



Press-release  
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## **The Association of European Businesses (AEB) Is Worried about the Discriminatory Approach to Foreign Producers of Agricultural Machinery in Russia**

The Association of European Businesses (AEB), which brings together more than 600 European companies doing business in Russia, is worried about the discriminatory approach to foreign producers of agricultural machinery in the Russian market.

Decree № 213, dated 15 October 2013, of the Eurasian Economic Commission introduced a quota maximum of 424 combine-harvesters to be imported into Russia in 2014. The introduction of such quotas is contrary to free trade principles, and was accompanied by numerous violations during investigation of the facts about the market for combine harvesters. This made it impossible to meet the requirement to import a certain number of combines before the start of the field-work season. The situation has forced some leading combine harvester manufacturers to appeal to the EEC to cancel the quota.

Notwithstanding the substantial level of investment made by foreign companies in the Russian agricultural sector to date, and the significant number of jobs created in the regions, the Russian Government requires companies to increase the level of localization up to 50% and more. Many companies are trying to reach that level, but it requires a significant amount of time. Meanwhile Decree № 1432, dated 27 December 2012, outlines the technological operations companies must implement locally in order to apply for federal subsidies. According to these specifications, only one Russian producer of combine harvesters has been given preference. Other producers are completely excluded from the process. So other manufacturers, despite following state policy about technology transfer and the localization of production, face discrimination in the market.

Moreover, the draft decree, "On amendments to Decree № 460 dated 15 May 1995" of the Russian Government, prescribes that producers of combine harvesters will be able to get passports for their produced equipment only if the Ministry of Industry and Trade concludes that the producer "carries out production". The changes don't correspond to the current procedure for getting certification for production according to the technical regulatory requirements. This initiative creates the potential for stopping production of equipment in Russia by foreign companies. Besides, these initiatives create unjustified administrative barriers and possibilities for corruption. Producers were not given any clear explanation of the reasons for adopting the regulation, and all suggestions made by the manufacturers have been ignored.

There is also a potential threat that the so-called "recycling fees" for agricultural machinery will be enforced by the Ministry of Industry and Trade, although the idea was abandoned by the State Duma after a significant protest from the business community.

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Members of the AEB are worried that such measures will lead to inequitable working conditions on the Russian market for combine harvesters, and will make fair competition impossible. These initiatives negatively impact on the investment climate in Russia in general.

The Association hopes that the Russian Government will review the situation and take into account the concerns of the foreign companies working in the field of agriculture and, as a result, a mutually beneficial position can be developed in the near future.

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