

FEDERAL LAW NO. 213-FZ OF DECEMBER 27, 1995 ON THE STATE DEFENCE ORDER (with the Amendments and Additions of February 26, 1997, May 6, 1999, February 2, 2006, December 1, 2007)

Adopted by the State Duma on November 24, 1995

The present Federal Law shall lay down the general legal and economic principles and the way of formation, distribution, financing and execution of the state defence order, and shall regulate relations in this sphere.

Article 1. Basic Terms

The following basic terms shall be used in the present Federal Law:

- the **state defence order** (hereinafter referred to as the defence order) - the legal act, envisaging deliveries of the products for the federal state needs to maintain the necessary level of the Russian Federation's defence capability and security - combat weapons, ammunition, military hardware and other military property (hereinafter referred to as the armaments and the military hardware), completing units and materials, the performance of works and rendering of services (hereinafter referred to as the products (works, services)), and also the export and import deliveries in the sphere of the military and technical cooperation of the Russian Federation with foreign states in conformity with the international treaties of the Russian Federation;

the **state customer of the defence order (hereinafter referred to as the state customer)** means the federal executive power body, the State Atomic Power Corporation Rosatom, fulfilling the orders for the development, manufacture and delivery of the products (works, services) on the defence order. As the state customer of armaments and of military hardware, of scientific-research and development works, involved in their development, as well as in creating new technologies for the production of armaments and of military hardware, aimed at maintaining the necessary level of defence capability and security of the Russian Federation, may be only deemed a federal executive power body, incorporating the troops and armed formations in conformity with the laws and with other normative legal acts of the Russian Federation, or the State Atomic Power Corporation Rosatom;

- the **head executor of the defence order** (hereinafter referred to as the head executor) shall be an organization, which has signed a state contract with the state customer for the delivery of the products (works, services) on the defence order;

- the **executor of the defence order** (hereinafter referred to as the executor) shall be an organization, taking part in the fulfillment of the defence order on the ground of the contract with the state customer or with the head executor (the executor);

- the **state contract** shall be a contract, signed by the state customer with the head executor (the executor) and envisaging the parties' obligations and their responsibility for the fulfilment of the defence order;

- the **contract** shall be an agreement, signed by the head executor (the executor) with the executor (with another executor) and envisaging the parties' obligations and their responsibility for the fulfilment of the defence order.

Article 2. General Provisions

1. The basic indices of the defence order shall be approved by the President of the Russian Federation.

2. The deliveries of the products (works, services) by the defence order shall be one of the kinds of deliveries of the products (works, services) for the federal state needs.

The defence order may comprise:

- the scientific-research and the development works, involved in the development, modernizing, utilization and destruction of the armaments and of the military hardware, withdrawn from exploitation;

- the scientific-research and the development works, involved in the development of the research, the design and engineering and the production and technological base, aimed at providing for the fulfilment of the defence order, and also at raising the standard of the mobilization preparedness of the economy of the Russian Federation;

- the batch production and the deliveries of the armaments and of the military hardware, and also of the completing units and materials;

- the works, involved in the repairing and modernizing the armaments and the military hardware, in the guaranteed and the manufacturer's supervision over their condition, and also in the utilization and the destruction of the armaments and of the military hardware, withdrawn from exploitation;

- the works in the sphere of the military and technical cooperation of the Russian Federation with foreign states in conformity with the international treaties of the Russian Federation;

- the works, involved in the mobilization preparedness of the economy of the Russian Federation;

- the delivery of the products (works, services) for the needs of the civil defence;

- the supply and (or) production of the clothes and of the military property, of the foodstuff and the non-foodstuff commodities;
- the construction, reconstruction and the technical re-equipment of the objects, intended for the needs of the defence and security of the Russian Federation, including for the utilization and the destruction of the armaments and of the military hardware, withdrawn from exploitation;
- the other works, involved in ensuring the defence capability and security of the Russian Federation.

3. The defence order shall comprise:

- the list (the nomenclature) and the amount of the products (works, services), which shall be delivered, and the term of their deliveries;
- the forecast cost (the price) of the defence order as a whole, and also by its parts and by the individual stages of its realization;
- the list of the state customers;
- the list of the supposed head executors (the executors).

4. The works, involved in developing and in producing completing units and materials for ensuring the fulfilment of the defence order, shall be referred to the works by the defence order.

5. The defence order shall be financed at the expense of the federal budget by assigning allocations to the state customer. The items of the federal budget, by which the defence order is financed, shall have the status of the protected items of the federal budget expenditures.

The payment for the deliveries of the products (works, services), performed by the executor by the contract with the head executor (the executor), may be effected directly by the state customer, if this is envisaged by the corresponding state contract (the contract).

The financial means, paid by the state customer to the head executor (the executor), shall be intended only for the outlays for the fulfilment of the defence order and for an advanced payment for the corresponding works. The head executor (the executor) shall be held answerable for the different use of the said means.

Article 3. Formation and Placing of the Defence Order

1. The defence order shall be formed within the scope of the outlays for these purposes, assigned by the federal budget on the ground of:

- the fundamental principles of the military doctrine of the Russian Federation;
- the federal programme for the development, creation and manufacture of the armaments and of the military hardware for a ten-year period, including the orders for the scientific-research and the development works (among them the works for the development of the basic military technologies), the batch production, the utilization and the destruction of the armaments and the military hardware, the capital construction, and also the measures for the material and technical supplies for these works;
- of the other federal programmes;
- of the programmes for the military and technical cooperation of the Russian Federation with foreign states in conformity with the international treaties of the Russian Federation.

2. The works, involved in implementing the federal programme for the development, creation and production of the armaments and of the military hardware for a 10-year period, shall be planned for every year in the course of the first five years.

The said programme shall be specified once in five years, not later than 9 months in advance before the start of the corresponding period.

3. The draft of the defence order shall be elaborated with participation of the State Atomic Power Corporation Rosatom in conformity with the procedure, defined by the Government of the Russian Federation when compiling the federal budget for the corresponding year and proceeding from the resource possibilities of the economy of the Russian Federation.

The Government of the Russian Federation, simultaneously with presenting the draft federal budget to the State Duma of the Federal Assembly of the Russian Federation, shall present for approval to the President of the Russian Federation the basic indices of the defence order for the corresponding year.

The basic indices of the defence order shall be approved by the President of the Russian Federation simultaneously with the signing by the President of the Russian Federation of the federal law on the federal budget.

The Government of the Russian Federation shall, within a 20-day term after the signing by the President of the Russian Federation of the federal law on the federal budget and after the approval by the President of the Russian Federation of the basic indices of the defence order, approve the defence order in full volume within the amount of the outlays for these purposes, allocated by the federal budget.

4. The defence order shall be placed in the procedure provided for by Federal Law No. 94-FZ of July 21, 2005 on Placing Orders to Supply Goods, Carry Out Works and Render Services for Meeting State and Municipal Needs subject to the specifics established by this Federal Law. In the absence of the claimants for taking part in the auction for placing the defence order, and also if by the results of the said

auction the head executor (the executor) has not been identified, the defence order shall be obligatory for acceptance by the state unitary enterprises, as well as by the other organizations, holding a dominant position on the commodity market or enjoying the monopoly in putting out the products (works, services) by the defence order, under the condition that the defence order ensures the profitability level of the output of these products (works, services), fixed by the Government of the Russian Federation.

The defence order and the signing of the state contract (the contract) for the works, involved in the maintenance of the mobilization capacities, shall be obligatory for all organizations, unless the placing of the defence order entails losses from its fulfilment.

5. When placing the defence order, the initial price of a state contract, as well as the price of a state contract in the event of placing the defence order with a single supplier (executor or contractor), shall be fixed in the procedure determined by the Government of the Russian Federation.

Article 4. Principal Demands, Made on the Head Executor (the Executor) of the Defence Order

1. The head executor (the executor) of the defence order may be on equal grounds the organizations, regardless of their legal-organizational forms and of their forms of ownership, complying with the requirements of the legislation of the Russian Federation in respect of the persons exercising the activity involved in the fulfilment of the defence order.

2. If the works, involved in the fulfilment of the defence order, are stopped, the head executor (the executor) shall have no right to liquidate or to reorient the production capacities, which provided for the fulfilment of the defence order, without agreeing this with the Government of the Russian Federation.

The losses, inflicted upon the head executor (the executor) as a result of the non-use of the said capacities upon the decision of the Government of the Russian Federation, shall be recompensed by the Government of the Russian Federation in full volume.

Article 5. Basic Functions of the State Customer

1. The state customer shall:

- organize and placing the defence order to identify the head executor (the executor);
- sign a state contract for the deliveries of the products (works, services);
- provide for the financing of the defence order;
- exert control over the execution by the head executor (the executor) of the financial means, allocated for the fulfilment of the defence order;
- exert control over the fulfilment of the works, both at the individual stages and as a whole;
- take part in the tests of the experimental samples (complexes and systems) of the armaments and of the military hardware, of the batch products and of the completing units and materials;
- organize and hold the state tests of the experimental samples (complexes and systems) of the armaments and of the military hardware, and prepare documentation for accepting them for the armament (the supply);
- approve the design documentation for launching a batch output of the armaments and of the military hardware.

2. The state customer shall have the right to pass to the head executor, on the ground of the state contract, a part of his functions, involved in the fulfilment of the defence order.

Article 6. Basic Functions of the Head Executor (of the Executor)

The head executor (the executor) shall:

- take part in placement of defence order;
- substantiate the price of the products (the works as a whole, by the parts and by the individual stages thereof);
- sign the state contract (the contract) on fulfilling the defence order;
- effect the performance of the works, the manufacture of experimental samples (complexes, systems) of the armaments and of the military hardware, the development, the batch output and the deliveries of the products (works, services), and also the manufacturer's and the guaranteed supervision over the condition of the armaments and of the military hardware;
- provide for the correspondence of the performed works, of the manufactured experimental samples (complexes, systems) of the armaments and of the military hardware, and of the batch output to the requirements of the state standards, of the tactical-technical (technical) targets of the state customer and of the technical documentation, and also to the tactical-technical characteristics and the terms of the state contract (the contract);
- organize and carry out the tests of the experimental samples (complexes, systems) of the armaments and of the military hardware, and of the batch output, envisaged by the technical documentation;

- ensure for the state customer the proper conditions for exerting control over the performance of the works, both at the individual stages and as a whole, in the course of the development, the manufacture and the delivery of the armaments and of the military technology.

Article 7. The State Contract (the Contract) for Fulfilling the Defence Order

1. The state contract (the contract) shall be signed both for the performance of the entire complex of the scientific-research and the development works, of the production, deliveries, exploitation, repairs, utilization and destruction of the armaments and of the military hardware, and for the individual kinds of these works.

2. The standard of the products (works, services), delivered by the state contract (by the contract) for the fulfilment of the defence order, shall correspond to the requirements of the normative and the technical documentation, and to the terms of the state contract (the contract).

3. Approximate terms of the state contract (the contract) for the fulfilment of the defence order shall be defined by the Government of the Russian Federation.

4. The contracts with foreign legal entities for the fulfilment of the works, providing for the defence order, and also for the export and import deliveries of the products (works, services) shall be signed in conformity with the procedure, laid down by the legislation of the Russian Federation.

Article 8. Material and Technical Supply of the Defence Order

1. By the most important kinds of the material and technical resources for the fulfilment of the defence order, the Government of the Russian Federation shall fix to the organizations, engaged in the deliveries (the output) of these resources, regardless of their legal-organizational forms and of their forms of ownership, the quotas (the list, the amount and the dates of the supply) of the obligatory deliveries of the said resources to the state customer and to the head executor (the executor) for the prices, formed on the commodity market.

2. The deliveries of the material and technical resources for the fulfilment of the defence order in conformity with the fixed quotas shall be made only to the state customer and to the head executor (the executor).

Article 9. Economic Stimuli for the Fulfilment of the Defence Order

1. For an economic stimulation of the head executor (the executor) of the defence order, the following measures may be envisaged:

- allocation of the means at the expense of the federal budget for the construction and the reconstruction of the organizations, for equipping them with modern technology, and for their mastering of the new hardware, technologies and materials;

- guaranteeing a fixed profitability level during the fulfilment of the defence order by the kinds of the defence products (works, services), ensuring the establishment of a stable financial base for the production, the scientific and technical, and the social development of the organizations - the head executors (the executors) by applying the mechanism for the pricing of the products (works, services);

- a quarterly indexation of the allocations for the payment for the defence order, assigned at the expense of the federal budget, in connection with the inflation processes;

- a quarterly or a step-by-step advanced payment for the works on the fulfilment of the defence order, in the amount of not less than 40 per cent of their cost, at the expense of the means from the federal budget for financing the defence order;

- exemption of the head executor (the executor) of the defence order from the payment of the customs duty on the equipment and on the other products, not manufactured by the domestic industry and imported for the technical re-equipment of the organizations, fulfilling the defence order, in conformity with the Customs Code of the Russian Federation and with the Law of the Russian Federation on the Customs Tariff;

- other privileges in conformity with the laws and with the other normative legal acts of the Russian Federation.

In conformity with the procedure and within the scope, stipulated by the tax legislation of the Russian Federation, the head executor (the executor) may be exempted from the payment of:

- the tax on the part of the profit, derived from the fulfilment of the defence order and directed towards the technical re-equipment, reconstruction and (or) expansion of the production;

- the land tax on the land plots, on which the production and the scientific-research complexes and objects, intended for the purposes of mobilization, are situated, including the tests complexes, the proving-grounds and the warehouses for keeping the state reserves;

- the tax on the property of the objects, intended for the purposes of mobilization, including that of the tests complexes, of the proving-grounds and of the warehouses for keeping the state and the mobilization reserves.

The kinds, amounts and procedure for the economic stimulation of the head executor (the executor) shall be defined by the Government of the Russian Federation when compiling the draft federal

budget, and the corresponding proposals shall be presented to the State Duma for approval simultaneously with the draft federal budget.

2. The state customer shall have the right to envisage in the state contract (the contract) other kinds of stimulation as well.

Article 10. Responsibility of the Federal Executive Power Bodies

1. The Government of the Russian Federation and the other federal executive power bodies, authorized by the Government of the Russian Federation, shall be answerable for the implementation of the military-technical policy, for ensuring the fulfilment of the federal programme for the development, creation and production of the armaments and of the military hardware for a 10-year period and of the other federal programmes, for a timely transfer to the state customer of the financial means for an advanced and a regular payment for the products (works, services), and for the performance of other works on the defence order.

2. The state customer shall bear responsibility for a timely bringing of the defence order to the head executor (the executor) and for the goal-oriented use of the means, allocated to him at the expense of the federal budget for the advanced and the regular payments for the products (works, services).

Article 11. Responsibility for the Non-Fulfilment of the Defence Order

1. In case of the non-fulfilment or of an improper fulfilment by one of the parties of the obligations, envisaged by the state contract (the contract), the guilty party shall recompense to the other party the losses, which it has inflicted upon it, in conformity with the procedure and in the amount, fixed by the civil legislation of the Russian Federation and by the state contract (the contract).

The other kinds of responsibility shall be stipulated by the federal law, defining a procedure for placing orders to supply commodities, carry out works and render services to meet state and municipal needs.

2. In case of the non-fulfilment or of an improper fulfilment of the obligations, envisaged by the state contract (the contract), the head executor (the executor) shall be deprived of the right to the economic stimulation, stipulated by Article 9 of the present Federal Law.

3. The disputes, arising between the state customer and the head executor (the executor), or between the head executor (the executor) and the executor (the other executor), in the signing, amending, cancelling and fulfilling the state contracts (contracts), and also the disputes on recompensing the caused losses, shall be examined in the arbitration courts.

Article 12. Putting the Present Federal Law in Force

1. The present Federal Law shall be put in force as from the date of its official publication.

2. To order that the Government of the Russian Federation shall, in the year 1996:

- bring the normative legal acts, passed by it, into correspondence with the present Federal Law;

- pass the normative legal acts, which would provide for the implementation of the present Federal Law;

- prepare and present, in conformity with the laid down procedure, proposals on introducing amendments and addenda into the legislation of the Russian Federation in connection with the enforcement of the present Federal Law.

President
of the Russian Federation

Boris Yeltsin

Moscow, the Kremlin