p>The repayment of debt to the Ministry of Finance by public institutions is now motivated economically. The federal law provides some economic motivation. On behalf of the Government, the Ministry shall enter into agreements on agency functions in relation to the Russian Development Bank, Russian Agricultural Bank and Rosagroleasing (Russian Agricultural Leasing) to ensure debt repayment in 2004 as per Articles 78 and 79 of Federal Law On Federal Budget for Year 2004. The bank therefore will act as an agent on behalf of the government. At that, remuneration in the amount of 10 million rubles to each has been fixed for execution of the government agency function.</p>
<p>Government spending efficiency</p> <p>Inter-budgetary relations and local government</p>	<p><i>State Duma Regulation No. 82-IV of February 13, 2004</i></p>	<p>On draft Federal Law No.364776-3 On Amendments to Article 26(4) of Federal Law "On General Principles for Organization of Legislative (Representative) and Executive Government Bodies of the Russian Federation Subjects"</p>	<p>The public spending decision making and control remain centralized. The State Duma rejected an the proposal aiming to increase the role of regions in the defcision-making at the federal level.</p>
<p>Tax reform</p>	<p><i>Federal Law No. 10-FZ of March 5, 2004</i></p>	<p>On Amendments to Federal Law "On Basics of Compulsory Social Insurance" due to introduction of a single social tax</p>	<p>The act specifies terminology and establishes that the Law is now extended to the regulation of the self-employment.</p>
<p>Administrative reform and the reform of public service de-bureaucratisation and reform of technical regulations</p>	<p><i>President Decree No. 314 of March 9, 2004</i></p>	<p>On System and Structure of Federal Executive Bodies</p>	<p>The Decree sets up a new executive branch structure and defines responsibilities and competencies of federal ministries, agencies, and departments as well as responsibilities and procedure for appointment of top figures. Now the government is divided into three levels and more centralized. The new system ensures or at least is supposed to ensure a lesser degree of redundancy and procedural inefficiencies.</p>
<p>Administrative reform and the reform of public service</p>	<p><i>President Decree No. 393 of March 22, 2004</i></p>	<p>On Amending Certain Decrees of the Russian Federation President on Government Service</p>	<p>The Decree makes up for an omission in the current regulation. It defines the legal status of the government employees for the trade councilors and the trade attaches.</p>

Reform Target Area	Act Adopting Body and Type of Act	Act Title	Novelty Introduced by Act
Administrative reform and the reform of public service	<i>President Decree No. 400 of March 25, 2004</i>	On Executive Office of the President of the Russian Federation	The Decree offers measures to optimize the functions of the President Administration and to cut its expenses. Those include a more clear division of responsibilities, more formalized procedures and codes of conduct and the staff reduction.
Administrative reform and the reform of public service	<i>Government Regulation No. 215 of April 16, 2004</i>	On Optimization of Coordination, Advisory and other Bodies and Groups Established by Russian Federation Government	The list of nominees has been agreed upon.
Inter-budgetary relations and local government	<i>State Duma Regulation No. 383-IV of April 16, 2004</i>	On Draft Federal Law No. 390444-3 On Amendments to Paragraph 4 of Article 26(11) of Federal Law "On General Principles for Organization of Legislative (Representative) and Executive Government Bodies of the Russian Federation Subjects"	A draft proposing that accounting of the public real assets owned by the subjects (regions) of the Russian Federation shall be subject to the regional regulation has been considered. It was decided not to proceed with the draft and to preserve the current wording that states the accounting is subject to the federal law.
Administrative reform and the reform of public service	<i>Government Regulation No. 520-r of April 26, 2004</i>	On Structure of Executive Office of the Russian Federation Government	The staff of the mentioned bodies was cut and optimized to improve the efficiency of the Government and to streamline the structure of the Government Administration.
Administrative reform and the reform of public service	<i>Government Regulation No. 226 of April 30, 2004</i>	On Governmental and Interagency Coordination, Advisory and other Bodies and Groups Established by Russian Federation Government and Federal Executive Bodies	The decree specifies and formalizes the statuses of coordination and advisory councils. It aims to reduce inefficient activities and to restrain the bureaucracy. The coordination bodies now are divided into commissions and organization committees. A commission can be established for providing coordination across government institutions while the organization committee can be established in order to fulfill a specific assignment. Advisory bodies titled councils can be formed in order to provide consultations and advisory support for the government on specific issues of interest.
Administrative reform and the reform of public service Budgetary sector reform Privatization and management of government assets	<i>President Decree No. 649 of May 20, 2004</i>	On Structure of Federal Executive Bodies	1) To enhance management efficiency, minor changes have been introduced in the structure and the code of conduct of executive bodies, with the Ministry of Transportation and Communications divided into the Ministry of Transportation and the Ministry of Communications. Practice proved a big structure less efficient. 2) The decree provides legal specification of government services, setting forth that budgetary and other institutions may assign the "state" title to rendered services only if these are included in a list adopted as a federal law. In particular, this decree creates a legal basis for determining financial relations between the public institutions and the state budget, as well as for privatizing the such institutions and public assets.

Reform Target Area	Act Adopting Body and Type of Act	Act Title	Novelty Introduced by Act
<p>Administrative reform and the reform of public service</p> <p>Privatization and public asset management</p>	<p><i>Government Regulation No. 682-r of May 21, 2004</i></p>	<p>On Approval of Co-Heads of the Working Group of the Commission for Administrative Reform</p>	<p>Within the government's Commission for Administrative Reform, the decree sets up a number of working groups on optimization of structure and functions of federally-funded government institutions, federal unitary enterprises and other federal enterprises.</p>
<p>Public spending efficiency</p>	<p><i>Government Regulation No. 249 of May 22, 2004</i></p>	<p>On Improving Efficiency of Public Spending</p>	<p>The Regulation approves the Concept for Reforming the Budgeting in the Russian Federation in 2004-2006. It aims to link public spending to the outcome meaning public costs and benefits resulted from the financed activities. The reform essentially shifts budgeting from the management of expenditures to the management of results.</p> <p>Prior to the Regulation, the budget was formed by indexation of standard expenses with their detailed breakdown over items in the budget classification. Under tough budget constraint, the approach ensured a balanced budget. At the same time, the projected expenditures were often unrealistic or ill-defined, whereas budget management was effectively reduced to monitoring the correspondence between the actual and planned figures.</p> <p>Under the new concept, the budget is to be derived from targets or control figures. The allocation of public funds will be clearly linked to the functions (services and activities). The planning will now focus on the end results within specific public spending programs.</p> <p>The new approach enhances the independence and responsibility of budget administering bodies by establishing the so-called long-term transient allocation limits. The limits are part of the mid-term financial plan, annually revised. The new approach establishes an execution procedure accounting for functions and programs assigned to the budget administrators. It motivates an optimal use of resources (human, equipment, real assets). In control, the priority is placed on internal control with responsibilities delegated to the lower levels.</p> <p>Monitoring and subsequent external audit are extended towards funds, and activity end results, whereas end results pose as the criterion of administrators' performance. The core of the budgeting is now the concept (model) of result-oriented budgeting within the mid-term planning, broadly used in many countries.</p> <p>For the 2005 and 2006 federal budget drafts, an experiment is proposed to introduce a new budget planning method. This will be done within the current regulation, where the new procedure complies with the current budget regulation. Public funds to be distributed between federal executive bodies and between the programs will be distributed according to the new procedure. This will be done on a competitive basis. Supportive materials appropriate for the evaluation of the programs as well as the expected out-</p>

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			<p>come and the management quality will be taken into account. Initially, the allocations will be limited to 300 m rubles, whereas later its share in the overall federal budget may grow depending on the experience in the new budget planning methodology and on the developments in the monitoring techniques.</p> <p>The Concept's main principles and the budgeting reform approaches refer to all levels of the Russian Federation budgetary system.</p>
<p>Privatization and public asset management</p> <p>Administrative reform and the reform of public service</p> <p>Reduction of red tape and technical regulation reform</p>	<p><i>Government Regulation No. 260 of June 1, 2004</i></p>	<p>On Regulations for the Government of the Russian Federation and Administration of the Government of the Russian Federation</p>	<p>1) The act establishes the practice code (procedural regulations) for the Government and the rules of document circulation. The practice becomes more formalized, with more detailed and complete description of procedures. The document circulation is placed under dual control – document copies now pass to the employees the task has been assigned to who, then, report on the instruction receipt and the task execution. The regulations also set a procedure for elaboration of documents, opinions, draft laws, as well as the communication rules.</p> <p>2) The Regulation formalizes the status of commissions and organization committees. A committee can be established as a temporary institution to carry out public campaigns or activities as well as to coordinate activities across various ministries and departments where necessary. Technical assistance and provision of a committee should be assigned to the federal executive body a head of which is heading the committee.</p> <p>The organization committee shall be dissolved after its tasks are reported to be completed and the Government has approved the report (presented by a head of the committee). The regulation is aimed to reduce red tape in organization of public activities and coordination across state departments.</p> <p>3) A modified procedure for the Government representation in common law courts and arbitration courts has been approved. Only federal ministries are now allowed to submit the court applications.</p>
<p>Tax reform</p>	<p><i>Federal Law No. 60-FZ of June 30, 2004</i></p>	<p>On Amendments to Chapter 29 of Part Two of the Tax Code</p>	<p>The Law amends the gambling industry regulation. The new rules streamline accounting and tax redistribution in regions but are more complicated and difficult to follow for the taxpayers. Each object of taxation, i.e. a gambling playroom, etc., now needs to be registered with the fiscal tax unit the operator is registered with. Previously the tax authorities registered the total number of facilities at their locations.</p>
<p>Tax reform</p>	<p><i>Federal Law No. 58-FZ of June 29, 2004</i></p>	<p>On Amendments to Statutory Acts of the Russian Federation and Nullification of Certain Statutory Acts of the Russian Federation in Relation with Steps</p>	<p>Federal executive bodies authorized to control and monitor taxes and custom duties have been divested of the right for issuing statutory acts on taxes and duties.</p> <p>The Law eliminates the mandatory publication of laws and regulation acts related to fiscal regulation. From now on, non-compliance with new norms and rules including the</p>

Reform Target Area	Act Adopting Body and Type of Act	Act Title	Novelty Introduced by Act
		on Public Administration Improvement	schedule is a sole responsibility of the taxpayer. The absence of an "official publication" is no longer an excuse for a missed deadline, etc.
Administrative reform and the reform of public service	<i>President Decree No. 727 of June 8, 2004</i>	On Approval of Regulations for the Department of Public Service, the President Administration	The Decree establishes the status of the Public Service Department that becomes an independent unit within the President Administration. The Department is authorized to provide organizational support to the public service reform, draw up draft laws, provide analytical support, and act as an official contractor for the staff training abroad. It aims at improving efficiency in decision making and of the staff training expenses.
Administrative reform and the reform of public service	<i>President Decree No. 910 of July 16, 2004</i>	On Measures to Improve Government Management	<p>The Decree provides for practical implementation of the administrative reform, forming Presidential Commission on Improving Public Administration that incorporates working groups on:</p> <ul style="list-style-type: none"> • measures for government service reform; • federative relations and local government; • system and structure of federal executive bodies. <p>The groups are aimed to study possible practical ways to restructure the government service and set out major criteria and requirements for government workers and structures.</p> <p>The Commission shall tackle the following key tasks:</p> <p>a) coordination of Presidential and Government advisory and consultative bodies engaged in the area of government service improvement;</p> <p>b) elaboration and submission to President of draft federal laws and other statutory acts on improvement of government service.</p>
Administrative reform and the reform of public service	<i>Government Regulation No. 357 of July 17, 2004</i>	On Government Contracts for Training and Advanced Training of Workers of Federal Executive Bodies in 2004	Proceeding from prior analysis of requirements, the Regulation approves government contracts for training and advanced training of the federal government employees in 2004. The Regulation specifies the number of trainees, curricula and allocations in relation to programs and ministries/agencies for the entire year. It is expected that the program of training will not be revised.
Administrative reform and the reform of public service	<i>Federal Law No. 79-FZ of July 27, 2004</i>	On Civilian Government Service in the Russian Federation	The Law provides for a number of measures to enhance openness and accessibility of government civil service, as well as its relationship with civil society institutions. Relationship is established between federal and regional government services, as well as between civilian service and other types of government service in the Russian Federation. The Law offers a detailed description for personnel work including examination and reexamination of civil servants, organization of their training and establishment of personnel reserve.

Reform Target Area	Act Adopting Body and Type of Act	Act Title	Novelty Introduced by Act
			<p>Before adoption of this Law, the Federal Law On the Principles of Public Service in the Russian Federation and the Labor Code of the Russian Federation had treated the relations of government civil servants as labor relations regulated specifically. Now, most specific norms have been terminated. Regulation of official relationships of the government employees almost fully reproduces appropriate provisions of the Labor Code.</p> <p>The Law requires mandatory elaboration and approval of official rules for civil servants to define responsibilities, rights and other features of their official activities.</p> <p>The Law requires entering into a service contract with civil servant; defines the contract's key contents, forms and periods; and envisages a detailed procedure for contract completion.</p> <p>The Law establishes a flexible payment schedule, which makes possible differentiating the worker's pay depending on his performance and end results.</p>
<p>Tax reform</p> <p>public spending efficiency</p> <p>Inter-budgetary relations and local government</p>	<p><i>Federal Law No. 95-FZ of July 29, 2004</i></p>	<p>On Amendments to Parts One and Two of the Russian Federation Tax Code and Nullification of Certain Statutory Acts (Provisions of Statutory Acts) of the Russian Federation on Taxes and Duties</p>	<p>The tax system is modified along three lines: (a) fewer taxes and duties; (b) more systematic and simplified calculation; (c) fewer privileges and exemptions. In particular, the following measures have been taken:</p> <ul style="list-style-type: none"> • Beginning from 2005, the number of taxes and duties in the Russian Federation is cut to fifteen and the number of taxation schemes – to four. • The taxation procedure and taxation powers are organized to match the new structure of municipal entities. • Currently, a tax or due may be established only by law and only by direct listing of essential elements of a tax obligation. (As before, establishment of a tax is a subject of legislative regulation and not a constitutional issue.) • As for the imputed tax on small business, the local authorities have been given with the right to select the adjustment factor and the types of businesses that might be eligible for this tax from the list from the Tax Code.
<p>Tax reform</p>	<p><i>Federal Law No. 92-FZ of July 28, 2004</i></p>	<p>On Continued Experiment in Immovable Property Taxation in the Cities of Veliky Novgorod and Tver and Amendments to Federal Law "On Experiment in Immovable Property Taxation in the Cities of Veliky Novgorod and Tver"</p>	<p>The experiment is designed to test a new, previously approved taxation scheme for property and real estate in order to avoid double taxing. The Law also specifies the experiment procedure.</p>

Reform Target Area	Act Adopting Body and Type of Act	Act Title	Novelty Introduced by Act
Tax reform	<i>Federal Law No. 86-FZ of July 28, 2004</i>	On Amendments to Chapter 22 of Part Two of the Russian Federation Tax Code	Grouping has been changed for all excisable goods, with higher excises for consumer unfriendly ones. Simplified calculation reduces grounds for optimizing taxes in this area, especially for perfumery and wines. For example, there is now a single rate for all non-sparkling wines.
Tax reform	<i>Federal Law No. 66-FZ of July 20, 2004</i>	On Amendments to Articles 346(27) and 346(29) of the Russian Federation Tax Code	The Law introduces a definition for vehicle, and specifies the physical parameter of basic return in relation to automotive services. The amendments clarify definitions of the businesses and activities in the automotive services for the fiscal purposes.
Tax reform	<i>Federal Law No. 65-FZ of July 20, 2004</i>	On Amendments to Part Two of the Russian Federation Tax Code	Amendments and supplements introduced into Chapter "Taxation in the Form of a Single Tax on Imputed Income for Certain Activities". The tax can be levied on taxpayers who render vehicle storage services at commercial parking lots.
Public spending efficiency Tax reform Inter-budgetary relations and local government	<i>State Duma Regulation No. 935-IV GD of August 3, 2004</i>	On Draft Federal Law On Amendments to Statutory Acts of the Russian Federation and Nullification of Certain Statutory Acts of the Russian Federation due to Adoption of Federal Laws "On General Principles for Organization of Legislative (Representative) Bodies in the Russian Federation" and "On General Principles for Organization of Local Government in the Russian Federation"	<p>The Regulation is aimed to propose a law that would prevent regional and municipal authorities from maintaining unbalanced budgets, to streamline of social support, and to exclude from the Law welfare benefits that cannot be rendered in full scope.</p> <p>In accordance with the Duma-suggested wording, the Law sets the following novelties:</p> <ol style="list-style-type: none"> 1) Attempt has been made to rule out situations where the federal budget face requests for subventions not included in the budget. It is now not possible to define administrative responsibilities and budget expenditures of the regions by a federal law. The wording "attempt has been made" has been employed because efficiency of the decision is to be seen. 2) The Law provides for assigning the subjects (regions) of the Russian Federation with federal powers only in case federal budget subventions have been rendered. 3) The Law requires clear distribution of commitments between budgets of all levels. With regard the expenditure planning, the following is to be ruled out: <ul style="list-style-type: none"> • financing simultaneously from two budget levels, • financing defined in terms of a consolidated budget, • defining particular expenditures without defining the sources of financing. 4) The Law improves the efficiency of the welfare budget by allowing the government to determine the most impoverished citizens and to define the categories of the population the aid needs to be addressed to. 5) The law terminates the commitments for budgets at all levels, which have been deprived of financial sources or proved to be unfeasible.

Reform Target Area	Act Adopting Body and Type of Act	Act Title	Novelty Introduced by Act
Privatization and public asset management	<i>Government Regulation No. 1124-r of August 26, 2004</i>	On Approval of Perspective Plan (Program) for Privatization of Government Assets for Year 2005	<p>In years 2005–2007 public offering will take place in relation to shares of former state unitary enterprises, now incorporated or planned to be incorporated.</p> <p>According to the Regulation, in 2005–2007 the government policy in privatization of federal property will have the following key tasks:</p> <ul style="list-style-type: none"> • privatization of federal property and production assets except for those performing the state functions (defined by the law); • stage-wise reduction of federal state unitary enterprises; • acceleration of privatization of federal property; • generation of additional revenues for federal budget. <p>In 2006 – 2007 offered for sale shall be all federal state unitary enterprises except for those performing the state functions.</p>
Public spending efficiency Inter-budgetary relations and local government	<i>Federal Law No. 120-FZ of August 20, 2004</i>	On Amendments to Budgetary Code of the Russian Federation in Regulation of in Inter-Budgetary Relations	Separation of fiscal powers of federal and regional authorities
Tax reform	<i>Federal Law No. 104-FZ of August 20, 2004</i>	On Amendments to Article 4 of the Russian Federation Law On State Duties	<p>To make credit more attractive for the economy:</p> <ul style="list-style-type: none"> • lowered federal fees for certification of mortgage contracts, provided that the requirement is set by a federal law; • cancelled federal fees for registration of contracts for mortgage of immovable property (mortgage contracts) and issuance of appropriate registration document.
De-bureaucratization and technical regulation reform	<i>President Decree No. 1135 of September 1, 2004</i>	On Approval of Rules for Presidential Department of Information and Document Support	The Decree sets procedures for document circulation and submission of documents to the President. The purpose of the change is to provide the President with more accurate and complete information, as well as to develop a more efficient information provision.
The natural resources management	<i>State Duma Regulation No. 987-IV GD of September 24, 2004</i>	On Draft Federal Law No. 60185-4 On Amendments and Supplements to Article 2 of Federal Law “On Implementation of the Russian Federation Land Code”	<p>The draft aims to move down the land prices and to stimulate land buyout by enterprises. The draft has been rejected, yet it has been declared that further improvements needed in the land property rights as well as in the long-term land lease.</p> <p>The amendments to the current regulation are needed in matters related to the land pricing within privatization of state and municipal property. The current regulation is incomplete and partly controversial. Article 2 of Federal Law On Implementation of the Russian Federation Land Code refers the issue of land tax multiple rate to the Russian Federation subjects but fails to provide a clear answer as to whether the multiplicity may be differentiated depending on the user (taxpayer) activity and land plot location.</p> <p>The draft was intended to allow the Russian federation subjects to differentiate the multiple rate for certain land users. The law adoption would have meant wider discretion in setting the rates for the regional authorities.</p>

Reform Target Area	Act Adopting Body and Type of Act	Act Title	Novelty Introduced by Act
Public spending efficiency	<i>Government Regulation No. 508 of September 30, 2004</i>	On Procedure for Management of the Russian Federation Stabilization Fund	The Regulation defines the procedure for spending out of the Stabilization Fund and specifies foreign debt instruments the Fund assets can be invested in. It specifies the conditions (indices) those instruments need to satisfy and rules for information disclosure (quarterly reports of the Finance Ministry to the Government on the portfolio composition without risk analysis).
Inter-budgetary relations and local government	<i>Federal Law No. 123-FZ of October 3, 2004</i>	On Amendments to the Russian Federation Land Code, Federal Law On Implementation of the Russian Federation Land Code and Federal Law On Use of Agricultural Lands	Religious organizations owning buildings and infrastructure facilities for religious and charitable purposes on federal or municipal lands (premises) shall receive property rights towards these plots free of charge. Plots classified as the agricultural lands, which have been granted to religious organizations for permanent use (perpetuity), may be handed over into their ownership in cases specified by laws of the subjects of the Russian Federation.
Administrative reform and the reform of public service	<i>President Decree No. 1294 of October 11, 2004</i>	On Approval of the Government Posts List for Federal Government Categories B and V in the Executive Office of the Russian Federation Government	The Decree approves a new personnel arrangements in the Administration of the Russian Federation Government. The purpose of the change is to better link the arrangements to the practice. After April 26, 2004 only newly approved lists shall be used towards persons appointed to the positions with federal government.
The natural resources management	<i>State Duma Regulation No. 1022-IV GD of October 15, 2004</i>	On Draft Federal Law No. 97801698-2 On Licensing of Mineral Resources Use	The draft federal law was withdrawn from consideration as minor and non-relevant. It was intended to establish a single procedure for licensing subsoil assets and activities related to the exploration and use of the subsoil assets, for license issuance, registration, re-issuance, restriction, suspension or termination, protection of license holder rights, as well as for observance of national interests and interests of the subjects of the Russian Federation, requirements to protection and rational use of mineral resources, prevention of mining processes that affect the environment. Licensing of subsoil assets exploration and use has been found to be redundant, with appropriate matters to be considered within the Federal Law on Subsoil Assets.
Administrative reform and the reform of public service	<i>President Decree No. 1439 of November 15, 2004</i>	On Improvements in Pay System for Persons Occupying Federal Government Positions in Presidential Executive Office and Amendments to Certain Decrees of the Russian Federation President	The Decree establishes amounts of pay for government officials adapted to the market dimensions via permanent bonuses. The bonuses will be calculated using a factors against the currently established official wage rate. The Decree raises the currently employed factors and sets forth a legal basis for paying the government employees a relevant compensation.
Administrative reform and the reform of public service	<i>President Decree No. 1440 of November 15, 2004</i>	On Amendments to Federal Program Reform of the Russian Federation Government Service	The Decree amends and specifies the schedule of measures to be taken.

Reform Target Area	Act Adopting Body and Type of Act	Act Title	Novelty Introduced by Act
		(2003 – 2005) approved by Presidential Decree No. 1336 of November 19, 2002	
Administrative reform and the reform of public service	<i>Government Regulation No. 1444-r of November 15, 2004</i>	On Establishment of Working Group on Planning and Improvement Mechanisms for Management of Administrative Reform within the Government Commission on Administrative Reform	The Regulation set up a working group in charge of execution of measures within the administrative reform.
Administrative reform and the reform of public service	<i>Government Regulation No. 1581-r of December 8, 2004</i>	On Signing the Memorandum of Understanding between the Governments of the Russian Federation and Republic of France on Cooperation in Training of Managers for Economic and Government Service Organizations of the Russian Federation in Years 2005 – 2007	The proposal of the Ministry for Economic Development and Trade on training programs has been approved. The Government will participate in a number of training programs for economic and government service organizations.
Inter-budgetary relations and local government	<i>Federal Law No. 159-FZ of December 11, 2004</i>	On Amendments to Federal Law On General Principles for Organization of Legislative (Representative) and Executive Government Bodies of the Russian Federation Subjects and Federal Law On Basic Guarantees towards Electoral and Referendum Rights for Citizens of the Russian Federation	The balance of powers between the President and the legislative bodies has been changed in favor of the President. The Law enhances control over execution of federal laws in the regions. Powers of regions and local authorities in the legislative initiative area have been reduced. In particular, the President obtains the right to dissolve a legislative (representative) body of the subject of the Russian Federation, if the body fails to take appropriate measures upon a court decision within three months after receiving a presidential notice. The Law sets forth a procedure for appointing regional top executives by the President. The scheme is designed in order to enhance reforms and management efficiency and to improve execution of central decisions, as well as to weaken the regional elites.
Public spending efficiency	<i>Government Regulation No. 842 of December 25, 2004</i>	On Amendments to Procedure of Development and Implementation for Purpose-Oriented Federal and Intergovernmental Programs with participation of the Russian Federation	1) The Regulation makes the government coordinating contractor responsible for preparation and implementation of the entire programs, whereas previously the responsibility was rather detailed but still not sufficient to qualify work unsatisfactory or incomplete if that was the case. 2) Following the Regulation, prior to approval by the Russian Federation Government, program drafts shall undergo a mandatory external expert study, whereas previously the requirement had been optional. Also set out are cases when the external expertise shall be carried out at public expense.

Reform Target Area	Act Adopting Body and Type of Act	Act Title	Novelty Introduced by Act
<p>Inter-budgetary relations and local government</p> <p>The natural resources management</p>	<p><i>Federal Law No. 199-FZ of December 29, 2004</i></p>	<p>On Amendments to Russian Federation Legislative Acts Due to Broader Powers of Bodies of Russian Federation Subjects in Joint Operations of Russian Federation and its Subjects, as well as Due to Broader List of Matters Covered by Municipal Entities</p>	<p>Effective law has been adapted to new powers of the subjects of the Russian Federation, which were expanded in matters of joint responsibility involving the Russian Federation and its subjects. Also expanded has been the list of local issues to be handled by municipal entities.</p> <p>Privilege granting and expenditure financing at the regional level is put under federal control. The Russian Federation transfers powers on social, nature conservation and similar matters to the subjects, with appropriate funds regarded as subventions transferred to the subjects. According to the established procedure, the subvention is transferred only upon the completion of the task.</p> <p>The following measures have been adopted:</p> <ol style="list-style-type: none"> 1) The federal government delegates to the regional governments the responsibilities for social assistance to the war veterans and some other privilege holders in housing and utilities expenses. Appropriate funds shall be envisaged in the form of subventions from the Federal Compensation Fund (which is part of the federal budget). 2) the subjects of the Russian Federation are now responsible for the following matters: <ul style="list-style-type: none"> • conservation and use of the fauna objects referred to as hunting objects, • regulation and conservation of aquatic biological resources, • use, protection and conservation of forest resources, • forest fire service, pest and disease control. <p>Actions and measures to be undertaken under the international agreements of the Russian Federation lie within the responsibilities of the subjects of the Russian Federation.</p> <p>The subjects shall quarterly report to the federal body in charge of a single fiscal and monetary policy on the usage of the received subventions. In its turn, the federal body in charge of control and monitoring of appropriate matters shall report on measures taken.</p>
<p>Tax reform</p>	<p><i>Federal Law No. 212-FZ of December 30, 2004</i></p>	<p>On Amendments to Articles 212 and 217 of Part Two of the Russian Federation Tax Code and on Nullification of Article 3 of Federal Law On Amendments to Part Two of the Russian Federation tax Code, Article 19 of the Russian Federation Law "On Basics of the Russian Federation Tax System" and on Nullification of Certain legislative Acts of the Russian Federation"</p>	<p>The Tax Code has been supplemented to account for incomes from new financial instruments (payment cards) and for new, precedent-based aspects of relations between shareholders or co-investors. In particular, excluded from taxation have been incomes received:</p> <ol style="list-style-type: none"> 1) via credit card operations during the interest-free period established by the credit card contract; 2) by shareholders (investors, partners) via revaluation of key assets in the form of additional shares distributed between shareholders (investors, partners) in proportion to their shares and share types, or in the form of difference between new and initial nominal value of shares, or in the form of their property share in the enterprise's own capital; 3) by shareholders of those joint-stock companies during reorganization that envisages distribution of the new company shares between shareholders, or conversion (exchange) of the shares, or augmented organization in the form of shares received additionally or in exchange.

Reform Target Area	Act Adopting Body and Type of Act	Act Title	Novelty Introduced by Act
Tax reform	<i>Federal Law No. 205-FZ of December 29, 2004</i>	On Amendments to Article 346(13) of Part Two of the Russian Federation Tax Code	Not in effect
Tax reform	<i>Federal Law No. 204-FZ of December 29, 2004</i>	On Amendments to Part Two of the Russian Federation Tax Code	Not in effect
Public spending efficiency	<i>Federal Law No. 202-FZ of December 29, 2004</i>	On Budget of the Social Insurance Fund of the Russian Federation for Year 2005	The Law increases the maximum amount of the sickness benefit, with the two initial days of the sick leave to be paid by the employer and the Fund starting payments from day three.
Public spending efficiency Inter-budgetary relations and local government	<i>Federal Law No. 173-FZ of December 23, 2004</i>	On Federal Budget for Year 2005	<p>1) The Government has been granted the right for early repayment of state debt liabilities.</p> <p>2) The Law permits using Stabilization Fund moneys in excess of 500 bn rubles to cover the deficit of the Pension Fund.</p> <p>3) In order to ensure the correspondence of accounting and income distribution to the official requirements, federal taxes and duties as well as other payments shall be fully transferred to regional accounts of the Federal Treasury. The Treasury shall distribute these funds between the federal budget, the regional budgets, and municipal budgets (budgets of closed administrative territorial entities), as well as budgets of public off-budget funds in cases set forth by the Law.</p> <p>3) Regional and local taxes and duties and other revenues being collected by the regional and local budgets, except for budgets that receive in 2005 no the equating Federal Financial Support Fund subsidies (i.e. the subsidies provided to equalize public spending for basic needs in low-income regions) shall be transferred to the regional accounts of the Federal Treasury. They will subsequently be transferred to the regional budgets.</p> <p>4) The Law defines the maximum period for the above transfer operations. Not later than the next day upon receipt of the confirming statement of account, the regional departments of the Federal Treasury shall execute the transfer of funds.</p> <p>5) In case of violating the time limits for return of returnable federal budget funds or their inappropriate use, the amounts shall be transferred to the federal budget. The sums shall be:</p> <ul style="list-style-type: none"> • indisputably written off accounts of the appropriate budgets; • withheld within federal taxes and duties intended for subjects' and local budgets; • levied out of funds intended for transfer to subjects' and local budgets within Inter-Budgetary Transfers.
Public spending efficiency Inter-budgetary relations and local government	<i>Federal Law No. 174-FZ of December 23, 2004</i>	On Amendments to Federal Law On Classification of the Budget of the Russian Federation and Budget Code of the Russian Federation	<p>1) The Budget Code has been supplemented with a provision allowing the regional and local governments to execute further specification towards classification of the sources for internal financing of Russian Federation budgets using program (subprogram) codes.</p> <p>2) The list of persons responsible for the regional budget management must be approved by a law of the region (decisions of the municipal authority) for an appropriate year.</p>

Reform Target Area	Act Adopting Body and Type of Act	Act Title	Novelty Introduced by Act
Administrative reform and the reform of public service	<i>President Decree No. 1634 of December 29, 2004</i>	On Improvements in Pay System for Persons Occupying Federal Government Positions in Executive Offices of Chambers of the Federal Assembly of the Russian Federation	The Decree adjusts the pay system to labor market benchmark, establishing fixed compensations as a percentage to the nominal wage.
Nature management	<i>Federal Law No. 172-FZ of December 21, 2004</i>	On Inter-Category Transfer of Lands or Land Plots	The Law defines a procedure for changing a cadastre category of land plots. It specifies required documents, a normative list of possible reasons for rejecting transfer applications, as well as a normative list of cases for decisions to be made exclusively by the Government of the Russian Federation. Certain articles regulate specific aspects of transferring agricultural lands, lands occupied by settlements, forest and water lands, etc. The Law shall make a guideline for organizations engaged in construction and other activities, which use lands for appropriate purposes. Appropriate amendments have been introduced into the Russian Federation Land Code, the Russian Federation Forestry Code and the Law on Ecological Expertise.
Administrative reform and the reform of public service	<i>President Decree No. 110 of February 1, 2005</i>	On Certification of Government Civil Servicemen in the Russian Federation	Certification shall be carried out to provide assessment of government employees with regard the formal requirements. Certification is intended to help attracting highly professional, motivated employees, to increase the professional level of the current employees.
Administrative reform and the reform of public service	<i>President Decree No. 111 of February 1, 2005</i>	On Procedure of Competence Test for Civilian Employees in the Russian Federation and Appraisal of their Knowledge and Skills (Professional Level)	As expected, a more adequate procedure for assessing professional skills of government employees has been introduced, with a competence test being part of the overall process. The testing shall be offered to civilian employees occupying positions without term limits: a) positions in categories Specialists and Support Specialists; b) positions in category Heads that are the top and key categories Testing shall be performed for assigning the civil ranks.
Administrative reform and the reform of public service	<i>President Decree No. 112 of February 1, 2005</i>	On Contest for Occupation of Vacancies in the Russian Federation Civilian Government Service	A new procedure for assessing professional skills of government employees has been introduced, with a contest being part of the overall process. The contest is to be carried out in all cases except for appointment of top figures, councilors and the cases of contract termination. The decision shall be delegated to the department offering the vacancy.
Administrative reform and the reform of public service	<i>President Decree No. 113 of February 1, 2005</i>	On Procedure for Assignment of Civilian Government Service Ranks to Civilian Government Employees in the Russian Federation	A new system for ranks and classes in the government service has been introduced.

Reform Target Area	Act Adopting Body and Type of Act	Act Title	Novelty Introduced by Act
Administrative reform and the reform of public service	<i>President Decree No. 159 of February 16, 2005</i>	On Tentative Form of Official Contract in Civilian Government Service of the Russian Federation and Occupation of Posts in Civilian Government Service of the Russian Federation	A single contract form, requiring renewal of previous labor agreements within three months has been introduced.
Natural resources management	<i>State Duma Regulation No. 1526-IV GD of February 18, 2005</i>	On Federal Law On Government Monitoring in the Field of Ecology Education	Draft federal law has been withdrawn from consideration as minor and irrelevant. The draft was intended to regulate the relationships between the government, local authorities, organizations, public associations and citizens emerging within the system of continuous ecology education. The Duma found it sensible to define legal relationships in the ecology only within a specific legal case.
Public spending efficiency	<i>Government Regulation No. 106 of March 2, 2005</i>	On Termination of Federal Fund for Small Business Support	The Fund was dissolved due to nullification of Article 8 of Federal Law On State Support of Small Business in the Russian Federation, eliminating one of least effective and most corrupt government spending channels.
Public spending efficiency Inter-budgetary relations and local government Reduction of red tape and technical regulation reform	<i>Government Regulation No. 239 of April 19, 2005</i>	On Approval of Rules for Development, Approval and Implementation of Agency-Wide Purpose-Oriented Programs	1) The Regulation establishes a procedure for development, approval and implementation of state programs for budget planning and improving the efficiency of federal budget spending. 2) The state programs shall be based on a system of aims, tasks and targets of budget planning subjects and shall be reported along with the budget reports.
De-bureaucratization and technical regulation reform	<i>Agreement between the Russian Federation Ministry of Economic Development and Trade and the Russian Federation Ministry of Culture and Mass Communications of April 20, 2005</i>	On Cooperation and Interaction in Implementation of Programmed Steps within Federal Program Electronic Russia (2001 – 2010)	In 2005 the two ministries shall implement a pilot project in relation to a portion of the Russian State Library assets. The project is intended to provide a list of documents for mandatory storage in electronic form only, to develop rules and drafts for regulation of the electronic storage of information.
Government spending efficiency	<i>Government Session of April 21, 2005</i>	Federal Laws Drafts	Decision was taken to approve in general draft Federal Law On Amendments to Part One of the Russian Federation Tax Code Due to Measures on Improving Administration of Taxes. The draft shall be adjusted with special attention on: <ul style="list-style-type: none"> • procedure for decision making with regard recurrent tax inspections; • definition of the status for physical entity – resident of the Russian Federation. <p>The session decided to elaborate on the draft Federal Law On Amendments to Chapters 22 and 26 of Part Two of the Russian Federation Tax Code, with focus on excising procedure for ethyl alcohol, alcoholic drinks and tobaccos.</p>

Reform Target Area	Act Adopting Body and Type of Act	Act Title	Novelty Introduced by Act
De-bureaucratization and technical regulation reform	<i>Government Regulation No. 247 of April 22, 2005</i>	On Amendment to Subparagraph 5.1 of the Rules for Federal Service for Intellectual Property, Patents and Trademarks	Software products have been added to the monitoring range of the Federal Service for Intellectual Property, Patents and Trademarks.
Public spending efficiency	<i>Government Regulation No. 27 of April 27, 2005</i>	On Approval of Rules for Compilation of Combined Report on Results and Key Areas of the Russian Federation Government Activities for Years 200 –2008	<p>The Regulation establishes the Combined Report on Results and Key Areas of the Russian Federation Government Activities for Years 2006 – 2008 in order to enhance combined medium-term planning of the executive bodies' activities.</p> <p>The Combined Report shall contain analysis of results, tasks and figures in relation to the Government activities and budget planning subjects; measures intended to ensure their implementation; list of planned reforms, schemes for development of infrastructure and certain economy sectors; assessment of required material and other resources, as well as factors hampering implementation of the tasks and aims.</p> <p>The Combined Report shall contain the following sections:</p> <ul style="list-style-type: none"> a) results of activities of the Russian Federation Government and budget planning subjects in attaining aims for reporting period; b) aims of the Russian Federation Government and budget planning subjects in the current year and planned period; c) measures to attain aims of the Russian Federation Government and budget planning subjects; d) regional aspects of the Russian Federation Government activities; e) key parameters for scenarios of social and economic development of the Russian Federation within the planned period.
Privatization and public asset management	<i>Government Regulation No. 513-r of April 29, 2005</i>	On Amendments to Perspective Plan (Program) for Privatization of Government Assets in 2005	The Regulation approves the list of assets to be privatized and the privatization procedure, considerably expanding the number of companies in all sectors including banks with federally-owned shares.

Dmitri Nyarginen

JUDICIAL REFORM

NOVELTIES IN THE LAW AND REGULATION INTRODUCED
BETWEEN 01/01/04 AND 05/30/05

In 1992 Russian authorities proclaimed the need to reform the national judicial system and outlined general principles for its restructuring. Some steps in this area were taken between 1992 and 1996, whereas in June 2001 the Russian parliament approved key directions of further reform to start the second wave of judiciary transformation. A Federal Program was launched, allocating 44 billion rubles for “development of the judicial system” in years 2002-2006.

Among other things, during the past 10 years Russian lawmakers have adopted the new Family Code (1995), Criminal Code (1996), Civil Code (1996), Criminal Execution Code (1997), Law on Court Marshals (1997), Law on Magistracy (1998), Law on Military Tribunals (1998), Law on the Status of Judges (2000), Code of Criminal Procedure (2001), Administrative Code (2001), Labor Code (2001), Arbitration Code (2002), Code of Arbitration Procedure (2002), and Code of Civil Procedure (2002). The new law on advocacy in the Russian Federation was passed in May 2002. Although changes appear radical, efficiency of the judicial system remains quite low.

In 2004-2005 there has been no substantial advancement in the judicial reform. Actually, the passed acts seem incremental, as they tend to specify and augment previous law. The core of the matter is not in the law quality but in the state’s ability to enforce these laws.

Persistent problems are the following:

- independence of judges and the entire judicial system (including transformation of arbitration into an independent institution);

- citizens’ access to public justice and skilled legal assistance (including information access);
- corruption inside the judiciary and low legal qualifications of the judges.

Therefore, the key aims in furthering the judiciary change in Russia should be as follows:

- focusing the reform on creation of conditions for minimization of influence on public justice and converting the court system into an independent arbiter in solution of any disputes;
- adopting a system of practical measures to raise professional qualification of judges;
- implementation of constitutional and international law requirements on citizens’ rights for access to public justice;
- recognition and protection of up-to-date legal values within the judicial system;
- development of schemes for active and effective participation of the civil society in administration of justice;
- transparency of the judicial and law enforcement systems, and their accessibility for control of the civil society;
- development of government and public mechanisms to ensure accessible legal assistance for citizens;
- further specialization within the judiciary (including juvenile justice);
- installation of rehabilitation versus punitive principles in operations of courts;
- development of alternative mechanisms for conflict resolution;
- independence of the judiciary to dispose of funds received for their operations.

LIST OF MAJOR LAWS AND STATUTORY ACTS

Reform Target Area	Act Adopting Body and Type of Act	Act Title	Novelty Introduced by Act
Judiciary reform	<i>Russian Federation Government Regulation No. 320 of May 23, 2005</i>	On Approval of Rules for Financial Support of Government Powers Transferred to Executive Bodies of Municipal Entities to Compile Candidate Juror Lists for General Jurisdiction Courts in the Russian Federation	In accordance with Part 14 of article 5 of Federal Law No. 113-FZ On Jurors for Federal General Jurisdiction Courts in the Russian Federation of August 20, 2004, rules have been adopted for financial support of government powers transferred to executive bodies of municipal entities in compilation of candidate juror lists for general jurisdiction courts. The Rules set forth a procedure for extending Federal Compensation Fund subventions to local budgets for financial support of government powers transferred to executive bodies of municipal entities in compilation (modification, supplementation) of candidate juror lists for general jurisdiction courts in the Russian Federation, as well as the subvention sizes.

Reform Target Area	Act Adopting Body and Type of Act	Act Title	Novelty Introduced by Act
Judicial system	<i>Federal Constitutional Law No. 3-FKZ of April 5, 2005</i>	On Amendments to the Federal Constitutional Law On Judicial System of the Russian Federation	The laws set forth a single maximum age of 70 years for all judges, with a three-year trial period preserved for newly appointed figures, cancelled the 15-year limit for all acting judges of the Constitutional Court. A magistrate shall be appointed (elected) for a term established by the law of the Russian Federation subject but in excess of 5 years.
	<i>Federal Constitutional Law No. 2-FKZ of April 5, 2005</i>	On Amendments to the Federal Constitutional Law On Constitutional Court of the Russian Federation	Repeat and subsequent appointment (election) of a magistrate shall make a term established by the regional law for a term not less than 5 years, until the maximum age of 70.
	<i>Federal Law No. 33-FZ of April 5, 2005</i>	On Amendments to the Russian Federation Law On The Status of Judges in the Russian Federation, Russian Federation Law On Magistracy in the Russian Federation; Federal Law On Amendments and Supplements to the Russian Federation Law on Status of Judges in the Russian Federation, and Federal Law On Bodies of the Judicial Community in the Russian Federation	<p>Before December 31, 2004 the Russian Federation Law On Status of Judges in the Russian Federation did not limit the judges' term of office (except for newly appointed district judges and magistrates). Starting from December 31, Federal Law No. 169-FZ of December 15, 2001 limits the judges working age by 65 years, except for judges of the Constitutional Court.</p> <p>An amendment adopted in the second reading stipulates that extension of the maximum age to 70 years shall cover the judges less than 65 years of age on the day the amendments became effective. As a result, between December 31, 2004 and April 4, 2005 the judiciary managed to pension off a considerable number of judges over 65 years old, whose term of office had not been limited before December 31, 2004. Proposal of the Supreme Arbitration Court to make the higher age qualification retroactive was rejected. As a result, at first the Law of December 15, 2001 was used to apply retroactivity of the regressive law, and then these laws were applied to persons whose status had been unfairly degraded.</p> <p>Preservation of the three-year trial period for newly elected judges contradicts the principle of the judge status uniformity stipulated by the Law On Judicial System in the Russian Federation.</p>
Judicial system	<i>Federal Law No. 26-FZ of March 31, 2005</i>	On Amendments to Article 5 of Federal Law On Jurors for Federal General Jurisdiction Courts in the Russian Federation	The Law made a correction in the above Federal Law, replacing the initial wording "citizens of an appropriate municipal entity" by "citizens residing in an appropriate municipal entity".
Arbitration law	<i>Federal Law No. 25-FZ of March 31, 2005</i>	On Amendments to the Russian Federation Code of Arbitration Procedure and Nullification of Federal Law On Amendment to Article 59 of the Russian Federation Code of Arbitration Procedure	The Law final version allows participation of other legal assistants during legal procedure apart from lawyers; permits extension of review proceedings to 6 months; and expands the grounds for modification or cancellation of a reviewed judicial act from infringement of rights and legal interests of an unspecified persons or other public interests to violation of human rights and liberties :in accordance with generally recognized principles and norms of international law and international agreements of the Russian Federation".

Reform Target Area	Act Adopting Body and Type of Act	Act Title	Novelty Introduced by Act
			As a result, the Law makes equal powers of legal entities and physical persons within the arbitration procedure, restoring the balance between the Code of Administrative Procedure and Code of Civil Procedure, as any person has been made valid to represent physical persons and legal entities in the civil proceedings.
Judicial system	<i>Federal Law No. 2-FZ of February 14, 2005</i>	On Amendments to Article 3 of Federal Law On Magistracy in the Russian Federation	The Law brings the jurisdiction of a magistrate in compliance with the Code of Criminal Procedure, Code of Civil Procedure and Code of Administrative Offenses.
Judicial system	<i>Russian Federation Government Regulation No. 890 of December 31, 2004</i>	On Financing and Logistic Support of State Protection Measures Towards Judges, Officials of Law Enforcement and Monitoring Bodies Financed by the Federal Budget	In compliance with Federal Law No. 45-FZ On State Protection of Judges and Officials of Law Enforcement and Monitoring Bodies, the act stipulates that financial and logistic support for state protection measures towards judges shall include physical and social security for above persons. Financing shall proceed out of security bloc funds in accordance with the Law of the Russian Federation.
Legal defense	<i>Federal Law No. 142-FZ of November 30, 2004</i>	On Supplementation of Federal Law On Magistracy in the Russian Federation	The Law sets forth the procedure for replacing an absent magistrate. In case powers of a magistrate have been terminated or discontinued, or a magistrate is temporarily absent (illness, vacation or another good reason), the appropriate district court shall transfer his responsibilities to a magistrate of another judicial precinct within the same judicial district. In case only one magistrate operates in a judicial district, his responsibilities shall be transferred to a magistrate of an adjacent judicial district by decision of chief justice of the superior court or his deputy.
Advocacy	<i>Federal Law No. 163-FZ of December 20, 2004</i>	On Amendments to Federal Law On Advocacy in the Russian Federation	<p>The Law introduces numerous adjustments developed within the law application period towards grounds for terminating the attorney status, organization of the advocacy community and powers of its bodies.</p> <p>Attorney is prohibited to occupy government positions, government service positions and municipal positions.</p> <p>Crucial seems to be the adjustment towards the attorney limitations as per Article 6 of the Law on the prohibition to accept a request for legal assistance if the request is wittingly unlawful. The new version specifies that the ban covers only actions wittingly unlawful for the attorney but not the applicant.</p> <p>Article 7 specifies the attorney's obligation to execute decisions of the Advocacy Chamber only if these have been taken within the Chamber authority.</p> <p>Article 9 stipulates a minimum two-year legal record as a requirement for the attorney status. The new version introduces a supplement stating that "persons with higher education in law, which is their first professional higher education, shall have their service calculated only upon graduation from the appropriate institution of higher learning".</p>

Reform Target Area	Act Adopting Body and Type of Act	Act Title	Novelty Introduced by Act
			<p>The effective version of Paragraph 8 of Article 15 prohibits an attorney to change his membership in the Advocacy Chamber within the initial two years upon receiving the attorney status, except for moving to the territory of another Russian Federation subject due to change of residence. The modified version suggests transferring this matter to the discretion of the Council of the Federal Advocacy Chamber.</p>
Judicial system	<i>Federal Law No. 100-FZ of August 14, 2004</i>	On Amendments to Federal Law On Bodies of the Russian Federation Judiciary	<p>The previous norm prohibited chief justices and their deputies to participate in the judicial qualification colleges, irrespective of the court level. The new version stipulates that chief justices and their deputies cannot be elected to judicial colleges of the Russian Federation subjects but can be elected to the Supreme Qualification College, which shall be inaccessible only for the Chief Justice of the Russian Federation Supreme Court and his deputies. The modification enhances the administrative component of the Supreme Qualification College and may cause a situation in which chief justices of district and regional courts will prevail in the college.</p> <p>Due to setting up arbitration courts of appeal, the Law changes representation quotas for arbitration courts in the bodies of the judicial community, i.e. in the Russian Federation Council of Judges, Supreme Qualification College, as well as delegates of arbitration courts to the All-Russian Congress of Judges.</p>
Judicial system	<i>Russian Federation Government Regulation No. 355 of July 15, 2004</i>	On Amendments to the Rules for Establishment and Payment of Lifetime Monthly Allowance to Retired Judges of the Russian Federation Constitutional Court and Payment of the Lifetime Monthly Allowance to Dependent Family Members of a Deceased Judge	<p>The Regulation raises allowances to judges of the Constitutional Court, with Paragraph 16 of the Rules supplemented by the following: "a 50-percent additional payment to wages for specific labor conditions; a monthly cash bonus".</p>
Judicial system	<i>Federal Constitutional Law No. 3-FKZ of June 7, 2004</i>	On Amendments to article 100 of Federal Constitutional Law On the Constitutional Court of the Russian Federation	<p>The Law specifies recoverable expenses of citizens and their associations applying to the Constitutional Court if their complaint results in recognizing a law or its provisions contradictory to the Constitution. The Law also defines sources for financing the compensated expenses. In case an appropriate decision has been taken, compensated shall be the state dues; attorney, traveling and residence expenses of the applicants and their representatives in connection with court appearance; mailing expenses; and reimbursement for actual time losses. Appropriate sums shall be paid out of the federal budget (if federal provisions have been found unconstitutional), or out of the Russian Federation subject budget (for appeals against regional laws).</p>

Reform Target Area	Act Adopting Body and Type of Act	Act Title	Novelty Introduced by Act
Judicial system	<i>Federal Law No. 395007-3 adopted in the first reading by the State Duma of the Russian Federation</i>	On Amendments to Federal Law On Consummation of the Russian Federation Code of Criminal Procedure	The Draft aims to suspend the nullification of Federal Law On People's Assessors of General Jurisdiction Courts in the Russian Federation and consummation of Paragraph 3 of Part 2, Article 30 of the Russian Federation Code of Criminal Procedure until January 1, 2005. As a result, trials for major and grave crimes by three judges of the federal general jurisdiction court shall be temporarily replaced with trials by colleges consisting of a judge and two assessors. By the second reading, the State Duma Committee on Civil, Criminal, Arbitration and Procedural Legislation plans to introduce an amendment on extending the suspension period to January 1, 2006.
Judicial system	<i>Federal Law No. 113-FZ of August 20, 2004</i>	On Jurors for Federal General Jurisdiction Courts in the Russian Federation	<p>Before the Law was adopted, requirements to the jurors, guarantees of their independence, procedure for college establishment and time periods for assigning juror responsibilities to citizens had been regulated by Section V of the RSFSR Law On Judiciary in the RSFSR dated July 8, 1981. The RSFSR law has been augmented by this section of the Russian Federation Law of July 16, 1993 during restoration of the jury institution in Russia, after which it became effective in nine regions.</p> <p>Apart from ordinary courts, where the jury has become quite common, the jurors are to appear in military courts and the Supreme Court of the Russian Federation.</p> <p>The Law brings no major changes to the proceedings of the jury, with any Russian citizen able to act as juror, provided law requirements have been met. Candidate lists shall be made up once in four years on the basis of voting lists, with randomization applied to determine the juror candidates.</p>

Dmitri Nyarginen

CIVIL SOCIETY

NOVELTIES IN THE LAW AND REGULATION INTRODUCED
BETWEEN 01/01/04 AND 06/30/05

According to the Russian Federation Ministry of Economic Development and Trade, civil society in Russia "is in stagnation on a downturn trend". The medium-term program for Russia's social and economic development sets forth guidelines for the Russian Federation Government in years 2005–2008, which include promotion of civil society. The task features a comprehensive nature and should be accomplished as a package of legislative and organizational steps.

Some believe that economic growth comes first, and only then one may indulge the luxury of a civil society. This approach is distinct in Kazakhstan that steps up economic growth aiming to triple the GNP by 2007–2008 against 1998 and planning to allow development of civil society after the economic aims have been reached.

We should be aware of the strategic consequences of the civil society and its relationship with the problem of economic development. Russia's current stage of economic development obviously prompts the need for an advanced civil society that makes an indispensable condition for stable growth.

Development of civil society is a sound investment in better policy-making. A mature civil society offers the government resources for information and innovative ideas, helping to build up trust to the authorities and raising quality of democratic institutions. At the same time, it goes not only about political value of democracy as such but also about stable growth of national economy, its sustainability and international competitiveness. In absence of feedback and societal monitoring of governmental bodies: (1) sustainable and long-term development of the Russian economy becomes questionable, and (2) the risk of a financial crisis similar to economic woes of South-East Asia in late 1990s looms large.

Opinions on the state of civil society in Russia differ.¹ The reason lies with diverging approaches to definition of civil society, and to functions and rights the civil society should exercise towards the state and business. Civil society in Russia obviously exists, as it exists in any place that may boast multifaceted relations used to exercise and consolidate rights, as well as to create public wealth. Although Russia is considered a middle-income country, it has weak state, weak business, and weak civil society. To a considerable degree, these three fields are in competition, but it would be erroneous to think that a stronger state (meaning efficiency but not the degree of intervention) should necessarily weaken the market drive or the civil society.

There are two polar approaches to the concept of building a civil society. One is that the civil society cannot be created by downward action, as it should grow on its own accord without any kind of state involvement (Lyudmila Alekseeva, Chairwoman of Moscow Helsinki Group being its most vigorous proponent). The other insists that the state has the ability and should take an active role in the process via creative and mobilizing effort (a key ideologue is Gleb Pavlovski, head of Efficient Policy Foundation).

¹ In 2004 Freedom House international watchers lowered Russia's civil society rating due to greater government interference in the civil society area, growing fear in the society and buildup of extremist groups.

In view of these two differing opinions, it seems difficult to clearly assess setting up of the new state institution named Public Chamber. Even should the Chamber turn successful, i.e. would effectively control the government and not become another surrogate government body, the important thing is to ensure the multi-channel nature of the societal monitoring. At the same time, the government must provide equal opportunities for all public organizations. Measures should be taken to raise the efficacy of nongovernmental organizations (NGOs), eliminate unjustified restrictions in their activities, and generate additional opportunities for implementation of civil initiatives. Certain experience is available with the OECD countries, with the following principles being most illustrative:

- comprehensive, reliable, unbiased, relevant, easily accessible and explicable information;
- clear-cut targets and rules for consultative processes;
- sufficient time and flexibility for advancing new ideas and flexibility on the part of the citizens, as well as mechanisms for their involvement in policy formation and implementation processes.

Competitive relations between state, societal and business institutions should be arranged in the form of a social agreement that would guarantee the quality, integrity, honesty and transparency of these relations. These are the features characteristic of the most developed economies, the features that emerged not accidentally and receive continuous multisided support. Note that the same traits may be seen in Russian pre-revolutionary traditions.

However, such social contract may become practicable and effective only if the three parties, i.e. the state, business and civil society, treat each other with respect, being sufficiently strong and, above all, independent institutions.

In order to reach such social contract, the following fundamental principles should be invariably observed:

1. The state refrains from the role of central economic actor (including planning and pricing) but concentrates on protection and enforcement of the law, primarily the property law, to create a favorable environment for small and medium businesses, as well as on basic social support avoiding obligations beyond adopted budget limits.
2. Industrial and financial associations are separate from the government and focus on advancing culture and standards of corporate management.
3. Rule of law is supported by a strong and independent judicial system.
4. The tax system is simple, fair, efficient and transparent.
5. Functions of federal and regional authorities are strictly separated.
6. The society firmly adheres to the egalitarian principle, with appropriation of public income and property terminated. The population must have a guaranteed equal access to education, healthcare and pensions, with focus on groups most vulnerable to economic changes.
7. Severe tax discipline makes the key element of the social agreement.

On the national scale, such social contract would bring formal and informal rules closer to each other, generating wide support to further reform the economy and create a solid basis for the successful country development. In such conditions property would transform into capital, which in the long run will work for good of the entire nation. And the civil society would be able to uncover external effects, instill them into public consciousness and offer solutions via rights and right-related relations with no relation to the political cycle and existing interest groups.

Most practicable seems to be the two following paths:

- (1) Delegation of functions and offering the federal budget for the regional-level tender, i.e. actual transfer of powers to local governments and relocation of financial levers.² And Russia has had positive experience in the area – local elected self-government assemblies (Zemstvo), which existed from 1864 to 1918.
- (2) Searching for other mechanisms to establish interaction between business and civil society, based not on traditional contract but on structures like endowment, with business investing in continuous production of public goods.

In that way, advancement of civil society institutions is directly linked with development and implementation of reforms in inter-budgetary relations and local government, including skilled personnel support in view of self-construction of civil society, as well as innovations in mechanisms of public-private partnership. To this end, the Law on Concession Agreements adopted in July of 2005 seems to be a step in the right direction.

Independent Media

Mass media in Russia still face a lot of difficulties. Journalists are frequently attacked, although not always because of their professional activities. Self-censorship and indirect censorship on behalf of the government are on the rise.³ In the two past years lobbyists have become more persistent in advancing various restrictions on media via legislative acts in other areas, e.g. on elections and referendums, neutralization of extremist activities, etc.

² On July 2, 2005 President Putin pointed out the idea at expanded session of the State Council, underlining that delegation of more powers to the regions is the main task, i.e. to create there conditions for economic growth and allow more space for managerial initiative.

³ In 2004 the Reporters without Borders placed Russia 140th among 167 participating countries in their annual Press Freedom Index, and the Freedom House also sharply cut Russia's media freedom rating. It seems important to provide this trend with a commentary. Actually, only a few journalists acknowledged that their reports were free of political instruction from media owners. In mid-1990s journalists knew their prohibited areas quite well, but they also were motivated to attack the competitor media barons. Hence, it seems proper to speak of media political shift towards the government but not of the loss of freedom.

At the same time, one cannot but mention growing diversification of Russian media – newspapers, TV channels and printed media. Especially visible is the growing role of Internet, which operates in the self-operating mode.

The expert and journalist community have reached a kind of consensus that preservation of the 1991 Law On Mass Media in its current wording and resistance to its revision attempts is absolutely vital for protecting the press freedom. No doubt, the law has a number of imperfections, for example it carries no definition for a media owner. However, there is no ground to believe that a modified law would be better and more democratic.

Draft laws suggested for enhancing media independence:

- strengthening economic basics of media independence;
- supplementing effective media law by federal laws reflecting specific economic relationships in the media area;
- advancing the law on TV and radio broadcasting;
- advancing the law on distribution of public information via telecommunications;
- advancing procedural criminal law to ensure better guarantees for immunity of information sources.

Access to Information

Development of the law to guarantee the right for information is a top priority, which prompts expedient adoption of federal laws On the Right to Information Access, On Personal Data, etc. An effective freedom-of-information law makes the cornerstone for transparency and openness of the state – its economy and policy. In turn, that is a prerequisite and catalyst for development of democracy, consolidation of civil society and struggle against corruption.

In his address to the Federal Assembly on April 25, 2005 President of Russia called the citizens' right for unbiased information a top state priority and emphasized the need for speedy adoption of the law On Information Openness of Government Bodies. Elaborated by the Ministry of Economic Development and Trade, the draft evokes great expectations.

Migration Policies

During the two past years Russia's internal and external policies in the migration field have been extremely controversial. A stricter approach to internal migration not only infringes upon the constitutional rights of citizens concerning free movement inside the country but also affects optimal movement of labor. In the external area, tougher migration policies cause certain isolation of Russian economy, which may impair its competitiveness.

LIST OF MAJOR LAWS AND STATUTORY ACTS

Reform Target Area	Act Adopting Body and Type of Act	Act Title	Novelty Introduced by Act
Development of civil society institutions (assemblies and meetings)	Federal Law No. 54-FZ of June 19, 2004	On Assemblies, Meetings, Demonstrations and Picketing	<p>For the first time (previously effective in the area were certain provisions of decrees of Russian President and the USSR Presidium of the Supreme Soviet) the Law implements the constitutional right for public rallies:</p> <ol style="list-style-type: none"> 1. The Law provides for notification only towards public rallies. If the rally objectives and forms contradict provisions of the Russian Federation Constitution and violate restrictions set forth by the Russian Federation Administrative and Criminal Law, the appropriate government body or local government shall promptly inform the organizer in writing that the organizer and other participants may be held responsible within an established procedure. 2. The Law specifies areas prohibited for rallies where security of citizens requires special measures. These are areas adjacent to hazardous and harmful industrial facilities, border areas, railways and overpasses, and high-voltage power transmission lines. The norm also covers territories adjacent to residences of the President, court buildings and correctional institutions. 3. The Law sets forth differentiated notification and response periods. For meetings, demonstrations and marches notification period shall make 10 to 15 days. For picketing, notification shall be made not later three days before the action day. Response period for meetings, demonstrations and marches has been cut from five to three days, and for picketing the authority shall reply on the day of notification receipt. <p>A new norm provides for a procedure to coordinate the rally location and time between its organizer and government body or local authority in case another group also plans a rally in the same place and time.</p> <ol style="list-style-type: none"> 4. The Law severely restricts arbitrary actions on the part of authorities, which could affect the rally preparation, execution, suspension and termination. The Law has been made free of vague wordings that could be used to substantiate a groundless decision. <p>Despite several improvements against the initial draft version, the Law provides the government with grounds to reject a rally application, as well as to demand discontinue even an authorized rally.</p>
Development of civil society institutions (NGO grants)	Federal Law No. 58-FZ of June 6, 2004	On Amendments to Part Two of the Russian Federation Tax Code and Certain Other Legislative Acts of the Russian Federation on Taxes and Dues	<p>Amendments to Article 251 of the Russian Federation Tax Code set forth a new approach to taxation of grants for noncommercial projects.</p> <p>The Law expands the list of areas for which financing of programs is recognized as granting and made free of income tax.</p>

Reform Target Area	Act Adopting Body and Type of Act	Act Title	Novelty Introduced by Act
			<p>The previous version tax-free grants could be extended only to NCOs implementing projects in arts, science, environment protection, education and culture.</p> <p>The amendments specify privileges for healthcare (AIDS, drug addiction, children's oncology including oncohematology, children's' endocrinology, hepatitis and TB); protection of human rights and liberties; welfare of socially vulnerable groups.</p> <p>At the same time, requirements to Russian and foreign granters remain intact. Russian donors may advance grants in allowed areas free of income tax, with no lists established.</p> <p>To become exempt from income tax, foreign and international granters shall be included into the Russian Government list.</p>
Development of civil society institutions (free access to information)	Russian Federation Government Regulation No. 1244-r of September 27, 2004	Concept for IT Employment in the Activities of Federal Executive Bodies up to Year 2010	The Concept proclaims information openness in activities of federal government bodies and public access to this information a top-priority issue of stat policy. The draft law is intended to secure information openness of government bodies and local authorities, promoting effective cooperation between government and society.
Development of civil society institutions (free access to information)	<p>Draft FEDERAL LAW Introduced by the Russian Federation Government</p> <p>The draft law was prepared as per Item 25 of the Russian Federation Legislative Schedule for 2004 approved by Russian federation Government Regulation No. 33-r of January 13, 2004</p>	On Access to Information on Activities of Government Bodies and Local Authorities	<p><i>Presumably</i></p> <p>This Federal Law shall become effective on January 1, 2006.</p> <p>The draft shall specify the procedure and framework for citizens and organizations to receive access to information on activities of government bodies and local authorities, making such information accessible for citizens and organizations.</p> <p>The draft law main objectives are to ensure openness of government bodies and local authorities, extensive IT use, and unbiased informing of Russian citizens and civil society institutions of activities of government bodies and local authorities.</p> <p>The draft law sets forth a single procedure for government bodies and local authorities to present information on their operations.</p> <p>In implementation of rights of citizens and organizations for access to information on activities of government bodies and local authorities, the key principles shall be accessibility to information, observation of rights of the third parties, responsibility of government bodies and local authorities towards violation of information users' (consumers') rights for access to information.</p>

Reform Target Area	Act Adopting Body and Type of Act	Act Title	Novelty Introduced by Act
Development of civil society institutions (Public Chamber)	Federal Law No. 32-FZ of April 6, 2005	On Public Chamber of the Russian Federation	<p>The Public Chamber is intended to ensure interaction between Russian Federation citizens and federal executive bodies, governments of the Russian Federation subjects and local authorities in view of protecting rights and liberties of the Russian citizens and rights of public organizations in development and implementation of state policies, and for execution of public control over activities of executive bodies.</p> <p>The Public Chamber shall ensure a consensus on socially important interests of Russian citizens, organizations, public associations, government bodies and local authorities in view of tackling key issues of economic and social development, national security, protection of citizens' rights and liberties, constitutional system of the Russian Federation, and democratic principles for development of civil society in the Russian Federation by:</p> <ol style="list-style-type: none"> 1) involvement of citizens and public organizations in implementation of government policies; 2) submission and support of Russia-wide civil initiatives to promote implementation of constitutional rights, liberties and legitimate interests of citizens and public organizations; 3) public examination of draft federal laws and draft laws of Russian Federation subjects, as well as draft statutory acts of Russian Federation executive bodies and draft statutory acts of local authorities; 4) execution of public control over activities of the Russian Federation Government, federal executive bodies, executive bodies of the Russian Federation subjects and local authorities as per this Federal Law; 5) development of recommendations for the Russian Federation government bodies in setting priorities in state support of public associations and other associations of Russian Association citizens working to advance civil society in the Russian Federation.
Development of civil society institutions (establishment of Presidential Council)	Presidential Decree No. 1417 of November 6, 2004	On Presidential Council on Promotion of Civil Society Institutions and Human Rights	<p>The Council is a follow-up body of the Presidential Commission on Human Rights</p> <p>In view of advancing state policy in the area of enforcement and protection of human and citizen rights, as well as promotion of civil society institutions</p> <p>The Council's main tasks shall be:</p> <ul style="list-style-type: none"> • assistance to President of the Russian Federation in implementation of his constitutional powers, enforcement and protection of human and citizen rights and liberties; • preparation of proposals for President on improvement of mechanisms for enforcement and protection of human and citizen rights and liberties in the Russian Federation and beyond its borders; • regular reporting to the President on status of observance of human and citizen rights and liberties in the Russian Federation and abroad;

Reform Target Area	Act Adopting Body and Type of Act	Act Title	Novelty Introduced by Act
			<ul style="list-style-type: none"> • arrangements for examination of draft federal laws and other statutory acts on regulation in human and citizen rights area, preparation of appropriate proposals for the President; • preparation of proposals for the President on interaction with human rights public associations and their representatives; • preparation of proposals for the President on formation of civil society institutions, expanded cooperation between public and government institutions, as well as development of methods for incorporation of public initiatives into government policies on enforcement and protection of human and citizen rights; • promotion of coordination between public human rights associations and their interaction with federal government bodies and bodies of Russian Federation subject governments; • assistance in development of public monitoring mechanisms for enforcement and protection of human and citizen rights, preparation of appropriate proposals for the President; • participation in promotion of international cooperation in the field of human and citizen rights; • promotion of human rights education; • examination of appeals from physical persons and legal entities on enforcement and protection of human and citizen rights; • discussion of other matters within the Council powers, if requested by the President.
Development of civil society institutions	Presidential Decree No. 1237 of September 25, 2004	On Additional Measures for State Support of Human Rights Movement in the Russian Federation	<p>The Decree Approves the proposal of Presidential Commission on Human Rights on setting up International Human Rights Center. Presidential Executive Office and Government are instructed to assist in establishment of the Center.</p> <p>In creation of advisory and consultative bodies in their federal districts, Presidential Plenipotentiaries shall invite representatives of local human rights organizations, also by their inclusion in above bodies.</p> <p>Executive bodies of Russian Federation subjects are recommended to render human rights commissions material and technical assistance and incorporate their proposals in formation of consultative and advisory bodies, and above commissions.</p>
Development of civil society institutions (education)	Draft State Program of April 4, 2005	Civic Education for Citizens of the Russian Federation in Years 2005–2008	<p>The Program is intended to create in Russia conditions for effective civic education by joint effort of Russian society and Government in view of comprehensive personality development, its socialization and education on democratic principles; and promotion of high-level legal, political and human rights culture for the purposes of sustainable development of the Russian Federation, and strengthening foundation of a constitutional democratic state.</p>

Reform Target Area	Act Adopting Body and Type of Act	Act Title	Novelty Introduced by Act
Development of civil society institutions (referendum)	Federal Constitutional Law No. 5-FKZ of June 28, 2004	On Referendum in the Russian Federation	<p>As compared to the previous law of 1995, this Law provides a more detailed regulation of matters related with collection of signatures in support of a referendum, referendum campaigning and financial support, referendum vote count and establishment of referendum results. In order to enhance public control over referendum voting and summing up procedures, the Law expands the range of subjects entitled to appoint observers. Apart from political parties and other Russia-wide associations the right has been given (within appropriate territories) to inter-regional, regional and local public associations. The referendum shall be qualified valid if more than half of registered participants take part. The decision shall be found passed if supported by over half of vote participants.</p> <p>In view of comprehensive enforcement of citizens' rights for participation in a referendum, the Law for the first time envisages a repeat vote. Referendum expenses shall be borne by the federal budget.</p> <p>The Law has rejected amendments by independent deputies on preservation of the provision allowing laws and bills to be put on a referendum, as well as restrictions on government to initiate a referendum. Also rejected have been amendments on modification of the provision that establishes a shorter period for referendum signature collection, and exclusion of the provision to collect signatures only by members of the referendum initiative group.</p>
Independent media	On May 19, 2005 rejected by the State Duma in the first reading	Amendments to the Law on Mass Media restricting the terrorist act coverage	<p>Initiated by State Duma deputy M.Yurkevich, the bill allows release of information on a terrorist act only with permission of the headquarters for elimination of terrorist act consequences.</p> <p>V.Komissarov, Chairman of State Duma Committee on Information Policy, state that introduced amendments run against provisions of the Russian Federation Constitution on guaranteed free media and prohibition of censorship. In fact, adoption of the amendments would mean a return to media censorship. The Government also offered no support to the draft initiator.</p>
Independent media	Draft Law No. 115259-4 adopted in the first reading (ZA-385) on December 17, 2004	On Counterterrorism	<p>The Draft Law provides for major restrictions on media in coverage of terrorist acts, for example, prohibits circulation of information on special technical methods and tactics used within counterterrorist operations, composition and strength of forces employed for the operation. Also banned is supposed to be spread of information on members of special units and the counterterrorist operation headquarters, except for its spokesperson. Besides, there is a ban to place information "containing data on facts or scenes of excessive violence". The counterterrorist operation chief may block journalists' access to the operation zone or fix a journalists sector within the zone. The chief may also "establish a procedure for providing data on the counterterrorist operation". Journalists are prohibited to violate the data supply rules by receiving information from cooperating operation participants.</p>

Reform Target Area	Act Adopting Body and Type of Act	Act Title	Novelty Introduced by Act
			<p>The Draft envisages "special measures and temporary restrictions including ban of meetings, assemblies and demonstrations, marches and pickets, as well as other rallies, monitoring of phone conversations and other information".</p> <p>Presidential State-Legal Directorate and Government have drawn up a number of comments and amendments to the Draft, pointing out that some provisions challenge the Russian Federation Constitution and infringe upon the rights of the citizens and media. According to the Government, rules for terrorist act coverage by the media should be modified.</p> <p>President's letter of February 2, 2005 to the State Duma Chairman contains a number of essential proposals on modification of the Draft to avoid media infringement.</p>
Independent media	Draft Law initiated by deputy A.Skoch was adopted in the first reading on November 10, 2004	On Amendments to Article 4 of the Russian Federation Law On Mass Media	<p>The Draft prohibits TV presentation of murder and violence scenes in news releases, movies and documentaries from 7 AM to 10 PM.</p> <p>On November 25, 2004 the Federation Council of the Federal Assembly rejected amendments to Article 4 of the Law On Mass Media that had been adopted by the State Duma in the first reading.</p> <p>On December 22, 2004 the President submitted to the State Duma his conclusion on the draft Law On Amendments to Article 4 of the Russian Federation Law "On Mass Media", proposing to withdraw amendments on restricted presentation of violence scenes from consideration.</p> <p>On February 10, 2005 the State Duma Committee on Information Policy recommended the lower chamber to withdraw amendments to Law On Mass Media on restricted presentation of violence scenes from consideration in the second reading.</p>
Independent media	Presidential Instruction to the Russian Federation Government of May 11, 2004 on preparation by December 1, 2005 and subsequent submission to the Duma of draft Federal Law	On Authorizing the Russian Federation Public Chamber to Enforce Civil Control over Observance of Free Speech Principles by Mass Media	Most pundits believe that the step will undoubtedly cause media censorship. In a developed democratic society public control over media, as well as governmental control, cannot be acceptable.
Independent media (information security)	Presidential Decree No. 611 of May 12, 2004	On Information Security of the Russian Federation in International Exchanges	The Decree aims to protect the Russian segment of the Internet from "external threats from unauthorized action" – hacker attacks, cracking, etc. Primarily, the Decree goes about prevention of computer cracking and acquiring control over Russian governmental networks, specifying measures to protect state secrets and restricted data.

Reform Target Area	Act Adopting Body and Type of Act	Act Title	Novelty Introduced by Act
Development of civil society institutions (support of religion)	Federal Law No. 123-FZ of October 3, 2004	On Amendments to the Russian Federation Land Code, Federal Law On Implementation of the Russian Federation Land Code and Federal Law On Use of Agricultural Lands	<p>The Law specifies grounds and procedure for gratuitous handover of state-owned and municipal land plots to religious organizations, and regulates the rights of these organizations in solution of land issues.</p> <p>The Law provides for free transition of plots into a religious organization ownership, if the organization possesses religious and charity buildings and structures on state-owned or municipal plots. If a religious organization possesses religious and charity buildings and structures on state-owned or municipal plots on a free-use basis as per the Federal Law, these plots shall be transferred to the religious organization on the free-use basis for the entire period of their use.</p>
Independent media (economic independence)	Draft Law elaborated by the State Duma Committee on Information Policy	On Economic Independence of Mass	The Draft specifies aspects of government participation lower VAT and fixed prices on paper and delivery of issues.
Development of civil society institutions (support of Russian Cossacks)	Draft Law No. 160191-4 adopted in the first reading (ZA-389) on May 16, 2005	On Government Service for the Russian Cossacks	<p>The Draft Law defines the Cossack community as a voluntary association of citizens in the form of a noncommercial organization made up in accordance with the Federal Law and entered into the State Register of Cossack Communities of the Russian Federation, whose members have undertaken the responsibility to perform duties within the government or some other type of service.</p> <p>For key principles of the Cossack government service, the Draft proposes lawfulness; priority of human and citizen rights and liberties, their direct action, compulsory recognition, observance and protection; equal access for citizens to government service, interrelation between government service and municipal service; professionalism and competence of government officers, protection of government officers from unsubstantiated interference in their professional government activities by government bodies, officials, physical persons and legal entities.</p> <p>The Draft sets forth that Russian Cossacks shall do civilian government service, military service and law enforcement service in accordance with the Federal Law.</p>
Development of civil society (migration policies – economy openness)	Draft Law No. 111764-4 adopted in the first reading on January 12, 2005	On Amendments to Federal Law On Procedure for Exit from the Russian Federation and Entry to the Russian Federation and to Federal Law On Legal Status of Foreign Citizens in the Russian Federation	<p><i>Negative Trend</i></p> <p>Anti-migration policies have been considerably toughened, including administrative liability for offenses in the emigration relations area.</p> <p>The Draft modifies the entry and stay procedures for foreigners and non-citizens, rejecting exit to the Russian Federation for persons committing actions of disrespect towards the Russian Federation, its supreme government bodies, state symbols and</p>

Reform Target Area	Act Adopting Body and Type of Act	Act Title	Novelty Introduced by Act
			<p>public values, which creates a broad base for recognizing a person rejected for entry, implying an iron curtain.</p> <p>Speaking of counterterrorism grounds used to advance a stricter visa regime in Russia, the suggested steps seem more like imitation of the activity, as counterterrorism means professional work of officials and government workers, whereas imitation means setting up bureaucratic barriers that had never been effective to block terrorism.</p> <p>For Russians, the most important novelty is in recognizing the foreign passport the only valid document for leaving Russia and returning to its territory, whereas the effective Law permits using both foreign and civilian passports for these purposes.</p> <p>The strongest resonance came upon the proposal to supplement the Law with more grounds for possible (Article 26) and imperative (Article 27) ban for foreigners and non-citizens to enter the Russian Federation.</p>
Development of civil society institutions (migration policies – economy openness)	Draft Law No. 290744-3 adopted in the first reading (ZA-376) on October 1, 2004	On Amendments to the Russian Federation Code on Administrative Offenses	<p><i>Negative Trend</i></p> <p>Following the anti-migration line, the Draft significantly toughens administrative liability for migration offenses. Most anti-civil seems to be raising the fine for Russian Federation residents staying without and ID card (passport) or without registration. The previous wording specified a warning or a fine of up to one minimal pay amount, whereas the new Law rules out any kind of warning establishing a fine of 15 to 25 minimal pay amounts (a 25-fold increase).</p> <p>The modifications shall only raise black-market rates for these services.</p> <p>Higher fines have been set under:</p> <ul style="list-style-type: none"> • Part 1 of Article 18.9 for Russian officials, Russian citizens or foreign residents violating rules of foreign residence in Russia – from 10 to 50 minimum pay amounts; • Part 2 of the same Article citizens who have invited foreigners or non-citizens on private business with provision of living quarters but failed to take measures for timely registration and foreigner exit from the Russian Federation upon expiration of the stay period – from 5 to 20 minimal pay amounts (1 to 3 minimal pay amounts previously), with warning ruled out; • Part 3 of the same Article for provision of living quarters or a vehicle or any other services to a foreign citizen or a non-citizen staying in the Russian Federation in violation of the established procedure or transit regulations – for citizens from 10 to 20 minimal pay amounts (1 to 3 previously), for officials from 20 to 50 minimal pay amounts (5 to 10 previously), for legal entities from 100 to 500 minimal pay amounts (50 to 100 previously); • Part 1 of the same Article for employers or contractors violating rules of employment and use of foreign workers – for citizens from 10 to 25 minimal pay

Reform Target Area	Act Adopting Body and Type of Act	Act Title	Novelty Introduced by Act
			<p>amounts, for officials from 25 to 50 minimal pay amounts, for legal entities from 500 to 2000 minimal pay amounts (previously all categories had been fined in the amount of 10 to 20 minimal pay amounts);</p> <ul style="list-style-type: none"> • foreign citizens shall be fined 10 to 25 minimal pay amounts for employment without a work permit (previously 5 to 10 amounts); • Part 1 of Article 18.14 for legal entities engaged in illegal cross-border traffic of physical persons – 500 to 1000 minimal pay amounts (200 to 500 previously).
Development of civil society institutions (migration policies)	Russian Federation Government Regulation No. 825 of December 22, 2004	On Amendments to Rules for Registration and De-Registration of Russian Federation Citizens at Places of Stay and Places of Residence Approved by Russian Government Regulation No. 713 of July 17, 1995	<p>Positive Trend</p> <p>Registration period for citizens at places of stay has been extended from 3 to 90 days.</p>
Development of civil society institutions (migration policies – economy openness)	Federal Law No. 140-FZ of November 18, 2004	On Ratification of Protocol on Amendments to Agreement between the Russian Federation Government and the Government of Ukraine on Visa-Free Journeys of Citizens of Russian Federation and Ukraine of January 16, 1997	<p>Positive Trend</p> <p>The document specifies mutual exemption from registration at places of stay for citizens of one party temporarily staying on the territory of the other party, provided they are in possession of a migration card carrying a proper border control stamp and the period of such stay does not exceed 90 days from the entry day.</p>

Aleksandr Shirov

**INCREASING OPENNESS
AND COMPETITIVE POTENTIAL
OF THE RUSSIAN ECONOMY**

NOVELTIES IN THE LAW AND REGULATION INTRODUCED
BETWEEN 01/01/04 AND 07/30/05

The foreign trade and customs legislation of the Russian Federation has been significantly adjusted and appended in recent years. The basic regulatory acts that regulate this sector of economic activity include the following: Customs Code (No. 61-FZ of May 28, 2003), Law Concerning Currency Regulation and Currency Control (No. 173-FZ of December 10, 2003), Law Concerning Fundamentals of State Regulation of Foreign Trade (No. FZ-164 of December 8, 2003), Law Concerning Special Protectionist, Antidumping and Compensatory Measures on the Importation of Goods" (No. FZ-165 of December 8, 2003). Accordingly, "Action Plan to Bring Legislation of the Russian Federation in Compliance with the WTO Standards and Rules" approved by Decree No. 1054-r of the Government of the Russian Federation of August 8, 2001 (as amended per Decree No. 832 of the Government of the Russian Federation of June 21, 2002) has been practically fulfilled.

On the whole, the new draft law package has been introduced with an eye to enhance openness of the national economy, transparency of the foreign trade regulation procedures, and harmonization of the Russian legislation in line with requirements of the World Trade Organization (WTO). Adoption and entry of the above three legal acts into force enable one to state that the majority of the WTO requirements in respect of the Russian legal base in the area of the foreign trade regulation has been satisfied. Another big plus is that formation of the integrated legal environment in this area has been largely completed.

At the same time conditions for Russia's harmonious accession to WTO are not limited solely to the adoption of basic legal acts. To make WTO accession truly efficient from the economic perspective, Russia has to develop and implement a whole range of bylaws at the level of the federal government, separate ministries and government agencies of the Russian Federation. Specifically, it is proposed that customs tariffs are adjusted for the effect of all remedies available to protect Russian manufacturers after Russia's accession to the WTO (existing rules do not directly limit constraints on importation of second-hand products (e.g. used automobiles) which permits any increases of import dues on these types of products).

The new federal law concerning technical regulation was adopted on December 27, 2002. It effectively invalidated starting July 1, 2003 the earlier federal laws concerning standardization, certification of products and services and changed the status of many regulatory documents by downgrading them to the category of discretionary acts except for obligatory requirements ensuring meeting of the technical regulation purposes. In this regard, a question arises as to how competitive are most of the domestic goods in the international markets. To this end it is planned to step up development and formalization of a number of technical regulations mandatory for all manufacturers.

The administrative reform has led to redistribution of functions among government executive bodies. As a result, development of a strategic approach to foreign trade oversight has been entrusted to the Ministry of Economic Development and Trade. The Federal Customs Service has ceased to exist as an independent function and has become a tool in enforcing decisions in the area of EXIM transactions regulation. Structurally, it is more adaptive to the tasks charged with it so long as the entire macro-economic policy is concentrated within a single government agency facilitating development of complex integrated issues in the area of economy.

Creation of special economic zones (SEZ) – Federal Law (FZ-116) of July 22, 2005 – is intended, according to those who elaborated the law, to increase investment appeal of technological sectors helping to diversify sectoral makeup and give rise to formation of the new points of growth. At the same time, negative past experience in creation of free economic zones demanded that SEZ – related issues are thoroughly analyzed. Analysis of the law shows that it primarily targets investment capital of the Russian origin. Given stringent regulation of SEZ activities, it is unlikely that these arrangements will ever get a broad recognition in Russia. Therefore, it is difficult to estimate any economic effect from their implementation.

The next stage in the development of legislative base was the development of solutions aimed at raising investment attractiveness of the Russian economy, simplification of customs procedures regarding importation of investment goods. In this context, the relieving of tariff burden on importation of investment goods as well as changes in customs tariffs introduced with an eye to encourage foreign cars assembly in the Russian Federation have signified a major step forward. A truly positive aspect was that the above decisions have clearly defined boundaries and scale of duty-free importation of productive parts and obligations of foreign manufacturers to gradually relocate production in Russia. Of course, these regulatory acts should not negatively affect Russian car makers. At the same time, measures may be planned to further encourage and upgrade production of the Russian car brands including through the use of the whole spectrum of both tariff and non-tariff regulatory remedies regarding used cars.

Adoption of the law "Concerning Concession Agreements" (No. 115-FZ of July 21, 2005) provides for participation of investors in the infrastructural projects. This document has a direct bearing on possible participation of non-residents in concession agreements and warrants their equal rights with residents. Inasmuch as a significant part of the infrastructure is of certain strategic importance, a number of bylaws defining which of the areas foreign investors may participate in and which they should better not, need to be adopted. The above law also relates to the development of public private partnership. This issue is further detailed in the block of reformist acts to eliminate infrastructural and institutional constraints.

LIST OF MAJOR LAWS AND STATUTORY ACTS

Reform Target Area	Act Adopting Body and Type of Act	Act Title	Novelty Introduced by Act
Foreign trade regulatory tools	Government. Decree No. 429 of August 21, 2004.	Concerning Federal customs services	Defines scope of the Federal Customs Service (FCS) reference, structure, manning schedule under the new executive branch's structure. Establishes that FCS reports directly to the Ministry of Economic Development and Trade of the Russian Federation.
Foreign trade regulatory tools	Government. Decree No. 367 of June 10, 2005	Concerning introduction of commodity nomenclature of foreign trade activities	Assigns FCS to perform functions of overseeing commodity nomenclature of foreign trade activities (CNoFTA).
Foreign trade regulatory tools	Government. Decree No. 364 of June 9, 2005	Concerning approval of licensing regulations in foreign trade and creation of federal license database	Introduces licensing regulations in the sphere of foreign trade. The regulations stipulate a list of circumstances under which licensing of the foreign trade transactions may be required. A list of documents required for obtaining a license is defined. Regulation concerning maintenance of federal license database is introduced.
Foreign trade regulatory tools	President Decree No. 468 of April 25, 2005	Concerning commission on control of exports of the Russian Federation	Regulations on the exports control commission are appended. Specifically, the commission henceforth is charged with drafting proposals on key lines of the government policy in the area of exports control for the purposes of nonproliferation of WMD and means of delivery thereof, national security of the Russian Federation, interaction of federal executive bodies in forecasting and identification of threats to the national security of the Russian Federation associated with proliferation of WMD and means of delivery thereof, drafting proposals on counteractive measures.
Production sharing agreement (PSA)	Government. Decree No. 25 of January 21, 2004	Concerning approval of the list of documents to be submitted under production sharing agreement by investor to customs authorities of the Russian Federation to be granted exemption from customs duty payable on goods imported to the customs territory of the Russian Federation for psa purposes, and on products manufactured under psa that are exported from the customs territory of the Russian Federation	Defines the list of documents that investor, a party to PSA, is requested to submit to be granted exemption from customs duty payable on imported materials/exported products.
Encouragement of investments	Government. Decree No.166 of March 29, 2005	Concerning changing of the Russian Federation customs tariff rates on automotive parts imported for industrial car assembly purposes	Significantly reduces or completely repeals rates of customs tariffs on automotive parts imported for industrial car assembly purposes. Defines the term "industrial assembly" when applied to motor industry, and scope of its application in respect of importation to the Russian Federation of automotive parts.

Reform Target Area	Act Adopting Body and Type of Act	Act Title	Novelty Introduced by Act
Encouragement of investments	Ministry of Economic Development and Trade of the Russian Federation Order No. 73 Ministry of Industry and Energy of the Russian Federation Order No. 81 Ministry of Finance of the Russian Federation Order No. 58n of April 15, 2005	Concerning approval of procedures to define the term "industrial assembly" and its scope of application in respect of importation to the Russian Federation of automotive parts for manufacturing of motor vehicles qualifying as commodity items 8701 thru 8705 (acc.to cnofta), their parts and components	Defines procedures and timeline for exempt importation of automotive parts for industrial car assembly purposes.
Currency regulation	Federal Law No. 90-FZ of July 18, 2004	Concerning making changes in certain legal acts of the Russian Federation	Amends the Law Concerning Currency Regulation whereby currency transactions between resident and non-resident individuals involving foreign securities whether in settlements or transfers, regarding acquisition or alienation thereof (or rights vested therewith) for the amount in excess of US \$ 150,000 during the period of one calendar year may at the discretion of the Central Bank of the Russian Federation be subject to use of a special account and (or) to funds commitment. Establishes, that in the event of one-off importation to the Russian Federation by resident and non-resident individuals of foreign currency in cash and (or) currency of the Russian Federation, as well as traveler's cheques, foreign and (or) local securities in documentary form in the amount exceeding the equivalent of US \$ 10,000, the said foreign currency in cash and (or) currency of the Russian Federation, as well as traveler's cheques, foreign and (or) local securities in documentary form shall be subject to declaration by way of submitting to the customs authorities a customs declaration for the total amount of the foreign currency in cash and (or) currency of the Russian Federation, as well as traveler's cheques, foreign and (or) local securities in documentary form.
Customs tariff policy	Federal Law No. 193-FZ of November 11, 2004	Concerning making changes in customs code of the Russian Federation	Section III of the Customs Code is appended by Chapter 33.1 dedicated to customs dues. It defines procedures of application, accrual, timelines for payment, collection and refund of customs dues.
Free economic zones	Presidential Decree No. 855 of July 22, 2005.	Concerning Federal agency for oversight of Special Economic Zones (SEZ)	Establishes Federal Agency for oversight of special economic zones (SEZ). Establishes that the Agency reports directly to the Ministry of Economic Development and Trade of the Russian Federation.
Free economic zones	Federal Law No. 116-FZ of July 22, 2005	Concerning Special Economic Zones in the Russian Federation	Defines "special economic zone (SEZ)" as a part of the territory of the Russian Federation designated so by the Government where a special privileged regime for entrepreneurship rules. Two types of SEZ are possible: 1) Industrial productive 2) Technology promotional Establishes criteria for SEZ creation.

Reform Target Area	Act Adopting Body and Type of Act	Act Title	Novelty Introduced by Act										
			<p>Introduces definition – a resident of the special economic zone, defines his rights and responsibilities.</p> <p>Establishes that under the agreement on industrial production activity the resident is supposed to invest at least _ 10 million.</p> <p>Defines the list of documents required to enter into the agreement on industrial productive and technology promotional activity.</p> <p>Establishes that land plots within SEZ areas may be allocated exclusively on lease terms. SEZ areas are subject to the regime of free customs zone</p> <p>The RF acts concerning taxes and levies that impair position of SEZ residents shall not be applied to them for the validity term of the agreement on industrial productive and technology promotional activity.</p>										
Free economic zones	Federal Law No. 117-FZ of July 22, 2005	Concerning making changes in certain legal acts in connection of adoption of the Federal Law "concerning special economic zones in the Russian Federation"	Introduces changes in the Part II of the RF Tax Code, Customs Code, Land Code and other legislative acts required for putting into effect of main provisions of the Law "Concerning Special Economic Zones in the Russian Federation".										
<p>Encouragement of investments</p> <p>Customs tariff policy</p> <p>Customs tariff policy</p>	<p>Federal Law No. 115-FZ of July 21, 2005</p> <p>Federal Law No. 112-FZ of July 21, 2005</p> <p>Government Decree No. 363 of June 9, 2005</p>	Concerning concession agreements	<p>Introduces definition of "concession agreement" into legal and business practices. Establishes that the subject of a concession agreement may be immovable property, that is part of the following property:</p> <table border="0" data-bbox="1189 850 2040 1007"> <tr> <td>1) Motor roads and engineering facilities.</td> <td>6) Hydraulic engineering structures.</td> </tr> <tr> <td>2) Railway facilities.</td> <td>7) Energy facilities.</td> </tr> <tr> <td>3) Pipeline transport facilities.</td> <td>8) Housing infrastructure facilities.</td> </tr> <tr> <td>4) Ports, vessels.</td> <td>9) Subway and municipal transport.</td> </tr> <tr> <td>5) Airports and related infrastructural facilities.</td> <td>10) Health care, educational and cultural facilities.</td> </tr> </table> <p>A concessionary may be an individual entrepreneur, a Russian or a foreign legal entity either incorporated or non-incorporated, acting pursuant to partnership agreement, or more than two legal entities.</p> <p>The Law describes relations between the parties as a result of the concession agreement. Separately, the Law defines guarantees to the concessionaries, including to foreign legal entities.</p>	1) Motor roads and engineering facilities.	6) Hydraulic engineering structures.	2) Railway facilities.	7) Energy facilities.	3) Pipeline transport facilities.	8) Housing infrastructure facilities.	4) Ports, vessels.	9) Subway and municipal transport.	5) Airports and related infrastructural facilities.	10) Health care, educational and cultural facilities.
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5) Airports and related infrastructural facilities.	10) Health care, educational and cultural facilities.												
		Concerning making changes in the law of the Russian Federation "concerning customs tariff"	Clarifies criteria for changing tariff rates by the Government of the Russian Federation, clarifies and expands the law provisions regarding granting of tariff preferences.										
		Concerning approval of the regulations on monitoring exports and (or) imports of certain commodities	Introduces monitoring over foreign trade transactions with certain commodities in case of introduction of protectionist antidumping and compensatory measures, bans and constraints in the area of trading.										

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