

December 13, 1994, #60-FZ

RUSSIAN FEDERATION
FEDERAL LAW
ON DELIVERIES OF GOODS FOR FEDERAL
STATE NEEDS

Adopted by the
State Duma
on November 10, 1994

Approved by the
Council of the Federation

(incorporates changes introduced by Federal Laws of June 19, 1995, # 89-FZ,
March 17, 1997, # N 58-FZ, and May 6, 1999, # 97-FZ)

This Federal Law shall establish the general legal and economic principles and procedure governing the formation, placement and execution, on a contractual basis, of orders for purchase and delivery of goods, works, services (hereinafter referred to as the goods) for federal state needs by enterprises, organizations and institutions irrespective of their ownership status located on the territory of the Russian Federation.

Article 1. Deliveries of Goods for Federal State Needs

1. Federal state needs shall be defined as needs of the Russian Federation for the goods necessary for addressing national life-support, defense and safety issues, as well as implementing federal targeted programs and interstate targeted programs of which the Russian Federation is a participant (hereinafter referred to as federal targeted programs).

Deliveries of goods for federal state needs shall be financed out of the federal budget and extrabudgetary sources attracted for these purposes.

Federal state needs, including the list of federal targeted programs, and volumes of federal budgetary financing shall be reflected in the federal law on the federal budget for the planned period.

With a view to addressing especially important nation-wide problems, federal targeted programs may be given the status of Presidential Programs initiated by the President of the Russian Federation .

2. Goods for federal state needs shall be delivered with a view to:
creating and maintaining state reserves of the Russian Federation;
maintaining the required level of defense and security of the Russian Federation;
maintaining exports of goods to enable the implementation of international economic,
including monetary and credit, obligations of the Russian Federation;
implementing federal targeted programs.

3. Needs of subjects of the Russian Federation for goods required for addressing issues of life-support of regions and implementing regional targeted programs (delivery of goods for regional

needs) shall be determined by bodies of state power of subjects of the Russian Federation in accordance with the general principles and provisions of this Federal Law.

Deliveries of goods for regional needs shall be financed using the resources of budgets of subjects of the Russian Federation and extrabudgetary sources attracted for these purposes.

Federal targeted programs incorporating inter-regional and regional targeted programs shall be financed using federal budgetary resources and resources of budgets of subjects of the Russian Federation, as well as extrabudgetary sources.

4. The relations arising in connection with the procurement and delivery of agricultural goods and foodstuffs for federal state needs shall be regulated by a separate law.

Article 2. Main Principles of Development and implementation of Federal Targeted Programs

1. Federal executive authorities shall arrange for the development of federal targeted programs.

The procedure governing the development and implementation of federal targeted programs shall be determined by the Government of the Russian Federation.

2. The development of federal targeted programs shall necessarily enable:
resolution of priority social, economic, defense, scientific, technological, environmental and other major issues;
coordination of financial, material and labour resources with a view to ensure that they are utilized in the most efficient way possible;
integrated approach to and economic security of the actions being developed;
coordinated resolution of federal and regional problems;
achievement of required results on the corresponding target dates.

Article 3. Compilation and Placement of Orders for Delivery of Goods for Federal State Needs

1. For the organization of work to implement federal targeted programs and maintain deliveries of goods for federal state needs the Government of the Russian Federation shall designate state customers.

The state customer may be a federal executive authority, federal state enterprise or official body.

Orders for the implementation of federal targeted programs, purchase and delivery of goods for federal state needs shall be placed with enterprises, organizations and institutions (suppliers) on the basis of state contracts with state customers.

The functions of state customers may be partially transferred, on a contractual basis, to corresponding enterprises, organizations and institutions on the terms and conditions stipulated by the Government of the Russian Federation in the process of designating the state customers.

2. State customers shall be provided with financial resources in the volume stipulated by the federal budget and allocated on implementing federal targeted programs and meeting federal state needs.

The Government of the Russian Federation shall issue guarantees covering the obligations of state customers within the limits of resources allocated from the federal budget.

3. The state contract shall determine the rights and duties of the state customer and the supplier with regard to meeting federal state needs, and govern the relations of the supplier and the state customer in the implementation of the state contract.

The state contract may stipulate control by the state customer over the course of implementation of the state contract and rendering of consulting and other assistance to the supplier without intervening in the operations and economic activities of the latter.

If mandated by a Resolution of the Government of the Russian Federation, the state customer may introduce necessary changes to the state contract or terminate the state contract subject to compensation of losses incurred by the suppliers according to the current legislation.

4. Goods delivered under the state contract, should meet the obligatory requirements of state standards and special terms and conditions established by the contract.

Obligatory requirements shall pertain to the quality of goods, their safety for human life and health, environment protection, compatibility and interchangeability of the goods.

Procurement of goods of foreign manufacture under a state procurement contract shall not be allowed, except for cases when the production of similar kinds of goods in the Russian Federation is impossible or uneconomical.

Goods delivered under state contracts and subject according to the legislation of the Russian Federation to obligatory certification shall have the certificate of conformity given or recognized by an authorized body (*paragraph 4 was introduced by Federal Law # 89-FZ dated June 19, 1995*).

5. Proceeding from interests of the state, state customers shall place orders for the delivery of goods for federal state needs by carrying out open and/or closed tenders, competitions and auctions.

6. *Invalidated by Federal Law # 97-FZ dated May 6, 1999.*

7. In case of federal state enterprises, the Government of the Russian Federation may, in extraordinary circumstances, impose the obligation to enter into state contracts on delivery of goods for federal state needs.

Article 4. Incentives for Deliveries of Goods for Federal State Needs

1. With a view to providing economic incentives for suppliers of goods for federal state needs, they may be afforded profit (income) tax exemptions, targeted grants and subsidies, and credits on concessional terms.

The procedure of granting economic and other incentives shall be established in accordance with the current legislation.

2. With a view to providing economic incentives for the suppliers delivering goods for the maintenance of the required level of defense and security of the Russian Federation, mostly material and technical resources to manufacturers of such goods, special quotas (state quotas) on the obligatory sale of such resources to state customers and suppliers may be introduced.

The order of compilation of the lists and volumes of financial and technical resources subject to state quotas shall be established by the Government of the Russian Federation.

Article 5. Liability for Non-Performance of State Contracts to Deliver Goods for Federal State Needs

1. In case of non-performance or inadequate execution by one of the parties of the obligations stipulated by the state contract, the party in default shall:

compensates the other party for the losses incurred as a result of said non-performance;

bear other liability as established by the legislation of the Russian Federation and the state contract.

2. Suppliers occupying a leading position on the market of certain goods may not refuse to enter into state contracts unless the placement of the order entails losses from the production of such goods. (*language of the Federal Law # 58-FZ dated March 17, 1997*)

In case of an unmotivated refusal by the supplier to enter into a state contract on delivery of goods for federal state needs when entering into such contracts is mandated by the present Federal Law, the supplier shall pay the buyer a penalty equal to cost of goods specified in the draft contract.

3. In case of non-performance of the state contract in terms of the quantity of goods, the supplier shall pay to the buyer a penalty at the rate of 50 percent of the cost of the outstanding supply of goods. The penalty shall be collected before the actual execution of the contractual obligations with the account of the undersupply of goods during the previous delivery period. In the event of non-performance of their obligations under a state contract the suppliers shall provide compensation for the losses suffered by the buyer in addition to paying the penalty.

Goods that do not meet the requirements specified in paragraph 4 of Article 3 of this Federal Law and are not delivered in full shall be considered under delivered.

4. The state customer has the right to refuse (in full or in part):
to accept goods made under the state contract provided that full indemnification is paid to the supplier for the losses incurred in accordance with the current legislation;
to pay of goods which do not meet the requirements established by the legislation in terms of determination of the quality of goods or the state contract.

5. Disputes arising between the state customer and the supplier in the process of entering into, changing, canceling and implementing state contracts on delivery of goods for federal state needs, and in connection with the compensation for the losses incurred shall be reviewed by an arbitration court in accordance with the procedure established by the legislation.

Article 6. Effectiveness of this Federal Law

1. This Federal Law shall be entered into force and effect as of the date of its official publication.

2. This Federal Law shall invalidate the Law of the Russian Federation "On Deliveries of Products and Goods for State Needs" dated May 28, 1992 (*Vedomosti Syezda Narodnykh Deputatov Rossiyskoy Federatsii I Verkhovnogo Soveta Rossiyskoy Federatsii*, 1992, #27, page 1558) and the Resolution of the Supreme Soviet of the Russian Federation "About the Procedure of Effectiveness of the invalidate the Law of the Russian Federation "On Deliveries of Products and Goods for State Needs" dated May 28, 1992 (*Vedomosti Syezda Narodnykh Deputatov Rossiyskoy Federatsii I Verkhovnogo Soveta Rossiyskoy Federatsii*, 1992, # 27, page 1559).

3. The Government of the Russian Federation shall be instructed within a period of two months:

to bring its regulatory legal acts in conformity with this Federal Law;

to ensure that the ministries and other federal executive authorities invalidate their regulatory acts contradicting this Federal Law.

President
of the Russian Federation
B. Yeltsin

Moscow, Kremlin
December 13, 1994
60-FZ
