

**DECISION**  
**OF THE COUNCIL OF MINISTERS OF THE RUSSIAN FEDERATION**  
**NO. 540 OF NOVEMBER 23, 1990**  
**ON PRIORITY MEASURES TO DEVELOP THE FREE ECONOMIC ZONE**  
**IN THE AREA OF NAKHODKA (NAKHODKA FEZ) OF THE PRIMORIYE TERRITORY**  
**(with the Amendments and Additions of October 3, 2002)**

*See also [Decision](#) of the Government of the Russian Federation No. 1033 of September 8, 1994 on Some Measures to Develop the Nakhodka Free Economic Zone*

In accordance with the [Resolution](#) of the Supreme Soviet of the Russian Federation of October 24, 1990 on the Creation of a Free Economic Zone in the Area of Nakhodka of the Primoriye Territory the Council of Ministers of the RSFSR resolves:

**1.** To approve the appended [Regulations](#) for the Free Economic Zone in the Area of Nakhodka of the Primoriye Territory, agreed upon with the interested ministries and departments.

**2.** The RSFSR State Committee for Economics, the RSFSR State Committee State Property Management and the RSFSR Ministry of Industry, the Nakhodka Town Executive Committee and the Partizan District Executive Committee shall be instructed to submit, within two months, to the Council of Ministers of the RSFSR, their proposal on putting the enterprises, associations and organizations of the Union subordination, located in the town of Nakhodka and the Partizan District, in charge of the RSFSR Council of Ministers.

**3.** The Nakhodka Town Executive Committee and the Partizan District Executive Committee shall be empowered to authorize the enterprises, associations and organizations, (regardless of the forms of property) joint ventures with the participation of foreign juridical and natural persons, and the republican (regional) trade houses to carry on specialized trade and render services in the territory of Nakhodka FEZ for freely convertible currency and currency equated therewith.

**4.** The Ministry of Finance of the RSFSR shall be obliged to take the following measures within two months:

- to elaborate the procedure for granting tax credits on the commercial and contractual terms for Nakhodka FEZ;

- to approve the procedure for introducing a turnover tax by the Nakhodka Town Soviet and the Partizan District Soviet for Nakhodka FEZ;

- to render assistance to create a currency exchange and its functioning in Nakhodka FEZ.

**5.** The Ministry of Foreign Economic Relations of the RSFSR shall be obliged, by agreement with the Central Administration of State Customs Control under the Council of Ministers of the USSR, to determine the procedure and rules of customs control and declaration of goods and other assets brought into and out of the territory of Nakhodka FEZ.

**6.** The RSFSR State Committee for Economics, the RSFSR State Committee for Material and Technical Supply for Republican and Regional Programmes shall be obliged to consider the measures elaborated by the Nakhodka Town Soviet and the Partizan District Soviet to develop the enterprises of the building industry, the raw materials industry, the housing and utility economy and the social sphere facilities, to create additional capacities of power and heat supply, to reconstruct the freight railway stations of Nakhodka and Nakhodka-Vostochnaya and to increase their cargo-carrying capacity. On matters requiring decisions by the Government, appropriate suggestions shall be submitted to the Council of Ministers of the RSFSR.

The RSFSR Russia State Committee for Economics, the RSFSR State Committee for Material and Technical Supply for Republican and Regional Programmes shall be obliged to provide for Nakhodka FEZ raw materials resources and equipment according to the centralized assortment in priority directions in order to meet the production and operation needs of this zone and to launch capital construction, scientific and research work.

The financing and material-technical supply of Nakhodka FEZ shall be effected within the framework of general republican programmes and on general grounds.

7. The RSFSR Ministry of Communications, Informatics and Outer Space together with the Ministry of Communications of the USSR shall be obliged to consider, within two months, the proposals of the Nakhodka Town Executive Committee on the Provision of Nakhodka FEZ with modern means of communication.

8. The RSFSR Ministry of Labour and the Primoriye Territorial Executive Committee shall be recommended to set up in 1991 an employment service (labour exchange) in the town of Nakhodka of the Partizan District and to finance it in keeping with legislation in force.

9. The RSFSR Ministry of Foreign Economic Relations shall be obliged to render assistance, in the setting up a Centre of International Trade in Nakhodka FEZ and to link the latter to the all-union state system of foreign economic information.

10. Together with the Ministry of Foreign Affairs of the USSR and the Committee of State Security of the USSR the Ministry of Foreign Affairs of the RSFSR and the Ministry of Internal Affairs of the RSFSR shall be instructed to establish a simplified procedure of entry, departure, and stay of foreign nationals in the territory of Nakhodka FEZ.

The Ministry of Foreign Affairs of the RSFSR shall be obliged to consider the question of opening its representative office in Nakhodka.

11. Together with the Ministry of Foreign Affairs of the USSR and the Committee of State Security of the USSR the Ministry of Foreign Affairs of the RSFSR and the Ministry of Internal Affairs of the RSFSR shall be instructed to consider the question of transferring a military airport to the area of Nakhodka for civilian use in 1991.

12. The Council of Ministers of the Republics within the Russian Federation, the territorial and regional executive committees, the Moscow City Executive Committee and the Leningrad City Executive Committee shall be obliged to reserve the living quarters in the place of permanent residence (regardless of its departmental affiliation) for the persons leaving for work in Nakhodka FEZ throughout the period of their work in this zone.

**REGULATIONS**  
**ON THE FREE ECONOMIC ZONE IN THE DISTRICT OF THE CITY OF NAKHODKA OF**  
**THE PRIMORSKY KRAI**  
**(Approved by the Decision of the RSFSR Council of Ministers**  
**No. 540 of November 23, 1990)**

1. These Regulations determine the legal basis of economic activities in the free economic zone in the area of Nakhodka of Primorsky Krai, hereinafter referred to as Nakhodka Free Economic Zone.

2. The Nakhodka Free Economic Zone is to be created with the objectives to develop trade and economic as well as scientific and technological cooperation with foreign states, to ensure favourable conditions for attracting foreign capital, technology and managerial experience as well as the potential of Soviet enterprises in the solution of the tasks of the social and economic development of the Far East, to achieve the all-round development of its natural resources, the expansion of the export potentialities of the region and the country as a whole, the promotion of production of high-quality import-replacing products, the transcontinental transit, to test new forms of management in the conditions of transition to the market-based economy.

3. The territory of Nakhodka Free Economic Zone is located within the administrative borders of the city of Nakhodka and the Partizansky District of the Primorsky Krai.

4. The Nakhodka Free Economic Zone shall be subject to the laws of the USSR and RSFSR as well as these Regulations.

5. In accordance with the Decision of the RSFSR Supreme Soviet of October 24, 1990 the Nakhodka Free Economic Zone:

shall be subject to the preferential tax and customs treatment as well as an easy procedure for handling export and import operations;

the foreign investments in the territory of the Nakhodka Free Economic Zone shall enjoy legal protection, their regime may not be less favourable than a respective regime established for the

property and property rights of RSFSR legal entities and individuals;

*For some measures to stimulate the investment activities in the Nakhodka Free Economic Zone see the [Decree](#) of the President of the Russian Federation No. 345 of March 9, 1996*

in the zone no discrimination shall be allowed against enterprises with foreign investments as compared with other enterprises operating in the RSFSR;

it shall not allowed to undertake in the zone any measures, unless these are provided under the law, associated with the compulsory seizure of foreign investments such as nationalization, requisition, confiscation and other measures which may have similar consequences. It is not either allowed to sequester the invested property, except for the temporary suspension of the right to take it out until the investor has paid its liabilities. The compulsory seizure may be carried out only by a court decision on the condition of payment of a compensation whose amount shall correspond to the real (market) value of the seized investments to be determined directly before the time when it has become known about the actual execution or the forthcoming measures on compulsory seizure. The compensation shall be paid in the same currency in which the said investments were made.

**6.** In the territory of the Nakhodka Free Economic Zone Soviet and foreign legal entities and individuals are free to set up enterprises, branches and representative offices in any form and to carry on economic activities in any sphere, except for those prohibited under the laws in force in RSFSR. In the territory of Nakhodka Free Economic Zone it is allowed to set up enterprises with foreign investments in banking and insurance spheres as well as enterprises totally owned by foreign investors. All the enterprises and organizations of the Nakhodka Free Economic Zone shall be entitled to engage in foreign economic activity.

*[Decision](#) of the Government of the Russian Federation No. 731 of October 3, 2002 amended Item 7 of these Regulations*

*[See the previous text of the Item](#)*

**7.** The enterprises located within Nakhodka Free Economic Zone shall, regardless of their form of ownership, decide on their own issues of setting up joint ventures with the participation of home and foreign investors.

**8.** The economic relations that may be entered into by enterprises located within the Nakhodka Free Economic Zone shall be built on a contractual basis. The enterprises within the Nakhodka Free Economic Zone shall on their own develop production programs and sell products (services) produced. The products of enterprises within the Nakhodka Free Economic Zone shall be placed at their full disposal.

**9.** The Soviet and foreign legal entities and individuals operating within the Nakhodka Free Economic Zone shall have the right without any restrictions to obtain loans from foreign banks, companies and organizations, to attract foreign insurance companies to make all kinds of insurance deals.

*Under the Decision of the Russian Federation's Government No. 119 of February 26, 1992 Item 10 hereof was given a new wording*

**10.** The right to dispose of the land in the territory of the Nakhodka Free Economic Zone shall be exercised in accordance with the RSFSR Land Code.

*Under the Decision of the Russian Federation's Government No. 119 of February 26, 1992 Item 11 hereof was amended*

**11.** The foreign investors shall be free to carry out investments in the territory of the Nakhodka Free Economic Zone:

- by sharing in enterprises to be set up jointly with Soviet legal entities and individuals;
- by setting up enterprises and their affiliates totally owned by foreign investors;

by acquiring property, shares and other securities;  
by acquiring rights to use the land on the basis of agreements for the long-term lease up to fifty years as well as other property rights.

*By the Decision of the Russian Federation's Government No. 119 of February 26, 1992 Item 12 hereof was invalidated in so far as it concerns the sublease of land and the utilization of land as a pledge*

**12.** The home and foreign investors operating in the Nakhodka Free Economic Zone shall have the right to sublease the ~~land~~, property and property rights and to assign the rights of use upon the mutual agreement between the parties that have signed a lease agreement or their legal successors. ~~The rights of use may be exercised by the investor as a pledge.~~

**13.** The lease agreements made with foreign investors for the use of land and other natural resources, buildings, structures, equipment, industrial and other enterprises may be revised only upon mutual agreement between the parties that have signed the agreements or their legal successors.

**14.** The foreign investors operating in the Nakhodka Free Economic Zone shall be guaranteed the possibility to transfer abroad upon payment of taxes, the amounts in foreign currency received by them as profits as well as in connection with the sale by them of the whole or a portion of their share in the charter fund of the enterprise with foreign investments, in view of their withdrawal therefrom or liquidation of the enterprise.

**15.** The foreign investors operating in the Nakhodka Free Economic Zone shall be free to have current and settlement accounts both in foreign currency and in Rubles with the banks of the zone with the right of spending the respective amounts across the RSFSR territory in accordance with the applicable legislation.

In order to remit amounts from their settlement accounts in Rubles for abroad the foreign investors operating in the Nakhodka Free Economic Zone may acquire foreign currency at the rates that may develop within the framework of the forms of purchase and sale of currency for rubles (auctions, trading at stock exchanges and other forms) as may be authorized in the Nakhodka Free Economic Zone.

**16.** In instances whenever foreign investors are invited into the Nakhodka Free Economic Zone for the production of import-replacing products that have a major significance for the national economy, the transfer of the Ruble portion of the profits due to the foreign investor may be effected at the mutually agreed rate by using the currency funds of the parties concerned.

**17.** The export of goods produced in the territory of the Nakhodka Free Economic Zone shall be exempt from quotas and licenses, except for such goods whose export is restricted under the law or in exceptional cases by the decision of the RSFSR Council of Ministers. The goods shall be considered as produced within the zone provided the amount of their added value is no less than 30 percent.

The enterprises of the fish industry located in the Nakhodka Free Economic Zone (except for enterprises with foreign investments in which the foreign participant's stake in the charter fund exceeds 50 percent) shall have the right to sell on their own in foreign markets not over than 30 percent of their products.

The import of goods and services in the Nakhodka Free Economic Zone shall be exempt from quotas and licenses, except for the goods (services) whose import is subject to special rules and intergovernmental agreements.

**18.** The enterprises and organizations operating in the Nakhodka Free Economic Zone shall be entitled to carry out commodity exchange (barter) and intermediary operations involving both goods and services produced within the zone.

**19.** The territory of the Nakhodka Free Economic Zone shall be subject to a special customs procedure which provides for as follows:

the exemption from payment of customs duty with respect to goods and other property to be imported into and exported from the Nakhodka Free Economic Zone;

in case of carrying goods and other property away from the territory of the Nakhodka Free Economic Zone to other RSFSR regions, the customs duty may be imposed only on such a portion of the goods and property that has a foreign origin which amount shall be determined according to the rule of defining the country of origin;

the goods and other property to be imported into and exported from the territory of Nakhodka Free Economic Zone shall be subject to obligatory declaration.

The transit or resale of the goods that have not been processed within the zone, through the territory of the Nakhodka Free Economic Zone to other RSFSR regions as well as the deliveries of goods for export from other RSFSR areas shall be carried out without any tariff and customs exemptions.

**20.** The enterprises with foreign investments located within the Nakhodka Free Economic Zone in which the foreign participants' share in the charter fund exceeds 30 percent, shall be subject to the following taxes and tax exemptions:

profit tax to be remitted to the overhead budgets - 7 percent, local profit tax to be remitted to the budgets of the city of Nakhodka and Partizansky District - not over 3 percent;

the tax on a portion of profits to be carried abroad and to be remitted to the state budgets - 7 percent, the local tax on the profit portion to be taken for abroad to be remitted to the budgets of the city of Nakhodka and Partizansky District - not over 3 percent;

total exemption from the payment of the profit tax and a portion of the profit to be carried abroad for the period of five years after obtaining the declared profit;

the exemption from taxation of a portion of profits to be reinvested in the territory of the Nakhodka Free Economic Zone towards the development of the social sphere and the formation of the infrastructure facilities in the zone.

**21.** The Nakhodka municipal council and the Partizansky District council shall have the right to cut local taxes or to exempt the enterprises with foreign investments from local taxes.

**22.** In relation to enterprises without foreign investments and enterprises with foreign investments located in the Nakhodka Free Economic Zone, in which the foreign participants' share in the charter fund is less than 30 percent, no tax shall be imposed on the portion of the profit reinvested towards the development of the social infrastructure of the Nakhodka Free Economic Zone.

**23.** The formation and functioning of the Nakhodka Free Economic Zone shall be carried out for the most part through self-financing, including in foreign currency. Proceeding from the above and with the aim to achieve the concentration of the financial resources required for the Nakhodka Free Economic Zone all taxes and payments due to the budget shall within 5 years since the creation of the zone be put at the disposal of the Nakhodka municipal council and Partizansky District council. Those councils shall also have the right to dispose of 50 percent of the funds to be resultant from the realization of the state property.

**24.** In the Nakhodka Free Economic Zone the foreign currency that may be earned by enterprises without and with foreign investments in which the foreign participant's share in the charter fund is less than 30 percent shall be left at their disposal, except for 20 percent of the currency deductions from the currency proceeds to be transmitted within the first five years of functioning of the Nakhodka Free Economic Zone to the Nakhodka municipal council and Partizansky District council.

**25.** The enterprises and organizations located in the Nakhodka Free Economic Zone shall be exempt from taxes on export and import, the taxes regulating the spending of funds to be used for consumption as well as from an increase in the profit tax over and above the established level of profitability.

**26.** The sales tax by groups of commodities to be imported, produced and consumed in the Nakhodka Free Economic Zone shall be fully entered into the budgets of the city of Nakhodka and the Partizansky District in the amounts to be approved by the Nakhodka municipal council and the Partizansky District council.

**27.** The funds in Soviet Rubles and in foreign currency intended issuing of the zone bonds, loans, voluntary contributions of individuals and organizations, the holding of lotteries, the transfer of fines due for the breach of rules of economic activities (except for customs fines), the payment due

for the services of local authorities to be provided to organizations and enterprises, the lease-related payments and other receipts.

**28.** The labour relations, including questions of employment and dismissal, the conditions of work and recreation, social guarantees and compensations at enterprises in the Nakhodka Free Economic Zone shall be regulated under a collective contract (agreement) and (or) under individual employment agreements (contracts). The conditions and the those in foreign currency, shall be fixed by enterprises and organizations on their own at the expense of their own funds. The Nakhodka municipal council and Partizansky District council shall have the right to use for the said purposes their own funds in foreign currency.

The terms and conditions of collective and individual labour contracts shall not deteriorate the situation of employees of the said enterprises and organizations as against those specified under the legislation applicable in the RSFSR.

The questions of remuneration, the granting of holidays, pension maintenance of foreign workers of enterprises with foreign investments shall be solved under individual employment agreements (contracts) with each of them. The employees shall have the right to freely transfer their wages in foreign currency for abroad.

**29.** The enterprises operating within the Nakhodka Free Economic Zone shall have the right by using the currency funds to be created at those enterprises to pay wages to Soviet workers and specialists in foreign currency which wages shall be entered into special accounts with the banks and paid out as checks payable to certain persons, credit cards and other payment means to be used at special shops in the zone as well as shall be released to the holders of the said accounts when they travel abroad.

**30.** The Soviet workers and specialists of enterprises and organizations of other regions of the republic may be employed on a contractual basis at enterprises and organizations in the Nakhodka Free Economic Zone.

**31.** The Nakhodka Free Economic Zone shall use an easy procedure for entry and stay of foreigners.

**32.** The Nakhodka municipal council and Partizansky District council shall on their own ensure the fulfilment of all the functions of territorial self-government, approve at their joint meetings a strategy of the zone development, adopt decisions and rules regulating the economic activities within the Nakhodka Free Economic Zone.

**33.** The Nakhodka Free Economic Zone shall have a single body of administration - the Administrative Committee to be formed by the Nakhodka municipal council and Partizansky District council.

The chairman of the Administrative Committee shall be approved by the RSFSR Council of Ministers at the proposal of the said Councils. The basic functions of the Administrative Committee shall comprise:

the development and implementation of strategy of development of the Nakhodka Free Economic Zone, including the zone general layout;

the evaluation and approval of proposals made by home and foreign investors;

*[Decision of the Government of the Russian Federation No. 731 of October 3, 2002 amended paragraph 5 of Item 33 of these Regulations](#)*

*[See the previous text of the paragraph](#)*

the registration of branches, offices to be opened in the territory of the Nakhodka Free Economic Zone;

the preparation of proposals concerning the granting of tax and other exemptions to ensure the priority development of certain industries and the social sphere;

the preparation of decisions and rules regulating the economic activities within the Free Economic Zone;

the performance of any other functions that may be delegated by the Nakhodka municipal council and the Partizansky District council.

**34.** The economic disputes, including those between the participants of enterprises with foreign investments located within the Nakhodka Free Economic Zone may be examined upon agreement by the parties at the court of arbitration, the court of referees to be set up within the zone or by any other international trade arbitration, and, should the parties fail to agree - by the Nakhodka city court of law. The court of referees to be set up in the Nakhodka Free Economic Zone shall operate on the basis of special regulations.

**35.** The Nakhodka municipal council and the Partizansky District council shall upon approval of the RSFSR Interior Ministry determine the structure and the number of local internal security organs.