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Committee on Trade-Related Investment Measures

Original: English

**NOTIFICATION UNDER ARTICLE 5.1 OF THE AGREEMENT
ON TRADE-RELATED INVESTMENT MEASURES**

RUSSIAN FEDERATION

The following communication, dated 21 January 2013, is being circulated at the request of the Delegation of the Russian Federation.¹

In accordance with Article 5.1 of the Agreement on Trade-Related Investment Measures, the Government of the Russian Federation notifies the provisions of the "industrial assembly" investment regime in the automotive sector (hereinafter referred to as the "Auto Investment Program") in accordance with the format recommended for notifications under Article 5.1 of the Agreement on Trade-Related Investment Measures (document G/TRIMS/1).

Details of the "Auto Investment Program" are described in paragraphs 1063, 1072-1086, 1089-1090 and Tables 42, 43 and 44 of the Report of the Working Party on the Accession of the Russian Federation to the World Trade Organization (document WT/ACC/RUS/70, WT/MIN(11)/2 of 17 November 2011) (hereinafter referred to as the "WPR"). Paragraph 1090 of the WPR provides for transition period until 1 July 2018 for the Auto Investment Program and the Russian Federation considers that the present notification is without prejudice to this waiver.

Description of the measure and of its main features

Auto Investment Program was introduced in 2005 by the Russian Federation for attraction of investments for development of domestic automotive industry. It covers production of both motor vehicles and parts and components thereof.

Auto Investment Program was established by the Order of the Ministry of Economic Development and Trade of the Russian Federation, the Ministry of Industry and Energy of the Russian Federation and the Ministry of Finance of the Russian Federation No. 73/81/58n of 15 April 2005, "On the Approval of the Order, Defining the Term "Industrial Assembly" and Establishing Conditions for its Application to Imports to the Territory of the Russian Federation of Parts and Components for the Manufacture of Motor Vehicles (Tariff Positions 8701 - 8705) and Parts and Components Thereof" (as last amended on 24 December 2010) (hereinafter referred to as the "Order No. 73/81/58n").

The legal basis for preferential tariffs or tariff exemptions for imports of components used in the "industrial assembly" of motor vehicles and parts and components thereof was established by the Customs Union Common External Tariff (as approved by the Decision of the Council of the Eurasian Economic Commission No. 54 of 16 July 2012) (hereinafter referred to as the "CU CET").

Specifically, the following provisions of the Auto Investment Program are the subject of the present notification:

¹ A copy of the Order No. 73/81/58n has been submitted electronically. To consult this document, please contact Ms Budd (hilary.budd@wto.org) or Ms Naville (delphine.naville@wto.org) from the Rules Division.

1. Provisions of the Order No. 73/81/58n establishing local content requirements for investors in the automotive sector participating in the Auto Investment Program. In general the investors are required to create added value domestically and a considerable part of these requirements in fact does not provide for using in production components of domestic origin.
2. The right of legal persons in the automotive sector to enjoy preferential import duty rates "for industrial assembly" (stipulated by the preamble of the Annex to the Order No. 73/81/58n) under importation of components if such legal persons fulfil the requirements of the Order No. 73/81/58n.

1. Category in the illustrative list under which the measure falls.

In accordance with the Illustrative List of the TRIMs Agreement, preferential tariffs and tariff exemptions coupled with certain local content requirements would correspond to the category given in paragraph 1(a).

2. Is the TRIM applied by the government under discretionary authority or mandatory legislation?

The Auto Investment Program is applied under discretionary authority.

3. Where the TRIM is general in nature, the criteria for determining to which enterprise it applies in sufficient detail to enable those enterprises to be identified.

To be entitled to the tariff preferences, producers of motor vehicles or parts and components thereof should conclude an agreement with the Ministry of Economic Development of the Russian Federation and meet the requirements set out by the Order No. 73/81/58n. Lists of agreements concluded with investors by the date of accession of the Russian Federation to the WTO are contained in the Tables 42, 43 and 44 of the WPR.

4. Where the TRIM is applied pursuant to mandatory legislation, whether the legislation requires the measure to be applied to new enterprises or new investments of existing enterprises?

The Auto Investment Program is applied under discretionary authority.

5. The compliance with the measure by the enterprise is (a) mandatory or enforceable under domestic law or administrative rulings or (b) necessary to obtain an advantage?

Compliance with the measures is necessary to obtain an advantage (tariff preferences).

6. When the TRIM relates to specific products, sufficient detail on these products to define the scope of the measures.

The measure relates to motor vehicles (HS 8701-8705) and their components stipulated in the Order No. 73/81/58n.

7. The date of implementation of the TRIM and the nature of any modification of the TRIM effected within 180 days prior to the entry into force of the WTO Agreement.

The measure has been applied since 15 April 2005 when the Order No. 73/81/58n came into force. Since this date several amendments and additions took place: 18 August 2006, 5 October 2006, 11 September 2007, 29 October 2008, 17 December 2009, 24 December 2010. No modification was effected within 180 days prior to the accession of the Russian Federation to the WTO.

8. Whether the TRIM, as applied under domestic law, includes provision for its phasing down and/or elimination.

The ultimate date of expiration of the agreements between investors and the Ministry of Economic Development of the Russian Federation is 31 December 2020.

9. The domestic law, regulation or administrative guideline under which the TRIM is applied; a copy should be submitted to the Secretariat to be available for inspection by interested Members.

An unofficial translation of the Order No. 73/81/58n is attached.

10. The level of government applying the TRIM, the name of the implementing agency and any information on the procedures governing its application necessary to enable its nature and scope to be understood

Auto Investment Program is applied by the Government of the Russian Federation. Specifically by the Ministry of Economic Development of the Russian Federation in collaboration with the Ministry of Industry and Trade of the Russian Federation and the Federal Customs Service. CU CET is administered by the supranational body - Eurasian Economic Commission.
