WORLD TRADE ORGANIZATION

G/TRIMS/W/127

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Committee on Trade-Related Investment Measures

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RUSSIAN FEDERATION – LOCAL CONTENT CONDITIONS IN THE "AUTO INVESTMENT PROGRAM"

REPLIES TO QUESTIONS FROM THE UNITED STATES, EUROPEAN UNION AND JAPAN

Question 1:

Paragraph 1090 of the WPR states that "[t]he representative of the Russian Federation confirmed that all WTO-inconsistent measures, including preferential tariffs or tariff exemptions, applied pursuant to Auto Investment Program No. 1 and Auto Investment Program No. 2 and agreements concluded under these programmes would be eliminated by 1 July 2018." However, in response to a question about phasing down or elimination of the program, the notification of the Russian Federation pursuant to TRIMS Article 5.1 states, "[t]he ultimate date of expiration of the agreements between investors and the Ministry of Economic Development of the Russian Federation is 31 December 2020." In light of Addendum G/TRIMS/N/1/RUS/1/Add.1, can the Russian Federation please confirm that [t]he ultimate date of expiration of the agreements in their current form between investors and the Ministry of Economic Development of the Russian Federation is 1 July 2018?

Reply:

As stated in the addendum to the notification of the Russian investment regime of industrial assembly of motor vehicles and parts thereof number G/TRIMS/N/1/RUS/1/Add.1, the Russian Federation took a commitment to eliminate all the WTO inconsistent elements of this investment regime by 1 July 2018. The WTO membership can find specific language of this commitment as well as detailed description of the investment regime in the Working Party Report on Russia's accession to the WTO (WPR). Relevant paragraphs of the WPR are number 1063, next - from paragraph 1072 to 1086 and the language of the commitment itself can be found in the paragraphs 1089 and 1090.

The commitment provides for changing of the current investment regime by 1 July 2018 in order to bring it into compliance with the WTO rules. However the commitment does not provide for elimination of the investment regime itself after 1 July 2018.

In the same way the commitment does not provide for termination of the investment agreements. Equally, the form of the agreements should not necessarily be changed. There could be different means of ensuring compliance of the regime with the WTO rules. At this stage we cannot forecast what these measures will be.

Question 2:

Please describe any preparatory steps the Russian Federation has taken or is contemplating in connection with the elimination of these WTO incompatible programs pursuant to paragraph 1090 of the WPR.

Reply:

Russia has launched a discussion with participants of the regime on means of ensuring compliance of the regime with the WTO rules with a view to keep balanced their investment projects after bringing the regime into compliance with the WTO rules.

Question 3:

Under paragraph 1090 of the WPR, the Russian Federation agreed that it would "engage in consultations with interested WTO Members, no later than 1 July 2016, regarding WTO-consistent measures that could be applied in connection with its Auto Investment Program No. 1 and Auto Investment Program No. 2 and would notify WTO Members of any measures planned to replace the WTO-inconsistent measures applied under these programmes at least six months prior to the adoption of such new measures." Has the Russian Federation taken any action, or does it anticipate taking any action prior to the next meeting of this Committee that would require notification or consultation pursuant to paragraph 1090?

Question 4:

The United States and the European Union would appreciate if the Russian Federation could regularly inform the TRIMs Committee on the steps that will be taken with a view to consulting interested WTO Members and eliminating the relevant programs pursuant to paragraph 1090 of the WPR.

Reply:

As explained in the answer to the question 1, it is not clear at this stage through which means full WTO compliance of the regime would be achieved by 1 July 2018.

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