

AN OVERVIEW OF THE RF GOVERNMENT MEETINGS IN AUGUST 2015

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In January 2011, the Resolution of the Government of the Russian Federation was adopted, whereby the specific features of the execution of the federal budget in 2012 – 2013 were established.

At the RF Government meetings in August 2015, the issue of establishing a coordinating body under the RF Government to deal with the purchasing orders of Russia's biggest companies, including purchases for the investment projects being implemented with government support, was considered; besides, a draft law was adopted whereby heads of regions were endowed with powers to dismiss heads of municipal formations (or heads of local administrations)

At the RF Government meeting on **4 August**, the Government Commission on Import Substitution was established (hereinafter – the Commission on Import Substitution). In accordance with the 'Provision on the Government Commission on Import Substitution' (hereinafter – the Provision) approved by the RF Government on the same date, the Commission on Import Substitution is to be a coordinating body created for the purpose of ensuring coordinated actions of federal bodies of executive authority, the bodies of executive authority of RF subjects, local self-government bodies, and organizations in order to properly implement government policies in the sphere of import substitution, make Russia's industry less dependent on imports, and promptly settle all the issues arising in connection with the need to create proper conditions for satisfying without delay all the needs of legal entities for industrial products.

The creation of the Commission on Import Substitution is envisaged in Federal Law of 13 July 2015, No 249-FZ wherein it is stipulated, among other things, that a mechanism for coordinating the activities of biggest companies that place orders in the framework of the investment projects implemented by them with government support.

The Provision assigns the following broad spectrum of tasks to the Commission on Import Substitution:

- development of the main directions for improving legal regulation in the sphere of import substitution, as well as control over the implementation of measures pertaining to each of these main directions;
- consideration of proposals aimed at creating proper conditions for efficient implementation of government policies in the sphere of import substitution;
- consideration of issues relating to the implementation of long-term development programs and investment program implemented

by natural monopolies and organizations with state participation, in the part pertaining to the implementation of government policies in the sphere of import substitution;

- selection of measures aimed at satisfying the needs of the domestic market for Russia's domestic industrial products; and some other tasks.

Besides, the Provision endows the Commission on Import Substitution with a number of specific powers.

Thus, the Commission on Import Substitution is to consider the proposals put forth by federal bodies of executive authority concerning the entry, by biggest clients, of investment projects into the register of investment projects.

In this context, 'biggest client' is an arbitrary name applied to the following types of entities:

1) state corporations, state companies, economic societies with stakes in excess of 50% held by the Russian Federation in their charter capital funded by the allocations earmarked for the implementation of investment projects to the value above the floor established by the RF Government (no less than Rb 10bn);

2) other types of client companies implementing investment projects whose value exceeds the floor established by the RF Government (no less than Rb 10bn), and enjoying government support.

It should be noted that the investment projects enjoying government support are understood as those investment projects where the client obligations pertaining to their implementation are secured by a government guarantee of the Russian Federation and (or) financially secured, in full or in part (in the amount of less than 10% of an investment project's value), by funding from the following sources:

1) the federal budget, in the form of budget-funded investment or subsidies;

2) the National Welfare Fund, in the form of monies placed in the procedure established by RF budget legislation;

3) State Corporation 'Bank for Development and Foreign Economic Affairs' (*Vneshekonombank*).

Besides, the Commission on Import Substitution is to consider the lists of prospective needs for machine-building products, drawn up for periods no shorter than 5 years or for the period of implementation of each of the investment projects entered into the register of investment projects, and submitted by biggest clients (hereinafter – lists); and also to consider the alterations to be made to these lists. Until such lists are submitted to the Commission on Import Substitution, the clients will have no right to include them in their purchases plans, or to buy the products listed.

At the RF Government meeting on **13 August**, the draft of the Federal Law 'On Introducing Alterations to Article 74 of the Federal Law "On the General Principles of Local Self-government Organization in the Russian Federation"' was approved.

In accordance with this draft law, the supreme government official of a RF subject (or the head of the supreme executive body of state authority of a RF subject) is to be endowed with the right to issue a legal act whereby the head of a municipal formation or the head of local administration may be dismissed from their respective posts in an event of their having committed certain actions, including the issuance of a 'non-normative' legal act permitting non-targeted use of targeted interbudgetary transfers or budget loans, or violation of the terms on which these interbudgetary transfers or budget loans have been granted (or are to be spent), if the fact of such a violation has been established by a relevant court decision, and the said government officials have failed to enforce that court decision by implementing, within their powers, the necessary measures available to them.

The draft law was approved and submitted to the State Duma of the Russian Federation, where it was registered as of 20 August 2015 under No 866380-6. ●