

**FEDERAL LAW NO. 63-FZ OF APRIL 14, 1998 ON THE MEASURES FOR PROTECTION OF THE ECONOMIC INTERESTS OF THE RUSSIAN FEDERATION IN FOREIGN TRADE IN GOODS (with the Amendments and Additions of July 24, 2002, December 8, 2003)**

**Adopted by the State Duma March 20, 1998  
Approved by the Federation Council April 1, 1998**

The present Federal Law establishes measures aimed at protecting the economic interests of the Russian Federation when foreign trade in goods is performed, a procedure for the introduction of such measures and application thereof.

**Chapter I. General Provisions**

**Article 1.** The Goals and Applicability of the Present Federal Law

1. The main goals of the present Federal Law are as follows:

protecting branches of the Russian economy and specific economic entities of the Russian Federation from the unfavorable effects of foreign competition;

providing conditions for efficient integration of the Russian Federation into the world economy;

maintaining the equilibrium of the balance of payments of the Russian Federation by means of regulating the imports of goods;

catering for demand on the domestic market of the Russian Federation in the event of a critical deficiency of agricultural or other goods of the market, by means of regulating the exports of such goods;

performing sales promotion for the goods originating in the Russian Federation on the world market.

2. The present Federal Law does not govern the relationships connected with the application of measures for the protection of the economic interests of the Russian Federation when foreign trade in services and copyright objects is pursued as well as when investments and currency control are implemented.

**Article 2.** The Major Terms Used in the Present Federal Law

For the Purposes of the Present Federal Law the following basic terms are used:

**"substantial damage to a branch of the Russian economy"** is a considerable general deterioration of the situation in a branch of the Russian economy, as confirmed with proofs, which occurred due to an increased importing to the customs territory of the Russian Federation of similar or directly competing good or a dumping imports of such goods or the importing of a good subsidized by a foreign state (an alliance of foreign states) and which manifests itself in particular by a decrease in the production volume of such a good, reduction of the sales thereof on the domestic market of the Russian Federation, lowering capital return from the production of such a good, slowing down of the development of the branch of the Russian economy, a negative effect on the commodities stock, employment, wage level, general investment activity and other indicators;

**"menace of the infliction of substantial damage to a branch of the Russian economy"** is an obvious imminence, as confirmed with proofs, of a substantial damage going to be inflicted to a branch of the Russian economy;

**"substantial damage from the imports of a good subsidized by a foreign state (an alliance of foreign states)"** is a substantial damage to a branch of the Russian economy or a menace of its being inflicted as well as the termination of the exports of a similar or directly competing good originating in the Russian Federation, to the customs territory of the foreign state which grants the subsidy for a similar or directly competing good imported to the customs territory of the Russian Federation;

**"branch of the Russian economy"** means the producers of similar or immediately competing good in any of the branches of the Russian economy (including, among other things, the branches dealing with agricultural goods processing) having the main share (over 50 per cent) in the production volume of the good;

**"similar or immediately competing good"** is a good classified under one and the same code of the foreign economic activities goods nomenclature of the Commonwealth of Independent States and which is fully identical to another good or is comparable to such a good by its functional purpose, application, qualitative characteristics and technical specifications and other basic properties in such a way that a buyer replaces or is ready to have another good replaced with this good in the process of consumption;

**"good originating from the Russian Federation"** is a good in respect to which its being originated from the Russian Federation is determined in accordance with the Law of the Russian Federation on the Customs Tariff of the Russian Federation:

**"special protective measures"** means measures for limiting the imports of a good to the customs territory of the Russian Federation for free circulation on its domestic market that are applied by the Government of the Russian Federation by means of introducing an import quota or a special duty including a temporary special duty;

**"import quota"** means the imposition of restriction on the imports of a good in terms of quantity and/or value thereof;

**"export quota"** means the imposition of restriction on the exports of a good in terms of quantity and/or value thereof;

**"special duty"** is a duty applied when special protection measures are introduced and it is levied in excess of the customs duty rate by a federal body of executive power directly in charge of customs affairs in the Russian Federation;

"customs duty rate" is a customs duty rate applicable under the Law of the Russian Federation on the Customs Tariff of the Russian Federation when the Russian Federation pursues foreign trade in goods with the foreign states enjoying the most favored nation treatment;

**"good imports in the preceding period"** is the average value of imports of a respective good for the three preceding years covered by required statistical data;

**"anti-dumping measures"** means measures aimed at restricting dumping imports of a good applied by the Government of the Russian Federation by means of introducing an anti-dumping duty including a temporary antidumping duty or adopting price obligations;

**"anti-dumping duty"** is a duty applicable when anti-dumping measures are introduced and levied in excess of the base customs duty rate by a federal body of executive power directly in charge of customs affairs in the Russian Federation;

**"the dumping imports of a good"** means the import of a good for an export price below its normal cost;

**"the normal cost of a good"** is the price of a similar or directly competing good in the state of the producer or exporter (an alliance of foreign states) of the good in the due course of trade in such a good;

**"due course of trade"** is the sales of a good on the domestic market of the state of the producer or exporter (an alliance of foreign states) of the good for a price made up of its average weighed cost and the average profit rate determined proceeding from the average weighed production, sales, administrative and general costs;

**"the export price of a good"** is the price for which a good is brought into the customs territory of the Russian Federation;

**"dumping margin"** is a ratio of the normal cost of a good less the export price of such a good to the export price of the good;

**"minimal admissible dumping margin"** is a dumping margin making up two per cent;

**"compensatory measures"** are measures aimed at limiting the imports of a good subsidized by a foreign state (an alliance of foreign states) applied by the Government of the Russian Federation by means of introducing a compensatory duty including a temporary compensatory duty;

**"compensatory duty"** is a duty applicable when compensatory measure are introduced and levied in excess of the customs duty basic rate by a federal body of executive power directly in charge of customs affairs in the Russian Federation;

**"subsidy of a foreign state (an alliance of foreign states)"** is a financial support rendered by a foreign state (an alliance of foreign states) bringing about advantages by means of a direct remittance of moneys or an undertaking to make such a remittance; a full or partial exemption from tax, customs duty or other mandatory payments or a refund of the fees or taxes when goods are exported at the rates not exceeding the sums of paid fees or taxes; the annulment of a debt or the granting of a credit as aimed at providing assistance in the repayment of such a debt; a privileged or free supply of energy, materials, components, semifinished products, services excluding the goods and services intended to support and develop general infrastructure, i.e. the infrastructure related not only to a specific producer and/or exporter; purchase of goods on favorable terms; an agreement with a private organization for providing one or several of the above support measures; any support to prices or earnings if leading to the generation of additional earnings;

**"specific subsidy"** is a subsidy the access to which is limited and which is granted to a specific producer and/or exporter or a specific association of producers and/or exporters or to a specific branch of national economy or is aimed at promoting the exports of a good or at good import substitution;

**"agricultural goods"** are goods classified under groups from 1 through 24 (excluding fish and the products from sea biological resources) of the foreign economic activities goods nomenclature of the Commonwealth of Independent States as well as such goods as: mannitol; Dglucide (sorbite); ether oils; casein, albumins, gelatin, dextrans and modified starches, glues; finishing substances; sorbite; skins and hides; fur raw materials; raw silk and silk waste; animal wool; raw cotton, cotton waste, hackled cotton fiber; raw flax; raw hemp.

**Article 3. The Federal Body of Executive Power in Charge of Investigations**

The Government of the Russian Federation shall designate a federal body of executive power to be in charge of investigations and shall establish a procedure for the conduct of the investigations preceding the introduction of special protective measures, anti-dumping measures or compensatory measures.

According to the results of investigations, the said federal body shall submit to the Government of the Russian Federation its proposals for the application of special protective measures, anti-dumping measures, compensatory measures.

**Chapter II. Special Protective Measures**

**Article 4. The General Principles of the Application of Special Protective Measures**

1. If as a result of an investigation conducted by the federal body of executive power specified in Article 3 of the present Federal Law it has been discovered that the imports of a good to the Russian Federation is performed in such an increased quantity and under such conditions that it is inflicting a substantial damage to a branch of the Russian economy or that a menace of that being done is existing, the Government of the Russian Federation may apply special protective measures in respect to such a good by means of introducing import quotas or special duties.

2. Special protective measures shall be applied to a specific good on a non-discriminatory basis, no matter the country of origin of the good.

**Article 5. The Peculiarities of the Determination of Specific Damage Inflicted to a Branch of the Russian Economy Due to Increased Imports of a Good**

While investigation is being conducted as aimed at discovering a casual relation between increased imports to the customs territory of the Russian Federation of a good and a substantial damage to a branch of the Russian economy or a menace of such a damage being inflicted, the federal body of executive power specified in Article 3 of the present Federal Law shall assess, objectively including among other things in terms of quantity, the factors characterizing the situation in the branch of the Russian economy, in particular:

the progress rates and the absolute values of the increase in the imports of the good (in absolute and relative units);

the variations of the sales volume of such a good originating from the Russian Federation on the domestic market of the Russian Federation;

the variations of the volume of the production of the good, labor productivity indicators, production facility load, the amounts of profits and losses as well as the level of employment in the branches of the Russian economy;

the share of imported good in the total sales volume of a similar or a directly competing good on the domestic market of the Russian Federation.

**Article 6. The Peculiarities of the Introduction and Application of Special Protective Measures**

1. The annual volume of import quota as a special protective measure shall not be less than the average annual volume of the imports of a given good in the preceding period.

An annual volume of import quota may be established below the level specified in Paragraph 1 of the present Item only on condition that the import quota equal to just such an amount is required to eliminate substantial damage to a branch of the Russian economy or to avert the menace of its being inflicted.

Within the annual amount of the import quota introduced as a special protection measure the Government may establish import quotas for specific states.

The Government of the Russian Federation shall establish the import quota share for a specific foreign state after having held consultations with the said state with due regard to the interests of the state in the deliveries of such a good.

Should import quota be distributed among supplier states, the Government of the Russian Federation may make an agreement for the distribution of the import quota with all the supplier states interested in supplying the good. In the events when it is not possible the Government of the Russian Federation shall distribute among the supplier states interested in supplying the good the import quota in the proportion which has been prevailing in the preceding period as based on the total quantity of the good or the value thereof. If necessary, the Government of the Russian Federation may distribute import quota among specific supplier states with due regard to the absolute and relative indicators of the growth of imports from specific foreign states (alliance of foreign states).

2. If a delay in the application of special protective measures has caused or may cause a substantial damage to a branch of the Russian economy that will be difficult to eliminate thereafter the Government of the Russian Federation, on the basis of a preliminary discovery by the federal body of executive power specified in Article 3 of the present Federal Law of an obvious causal relationship

between the increased imports of the good to the customs territory of the Russian Federation and the substantial damage inflicted to a branch of the Russian economy or a menace of its being inflicted may apply special protective measures by means of introducing a temporary special duty, provided an investigation is conducted at the same time so as to obtain a final statement on the matter.

The effective term of a temporary special duty shall not exceed 200 days.

A temporary special duty shall be payable by a payer specified under Article 118 of the Customs code of the Russian Federation as a deposit of the federal body of executive power directly in charge of customs affairs in the Russian Federation and it shall not be subject to be remitted as revenue to the federal budget until the Government of the Russian Federation adopts a final decision as to the application of the special protective measures.

If, as a result of investigation, the application of special protection measures has been deemed not feasible or it has been deemed feasible to introduce a lower special duty rate as compared with the temporary special duty rate the sums collected in excess shall be subject to be refunded to the payer in accordance with the procedure established by the customs legislation of the Russian Federation for the refund of import customs duties.

If a special duty has been introduced at a rate exceeding the rate of the temporary special rate the difference shall not be collected from the payer.

If, upon the completion of the investigation, a decision is adopted to apply a special protective measure by means of introducing a special duty the effective term of the temporary special duty shall be taken to offset the total effective term of the special protective measure.

**3.** The effective term of special protective measures shall not exceed the term required to eliminate substantial damage inflicted to a branch of the Russian economy or avert the menace of its being inflicted and make the branch of the Russian economy adapt to the competitive environment. The said term shall not exceed four years.

The effective term of special protective measures may be prolonged by the Government of the Russian Federation if, as a result of a repeated investigation, it has been discovered that the substantial damage to the branch of the Russian economy or the menace of its being inflicted still persist, provided that the branch of the Russian economy keeps implementing the measures aimed at adapting to the changing economic conditions.

The total effective term of special protective measures shall not exceed eight years.

**4.** In the event of special protective measures being introduced for a term exceeding one year the terms and conditions for the application thereof (import quota volume, special duty rate) shall be considered by the Government of the Russian Federation over the said term for the purpose of assessing a possibility of making them softer so as to adapt the branch of the Russian economy to the changing economic conditions.

In the event when the effective term of special protective measures exceeds three years a repeated investigation shall be conducted within one year and a half after the introduction thereof, with a possibility of the special protective measures being revoked or prolonged.

In the event when the effective term of special protective measures is prolonged as a result of the repeated investigation the terms and conditions for the application of such measures shall not be more restrictive as compared with the terms and conditions of the use thereof over the initial term.

**5.** A special duty on agricultural good may be introduced without an investigation only for a term ending at the close of a calendar year in which the said duty is introduced, at a rate exceeding the customs duty rate for such a good by up to one third.

### **Chapter III. Anti-Dumping Measures**

#### **Article 7. The General Principles of the Application of Anti-Dumping Measures**

**1.** If, as a result of an investigation conducted by the federal body of executive power specified in Article 3 of the present Federal Law, it has been discovered through an objective analysis of the facts available that the dumping imports of a good cause a substantial damage to a branch of the Russian economy or menaces to inflict it the Government of the Russian Federation may apply anti-dumping measures in respect to the dumping imports of such a good.

**2.** Anti-dumping measures shall be applicable to a good being an object of dumping imports, all the producers (exporters) of the good of a respective foreign state (an alliance of foreign states) with due regard to the anti-dumping practices used in the trade relations with the given foreign state (alliance of foreign states).

Anti-dumping measures may be introduced also on an individual basis in respect to a good being an object of dumping imports, specific producers (exporters) of the good or associations of such producers (exporters).

#### **Article 8. The Determination of Dumping Margin**

1. Dumping margin shall be determined on the basis of comparing the normal cost of a good being an object of anti-dumping investigation in the state of the exporter and the export price of the said good.

2. If it is impossible to determine the normal cost of a good being the subject of an anti-dumping investigation in the state of the exporter because no such good is produced in the state of the exporter or there are no sales thereof for the purpose of consumption in the due course of trading or the sales of such a good on the domestic market of the state of the exporter makes up less than five per cent of the imports of such a good to the Russian Federation or a simple re-consignment of the good to the Russian Federation occurred in the state of the exporter or in the state of the exporter when anti-dumping investigations are conducted other technique is used to determine the normal cost of good the federal body of executive power specified in Article 3 of the present Federal Law may determine dumping margin on the basis of the comparison of the exports price of such a good with the cost thereof in the country of origin of the good or a suitable third state with the account taken of the necessary production, trade, administrative costs, general overheads as well as profit.

3. The cost of a good being the subject of an anti-dumping investigation shall be calculated on the basis of producer's or exporter's data, provided that the data correspond to the accounting and reporting rules in the state of the exporter or the state of the origin of the good and objectively reflect production and trading costs.

4. For the purposes of the present Federal Law production, trading, administrative costs and general overheads as well as profit shall be determined on the basis of information on the production and sales of the good in the due course of trading. If it is impossible to determine the said indicators in this way they shall be determined at the discretion of the federal body of executive power specified in Article 3 of the present Federal Law on the basis of the whole information on hand, provided the profit calculated in such a case does not exceed the profit normally obtained by other producers in the country of the origin of the good being the subject of the anti-dumping investigation.

5. When dumping margin is being determined comparison of the exports price of a good and the normal cost thereof shall be performed as applicable to one and the same phase of a trade transaction with the good. For the purposes of the present Federal Law the "phase of a trade transaction with a good" shall mean good delivery term (ex-works price) under the International Rules for the Construction of Trade Terms.

6. In the events when no information of the export price of a good is available or when doubts occurred concerning such information or if there are grounds to assume the existence of a restrictive business practices in the form of a collusion relating to the export price of the good the export price of the good may be determined by the federal body of executive power specified in Article 3 of the present Federal Law on the basis of the whole information on hand.

#### **Article 9. The Peculiarities of the Determination of Branch of the Russian Economy when Dumping Imports of a Good Occur**

1. For the purposes of the present Chapter the "branch of the Russian economy" is defined in accordance with Article 2 of the present Federal Law excluding the cases indicated under Items 2 - 4 of the present Article.

2. If the Russian producers of a similar or immediately competing good themselves pursue the dumping imports of a good or set up dependent or affiliated companies with the exporters or importers of such a good in accordance with the civil legislation the "branch of Russian economy" means only the rest of the producers of the similar or immediately competing good.

3. In exceptional cases when definition of the "branch of Russian economy" is made the territory of the Russian Federation may be regarded as composed of two or several competing markets and the Russian producers within the said markets as a separate branch of Russian economy if such producers sell on the said markets at least 80 per cent of the similar or immediately competing good they produce and demand on the said markets for the similar or immediately competing market is not satisfied to a significant extent by the producers located on the rest of the territory of the Russian Federation.

In such cases the fact of a substantial damage due to the dumping imports of a good may be discovered even if no substantial damage has been inflicted to the main part of the branch of Russian economy, provided the dumping imports of the good is concentrated on the said market and is inflicting a substantial damage to at least 80 per cent of the producers of the similar or immediately competing good within the said market.

4. If, as a result of an anti-dumping investigation, given that the "branch of Russian economy" means as specified under Item 3 of the present Article, a decision is made to apply dumping measures the said measures may be applied to the whole volume of the imports of such a good to the Russian Federation. In this case anti-dumping duties shall be introduced only after the exporters of such a good were granted an opportunity to terminate exporting the good at dumping prices to a given region or to assume obligations in terms of prices or delivery quantity but the dumping imports of the good was not terminated and the obligations were not assumed.

**Article 10.** The Peculiarities of the Determination of Substantial Damage to a Branch of the Russian Economy Resulting from the Dumping Imports of a Good

The peculiarities of a substantial damage to the Russian economy or a menace of its being inflicted as a result of the dumping imports of a good shall be established by the Government of the Russian Federation. In such a case, when an anti-dumping investigation is conducted the definition of the substantial damage to a branch of the Russian economy or a menace of its being inflicted as a result of the dumping imports of a good shall be based on the analysis of the volume of the dumping imports of the good, the effect the dumping imports of the good exerts on the price of a similar or immediately competing good on the domestic market of the Russian Federation as well as on the analysis of the effect the dumping imports of the good exert on a branch of the Russian economy.

**Article 11.** The Peculiarities of the Introduction and Application of Anti-Dumping Measures

1. Anti-dumping measures shall be applied only on the basis of the results of an anti-dumping investigation whereby a causal relationship has been discovered between the dumping imports of a good and the infliction of a substantial damage to a branch of the Russian economy or a menace of its being inflicted.

2. In exceptional cases, but at the earliest 60 days after the commencement of the anti-dumping investigation, if the information that had been obtained prior to the completion thereof testify to the fact that there exist the dumping imports of a good and a substantial damage to a branch of the Russian economy caused by the dumping imports of the good and also that a delay in the introduction of anti-dumping duty can cause an irreparable substantial damage to the branch of the Russian economy the Government of the Russian Federation may adopt a decision, based on a preliminary statement of the federal body of executive power specified in Article 3 of the present Federal Law, to introduce a temporary anti-dumping duty for a term of up to four months. The said term may be prolonged to six months. In such a case the rate of the temporary anti-dumping duty shall not exceed the rate of calculated dumping margin.

Temporary anti-dumping duty shall be payable by the payer in accordance with Article 118 of the Customs Code of the Russian Federation as a deposit to the federal body of executive power directly in charge of customs affairs in the Russian Federation. The temporary anti-dumping duty shall not be subject to be remitted as revenue to the federal budget until the Government of the Russian Federation adopts a decision to introduce anti-dumping duty.

3. Should it be discovered that no substantial damage has been inflicted to a branch of the Russian economy or that dumping margin is not in excess of two per cent or that the volume of the dumping imports of a good from a respective state is not in excess of three per cent of the imports volume of the good, the amount paid as the temporary antidumping duty shall be subject to be refunded to the payer in accordance with the procedure established under the customs legislation of the Russian Federation for the refund of import customs duties.

4. In the event when the anti-dumping duty is introduced the temporary anti-dumping duty shall be subject to be remitted as revenue to the federal budget.

In the event when the anti-dumping duty is introduced at a rate exceeding the rate of the temporary anti-dumping duty, the difference shall not be collected from the payer.

In the event when the anti-dumping duty is below the temporary antidumping duty the difference shall be subject to be refunded to the payer in accordance with the procedure established under the customs legislation of the Russian Federation for the refund of import customs duties and the balance of the amount paid as a temporary anti-dumping duty shall be subject to be remitted as revenue to the federal budget.

5. The rate of the anti-dumping duty shall not exceed the rate of dumping margin.

6. When a voluntary obligation in writing is received from the foreign exporter to waive the dumping prices or reduce within an acceptable volume the dumping imports of the good the anti-dumping investigation may be terminated.

Should the foreign exporter undertake to increase the export price of the good in the amount of the dumping margin, the anti-dumping duty shall not be collected beginning from the date when the foreign exporter assumed such an undertaking in writing.

Should the foreign exporter violate the voluntarily assumed obligations specified in Paragraphs 1 and 2 of the present Item, the Government of the Russian Federation may introduce an anti-dumping duty immediately.

7. The effective term of the temporary anti-dumping customs duty shall be taken to offset the total term for the collection of the antidumping duty.

8. The anti-dumping duty shall keep effective within such a term and at a rate required to eliminate the substantial damage to the branch of the Russian economy inflicted by the dumping imports of the good. The effective term of the anti-dumping duty shall not exceed five years from the date when it

is introduced or from the date of the last review of the rate of such a duty as a result of a repeated anti-dumping investigation.

The need for the continuation of the collection of the anti-dumping duty or the review of the rate thereof shall be determined by the Government of the Russian Federation according to the results of a repeated anti-dumping investigation conducted in accordance with the procedure established in Articles 18 and 20 of the present Federal Law, on the initiative of the Government of the Russian Federation or on the basis of the inquiries by persons concerned.

#### **Chapter IV. Compensatory Measures**

##### **Article 12. The General Principles of the Application of Compensatory Measures**

1. If, as a result of an investigation conducted by the federal body of executive power specified in Article 3 of the present Federal Law, it is discovered that the imports of a good for the production or exports of which subsidies of a foreign state (an alliance of foreign state) have been used causes a substantial damage to a branch of the Russian economy or poses a menace of its being inflicted the Government of the Russian Federation may apply compensatory measures.

2. Abolished

*See text of the Item 2 of Article 12*

3. Compensatory measures shall be applied with due regard to the interests of the Russian consumers of the good that became an object of an investigation.

4. Compensatory measures shall be applied to the imports of a good in the production or exports of which subsidies of all the producers (exporters) of such a good of a respective foreign state (alliance of foreign states) have been used. Compensatory measures may be introduced on individual basis in respect to the imports of a good in the production or exports of which subsidies of specific producers (exporters) of such a good or associations of such producers (exporters) have been used, with due regard to the practices of compensation measure application in relations with the given state.

5. Abolished

##### **Article 13. The Peculiarities of the Determination of Substantial Damage to a Branch of the Russian Economy when Goods Imported to the Russian Federation Are Subsidized by a Foreign State (Alliance of Foreign States)**

1. The peculiarities of determining a substantial damage to a branch of the Russian economy when goods imported to the Russian Federation are subsidized by a foreign state (alliance of foreign states) and also the peculiarities of determining the scope of the subsidizing are established in such cases by the Government of the Russian Federation.

2. In the event when subsidies are granted by the state bodies of a foreign state (alliance of foreign states) under various programs the aggregate amount thereof shall be taken into account.

3. In the event when in the production or exports of a good subsidies of a foreign state (alliance of foreign states) are used account shall be taken, while determining substantial damage to a branch of the Russian economy or a menace of its being inflicted, not only of the increase in the share of such a good on the domestic market of the Russian Federation but also of this share's keeping steady and, apart from that, of a certain decrease in the share that might be larger, should there be no subsidies.

4. When the fact of the price of a good being lowered is being discovered, if subsidies of a foreign state (alliance of foreign states) have been used in the production or exports thereof, comparison shall be made of the price of such a good and the price of a similar or immediately competing good in the production or exports of which no subsidies of a foreign state (alliance of foreign states) were used, given one and the same sales volume of such a good over the comparable period of time.

5. In the event when the imports of a good in the production or exports of which subsidies of a foreign state (alliance of foreign states) have been used are performed from several foreign states the determination of substantial damage to a branch of the Russian economy may be done in aggregate terms.

6. While determining substantial damage to a branch of the Russian economy inflicted as a result of the use of subsidies of a foreign state (an alliance of foreign states) when a good is imported to the Russian Federation account shall be also taken of the effect of such subsidies on the price of a similar or immediately competing good on the domestic market of the Russian Federation and the markets of third countries to which such a good originating from the Russian Federation is supplied.

##### **Article 14. The Peculiarities of the Introduction and Application of Compensatory Measures**

1. Compensatory measures may be applied only on the basis of an appropriate investigation whereby a casual relationship was discovered between the imports of a good in the production or exports of which subsidies of a foreign state (alliance of foreign states) have been used and the infliction of a substantial damage to a branch of the Russian economy or a menace of its being inflicted.

2. In exceptional cases, at the earliest 60 days after the commencement of the investigation, if the information obtained prior to the completion thereof testifies to the fact that there exist the imports of a subsidized good and a substantial damage to a branch of the Russian economy caused by the imports of such a good and also that a delay in the introduction of a compensatory duty poses a menace of the infliction of an irreparable substantial damage to the branch of the Russian economy the Government of the Russian Federation may adopt a decision to introduce a temporary compensatory duty for a term of up to four months. The said term may be prolonged to six months.

Temporary compensatory duty shall be payable by a payer determined in accordance with Article 118 of the Customs Code of the Russian Federation as a deposit to the federal body of executive power directly in charge of customs affairs in the Russian Federation.

Temporary compensatory duty shall not be subject to be remitted as revenue to the federal budget until the Government of the Russian Federation adopts a final decision to introduce a compensatory duty. Should the Government of the Russian Federation take a final decision to introduce compensatory duty, the temporary compensatory duty shall be governed by the provisions of Items 3 and 4, Article 11 of the present Federal Law.

3. Compensatory duty rate shall not exceed the rate of the subsidy established by the foreign state (alliance of foreign states) per a unit of a respective good when it is imported to the Russian Federation.

4. Upon the receipt from the foreign state (alliance of foreign states) of a voluntary undertaking in writing to waive the subsidies or reduce the subsidies in respect to a respective good within the acceptable scope with due regard to the provisions of Article 12 of the present Federal Law further investigation aimed at a possible application of compensatory measures to the good may be terminated.

Should the producer (exporter) of a foreign state (alliance of foreign states) undertake in writing to increase the exports price of the good in the amount of the subsidy, the compensatory duty that has been introduced shall not be collected beginning from the date when such an undertaking is accepted by the Government of the Russian Federation or on the instructions thereof by the federal body of executive power specified in Article 3 of the present Federal Law.

5. Should the obligations specified under Item 4 of the present Article be violated, the Government of the Russian Federation may immediately introduce a compensation duty.

The compensation duty shall remain in effect as long as the subsidy is effective, but not exceeding five years from the date when the compensation duty is introduced or the date of the last revision of the rate of the said duty as a result of a repeated investigation.

The review of a compensation duty shall be performed on a regular basis within the effective term thereof on the initiative of the Government of the Russian Federation.

Should a substantial damage be inflicted to a branch of the Russian economy as a result of the imports of a good in respect to which subsidies are granted by third states, the Government of the Russian Federation shall hold consultations with the country of origin of such a good with no compensation duties being applied. If such consultations fail to produce a positive result the Government of the Russian Federation shall notify the government of such a state about the introduction of a compensation duty with the results of an accomplished investigation being provided.

## **Chapter V. Restrictions on the Imports of Goods Aimed at Maintaining the Equilibrium of the Balance of Payments of the Russian Federation, Implementing Target Federal Development Programs, in Connection with the Production of New Kinds of Goods, for the Purposes of Restructured Branches of the Russian Economy and Also When Actions Are Performed as Aimed at Limiting Agricultural Commodities Production**

**Article 15.** The Limitation of Goods Imports for the Purposes of Maintaining the Equilibrium of the Balance of Payments of the Russian Federation

1. For the purposes of maintaining the equilibrium of the balance of payments of the Russian Federation the Government of the Russian Federation may adopt a decision to impose a temporary limitation on the imports of goods.

2. The limitation of the imports of goods shall be implemented by means of introducing an import quota or other measures for a term required to restore the equilibrium of the balance of payments of the Russian Federation with due regard to the international obligations of the Russian Federation.

3. The monitoring of the implementation of such a quota or other goods imports restriction measures shall be the responsibility of the federal body of executive power specified in Article 3 of the present Federal Law.

4. Decision on the imposition of limits on the imports of goods in the case specified under Item 1 of the present Article shall be made on the proposal of the Central Bank of the Russian Federation or of federal bodies of executive power as approved by the Central Bank of the Russian Federation.

5. The measures listed in the present Article shall be applicable on a non-discriminatory basis.



**Article 16.** The Limitation of Goods Imports for the Purposes of Implementing Target Federal Development Programs, in Connection with the Production of New Kinds of Goods, for the Purposes of Restructured Branches of the Russian Economy and Also When Actions Are Performed as Aimed at Limiting Agricultural Commodities Production

1. For the purposes of implementing target federal development programs, in connection with the production of new kinds of goods or for the purposes of restructured branches of the Russian economy the Government of the Russian Federation may adopt a decision to impose a temporary limitation on the imports of similar or immediately competing goods to the customs territory of the Russian Federation by means of introducing an import quota on the proposals of the federal bodies of executive power or the bodies of executive power of the subject of the Russian Federation concerned for a term required for the attainment of the said goals, the term not exceeding four years.

2. While implementing measures for limiting the production of any agricultural goods in the Russian Federation as well as products from sea biological resources or while withdrawing a temporary surplus of such goods, products from the domestic market of the Russian Federation the Government of the Russian Federation may adopt a decision to impose a temporary limitation on the imports of such goods, products or a decision to impose a temporary limitation on the imports of the goods, products used as raw materials for the production thereof.

3. The limitation of the imports of goods in the cases specified under Item 2 of the present Article shall be implemented by means of introducing an import quota on the proposals of the federal bodies of executive power or the bodies of executive power of the subject of the Russian Federation concerned for a term of up to one year.

4. The monitoring of the implementation of such a quota or other goods imports restriction measures shall be the responsibility of the federal body of executive power specified in Article 3 of the present Federal Law.

5. All the measures provided in the present Article shall be applicable on a non-discriminatory basis.

#### **Chapter VI. Measures for Protecting the Economic Interests of the Russian Federation in the Exports of Goods**

**Article 17.** The Limitation of the Exports of Foodstuff or Other Goods in the Event of Their Critical Deficiency on the Domestic Market of the Russian Federation

1. For the purpose of eliminating a threat to the economic security of the Russian Federation, the Government of the Russian Federation has the right to restrict or to prohibit the export of commodities from the Russian Federation for a term of up to six months, if a threat to the economic security of the Russian Federation arises. For the purposes of the present Federal Law, a situation on the domestic market of the Russian Federation, when the prices for essentially important commodities have grown by more than 20 percentage points above the official index of inflation in the course of less than three months, directly preceding the adoption of the decision on the restriction or on the prohibition of the export shall be seen as the appearance of a threat to the economic security of the Russian Federation. The growth of prices for such commodities as a result of their usual seasonal change or of their return to the level of prices, formed over the recent twelve months, shall not to be seen as an economic threat to the security of the Russian Federation, while the growth of prices for the period of operation of the restrictions shall be accepted for the purposes of the present Federal Law as equal to inflation, increased by 5 percentage points.

The growth of prices, caused by a change in the tariffs of natural monopolies, regardless of the reasons behind such change, or by an upsurge in the exchange rate of the US dollar or of the EURO, sharper than the statistical average, shall not to be seen as a growth of prices entailing the consequences envisaged in the present Item either.

The given norm is introduced for three years. The list of essentially important commodities shall be defined for the purposes of the present Article by the Government of the Russian Federation.

2. A decision to ban or limit the exports of foodstuff or other goods shall be adopted on the proposal of a federal body of executive power or a body of executive power of a subject of the Russian Federation concerned.

3. The limitation of the exports of foodstuff or other goods shall be effected by means of introducing export quotas the implementation of which shall be monitored by the federal body of executive power specified in Article 3 of the present Federal Law.

4. The effective term of a ban or limit on the exports of foodstuff or other goods shall not exceed three years.

#### **Chapter VII. Conducting Investigations for the Purposes of Applying Measures for the Protection of the Economic Interests of the Russian Federation while Foreign Trade in Goods Is Pursued**

**Article 18. The General Principles Governing Investigations**

**1. Abolished**

**2.** The application for the conduct of investigations relating to all types of measures aimed at protecting the economic interests of the Russian Federation while foreign trade in goods is performed shall contain the following:

information about the applicant, the volume and cost of the production by a branch of the Russian economy of a similar or immediately competing good over the three preceding years for which the necessary statistical data are available;

the description of a good imported to the customs territory of the Russian Federation and being the object of the investigation, the name of the country or countries of origin of such a good, information on the known foreign producers and/or exporters of such a good as well as the known Russian importers of such a good;

information on the variations in the volume of the imports of the good being the object of the investigation to the customs territory of the Russian Federation over the three preceding years for which the necessary statistical data are available;

the evidence of a negative effect of such an import on the branch of the Russian economy.

**3. Abolished**

**4.** The applicant shall be accountable for the trustworthiness of the information specified in the application.

**5.** The federal body of executive power specified in Article 3 of the present Federal Law shall within 30 calendar days from the date when the decision to commence the investigation is taken notify persons concerned of the forthcoming investigation.

Prior to making the decision on the commencement of the investigation the federal body of executive power specified in Article 3 of the present Federal Law shall not disclose the contents of the application for investigation.

The notice to the persons concerned shall contain the questions concerning the investigation to be answered in writing in Russian by the persons concerned within 30 calendar days.

The notice shall contain the following:

the name of the state(s) of the exporter of the good and the description of the good being the subject of the investigation;

the date of commencement of the investigation;

the grounds for the applications;

a brief description of the facts to prove the lawfulness of the application;

the address to which the persons concerned should forward their materials;

the term within which the persons concerned should present their answers.

**6.** When an investigation preceding the application of special protective measures, anti-dumping measures and compensatory measures is conducted persons concerned may be as follows:

the applicant, the Russian producer of a similar good or a good immediately competing with the good being the object of the investigation or an association of Russian producers the majority of the members whereof produce such a good;

the foreign exporter of the good and the foreign producer of the good being the object of the investigation;

a Russian importer of the good or an association of Russian importers the majority of the members whereof being importers of the good;

the government of the foreign state, an empowered body of the country of origin or exports of the good or an empowered body of the alliance of foreign states of which the countries of origin or exports of such a good are members;

a consumer or an association of consumers of the good;

federal bodies of executive power and bodies of executive power of the subjects of the Russian Federation;

other persons whose rights and interests are affected by the investigation and who, in the opinion of the federal body of executive power specified in Article 3 of the present Federal Law are capable of rendering assistance in the conduct of the investigation.

**7.** Having made the decision to commence an investigation the federal body of executive power specified in Article 3 of the present Federal Law shall notify a respective foreign state (alliance of foreign states) of the intent to commence the investigation for the purposes of a possible application of special protective measures, anti-dumping measures or compensatory measures.

**8.** The investigation for the purposes of a possible application of special protective measures, anti-dumping measures or compensatory measures shall not hinder the customs processing and clearance to the customs territory of the Russian Federation of the good being the object of such an investigation.

**9.** The federal body of executive power directly in charge of customs affairs in the Russian Federation, the federal body of executive power in charge of state statistics, other federal bodies of executive power and the bodies of executive power of the subjects of the Russian Federation as well as commercial organizations shall render assistance for the conduct of the investigation and provide, on a request by the federal body of executive power specified in Article 3 of the present Federal Law, samples of goods and the necessary information including confidential information.

The federal body of executive power specified in Article 3 of the present Federal Law shall keep a data bank required for the investigation and shall be accountable under the legislation of the Russian Federation for non-disclosure in respect to the information.

**10.** In all the phases of the investigation the federal body of executive power specified in Article 3 of the present Federal Law shall provide the information obtained in the course of the investigation and not being confidential to persons concerned and shall assist in their meeting the persons having the opposite point of view regarding the object of the investigation.

**11.** From the date when the decision to commence the investigation is taken until the completion thereof the Government of the Russian Federation may perform the licensing of the imports to the customs territory of the Russian Federation of the good being the object of the investigation with no quantitative limitations applied.

**12.** The investigation may be terminated or suspended pursuant to a decision of the Government of the Russian Federation if the foreign state (alliance of foreign states) assume the obligations leading to the elimination of the substantial damage to the branch of the Russian economy.

**13.** No investigation shall be conducted in respect to a good originating from the least developed states as recognized by the United Nations Organization.

**14.** Should more than 35 per cent of the Russian production of a similar or immediately competing good fall on one Russian consumer who has supported an application for the use of special protective measures, anti-dumping measures or compensatory measures or should the total volume of the imports of a good being the object of the investigation make up less than 25 per cent of the total sales of a similar or immediately competing good on the domestic market of the Russian Federation, the condition sine qua non for the conduct of the investigation shall be the availability of a statement by the federal body of executive power in charge of anti-monopoly policy concerning the consequences of the effect of the said measures on competition on the domestic market of the Russian Federation.

#### **Article 19.** The Peculiarities of Conducting an Investigation Preceding the Application of Special Protective Measures

**1.** An application for the conduct of an investigation preceding the application of special protective measures shall not be accepted for consideration if less than 50 per cent of the total production output of a similar or immediately competing good fall in the Russian Federation on the Russian producers supporting the said application.

**2.** The investigation preceding the application of special protective measures shall be completed within nine months.

#### **Article 20.** The Peculiarities of Conducting an Investigation Preceding the Application of Anti-Dumping Measures

**1.** Apart from the details listed under Item 2, Article 18 of the present Federal Law an application for the conduct of an investigation preceding the application of anti-dumping measures shall include information on the normal cost of the good and the export price of the good being the object of the investigation.

**2.** The application on the conduct of the investigation preceding the application of anti-dumping measures if less than 20 per cent of the total output of a similar or directly competing good fall in the Russian Federation on the Russian producers of the good supporting the application.

**3.** The investigation preceding the application of anti-dumping measures may not be commenced if the dumping margin is below the minimal admissible dumping margin and the volume of the dumping imports of the good to the customs territory of the Russian Federation is insignificant.

The volume of the dumping imports of a good from a state shall be deemed insignificant if less than three per cent of the imports volume of such a good to the Russian Federation fall on the state and the total imports of such a good from all the states having less than three per cent of the imports of such a good to the Russian Federation each, does not exceed seven per cent of the total volume of the imports of such a good to the Russian Federation.

**4.** If several anti-dumping investigations are being simultaneously conducted in respect to the imports of a good to the Russian Federation from several foreign states the said investigations may be joined together into a single investigation. In such a case substantial damage to a branch of the Russian economy shall be calculated proceeding from the terms that dumping margin in respect to each of the foreign states exceeds the minimal admissible dumping margin and the volume of the dumping imports of the good from each of the states is bigger than insignificant.

5. The investigation preceding the application of anti-dumping measures shall be completed within 12 months.

**Article 21.** The Peculiarities of Conducting an Investigation Preceding the Application of Compensatory Measures

1. Apart from the details specified under Item 2, Article 18 of the present Federal Law an application for the conduct of an investigation preceding the application of compensatory measures shall include the evidence of:

a foreign state's (alliance of foreign states) granting a subsidy to the foreign exporter and/or the foreign producer of a good being the object of the investigation;

a substantial damage being inflicted to a branch of the Russian economy.

2. The application for the conduct of the investigation preceding the application of compensatory measures shall not be accepted for consideration if less than 25 per cent of the production output of a similar or immediately competing good fall in the Russian Federation on the Russian producers of the good supporting the application.

3. The investigation preceding the application of compensatory measures shall be immediately terminated, should it be discovered that the amount of the subsidy of the foreign state (alliance of foreign states) is not in excess of one per cent of the cost of the good.

4. The investigation preceding the application of compensatory measures shall be completed within 12 months.

### Chapter VIII. Conclusions

**Article 22.** Appealing the Action or Default on Action of Officials in the Course of Investigation

The actions or default on action of officials in the course of an investigation conducted for the purpose of a possible application of measures aimed at protecting the economic interests of the Russian Federation may be appealed in court in accordance with the legislation of the Russian Federation.

**Article 23.** The Non-Application of Measures Aimed at Limiting the Imports and Exports of Goods

The Government of the Russian Federation may adopt a decision not to apply the special protective measures, anti-dumping measures or compensatory measures provided in the present Federal Law event if the introduction thereof complies with the criteria and proceedings established by other provisions of the present Law in the event when the introduction of such measures can cause a substantial damage to the development of a branch of the Russian economy, to the economy of the Russian Federation as a whole or to the interests of a significant part of the consumers of goods or due to other substantial reasons of importance for the whole of the state. Such a decision shall be properly grounded. It may be reviewed in the event when the causes underlying such a decision have changed.

**Article 24.** The International Treaties of the Russian Federation

Should different rules be provided in an international treaty of the Russian Federation rather than the rules provided in the present Federal Law, the rules of the international treaty shall be applicable.

**Article 25.** The Procedure for Putting Into Force the Present Federal Law

1. The present Federal Law shall come into force from the date of the official publication thereof.

2. The President of the Russian Federation is hereby proposed and the Government of the Russian Federation is hereby instructed to bring their regulatory legal acts in conformity with the present Federal Law.

President of the Russian Federation

B.Yeltsin

Moscow, the Kremlin