Special investment contract to facilitate investment projects implementation

**Head of VEGAS LEX Commercial Group Julia Tormagova has spoken at the Intersectoral Industrial Forum 2015, devoted to the non-financial economy support policies, the future of the financial and construction sectors, and international cooperation.**

On July 7, 2015, the VEGAS LEX law firm participated in the Intersectoral Industrial Forum 2015\* at Moscow’s World Trade Center, initiated by the Assembly of the Russian Business Community and the Joint Working Group for Supporting Foreign Investors, and officially supported by the Ministry of Industry and Trade.

[Julia Tormagova](http://old.vegaslex.ru/en/text/47104), Head of VEGAS LEX Commercial Group, delivered a report, *Special investment contract: Questions and prospects*, during a panel discussion of Imports replacement in strategic industries.

[The Russian law on industrial policy](http://www.consultant.ru/law/hotdocs/39925.html) introduces a new instrument for stimulating industrial activity in Russia – the special investment contract (SIC). The idea is that the investor agrees to set up or modernize a production facility and (or) introduce a new technology, with his own resources or involving a third party, within the timeframe stipulated by the SIC, in Russia or on its continental shelf or in Russia’s exclusive economic zone, while the other party – the Russian Federation or a Russia region – agrees to apply, within the same timeframe, certain policies to encourage the investor’s industrial activity as stipulated by the national or local laws as of the signing of the SIC.

Julia Tormagova spoke about the requirements for investment projects, the procedure for concluding such contracts, the mandatory terms and conditions, guarantees and incentives for investors.

The specifics of the SIC and the way it differs from concession or PPP agreements is that the government does not invest any money or property in the project. According to the expert, the government’s job is to create the conditions for the investor to implement the project through stimulation policies. As a result, the economic effect of the SIC for the state is added value and more jobs, additional tax revenue to the government, but not any property acquired. The investor, in turn, is given an opportunity to develop or expand a manufacturing business in Russia on favorable terms.

“The special investment contract is certainly a useful legal innovation,” Ms. Tormagova said. “However, this instrument still needs a solid regulatory framework, free of controversy, to make it operational. It still requires adjustments to simplify its practical application and make it more attractive for investors.”

The forum participants also discussed the support measures for non-financial sectors and the prospects of the financial and construction sectors’ development, international cooperation, Russian companies’ foreign operations in modern conditions and ways to find foreign partners.

The event was attended by representatives of concerned ministries and agencies, business leaders, members of public and business associations.

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*\* The main purpose of the Forum was to present the new instruments the Ministry of Industry and Trade uses to support the real sector of the economy, and to discuss the potential problems that emerge while implementing the programs with representatives of the economy-related ministries, experts, representatives of businesses and the banking sector, as well as foreign partners.*

*Source:*[*official Intersectoral Industrial Forum 2015 website*](http://www.forum-business-territory.ru/index.htm)

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