

**DECREE OF THE PRESIDENT OF THE RUSSIAN FEDERATION NO. 135 OF FEBRUARY 5, 1998 ON
ADDITIONAL MEASURES FOR INCREASING INVESTMENTS FOR THE DEVELOPMENT OF THE
DOMESTIC AUTOMOBILE INDUSTRY**

For the purpose of creating conditions for the development of the domestic automobile industry as one of the key sectors actively influencing the process of economic and social development of the country, I resolve:

1. To adopt the proposal of the Government of the Russian Federation on state support of large-scale projects for the creation and development of production capacity for the manufacturing of contemporary types of automobile transportation and automobile components (hereinafter called projects) including marketable components with the participation of foreign investors, which meet the following criteria:

the total amount of investment necessary for the realization of the project shall be composed of not less than 1500 million roubles in the course of five years, that is fixed in an investment agreement concluded between the investor and the federal organ of the executive power authorized by the Government of the Russian Federation. In the case of the participation of foreign investors in the authorized (constituent) capital of a Russian commercial organisation carrying out the realization of the project, its share must consist of no less than 150 million roubles;

the share of the expenditures made on the territory of the Russian Federation after the lapse of five years from the beginning of the realization of the project attributed to the prime cost shall compose not less than 50 per cent of the prime cost of the final product.

2. The Government of the Russian Federation shall determine the peculiarities of the legal regulation of the customs regime of a free warehouse in regards to motor vehicles and automobile components made within the bounds of the realization of the project, having in mind in this case that:

the said motor vehicles and automobile components within the quotas, which have been established by the Government of the Russian Federation for each project, at the time of their export from the territory of free storage and import to the rest of the territory of the Russian Federation shall be considered originating from the Russian Federation;

when determining the said quotas it is necessary to proceed from the amount of actual annual investments in the realization of these projects, the amount of the manufacturing of means of motor vehicles and components and share of the expenditures made on the territory of the Russian Federation, and attributed to the prime cost of the final product;

in the case of the violations of the terms of this Decree and investment agreements mentioned in Item 1 of this Decree, the peculiarities of the customs regime of a free warehouse are not subject to application from the day of discovery of the said violations;

the time of application of the peculiarities of the customs regime of a free warehouse to the motor vehicles and automobile components made within the scope of a project must not exceed the time of realization of this project, but cannot be more than seven years.

The State Customs Committee of the Russian Federation shall issue to Russian commercial organisations (including with foreign investments), which are implementing the realization of projects, licences for the establishment of free warehouses on the basis of decisions of the Government of the Russian Federation.

3. The Government of the Russian Federation shall develop within two months a procedure for the determination of:

origin of the motor vehicles and components stipulated by this Decree;

share of the expenditures made on the territory of the Russian Federation in the prime cost of the final product;

quantitative limitations for the application of the peculiarities of the customs regime of a free warehouse stipulated by this Decree.

4. To recommend to the organs of the executive power of entities of the Russian Federation on the territory of which are located the Russian commercial organisations implementing the realization of these projects to grant to these organisations within the limits of their authority additional privileges and guarantees.

President
of the Russian Federation

B. Yeltsin

Moscow, the Kremlin