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Committee on Trade-Related Investment Measures

Original: English

**RUSSIA – LOCAL CONTENT REQUIREMENTS
FOR AGRICULTURAL EQUIPMENT**

**REPLIES TO QUESTIONS FROM THE UNITED STATES
AND THE EUROPEAN UNION¹**

The following communication, dated 3 October 2013, is being circulated at the request of the Delegation of the Russian Federation.

Question 1

Would the Russian Federation please elaborate on the relationship between RAL and the Government of the Russian Federation?

Reply

OAQ "RosAgroLeasing" (RAL) is a commercial organisation with a state share in its authorized capital. The Government of the Russian Federation acts as its shareholder and exercises regulatory function.

Question 2

Please describe the operation of RAL with respect to the purchase of agricultural equipment and subsequent re-lease to farmers.

Reply

RAL is a joint-stock company, which conducts its activities in accordance with the national legislation.

In accordance with the Civil Code of the Russian Federation, under the financial lease (leasing) agreement, the lessor shall acquire property, specified by the lessee, in its ownership from a particular seller and provide to the lessee this property in temporary possession and use for a fee.

Question 3

Does RAL still require that the agricultural equipment it purchases be "manufactured in the Russian Federation?" How does RAL determine whether a particular piece of equipment qualified as "manufactured in the Russian Federation?" Is a particular threshold of local content applied for this purpose and, if so, how is that threshold calculated?

Reply

As stated above, according to the Civil Code of the Russian Federation, the property acquired under the leasing agreement is specified by the lessee. Exact features of such property are specified by the leasing agreement.

¹ G/TRIMS/W/116 (10 April 2013).

Question 4

What steps has Russia taken to meet its commitment to modify this program "so that any subsidy provided would not be contingent upon... the use of domestic over imported goods." (as committed in paragraph 698 of Russia's Working Party Report)?

Reply

As stated in the paragraph 689 of the Russia's WPR, the Resolution of the Government of the Russian Federation No. 90 of 4 February 2009 enabled the Ministry of Agriculture to provide loans to farmers at an interest rate below the market rates for the purchase of farm machinery manufactured in the Russian Federation. Following the commitment of paragraph 698 of Russia's WPR, this Resolution was abrogated in January 2013.

At the same time with a view of realization of the State Program of Agricultural Development and Regulation of the Market of Agricultural Production, Commodities and Supplies for 2013-2020 the Resolution of the Government of the Russian Federation No. 1432 of 27 December 2012 "On Establishing the Rules for Granting Subsidies to Agricultural Machinery Manufacturers" was adopted.
