

VEGAS LEX DISCUSSES OPPORTUNITIES, ADVANTAGES AND PROBLEMS OF SPECIAL INVESTMENT CONTRACTS DURING BUSINESS BREAKFAST AT PILF 2017

VEGAS LEX has organized a business breakfast on the prospects for the development, implementation and experience of concluding federal special investment contracts at the St. Petersburg International Legal Forum 2017 (PILF 2017).

On May 18, 2017, the VEGAS LEX law firm hosted a business breakfast named "Special Investment Contracts (SIC)* as Incentive for local manufacturing of foreign products in Russia: experience and prospects", as part of the St. Petersburg International Legal Forum. Representatives of the Ministry of Industry and Trade and the business community took part in the event.

[Maxim Grigoryev](#), VEGAS LEX Partner, Head of special projects made a welcoming speech, outlining problems of organizing local manufacturing, citing best practices for implementing SIC and listing SIC types.

Nadezhda Karpova, Head of the Russian Ministry of Industry and Trade Legal Department, spoke about the potential of SIC, key stimulation policies, support for investors involved in the investment projects, and the ministry's proposals about new approaches to legal regulation of SIC.

Dias Asanov, Director for Legal Affairs at Siemens LLC, and **Olga Safonova**, Director of the Legal Support and Control over Compliance with the Law and Corporate Behavior Rules, Siemens LLP, Kazakhstan, discussed legal regulation of SIC in Russia and talked about investment programs in Kazakhstan aimed at developing local manufacturing of foreign brands.

Polina Zavyalova, Head of the Legal Department at GEROFARM LLC, shared the experience of a company planning to conclude a federal SIC, and talked about ways to improve the legislation to conclude SIC in the pharmaceutical industry.

At the end of the event, Mr. Grigoryev spoke about the specifics of structuring and concluding SIC at the federal level, the pitfalls of applying SIC, problems faced by those who decide to use this tool, and proposals for dealing with them. He spoke from his practical experience of supporting the SIC signed by CLAAS** and other companies.

** At the end of 2014, Russia adopted Federal Law No. 488-FZ, On the Industrial Policy of the Russian Federation, which introduced SIC as one of the measures of government support. In the summer of 2015, the Russian Government issued Resolution No. 708, which approved the standard form of a SIC and the rules for its conclusion. So far, only eight such contracts have been signed. More than 16 applications for SIC are being considered by the Russian Ministry of Industry and Trade and the Industrial Development Fund. Foreign companies have been showing great interest in this new mechanism.*

This instrument of state industrial policy provides for exclusive benefits, preferences and other advantages that the public party to the contract – the Russian Federation, its regions and (or) municipalities – grants to the private party of the SIC in exchange for assuming the obligations to establish or modernize industrial facilities for local manufacturing of foreign goods or new products.

*** On June 17, 2016, CLAAS (part of the international CLAAS holding company) and the Russian Federation, represented by the Ministry of Industry and Trade, entered into the country's first federal special investment contract (SIC) at the St. Petersburg International Economic Forum with the support of VEGAS LEX.*

For more information on VEGAS LEX's services and support of investment projects, please go [here](#).