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KEY ISSUES AND REGULATORY DEVELOPMENTS

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Dear readers,

We are delighted to share with you the "AEB Position Paper 2026: Key Issues and Regulatory Developments".

This edition focuses on the most important issues for our members and the Association, drawing on insights from member company experts over the past year. The first section contains an outline of the key issues affecting AEB members as well as our ideas how to solve them. In the second section our experts analyze key regulatory developments and their implications for foreign investors.

In addition, we are presenting for the first time the results of the AEB 2H25 survey that complements the traditional annual survey "Strategies and prospects for European companies in Russia" organized in spring 2025. This enables us to gauge how foreign investor confidence and sentiments have changed since 1H25.

As usual, the paper concludes with a tabular overview of legislative novelties in 2025 and a list of AEB Committees and Working Groups.

We are profoundly grateful to all the authors whose valuable insights greatly enriched this publication (in alphabetical order): Svetlana Antonova (Roche); Alexey Aronov (Denuo); Anton Bankovsky (Ivanov, Makarov & Partners); Anna Chugunova (Mondelez); Galina Dontsova (Nextons); Anastasiya Egorova (Teva); Veronika Emelyanova (AstraZeneca); Ekaterina Erova (Melling, Voitishkin & Partners); Maria Garanina (ALRUD Law Firm); Olga Gorokhova (ALRUD Law Firm); Nina Goulis (Kept); Alexey Grigoriev (METRO Russia); Roman Ishmukhametov (Melling, Voitishkin & Partners); Pavel Karelin (Sanofi); Andrey Kolesnikov (Teva); Irina Kosovskaya (EPAM); Yana Kotukhova (Servier); Ekaterina Kvaskova (SCHNEIDER GROUP); Maya Limonnikova (Servier); Ksenia Litvinova; Beskhanum Mamedova (O2 Consulting); Maria Naumova (ALRUD Law Firm); Anastasia Petrova (ALRUD Law Firm); Svetlana Pushkina (B1); Galina Rezvan (GE Healthcare); Alina Rodionova (B1); Pavel Rudyakov; Gleb Samoilov (AVPHARM); Olzhas Satybaldin (AstraZeneca); Konstantin Shalimov (Bellerage); Wilhelmina Shavshina (B1); Ksenia Sizova (B1); Alexey Soldatov (Bosch Group); Armen Tadevosyan (ECOWAY); Kristina Timofeeva (EPAM); Sergey Vasiliev (Denuo); Vera Volkova (B1); Marina Zabalueva (Sanofi); Vadim Zakharenko (IRU); Andrey Zharskiy (ALRUD Law Firm); Semeon Zhavoronkov (AVPHARM).

We trust that the materials will continue to serve as a valuable asset for AEB GR activities, as well as for AEB members and prospective companies, allowing them to navigate a persistently complex and volatile environment with maximum assurance.

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KEY ISSUES

CHANGES IN TAXATION

In 2025, another round of significant amendments was introduced to the Tax Code of the Russian Federation, increasing the tax burden on both large and medium-sized businesses in 2026 and subsequent periods. The most notable change is the increase in the value-added tax (VAT) rate from 20% to 22% effective 1 January 2026, as well as the reduction in the turnover threshold that allows companies applying the simplified taxation system to remain exempt from VAT. This potentially increases the risks associated with dealing with small-business counterparties. A number of changes also affect the taxation of IT companies, including an increase in social contribution rates. Outside the scope of the Tax Code, a new "technology levy" is being introduced, with the parameters of its collection to be determined later by the Russian Government. This levy will apply to companies importing or producing electronic goods and components in Russia. Its introduction expands the list of payments that are non-tax in form but tax-like in substance, significantly increasing the overall fiscal burden on businesses.

In response to the introduction of Pillar II rules by many foreign jurisdictions in respect of Russian companies that are members of multinational groups with a foreign parent company, and with the aim of preventing the taxation abroad of profits taxed in Russia at reduced rates, a minimum corporate income tax at a rate of 15% will be introduced starting in 2026. At the same time, the provisions being introduced differ substantially from the OECD Model Rules: in particular, the effective tax rate will be determined not for all Russian group entities on an aggregate basis, but for each one individually, which distorts the assessment of the group's overall level of taxation in Russia. No transitional provisions are envisaged for the application of the new rules. Furthermore, stabilization clauses that limit the deterioration of the position of taxpayers under a number of preferential tax regimes (SZPK, Advanced Development Zones (TOR), etc.) will not apply.

Cross-border transactions, especially those involving related parties, remain a focus for the legislator. Thus, the suspension of certain provisions of double tax agreements with European countries remains in effect, which, combined with the increase in the income tax rate in 2024, results in a substantial rise in the tax burden on the payment of dividends, interest, and royalties to foreign companies. Combined with the existing approval-based regime for outbound payments, particularly dividends, this significantly reduces the potential for maintaining and developing business in the Russian Federation. Unfortunately, the extension of previously adopted measures to mitigate the consequences of the suspension of double taxation agreements does not apply to transactions with related parties.

Certain changes are also being introduced to tax administration approaches. Beginning in 2026, desk tax audits may be conducted on an extraterritorial basis by tax authorities other than those at the taxpayer's place of registration. At the same time, taxpayers will be allowed to challenge the decisions of tax authorities at the taxpayer's location, whereas previously such disputes were considered at the location of

In 2025, another round of significant amendments was introduced to the Tax Code of the Russian Federation, increasing the tax burden on both large and medium-sized businesses in 2026 and subsequent periods.

the tax authority. Tax audit materials may be reviewed via videoconferencing, in accordance with the procedure to be approved by the Federal Tax Service of Russia.

The above-described legislative changes introduced in 2024-2025 and expected in 2026, demonstrate a gradual increase in the tax burden, including for foreign groups operating in the Russian Federation. This may become a limiting factor for companies that, despite the current environment, continue to conduct business in Russia or are considering entering the Russian market.

KEY ISSUES

CUSTOMS TRENDS: REGULATION AND PRACTICE

ISSUES OF RETROSPECTIVE CHANGES TO THE EAEU FEA CN CODE

The issue of the legality of customs authorities' decisions regarding the results of customs control after the release, specifically concerning the correct classification of goods, remains relevant.

Currently, the problem of retrospective changes to the EAEU FEA CN code persists, expressed in the fact that such changes also cover deliveries from previous periods when the accuracy of the declared code did not raise doubts for the customs authorities.

To minimize illegal changes to classification codes, the business proactively proposes a set of regulatory amendments, specifically the establishment of the concept of "sustainable practice" to limit retrospective reclassification. The following indicators are suggested for recognizing a practice as sustainable:

- decisions and clarifications from the EEC;
- decisions and clarifications from the FCS of Russia;
- preliminary classification decisions;
- results of customs control;
- judicial decisions on classification cases.

Business proposals for legislative reinforcement of "sustainable practice" include amendments to Federal Law No. 289-FZ and the Order of the Federal Customs Service of Russia No. 926, which stipulate that the adjustment of the EAEU FEA CN code based on post-release control results is possible only in the case of changes to the "sustainable practice" of classification.

At the same time, the Treaty on the EAEU establishes a legal principle defining the possibility of retrospective application of the EEC decisions that improve the position of economic entities. However, the application of an EEC decision, adjusted based on the results of an appeal in the EAEU Court, to past periods is practically quite complicated both administratively and judicially.

PECULIARITIES OF LAW ENFORCEMENT

A very concerning trend in law enforcement has been observed recently. Gaps in legislation are being filled by court rulings or letters from the Russian Ministry of Finance. In this regard, a good example is Letter No. 27-01-21/93114 of 25 September 2025 which stipulates that the full amount of royalty must be either included in the customs value of the goods or royalty shall not be included at all (depending on whether the conditions of subparagraph 7, paragraph 1,

Article 40 of the EAEU Customs Code are met). However, as of today, the practice has favored the partial inclusion of royalty amounts in the customs value, meaning that only portion of the royalty which is directly related to the imported goods (see, for example, Rulings of the Supreme Court of the Russian Federation in cases No. A32-5147/2022, No. A56-73599/2022).

Business entities engaged in foreign economic activity and customs authorities have found themselves in a difficult position: on the one hand, they must comply with the Ministry of Finance's letter as an "official clarification," which customs authorities are obliged to follow according to paragraph 3, Article 258 of the Federal Law "On Customs Regulation" No. 289-FZ of 3 August 2018. At the same time, should decisions made based on this letter be appealed, the courts will be guided by the legal interpretation of the Supreme Court.

Meanwhile, clarifications from the Ministry of Finance regarding the methodology for calculating additional assessments on dividends, or at least general recommendations for typical situations involving the inclusion of dividend amounts in the customs value, are still forthcoming.

THE PROBLEM OF INCLUSION OF DIVIDENDS INTO THE CUSTOMS VALUE

In 2025, the trend towards tighter control over dividends distributed by importers continued to strengthen.

The approach of the Supreme Court of the Russian Federation in cases where the supplier is the dividends' payee[1] has been extended to cover goods' shipment carried out by those parties who are not the founders[2].

There has been a noticeable increase in the cases of including dividends into the customs value of raw materials and components. Such goods often account for only a small portion of manufacturing companies' profits. Sometimes importers manage to reduce or eliminate additional charges[3], however, this requires disclosing a significant amount of data on the movement of goods.

The issue is also developing at the EAEU level. It is known that the customs authorities of Kazakhstan have started to impose customs duties on dividends. The rulings of the EAEU Court[4] are emblematic here: the Court recognized as permissible the inclusion of payments only referred to as dividends into the customs value of goods without disclosing the criteria for distinguishing them from "real" dividends.

In addition, the inclusion of dividends into customs value was discussed during the 59th–61st sessions of the WCO Technical Committee on Customs Valuation. A number of countries, including Uruguay, supported this possibility, while Japan and other countries took the opposite position.

One may conclude that there is still no uniform approach to the inclusion of dividends into the customs value, which triggers elevated risks for bona fide companies and worsens the investment climate. The business community continues to engage in dialogue with Russian and Eurasian regulators, as well as with the WTO members, seeking to develop a transparent and predictable approach. The continuing uncertainty in the classification of dividends could potentially become a matter for consideration by the Constitutional Court of the Russian Federation.

AGENCY FEES AND EXCHANGE RATES

Due to severe sanctions pressure and restrictions on international payments, fees charged by payment agents often reach substantial amounts, as do exchange rate differences arising from converting several currencies involved in the payment chain.

In this regard, businesses have sought clarification from the Ministry of Finance, which has explained[5] that if expenses incurred in connection with the payment for goods are paid before customs declaration, they are included in the customs value based on the actual amount incurred, without additional recalculation at the exchange rate of the Central Bank of Russia (CBR). However, if payment is made after the declaration is submitted and no fixed exchange rate is established, the CBR exchange rate as at the date of the customs declaration registration applies.

Recent court practice[6] has confirmed the validity of this approach and the inadmissibility of additional assessments based on recalculated exchange rates.

Simultaneously, judicial practice regarding payment agent fees is being developed.[7] If a payment agent performs the purely technical function of transferring funds and does not participate in the commercial relationship between the transaction parties, i.e. it is not an intermediary as defined by EEC Regulation No. 112, its fee is not included in the customs value.

[1] See Ruling of the Judicial Board on Economic Disputes of the Supreme Court of the Russian Federation of 1 December 2022 in case No. A40-20125/202, of 2 December 2022 in case No. A09-1129/2021, of 2 December 2022 in case No. A09-1751/2021.

[2] See, for example, cases Nos. A08-9560/2021, A14-17886/2023.

[3] See, for example, cases Nos. A40-16564/2024, A09-1177/2024.

[4] Decision of the Panel of the EAEU Court of 24 December 2024 in case No. C-10/24, Decision of the Board of Appeal of the EAEU Court of 12 February 2025 in case No. C-10/24.

[5] Letter of the Ministry of Finance of the Russian Federation No. 27-01-21/12637 dated 12 February 2025 and No. 27-01-21/95373 dated 2 October 2025.

[6] For example, cases Nos. A56-17316/2025, A56-1755/2025.

[7] For example, cases Nos. A40-21745/2023, A41-69680/2024.

COUNTRY OF ORIGIN: KEY CHANGES AND THEIR PRACTICAL SIGNIFICANCE FOR BUSINESS

The RF Government Resolution dated August 30, 2025 No. 1341 changed the procedure for confirming the origin of goods subject to increased import duties and, in some cases, significantly simplified the requirements for importers.

The document expanded the list of goods from "unfriendly" countries. New positions include, among others, coconut and palm kernel oil, cocoa butter substitutes, mineral water, as well as American-origin products from groups 82, 84, 87, and 90 of the EAEU FEA CN.

For goods from countries with which Russia has free trade agreements, it's no longer necessary to provide both preferential and non-preferential certificates. Now, a preferential certificate together with a declaration of origin (commercial or any other document) is enough.

The CCI of Russia can now issue certificates of origin for goods from "unfriendly" states (only for some goods of group 84 of the EAEU FEA CN) and for goods on the "parallel import" list. The basis shall be certificates issued in the country of origin or export. Nevertheless, as of today, the practice of the CCI issuing these replacement certificates of origin has not become widespread.

Overall, the changes reduce the administrative pressure on conscientious importers. Meanwhile the extended list of goods indicates a continuation of the policy of protecting the domestic market and the country's economic interests. Meanwhile, work continues at the EEC level to further unify and simplify procedures.

In general, the changes reduce the administrative burden on bona fide importers. At the same time, the expansion of the list of goods indicates a continued focus on protecting the domestic market and the economic interests of the country. Additionally, work continues at the EEC level on further unification and simplification of procedures.

THE USE OF NAVIGATION SEALS IN THE EAEU FOR TRACKING THE TRANSPORT OF GOODS

Starting from 11 February 2026, the EAEU will launch the use of navigation seals to track the transport of goods in accordance with the Agreement dated 19 April 2022.

The Agreement aims to minimize customs and other state control measures in relation to goods transported across the EAEU customs territory. However, it is planned that navigation seals shall be imposed on all goods transported by road under customs transit, export, and mutual trade regimes. Furthermore, there is no information about facilitation for bona fide economic operators.

Currently, the transport and logistics sector is in a challenging position and operates on the brink of profitability, yet it continues to meet the needs of the economy and the population. Therefore, such an approach will practically lead to the opposite effect, resulting in excessive control measures and additional administrative and financial burdens.

Navigation seals should serve an auxiliary function, because the established level of data exchange between customs authorities in the EAEU, forms and methods of control, as well as international instruments such as UN conventions on trade and transport facilitation enable efficient tracking of goods and vehicles, including those in transit.

It is proposed that while revising EEC Council Decision No. 147 dated 12 December 2023, the list of exemptions, i.e. goods and cases, when tracking with the use of navigation seals are not applied, shall include *on a permanent basis, without additional reservations or comments*, goods transported under the TIR Convention or which have AEO as a declarant.

Currently, the transport and logistics sector is in a challenging position and operates on the brink of profitability, yet it continues to meet the needs of the economy and the population. Therefore, such an approach will practically lead to the opposite effect, resulting in excessive control measures and additional administrative and financial burdens.

KEY ISSUES

MIGRATION LEGISLATION AND PRACTICE

MIGRATION CONCEPT

The Concept of the State Migration Policy of the RF for 2026-2030 (Migration Concept) was approved by Presidential Decree No. 738 of October 15, 2025. This document sets forth the goals, main principles, objectives, and key directions for implementing the state migration policy of Russia for the specified period.

INVESTORS

The Migration Concept emphasizes that a set of measures has been previously implemented to simplify the process of obtaining residency permits in the RF and for acquiring Russian citizenship for certain categories of foreign nationals who have demonstrated special merit to Russia and made a significant contribution to economic development. At the same time, the Migration Concept notes that attracting foreigners to the RF who wish to develop economic ties and carry out entrepreneurial activity remains a goal of migration policy, which is aimed at implementing Russia's strategic national priorities.

As a reminder, the simplified process for issuing permanent residency permits to foreigners who have made investments in the RF that meet the established criteria became fully operational in the second half of 2023. The simplified procedure for issuing permanent residency permits also applies to family members of such foreign investors.

DIGITAL PROFILE OF FOREIGNERS

The Migration Concept gives significant attention to the use of modern digital technologies for improving the efficiency of administrative procedures in the migration field, to prevent, detect, and suppress violations of migration legislation, and to apply administrative measures. The importance of collecting biometric personal data of foreigners (fingerprints, facial images) is emphasized, both when passing through border control upon entry into Russia and outside of Russia.

To achieve the above-mentioned goals, it is planned to implement a number of technical measures: modernization of infrastructure for contactless identification and verification, the use of AI technologies for processing large data sets, and the creation of a unified information infrastructure for interdepartmental cooperation and the management of migration flows.

As part of the Russian Government Resolution No. 1510 of November 7, 2024, "On the Experimental Testing of the Rules and Conditions for Entry into and Exit from the RF of Foreign Citizens and Stateless Persons," Russia launched a pilot program to allow certain categories of foreigners to obtain a QR code for entry into Russia. This code is obtained by installing the ruID mobile application and providing biometric data through the application.

An experimental system for registering the location of foreigners has also been introduced in Moscow and the Moscow Region, designed to replace the migration enrollment in place since 2007.

Citizens of Uzbekistan, Tajikistan, Kyrgyzstan, Armenia, Kazakhstan, Georgia, Azerbaijan, Moldova, and Ukraine arriving in Russia for work purposes must install the Amina mobile application (Amina) starting September 1, 2025. Authorization in the Amina requires a valid foreign citizen card, which can be obtained by visiting the MMC in person. Amina will transmit geolocation information of mobile phones with the installed application to the Ministry of Internal Affairs. If Amina detects a lack of data transfer for several days, foreign nationals will receive a notification to confirm their address or inform the Ministry of Internal Affairs of any change. If geolocation information about a mobile phone is missing for more than three business days from the date of the last monitoring, foreign nationals who own the phone will be removed from the MMC address, which may result in their inclusion in the register of controlled people. Failure to install Amina may also result in their inclusion in the register of controlled people.

EMPLOYER RESPONSIBILITY

The Migration Concept calls for a systematic tightening of control measures and a more specific definition of employer liability. Its key emphasis is both on creating a transparent system and placing increased responsibility on employers, who must guarantee the legality of hiring and residing of foreign workers in Russia.

We believe these initiatives are excessive, as the competent Russian authorities already have all the necessary legislative and operational tools to monitor and prevent violations of migration laws by foreigners without the active participation of employers.

IMPROVING QUOTA ALLOCATION PROCESS

The current mechanism for foreign labor quotas allocation, as stipulated in the Migration Concept, will be maintained and further improved through the implementation of a registry system and the digitalization of relevant processes, as this could lead to increased transparency in the process of submitting applications for the foreign labor needs and allocation of quotas among employers.

HQS

The Committee members hope that existing HQS preferences will be maintained and that new ones will emerge to facilitate the development and preservation of the institution of highly qualified foreign specialists, as well as the attraction of highly qualified labor to Russia from various countries. Over the years, the system for attracting highly qualified foreign workers has facilitated not only the exchange of technology and knowledge but also the influx of investment into the Russian economy.

Recommendation:

The Migration Committee recommends closely monitoring the legislative acts adopted in pursuance of the Migration Concept to ensure that migration processes comply with adopted law requirements.

ISSUES OF STAY AND WORK IN RUSSIA

The problem of foreigners being unable to work in another region of the RF under a patent issued in one constituent entity of Russia remained a pressing issue. However, in 2025, it became possible for foreigners working under a patent issued in one region to work simultaneously in two economically connected and adjacent regions, subject to the existence of relevant agreements between them. Currently, this applies only to Moscow and the Moscow Region, St. Petersburg, and the Leningrad Region.

Furthermore, effective January 1, 2025, amendments regarding the maximum period of temporary stay for foreigners entering Russia without a visa came into effect. The new permitted period of stay was reduced to a total of 90 days within a calendar year (previously, this period was 90 days within each 180-day period). This restriction does not apply to foreigners entering Russia for study, work, temporary or permanent residency, or asylum, and certain other categories. The restriction affected foreign drivers carrying out cross-border trucking to and from Russia, or in transit through Russia. These drivers found themselves in a difficult situation: the new stay limit of 90 days total per year proved to be too short for many of them, given the length of trips, waiting times, and loading and unloading operations, which often last weeks.

According to the Ministry of Internal Affairs, at the direction of the Russian Government, the Ministry of Internal Affairs, together with interested federal executive authorities, is currently working on amendments to Russian legislation to exclude professional drivers from the list of foreigners subject to restrictions on established stays in Russia.

Recommendation:

Since these issues are being gradually worked out in practice and at the legislative level, we recommend monitoring possible changes in this regard.

The Committee members hope that existing HQS preferences will be maintained and that new ones will emerge to facilitate the development and preservation of the institution of highly qualified foreign specialists, as well as the attraction of highly qualified labor to Russia from various countries.

KEY ISSUES

PRICE REGULATION: NEW APPROACHES AND STRATEGIC RISKS

The issue of excessive state regulation remains one of the main challenges for the food trade in Russia. The industry is particularly focused on the ongoing political and legislative initiatives aimed at expanding government intervention in pricing. These proposals range from directly setting maximum permissible prices and limiting trade markups to imposing "voluntary" self-restraint and using quasi-market price capping mechanisms.

Such initiatives emerge with high regularity, despite the fact that over the past few years, the Russian consumer market has consistently demonstrated high adaptability and resilience to unprecedented challenges — not as a result of government regulation, but rather due to market mechanisms, intense competition, the ability and capacity of businesses to respond quickly and flexibly to current events.

Despite the obvious successes and advantages of the market model, AEB notes with deep concern the growing impulses in the political and regulatory agenda aimed at administrative intervention in pricing.

At the same time, the Government of the Russian Federation has so far quite consistently refrained from using the mechanisms at its disposal for direct price regulation, despite the almost constant circulation in the State Duma of various amendments to the Federal Law "On the Basic Principles of State Regulation of Trade Activity in the Russian Federation" of 28.12.2009 No. 381-FZ (hereinafter referred to as the Trade Law), which provide for the regulation of retail prices and/or trade markups.

A positive signal for 2025 was undoubtedly the negative response of the Russian Government to the draft law No. 846260-8 "On Amendments to Certain Legislative Acts of the Russian Federation Regarding Pricing Regulation for Socially Important Essential Food Products" and its rejection by the State Duma. This initiative proposed replacing the Government's right to apply price regulation for a 10% price increase with an obligation to use this mechanism. Furthermore, it was proposed to grant the Russian Government the right to establish a price "corridor" for price increases of only 5% over a 30-day period. In its comments on the draft law, AEB noted that the document was excessive and did not take into account the fact that retail inflation is primarily driven by price increases elsewhere in the supply chain. We evaluate the rejection of this initiative as an adequate and balanced economic approach.

At the same time, Association members were seriously concerned when in July 2025 the draft amendments to the Trade Law appeared, jointly developed by the Ministry of Agriculture and the Ministry of Industry and Trade. Its idea is the mandatory transfer of the market participants (suppliers and retailers) to the so-called long-term contracts with fixed or formula prices. Specifically, retail chains are required to enter into direct long-term contracts (for a term of at least one year) with suppliers, with fixed or formula prices, increasing quarterly the share of such contracts in total sales from 80% in 2026 to at least 90% by 2028. Furthermore, the draft stipulates a limitation on price revisions under such contracts (no more than once per year) and a prohibition on unilateral contract termination.

This initiative reflects the regulator's desire to establish a mechanism for ensuring price stability through administrative intervention in the contractual relationships of participants in the Russian consumer market. In the realities of modern Russia, particularly with the high volatility of production costs, as well as logistics and operational expenses, the mandatory long-term contracts and annual fixed prices are inconsistent with the objective laws of a market economy.

By forcing a 90% long-term contract quota, market participants will practically lose their ability to quickly respond to changes in supply and demand. The proposed year-long price freeze could lead to increased inflation (all potential risks will be factored into the prices) or lead to supply disruptions and deficiency (if contract fulfillment proves economically unviable for the supplier).

As for the prohibitions on revising the price more than once a year and on terminating the contract, this may increase tension and conflict in the relationships between trade and suppliers in cases of significant changes in the market situation — such as a decrease in harvest, a spike in global prices, and so on.

AEB members understand the government's concerns about inflation and its desire to ensure the affordability of goods for the population. However, we remain confident that administrative intervention, whether through direct price regulation (markups) or the introduction of mandatory volume and formula pricing in contracts between retail chains and suppliers, will not solve the problem and will only complicate operations in the Russian consumer market.

The experience of 2020-2021 (the so-called "voluntary" price agreements on sugar and sunflower oil) has already demonstrated the ineffectiveness of artificial price containment. The temporary stabilization effect was predictably followed by a sharp increase in the cost of regulated goods. Regulatory reductions in retail prices (especially when separated from supplier prices and production costs) lead to the "washing out" of goods from retail shelves, leading to deficiency and price increases.

Intervention in pricing objectively disrupts market mechanisms, deepen disbalances and inflation expectations. Income regulation and the introduction of additional "non-market" requirements deprive market participants of the incentive to conduct business and invest in development. Since large chains and manufacturers have a greater margin of safety, price regulation primarily poses risks to small and medium-sized businesses.

The Association is convinced that long-term consumer market stabilization can only be achieved through market instruments. Social problems associated with inflation should be addressed through:

- targeted support for low-income groups of the population to increase their purchasing power;
- providing state support to producers and suppliers to reduce their selling prices while ensuring market profitability;
- reducing supply chain costs through the provision of affordable loans, supporting investments in efficiency, and optimizing logistics;
- timely adjustment of export/import rules;
- active government support for the development of fair competition both among suppliers and in trade, which is the best natural regulator of prices.

The Russian economy and consumer sector are currently at a strategic crossroads: the choice is between preserving market fundamentals or returning to administrative regulation. Russia's successful overcoming of the challenges of recent years has been made possible precisely by preserving market mechanisms. Therefore, the Association opposes any tightening of price regulation provisions established in current legislation and welcomes the continued development of a stable, flexible, and competitive market system capable of absorbing shocks and focusing efforts on systemic measures to promote competition and targeted support for the population.

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KEY ISSUES

“RUSSIAN SHELF”: HOW EFFECTIVE IS THIS MEASURE?

In 2025, the initiative known as the “national” or “Russian” shelf received new developments. The draft Federal Law No. 02/04/08-25/00159684, prepared by the Ministry of Industry and Trade, titled “On Amendments to the Federal Law ‘On the Fundamentals of State Regulation of Trade Activities in the Russian Federation’ (hereinafter referred to as the Trade Law) and Article 40 of the Law of the Russian Federation “On Consumer Rights Protection”, was published on the federal portal of regulatory legal acts.

As in previous versions of the draft law, the essence of the proposed regulation is to grant the executive authorities the right to establish a mandatory minimum share of domestic goods in the assortment and display of retail enterprises in Russia as of March 1, 2026.

The authors of the draft law believe that the proposed introduction of quotas will be an effective measure to enhance competitiveness, promote domestic non-food products and goods from the member states of the Eurasian Economic Union, as well as to equalize the competitive opportunities of Russian producers.

At the same time, the updated document reveals a number of differences from earlier versions. The most significant is the proposed linkage of the drafted regulation to consumer protection legislation, granting Rospotrebnadzor authority to monitor and supervise compliance with the introduced quotas at trade enterprises and the resulting prospect of imposing administrative sanctions in the event of violations. This fundamentally changes the nature of the regulation: from incentivizing specific policies of retail chains and partnerships with national suppliers, it is being transformed into mandatory requirements and administrative supervision of consumer rights, paving the way for inspections and penalties.

The element from previous versions of the draft law, which proposed the inclusion in the minimum quota of goods produced in EAEU countries under private labels (PL) of retail chains, regardless of their origin, has been eliminated. This essentially creates a barrier to the introduction of foreign technological solutions in Russia and other EAEU countries.

Excluding private labels of trade chains from national quotas — even if these goods are produced locally and serve as a key driver of competitive pricing and product range flexibility — will have a negative impact on retail and consumer rights. Consumers will face the limited range of more competitively priced private label goods, while retailers will experience reduced profitability and competitive differentiation.

These changes confirm the Association’s assessment of this draft law as an excessive, unproductive, and ineffective regulatory initiative, including in terms of its stated goals.

The excessiveness results from the fact that, even without special regulatory support, the expansion of domestic goods in retail, including in the non-food segment, has already become a sustainable market trend based on consumers’ conscious choice from an expanding product range based on the price-quality ratio.

The unproductiveness of the draft law is due to a number of factors:

1. First of all, it is necessary to note the risk of transition from market regulation to administrative-political regulation, when the proposed administrative control over the assortment of goods will be extended not only to individual non-food products, but also to other product categories, including food products.

Even in its current form, the proposed regulation will inevitably become part of a broader process of expanding state intervention in the consumer sector in modern Russia. Administrative quotas for assortment clearly align with numerous legislative initiatives to regulate prices and markups in trade, as well as various aspects of commercial relations between retailers and suppliers. Such regulation could disrupt the fundamental mechanisms of the consumer

market, posing serious risks to its proper functioning and jeopardizing social stability.

2. The definition of "national goods" which the draft law (Article 8.1, Part 4) defines as goods that simultaneously meet the criteria of production being located in the territory of the EAEU member states, the citizenship of the EAEU member states for the persons carrying out the production, and the ownership of the trademark by uncontrolled persons, creates a critical contradiction with the stated idea of the "Russian shelf". As a result of applying the above criteria, the "national shelf" risks being filled with goods that, for example, are manufactured in China and have undergone minimal processing in the EAEU, which could lead to the displacement of Russian manufacturers from the shelf.

Furthermore, the "non-control by foreign persons" criterion creates a discriminatory situation for international companies that made significant investments, transferred advanced technologies and know-how, localized production, and continue to operate in Russia. Many foreign manufacturers have already invested in the Russian economy by localizing their formulas, technologies, and production. The draft law basically legalizes products assembled in Russia from foreign components as national goods, but at the same time discriminates against and unlawfully excludes foreign companies localized in Russia, which provide jobs for Russian citizens and generate tax revenues for the budget.

3. The key factor that makes the draft law unproductive is that its adoption would create long-term structural risks by entrenching the raw materials model and providing a "greenhouse environment" for uncompetitive production. Focusing on a protected domestic market, guaranteed by administrative quotas, would reduce incentives for improving quality, reducing costs and prices, and maintaining supply chain discipline. Furthermore, this could lead to a loss of export potential for Russian producers in international markets.

The ineffectiveness of the proposed regulations on the "Russian shelf" stems from a number of specific shortcomings in the draft law.

1. Thus, it fails to take into account the differences between retail and wholesale (small-scale wholesale) trade formats — only those retail operators who own their own retail premises are subject to regulation within the meaning of the Trade Law. Those wholesale operators who do not maintain retail premises and operate exclusively from warehouses are basically excluded from regulation, which contradicts the principle of fair competition in this segment of trade.

2. The draft law introduces a new Article 8.1 to the Trade Law, establishing responsibility for retail chains to ensure a minimum share of non-food products on the shelf space of their stationary retail equipment. Specifically, non-food products must be placed in the so-called "golden shelf zone" — at a height of 80 to 160 centimeters above the floor. Furthermore, the share of non-food products must be calculated "based on the length of all customer-facing facades (fronts) of products in the relevant group."

Moreover, the method for measuring facade lengths lacks objective, clear, and transparent evaluation criteria, as product sizes, packaging, and design can vary significantly. A single large product can take up the equivalent of dozens of other items. Besides, the proposed requirement does not fully account for the operational processes and display specifics of different store formats.

Given the aforementioned uncertainty in the evaluation criteria, the draft law carries significant risks of complicating operational processes in trade in terms of monitoring display, the availability of quoted goods, and interaction with Rospotrebnadzor.

3. The draft law does not regulate the liability of retail enterprises for failure to comply with quotas in cases of temporary unavailability of goods on the sales floor due to shortages of quoted goods by suppliers, spoilage of goods, sales due to impulse purchases, etc.

Taking into account the above considerations, AEB considers the draft law on the "Russian shelf" to be economically inexpedient, creating systemic risks and contradicting the course towards the development of a competitive market economy.

AEB proposes focusing on incentive and market-based measures to support domestic producers, which have already proven their effectiveness in other sectors:

- **Fiscal incentive**

  The implementation of measures such as reducing VAT on Russian-made goods or providing targeted tax benefits can increase the price competitiveness of domestic brands.

- **Targeted government support**

  Increasing support measures for producers through subsidies (preferential loans, tax reductions, foreign trade measures) aimed at reducing selling prices. This support should ensure sufficient resources (raw materials, equipment) to produce the required volume of high-quality goods at competitive prices.

- **Marketing support**

  Replicating nationwide marketing programs to increase consumer awareness and trust in domestic brands without resorting to administrative imposition.

The Association shares the regulator's determination on stimulating the development of Russian manufacturers and calls for open dialogue to develop effective market support measures.

KEY ISSUES

DIGITAL LABELING OF GOODS: ISSUES AND RECOMMENDATIONS

By the end of 2025, digital labeling of goods using identification means, with Data Matrix codes applied, had been introduced in 33 product categories in the Russian Federation, with experiments being conducted for 17 additional categories.

Labeling continues to develop actively in the EAEU countries as well, with an increasing number of product categories being covered by mechanisms for creating a digital twin of a product within the supply chain.

The operation of cash registers in a "permissive mode" is being extended to more and more product categories. The effects of the State Information System for Monitoring the Circulation of Goods (GIS MT) and the mechanisms for combating the illicit trade of goods are becoming increasingly evident.

Last year, additional preferences emerged to facilitate the labeling processes for imported goods in the warehouses of Authorized Economic Operators (AEOs), allowing the point of labeling for imported goods to be moved to the territory of the Russian Federation.

In 2025, regulatory authorities were actively working to combat the illegal trade of goods based on information obtained from the GIS MT. The positive effect of the system is noted at all levels of interaction within the EAEU countries and in Russia in particular.

However, year after year, the business community faces a number of unresolved issues where no significant progress has been made, including:

- Defining which product, at the level of the 10-digit EAEU HS code, should fall into a particular product category for digital labeling, and determining exceptions from digital labeling within specific product categories.
- Ensuring the free circulation of labeled goods in the EAEU countries based on the mutual recognition of product labeling codes.
- The role of labeling in protecting intellectual property rights and expanding the volume of information received by market participants from the GIS MT.

Furthermore, in 2025, new issues deserving attention emerged, such as:

- Defining new product categories subject to new experiments, where goods are partially or fully incorporated into another product. The inclusion of such product categories will lead to secondary and tertiary labeling of the product and its components.
- Discussing the draft resolution of the Government of the Russian Federation and conducting an experiment on implementing a mechanism for confirming the status of "Manufacturer" of goods within the territory of the Russian Federation. Implementing a mechanism to combat "pseudo-Russian production."

Given the challenging economic and logistical situation, evolving regulatory frameworks, the introduction of additional control measures, and the increase in various burdens complicating the work of business representatives, it is necessary to resolve the aforementioned issues and implement measures to facilitate the work of the entire product traceability system.

Recommendations

Within the framework of the described problems, AEB member companies have developed a number of recommendations and proposals that will allow market participants to implement digital labeling of goods with less difficulty and achieve the project's goals as stated by the regulator.

1. **When making decisions on introducing labeling for new product categories:**

   - Improve the quality of defining product items to be included in the list subject to mandatory digital labeling. Consider industry specifics and the characteristics of certain product items, their production, import, classification during customs clearance procedures and further circulation, and use within the supply chain. For example, consider that goods can be used both as standalone products and as components of another product that may or may not be subject to labeling; consider that a product circulating in wholesale/retail as a single unit might be imported through customs procedures as separate components, parts, and/or spare parts. Failure to address this issue will lead to increased product costs due to the need to label both the product itself and its components.
   - Harmonize the approach of all EAEU member states to introducing mandatory labeling for new product categories, aiming for the seamless introduction of labeling requirements for a new product category across all five countries.
   - Develop the regulatory framework, methods, and technical implementation of mechanisms for protecting intellectual property rights aimed at safeguarding the rights of bona fide market participants.

2. **To improve the operation of the commodity monitoring system in industries where labeling is already implemented:**

   - Enhance the level of protection against falsified and counterfeit products in circulation, particularly in e-commerce channels. Implement mechanisms for verifying the authenticity and protecting the brand of goods placed on online platforms. Often, a listed product has the "Honest Sign" and "Rosakkreditatsiya" markings, but this marking on the product page does not guarantee the buyer that they are purchasing an original, quality product.
   - Implement brand protection mechanisms within the information monitoring and product traceability system as one of the three most important tasks of the digital labeling system. Ensure the observance of intellectual property rights during the circulation of labeled goods in accordance with the Protocol on the Protection and Defense of Intellectual Property Rights (Appendix No. 26 to the Treaty on the Eurasian Economic Union).
   - Implement transparent, clearly defined mechanisms to combat "pseudo-Russian production" of goods, executed through state regulatory authorities. Develop mechanisms not only for halting the circulation of "suspicious" goods but also for returning goods to circulation whose illicit origin has not been proven, and for compensating losses incurred by a law-abiding participant in the supply chain if the illegality of the product's origin is not confirmed. Implement mechanisms not only for searching for potential violators but also for protecting bona fide participants in the supply chain.
   - With the active development of the digital ecosystem of state information systems aimed at different types of control based on data submitted by supply chain participants to various regulatory and supervisory bodies, implement a unified software interface for submitting information based on the "Single window" principle. This would allow participants to submit data sets once, according to uniform rules. Such a "Single window" would allow regulatory and supervisory authorities to obtain all the necessary data slices (e.g., EGAIS, "Merkury" system, GIS MT, FNS National Product Traceability System, data submission within the framework of the Tax and Customs Monitoring, Rosakkreditatsiya Information System, etc.)
   - Balance the requirements of various regulatory authorities regarding the data sets to be submitted, to mitigate the problem of repeatedly preparing submitted information depending on the specific government body.
   - Harmonize the work of the national digital product labeling systems and ensure mutual recognition of codes within the EAEU, eliminating the need to work with multiple traceability systems for a single product category.
   - Implement the necessary operational scenarios for handling goods both as standalone items and as components of a larger temporary aggregate, uniformly across the territory of the Russian Federation and the entire EAEU (working with temporary and permanent product sets across various product categories).

AEB member companies have developed a number of recommendations and proposals that will allow market participants to implement digital labeling of goods with less difficulty and achieve the project's goals as stated by the regulator.

KEY ISSUES

PHARMACEUTICAL INDUSTRY: SOLUTIONS TO PROBLEMS

PRICING

In 2025, the pharmaceutical industry entered a critical phase marked by the implementation of long-awaited amendments to Russian Government Resolution No. 462 "On State Regulation of Prices for Medicinal Products Included in the Vital and Essential Drugs List." Key changes and innovations notably include:

- Transition to an electronic procedure for submitting applications for maximum selling price registration. Applicants gained the ability to file applications via the Government Services Portal or the Unified State Healthcare Information System.
- Significant reduction in the list of documentation and information required for application submission. In the future, the remaining required data will be obtained by authorities automatically through interagency cooperation.
- Acceleration of the application review procedure: the maximum review timeline has been shortened and now must not exceed 26 business days from the application date.

These amendments are designed to reduce administrative barriers, enhance efficiency and integration of digital technologies into regulatory procedures.

At the same time, Resolution No. 462 requires a number of clarifications and refinements, such as:

- allowing manufacturers to amend an application for price registration or re-registration within the system upon request from the Russian Ministry of Health or the Federal Antimonopoly Service;
- providing the possibility to file a single application for registering two or more dosages and/or forms of a medicinal product in secondary packaging of the same drug from different manufacturing sites under a single marketing authorization.

Furthermore, a significant milestone in pricing regulation is the preparation by the Russian Ministry of Health of draft amendments to current regulatory acts aimed at improving the price re-registration mechanism for foreign-produced medicinal products. Specifically, the plans include:

- annual price indexation for foreign-produced drugs in the low-price segment at the level of "double" inflation;
- annual price indexation for foreign-produced drugs without linkage to currency exchange rate fluctuations.

These changes will mitigate the risks of drug shortages within the Russian Federation and ensure uninterrupted supplies from manufacturers. This is a crucial component for the stability of the healthcare system and the timely provision of necessary medicines to the population.

MODERN APPROACHES TO THE PREVENTION AND TREATMENT OF LUNG DISEASES: LUNG CANCER SCREENING AND COMPREHENSIVE MEASURES FOR COPD

Lung diseases remain one of the key causes of reduced workforce productivity and rising mortality.

Russia is the only country implementing the largest and most systematic preventive health program for all population groups as part of its mandatory comprehensive health check-up system ('dispanserizatsiya'). This system of regular check-ups and preventive examinations enables the

identification of risk factors at pre-clinical stages, stabilization of disease progression, and prevention of complications.

Corporate health check-up programs are of particular significance. These programs incorporate workplace-integrated screenings, referral pathways to specialized physicians, digital patient support (reminders, results, recommendations), and personalized prevention plans.

A new priority can be logically integrated into these programs: lung cancer screening for high-risk groups using low-dose computed tomography (LDCT). This is an effective method for early lung cancer detection, surpassing traditional fluorography by more than a hundredfold in the frequency of detecting tumors at early stages. Early diagnosis allows for the detection of lung cancer at stages I–II, when treatment is organ-preserving, the prognosis is favorable, and the costs to the state and employers for patient recovery are significantly lower.

Furthermore, it is crucial to highlight the necessity for comprehensive solutions and early diagnosis of Chronic Obstructive Pulmonary Disease (COPD). This is one of the most underdiagnosed and socially significant diseases: while official statistics report 818 thousand patients, the actual number may reach 10–12 million people, over 60% of whom are of working age. Over recent years, COPD mortality in the country has increased by 28%, directly impacting economic development and workforce stability.

In 2025, the development of a comprehensive set of measures to combat COPD was initiated in accordance with the execution of Presidential Directive No. 371 dated February 22, 2025. The project aims to improve diagnostics, early detection, clinical monitoring, drug supply, and prevention.

The development and implementation of the COPD measures package, along with the scaling up of early lung cancer screening for high-risk groups, creates an opportunity for a more systematic approach to reducing morbidity and mortality, improving patients' quality of life, and strengthening the nation's labor potential. AEB views participation in this process as an opportunity to unite the efforts of the state and industry to achieve common goals in the sphere of public health and sustainable economic development.

UPHOLDING STATE GUARANTEES FOR SOCIALLY SIGNIFICANT DISEASES

Cancer, HIV, diabetes mellitus, hypertension, and other socially significant diseases listed in Russian Government Decree No. 715 are subject to provisions prioritizing prevention, social support measures, and drug supply. Consequently, they require a special drug supply regime.

Despite the existing regulatory framework, a significant proportion of patients with such conditions receive medications incompletely or with interruptions. This is due to interregional disparities, underfunding of outpatient and inpatient care, and the absence of a sustainable preferential drug provision mechanism.

For instance, arterial hypertension is a key risk factor for severe cardiovascular events and a leading cause of premature mortality. However, it is still not classified as a disease eligible for preferential drug coverage, even though these patients require primary support. Providing at-risk groups with modern antihypertensive therapy has been proven to reduce the risk of stroke death by approximately one-third, myocardial infarction death by about one-quarter, and overall mortality by 15–20%. It is imperative to make modern arterial hypertension therapy truly accessible to patients, ensuring the ability to obtain necessary medications regardless of income level through government programs.

State guarantees for socially significant diseases are a key instrument for achieving the goals of the national project "Long and Active Life." In oncology, these guarantees have already driven an increase in early diagnosis, expanded screening programs, and improved access to modern treatment methods.

However, unresolved systemic issues persist. Funding lags behind actual demand: the high costs of innovative drugs and diagnostics are not covered by current compulsory medical insurance tariffs and federal subsidies. Needs assessments in oncology are often based on retrospective data, failing to account for the dynamics of detection rates, the growing pool of patients, and the transition to highly effective treatment regimens. Shifting responsibility to the regions creates access inequality: subjects with limited budgets cannot fully provide innovative therapy and molecular diagnostics. This may lead to the infringement of citizens' rights, creating a "geography of chances" for patients.

How can the current situation be improved? First, conduct a reassessment of the required funding volumes for oncology care in collaboration with the expert community, based on morbidity data and forecasts of patient population growth. Second, develop a transparent mechanism for indexing healthcare funding in accordance with clinical guidelines for cancer patients within the federal project "Combating Oncological Diseases" for the period of achieving national development goals until 2030.

Thus, prioritizing the provision of patients with socially significant diseases with modern, effective medications will contribute to the growth of the nation's preserved labor potential.

ENHANCING THE ACCESSIBILITY OF PHARMACEUTICAL INNOVATIONS

Optimizing the regulation of innovative medicinal products remains crucial for the sustainable development of the healthcare system. To ensure patient access to innovations, a corresponding expansion of state reimbursement mechanisms is required. This includes updating the approaches for including innovative drugs in the Vital and Essential Drugs List (VED).

Given the growing financial pressure on the social guarantee system, priority should be given to technologies with confirmed clinical and economic benefits. This approach could allow for the inclusion of drugs in the VED based on specific indications or therapeutic areas.

Clarifying and formalizing the criteria for defining an "innovative medicinal product" is of separate importance. It seems essential to develop a differentiated approach to innovative drugs by identifying several categories based on their specific characteristics and creating a distinct pathway for integration into the healthcare system and financing for each category.

Improving the system for financing innovative therapy is also critical. This could be implemented by establishing a separate innovation implementation fund. Such a fund would provide financing until a drug is fully integrated into the system, allowing for the collection of real-world evidence on the use of the innovative product before its full inclusion in the reimbursement lists.

Another significant step would be enhancing the transparency of the review and decision-making procedures during meetings of the commissions responsible for forming the VED and other reimbursement lists.

Finally, it is proposed to synchronize the approval timeline of the VED with the budget cycle and the timeframe for formulating the Program of State Guarantees in Healthcare. This measure would additionally accelerate the market entry of innovations.

DIGITALIZATION AND BIG DATA IN HEALTHCARE

Public health is entering a phase where the quality of clinical and managerial decisions hinges on the maturity of big data practices. Experience shows that big data-driven solutions are speeding up production, sharpening diagnostics, and improving treatment decisions worldwide. But their influence is still broader, reshaping decision-making across healthcare — from R&D pipelines to drug provision funding.

The global context also pushes for change. The WHO's Global Strategy on Digital Health emphasizes that patient-data stewardship is foundational to improving health systems and must rest on robust data security, quality and interoperability.

Russia is among global leaders in this area: the country's first medical-data market study (2025) estimates a current value of up to 4.2 billion rubles with a steady trajectory to 2030, making the efficient use of accumulated datasets especially important. Government initiatives to build a "data economy" in priority sectors are only accelerating the transition.

Pharmaceutical manufacturers have already gathered substantial amounts of medical data (clinical and pharmaco-economic studies, post-registration surveillance and more). Yet the potential remains underused, due to the lack of mechanisms to integrate heterogeneous sources into the unified digital contour (EGISZ).

EGISZ aggregates datasets on morbidity, outcomes and therapy, but lacks a regulated pathway to provide anonymized data for scientific and industrial purposes. And despite rapid digitalization, personal data protection regulation still falls short in terms of enabling stable, risk-based access channel.

From March 1, 2026 the Ministry of Health will launch a federal patient register covering 12 disease areas, with inputs drawn partly from pharmaceutical organizations. Completing the system requires one further step: grant controlled access for pharmaceutical companies and research institutions — key actors in drug provision — to aggregated register datasets and analytical outputs (epidemiological and statistical reports) derived from anonymized data. This would accelerate R&D, improve care and medicines provision.

Inevitably, cybersecurity issues are critical when handling special-category data and balancing progress with confidentiality is the central challenge. In this regard, leveraging cross-industry experience to build a functional risk assessment model for sharing sensitive data, including medical data, would be valuable.

Another solution might be launching an experimental legal regime to pilot-controlled access to anonymized medical datasets within a regulated framework. Such a platform should ensure interoperability, data quality and comparability, embedded APIs, and testing sandboxes for algorithms. The pharmaceutical industry stands ready to contribute expertise and to co-develop digital tools that deliver tangible benefits for patients.

Public health is entering a phase where the quality of clinical and managerial decisions hinges on the maturity of big data practices. Experience shows that big data-driven solutions are speeding up production, sharpening diagnostics, and improving treatment decisions worldwide.

KEY ISSUES

COMPULSORY LICENSING: A THREAT TO INNOVATION OR A TOOL TO FIGHT DEFICIENCY?

The use of compulsory licensing is one of the most controversial topics in the current development of the pharmaceutical market in Russia. On the one hand, this institution is intended to prevent potential abuses of exclusive rights that could lead to deficiency of vital products. On the other hand, it represents significant interference in exclusive rights. The balance between these aspects of compulsory licensing is extremely difficult.

In recent years, the Russian judicial system has been faced with a wave of lawsuits seeking compulsory licenses for pharmaceuticals. More than 20 lawsuits were initiated in 2024-2025 alone. Leading international innovative companies are among the defendants. In some cases, compulsory licenses have already been granted by the court.

Analyzing current law enforcement practices, we can identify several key issues that hinder the effective and balanced application of the compulsory licensing mechanism and contribute to unfair practices aimed at the illegal use of others' exclusive rights.

ISSUE 1: UNJUSTIFIED REDISTRIBUTION OF BURDEN OF PROOF

The basis of any adversarial proceeding is the distribution of the burden of proof. According to Article 65 of the Arbitration Procedure Code of the Russian Federation, each party must prove the circumstances it cites. In case of a compulsory license, this means that the plaintiff must prove that:

1. they really wish to and are prepared to use the invention;
2. the patent holder is not using or insufficiently using the patented invention;
3. this results in an inadequate supply of the product in the market.

However, in practice, in some cases, courts placed the burden of proof of negative facts on the patent holder (the defendant). Specifically, the courts effectively required the defendant to prove that its inventions were unrelated to the plaintiff's specific drug, rather than *vice versa*.

This approach places the right holder in a knowingly disadvantageous and vulnerable position. In fact, any potential licensee can make a claim against an innovative company's entire patent portfolio without providing any compelling evidence, forcing the right holder to expend colossal resources refuting it. This violates not only the procedural principles of adversarial proceedings and equality of parties (Articles 8 and 9 of the Arbitration Procedure Code of the Russian Federation) but also constitutional guarantees of judicial protection (Article 46 of the Constitution of the Russian Federation).

ISSUE 2: UNLIMITED SCOPE OF LICENSE

The second critical issue is the scope of the license granted. According to Article 1362 of the Civil Code of the Russian Federation, the court must determine the terms of the license, including the scope of the invention use. The logic of the law suggests that a compulsory license should be proportionate to the objective — to fill a proven deficiency, and not to replace the right holder in the market.

However, in some precedents, courts, having established insufficient supply, have ordered the patent holder to grant a license without specifying its quantitative scope. In fact, such a license becomes unlimited.

Such an approach creates a situation in which the licensee gains the ability to produce and sell an unlimited quantity of products, directly competing with the right holder, who has borne all the costs of R&D, preclinical and clinical trials. For

innovative drugs, this often involves sums equivalent to tens or hundreds of billions of rubles. Since the licensee does not bear these costs, it can offer the product at a lower price, allowing it to quickly capture the market.

Such a disproportionate restriction of the exclusive right guaranteed by Article 44 of the Constitution of the Russian Federation transforms compulsory licensing from a tool for filling deficiency into a tool for the expropriation of intellectual property and the unjust enrichment of certain companies.

Granting an unlimited license also conflicts with Russia's international obligations under the TRIPS Agreement (Article 31), which explicitly requires that the scope and duration of a compulsory license be limited to the purpose for which it was granted. In the case of insufficient use, the purpose is merely to compensate for a proven deficiency, but not to establish parallel, unlimited production.

ISSUE 3: FORMALISTIC DEFINITION OF INSUFFICIENT SUPPLY AND DEMAND

The third systemic problem is the methodology for determining "insufficient supply" and "demand." In some cases, courts have determined demand for an innovative drug simply based on the total number of patients with the relevant diagnosis in the country.

However, this approach does not take into account key factors of real life:

- the prescription of a specific drug is a doctor's decision based on individual indications, contraindications and clinical recommendations;
- the availability of other therapeutic alternatives, including the right holder's own drugs;
- the actual number of patients who were prescribed this particular drug and who are willing to receive it.

This kind of formalism allows recognizing practically any drug as being deficient, since the total number of patients almost always exceeds the number of those who are indicated for and actually prescribed a specific innovative product.

Continuing this practice could lead to compulsory licenses being available for almost any drug, which would completely devalue patent protection in the pharmaceutical industry and deprive companies of economic incentives to introduce new drugs to the Russian market.

ISSUE 4: ABUSE OF THE INSTITUTE OF DEPENDENT INVENTIONS

Apart from the classic basis for compulsory licensing — "insufficient supply" — the Civil Code of the Russian Federation (paragraph 2 of Article 1362) provides for another: the presence of a so-called "*dependent invention*."

Initially, this provision was intended to resolve situations where one innovative solution is objectively impossible to use without the use of an earlier, "first" invention. However, in current practice, it has become a tool for abuse.

A dangerous situation has arisen in which unfair companies often deliberately create and patent technical solutions that may be formally considered "dependent," but basically represent only minor modifications of the original inventions, or even entirely different technical solutions (for example, methods for purifying substances). The creators of the "dependent" inventions obtain such patents not as a result of genuine research, but solely for the purpose of creating a formal basis for a claim for a compulsory license with respect to the original invention.

The problem begins with a distortion of the very concept of "dependent invention." According to the law, an invention is dependent if its use in a product is impossible without the use of an earlier patented invention. However, in practice, courts sometimes recognize inventions in completely different technical fields as dependent, for example, a manufacturing method and a finished drug. This approach creates a precedent whereby almost any technical solution, even slightly related to the original drug, can be deemed "dependent."

An equally serious problem is the methodology for proving an "important technical achievement." Biosimilars' manufacturers present this as optimization of the production process, even though their final product is in no way superior to the original drug in terms of therapeutic properties. Courts sometimes accept these arguments, despite the fact that a true technical achievement in pharmaceuticals should be considered the creation of a drug with improved efficacy or safety.

Furthermore, the definition of "significant economic advantage" is interpreted too broadly. The lower price of a biosimilar is sometimes cited as a "significant economic advantage," although this is simply due to the absence of expensive R&D costs. This approach clearly ignores the very essence of the patent system — ensuring that the patent holder can recoup their investment in innovation.

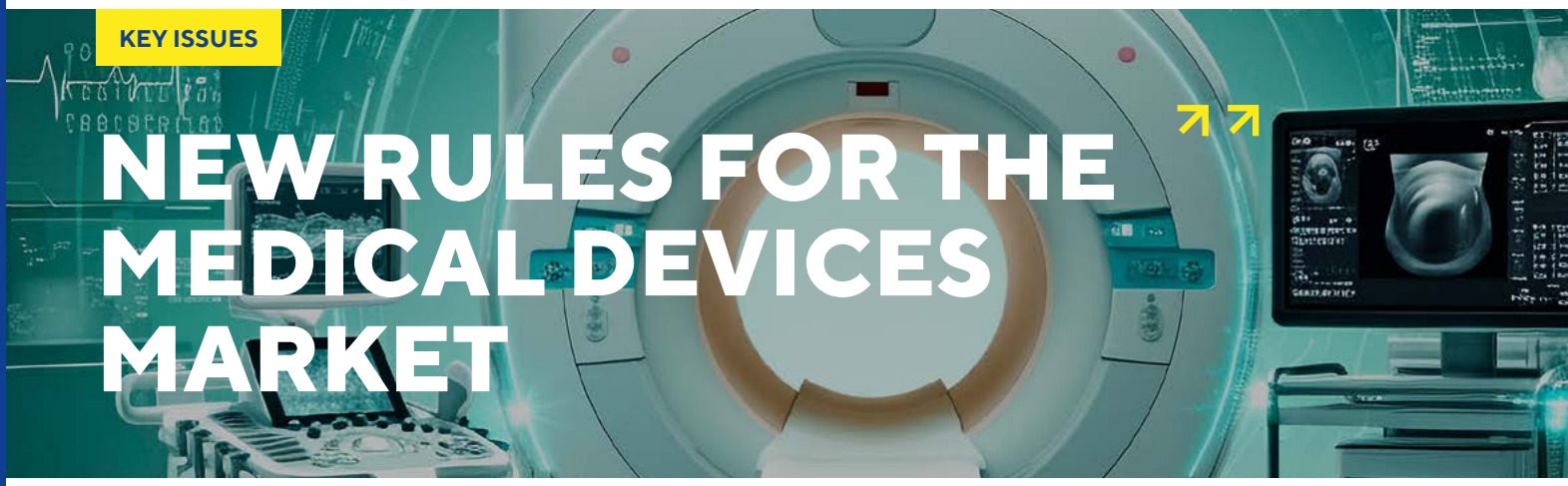
CONCLUSION

The mass character of new court cases demonstrates that compulsory licensing in Russia has ceased to be a theoretical option and has become a practical tool. This has made the question of how this tool should be applied even more pressing.

Existing judicial practice in the application of compulsory licensing provisions has revealed a number of systemic shortcomings, the failure to address which could lead, or has already led, to disbalance of interests and the unjustified seizure of intellectual property rights in favor of certain companies.

Instead of remaining an extraordinary measure applied in exceptional cases to address genuine deficiency, compulsory licensing institution risks becoming a tool for competition through the judicial system. This creates persistent legal uncertainty, which is particularly dangerous for capital-intensive and long-term innovation projects in pharmaceuticals and other high-tech industries. An important step could be transferring the authority to issue compulsory licenses under Article 1362 of the Civil Code of the Russian Federation to the Intellectual Property Rights Court, which possesses the necessary competencies to resolve disputes in this highly specific area.

Compulsory licensing may remain a legal tool as a last resort to prevent potential abuse. However, its application must be balanced, predictable, and consistent with both international law (the Paris Convention, the TRIPS Agreement) and constitutional principles of property protection.



KEY ISSUES

NEW RULES FOR THE MEDICAL DEVICES MARKET

LABELING OF RADIO-ELECTRONIC PRODUCTS IN THE "CHESTNY ZNAK" SYSTEM

On November 29, 2025, the Decree of the Government of the Russian Federation dated 28.11.2025 No. 1954 "On approval of the Rules for labeling certain types of radio-electronic products by means of identification and the features of the implementation of the state information system for monitoring the circulation of goods subject to mandatory labeling by means of identification in relation to certain types of radio-electronic products" was published. Mandatory labeling of radio-electronic products will begin on March 1, 2026.

The experiment on the labeling of radio-electronic products (REP) in the "Chestny Znak" system has been carried out since December 1, 2023, and will end on February 28, 2026. Its purpose is to work out processes before the transition to mandatory labeling. Most spare parts for medical devices (including medical equipment/medical technology) are subject to mandatory labeling, which means that after this date, unmarked goods will not be able to legally be in circulation.

The purpose of regulators is clear:

- A single methodology for the entire market is to create an end-to-end "digital footprint" for all goods subject to labeling. The separation into "mass" and "specialized" goods complicates architecture and control.
- Fight against counterfeiting at the intersection of markets — regulators see risks that unlicensed spare parts (for example, not approved by the manufacturer and not included in the registration documents for a medical device) can enter the supply chain and affect the safety of equipment.
- Automation of control for regulators — the system allows you to automatically compare the volumes of imported/produced parts with their withdrawal from circulation (installation in equipment), identifying "gray" deliveries.

The main objections of manufacturers/suppliers of medical equipment and spare parts to them are that spare parts for expensive medical equipment (for example, sensors for MRI, power supplies for ventilators, etc.) are not a mass product:

- Each shipment is tightly tied to a specific model of a particular equipment manufacturer, as well as to the specific end user (hospitals) where the equipment is installed, often to a specific service contract. All information on the supplied spare parts for medical equipment is reflected in the customs declaration with unique numbers, which makes it possible to determine exactly what was delivered and where.
- These radio-electronic spare parts are imported by service organizations that have licenses for the maintenance of medical equipment, that is, they have a limited sales market.
- Existing documents (customs declarations, service invoices, accounting in medical institutions) are enough for traceability if necessary.

The expansion of mandatory labeling to such highly specialized products as spare parts for medical devices is accompanied by real operational difficulties experienced by suppliers of these products:

- Administrative burden: the need to register each item in the "Chestny Znak" system, apply and check Data Matrix codes, maintain a catalog of goods, generate electronic documents with codes.
- Logistics costs: the risk of damage to the code on the packaging, difficulties with returns and rejections. For small but expensive parts (e.g., printed circuit boards), coding can be technically difficult.
- Problems for the end user (hospitals): they will have to scan and remove the codes when receiving and installing the part. For service engineers, this is an additional step that requires software and mobile communications.

Throughout the experiment, AEB has been conducting a dialogue with regulators involved in the process of introducing mandatory labeling of goods, uniting with colleagues from other associations and industry associations. A general position was prepared regarding finished radio-electronic products and separately for spare parts, including those for medical devices. The position and proposals have been submitted to the regulatory authorities for discussion and the development of transition periods and/or simplified procedures for spare parts for medical devices.

NATIONAL REGIME FOR THE MEDICAL DEVICES INDUSTRY

On January 1, 2025, new rules for the application of the National regime came into force (Decree of the Government of the Russian Federation of December 23, 2024 No. 1875 "On Measures to Provide National Treatment in the Procurement of Goods, Works, Services for State and Municipal Needs, Procurement of Goods, Works, Services by Certain Types of Legal Entities"), which unified the rules for the application of the national treatment in procurement, carried out under Laws Nos. 44-FZ and 223-FZ. This document introduced a set of measures and tools aimed at supporting domestic manufacturers and at the same time significantly limiting the ability of foreign manufacturers of medical devices to participate in state and municipal procurement in Russia.

The main changes are the introduction of a system of prohibitions and restrictions, as well as the tightening of requirements for confirmation of the country of origin of goods (Appendix No. 1 — complete ban on the purchase of foreign goods, works and services; Appendix No. 2 — restriction on the purchase of foreign goods "second is a crowd"; provision of preferences and establishment of a requirement for a minimum share of Russian goods).

The new rules radically change the landscape of public procurement for foreign companies working in the field of medical devices, namely:

1. **Narrowing market opportunities**
   - For goods included in Appendix No. 1 (ban), the public procurement market is actually closed.
   - For goods from Appendix No. 2 (restriction), the chances of winning are reduced to zero, since if at least one competitive application with goods from Russia or the EAEU is submitted for the purchase, then all proposals with foreign goods are rejected.
   - Price advantage: the price of a Russian product in the application is considered 15% lower than the one offered during ranking.
   - Minimum share — the "Mandatory quota" for the purchase of Russian goods is introduced for individual customers purchasing under 223-FZ.
2. **Tightening administrative requirements**
   - The key is the presence of an entry in the Russian Register of Industrial Products or the EAEU Register, i.e. goods from the EAEU member states are provided with equal conditions with Russian ones.
3. **Planned tightening**
   - From July 1, 2026, it is planned to expand Appendix No. 2 (restriction) to include new medical devices, such as catheters and stents for coronary arteries. This means that the pressure on imported products will increase.

The new rules create a strong protectionist barrier that severely restricts access for foreign manufacturers of medical devices to the Russian public procurement market. The primary focus is on the complete replacement of entire categories of goods with Russian-made products or those from EAEU countries.

KEY ISSUES

SUSTAINABLE INSURANCE: RISKS AND PROSPECTS

INTERNAL CONTROL IN INSURANCE COMPANIES

More than a year ago, a bill was submitted to the State Duma to establish new requirements for insurance companies' risk and capital management systems.[1] At the time of this publication, the bill has not advanced beyond the first reading.

By way of brief recap, the draft involves significant changes to insurers' systems of internal control: for the first time, the concept of a "Risk and capital management system" is introduced at the legislative level and high-level requirements for its implementation are established.

The development of the draft law indicates increased attention to financial institutions' so-called second and third "lines of defence" and the desire to develop a risk culture in the Russian insurance market. Although the bill remains under review, this does not mean there are no changes in the field of internal control and audit. Thus, in October 2025, Rosstandart approved the Preliminary National Standard "Guidelines for the Organization of Internal Audit" (PNST or Standard).[2]

The PNST contains brief fundamental guidelines on the organization of internal audit, which makes it applicable to companies of various sizes and sectors of the economy, in particular, insurers. The Standard covers, among other things, such aspects as: the organization and accountability of internal audit, the development of internal audit methodology, communication with stakeholders, business planning, audit engagements, quality assurance of internal audit, oversight of internal audit activities, etc.

Despite its lower level of detail, the terminology and general orientation of the PNST does not significantly differ from the International Standards of Internal Audit (IASB). However, the PNST lacks some of the innovations of the IASB, which entered into force on 9 January 2025.

Moreover, unlike the IASB, the Standard does not include recommendations for the practical implementation of its provisions or examples of compliance verification, which, on the one hand, provides organizations with the opportunity to develop the details of their internal methodology (including taking into account regulatory particularities), but on the other hand may pose a risk of ambiguous interpretation of the Standard's provisions. The PNST will be tested over 1-3 years, after which it will become a GOST[3]. As a general rule, the GOST will be advisory in nature, however its full or partial application may become mandatory by a separate directive of the regulator (for example, the Bank of Russia for the insurance sector).

Another notable trend is the change and tightening of qualification requirements and business reputation requirements for insurers' management personnel, including those performing the functions of the second and third lines of defence — this is also stated in the Key Directions for the Development of the Financial Market of the Russian Federation for 2025 and the period 2026-2027.

[1] Draft Federal Law No. 405773-8 "On Amendments to the Law of the Russian Federation 'On the Organization of Insurance Business in the Russian Federation' and Certain Legislative Acts of the Russian Federation" (in terms of the creation by Russian insurers of an effective and efficient corporate governance system comparable to international regulatory standards).

[2] Order of the Federal Agency for Technical Regulation and Metrology (Rosstandart) No. 44-pnst dated 24 October 2025.

[3] GOST is an acronym for "Gosudarstvennyy Standart" or State Standard, and refers to a set of technical standards maintained by the Euro-Asian Council for Standardization, Metrology, and Certification. These standards are developed and used primarily in Russia and other countries that were part of the former Soviet Union, including Belarus, Kazakhstan, and Uzbekistan, among others.

Thus, the Bank of Russia has already developed and published drafts of regulations establishing higher requirements for the work experience of an insurer's internal auditor; the criteria for assessing the business reputation of various managerial positions are being reviewed; the regulator is focusing on developing additional requirements for the person responsible for ensuring IT security within insurance companies.

In our view, the change to qualification requirements also reflects a desire to ensure the development of a risk management culture, including by establishing personal responsibility on the part of certain managers for its implementation. At the same time, it is important for the insurance community that the new requirements take into account the different capabilities and needs of large and small organizations, as well as the availability of personnel.

Overall, considering the above, it is clear that issues related to the development of internal control systems, risk management, and internal audit in insurance organizations are gaining increasing attention, and that insurers should closely monitor changes in this area.

FROM RISK TO RESILIENCE: THE FUTURE OF RUSSIA'S INSURANCE MARKET IN THE ESG ERA

ESG transformation in the Russian insurance market is taking on increasingly concrete forms and is becoming a prominent theme in shaping sustainability strategies. Surveys conducted among AEB members at open events of the Insurance and Pensions Committee show that many companies are still not fully prepared to adapt their risk-management systems to the growing impact of climate-related threats. This gap calls for substantial preparatory work and active dialogue with insurers.

For their part, insurers are ready to offer a broad range of services — from property coverage tailored to climate risks, to directors' and officers' liability, and environmental insurance against pollution. New products are emerging to cover solar panels, electric vehicles, and other technologies aligned with clients' low-carbon development plans. These solutions can serve as an important complement to traditional employee-risk programs forming the "S" pillar of ESG — such as voluntary health insurance, accident coverage, and pension schemes.

An increasing number of Russian insurers are adopting sustainability strategies and aiming to obtain ESG ratings. Core elements of these strategies include commitments to sustainable underwriting and the development of "green policies" — insurance products that appeal to clients who expect their service providers to uphold values and objectives consistent with sustainable development.

At the heart of both regulatory and market-driven initiatives lies the assessment of how climate risks affect the resilience of policyholders and insurers themselves. The Bank of Russia has introduced a regulatory agenda that includes integrating climate risks into the set of factors used to evaluate insurers' capital adequacy and the loss ratios of insurance operations. Practical approaches to assessing climate-risk impacts on insurers' financial stability are now widely discussed across industry platforms — from the All-Russian Insurance Association, Agency for Strategic Initiatives and academic institutions. The Insurance and Pensions Committee is actively involved in shaping the industry's position, especially in the regulatory sphere.

Regional adaptation programs may become a crucial part of the discussion on how climate risks influence economic resilience. Russia's regions face increasingly severe natural hazards, including droughts, permafrost thawing, heavy rainfall, prolonged heatwaves, and more.

It is evident that the coming year will mark an important phase in building models to understand and respond to these risks — bringing together all stakeholders, including AEB members.

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KEY ISSUES

CHANGES IN CONFORMITY ASSESSMENT OF PRODUCTS

Currently, the Eurasian Economic Commission is working on reforming the system of technical regulation and compliance assessment within the Eurasian Economic Union (EAEU), with the goal of enhancing the systematic nature, effectiveness, and uniformity of applying technical requirements.

IMPROVEMENTS IN THE TECHNICAL REGULATION SYSTEM

The optimization of the procedures for developing, adopting, and amending the technical regulations of the EAEU is anticipated, along with the updating and harmonization of the regulations themselves and documents in the field of standardization. Coordination of standardization efforts is being improved to eliminate the duplication of similar requirements.

CHANGES TO THE TECHNICAL REGULATION PROTOCOL (APPENDIX NO. 9)

The EEC's right to provide mandatory clarifications should contribute to the uniform application of requirements and reduce barriers for businesses.

From our perspective, defining an authority to consolidate the experience of applying technical regulations and to provide clarifications in cases where the provisions of regulatory documents do not give clear understanding to market participants, regulators, and supervisory authorities will mitigate risks for economic operators and positively influence markets.

The introduction of the Residency Principle for conformity assessment bodies (CABs), which requires applicants to select CABs from their EAEU member state, raises concerns. This approach potentially limits competition among CABs, increases national control, and may create an administrative burden for companies, especially in situations where there are no specialized CABs at the national level in some EAEU member countries.

The initiative to prevent simultaneous registration of multiple documents for identical products aims to combat so-called "grey schemes." However, questions arise regarding its justification. There are real scenarios, such as transition periods when updating compliance documents, where independent actions by several authorized representatives of the manufacturer may require parallel existence of compliance documents. This provision may inadvertently restrict imports and the manufacturer's right to have multiple authorized representatives.

The requirement for the Authorized Representative (AR) to be a legal or physical entity conducting imports, in the case of a foreign manufacturer, is aimed at increasing accountability for product safety. However, questions arise about the methods of verifying the actual status of the AR and the impact on operational flexibility of supply chains, especially for products supplied to different EAEU countries or through various import channels. A detailed procedure for confirming the status of the AR is needed to exclude unscrupulous individuals, as well as an adequate transitional period.

We fully support the strategic goals of the EAEU in ensuring safety and improving product quality in the market, as well as developing a unified economic space, and are ready to comply strictly with all requirements of the technical regulations and to interact constructively with regulatory authorities. However, it is essential to adhere to the

following principles for sustainable business development and effective operation in a unified market:

- **Minimization of administrative barriers**

  Regulatory changes should not create unjustified obstacles to legitimate trade and production activities and should propose cost-effective measures to achieve technical requirement goals.

- **Preservation of competition**

  Rules should facilitate fair competition and not restrict the choice of business partners without extreme necessity and proper justification.

- **Open dialogue and balanced solutions**

  There should be a balance between regulatory control and maintaining operational flexibility for businesses, along with ongoing dialogue to jointly seek balanced solutions with regulators.

ENSURING PRODUCT SAFETY IN CROSS-BORDER TRADE INVOLVING MARKETPLACES

The Eurasian Economic Commission is actively working on forming a unified digital market and simplifying cross-border trade, including through marketplaces. The main initiatives aim to create favorable conditions for e-commerce, reduce barriers, and harmonize regulations among EAEU member countries.

Key areas and legislative initiatives of the EEC related to the liberalization of cross-border trade from third countries via marketplaces include:

- Establishing uniform rules for all participants in e-commerce within the EAEU, including marketplaces, sellers, and buyers. This involves harmonizing legislation in the fields of consumer rights protection, personal data processing, taxation, and customs administration.
- Creating legislation that regulates the activities of marketplaces, their responsibilities for sold goods, and mechanisms for dispute resolution. This should reduce uncertainty for foreign sellers and simplify their entry into the EAEU market.

One significant step in establishing such regulation is the creation of a Protocol to amend the Treaty on the Eurasian Economic Union dated May 29, 2014, regarding the confirmation of the safety of e-commerce goods originating from third countries.

From our perspective, the simplified approach proposed in the draft Treaty to ensure the safety of e-commerce goods, based on evidence provided by the seller, is:

- Not compliant with the established procedure for placing products on the EAEU market in terms of ensuring their safety as defined in the EAEU technical regulations.
- Creates unequal conditions for domestic producers and foreign manufacturers with authorized representatives in EAEU countries compared to foreign manufacturers without representation, thereby affecting compliance verification and responsibility for mandatory technical regulations, especially regarding costs to bring safe products to the EAEU market.
- Carries risks of placing dangerous products on the EAEU market that will not undergo the mandatory compliance assessment procedures specified in the EAEU technical regulations.
- Discourages foreign manufacturers from ensuring an appropriate level of product safety due to the inapplicability of oversight and control measures to foreign manufacturers, and does not impose responsibility on them for recalling dangerous products from the market if they pose threats to consumers, their property, or the environment.

The established list of products to which the proposed protocol procedure does not apply, in our view, only limits the risks associated with the types of products not included in the list. The sale of these types of products to an unlimited number of consumers, in quantities that are uncontrolled by supervisory authorities, may create risks for consumers. Moreover, simplified regulations for e-commerce goods will create unreasonable advantages for foreign manufacturers operating through marketplaces compared to honest market participants in the EAEU who have decided to invest in creating infrastructure in the EAEU market to promote their goods and ensure their safety.

From our perspective, a correct approach would be to liberalize access of products to the EAEU market, provided that their safety is ensured for all market participants, regardless of the channel for delivering goods to consumers.

> The Eurasian Economic Commission is actively working on forming a unified digital market and simplifying cross-border trade, including through marketplaces.

KEY ISSUES

EXTENDED PRODUCER RESPONSIBILITY: IMPROVING REGULATION

The topic of extended producer responsibility (EPR) has remained a constant focus of the AEB Working Group on Waste Management throughout 2025 and will remain relevant in 2026. This is due to the following factors:

1. Testing of new mechanics as part of the EPR experiment, which was conducted from 01.09.2024 to 01.09.2025 in accordance with paragraph 1 of the Decree of the Government of the Russian Federation No. 750 of 01.06.2024 "On conducting an experiment with respect to certain groups of goods, including packaged goods" (hereinafter — Decree No. 750). Based on the results of the experiment, it is planned to extend its duration and amend current legislation, which will most likely enter into force as early as in 2026-2027.

2. The development of the EPR system is not completed with the EPR reform, which began with the entry into force of the Federal Law "On Amendments to the Federal Law 'On Wastes of Production and Consumption' and certain legislative acts of the Russian Federation" of 04.08.2023 No. 451-FZ (hereinafter — 451-FZ). Amendments are constantly being made to existing regulations, requiring monitoring and timely response:

   - On October 20, 2025, the draft Federal Law "On Amendments to the Federal Law 'On Production and Consumption Waste' and Article 7 of the Federal Law 'On Amendments to the Federal Law 'On Production and Consumption Waste' and Certain Legislative Acts of the Russian Federation" was published on the Federal Portal of Draft Regulatory Legal Acts. The Draft is currently undergoing a regulatory impact assessment. The rules and deadlines for submitting reports will be amended, the suretyship agreement as a method of securing payment of the environmental fee will be excluded from the legislation, the status of the packaging producer will be clarified, etc.
   - Draft Law No. 1026193-8 "On Amendments to the Code of the Russian Federation on Administrative Offenses" in terms of clarifying liability for certain violations in the field of waste disposal has passed its first reading in the State Duma and is currently being revised taking into account the comments received.
   - Draft Decree of the Government of the Russian Federation "On the values of the basic rates of the environmental fee and the coefficient taking into account the complexity of extracting waste from the use of goods for further disposal, the availability of technological capabilities for their disposal taking into account changes in the physical, chemical and mechanical properties of materials during repeated use (taking into account possible cycles of processing waste from the use of goods), the demand for secondary raw materials for use in the production of goods (products)" (project ID 02/07/08-25/00158905), providing for an increase in the current values of the rates of the environmental fee by several times.
   - Specific amendments to other Decree of the Government of the Russian Federation and Orders of the Ministry of Industry and Trade.

3. The new rules for reporting, payment of environmental fees, and liability measures applied to recyclers and importers contain requirements that can be interpreted in different ways and require clarification and/or amendments to current regulations.

   The Working Group advocates for a consistent and balanced approach in regulatory decisions to create clear and understandable regulatory requirements that are enforceable and do not interfere with the core activities of regulated entities. It also emphasizes the need to create predictable terms for payment of environmental fees and a reasonable approach to setting base rates for environmental fees that do not lead to a sharp increase in the cost of finished products.

The main proposals for amending the current regulatory framework recommended by the Working Group:

- Spare parts, components, raw materials, goods for internal use (marketing and certification samples), and their packaging should be excluded from regulation, as they are used in companies' internal operations and are disposed of without harming the environment as part of industrial waste management and office building waste management. However, accounting and reporting for these regulated categories creates significant difficulties for companies.
- The experiment revealed the problem of having to submit dozens of reports daily and pay the environmental fee for each delivery, which creates a significant administrative burden. The procedure must be simplified, and the requirement to submit reports and pay the environmental fee no later than 90 calendar days from the date of the decision to issue a declaration for domestic consumption must be introduced.
- In order to exclude double liability for the same violation (issuance of false recycling certificates by the recycler), it is necessary to clarify part 2 of Article 8.5.1 of the Code of Administrative Offenses of the Russian Federation, indicating that sanctions do not apply to cases where the reporting of importers/producers is recognized as false due to false recycling certificates, as in accordance with paragraph 5 of Article 24.2-2 and paragraph 8 of Article 24.2-4 of the Code of Administrative Offenses of the Russian Federation, this violation is already subject to certain sanctions against the recycler in the amount of the requirement to pay an environmental fee.
- It is necessary to take a balanced approach to plans to increase the basic rates of environmental fees and increasing coefficients, and take into account not only environmental but also economic realities when making decisions.
- It is recommended to maintain the current mechanism of the suretyship agreement as a way to ensure payment of the environmental fee, and to refine it taking into account the problems identified during the experiment conducted in 2025.

KEY ISSUES

VETERINARY MEDICINES: MAINTAINING SUPPLIES AND ADDRESSING NEW CHALLENGES

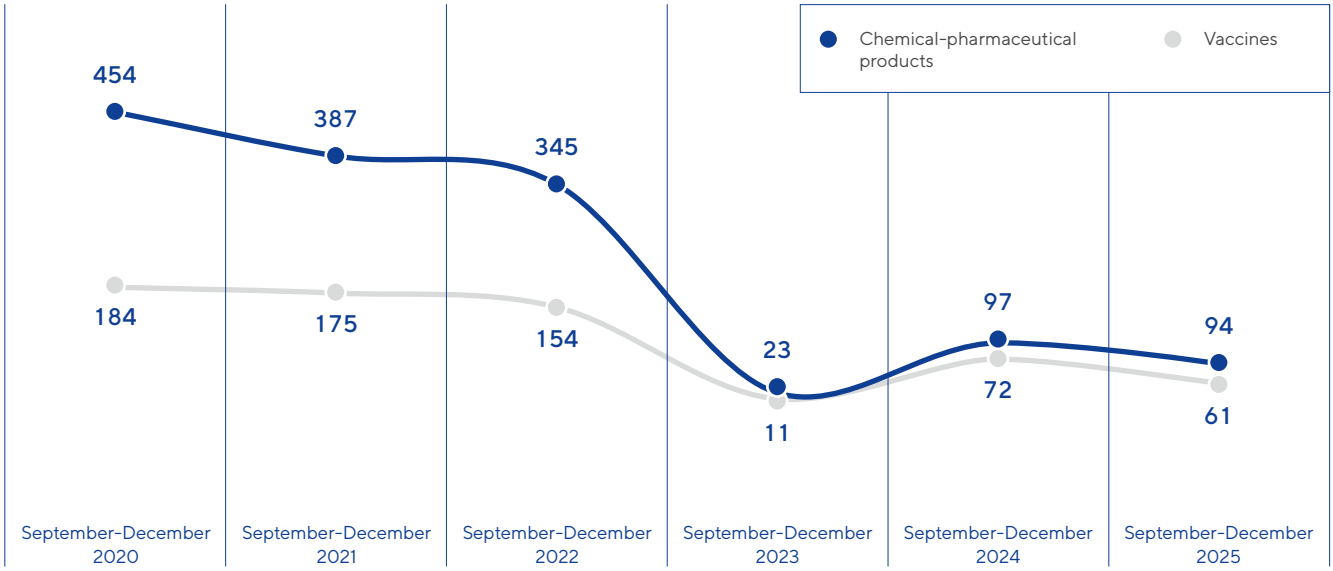
The state of the regulatory environment remains one of the key factors shaping the availability of imported veterinary medicinal products in Russia and across the EAEU. Joint efforts by AEB member companies in risk monitoring and in sharing expertise and best practices enhance the availability of products essential to animal health.

Market access mechanisms for veterinary medicines in Russia continue to evolve. In September 2023, the market release procedure entered into force; in March 2024, the Rules for regulating the circulation of veterinary medicinal substances in the EAEU customs territory (the EAEU Rules), approved by EEC Council Decision No. 1 of January 21, 2022, became applicable; and the scope of compulsory track-and-trace labeling system continues to expand.

In 2025, European companies continued their work to comply with the market release requirements. The main challenge of the new mechanism is the obligation for foreign manufacturers to provide, for each batch of veterinary medicinal product (VMP), a valid Russian document confirming compliance with the EAEU GMP standards. Most foreign

manufacturers failed to undergo Russian GMP audits in time (the average period for audit and issuance of the document is 215 calendar days, while the average remaining validity period is 900 days), or were unable to pass at the first attempt (in some years, more than 70% of audits resulted in non-compliance decisions). By the end of 2025, however, the number of successful Russian GMP audits increased, which contributed to a partial recovery of imports (Figure 1). Nonetheless, the range of products available on the market still does not exceed 45% of the previously available portfolio. Further recovery is hindered by the unstable geopolitical environment, increasingly complex logistics chains for shipping reagents and other specialized materials required for quality control procedures under the market release mechanism.

Figure 1. Range of VMPs imported into Russia from outside the EAEU in September–December 2020–2025



Source: Assessment by the Association of Veterinary Pharmaceutical Manufacturers as of December 15, 2025

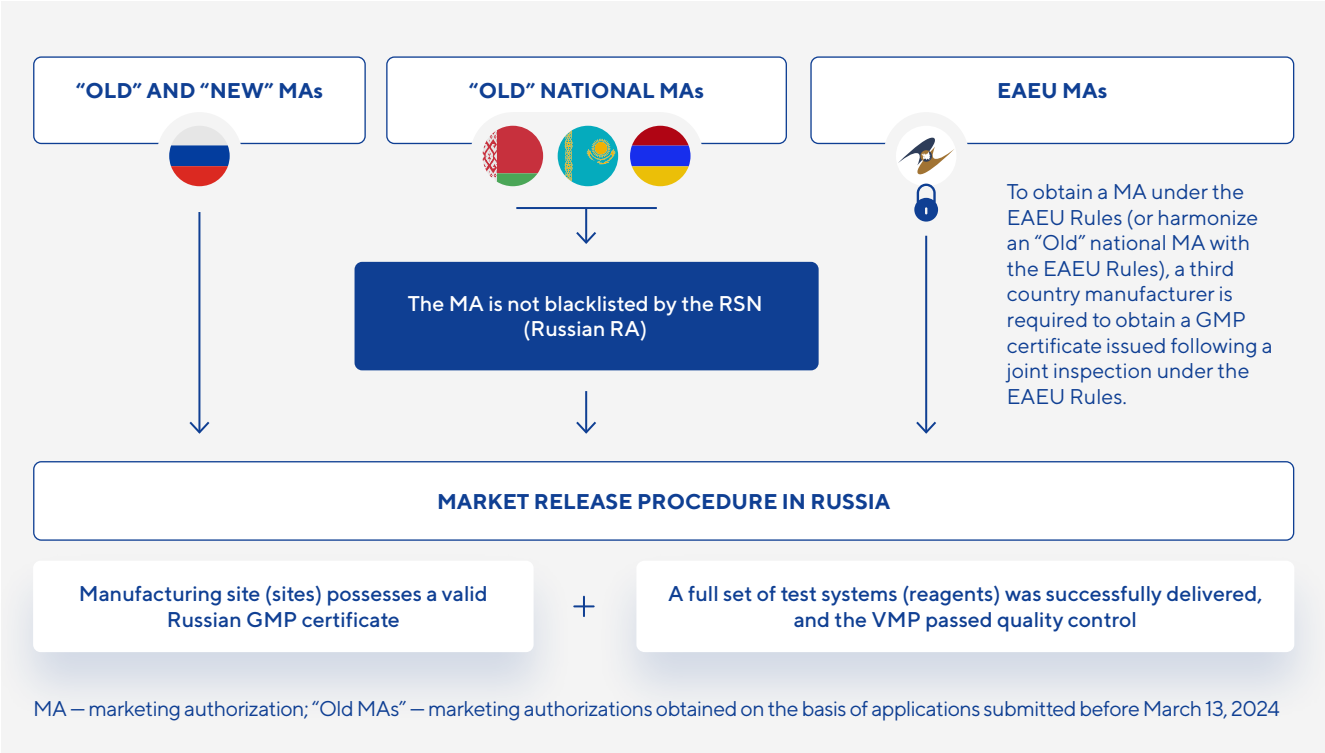
In 2026, AEB member companies intend to continue supplying their products in compliance with regulatory requirements. In addition to the significant changes in market access conditions in EAEU member states during the transition to the common regulatory framework (the EAEU Rules), international manufacturers also take into account the following *key regulatory developments in 2025-2026:*

- 1 March 2025 — introduction in Russia of prescription requirements for certain veterinary medicines, in accordance with Order No. 776 of the Russian Ministry of Agriculture of November 2, 2022;
- 1 March 2025 — start of the mandatory market withdrawal of VMPs at retail sale within the track-and-trace system, in accordance with Russian Government Resolution No. 675 of May 27, 2024;
- 31 August 2025 — establishment of state fees for marketing authorization and related services for veterinary medicines under the Eurasian procedure (the EAEU Rules), in accordance with Federal Law No. 299-FZ of July 31, 2025;
- 1 September 2025 — start of mandatory market withdrawal of VMPs at the point of end use within the track-and-trace system, in accordance with Russian Government Resolution No. 675 of May 27, 2024;
- 1 September 2025 — introduction of new rules for fee-based veterinary services, in accordance with Russian Government Resolution No. 579 of April 30, 2025;
- 1 March 2026 — authorization for Russian pharmaceutical inspectorates to conduct GMP audits (i.e., joint audits) of manufacturers of veterinary medicines under the EAEU Rules, in accordance with Federal Law No. 304-FZ of July 31, 2025.

The last point is of particular importance, as the launch of joint audits and the issuance of the first GMP certificates will determine the pace at which international manufacturers transition to operating under the EAEU Rules by obtaining new EAEU-wide marketing authorizations. The existing Russian market access mechanism is shown in Figure 2. In

addition to the regulatory vacuum created by the current impossibility of conducting the required joint GMP audits under the EAEU Rules, the present version of EEC Council Decision No. 1 of January 21, 2022 carries the risk of reducing the territorial scope of previously granted marketing authorizations when confirming state registration or introducing changes to the marketing authorization dossier. To address these constraints, the EAEU member states regulatory authorities are discussing a new — the third — package of amendments, expected to be adopted in spring 2026.

Figure 2. Market access mechanisms for veterinary medicines in Russia



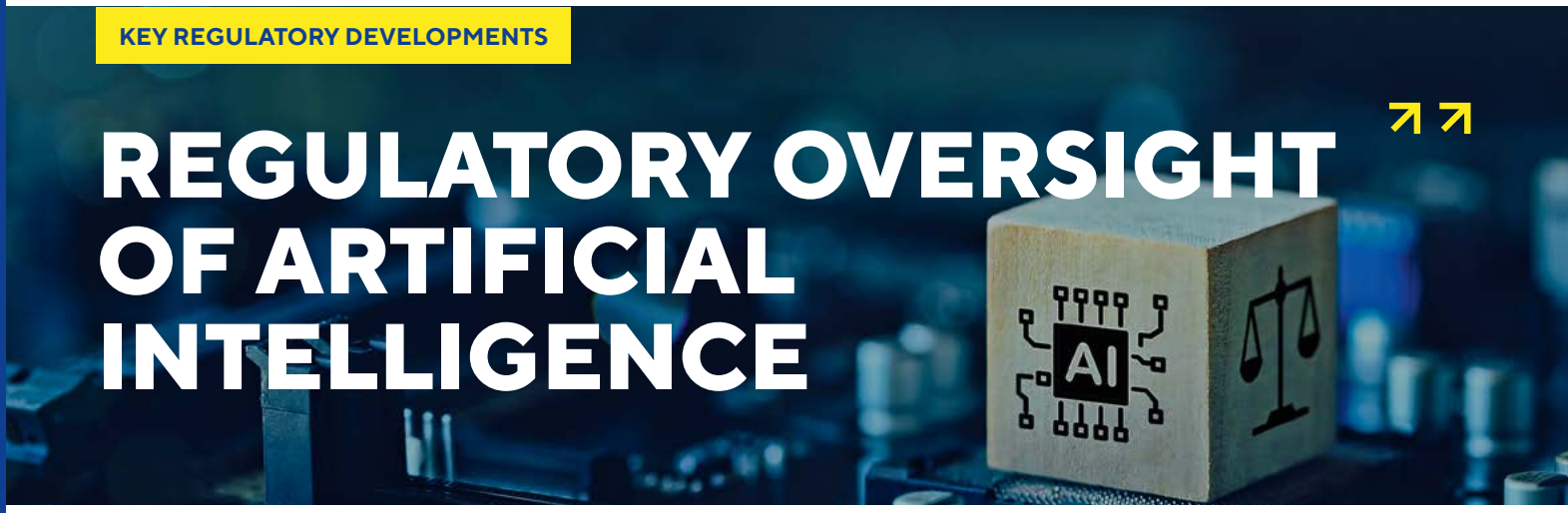
Source: Assessment by the Association of Veterinary Pharmaceutical Manufacturers, as of December 2025

European manufacturers of veterinary drugs observe strong demand from consumers and recognize that their products play a critical role in ensuring food security and improving the quality and longevity of companion animal lives. Aware of the humanitarian nature of this mission, companies continue to make significant efforts to maintain the availability of essential VMPs while fully complying with Russian and EAEU legislation.

Despite the rapidly evolving regulatory landscape, European companies make a substantial contribution to the development of innovative veterinary solutions within the EAEU. This makes AEB one of the key platforms for discussing emerging challenges and for jointly developing approaches to address them. In 2026, European businesses plan to continue strengthening cooperation among the EAEU stakeholders for effective risk monitoring, exchange of practical experience and expertise, and to deepen dialogue with the Eurasian Economic Commission and the national regulatory authorities to identify optimal solutions for implementing the EAEU Rules and meeting other EAEU regulatory requirements.

KEY REGULATORY DEVELOPMENTS

REGULATORY OVERSIGHT OF ARTIFICIAL INTELLIGENCE



AI REGULATION IN RUSSIA: IMPLICATIONS FOR EUROPEAN COMPANIES

Currently, there is no specific regulation of artificial intelligence in Russia at the federal legislative level. There are experimental legal regimes at the level of the constituent entities of the Russian Federation, within which potential regulation in this area is being tested.

In 2025, the Russian Ministry of Digital Development, Communications, and Mass Media introduced a bill that would tighten penalties for theft (Article 158 of the Russian Criminal Code) and fraud (Article 159 of the Russian Criminal Code) committed with the use of artificial intelligence[1]. The draft also outlines new offenses, including AI-enabled extortion within information and telecommunications systems (Article 163 of the Russian Criminal Code) and malicious interference with an information system, information and telecommunications network, computer information, or telecommunications network using AI (Article 272 of the Russian Criminal Code).

If adopted, the bill will significantly raise the bar for cybersecurity and internal governance. Companies operating in Russia will be expected to maintain detailed records covering every stage of an AI system's lifecycle — from development and deployment to ongoing operation. A lack of transparency may trigger audits or investigative actions.

Alongside these criminal law amendments, Russia is also moving toward a broader regulatory oversight of AI technologies. A State Duma working group has prepared a bill establishing a four-tier risk classification framework for AI systems: unacceptable, high, limited, and minimal[2].

Systems placed in the unacceptable risk category would be banned outright due to the threat they pose to public safety, state security, and fundamental human and civil rights and freedoms.

High-risk AI systems would require mandatory state registration and certification. Since these systems are typically used in sensitive fields, where they could pose significant risks to life, health, and fundamental rights and freedoms — such as healthcare — operators would also be required to obtain liability insurance.

Requirements for limited-risk systems would be more flexible. Companies would need to implement internal quality-control procedures, although certification would remain voluntary.

Additionally, Russian legislators are considering new obligations for labeling video content that is created, altered, or otherwise influenced by AI[3]. Social networks, video-hosting platforms, and other online services would be required to mark such content with both visible text and machine-readable metadata. The aim is to increase transparency and strengthen user trust in digital information.

For European companies active in the Russian market, these developments signal the need to reassess and localize compliance frameworks for AI monitoring, documentation, and certification. Establishing clear communication channels with relevant Russian regulators will also become

[1] On Amendments to the Criminal Code of the Russian Federation and the Code of Criminal Procedure of the Russian Federation// URL: https://regulation.gov.ru/projects/159661/.

[2] In Russia, the ban on AI with a "threatening level of risk" will be discussed. Who should be held responsible for the harm caused to humans by the technology? // URL: https://www.rbc.ru/technology_and_media/11/04/2025/67f7dc399a79477fdd97bf30.

[3] Draft Law No. 1069302-8 "On Amendments to the Federal Law 'On Information, Information Technologies, and Information Protection' (regarding mandatory labeling of video materials created using artificial intelligence technologies)" // URL: https://sozd.duma.gov.ru/bill/1069302-8.

increasingly important. Proactive alignment with the new requirements will help organizations mitigate legal exposure while maintaining operational resilience and protecting corporate reputation.

SPECIFICS OF DATA PROCESSING REGULATION DURING THE IMPLEMENTATION OF AI IN RUSSIAN REALITIES

As of today, the regulation concerning the processing of personal data encompasses the following key issues faced by European companies implementing AI in their business processes in Russia.

The processes of data processing in AI systems, whether it involves training the AI or uploading documents and information to a corporate GPT chat, necessitate a proper legal basis for the processing of personal data. The collection of consents for such purposes may raise questions, including how to continue technology usage if any of the data subjects do not provide consent or withdraw previously granted consent. In this regard, European companies implementing AI in Russian business processes face the challenge of finding appropriate legal grounds for the processing of personal data, beyond obtaining consent.

If the use of AI technology can lead to the making of legally significant decisions concerning individuals (for example, decisions regarding employment, imposition of disciplinary actions, contractual agreements, including credit contracts, etc.) based solely on automated processing of personal data, then such processing entails additional responsibilities and risks for the data controller. Such obligations include the necessity of obtaining written consent for such processing, clarifying the procedure and consequences of such decisions, providing individuals with the opportunity to express objections, and contesting the actions of the data controller. Decisions made solely based on automated data processing can be successfully challenged in court. In this regard, European companies using AI technologies should involve people in decision-making that has legally significant consequences for individuals.

The use of AI technologies must not violate the ban on the processing of personal data of Russian citizens upon their collection using databases located abroad. When transferring personal data abroad, European companies should comply with cross-border transfer requirements, including assessing the recipient of personal data abroad and notifying Roskomnadzor.

Ensuring that data subjects are informed about the processing of their personal data when using AI, as well as ensuring data protection, is also important. European companies should include relevant provisions on data processing in their privacy policies and conduct cybersecurity training when working with AI.

CURRENT CHALLENGES FOR COMPANIES

AI implementation faces several serious obstacles.

In addition to the lack of legislative regulation, the main barrier is the lack of a systematic transformation approach and clear business goals when launching AI initiatives. Companies experience a shortage of specialists with necessary skills: a shift is needed from knowing specific products to developing “meta-skills,” including prompt engineering, work with big data, and critical thinking.

Data fragmentation remains a serious obstacle — AI effectiveness directly depends on data quality, while fragmented systems and the lack of unification significantly reduce performance.

Additionally, there are significant risks related to AI “hallucinations” (generating false information) and creating content that doesn’t comply with regulatory standards and data protection requirements.

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KEY REGULATORY DEVELOPMENTS

CORPORATE AND FINANCIAL TRANSACTIONS: KEY CHANGES AND TRENDS IN 2025

The special economic measures introduced in 2022 against the "unfriendly" actions of foreign states towards Russian persons continued in 2025. During this time, currency control procedures, as well as the rules for transactions and financial operations with counterparties from "unfriendly" countries and persons controlled by them, were amended to impose greater restrictions.

TERMS AND CONDITIONS OF CORPORATE TRANSACTIONS

The transactions aimed at the disposal of shares/participatory interests in Russian legal entities entered with persons from "unfriendly" foreign states are subject to approval in accordance with Presidential Decrees (Nos. 81, 138, 520, 618, and 737). Payments of more than RUB 10 million to shareholders from such countries to their foreign accounts in case of reduction of the authorized capital or liquidation of the company are also restricted.

The approval procedure includes submission of the application to the "industry-specific" federal body, consideration of the application by the body, including meetings/requests, consideration by the Ministry of Finance, and issuance of a decision by the Sub-Commission.

The approval procedure has become longer and takes approximately 6-12 months. In addition, the authorized bodies have become stricter in reviewing evaluation reports, conducting retrospective analysis of previous transactions (operations) of the parties and transaction targets, requesting detailed business plans and inspecting the presence of intra-group debts, which in practice are often required to be forgiven. It should be noted that the number of approvals for transactions in which payment is provided for abroad (in most cases in Russian rubles) is decreasing, while the authorities began to approve more transactions subject to crediting funds to a type "C" account. Manufacturing companies generally find it easier to get permission to make payments under loan agreements.

The approval requires several conditions, such as providing an independent evaluation report, an expert opinion on the report (at the same time, the list of approved appraisers has changed), applying a discount of at least 60% of the market value of assets to the purchase price, setting installment payments to foreign accounts, and an obligation to achieve key performance indicators of the acquired company.

Another condition for approval is the voluntary transfer of funds to the federal budget in the amount of at least 35% of the market value of the assets concerned. Herewith, 25% is paid within the first month from the date of implementation (execution) of the transaction (operation), 5% — within one year, 5% — within two years.

Control over compliance with the terms of approval of transactions has also increased. Thus, the number of inspections by the Russian Accounts Chamber of the achievement of key performance indicators by the companies, the sale of shares (participatory interests) in which the Sub-Commission approved earlier, has raised.

LIABILITY FOR NON-COMPLIANCE WITH THE COUNTER-SANCTIONS PROCEDURES

The current legislation contains no special provisions establishing liability for non-compliance with the procedure

stipulated by the counter-sanctions decrees. The Ministry of Finance and the Ministry of Justice are currently considering draft laws aimed at amending the Russian Code of Administrative Offences to establish such liability.

According to the civil law general provisions, transactions with shares/participatory interests implemented without the Sub-Commission approval may be declared invalid (Articles 10, 168, 169 of the Russian Civil Code). In October 2022, the Prosecutor's Office was authorized to challenge such transactions on the above grounds. At the moment, there are a number of cases in which the Prosecutor's Office appealed to the court with a claim to invalidate transactions concluded in violation of the counter-sanctions procedure (for example, the Glavproduct case, the Agrostyle-2011 case, and others). It is also worth noting the generally increased activity of the Prosecutor's Office in requesting documents from business entities to verify the legality of transactions and money transfers with the participation of companies from "unfriendly" jurisdictions.

In addition, the regulation on holding top management liable for losses to the company resulting from unlawful behavior of controlling persons (Article 53.1 of the Russian Civil Code, Article 61.11 of the Bankruptcy Law) may be applied. However, these measures are relevant only in the context of corporate conflicts, since public authorities are not authorized to file lawsuits on these grounds.

Also, deprivation of voting rights of foreign shareholders in Russian companies for closing a corporate transaction without the required approval is provided by Presidential Decree No. 520. It should be taken into account that in practice it is hindered to make payments through Russian banks and register the transfer of rights to shares/participatory interests without the Sub-Commission's approval, as the approvals must be submitted to banks and notaries.

NEW REQUIREMENTS FOR APPROVAL OF PAYMENT OF DIVIDENDS TO "UNFRIENDLY" NON-RESIDENTS

From 2024, the conditions for obtaining approval for dividend payments to foreign creditors over RUB 10 million per calendar month to foreign accounts remain unchanged (e.g., dividend amount, retrospective analysis of payments). Payments may be approved without compliance with the conditions if the amount of dividends does not exceed the amount of foreign investment in Russia and is accompanied by the development of production and technology. Approvals for the payment of dividends in excess of the limit are issued by the Sub-Commission, while the practice of approving the payment of dividends to foreign shareholders from "unfriendly" countries is rather exceptional.

INTERIM ADMINISTRATION

The possibility of interim administration of Russian assets of foreign "unfriendly" companies is established by Presidential Decree No. 302. This measure is taken in response to cases of deprivation of Russian persons of the right of ownership of property in "unfriendly" states, or in case of a threat to Russia's national security. Rosimushchestvo, as a rule, has been appointed as interim administrator, which receives the ownership rights (except for the right of disposal) and appoints a new executive body and members of the Board of Directors. The interim administrator is introduced for an indefinite period of time and may be terminated only by a new Presidential Decree.

In 2025, interim administration was imposed on Russian subsidiaries of such large foreign companies as Silgan, Nidda Lynx and Air Liquide. In the cases of Danone Russia JSC and Baltika Breweries LLC, interim administration was lifted due to subsequent transactions for the purchase and sale of the companies, in case of Ariston the interim administration was terminated without the conditions of future sale.

Introduction of the interim administration mechanism and the possibility of it being applied to all foreign assets of "unfriendly" non-residents without any particular criteria creates significant additional risks affecting the activity of foreign companies in Russia.

FINANCIAL TRANSACTIONS: KEY TRENDS IN REGULATION

On August 3, 2025, amendments to the Law on Syndicated Loans came into force, expanding the ability of market participants to attract financing for participation in a loan both within the framework of syndicated lending and within the framework of standard bank loans.

If previously only a funded sub-participation of an external participant in a loan was possible, then as a result of the amendments made, the parties have the right to provide for the obligation of the external participant to provide financing to the creditor in the event of certain circumstances (for example, in the event of a borrower's default), that is, to provide for unfunded participation that is common in foreign jurisdictions.

The list of grounds for the transfer of creditor's rights to an external participant by virtue of law has also been expanded — now such grounds are not only the introduction of a monitoring procedure in relation to the creditor, but also other grounds, including:

- taking measures to prevent the bankruptcy of the creditor;
- revocation of the credit institution's license from the creditor;
- making a decision on the liquidation of the creditor.

Regarding counter-sanctions measures it should be noted that restrictions on granting and repaying loans to foreign creditors remain in effect. In particular, it is generally prohibited to perform the following operations without a special approval:

- Currency transactions related to the provision of foreign currency loans to "unfriendly" and "friendly" non-residents (except for the provision of loans in foreign currency by residents — individuals to non-residents who are under the control of residents — individuals and information about the control over which is disclosed to the tax authorities of the Russian Federation, for the purpose of maintaining property located in the territory of foreign states and owned by borrowers. The loan amount must not exceed the amount of financing for the purposes specified in the approval for the previous calendar year).
- Transactions related to granting loans in RUB to "unfriendly" non-residents.
- Performance of obligations under loans in favor of "unfriendly" non-residents, if their amount exceeds RUB 10 million per calendar month, to a foreign account (rather than to a type "C" account).
- Performance by a resident of actions or transactions entailing the termination of the resident's obligations to an "unfriendly" non-resident by means of set-off or compensation.

The regime of type "C" accounts significantly restricts the permissible transactions with funds. Among such permissible transactions: the possibility of transferring to other type "C" accounts for certain purposes, payment of own taxes and fees in Russia and a number of other transactions. From July 31, 2025, transfers from type "C" accounts in favor of residents are allowed, provided that a transaction is made between a resident and a non-resident for the exchange of blocked assets (subject to obtaining a special approval for such an exchange), which makes it possible to compensate for the difference in the value of the exchanged assets. At the moment, there is still no procedure for withdrawing funds from type "C" accounts to ordinary accounts, including through obtaining any approval. With regard to the payment of shares, deposits and shares in the property of non-residents, the requirements for obtaining approval for such actions do not currently apply if the amount of payment does not exceed and will not exceed the threshold of RUB 15 million for the period from April 1, 2024. Similar requirements apply to contributions to non-residents under partnership agreements.

In the summer of 2025, Presidential Decree No. 436 for the first time provided for a mechanism that allows non-resident investors (including "unfriendly" non-residents) to invest in the Russian Federation without complying with counter-sanctions restrictions, including the purchase and disposal of Russian securities. Investors can open an "In" type account, to which funds are credited from the investor's foreign accounts for the purpose of making investments in the Russian Federation and from which it is possible to transfer funds received as a result of such investments outside the Russian Federation.

KEY REGULATORY DEVELOPMENTS

PERSONAL DATA REGULATION IN 2025

LOCALIZATION OF PERSONAL DATA

Previously, the localization requirement was framed as a positive obligation for operators collecting personal data of Russian citizens, mandating that such data be stored and updated exclusively in databases located within Russia.

Starting from 1 July 2025, the localization requirement is defined as a prohibition: when collecting data, operations such as storage, modification, and similar activities must not be conducted using a foreign database.

According to the clarifications provided to AEB in May 2025 by the Ministry of Digital Development, "the specification, as well as the storage of personal data of Russian citizens, including their copies, by an operator collecting personal data of the Russian citizens must be carried out using databases located in the Russian Federation."

At the same time, according to the position of Roskomnadzor presented by Yuri Kontemirov during a meeting with AEB members on 22 October 2025, the new wording of the localization requirement does not prohibit cross-border

data transfers. In light of the revised wording of Article 18 of the Federal Law "On Personal Data," the question remains unresolved as to how cross-border data transfers can be carried out while ensuring compliance with localization requirements by international corporate groups that rely on global IT infrastructure and maintain certain datasets centrally, if the storage of data collected in Russia outside the Russian Federation is not permitted.

From June to December 2025, arbitration courts examined cases against foreign website owners for administrative liability for the non-localization of personal data databases. In this context, Roskomnadzor faced a demanding approach from the arbitration courts regarding observing foreign companies' rights, including proper notification of the latter about the offense reports being prepared. However, unexpectedly, starting from January 1, 2026, the jurisdiction to handle cases involving administrative offenses in the field of personal data protection was transferred back from the arbitration courts to the courts of common jurisdiction (magistrate courts).

At the same time, concern is caused by the provisions of Part 1.1 of Article 1 of the Federal Law "On Personal Data," which allow its application to any foreign personal data operator processing personal data of the Russian citizens on the basis of an agreement with the data subject or with the subject's consent.

Virtually all online services provide their services under user agreements. A significant number of online services also obtain user consent for the processing of personal data from individuals who register on such platforms.

Thus, where the conditions of Part 1.1 of Article 1 of the Federal Law "On Personal Data" are met, all requirements of the Federal Law, including data localization requirements, apply to foreign companies — even if they have neither physical nor legal presence in Russia and no other orientation toward the Russian market. This interpretation vastly expands the scope of the Law's applicability to almost any foreign web-based service operating outside Russia.

Liability for non-localization remains substantial and involves fines for a first violation from RUB 1 to 6 million for a company, and for each subsequent violation — up to RUB 18 million. In its letter dated 12 May 2025 to AEB, the Ministry of Digital Development clarified that administrative liability for non-compliance with localization requirements will arise under the current version of the Code of Administrative Offenses (even though the wording of Part 8 of Article 13.11 of the Code is based on the previous version of the localization requirements).

LIABILITY FOR PERSONAL DATA LEAKS

The Federal Law "On Personal Data" does not define the concept of a "personal data leak," but it establishes an obligation for operators to notify Roskomnadzor of any unlawful or accidental transfer (provision, dissemination, access) of personal data that results in a violation of data subjects' rights.

Starting from 30 May 2025, the liability for personal data leaks has been tightened and is now differentiated depending on the volume and category of unlawfully transferred data and on whether prior fines have been imposed.

For actions (or inaction) of a company leading to the unlawful transfer of data (1,000 or more data subjects and/or 10,000 or more identifiers), the following penalties apply: 1) a fixed fine for the company for the first incident (starting at RUB 3 million, increasing with higher thresholds for the volume of compromised data); and 2) a turnover-based fine (from 1 to 3% of the company's annual revenue, but not less than RUB 20 million and not more than 500 million) for a repeated incident (i.e., when the company is deemed previously subject to administrative punishment). Higher fines apply in cases involving unlawful transfer of special or biometric categories of data. The Law also establishes mitigating circumstances under which the turnover-based fine may be reduced tenfold, although companies face practical difficulties in implementing the measures required to qualify for such mitigation.

The significant overlap between the provisions of the Code of Administrative Offenses and Article 272.1 of the Russian Criminal Code is of great concern, creating legal uncertainty regarding which leaks result in administrative liability and which — in criminal liability.

NEW RULES FOR PERSONAL DATA REGULATION: DEPERSONALIZATION

In 2025, the regulatory framework for personal data depersonalization underwent significant revision. Two key acts now define the updated approach: Roskomnadzor Order No. 140, which sets out the applicable methods and procedural requirements for depersonalization, and Russian Government Decree No. 1154, which introduces an obligation to provide depersonalized datasets to the Unified State Data Platform upon request from the Ministry of Digital Development or the Moscow Department of Information Technology. In effect, these measures establish a centralized mechanism for forming state data assets to support AI development and data-driven public administration (the so-called "state data lake").

Virtually all online services provide their services under user agreements. A significant number of online services also obtain user consent for the processing of personal data from individuals who register on such platforms.

Order No. 140 sets operators' obligations, including separate storage of source datasets, depersonalized arrays and encryption keys; mandatory use of certified technical means; a fixed list of allowed depersonalization methods; and detailed documentation of all depersonalization operations. For AI systems, this translates into the need to maintain strictly separated training and inference environments to avoid commingling of data.

A notable development is the introduction of the "data array transformation" method, which requires generating aggregated or derived features not linked to identifiable individuals. This reflects practical needs in AI: research shows that, under certain conditions, large language models (LLMs) may extract elements of training datasets, increasing the importance of irreversible depersonalization techniques.

Under these conditions, businesses must not only comply formally but also mitigate re-identification risks in light of capabilities of modern AI technologies.

At the same time, given Roskomnadzor's position that depersonalized data is still considered personal data, companies lack incentives to depersonalize this data. Moreover, several regulatory acts view depersonalization as a factor that increases corporate risk, resulting in heightened regulatory scrutiny and grounds for state inspections.

KEY REGULATORY DEVELOPMENTS

CONSUMER PROTECTION: INNOVATIONS AND LEGAL RISKS

In the context of a dynamically changing market and the unwavering commitment of businesses to high standards of customer service, it is crucial to adapt promptly to the evolution of legislation. A key recent event was the adoption of Decree No. 6 of the Supreme State Council of the Union State dated December 6, 2024, "On Unified Rules in the Field of Consumer Protection" ("Unified Rules" or "Decree").

This document has created a unique legal situation. On the one hand, international treaties, including the Treaty on the Creation of the Union State, take precedence over national legislation. On the other hand, judicial practice is currently following a conservative path, viewing the Unified Rules as "framework" guidelines and continuing to apply the provisions of the Russian Federal Law "On Consumer Rights Protection" ("Consumer Protection Law"). The recommendatory nature of the Decree is supported by changes made by the legislator to the Consumer Protection Law, which took effect in 2025 and will come into force in 2026. The information presented in this material is relevant as of the end of 2025. Since legal regulation continues to evolve, we recommend keeping track of any amendments introduced to the Law on Consumer Rights Protection in a timely manner.

Nevertheless, this situation creates a significant risk of legal uncertainty. First, when inspecting companies' activities, Rospotrebnadzor applies the provisions of the Decree. Second, at any moment, judicial practice may change, and the stricter provisions of the Decree may begin to be applied in judicial proceedings. For this reason, such duality requires businesses to adopt a proactive approach rather than a wait-and-see stance for effective legal risk management.

WHAT ARE THE KEY INNOVATIONS OF THE DECREE?

The Unified Rules introduce several provisions that significantly tighten business liability compared to the existing Consumer Protection Law.

› **Expansion of the circle of responsible parties**

This is one of the most debated innovations. According to Part 8, Article 8 of the Unified Rules, liability for violations of consumer rights rests not only with the company but also with its *founders (participants) and managers*. The consumer gains the right, at their discretion, to make claims directly against these individuals. Russian legislation does not provide for such a direct mechanism, allowing only for subsidiary liability in strictly limited cases.

› **Significant shortening of timelines**

The Decree establishes stricter deadlines for meeting consumer demands:

- remedying defects (repair): up to 14 days (under the Consumer Protection Law — up to 45 days);
- replacement of goods after quality inspection: up to 14 days (under the Consumer Protection Law — up to 20 days);
- fulfillment of specific demands (refunds, proportionate price reduction): 7 days, whereas under the Consumer Protection Law — 10 days.

› **Absence of a maximum penalty amount**

The Consumer Protection Law provides for a limitation on the penalty amount (fine) in certain situations (e.g., for delay in transferring a prepaid good, the penalty amount cannot exceed the cost of the good; for delay in providing services/completing work — the cost of services/work). The Unified Rules eliminate such limitations, meaning there is no maximum amount.

In cases of penalties applied due to the sale of a defective product, courts generally apply rules for proportional reduction of the amount at the request of the company and limit this amount to three times the value of the product.

› **New definition of a significant defect**

The Unified Rules introduce a clear quantitative criterion: a defect is considered significant if its remedy requires expenses of *30 percent or more of the product's value*. In Russian judicial practice, this threshold could typically be higher depending on the circumstances of the specific case. For this reason, it will be easier for consumers to prove a significant defect.

› **Additional responsibilities for aggregator owners**

The Decree places the obligation on aggregators (marketplaces) to monitor sellers' compliance with the requirements of the Unified Rules. This represents a broader responsibility compared to the Consumer Protection Law.

WHAT RISKS PERSIST AND REMAIN RELEVANT?

Many "pain points" familiar to businesses from the experience of applying the Consumer Protection Law have not been addressed by the Decree and continue to pose serious risks.

› **High penalty sanctions (penalty and fine)**

The mechanism for collecting penalties (1% per day for delays on goods and 3% for services) and the "consumer fine" (50% of the total amount awarded by the court) remains unchanged. These sanctions continue to be the primary tool for exerting pressure on businesses and a motive for abusing procedural rights.

› **"Professional consumers"**

The phenomenon where consumers abuse their rights not to protect their interests but for personal gain persists. The absence of a cap on penalties in the Decree only amplifies this risk.

› **Compensation for the price difference of the product**

The rule under which, upon returning a good, the consumer is reimbursed not only the amount paid but also the difference between the purchase price and the current price of a "corresponding good" remains (Article 24 of the Consumer Protection Law, Article 26 of the Decree). The ambiguity of the term "corresponding good" still allows for significant sums to be recovered from businesses, especially in conditions of rising prices for new goods.

› **Compensation for loan interest**

The seller's (manufacturer's) obligation to reimburse not only the cost of the financed product but also all interest paid by the consumer on the loan upon return remains in effect.

› **Issues with pre-trial quality inspection**

The law still does not require the consumer to submit the product for quality inspection before going to court. This deprives the company of the opportunity to resolve the dispute at an early stage and leads to unnecessary legal expenses. For this reason, it is essential to pay special attention to correspondence with the consumer.

Despite the fact that the Unified Rules have not yet been widely applied in courts, they cannot be ignored. The emergence of this document creates a new legal reality, risks, and increased financial liability for businesses. We believe that companies need to, at the very least, review and adapt their regulations for handling complaints, timelines for repair and replacement of goods, in light of the stricter requirements of the Decree.

KEY REGULATORY DEVELOPMENTS

PARALLEL IMPORT IN 2025: REGULATION, RISKS, PROSPECTS

Parallel import continues to play a crucial role in ensuring the stability of the Russian market under sanctions and the restructuring of external supply chains. Over the year 2024, state regulation in this area has undergone further adjustments aimed both at optimizing the list of goods permitted for import and at adapting related regulatory mechanisms.

In 2025, the Russian Ministry of Industry and Trade again updated the list of products permitted for parallel import: a number of categories of equipment, personal hygiene items, sports goods, and certain types of electronic equipment were removed from the list. Simultaneously, the list was expanded by the inclusion of new medical devices, reflecting the ongoing practice of adjusting the list based on market needs and supply availability. Some of the changes take effect immediately, while others are deferred for six months.

The legal foundation for the parallel import mechanism is established by Decree of the Government of the Russian Federation No. 506 dated March 29, 2022[1], which created the possibility of approving special lists of goods permitted for import without the consent of the right holder. Based on this decree, the Ministry of Industry and Trade has sequentially issued regulatory acts defining the specific composition of such lists. The first of these was Order of the Ministry of Industry and Trade of Russia No. 1532 dated April 19, 2022[2], which approved the basic list of product categories. Subsequently, this Order was replaced by Order of the Ministry of Industry and Trade No. 2701 dated July 21, 2023[3]. The list has been repeatedly amended thereafter to reflect market dynamics, enterprise needs, and the actual availability of goods.

List adjustment remains a flexible tool for the Ministry of Industry and Trade of Russia: thanks to the parallel import mechanism, it has been possible to prevent shortages while simultaneously gradually saturating the market with domestic products and goods from "friendly" countries. Within this logic lies the 2025 decision — on November 28, the Russian Government submitted to the State Duma a draft law on extending the parallel import regime for 2026[4]. Thus, the temporary measure introduced during the crisis year of 2022 is effectively extended for another year. A draft of a new order from the Ministry of Industry and Trade was also developed in 2025, aiming to change the approach to the list by enshrining specific trademarks registered in Russia within the regulations. While increased specificity is generally welcome, the resulting document was very voluminous and not entirely balanced: it omitted trademarks registered through the international (Madrid) procedure and protected in Russia, as well as other intellectual property objects and means of individualization. The Association will monitor the progress of this draft.

It should be noted that while maintaining the preferential regime for importing goods, the state is simultaneously strengthening fiscal regulation, introducing, in particular, a

[1] Decree of the Government of the Russian Federation No. 506 dated March 29, 2022 "On Goods (Groups of Goods) in Relation to Which Certain Provisions of the Civil Code of the Russian Federation on the Protection of Exclusive Rights to Intellectual Property Embodied in Such Goods, and Means of Individualization Used on Such Goods, Shall Not Apply" [http://publication.pravo.gov.ru/Document/View/0001202203300003]

[2] Order of the Ministry of Industry and Trade of the Russian Federation No. 1532 dated April 19, 2022 "On Approval of the List of Goods (Groups of Goods) in Relation to Which the Provisions of Subclause 6 of Article 1359 and Article 1487 of the Civil Code of the Russian Federation Shall Not Apply, Provided that the Said Goods (Groups of Goods) Were Introduced into Circulation Outside the Territory of the Russian Federation by Right Holders (Patent Holders) or with Their Consent" [https://rg.ru/documents/2022/05/06/minpromtorg-prikaz1532-site-dok.html]

[3] Order of the Ministry of Industry and Trade of the Russian Federation No. 2701 dated July 21, 2023 "On Approval of the List of Goods (Groups of Goods) in Relation to Which the Provisions of Articles 1252, 1254, Clause 5 of Article 1286.1, Articles 1301, 1311, 1406.1, Subclause 1 of Article 1446, Articles 1472, 1515 and 1537 of the Civil Code of the Russian Federation Shall Not Apply, Provided that the Said Goods (Groups of Goods) Were Introduced into Circulation Outside the Territory of the Russian Federation by Right Holders (Patent Holders) or with Their Consent" [http://publication.pravo.gov.ru/document/0001202308040119?ysclid=miokowxuk5285112890]

[4] https://sozd.duma.gov.ru/bill/1082666-8

technological levy on certain imported electronics, which creates an additional burden for businesses and has become a characteristic feature of regulation in 2025 and 2026.

An equally important problem remains the growth of illegal trafficking in counterfeit goods. Despite regular adjustments to the parallel import list and steps taken by the state to improve regulatory oversight, the share of counterfeit goods in the retail market remains significant. The increase in parallel import volume objectively complicates control over the origin of goods since, unlike licensed imports, the right holder does not participate in confirming product authenticity. This creates additional opportunities for the penetration of fakes into the market and increases the burden on the oversight system. In conditions of fragmented law enforcement, where the police retain authority to detect trademark infringements, while a significant portion of control functions in practice shifts to Rospotrebnadzor, which lacks comparable operational tools, the effectiveness of suppressing illegal trafficking is reduced. This combination of factors creates persistent risks, which intensify with the expansion of parallel imports.

The transfer of authority for enforcing trademark rights violations from the police to Rospotrebnadzor, evident in 2025, has once again highlighted its limitations: the agency lacks sufficient tools for the operational and effective suppression of counterfeit trafficking, which undermines the effectiveness of law enforcement and creates ongoing risks for the market.

Furthermore, the situation is complicated by the specifics of customs regulation within the Eurasian Economic Union: the practice of importing goods through the territories of member states, where trademarks of companies from "unfriendly" countries may not be entered into the relevant national registries, creates loopholes for the import of goods of unknown origin, undermining the integrity of the control system.

The Federal Customs Service is also considering this challenging situation: in 2025, it conducted a series of raids to identify illegally imported products and began developing mechanisms for cooperation with marketplaces to assess the legality of product imports into Russia, strengthened import controls, and actively updated the customs register of intellectual property objects. Nevertheless, the situation remains complex for now.

In general, it can be noted that the Russian economy has indeed adapted to large-scale external restrictions, and the parallel import mechanism has become one of the key instruments of this adaptation. However, the measure, conceived as temporary and anti-crisis, is gradually turning into a permanent element of regulation, which inevitably leads to the accumulation of systemic risks. The extension of the regime into 2026, the increase in fiscal and regulatory pressure on businesses, the continued growth of counterfeit goods, and unresolved issues of law enforcement and customs control within the EAEU — all this indicates the need for a comprehensive approach, including improvements to legislation, strengthening of oversight mechanisms, and establishing full-fledged interstate coordination. Only consistent work in these areas — from supply chain transparency to enhancing the effectiveness of intellectual property protection — can transform parallel import from a forced solution into a truly manageable and safe tool for economic resilience.

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KEY REGULATORY DEVELOPMENTS

SUSTAINABLE DEVELOPMENT IN RUSSIA: REGULATORY CHANGES

LEGAL ARCHITECTURE FOR SUSTAINABLE DEVELOPMENT IN RUSSIA IN 2025

The legal foundation for sustainable development in Russia includes:

1. **Requirements** — for instance, for regulated entities in all constituent subjects of the Russian Federation to submit greenhouse gas (GHG) emissions reports[1], and for regional regulated entities in the Sakhalin Region to comply with GHG emissions quotas[2].

2. **Liability** — for example, an administrative fine of up to RUB 500,000 for failure to provide or late submission of a carbon report, or for providing knowingly false information in such a report[3].

3. **Incentives** — for example, for the construction of power plants operating on renewable energy sources (RES) in the wholesale electricity and capacity market[4], as well as in retail electricity markets[5].

4. **Legal infrastructure** — for example, for the climate projects implementation and the turnover of carbon units[6], for raising green, transition, and social financing (SD Taxonomy)[7], and for assessing a business's contribution to achieving national goals such as Business Social Capital Standard and "Environment, Personnel, State" rating (ЭКГ-рейтинг) ("EPS Rating")[8]. Some of these instruments are becoming a basis for companies to access preferential treatment — such as reduced timelines for state and municipal services, increased subsidies (grants), priority access to public procurement, regional tax benefits, and investment tax credits[9]. Laws promoting responsible investment and business support are already in effect in several regions[10].

5. **Recommendations** — for example, from the Ministry of Economic Development of the Russian Federation on preparing sustainability reports[11], and from the Bank of Russia to public companies, financial organizations, and institutional investors on responsible investment, developing sustainability and climate transition strategies, considering ESG factors in corporate governance, and disclosing non-financial information[12].

1 Federal Law No. 296 of July 2, 2021, "On Limiting Greenhouse Gas Emissions."

2 Federal Law No. 34 of March 6, 2022, "On Conducting an Experiment to Limit Greenhouse Gas Emissions in Certain Constituent Subjects of the Russian Federation."

3 Art. 19.7.16 of the Code of Administrative Offenses.

4 Decree of the Government of the Russian Federation No. 449 of May 28, 2013.

5 Decree of the Government of the Russian Federation No. 47 of January 23, 2015.

6 See footnote 1.

7 Decree of the Government of the Russian Federation No. 1587 of September 21, 2021.

8 National Standard "Business Reputation Index of Business Entities — GOST R 71198-2023."

9 Kommersant, September 25, 2025: < https://www.kommersant.ru/doc/8062048>.

10 Law of the Omsk Region No. 2876-OZ of September 25, 2025; Law of the Kemerovo Region — Kuzbass No. 98-OZ of September 24, 2025; Law of the Voronezh Region No. 112-OZ of October 21, 2024; Law of the Moscow Region No. 109/2025-OZ; Law of the Lipetsk Region No. 595-OZ of December 25, 2024, and others.

11 Order of the Ministry of Economic Development of the Russian Federation No. 764 of November 1, 2023.

12 Bank of Russia — Information Letters and Recommendations on Sustainable Development: <https://www.cbr.ru/develop/ur/na/>.

6. **Strategic planning documents** and other state initiatives, such as the Low-Carbon Development Strategy until 2050[13], concepts for the development of electric transport[14] and hydrogen energy[15], and initiatives for the socio-economic development of Russia until 2030, including "Clean Energy (Hydrogen and RES)," "Electric and Hydrogen Vehicles," "General Cleanup," "Circular Economy," "Geology: Reviving a Legend," and others[16].

7. **Voluntary corporate initiatives** — for example, purchasing low-carbon electricity and/or certificates of origin, technological modernization to reduce negative environmental impact, developing presence territories, implementing numerous social programs, and integrating sustainable development into corporate governance.

Throughout 2025, this legal foundation has continued to evolve. Key changes include the following:

1. **Unified Plan for Achieving National Development Goals.** In accordance with the Presidential Decree of May 7, 2024, the Government has approved the country's strategic development priorities until 2030 and for the period up to 2036[17]. This Plan has become the main guideline for government bodies and state-owned companies, interconnecting key strategic planning documents in the Russian Federation.

2. **New national projects.** New national projects for the period up to 2026-2030 have been launched. Special attention is given to:

   - *"Environmental Well-being"* which is planned to raise RUB 60 billion in financing;
   - *"Effective and Competitive Economy"* which is planned to raise RUB 30.5 billion in financing. This national project includes the federal projects *"Low-Carbon Development"* and *"Increasing Investment Activity."*

3. **Strategic development of industries.** Key strategies have been approved:

   - *The Energy Strategy until 2050*[18], which maintains reliance on the traditional fuel and energy sector while increasing the share of nuclear power plants and RES;
   - *The Spatial Development Strategy*[19], aimed at creating territories of environmental well-being and developing infrastructure for environmentally friendly transport.

4. **Development of carbon markets.** The President of the Russian Federation has updated the GHG emissions reduction target to 65-67% of 1990 levels by 2035[20]. The threshold for classifying companies as regulated entities for mandatory carbon reporting has been lowered to 50,000 tons of CO2 equivalent per year. Within the Sakhalin carbon experiment, (i) the first transaction with quota compliance units (QCUs) took place[21], and (ii) the first exchange trading of QCUs was held on the National Commodity Exchange[22]. The Ministry of Economic Development has begun drafting legislation to implement the requirements of CORSIA[23] for Russian airlines[24].

5. **Mandatory ESG reporting.** The Central Bank of the Russian Federation has published XBRL Taxonomy 7.5.1.0, the use of which for disclosing ESG data may become mandatory from 2026[25].

6. **Business social capital standard.** The Ministry of Economic Development has prepared a pilot standard to unify approaches to assessing the non-financial aspects of business. Since August, more than 400 companies have participated in the assessment. In 2025, cooperation agreements were signed with 65 organizations, including companies, foundations, business associations, and regional administrations, covering 62 regions and 17 constituent subjects of the Russian Federation[26]. The standard, which integrates the EPS Rating to assess business contributions to national goals, may become a basis for receiving state support measures. Regional authorities are adopting laws to support for responsible business[27].

[13] Decree of the Government of the Russian Federation No. 3052 of October 29, 2021.

[14] Decree of the Government of the Russian Federation No. 2290 of August 23, 2021.

[15] Decree of the Government of the Russian Federation No. 2162 of August 5, 2021.

[16] Decree of the Government of the Russian Federation No. 2816-r of October 6, 2021.

[17] Unified Plan for Achieving the National Development Goals of the Russian Federation until 2030 and for the period up to 2036.

[18] Decree of the Government of the Russian Federation No. 908 of April 12, 2025.

[19] Decree No. 4146 of December 28, 2024.

[20] Presidential Decree No. 547 of August 6, 2025.

[21] Forbes, April 29, 2025: <https://www.forbes.ru/biznes/536268-na-sahaline-sostoalas-pervaa-sdelka-s-uglerodnymi-edinicami>.

[22] Carbon Units Registry, June 30, 2025: <https://carbonreg.ru/ru/news/v-rossii-vpervye-sostoyalis-birzhevye-torgi-edinicami-vypolneniya-kvot-sahalinskogo-klimaticheskogo-eksperimenta/>.

[23] Carbon Offsetting and Reduction Scheme for International Aviation.

[24] RBC, October 14, 2025: <https://www.rbc.ru/business/14/10/2025/68ed52139a7947f8c5e8d5eb>.

[25] Bank of Russia: <https://www.cbr.ru/projects_xbrl/taxonomy_xbrl/taksonomiya-xbrl-banka-rossii-dlya-emitentov-cennye-bumagi-kotorykh-vklyucheny-v-kotiroval-nye-spiski-1-ili-2-urovney-/>.

[26] Izvestia, November 27, 2025: <https://iz.ru/1998140/2025-11-27/moskve-podveli-itogi-raboty-po-vnedreniiu-standarta-obshchestvennogo-kapitala-biznesa>.

[27] TASS, April 22, 2025: <https://tass.ru/ekonomika/23752615>.

7. **Stimulating regulation for green and transition projects.** The Central Bank has lowered risk ratio for loans and bonds to finance priority "green" and "transition" (formerly "adaptation") projects[28]. The Government has amended the Taxonomy of Sustainable Development Projects, identifying priority projects that make a significant contribution to achieving carbon neutrality[29].

8. **"Nature Credits."** The Agency for Strategic Initiatives, in collaboration with businesses, is developing a new tool to channel investments in environmental projects — "Nature Credits." Such credits are to result from projects to clean water resources, air, and soil, eliminate accumulated environmental damage, preserve biodiversity, and similar types of environmental activities.

9. **Waste management.** From 2025, the recycling rate for all types of packaging has been increased to 55%, and producers and importers are required to provide the Federal Service for Supervision of Natural Resources (Rosprirodnadzor) with data on goods and packaging that will become waste in the future (extended producer responsibility). A special reduction coefficient has been introduced for companies that use secondary raw materials in the production of goods or packaging.

ENERGY TRANSITION: MORE THAN JUST CLIMATE

Energy transition encompasses two diametrically opposed discussions. The first concerns the need to reduce greenhouse gas emissions. The second focuses on how actual energy systems — with their existing infrastructure, demand, and policies — can adapt to these changes without disruptions or sharp price volatility. An analysis of the data shows that oil and gas will remain crucial components of the global energy mix at least until the mid-21st century. The task is not the complete abandonment of hydrocarbons, but rather a significant reduction of their carbon footprint.

The three previous energy transitions proved one thing: new energy sources have never completely displaced old ones but have instead complemented them. Only their respective shares in the energy mix have changed. The fourth energy transition is not about replacing traditional generation but about increasing the complexity of the energy balance through a combination of different generation types and the overall sophistication of the energy sector, including through digitalization.

The history of the coal industry is a prime example. Despite years of decarbonization efforts, coal's share in global electricity generation is projected to remain significant by mid-century, especially in the developing economies of Asia. The inertia of infrastructure and capital is immense, and any transition takes decades, not merely the decisions of climate summits.

Renewables have become a critical element of the global energy system. In 2024 they accounted for over 90% of new generation capacity installed worldwide[30]. The energy transition in its classic sense (renewables, EVs, energy storage) is gaining momentum in China, India, and the Middle East, and has largely shifted its focus to the Global South. It is forecasted that by the end of the decade, the share of renewables in global generation could exceed 40%.

However, a chasm still exists between installing capacity and replacing baseload power. Solar and wind do not operate 24/7, and utility-scale energy storage systems remain expensive. This is where natural gas and, to a lesser extent, oil come into play. Gas-fired power plants balance the grid when renewables fall short, while petroleum products remain irreplaceable in certain transport sectors and the petrochemical industry. Today, renewables are a supplement to the system, not its foundation.

Many peak oil demand forecasts have been revised following the pandemic and the energy crisis. Conservative scenarios show that by 2040-2045, oil consumption will remain close to current levels, while gas demand will continue to grow as a replacement for more carbon-intensive coal. The key growth in energy demand until 2050 will come from the developing nations of Africa and Asia. Unsurprisingly, hundreds of billions of dollars continue to be invested annually to maintain oil and gas production. Without these investments, the world would face not the end of oil, but shortages and price shocks.

The world is now shifting from "abandoning fossil fuels" to "reducing the climate footprint of the energy sector." This is a fundamental shift, confirmed by the results of the UN Climate Change Conference (COP30). Technologies such as Carbon Capture, Utilization, and Storage (CCS/CCUS), associated gas utilization, and low-carbon hydrogen production allow for emissions reduction without dismantling the existing energy foundation.

Energy transition technologies are vastly richer than just renewables and EVs. In a broader sense, the energy transition is driving the emergence of a new technological and economic paradigm, linked to AI, robotics, new forms of transportation, and other breakthrough industries.

RUSSIAN ENERGY TRANSITION EXPERIENCE

Russia's energy transition case is paradoxically underestimated. In public discourse, Russia is often portrayed solely as a hydrocarbon exporter, whereas its own power generation is actually quite low-carbon. A substantial portion of the country's electricity is generated by hydropower and nuclear power plants, a large share comes from gas-fired generation, and the share of coal in its energy mix is substantially lower than in a number of other major economies. Russia power

[28] Bank of Russia Information Note of July 17, 2025, "Bank of Russia Improves Approaches to Calculating Ratios."

[29] Decree of the Government of the Russian Federation No. 1586 of October 14, 2025.

[30] https://www.irena.org/News/pressreleases/2025/Mar/Record-Breaking-Annual-Growth-in-Renewable-Power-Capacity-RU

balance also includes some solar, wind and other renewables.

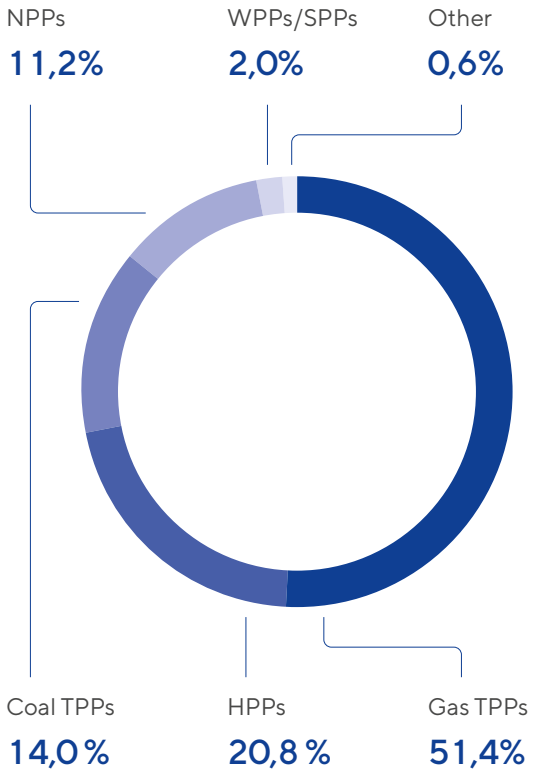
The focus on gas and nuclear is a pragmatic choice. Gas allows for rapid emissions reduction by replacing coal, while nuclear provides baseload low-carbon energy that is independent of weather. Of particular interest are small modular reactor (SMR) projects, which could become a reliable energy source for remote regions and developing countries.

Russian companies are also developing projects to reduce their carbon footprint, from modernizing combined heat and power plants to reducing methane leaks and producing biofuels. In a world where demand for oil and gas persists, competitiveness will increasingly be determined not only by cost but also by the carbon footprint of the final product.

In summary, the energy transition is not a rapid and linear abandonment of hydrocarbons on a uniform schedule. Developed countries are accelerating the construction of renewables. Developing countries (primarily China) are also implementing renewables at an ultra-fast pace, while seeking a compromise between rising energy demand and available resources.

For businesses operating in Russia, including subsidiaries of multinational companies, the energy transition, in its broader sense, represents a vast landscape of opportunities. First and foremost, these opportunities lie in the area of technological cooperation, including through joint ventures. A distinct area of opportunity is the creation of energy infrastructure, including low-carbon generation, for data centers and crypto mining, the demand for which is rapidly increasing.

Structure of installed capacity of the Russian Federation



Source: Energy Strategy of the Russian Federation 2050

Energy transition technologies are vastly richer than just renewable energy sources and electric vehicles. In a broader sense, the energy transition is driving the emergence of a new technological and economic paradigm, linked to artificial intelligence, robotics, new forms of transportation, and other breakthrough industries.

KEY REGULATORY DEVELOPMENTS

ACCOUNTING: CONTINUING THE CONVERGENCE WITH IFRS

ACCOUNTING: FROM RULES TO PRINCIPLES

In line with the Concept for the Development of Accounting and Reporting in the Russian Federation[1], the Government continues to reform national accounting regulations with the aim of aligning them with International Financial Reporting Standards (IFRS). As part of this strategy, new federal accounting standards (FSBU) are being developed; some have already come into force, while others remain under development or will become mandatory in the near future.

The FSBU development program[2] represents a significant milestone in the evolution of Russian accounting regulation. The most important shift is the transition from strict rules to principle-based standards. This approach enables accountants to adapt the standards to the specifics of a business, consider regional factors, and account for the nuances of individual organizations, thereby improving the relevance and transparency of financial reporting.

This shift toward principles strengthens the role of professional accounting judgment[3]. In a rapidly changing economic and regulatory environment, merely following prescriptive rules is no longer sufficient. It is crucial for specialists to develop the competencies needed to make informed decisions grounded in legal requirements, accounting standards, professional expertise, established practice, and the principles of professional ethics.

For example:

- when measuring assets and liabilities, the accountant selects the most appropriate methods based on market conditions and the characteristics of the asset;
- when recognizing revenue under contracts, the accountant determines the moment at which control is transferred, based on the terms of the arrangement;
- when creating a provision for doubtful debts, the accountant uses professional judgment to assess expected credit losses, taking into account credit history and current market conditions.

These examples demonstrate how professional judgment supports the application of principles rather than rigid rules. This fosters a more professional and thoughtful approach to accounting, ensuring more reliable financial reporting and, ultimately, strengthening trust in financial information overall.

NEW RUSSIAN ACCOUNTING STANDARDS AND THEIR IMPACT ON BUSINESS

Starting from 2025, the Russian accounting system is taking another step toward convergence with international practice. The introduction of two federal standards — FAS 28/2023 "Inventory Procedures" and FAS 4/2023 "Accounting (Financial) Statements" — formalizes modern

[1] Concept for the Development of Accounting and Financial Reporting in the Russian Federation for the Medium-Term Perspective (approved by Order of the Ministry of Finance of the Russian Federation No. 180 dated July 1, 2004).

[2] Program for the Development of Federal Accounting Standards for 2022-2026 (approved by Order of the Ministry of Finance of Russia No. 23n dated February 22, 2022, as amended on April 3, 2025).

[3] Russian legislation does not define this concept; however, it is introduced in the Accounting Methodology Center's Recommendations R-96/2018-KpR "Professional Judgment".

international approaches to asset measurement and financial reporting, strengthens the role of professional judgement, and raises the requirements for disclosure quality. For international companies and foreign investors, this means greater comparability of data, but also an increase in operational workload when preparing financial statements.

FAS 4/2023 "ACCOUNTING (FINANCIAL) STATEMENTS"

The standard establishes the priority of substance over form and introduces a flexible reporting structure based on materiality of indicators. It clarifies the criteria for classifying assets and liabilities, as well as the list of mandatory disclosures both in the primary statements and in the notes. Requirements for the quality and structure of disclosures have been significantly strengthened, which calls for tighter coordination between accounting, controlling, and operational units.

FAS 28/2023 "INVENTORY PROCEDURES"

For the first time, the standard formalizes modern methods for verifying the existence of assets — including photo and video recording, as well as remote control tools. It expands the list of cases requiring mandatory inventory procedures and introduces the requirement to assess the condition of assets. The rules for documenting inventory procedures have been clarified, and a simplified composition of the inventory commission is now permitted in certain cases.

These changes enhance transparency and the quality of financial data but require considerable adaptation efforts, including:

- modernization of accounting systems and registers;
- increased analytical and methodological work, including defining materiality thresholds;
- potential adjustments to provisions and revaluation of assets based on condition assessments;
- updates to accounting policies and internal control processes.

Overall, the new FSBU strengthen the focus on professional judgement and the quality of financial reporting. For a successful transition, companies need to adapt internal processes, align measurement approaches, and ensure continuous monitoring of how the new requirements affect reporting metrics.

LOOKING AHEAD: WHICH ACCOUNTING STANDARDS WILL CHANGE NEXT

In 2027, the outdated accounting standards PBU 9/99 "Income" and PBU 10/99 "Expenses", which have been in force since 1999 and no longer reflect current economic realities, will be replaced by the new FSBU 9/2025 "Income" and 10/2025 "Expenses".

These standards are developed in line with IFRS principles and introduce more detailed approaches to determining financial performance.

In particular, the new standards clarify:

- the classification of income and expenses;
- the application of the five-step revenue recognition model;
- enhanced disclosure requirements.

The new standards become mandatory in 2027. However, companies may adopt them voluntarily as early as 2026, provided that this decision is reflected in their accounting policies and comparative information for prior periods is appropriately prepared.

As with the adoption of the FSBU on Leases, Property, Plant and Equipment, and Intangible Assets, the transition to the new "Income" and "Expenses" standards will require comprehensive preparation, including a review of existing accounting approaches, updates to internal procedures, and adjustments to accounting systems.

Key areas to consider include:

1. **Differences between financial and tax accounting.** These may arise in revenue recognition under long-term contracts, variable consideration, and the capitalization of certain costs.
2. **System modifications.** Companies will need to configure the five-step revenue recognition model, expand analytical dimensions, and ensure proper integration of financial and tax accounting.
3. **Impact on operational processes.** Companies will have to ensure coordinated work among finance, legal, and operational functions, update internal regulations, document workflows, and control procedures.

Given the scale of the upcoming changes, we recommend beginning preparation in 2026. Early planning will help reduce the risk of errors, ensure accurate disclosures, and avoid significant discrepancies in the first year of mandatory application.

ANNEX 1.

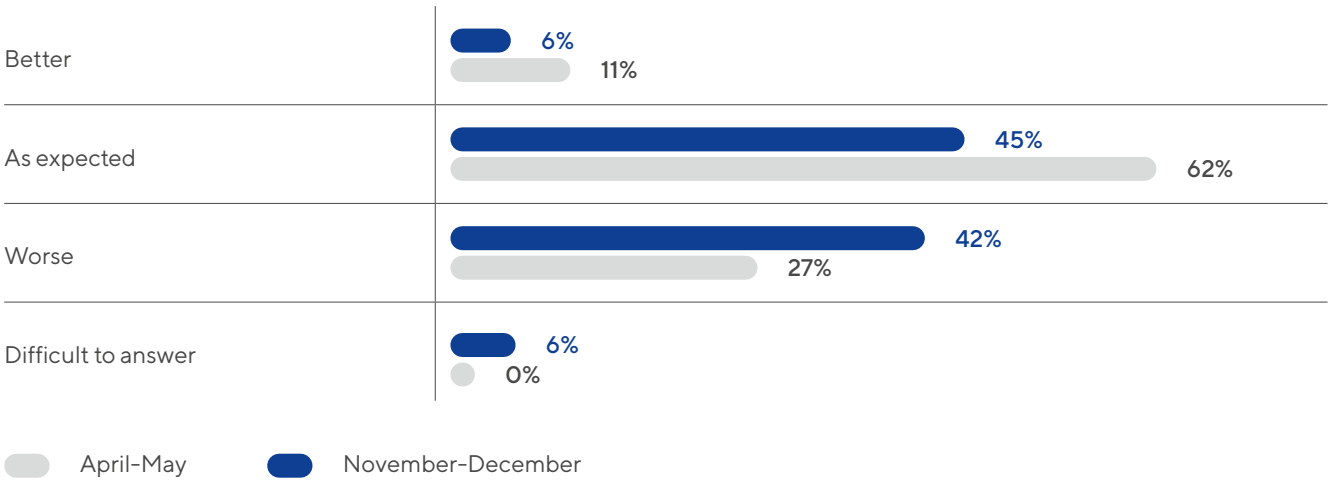
RESULTS OF THE AEB SURVEY "STRATEGIES AND PROSPECTS FOR EUROPEAN COMPANIES IN RUSSIA"

In 2025, AEB conducted its annual survey "Strategies and prospects for European companies in Russia," aimed at assessing the current sentiments of member companies and their perceptions of the business and investment climate in Russia.

The main survey of member companies took place in April and May. To execute a comparative analysis of the dynamics of business expectations at the end of the year (in November-December), an additional survey featuring a shortened list of questions was organized.

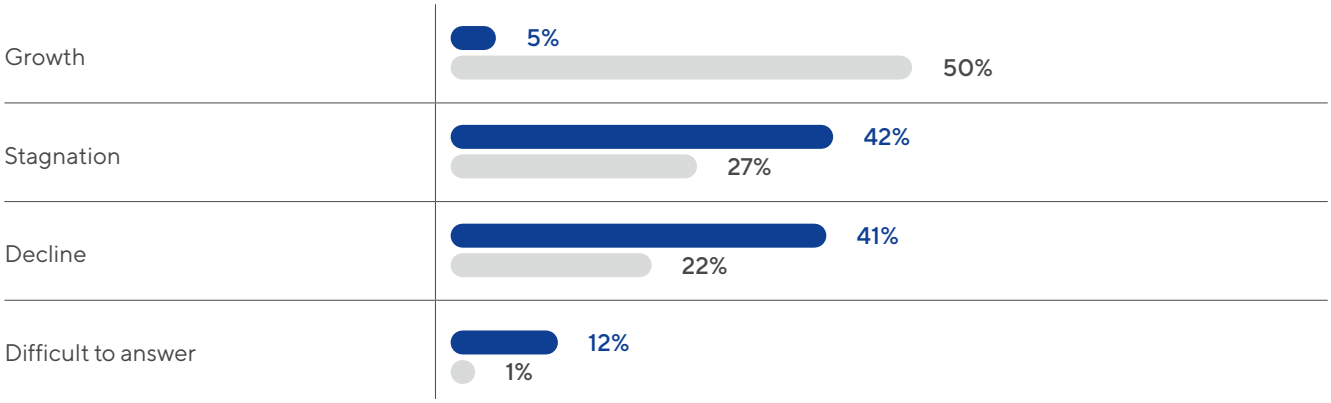
The first survey engaged 100 respondents, while the second one included 66 participants. The findings are visually represented in the charts below.

1. How has the overall state of the Russian economy developed over 2025 compared to your expectations at the start of the year?

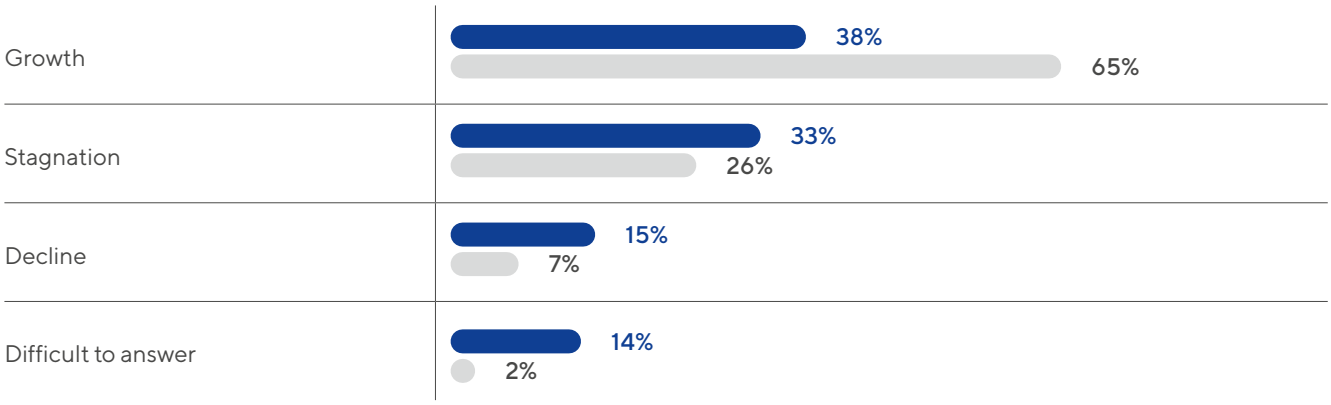


2. How would you evaluate the economic outlook for Russia?

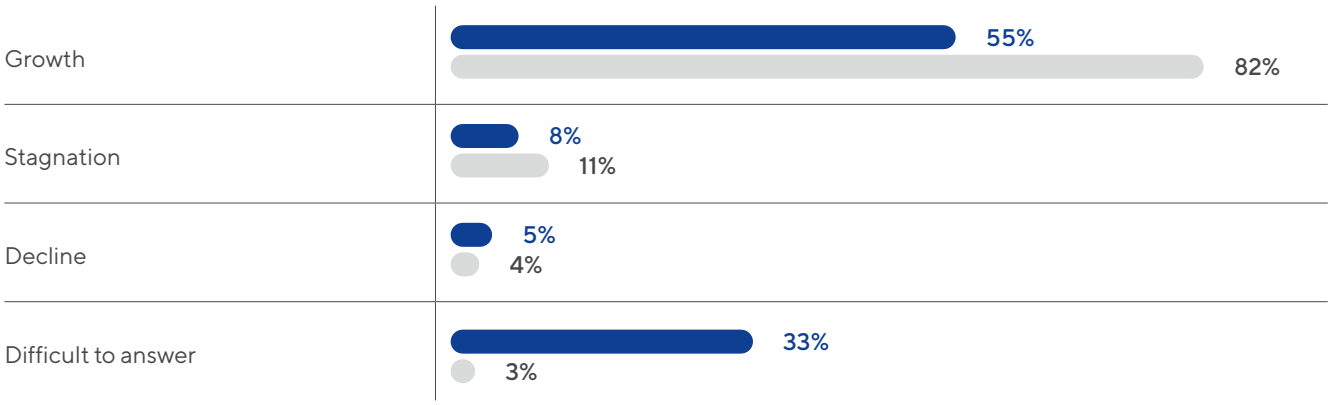
Short term (1-2 years)



Medium term (3-5 years)

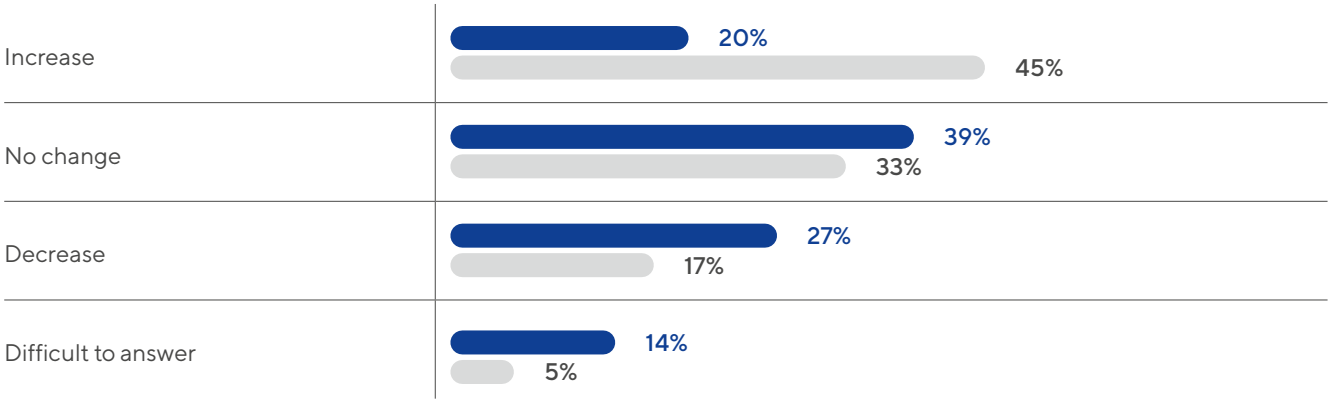


Long term (6-10 years)

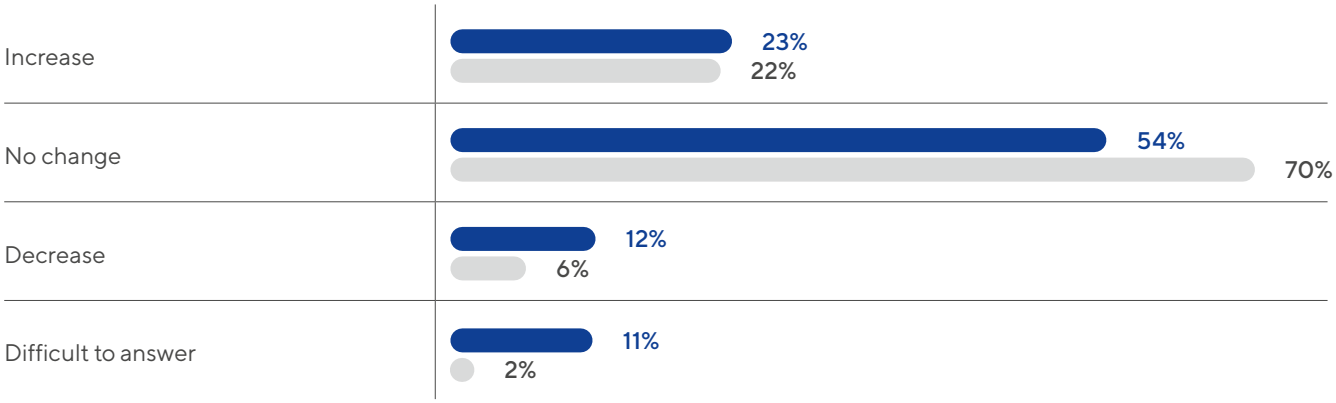


April-May November-December

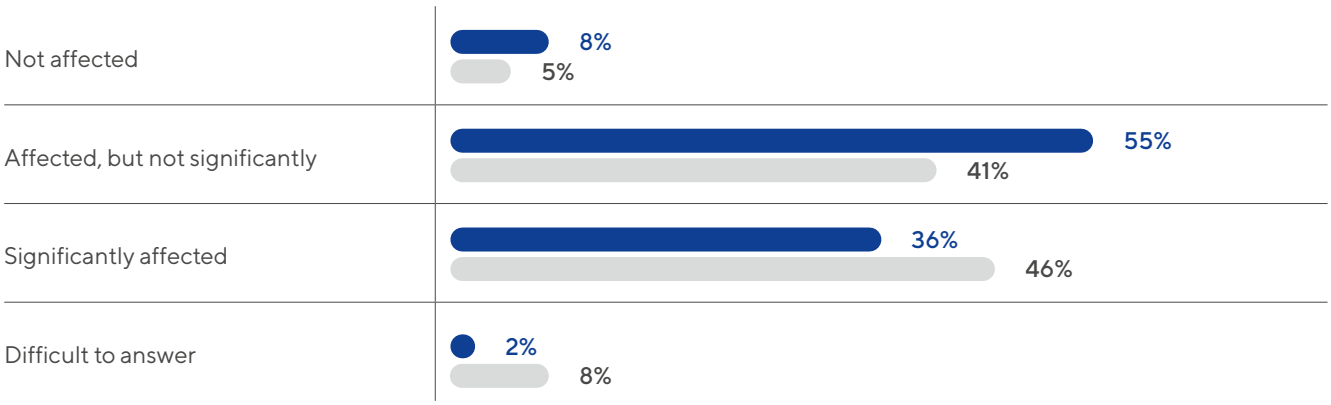
3. How do you think investments by foreign companies in Russia will develop over the next 2-3 years?



4. How do you expect your investments to change in 2025 vs 2024/2026 vs 2025?

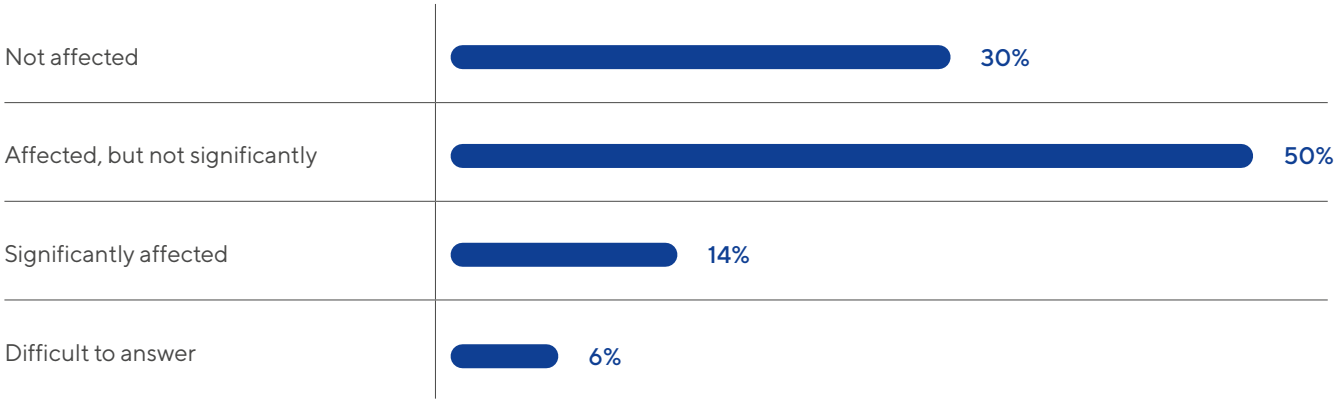


5. Have the U.S., EU and other sanctions towards Russia and the Russian countermeasures imposed in 2022-2024 affected your business in Russia?

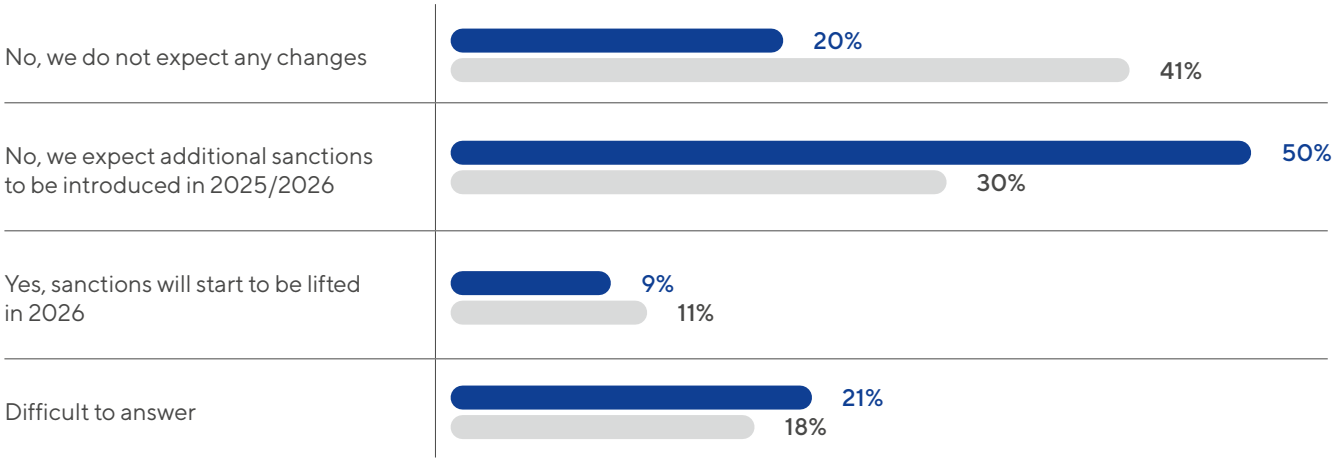


April-May November-December

6. Have the latest sanctions imposed in 2025 affected your business in Russia?

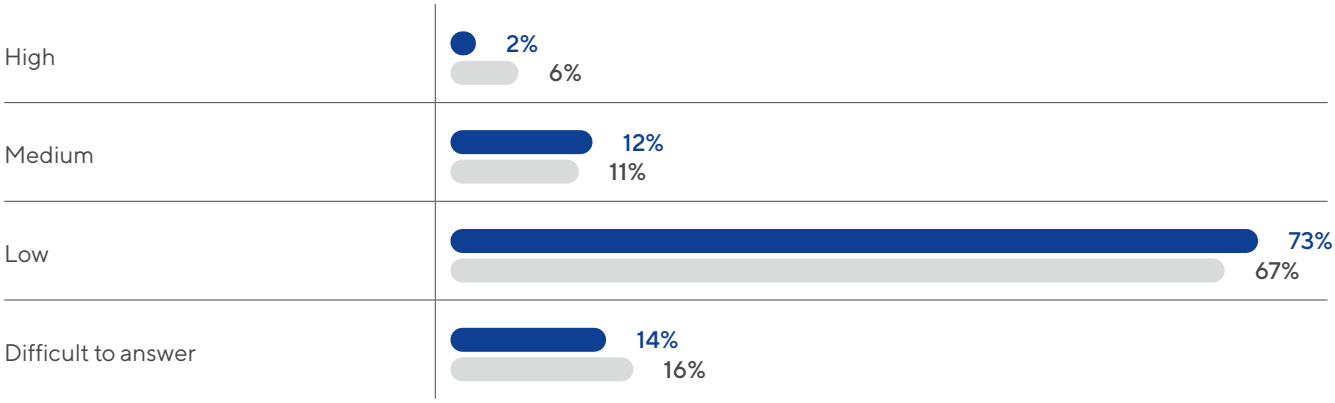


7. Do you expect any changes with regard to foreign sanctions in 2025/2026?

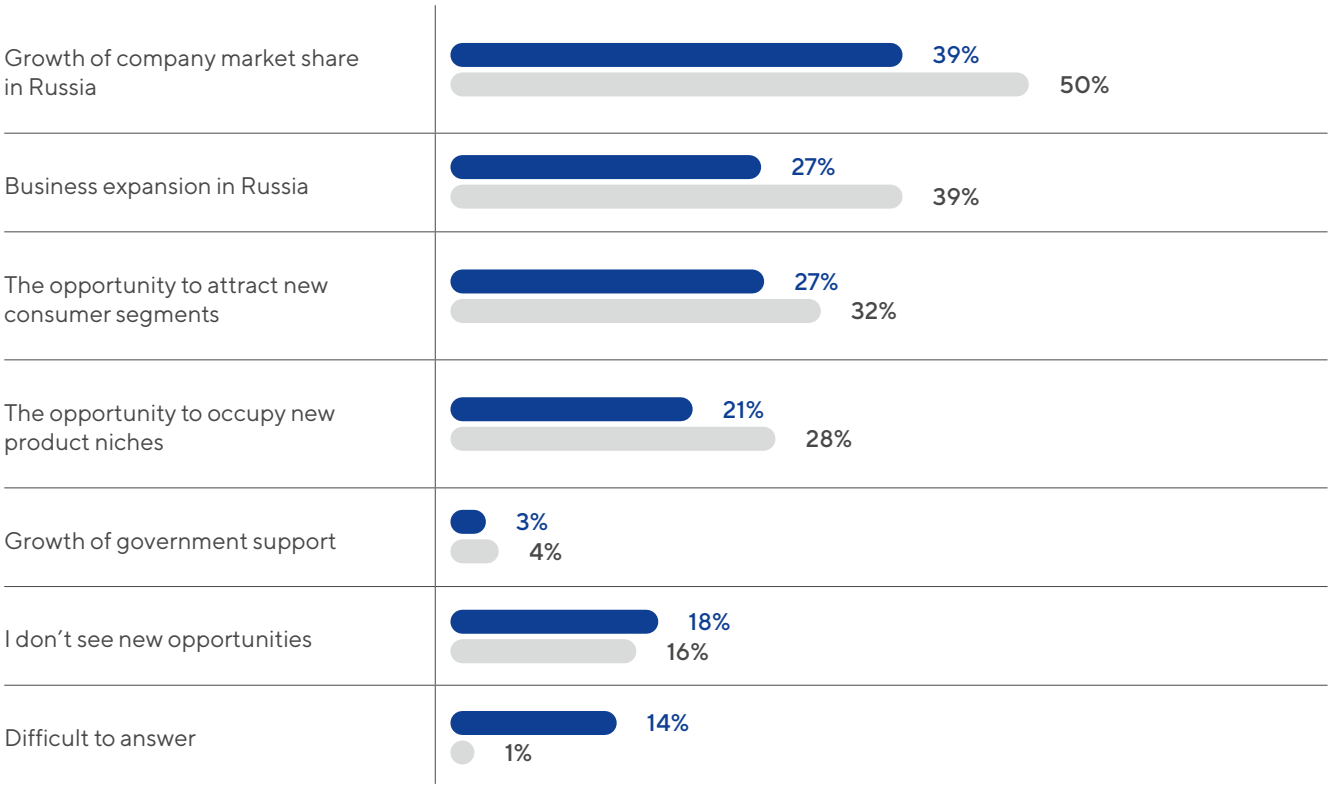


April-May November-December

8. How do you assess the risk of closing the business in the next 12 months?



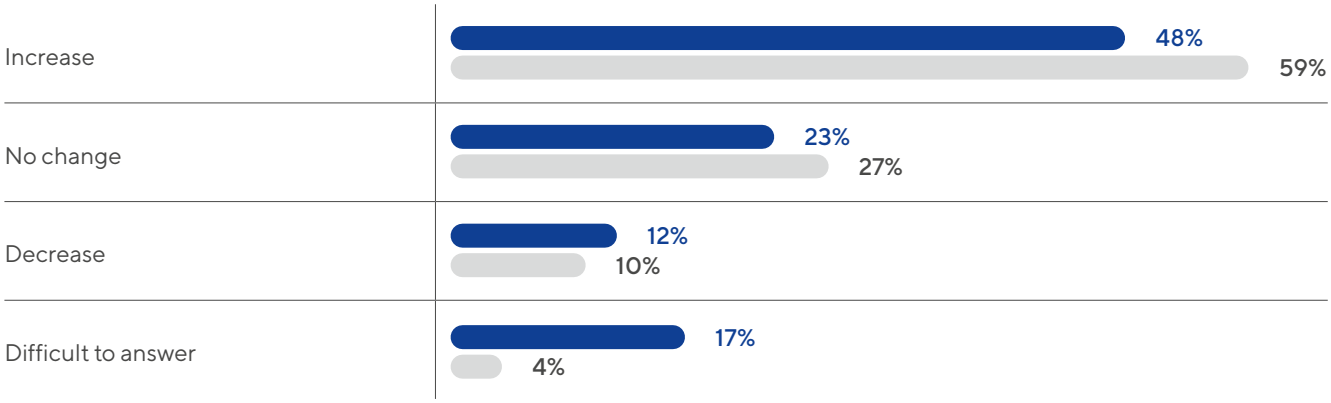
9. What new opportunities for your company's business development in the Russian market do you see? (multiple response options)



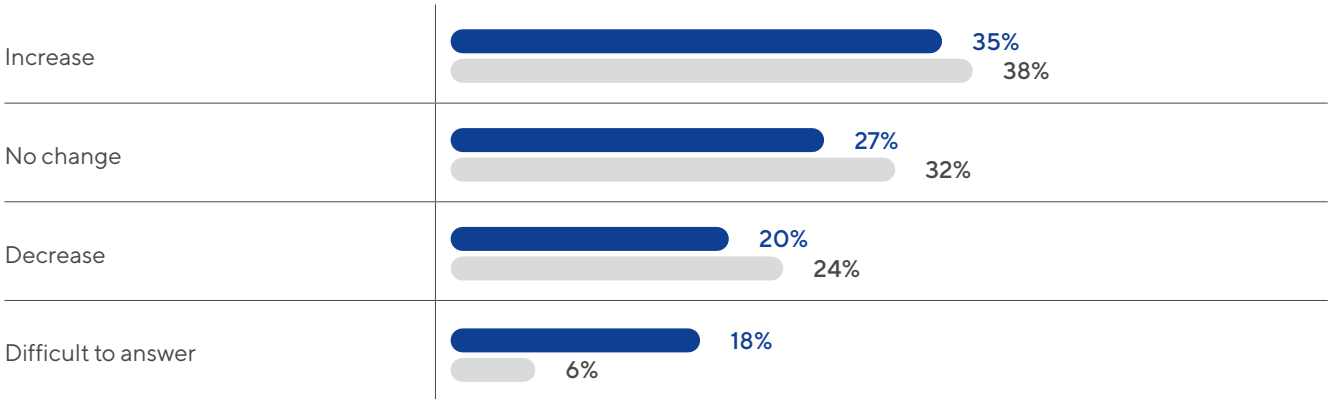
April-May November-December

10. What is your 3-year forecast for your company's business in Russia?

Turnover



Profit



April-May November-December

ANNEX 2.

LEGISLATIVE NOVELTIES IN 2025

LETTER OF THE MINISTRY OF FINANCE OF RUSSIA NO. 27-01-21/11349 OF 10.02.2025

Clarifies the procedure for including dividends in the customs value of imported goods. Dividends as investment income are generally not included in the value; however, if the customs authority determines that payments formally designated as dividends are in fact part of the seller's proceeds from the sale of imported goods and are related to them, they are subject to inclusion in the customs value.

FEDERAL LAW NO. 23-FZ OF 28.02.2025

Strengthens requirements for the localization of personal data of Russian citizens. The processing of key operations (recording, updating, storage) in databases located abroad, including collection via the internet, is prohibited. This tightens the existing rules, leaving only a narrow list of exceptions expressly established by law.

FEDERAL LAW NO. 92-FZ OF 21.04.2025

The mandatory labeling of imported alcoholic products with federal special stamps is relocated from the territories of supplier countries to the territory of the Russian Federation. This change aims to reduce logistical and financial risks for importers under sanction restrictions and promotes the development of warehousing and labeling infrastructure within the country.

FEDERAL LAW NO. 93-FZ OF 21.04.2025

Participants of the State Program for the Resettlement of Compatriots and members of their families may now be issued an ordinary private visa valid for up to 1 year. Furthermore, a special work visa valid for up to 3 months, extendable for no more than 90 days, is introduced for foreign workers performing installation, service, or warranty maintenance of equipment supplied to the Russian Federation.

FEDERAL LAW NO. 121-FZ OF 23.05.2025

Introduces an experiment on additional registration of foreign citizens in Moscow and the Moscow Region from 01.09.2025 to 01.09.2029. Participants of the experiment, including labor migrants without visas and individuals staying for more than 90 days, must register via a specialized mobile application, including "AMINA", to transmit data on their actual location. The Law also permits the authorities of Moscow, Saint Petersburg, and the respective regions to conclude agreements on the mutual recognition of patents for migrant work within two neighboring regions.

ORDER OF THE MINISTRY OF DIGITAL DEVELOPMENT, COMMUNICATIONS AND MASS MEDIA OF RUSSIA NO. 511 OF 02.06.2025

Establishes mandatory additional requirements for the official website of a Russian IT company to obtain and confirm state accreditation. The website must contain a complete set of data about the organization, its activities, products and prices, as well as special information on exclusive rights to software, technologies used, and the status of a fiscal data operator, ensuring 24/7 access without registration.

ORDER OF THE ROSKOMNADZOR NO. 140 OF 19.06.2025

New rules and methods for processing information to anonymize it have been approved. Data operators are obligated to guarantee that as a result of such processing, a person's identity cannot be established without the use of additional information.

FEDERAL LAW NO. 168-FZ OF 24.06.2025

Introduces a requirement to post all public consumer information (about goods, services, promotions, availability) and commercial designations in shared-equity construction in the Russian language. The Law also clarifies that information in the languages of the peoples of Russia must be identical to the Russian version, while the use of foreign languages remains at the company's discretion.

FEDERAL LAW NO. 194-FZ OF 07.07.2025

Prohibits restrictions imposed by manufacturers and operators of digital ecosystems when selling technically complex goods (smartphones, tablets, etc.) with pre-installed programs and application stores. It is now forbidden to block the installation of software from other sources or degrade the performance of an application store. Violation of these rules is equated to the sale of goods with a defect.

FEDERAL LAW NO. 268-FZ OF 23.07.2025

The new concept of "strategically significant medicinal products" has been introduced into legislation. These include drugs that meet priority healthcare needs (prevention and treatment of widespread diseases) and whose production must be organized on the territory of Russia. The specific list of such medicines, as well as the criteria and procedure for its formation, will be approved by the Government of the Russian Federation.

FEDERAL LAW NO. 304-FZ OF 31.07.2025

The Law standardizes the procedures for the registration of mass media, licensing in the sphere of subsurface use, movement of cultural valuables, environmental management, industrial safety, as well as the activities of public associations, non-profit organizations, religious organizations, political parties, tour operators, and appraisal organizations. This is achieved by introducing electronic registries, transitioning document flow into electronic form, and reducing the timeframes for administrative procedures.

FEDERAL LAW NO. 345-FZ OF 31.07.2025

Amends the law on the handling of pesticides, abolishing an outdated definition and clarifying the procedure for conducting registration trials. Legal entities possessing the necessary scientific and material-technical resources and qualified specialists may now be permitted to conduct such trials, subject to authorization from the competent federal authority.

FEDERAL LAW NO. 351-FZ OF 31.07.2025

Amends the trade law, introducing "localization" and state regulation for the activities of research (marketing) companies. To operate on the Russian market, such companies must meet the following requirements: the share of foreign participation in their charter capital must not exceed 20%, they must be registered in the Russian Federation, process data within the country's territory, and comply with the prohibition on enforcing decisions of "unfriendly" states.

FEDERAL LAW NO. 281-FZ OF 31.07.2025

Introduces administrative liability for transferring a mobile communication number to third parties in violation of the established rules. Fines are set at up to 50 thousand rubles for individuals and up to 200 thousand rubles for legal entities. Repeated administrative liability within three years may serve as grounds for prohibiting a foreign citizen from entering the Russian Federation for a period of up to 3 years.

FEDERAL LAW NO. 289-FZ OF 31.07.2025

The Law establishes the legal framework for the "platform economy," introducing uniform rules for operators of intermediary digital platforms (marketplaces) and their partners. It regulates the relationship between the parties, introduces a mandatory pre-trial dispute resolution procedure, sets requirements for product listings, and protects partner-performers from discriminatory terms.

DECREE OF THE PRESIDENT OF THE RUSSIAN FEDERATION NO. 547 OF 06.08.2025

A new national goal has been set to reduce greenhouse gas emissions by 2035 to a level of 65-67% of the 1990 level. This goal must be achieved taking into account the carbon sink capacity of Russian forests and ecosystems, as well as on the condition of non-discriminatory access for the country to the necessary technologies and ensuring sustainable socio-economic development.

DECREE OF THE GOVERNMENT OF RUSSIA NO. 1341 OF 30.08.2025

The authorized body for issuing certificates of origin for goods imported into the Russian Federation within the framework of special economic measures is designated as the Chamber of Commerce and Industry of the Russian Federation. The document amends the List of Goods Subject to Increased Rates of Import Customs Duties in relation to "unfriendly" states, including tools, construction and road machinery, machine tools, and fittings.

DECREE OF THE GOVERNMENT OF RUSSIA NO. 1392 OF 10.09.2025

Special rules for confirming Russian production for medicinal products and pharmaceutical substances have been established, entering into force on January 1, 2026. For inclusion in the register of Russian industrial products, a document from the Ministry of Industry and Trade is now required, confirming that key technological stages (e.g., chemical synthesis, fermentation, extraction from natural raw materials) have been performed within the territory of the EAEU states.

ORDER OF THE MINISTRY OF INDUSTRY AND TRADE OF RUSSIA NO. 4769 OF 26.09.2025

Specifies and expands the list of goods (groups of goods) for which parallel import is permitted, by amending the previously approved list of July 21, 2023, No. 2701. The changes affect codes and trademarks in the categories of plastics, rubber, articles of ferrous metals, aerospace equipment, as well as optical, measuring, and medical equipment, permitting their import while bypassing the rights holder.

DECISION OF THE EURASIAN INTERGOVERNMENTAL COUNCIL NO. 5 OF 30.09.2025

Establishes that the mechanism for tracking goods imported into the customs territory of the EAEU will commence permanent operation from September 1, 2026. The mechanism applies to certain categories of goods, such as those released for domestic consumption, confiscated, turned over to state revenue, or detained by customs.

DECREE OF THE GOVERNMENT OF RUSSIA NO. 1562 OF 08.10.2025

Amends Decree of the Government of the Russian Federation No. 1510 of 07.11.2024, establishing an additional experimental stage for the collection of biometric data from foreign citizens when crossing the border through designated checkpoints, effective from 01.12.2025 to 30.06.2026. It is recalled that Decree of Government No. 1510 introduced, from 01.12.2024, an experiment on new entry rules requiring visa-free foreigners to pre-register on the "Gosuslugi" portal and submit an electronic entry application. The experiment initially applied at airports in Moscow and the Moscow Region, as well as at the "Mashtakovo" checkpoint. The new procedure does not apply to citizens of Belarus, children under 6 years of age, and persons arriving via diplomatic and official channels.

DECREE OF THE PRESIDENT OF THE RUSSIAN FEDERATION NO. 738 OF 15.10.2025

Approves the Concept of the State Migration Policy of the Russian Federation for 2026-2030. The document defines the goals, principles, and main directions for regulating migration flows, including the priority of organized targeted recruitment of foreign workers, facilitating the voluntary resettlement of compatriots, as well as strengthening control over illegal migration and the integration of migrants.

DECREE OF THE GOVERNMENT OF RUSSIA NO. 1638 OF 23.10.2025

Increases, effective 1 January 2026, the rates of customs fees for performing customs operations related to the release of goods. In particular, for certain radio-electronic goods, the fee is raised from 30,000 to 73,860 rubles.

ORDER OF THE MINISTRY OF INDUSTRY AND TRADE OF RUSSIA NO. 5229 OF 23.10.2025

Amends the list of products for which confirmation of compliance with mandatory requirements in the form of a declaration of conformity based on the applicant's own evidence is prohibited. The list is supplemented, in particular, with cosmetic products, perfumery, shampoos, soap, as well as synchronous AC generators.

ORDER OF THE MINISTRY OF AGRICULTURE OF RUSSIA NO. 695 OF 27.10.2025

Revokes the previously issued Order (No. 537 of 21.08.2025), which had approved the procedure for obtaining a letter from the Ministry of Agriculture to apply reduced calculation coefficients for the utilization fee when importing new self-propelled machines of special categories (e.g., agricultural machinery).

DECREE OF THE GOVERNMENT OF RUSSIA NO. 1690 OF 30.10.2025

Suspends, until 1 September 2027, the requirement to provide genetic passports for varieties and hybrids of agricultural plants upon the import and export of their seeds. The decree also amends the procedure for state control in the field of seed farming, introducing remote forms of inspections and establishing that the import of seeds requires a conclusion confirming the absence of genetically engineered organisms in them.

DECREE OF THE GOVERNMENT OF RUSSIA NO. 1713 OF 01.11.2025

Establishes new rules for calculating the utilization fee for passenger cars from December 1, 2025. The base rate now depends on the type and engine capacity, and the final amount will be influenced by a coefficient calculated on a progressive scale based on engine power. A preferential coefficient is maintained for individuals importing cars with an engine power of up to 160 hp for personal use.

DECREE OF THE GOVERNMENT OF RUSSIA NO. 1747 OF 06.11.2025

Expands the list of goods subject to labeling within the "Honest Sign" system as part of the experiment on labeling auto parts. The updated list includes brake discs, brake pads, travel wheels, and discs (rims).

DECREE OF THE GOVERNMENT OF RUSSIA NO. 1762 OF 07.11.2025

Updates the procedure for categorizing objects of the critical information infrastructure of the Russian Federation. The Decree clarifies the list of objects subject to categorization, the initial data for the process, the powers of categorization commissions, as well as the indicators and values of criteria for determining the significance category of the critical information infrastructure objects.

DECREE OF THE GOVERNMENT OF RUSSIA NO. 1793 OF 14.11.2025

Conducts an experiment on labeling certain types of grocery products with identification means on the territory of the Russian Federation from November 14, 2025, to February 28, 2026. The experiment covers goods such as cereals, pasta, flour, dough mixes, porridge, muesli, instant potatoes, and honey, packaged in consumer packaging.

DECREE OF THE GOVERNMENT OF RUSSIA NO. 1865 OF 22.11.2025

Amends the procedure for organizing and implementing federal state control (supervision) in the sphere of circulation of biomedical cell products. The frequency of inspections for high-risk objects is clarified, along with the procedure for assigning risk categories, the order for issuing warnings and conducting preventive visits, and the possibility of remote control measures using, among other things, videoconferencing and the mobile application "Inspector."

DECISION OF THE COUNCIL OF THE EURASIAN ECONOMIC COMMISSION NO. 91 OF 26.11.2025

Simplifies the process of confirming the country of origin of goods to obtain tariff preferences when importing into the EAEU territory. From January 1, 2026, to December 31, 2029, an electronic or paper copy of the certificate of origin of the goods will be sufficient for customs clearance.

DECREE OF THE GOVERNMENT OF RUSSIA NO. 1907 OF 27.11.2025

Clarifies the procedure for calculating and paying customs fees for operations when using special customs declaration procedures. It is established that when applying incomplete or periodic customs declaration, fees for each declaration are paid at fixed rates established for the general procedure, regardless of the type of goods and the export duties applied to them.

FEDERAL LAW NO. 425-FZ OF 28.11.2025

The standard VAT rate is increased from 20% to 22% effective January 1, 2026. The income threshold for applying the VAT exemption under the simplified tax system is reduced: from 60 million rubles to 20 million rubles in 2026, with a subsequent phased reduction to 10 million rubles by 2028. A technology fee is introduced from September 1, 2026, on the import and production in the Russian Federation of electronic component base and products containing it. The gambling tax is transferred to the category of federal taxes.

DECREE OF THE GOVERNMENT OF RUSSIA NO. 1953 OF 28.11.2025

Adjusted the rules for labeling dietary supplements with identification means, mandatory for application from January 1, 2026. The rules for product registration, formation of a universal adjustment document, and data transfer for codes of various packaging levels (from single to transport) are defined.

DECREE OF THE GOVERNMENT OF RUSSIA NO. 1954 OF 28.11.2025

Approves the rules for mandatory labeling with identification means of certain types of radio-electronic products, effective from March 1, 2026. The characteristics of the identification means and the procedures for submitting information about all stages of product turnover (introduction, movement, withdrawal) are defined.

DECREE OF THE GOVERNMENT OF RUSSIA NO. 872 OF 01.12.2025

A temporary visa-free regime for entry into Russia and exit from Russia for citizens of the People's Republic of China on ordinary passports for stays of up to 30 days (guest, business, tourist, and other short-term purposes) is established until September 14, 2026. The visa-free regime does not apply to those entering for work, study, residence, or to engage in international road transport.

DECREE OF THE GOVERNMENT OF RUSSIA NO. 1995 OF 05.12.2025

For 2026, quotas for the use of foreign labor by economic entities in the Russian Federation have been reduced for most types of economic activity. Specific limits on the number of foreign workers have been established for certain territories.

DECREE OF THE GOVERNMENT OF RUSSIA NO. 894 OF 08.12.2025

The restriction on payments by Russian companies for shares, contributions, or participatory interests in the capital of foreign organizations, as well as contributions under simple partnership agreements with non-residents, has been extended. The prohibition on such operations without a special permit from the Bank of Russia is extended until December 31, 2026.

DECREE OF THE GOVERNMENT OF RUSSIA NO. 2012 OF 12.12.2025

From January 1 to December 31, 2026, a temporary quota on the import into Russia of certain types of seeds of agricultural plants from "unfriendly" states is introduced. The rules for distributing the permitted import volumes among participants in foreign trade activity, which will be carried out by the Ministry of Agriculture of Russia, have been approved, as well as the procedure for issuing confirmations of the intended use of seeds for scientific, educational, expert, breeding, and production purposes.

FEDERAL LAW NO. 495-FZ OF 28.12.2025

The deadline for closing old dumps and illegal landfills has been postponed. The disposal of municipal solid waste (MSW) at facilities that do not meet requirements is permitted until January 1, 2028 (previously planned for 2026) on the condition that such facilities are included in a special regional list and there is an approved plan for creating new modern waste processing and disposal facilities. The deadlines for obtaining comprehensive environmental permits have also been extended.

ANNEX 3.

AEB COMMITTEES AND WORKING GROUPS

INDUSTRIAL COMMITTEES

AGRIBUSINESS COMMITTEE

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AIRLINES COMMITTEE

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AUTOMOBILE MANUFACTURERS COMMITTEE

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BANKING COMMITTEE

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ACCOUNTING WORKING GROUP

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HEATING SYSTEMS MANUFACTURERS WORKING GROUP

WORKING GROUP PAGE >>

NON-FOOD FMCG WORKING GROUP

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TOBACCO PRODUCTS WORKING GROUP

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WORKING GROUP ON LABELING AND TRACK & TRACE SYSTEM

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REGIONAL COMMITTEES

NORTH-WESTERN REGIONAL COMMITTEE

COMMITTEE PAGE

SOUTHERN REGIONAL COMMITTEE

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