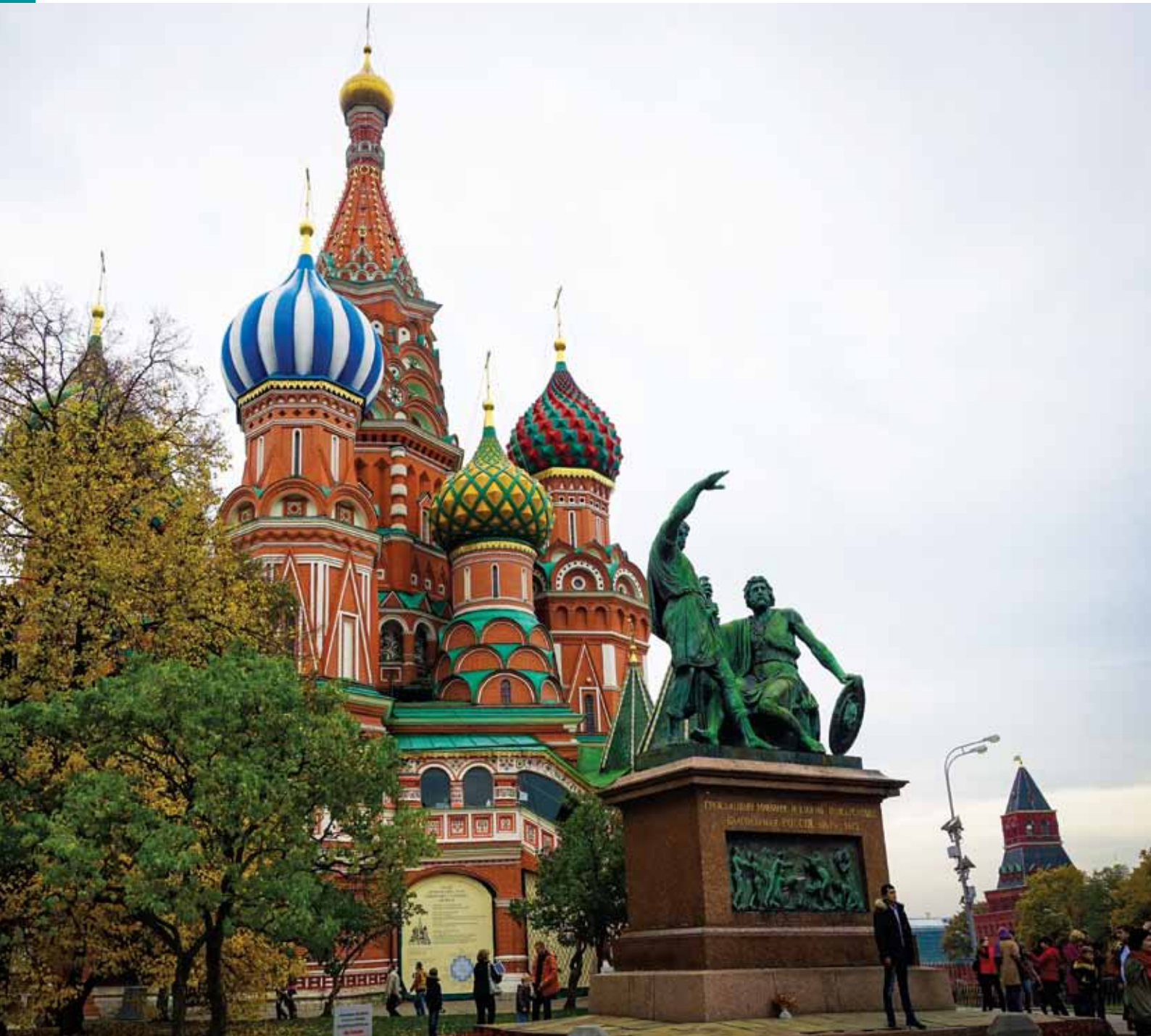




2016

Country Profile

The Russian Federation



The Russian Federation Country Profile

April 2016

Acknowledgements

Team Leader: Samir S. Amir
Lead Researcher: Zahra Anum

Disclaimer:

The findings, interpretations and conclusions expressed do not necessarily reflect the views of the Board of Directors and Members of The Pakistan Business Council or the companies they represent.

Any conclusions of analysis based on ITC, IDB, CTS, UNCTSD and WEO data are the responsibility of the author(s) and do not necessarily reflect the opinion of the WTO, IMF or UN.

Although every effort has been made to cross-check and verify the authenticity of the data, The Pakistan Business Council, or the author(s), do not guarantee the data included in this work. All data and statistics used may be subject to change.

For any queries or feedback regarding this report, please contact samir@pbc.org.pk or Zahra@pbc.org.pk

Cover Picture: St. Basil's Cathedral 2, At Red Square in Moscow, Russia by brando.n licensed under Creative Commons 2.0; <https://www.flickr.com/photos/bpprice/15514656831/>

The Pakistan Business Council: An Overview

The Pakistan Business Council (PBC) is a business policy advocacy forum, representing private-sector businesses that have substantial investments in Pakistan's economy. It was formed in 2005 by 14 (now 52) of Pakistan's largest enterprises, including multinationals, to allow businesses to meaningfully interact with government and other stakeholders.

The Pakistan Business Council is a pan-industry advocacy group. It is not a trade body nor does it advocate for any specific business sector. Rather, its key advocacy thrust is on easing barriers to allow Pakistani businesses to compete in regional and global arenas.

The PBC works closely with the relevant government departments, ministries, regulators and institutions, as well as other stakeholders including professional bodies, to develop consensus on major issues which impact the conduct of business in and from Pakistan. The PBC has submitted key position papers and recommendations to the government on legislation and other government policies affecting businesses. It also serves on various taskforces and committees of the Government of Pakistan as well as those of the State Bank, SECP and other regulators with the objective to provide policy assistance on new initiatives and reforms.

The PBC conducts research and holds conferences and seminars to facilitate the flow of relevant information to all stakeholders in order to help create an informed view on the major issues faced by Pakistan.

The PBC's Founding Objectives:

- To provide for the formation and exchange of views on any question connected with the conduct of businesses in and from Pakistan.
- To conduct, organize, set up, administer and manage campaigns, surveys, focus groups, workshops, seminars and field works for carrying out research and raising awareness in regard to matters affecting businesses in Pakistan.
- To acquire, collect, compile, analyze, publish and provide statistics, data analysis and other information relating to businesses of any kind, nature or description and on opportunities for such businesses within and outside Pakistan.
- To promote and facilitate the integration of businesses in Pakistan into the world economy and to encourage the development and growth of Pakistani multinationals.
- To interact with Governments in the economic development of Pakistan and to facilitate, foster and further the economic, social and human resource development of Pakistan.

The PBC is a Section 42 not-for-profit Company Limited by Guarantee. Its working is overseen by a Board of Directors elected every three years by the Membership with the Board being headed by a Non-Executive Chairman. The day-to-day operations of the PBC are run by a professional secretariat headed by a full-time, paid CEO.

More information on the PBC, its members, and its workings, can be found on its website: www.pbc.org.pk

The PBC's Member Companies

 <p>Abbott A Promise for Life</p>	 <p>AkzoNobel</p>	 <p>AlliedBank</p>	 <p>Artistic Milliners</p>	 <p>Atlas</p>
 <p>Bank Alfalah Limited</p>	 <p>CHERAT CEMENT</p>	 <p>Coca-Cola</p>	 <p>COLGATE-PALMOLIVE</p>	 <p>Dawood Hercules</p>
 <p>DESCON</p>	 <p>efu</p>	 <p>Peak Frauns The Legend Leads... English Biscuit Manufacturers</p>	 <p>engro corp</p>	 <p>faysabank</p>
 <p>GATRON</p>	 <p>Getz Pharma</p>	 <p>gsk GlaxoSmithKline</p>	 <p>Gul Ahmed TEXTILE MILLS LIMITED, KARACHI</p>	 <p>HBL</p>
 <p>HASCOL</p>	 <p>HUBCO</p>	 <p>ICI PAKISTAN</p>	 <p>interloop</p>	 <p>INTERNATIONAL INDUSTRIES LTD.</p>
 <p>INDUS GROUP</p>	 <p>TOYOTA DAIHATSU INDUS MOTOR COMPANY LIMITED</p>	 <p>JDW JDW Sugar Mills Ltd.</p>	 <p>KE Energy That Moves Life</p>	 <p>LOTTE</p>
 <p>LUCKY CEMENT</p>	 <p>MEGA MEGA CONGLOMERATE</p>	 <p>MTL Millat Tractors Ltd.</p>	 <p>National FOODS SINCE 1970</p>	 <p>Nestlé</p>

The PBC's Member Companies

 <p>NISHAT MILLS LTD.</p>	 <p>Martin Dow Pharmaceuticals for a Changing World</p>	 <p>PACKAGES Limited</p>	 <p>pakarab FERTILIZERS LIMITED</p>	 <p>PAKISTAN TOBACCO COMPANY</p>
 <p>PHILIP MORRIS INTERNATIONAL</p>	 <p>Reckitt Benckiser</p>	 <p>SAIF GROUP</p>	 <p>Sapphire</p>	 <p>SIEMENS</p>
 <p>Soneri Bank</p>	 <p>Standard Chartered</p>	 <p>PROTECTS Tetra Pak® WHAT'S GOOD</p>	 <p>VTCS WE MOVE YOU</p>	 <p>Tufail Chemical Industries Limited</p>
 <p>UBL</p>	 <p>Unilever</p>			

Executive Summary

By landmass Russia is the largest country in the world. It covers more than one-eighth of the Earth's inhabited land area. It is also the world's ninth most populous country with a population estimated at just over 146 Million in 2015. Russia has vast mineral resources, as well as energy resources, which are estimated to be the largest in the world, making it one of the biggest producers of oil and natural gas. In addition it is a permanent member of the UN Security Council and one of the five recognized nuclear powers.

The Pakistan Business Council, as part of its on-going research initiatives, is conducting a series of studies on key economies which indicate opportunities for trade and investment. This short report provides a brief snapshot of the Russian economy concentrating on various aspects of trade and investment.

In 2014 the Russian economy was ranked as the tenth largest by nominal GDP and the sixth largest by purchasing power parity. The table below shows a comparison between the Pakistan and Russian economies.

	Pakistan		Russia	
	2013	2014	2013	2014
Real GDP	\$143.76 B	\$150.57 B	\$993.47 B	\$999.83 B
Real GDP Growth	4.37%	4.74%	1.34%	0.64%
GDP per Capita (Nominal)	\$1,268.93	\$1,325.79	\$14,467.79	\$12,717.69
Population	183 M	185.1 M	143.7 M	146.3 M
Trade Surplus/(Deficit)	(\$18.6) B	(\$22.8) B	\$212.32 B	\$211.28 B
Current Account Balance	(\$2.5) B	(\$3.1) B	\$34.14 B	\$59.46 B
FDI, net inflow	\$1.3 B	\$0.8 B	\$69.2 B	\$20.9 B

Economic activity in Russia decelerated in late 2014 mainly due to a fall in oil prices and the Western sanctions imposed on it as a result of the Ukrainian crisis. In 2014 Russia was the 11th largest exporter of commodities in the world with an export value of \$497 Billion. For the past 10 years, the Netherlands has clearly been Russia's top export partner, with exports going from \$15 Billion in 2004 to an all-time high of \$76 Billion in 2012. Meanwhile China has been Russia's top import partner, with imports amounting to \$50.8 Billion in 2014 and \$34 Billion in 2015, around 19% of Russia's total world imports.

With the start of the Ukraine crisis and the first round of sanctions imposed on Russia by the US, Canada, Australia and the EU amongst others; President Putin announced a turning point in Russia's foreign policy, calling it the 'Pivot to Asia'. The Russian government is seeking to increase Russia's integration with Asia, through the achievement of mutually advantageous economic ties, by bolstering Moscow's diplomatic influence on critical Asian issues and finally by raising Russia's profile in Asian regional organizations.

Russia's economy is highly dependent on fossil fuels, with Mineral Fuels and oil products accounting for the majority of exports; while relying on imports for most manufactured goods. Russia's largest imports consist of Machinery, Electronic Equipment and Vehicles.

From 2010, Russia has faced a deficit in its trade relationship with Pakistan, with 2015 showing exports to Pakistan of just \$96 Million whereas imports totaled \$285 Million. Russia's top exported commodities to Pakistan consist mainly of Paper and Paperboard, Edible vegetables, Iron and steel, Inorganic Chemicals and Machinery; whereas imported commodities from Pakistan consist of Edible Fruits, Articles of Apparel (HS 62 and 61), Edible vegetables and Cereals.

Russia is a huge market for some of the products that Pakistan manufacturers. Some of the major opportunities for Pakistani exports lie in Other Petroleum Oils and Preparations; Women's/girls trousers and shorts, of cotton, not knitted; Men's/boys trousers and shorts, of cotton, not knitted; Instruments and appliances used in medical or veterinary sciences, nes; and Portland cement nes.

On the imports side the major items that can be imported by Pakistan from Russia, include Mineral fuels, Iron and Steel, Residues and waste from the food industries, Fertilizers and Pharmaceutical products.

Table of Contents

Executive Summary	vi
Key Social Indicators	03
Short Country History	06
Economy	07
Economic Outlook.....	09
Financial Sector.....	10
The Pivot to Asia Initiative	12
Trade	15
Trade Balance.....	15
Major Trading Partners	15
Major Imports	16
Top Imported Commodities at HS06.....	17
Major Exports	18
Top Exported Commodities at HS06	19
Regional Trade Trends	21
Russia’s Inter-Region Trade.....	22
Russian Industries.....	26
Trade Alliances	29
Russia’s Trade with Pakistan.....	32
Imports and Exports	32
Trade Potential.....	37
Trade Patterns with Major Partners.....	40
India	40
China	43
Ease of Doing Business	47
Ease of Doing Business	49
FDI Rules and Regulations.....	50
Special Restrictions.....	53
Foreign Companies Operating in Russia	55
Major Institutions	56
Consulates and Business Forums	57
Sources	58

SECTION I

Social Indicators

Key Social Indicators

Geographical Location: Russia is located in North Asia bordering the Arctic Ocean, extending from Europe (the portion west of the Urals) to the North Pacific Ocean.

Geographic Coordinates: 60 00 N, 100 00 E

County Map:



Total Area: 17.2 Million Square Kilometres

Land: 16.4 Million sq. km

Agricultural Land: 2,168,400 Square Kilometres

Arable land: 7.3%

Irrigated land: 43,000 square kilometres (2012)

Water: 720,500 sq. km

Coastline: 37,653 Km.

Border Countries (14): Azerbaijan 338 km, Belarus 1,312 km, China (southeast) 4,133 km, China (south) 46 km, Estonia 324 km, Finland 1,309 km, Georgia 894 km, Kazakhstan 7,644 km, North Korea 18 km, Latvia 332 km, Lithuania (Kaliningrad Oblast) 261 km, Mongolia 3,452 km, Norway 191 km, Poland (Kaliningrad Oblast) 210 km, Ukraine 1,944 km

Capital City: Moscow

Regions: 8 Federal Districts that have a total of 83 Federal Subjects of Russia

Population

Population: 146.30 Million (2014 est.)

Population growth rate: -0.04% (2015 est.)

Urban Population: 74% of total population (2015 est.)

Major Urban Areas Population: Moscow (capital) 12 Million; Saint Petersburg 4.99 Million; Novosibirsk 1.497 Million; Yekaterinburg 1.379 Million; Nizhniy Novgorod 1.21 Million; Samara 1.164 Million (2015 est.)

Population by Age:

0-14 years: 16.68% (male 12 M/female 11 M)

15-24 years: 10.15% (male 7 M/female 7 M)

25-54 years: 45.54% (male 31 M/female 33 M)

55-64 years: 14.01% (male 8 M/female 11 M)

65 years and over: 13.61% (male 5.9 M/female 13 M) (2015 est.)

Life Expectancy:

Total population: 70.47 years; Male: 64.7 years; Female: 76.57 years (2015 est.)

Literacy Rates:

Definition: age 15 and over can read and write

Total population: 99.7%; Male: 99.7%; Female: 99.6% (2015 est.)

Religions: Russian Orthodox 15-20%, Muslim 10-15%, other Christian 2% (2006 est.)

Note: estimates are of practicing worshipers; Russia has large populations of non-practicing believers and non-believers; Russia officially recognizes Orthodox Christianity, Islam, Judaism, and Buddhism as traditional religions

Languages: Russian (official) 85.7%, Tatar 3.2%, Chechen 1%, other 10.1% (2010 est.)

Government Type: Federation

Legal system: Civil law system

Connectivity

Roads

Total: 1,283,387 km

Paved: 927,721 km (includes 39,143 km of expressways)

Unpaved: 355,666 km (2012)

Country comparison to the world: 5

Airports

Total: 1,218 (2013)

Airports - with paved runways: 594

Airports - with unpaved runways: 624

Busiest Airports: Sheremetyevo International Airport – Moscow ; Domodedovo International Airport – Moscow; Vnukovo International Airport – Moscow; Pulkovo Airport - Saint Petersburg; Simferopol International Airport - Republic of Crimea; Koltsovo Airport - Sverdlovsk Oblast; Sochi International Airport - Krasnodar Krai; Tolmachevo Airport

- Novosibirsk Oblast; Pashkovsky Airport - Krasnodar Krai; Ufa International Airport – Bashkortostan; Kurumoch International Airport - Samara Oblast; Rostov-on-Don Airport - Rostov Oblast; Mineralnye Vody Airport - Stavropol Krai; Khabarovsk Novy Airport – Khabarovsk; Yemelyanovo Airport - Krasnoyarsk Krai

Ports

Major seaport(s): Kaliningrad, Nakhodka, Novorossiysk, Primorsk, Vostochnyy

River port(s): Saint Petersburg (Neva River)

Oil terminal(s): Kavkaz oil terminal

Container port(s) (TEUs)¹: Saint Petersburg

LNG terminal(s) (export): Sakhalin Island

Internet Connectivity

Total Internet Users: 84.4 Million

Freedom on the Net: Not Free

In June 2014, the Russian president signed new amendments to the criminal code that increased penalties for disseminating materials online related to “extremism” or religious hatred, and criminalized the financing of extremist activity

In July 2014, the president signed a new data localization law that required technology companies processing Russians’ data to host the information on local servers.

Internet Country Code: .ru

Mobile Connectivity

Total Mobile Phone Users: 221 Million

Subscriptions per 100 inhabitants: 155 (2014 est.)

The telephone system is experiencing significant changes; more than 1,000 companies licensed to offer communication services. Access to digital lines has improved, particularly in urban centres. Progress made toward building the telecommunications infrastructure necessary for a market economy.

The estimated number of mobile subscribers jumped from fewer than 1 million in 1998 to more than 235 million in 2011; fixed-line service has improved but a large demand remains

Country Code: +7

¹TEU: (Twenty Foot Equivalent Unit) is the unit of the capacity of a container ship, a container terminal and the statistics of the container transit in a port. The two most common international standardized containers are those of twenty and forty foot.

Short Country History

Founded in the 12th century, the Principality of Muscovy was able to emerge from over 200 years of Mongol domination (13th-15th centuries) and to gradually conquer and absorb surrounding principalities. In the early 17th century, a new Romanov Dynasty continued this policy of expansion through Siberia to the Pacific. Under Peter I (ruled 1682-1725), Russian hegemony was extended to the Baltic Sea and the country was renamed the Russian Empire. During the 19th century, more territorial acquisitions were made in Europe and Asia. Defeat in the Russo-Japanese War of 1904-05 contributed to the Revolution of 1905, which resulted in the formation of a parliament and other reforms. Repeated devastating defeats of the Russian army in World War I led to widespread rioting in the major cities of the Russian Empire and to the overthrow in 1917 of the imperial household.

The communists under Vladimir Lenin seized power soon after and formed the Union of Soviet Socialist Republics (USSR). The rule of Joseph Stalin (1928-53) strengthened communist rule and Russian dominance of the Soviet Union. After defeating Germany in World War II as part of an alliance with the US (1941-1945), the USSR expanded its territory and influence in Eastern Europe and emerged as a global power. The USSR was the principal adversary of the US during the Cold War (1947-1991). The Soviet economy and society stagnated in the decades following Stalin's rule, until General Secretary Mikhail Gorbachev (1985-91) introduced glasnost (openness) and perestroika (restructuring) in an attempt to modernize the Soviet Union, however his initiatives inadvertently released forces that by December 1991 splintered the USSR into Russia and 14 other independent republics.

Following economic and political turmoil during President Boris Yeltsin's term (1991-99), President Yeltsin unexpectedly resigned, handing the post to the recently appointed Prime Minister, Vladimir Putin, who then won the 2000 presidential election. On 2 March 2008, Dmitry Medvedev was elected President of Russia while Vladimir Putin became Prime Minister. Mr. Putin returned to the presidency following the 2012 presidential elections, and Mr. Medvedev was appointed Prime Minister.

In 2014, after President Viktor Yanukovich of Ukraine fled as a result of a revolution, President Putin requested and received authorization from the Russian Parliament to deploy Russian troops to the Ukraine. Following a Crimean referendum in which separation was favoured by a large majority of voters, but not accepted internationally, the Russian leadership announced the accession of Crimea into the Russian Federation. On 27 March the United Nations General Assembly voted in favour of a non-binding resolution opposing the Russian annexation of Crimea by a vote of 100 in favour, 11 against and 58 abstentions.

The Russian military intervention in Ukraine, prompted a number of governments to apply sanctions against individuals, businesses and officials from Russia and Ukraine. Sanctions were approved by the United States, the European Union (EU) and other countries and international organisations. Russia has responded with sanctions against a number of countries, including a ban on food imports from the EU, United States, Norway, Canada and Australia.

In September 2015, Russia started a military intervention in the Syrian Civil War, consisting of air strikes against militant groups of the Islamic State.

Economy

Russia is the largest country in the world, covering more than one-eighth of the Earth's inhabited land area; and is the world's ninth most populous country with over 146 Million people in 2015.

In 2014 the Russian economy ranked as the tenth largest by nominal GDP and sixth largest by purchasing power parity. Russia's extensive mineral and energy resources, the largest energy reserves in the world, have made it one of the largest producers of oil and natural gas globally; along with the country being one of the five recognized nuclear states.²

Russia is a high-income economy³ with state ownership in strategic areas of the economy. Market reforms in the 1990s privatized much of Russian industry and agriculture, with exceptions in the energy and defence-related sectors.

In the face of sharply lower oil prices and geopolitical tensions and sanctions, economic activity in Russia decelerated in late 2014. Real GDP⁴ growth fell from 4.3% in 2011 to 0.6% in 2014. Oil and gas prices remained low through the first half of 2015, further underscoring Russia's vulnerability to volatile global commodity markets; though the policy response by the authorities successfully stabilized the economy⁵.

	2011	2012	2013	2014
Real GDP	\$948.04 B	\$980.33 B	\$993.47 B	\$999.83 B
Real GDP Growth	4.26%	3.41%	1.34%	0.64%
GDP per Capita (Nominal)	\$13,320.22	\$14,069.16	\$14,467.79	\$12,717.69
Population	143.00 M	143.30 M	143.70 M	146.30 M
Trade Surplus/(Deficit)	\$210.90 B	\$208.57 B	\$212.32 B	\$211.18 B
Current Account Balance	\$97.27 B	\$71.28 B	\$34.14 B	\$59.46 B
FDI, net inflow	\$55,084 M	\$50,588 M	\$69,219 M	\$20,958 M
Government Gross Debt (% of GDP)	11.64%	12.66%	14.03%	17.82%

²International Monetary Fund, World Economic Outlook Data; Stockholm International Peace Research Institute (SIPRI)

³World Bank Country Data

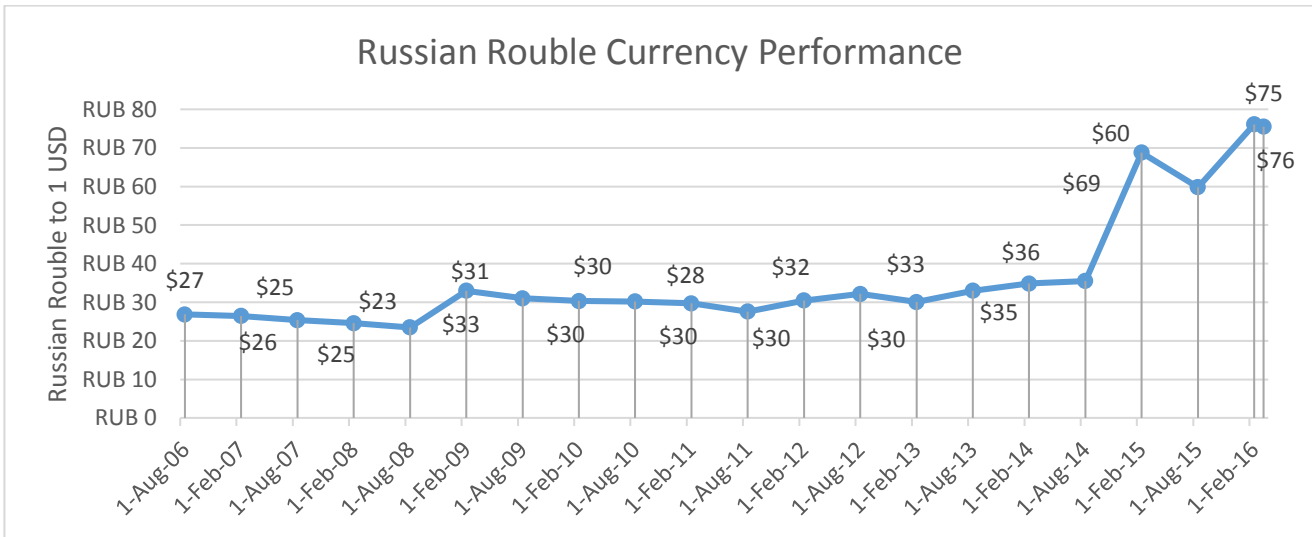
⁴Real GDP is used to measure the true growth of a series, i.e. adjusting for the effects of price inflation.

⁵World Bank Russia Economic Report September 2015

Russia's Nominal GDP⁶ contracted in 2014, after seeing a steady rise since 2009. From a Nominal GDP of \$2,079 Billion in 2013, Russia reported a Nominal GDP of \$1,860 in 2014; indicating a decline of around 11%. Services and Industry remain the top contributing sectors with Agriculture playing a negligible role. In 2014 Services contributed 60.0% and Industry contributed 35.8% to the country's Nominal GDP. Agriculture contributed a mere 4.1%.



Currency: The currency of Russia is the Russian Rouble. Since August 2014, the Russian Rouble has seen a steady devaluation, from RUB 35.53 for 1 US Dollar in 2014, to RUB 75.49 for a US Dollar on March 1st 2016.



⁶Nominal GDP is an unadjusted rate. This type of measure reflects the current situation and doesn't make adjustments to reflect factors such as seasonality or inflation

Economic Outlook⁷

Russia is one of the world's leading producers of oil and natural gas, and is also a top exporter of metals such as steel and primary aluminium. Russia's manufacturing sector is generally uncompetitive on world markets and is geared toward domestic consumption. Russia's reliance on commodity exports makes it vulnerable to boom and bust cycles that follow the volatile swings in global prices.

The economy, which had averaged 7% growth during 1998-2008 as oil prices rose rapidly, has seen diminishing growth rates since that time due to the exhaustion of Russia's commodity-based growth model. The Russian Economic Development Ministry estimates that GDP growth would be limited to 1.5-2% per year during the next five years in the absence of major structural and institutional reforms.

A combination of falling oil prices, international sanctions, and structural limitations pushed Russia into a deep recession in 2015, with the GDP falling by close to 4%; and with most economists expecting that this downturn will continue into a least the first quarter of 2016.

Oil and gas prices remained low through the first half of 2015, further underscoring Russia's vulnerability to volatile global commodity markets. The weakening of the Rouble created a price advantage for some industries, boosting a narrow range of exports and encouraging investment in certain sectors. This however was not sufficient to generate an overall increase in non-energy exports. Investment demand continued to contract for a third consecutive year. Economic policy uncertainty arising from an unpredictable geopolitical situation and continuation of the sanctions regime caused private investment to decline rapidly as capital costs rose and consumer demand evaporated.

The policy response by the authorities successfully stabilized the economy. Measures to support the financial sector appear to have contained systemic risks, and there are early signs of stabilization. Nevertheless, the pass-through effect of the December 2014 depreciation boosted inflation to levels not seen since 2002. Even as the recession deepened in the first half of 2015 controlling inflation became the central bank's main policy challenge. Low oil prices continue to put downward pressure on federal revenue, ushering in a period of difficult fiscal consolidation.

⁷CIA The World Factbook – Russia; The World Bank Russia Economic Report, September 2015

Financial Sector

The major financial institutions operating in Russia are banks, insurance companies and micro-finance institutions; amongst which is a combination of private and state owned enterprises.

Banking

Apart from The Bank of Russia, Russia's Central Bank, given below are a list of the top banks operating in Russia.

Banks in Russia	
Sberbank	Credit Bank of Moscow
VTB Bank	Promsvyazbank
Gazprombank	Rosbank
VTB 24	Raiffeisenbank
Otkritie FC	BIN Bank
Rosselkhozbank	Bank Saint Petersburg
Alfa-Bank	Rossiya
National Clearing Centre	Bank of Khanty-Mansiysk
Bank of Moscow	Russian Standard
UniCredit Bank	AO Citibank

Sberbank

Sberbank (SBER) was founded in 1841 in Moscow, and it has always been a joint publicly owned and government-owned institution. The Central Bank of Russia owns 51% of SBER assets, 49% of which are listed publicly.

The Banker's Top 1000 World Banks listed Sberbank as the third-largest bank in Europe in 2014, as well as the 33rd largest globally.

VTB

Another majority state-owned bank, VTB (VTBR) was founded as Vneshtorgbank in 1990. The Russian government owns nearly 61% of VTB, with the rest listed on the Moscow exchange. VTB is registered in Saint Petersburg.

Gazprombank

Gazprombank was founded in 1990 by natural gas producer Gazprom (GAZP) to provide new banking services to other gas industry enterprises. While it still retains a large focus on oil and gas, GSB now services several other sectors in the Russian economy.

Gazprombank is the third-largest bank in the Russian Federation at roughly half the size of VTB in terms of total assets. The company employs around 13,500 people and is headquartered in Moscow.

The U.S. Department of the Treasury imposed severe sanctions against Gazprombank, forbidding any American citizens from providing new financing.

Moscow Exchange Equity & Bond Market

Moscow Exchange's Equity & Bond Market is the CIS (Commonwealth of Independent States) and CEE's (Central and Eastern Europe) largest equity and bond market. Moscow Exchange is among the top 30 leading stock exchanges worldwide.

The Exchange's Main Market Sector includes two main markets, each of which employs and offers specific procedures and instrument types.

- **Equity Capital Market (T+ Market).** Offers trading in shares, depositary receipts, fund shares, ISUs, and ETFs, as well as OFZs (Federal Loan Obligations) and regional and corporate bonds. The T+ Market is based on trading with a central counterparty, partial collateral and deferred execution. Trades executed in the Main Trading Mode T+ (T+2 order book) are settled two days after the trade is conducted (T+2 settlement cycle).
- **Debt Capital Market (T0 Market).** Offers trading in OFZs, corporate bonds (including commercial papers), regional bonds, and municipal bonds. The T0 Market is based on trading with a central counterparty and full (100%) prefunding. Trades executed in the Main Trading Mode are settled on the same day as the trade is conducted (T+0).

Insurance Companies

The Russian insurance market is dominated at the top by one-stop insurers offering an array of personal and commercial insurance lines. In 2014, the most recent year for which industry data is available, the top five insurers in Russia accounted for 45.8% of total written premiums in all market segments. This represents a one-year combined increase of 3.2% market share for Russia's biggest insurance companies.

- **Rosgosstrakh**
 - Rosgosstrakh (RGS) is Russia's largest insurance company. It reported nearly \$3.4 billion in gross written premiums in 2014, good for a market share of over 15%.
- **Sogaz Insurance Group**
 - Sogaz Insurance Group was established in 1993, quickly growing into the second-largest insurance company in Russia. In 2014, the 11 affiliated companies in the group reported combined gross written premiums of more than \$2.7 billion for a market share of about 11%.
- **Ingosstrakh Insurance Company**
 - Ingosstrakh Insurance Company is another full-service insurer with diverse offerings for individuals and business customers. It captured 7% of the Russian insurance market in 2014, reporting gross written premiums of more than \$1.7 billion.
- **Reso-Garantia**
 - Reso-Garantia comes in just behind Ingosstrakh, with nearly \$1.7 billion in gross written premiums.
- **AlfaStrakhovanie Group**
 - AlfaStrakhovanie Group reported about \$1.25 billion of gross written premiums in 2014, amounting to 5.9% of the Russian market.

Micro Finance Institutions:

Institutions providing microfinance services in Russia include formal institutions (banks, non-bank credit institutions, credit cooperatives and state/municipal development funds) and semi-formal institutions (which take several organizational forms and play a major role in the industry). Banks and non-bank credit institutions are regulated by the Central Bank of the Russian Federation. Credit cooperatives are not regulated at the federal level; however, states may regulate credit cooperatives through state-specific laws. Finally, several state and municipal small and medium enterprise support funds exist and are regulated by state, regional, and federal governments. Microfinance organizations are governed by a legal framework adopted in July 2010, under which the Ministry of Finance issued prudential regulations for microfinance organizations and the Federal Service for Financial Markets (FSFM) established and maintains a federal register of microfinance organizations. The FSFM also maintains federal registers of other relevant entities, including consumer credit providers and credit bureaus.

The Pivot to Asia Initiative⁸

With the start of the Ukraine crisis and the first round of sanctions imposed on Russia by the US, Canada, Australia and the EU amongst others; President Putin announced a turning point in Russia's foreign policy, calling it the 'Pivot to Asia'. The Russian government under this policy seeks to increase Russia's integration with Asia; this policy is to be used for achieving mutually advantageous economic ties, developing eastern Siberia in particular, attracting considerably more investment and high technology into Russia, bolstering Moscow's diplomatic influence on critical Asian issues, raising Russia's profile in Asian regional organizations, and promoting multi-polarity. Moscow's main tools to realize this strategy has been to reaffirm Russia's often overlooked Asian identity, leveraging Russian arms exports and energy riches, adopting a low-key neutral position on Asian territorial disputes except for its own with Japan⁹, and pursuing flexible diplomatic and economic ties.

Russia has tried not only to strengthen ties with China but also to sustain relations with longstanding partners like India, Vietnam, and North Korea. It has recently started cultivating new partnerships with Japan, South Korea, and the Association of Southeast Asian Nations (ASEAN) with the aim to bolster Moscow's leverage and options. In recent years, Russia has hosted the Asia-Pacific Economic Cooperation (APEC) Summit and joined the East Asian Summit.

Russian President Vladimir Putin has led this shift. In his presidential state-of-the-nation address in early December 2015, President Putin confirmed that the Russian city Sochi would host a Russian-ASEAN summit in 2016. He also proposed studying whether to pursue a massive economic integration project that would encompass the members of ASEAN, the Shanghai Cooperation Organization, and the Moscow-led Eurasian Economic Union (EEU).

⁸The Diplomat "Putin's Perennial Pivot Problem"; Bloomberg View "Russia's Pivot to China Is Real"

⁹Kuril Islands Dispute: is a dispute between Japan and Russia over sovereignty of the South Kuril Islands. The disputed islands, which were annexed by Soviet forces after the end of World War II, are under Russian administration. They are claimed by Japan, which refers to them as the Northern Territories.

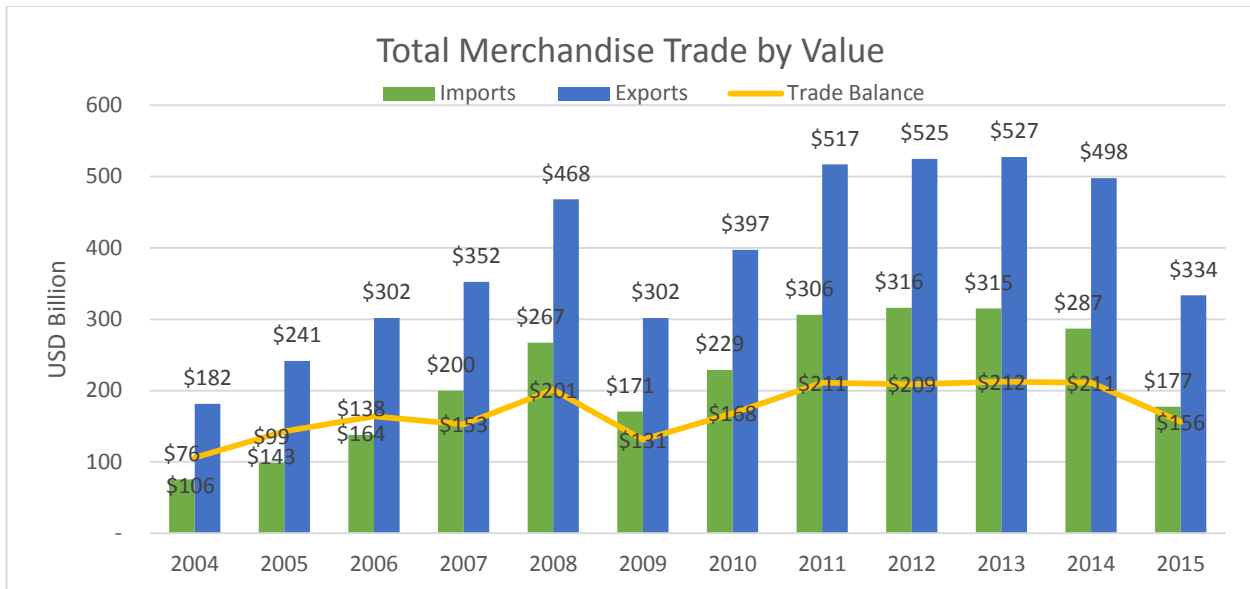
SECTION II

Russia's Trade

Trade

Trade Balance

In 2014 Russia was the 11th greatest exporter of commodities in the world with an export value of \$498 Billion. In the same year Russia had a 1.5% share in world imports, ranking 17 in world imports (International Trade Centre UNCTAD/WTO). In 2014 Russia had a trade surplus of \$211 Billion, while 2015's initial data shows a surplus of \$156 Billion; with total exports amounting to \$334 Billion and imports amounting to \$177 Billion.



Major Trading Partners

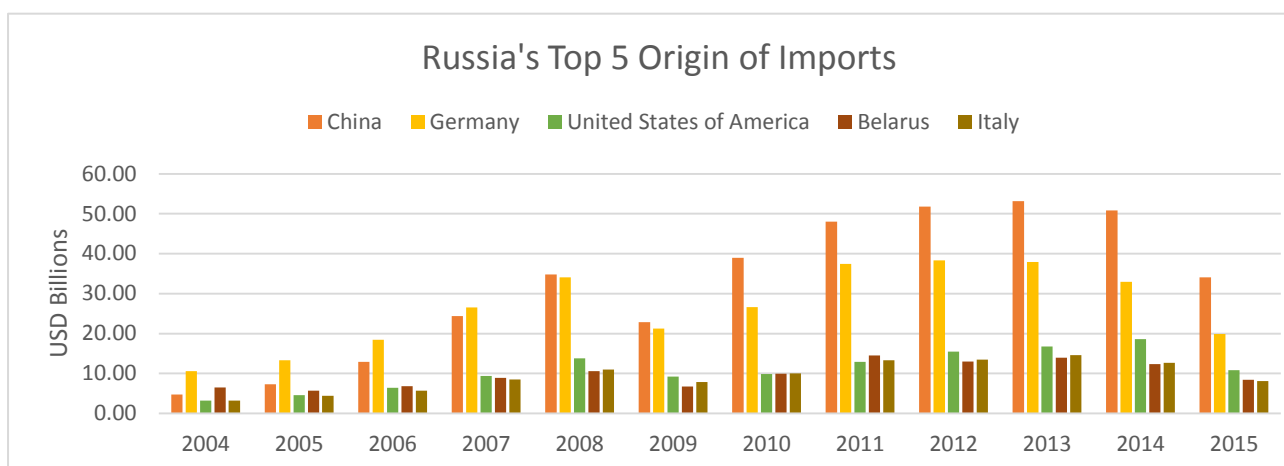
For the past 10 years, the Netherlands has been Russia's top export partner, with exports going from \$15 Billion in 2004 to an all-time high of \$76 Billion in 2012. In 2015 Russia reported exports of \$38.6 Billion to the Netherlands.

Amongst country groups, The European Union remains the leading trade partner of the Russian Federation. The EU Member States account for about 50% of the total Russian exports and imports. Russia's exports to the EU amounted to \$224 Billion and \$160 Billion, in 2014 and 2015 respectively; while imports for the same time period amounted to \$118 Billion and \$68 Billion respectively.

Russia's top exported items to China in 2014 and 2015 consisted of Mineral fuels, oils, distillation products, etc.; Wood and articles of wood, wood charcoal; Machinery, nuclear reactors, boilers, etc.; Fish, crustaceans, molluscs, aquatic invertebrates nes; Fertilizers. The only difference between 2014 and 2015 is that Russia exported \$10.3 Billion worth of Ores, Slag and Ash in 2014, making it the 4th most exported commodity, while it exported \$7.0 Billion worth in 2015 making it the 6th most exported commodity.



China is Russia's top import partner, with imports amounting to \$50.8 Billion in 2014 and \$34 Billion in 2015, around 19% of Russia's total world imports. The top import items consisted of Electrical, electronic equipment; Machinery, nuclear reactors, boilers, etc.; Footwear, gaiters and the like, parts thereof; Articles of apparel, accessories, not knit or crochet and Plastics and articles thereof.



Major Imports

Russia's economy is highly dependent on fossil fuels, with mineral fuels and oil products accounting for the majority of exports; while relying on imports for most manufactured goods. Russia's largest imports consist of Machinery, (19% of Total Imports) Electronic Equipment (12% of Total Imports) and Vehicles (8% of Total Imports). At the HS06 level 'Medicaments nes, in dosage' (2.7% of total imports) , 'Telephones for cellular networks mobile telephones or for other wireless' (1.9% of total imports) and 'Automobiles w reciprocating piston engine displacg > 1500 cc to 3000 cc' (1.5% of total imports) are the top 3 most imported items respectively.

Russia's Major World Imports

**All Values in USD Billions*

Code	Product label	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
TOTAL	All products	98.71	137.81	199.73	267.05	170.83	228.91	306.09	316.19	314.95	286.65	177.29
'84	Machinery, nuclear reactors, boilers, etc	15.71	21.87	32.48	45.94	27.50	36.98	51.67	57.82	56.96	52.11	33.37
'85	Electrical, electronic equipment	9.92	14.87	22.13	28.08	18.51	25.77	30.94	35.59	35.55	33.74	20.60
'87	Vehicles other than railway, tramway	11.27	18.67	33.50	48.07	14.16	22.68	37.86	44.60	40.19	31.43	14.93
'30	Pharmaceutical products	4.31	6.22	6.70	9.05	8.51	11.12	13.19	13.39	14.55	12.80	8.35
'39	Plastics and articles thereof	3.54	4.96	6.74	8.48	5.75	8.13	10.06	11.50	11.47	11.03	7.45
'90	Optical, photo, technical, medical, etc apparatus	2.30	3.91	5.91	7.97	4.86	5.99	7.60	10.52	8.94	7.93	4.96
'99	Commodities not elsewhere specified	6.11	8.82	11.10	12.90	13.43	18.03	27.57	0.00	0.00	0.72	4.33
'73	Articles of iron or steel	2.70	3.75	5.58	6.21	3.73	5.90	7.73	7.62	8.19	6.90	3.97
'08	Edible fruit, nuts, peel of citrus fruit, melons	2.13	2.97	3.74	4.46	4.39	5.47	6.20	6.28	6.40	5.48	3.84
'72	Iron and steel	2.55	3.58	5.72	6.37	3.32	4.41	6.30	6.40	5.89	5.70	3.21
'28	Inorganic chemicals, precious metal compound, isotopes	1.90	2.40	2.80	3.30	2.15	2.37	2.91	3.31	3.51	3.31	3.09
'02	Meat and edible meat offal	3.02	4.50	5.10	7.19	6.24	5.83	6.19	7.39	6.75	5.53	3.03
'27	Mineral fuels, oils, distillation products, etc	1.61	1.83	2.53	4.08	2.38	2.83	5.07	4.05	3.64	4.04	2.78
'40	Rubber and articles thereof	0.97	1.30	1.87	2.60	1.63	2.52	3.92	4.79	4.77	4.12	2.63

Top Imported Commodities at HS06

Russia's Top Commodities Imported at HS06

**All Values in USD Billions*

Code	Product label	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Total	All products	98.71	137.81	199.73	267.05	170.83	228.91	306.09	316.19	314.95	286.65	177.29
'300490	Medicaments, in dosage	2.61	3.77	3.92	5.40	5.12	6.55	7.86	7.76	8.46	7.38	4.72
'999999	Commodities not elsewhere specified	6.13	8.82	11.11	13.45	13.67	18.66	27.90	1.42	1.70	0.72	4.33

Russia's Top Commodities Imported at HS06

**All Values in USD Billions*

Code	Product label	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
'851712	Telephones for cellular networks mobile telephones or for other wirele	0.00	0.00	5.20	5.25	2.80	3.55	3.82	4.04	4.74	4.73	3.29
'870323	Automobiles w reciprocating piston engine displac > 1500 cc to 3000 cc	4.65	7.38	12.12	16.83	4.44	5.64	10.02	10.88	8.80	6.66	2.73
'847130	Portable digital computers <10kg	0.15	0.42	1.34	2.21	1.59	3.18	3.16	3.79	2.90	2.67	1.61
'847330	Parts & accessories of automatic data processing machines & units thereof	0.25	0.37	0.31	0.37	0.27	0.47	0.48	0.43	0.39	0.86	1.46
'870333	Automobiles with diesel engine displacing more than 2500 cc	0.21	0.34	0.71	1.69	0.79	1.08	1.91	2.36	2.29	1.92	1.46
'281820	Aluminum oxides	1.21	1.58	1.85	2.11	1.15	1.19	1.39	1.65	1.37	1.42	1.39
'870324	Automobiles with reciprocating piston engine displacing > 3000 cc	1.27	2.58	4.20	5.63	1.62	2.46	3.22	3.31	2.69	2.31	1.31
'852990	Parts suitable for use solely/ principally with the app of headings 85.25 to 85.28	0.30	0.43	0.55	0.86	0.96	2.11	2.31	2.91	2.45	2.28	1.19

Major Exports

Russia's top 10 exported items at the HS 02 level comprise almost 80% of its exports; with the top 3 items (excluding commodities not elsewhere specified) amounting to 58% of all exports: Mineral Fuels, Oils, Distillation Products – 51% of total exports; Iron and Steel – 4.5% of total exports; Fertilizers – 2.6% of total exports.

Russia's Major Exports to World

**All Values in USD Billions*

Code	Product label	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
TOTAL	All products	241.45	301.55	352.27	467.99	301.80	397.07	516.99	524.77	527.27	497.83	333.50
'27	Mineral fuels, oils, distillation products, etc	149.53	190.01	216.52	307.37	190.17	262.68	352.19	368.85	372.04	346.12	168.74
'99	Commodities not elsewhere specified	19.99	24.45	28.44	34.90	26.44	28.77	41.46	0.00	0.00	11.65	55.36

Russia's Major Exports to World

**All Values in USD Billions*

Code	Product label	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
'72	Iron and steel	17.87	17.85	21.11	28.60	14.72	18.76	21.98	22.61	20.07	20.56	14.91
'31	Fertilizers	3.88	4.08	5.70	11.83	5.50	7.37	10.08	11.18	9.12	8.99	8.61
'84	Machinery, nuclear reactors, boilers, etc	4.21	4.93	5.88	7.15	5.58	5.28	5.33	7.64	8.87	9.26	8.14
'71	Pearls, precious stones, metals, coins, etc	1.68	3.93	3.67	4.57	4.07	7.28	3.73	13.82	14.30	11.85	7.43
'76	Aluminum and articles thereof	5.47	7.03	8.15	8.65	5.79	6.67	7.74	7.26	7.12	6.33	6.88
'44	Wood and articles of wood, wood charcoal	5.69	6.64	8.85	7.79	5.57	6.09	6.97	6.74	7.33	7.76	6.15
'10	Cereals	1.35	1.55	4.08	3.25	3.44	2.40	4.44	6.25	4.75	7.09	5.53
'74	Copper and articles thereof	2.54	4.43	4.66	4.12	3.56	4.92	5.00	5.79	4.96	4.91	4.17

Top Exported Commodities at HS06

At the HS06 level Russia's exports are mostly Mineral Fuel based. 'Petroleum oils and oils obtained from bituminous minerals, crude', its top exported item comprises of 28% of total exports, while 'Other petroleum oils and preparations' amount to 16% of total exports; and 'Light petroleum oils and preparations' amount to 4% of total exports. All other items individually amount to less than 5% of total exports.

Russia's Top Commodities Exported at HS06

**All Values in USD Billions*

Code	Product label	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
TOTAL	All products	241.45	301.55	352.27	467.99	301.80	397.07	516.99	524.77	527.27	497.83	333.50
'270900	Petroleum oils and oils obtained from bituminous minerals, crude	79.58	96.68	114.27	151.66	93.57	128.06	171.69	180.93	173.67	153.89	86.17
'999999	Commodities not elsewhere specified	20.35	24.84	28.47	38.33	30.51	42.72	56.02	12.71	13.21	11.65	55.36
'271019	Other petroleum oils and preparations	27.91	35.97	42.00	66.11	39.95	59.23	77.58	88.25	91.78	93.60	53.09
'271012	Light petroleum oils and preparations	0.00	0.00	0.00	0.00	0.00	0.00	0.00	15.38	17.64	22.21	12.52

Russia's Top Commodities Exported at HS06

**All Values in USD Billions*

Code	Product label	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
'270112	Bituminous coal, whether or not pulverised but not agglomerated	3.33	3.91	4.77	6.90	6.73	8.25	10.45	11.64	10.60	10.41	7.96
'271111	Natural gas, liquefied	0.00	0.00	0.48	0.00	0.84	2.99	3.85	4.68	5.51	5.24	4.55
'100199	Wheat and meslin (excl. seed for sowing, and durum wheat)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4.48	3.47	5.39	3.86
'760110	Aluminium unwrought, not alloyed	3.33	4.04	4.91	5.68	4.42	4.44	4.88	4.37	4.03	3.14	3.65
'710231	Diamonds non-industrial unworked or simply sawn, cleaved or bruted	1.66	1.72	1.72	1.53	1.16	2.63	3.64	3.66	4.11	4.48	3.11
'310420	Potassium chloride, in packages weighing more than 10 kg	1.18	1.19	1.66	4.30	1.57	2.57	2.67	3.59	2.14	2.66	2.87

Regional Trade Trends

Eurasia is the combined continental landmass of Europe and Asia. As parts of Russia can be defined as being in both Europe and Asia, the country is commonly known to be a part of Eurasia which stretches from the Atlantic Ocean in the west to Russia's easternmost point, at the Bering Strait between the Arctic Ocean and the Pacific Ocean in the east. As of 2012, there are 93 independent countries in Eurasia; therefore for the purpose of this report Europe and Asia are considered as two different regions, and Russia's trade with both is shown below.

According to the International Monetary Fund's March 2016 Trade Turbulence report *Emerging Asia*, which accounts for more than a quarter of world trade, seems to have been the epicentre of the 2015 trade downturn. According to preliminary figures, in the first half of 2015 emerging Asia's imports dropped by 10 percent, accounting for nearly 90 percent of the contraction in world import volumes. The reversal of these trends in the region in the third quarter is contributing to the rebound observed in world trade, although trade growth in 2015 was still weaker than in 2014.

Similarly, according to a Eurostat press release¹⁰, In 2015 *Euro area* exports of goods to the rest of the world rose to €2,043 B (\$2,282.68 B) (an increase of 5% compared with 2014), while imports rose to €1,796.4 B (\$2,007.15 B) (an increase of 2% compared with 2014). As a result the euro area recorded a surplus of €246.6 B (\$275.53 B), compared with +€182.4 B (+\$203.8 B) in 2014. Intra-euro area trade rose to €1,691.1 B (\$1,889.5 B) in 2015, up by 3% compared with 2014.

In 2015, extra-EU28 exports of goods rose to €1,790.7 B (\$2,000.78 B) (an increase of 5% compared with 2014), while imports rose to €1,726.5 B (\$1,929.05 B) (an increase of 2% compared with 2014). As a result, the EU28 recorded a surplus of €64.2 B (\$71.73 B), compared with +€11.1 B (+\$12.40 B) in 2014. Intra-EU28 trade rose to €3,070.3 B (\$3,430.5 B) in 2015, +5% compared with 2014.

¹⁰Euro to US Dollar Conversion as of 15 March 2016 Rates 1 USD – Euro 0.895

The **euro area** (EA19) includes Belgium, Germany, Estonia, Ireland, Greece, Spain, France, Italy, Cyprus, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Austria, Portugal, Slovenia, Slovakia and Finland.

Extra-EU refers to transactions with all countries outside of the EU: the rest of the world except for the European Union (EU) as it is now, consisting of 28 Member States.

Intra-EU refers to all transactions occurring within the EU.

Russia's Inter-Region Trade

In 2015 Russia's total imported value from Asia was \$68.83 Billion, inter-region imports amounting to 39% of its world imports. Within the region its top 5 import partners are China (49% of inter-regional imports), Japan (10% of inter-regional imports), Kazakhstan (6.76% of inter-regional imports), Republic of Korea (6.5% of inter-regional imports) and Turkey (5.7% of inter-regional imports). Russia's imports within the region are mostly focused on Machinery, Electrical equipment, Vehicles and Plastics and articles thereof.

Russia's Imports From Asia										
<i>*All Values in USD Billions</i>										
Product code	Product label	Russia's Imports from Asia				Russia's Imports from World				Inter - Region Imports as a % of World Imports
		2012	2013	2014	2015	2012	2013	2014	2015	
Total	All products	114.51	111.02	104.12	68.83	316.19	314.95	286.65	177.29	38.82%
'851712	Telephones for cellular networks mobile telephones or for other wirele	3.77	4.72	4.72	3.28	4.04	4.74	4.73	3.29	99.77%
'847130	Portable digital computers <10kg	3.77	2.88	2.64	1.61	3.79	2.90	2.67	1.61	99.59%
'847330	Parts&accessories of automatic data processg machines&units thereof	0.38	0.34	0.81	1.42	0.43	0.39	0.86	1.46	97.38%
'870323	Automobiles w reciprocating piston engine displacg > 1500 cc to 3000 cc	5.29	3.48	2.41	1.18	10.88	8.80	6.66	2.73	43.34%
'851762	Machines for the reception, conversion and transmission or regeneration	1.14	1.04	1.05	0.86	1.73	1.48	1.51	1.18	73.05%
'851761	Base stations of apparatus for the transmission or reception of voice,	0.41	0.30	0.32	0.79	0.83	0.75	1.26	1.19	65.85%
'847170	Computer data storage units	0.48	0.43	0.83	0.74	0.60	0.59	1.03	0.98	75.20%
'852990	Parts suitable f use solely/princ w the app of headings 85.25 to 85.28	1.57	1.20	1.22	0.73	2.91	2.45	2.28	1.19	60.85%
'270900	Petroleum oils and oils obtained from bituminous minerals, crude	0.17	0.15	0.31	0.65	0.17	0.15	0.31	0.65	99.99%
'950300	Tricycles, scooters, pedal cars and similar wheeled toys; dolls' carr	1.00	1.16	1.13	0.61	1.23	1.42	1.38	0.80	75.94%

Russian exports to Asia amounted to \$119 Billion in 2015, out of the total Russian exports of \$334 Billion. Russia's top export destinations within Asia were China (23% or inter- region exports), Turkey (16% or inter- region exports), Japan (12% or inter- region exports), Republic of Korea (11% or inter- region exports) and Kazakhstan (9% or inter- region exports). With the region, Russia's top export items are mainly Mineral fuels, Iron and steel, Wood and articles of wood, Machinery and Cereals.

Russia's Exports to Asia										
<i>*All Values in USD Billions</i>										
Product code	Product label	Russia's Exports to Asia				Russia's Exports to World				Inter - Region Exports as a % of World Exports
		2012	2013	2014	2015	2012	2013	2014	2015	
Total	All products	136.86	147.66	146.31	118.62	524.77	527.27	497.83	333.50	35.57%
'270900	Petroleum oils and oils obtained from bituminous minerals, crude	39.23	43.67	45.93	27.18	180.93	173.67	153.89	86.17	31.54%
'999999	Commodities not elsewhere specified	5.39	6.77	0.00	15.55	12.71	13.21	11.65	55.36	28.08%
'271019	Other petroleum oils and preparations	16.61	17.63	18.54	11.04	88.25	91.78	93.60	53.09	20.79%
'271012	Light petroleum oils and preparations	4.10	5.04	8.85	5.93	15.38	17.64	22.21	12.52	47.32%
'271111	Natural gas, liquefied	4.68	5.51	5.24	4.54	4.68	5.51	5.24	4.55	99.85%
'270112	Bituminous coal, whether or not pulverised but not agglomerated	5.62	5.29	5.23	4.22	11.64	10.60	10.41	7.96	53.05%
'100199	Wheat and meslin (excl. seed for sowing, and durum wheat)	2.03	1.85	2.69	1.92	4.48	3.47	5.39	3.86	49.66%
'440710	Lumber, coniferous (softwood) 6 mm and thicker	2.26	2.63	2.56	1.90	3.19	3.50	3.57	2.78	68.27%
'760110	Aluminium unwrought, not alloyed	1.74	1.27	1.51	1.43	4.37	4.03	3.14	3.65	39.17%
'310420	Potassium chloride, in packages weighing more than 10 kg	2.46	1.13	1.45	1.40	3.59	2.14	2.66	2.87	48.58%

In 2015 Russia's total imported value from Europe was \$68.28 Billion, inter-region imports amounting to 38.5% of its world imports. Within the region its top 5 import partners were Germany (29% of inter-regional imports), Italy (12% of inter-regional imports), France (8% of inter-regional imports), Poland (6% of inter-regional imports) and The United Kingdom (5% of inter-regional imports). Russia's imports within the region mostly comprise of Machinery, Electrical equipment, Vehicles, Pharmaceuticals and Plastics and articles thereof.

Russia's Imports From The European Union (28)										
<i>*All Values in USD Billions</i>										
Product code	Product label	Russia's Imports from Europe				Russia's Imports from World				Inter - Region Imports as a % of World Imports
		2012	2013	2014	2015	2012	2013	2014	2015	
Total	All products	132.72	134.15	118.05	68.28	316.19	314.95	286.65	177.29	38.51%
'300490	Medicaments nes, in dosage	6.06	6.64	5.76	3.55	7.76	8.46	7.38	4.72	75.13%
'870323	Automobiles w reciprocating piston engine displacg > 1500 cc to 3000 cc	5.13	4.35	3.33	1.24	10.88	8.80	6.66	2.73	45.43%
'999999	Commodities not elsewhere specified	0.83	0.72	0.00	0.90	1.42	1.70	0.72	4.33	20.85%
'848180	Taps, cocks, valves and similar appliances, nes	1.10	1.07	0.96	0.63	2.51	1.83	1.68	1.10	57.23%
'870324	Automobiles with reciprocating piston engine displacing > 3000 cc	1.06	0.99	0.83	0.61	3.31	2.69	2.31	1.31	46.34%
'841989	Machinery, plant/ laboratory equip f treat of mat by change of temp nes	0.67	0.84	0.88	0.60	0.89	1.02	1.53	1.05	57.51%
'870333	Automobiles with diesel engine displacing more than 2500 cc	0.80	0.85	0.72	0.57	2.36	2.29	1.92	1.46	38.86%
'300210	Antisera and other blood fractions	0.78	0.93	0.77	0.49	1.52	1.49	1.38	0.92	53.79%
'852990	Parts suitable f use solely/princ w the app of headings 85.25 to 85.28	1.33	1.23	1.04	0.46	2.91	2.45	2.28	1.19	38.19%
'847989	Machines & mechanical appliances nes having individual functions	0.71	0.80	0.70	0.45	1.07	1.50	1.10	0.74	61.04%

Bilateral exports between Europe and Russia amounted to \$160 Billion in 2015, while Russia's total exports were around \$334 Billion. Russia's top export destinations within Europe were Netherlands (33% or inter- region exports), Germany (21% or inter- region exports), Italy (18% or inter- region exports), Poland (8% or inter- region exports) and The United Kingdom (6% or inter- region exports). With the region, Russia's top export items are mainly Mineral fuels, Iron and steel, Copper, Pearls and Precious stones and Aluminium.

Russia's Exports to The European Union (28)										
<i>*All Values in USD Billions</i>										
Product code	Product label	Russia's Exports to Europe				Russia's Exports to World				Inter - Region Exports as a % of World Exports
		2012	2013	2014	2015	2012	2013	2014	2015	
Total	All products	245.71	241.25	224.41	160.18	524.77	527.27	497.83	333.50	48.03%
'270900	Petroleum oils and oils obtained from bituminous minerals, crude	127.60	117.87	98.07	52.04	180.93	173.67	153.89	86.17	60.40%
'271019	Other petroleum oils and preparations	53.58	60.84	64.90	36.03	88.25	91.78	93.60	53.09	67.87%
'999999	Commodities not elsewhere specified	1.92	1.71	0.00	29.49	12.71	13.21	11.65	55.36	53.27%
'271012	Light petroleum oils and preparations	9.31	11.89	12.27	6.00	15.38	17.64	22.21	12.52	47.94%
'270112	Bituminous coal, whether or not pulverised but not agglomerated	4.58	4.23	4.15	3.05	11.64	10.60	10.41	7.96	38.38%
'740311	Copper cathodes and sections of cathodes unwrought	1.85	1.55	1.69	2.38	1.85	1.55	1.90	2.82	84.38%
'750210	Nickel unwrought, not alloyed	3.59	3.51	3.71	2.11	3.62	3.51	3.72	2.32	91.09%
'710231	Diamonds non-industrial unworked or simply sawn, cleaved or bruted	2.33	2.64	2.92	1.77	3.66	4.11	4.48	3.11	56.84%
'760110	Aluminium unwrought, not alloyed	1.21	1.37	0.84	1.59	4.37	4.03	3.14	3.65	43.47%
'720712	Semi-fin prod,iron/n-al steel,rect/sq cross sect,cntg by wgt<.25% carb	3.47	2.21	1.13	0.87	5.07	4.04	4.16	2.44	35.64%

Russian Industries

Manufacturing currently accounts for about 35 per cent of Russia's GDP. According to the United Kingdom Trade & Investment Commission guidelines, Russia has started major investment and modernisation programmes which provide opportunities for business. Russia's diverse regions also present opportunities for business as regions are increasingly competing to attract international investments. Some regions have made significant improvements to make it easier to do business, such as Kaluga and Kazan. Listed below are some sectors that conducive for investments.

Advanced Engineering

Over 70% of existing Russian capital assets are estimated to be outdated. Russian demand for new metal-machining equipment alone is valued at \$1.5 Billion annually.

Mining

The mining industry in Russia is one of the most extensive in the world, and is considered a bellwether for the entire Russian economy. Mineral extraction accounts for approximately 20% of the overall economy of Russia, and provides nearly 15% of the worldwide total mineral extraction.

The metals and mining industry in Russia includes precious metals, aluminium, coal, iron and steel, and base metals such as lead, zinc, and nickel. Russia has the world's largest proven iron ore reserves and the world's second largest coal reserves.

Its domestic mining sector is highly consolidated with many companies that combine extraction with processing, especially in metallurgy.

In the near future, Russia aims to increase state support for its metals and mining companies with extra cash help and by scrapping certain export duties on metals.

Biotechnology and Pharmaceuticals

The Russian pharmaceutical market is reported to have grown by 13.5% in 2013 and was valued at about \$29 Billion.

A Good Manufacturing Practice (AGP) certificate is now a mandatory requirement in Russia for registration of medical products.

In 2005, Russia began to implement its 'Health 2020' strategy. Since then, the Russian government has spent US \$19 billion on its healthcare system in order to modernize the sector. In addition to the 'Health 2020' agenda, then President Medvedev approved the 'Pharma 2020' plan as a key focus of his modernization project. The pharmaceutical concept aims to improve the quality and quantity of drugs available in the country by establishing 'modern, advanced enterprises' capable of producing modern medicines.

By 2017, it is expected that the government will substitute 50% of all generic drugs with domestic alternatives; by 2020, it aims to domestically manufacture 50% of all innovative drugs.

Consumer goods

The consumer goods market in Russia was worth \$597 billion in 2013. It's an important market for fashion houses and global luxury brands with estimated sales of \$57.3 billion in 2013. Russia is also the fastest growing market in Europe for food and drink.

Russia's large urban population (with over 12 million inhabitants in Moscow and 14 other cities with over one million people) has been the driving force behind a significant expansion of retail and consumer markets, especially since 2000. Many Russian consumers are passionate about global and prestige brands after lacking consumer choice during the Soviet era. Russia is the biggest mobile phone market in Europe. In 2011, it became the leading market in Europe for milk and was strong in clothing, footwear, accessories and the advertising sector.

The Russian retail market can be described as sophisticated, responsive to rapid changes in consumer trends and highly differentiated, with targeted retail shops and business models adapted to meet the different income levels.

Energy

Oil and gas

Russia's oil and gas market is one of the largest markets in the world. It's valued at \$50 billion per annum and is predicted to grow in the next 10 to 15 years.

The Russian petroleum industry has been affected by the EU and US sanctions imposed after March 2014. However, the sanctions only apply to equipment and services suitable for use in:

- Oil exploration or production in waters deeper than 150m in the offshore area north of the Arctic Circle
- Shale fracking

These sanctions have deprived Russia of the Western financing and technology it needs to streamline energy extraction though there is a trend for import substitution. Russian oil and gas companies are aiming to increase utilization of local equipment in their operations.

Nuclear power

The Russian nuclear industry is a world leader. The state atomic energy corporation, Rosatom has orders for 80+ units. This includes construction of nuclear plants in India, Bulgaria, Turkey, Armenia, Ukraine, Vietnam, China, Belarus, Czech Republic and Bangladesh.

Renewable energy

Russia's vast territory has massive potential for all kinds of renewables. However, Russian interest is growing from a very small base. Russian interest in partnering with overseas companies in the wind, hydro and solar energy sectors is increasing significantly. There are opportunities to supply equipment and expertise.

Russia has recently ratified Renewable Energy Source Development Measures (RESDM). This will increase the volume of renewable energy projects in Russia.

Telecommunications

2% annual growth is expected in Russia's communication services market between 2014 and 2016. Russia is Europe's largest market for mobile phones.

Demand for innovative technologies and equipment will be boosted by the:

- Development of Long Term Evolution (LTE)
- Government's programme to improve communication services in distant regions

Traditional telecommunications services will continue to be in demand for a long time as the network of 44 million fixed lines only covers about 28% of the population.

Trade Alliances

According to the 2015 Asia – Pacific trade and investment report on the Russian Federation published by the Trade and Investment Division of the United Nations, Economic and Social Commission for Asia and the Pacific (UN ESCAP); The Russian Federation has 16 trade agreements in force, much higher than the Asia-Pacific average of 7 agreements. Fifteen per cent of exports are to PTA partners, compared to 35% for the Asia-Pacific. Fourteen per cent of imports are from PTA partners, compared to 45% for the Asia-Pacific.

Eurasian Economic Union

The Eurasian Economic Union is an international organization for regional economic integration. It was established by the Treaty on the Eurasian Economic Union.

The EAEU provides for free movement of goods, services, capital and labour; and its Member-States are the Republic of Armenia, the Republic of Belarus, the Republic of Kazakhstan, the Kyrgyz Republic and the Russian Federation.

Russia, Belarus, and Kazakhstan signed the historic Eurasian Economic Union which came into effect in January 2015. Cutting down trade barriers and comprising over 170 million people it is the largest common market in the ex-Soviet sphere.

Commonwealth of Independent States Free Trade Agreement

Commonwealth of Independent States Free Trade Area (CISFTA) is a free trade area between Russia, Ukraine, Belarus, Uzbekistan, Moldova, Armenia, Kyrgyzstan and Kazakhstan. Five CISFTA participants, all except Ukraine, Uzbekistan and Moldova are members of the Eurasian Economic Union, comprising a single economic market.

The agreement eliminates export and import duties on a host of goods and also contains a number of exemptions that will ultimately be phased out.

Russia signed a decree in mid-December 2015 suspending its CIS Free Trade Agreement with respect to Ukraine from 1 January 2016. In late December, the Ukrainian Government responded by passing trade restrictions on Russia, with effect from 2 January 2016.

Russia's World Trade Organization Membership

In August 2012, Russia became the 156th WTO member. From the date of accession, the Russian Federation committed to fully apply all WTO provisions, with recourse to very few transitional periods. On average, the Russian Federation will apply a final bound tariff for 7.8% for goods and has made specific commitments on 11 services sectors.

Asia-Pacific Economic Cooperation (APEC)

Initiated in January 1989 by Australia for more effective economic cooperation across the Asia-Pacific Region. The Asia-Pacific Economic Cooperation (APEC) forum's primary purpose is to facilitate economic growth and prosperity in the region, with the vision of creating a seamless regional economy. APEC pursues these objectives through trade and investment liberalisation, business facilitation, and economic and technical cooperation.

APEC has 21 member countries: Australia, Brunei Darussalam, Canada, Chile, People's Republic of China, Hong Kong/China, Indonesia, Japan, Republic of Korea, Malaysia, Mexico, New Zealand, Papua New Guinea, Peru, Philippines, Russia, Singapore, Chinese Taipei, Thailand, United States, and Viet Nam.

Shanghai Cooperation Organisation

The Shanghai Cooperation Organization (SCO) is an intergovernmental organization composed of China, Russia, Kazakhstan, Kyrgyzstan, Tajikistan, and Uzbekistan founded in Shanghai in 2001. Economic cooperation has become one of the organization's more pressing goals in recent years. Several SCO member states—notably Kazakhstan, Russia, and Turkmenistan—possess some of the world's largest reserves of oil and natural gas, driving interest in expanded energy cooperation among members.

Russia and the European Union

Since 1997 the Partnership and Cooperation Agreement has been the framework of the EU-Russia relations, regulating the political and economic relations between the EU and Russia. One of the main objectives of this agreement is the promotion of trade and investment as well as the development of harmonious economic relations between the EU and Russia.

A new agreement, the new EU-Russia Agreement – is currently under negotiation. It aims to provide a comprehensive framework for bilateral relations with rules for bilateral trade and investment relations. The negotiation of this New Agreement with Russia started in 2008 though they have been stopped since 2012 because no progress could be made in the Trade and Investment part.

The Black Sea Economic Cooperation

The Black Sea Economic Cooperation (BSEC) was formed in 1992. Its members include Albania, Armenia, Azerbaijan, Bulgaria, Georgia, Greece, Moldova, Romania, Russia, Turkey, Serbia and Ukraine.

BSEC covers a geography encompassing the territories of the Black Sea littoral States, the Balkans and the Caucasus with an area of nearly 20 million square kilometres. BSEC region is located on two continents and represents a region of some 350 million people with a foreign trade capacity of over \$300 Billion annually.

ASEAN — Russia Dialogue Partnership

The key areas of cooperation between Russia and the ASEAN Member States were set out in the Agreement between the Governments of the Member States of the Association of Southeast Asian Nations and the Government of the Russian Federation on Economic and Development Cooperation that was signed in 2005 during the leaders' meeting in Kuala Lumpur. The Agreement guarantees favourable conditions for promoting economic cooperation as well as cooperation in trade, investment, research, technology and culture. The Comprehensive Programme of Action to Promote Cooperation between the Association of Southeast Asian Nations and the Russian Federation 2005-2015, was adopted on 13 December 2005 to strengthen and promote ASEAN — Russia dialogue, with the parties approving a roadmap for the implementation of this programme.

Bilateral Free Trade Agreements

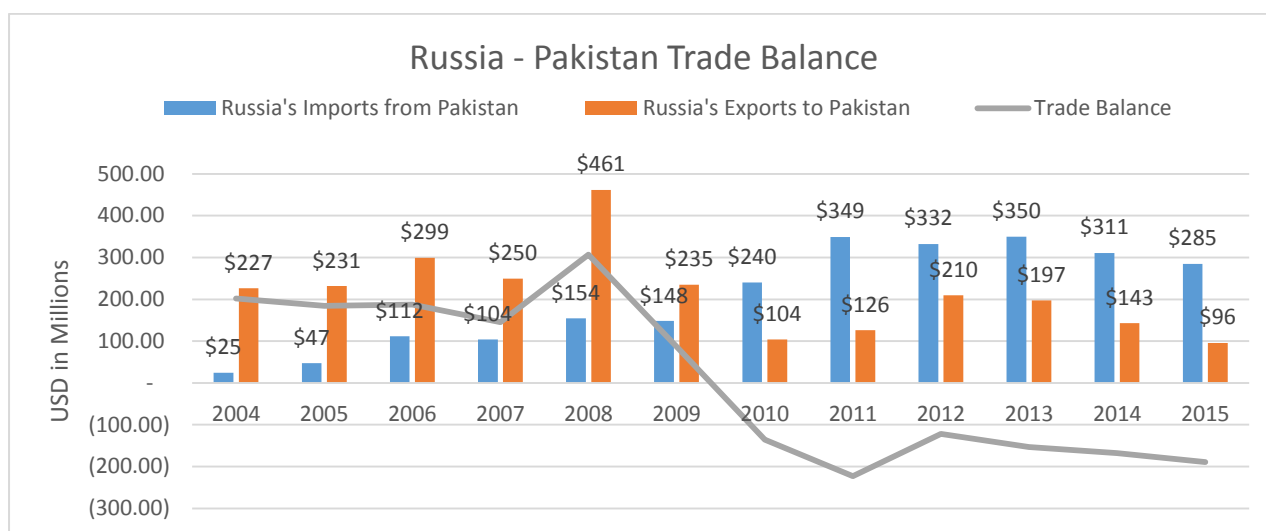
The Russian Federation also has multiple bilateral free trade agreements signed with countries: Armenia - Russia Bilateral Free Trade Agreement, Georgia - Russia Bilateral Free Trade Agreement, Kyrgyzstan - Russia Bilateral Free Trade Agreement, Azerbaijan - Russia Free Trade Agreement, Tajikistan - Russia Free Trade Agreement, Turkmenistan - Russia Free Trade Agreement, Uzbekistan - Russia Free Trade Agreement, and Serbia - Russia Free Trade Agreement

Russian Federation and Ukraine Bilateral Free Trade Agreement

The Russian Federation's bilateral Free Trade Agreement was suspended as of 1st January 2016. President Putin stated that Due to exceptional circumstances affecting the interests and economic security of the Russian Federation, the Agreement on the free trade zone with Ukraine, which was signed in St. Petersburg on 18 October 2011, was to be suspended.

Russia's Trade with Pakistan

Since 2010, Russia has faced a consistent trade deficit in its trade relationship with Pakistan, with 2015 showing exports to Pakistan of just \$96 Million whereas the total imported value was of \$285 Million.



Imports and Exports

Russia's reported top exports to Pakistan consist mainly of Paper and Paperboard, Edible vegetables, Iron and steel, Inorganic Chemicals and Machinery; at the HS 02 Level. At the HS 06 level from the top 20 exports, "Newsprint, in rolls or sheets", "Peas dried, shelled, whether or not skinned or split", "Chickpeas, dried, shelled, whether or not skinned or split" and "Bars & rods, iron/nes, forged etc., nes" add up to make 50% of Russia's exports to Pakistan.

Russia's Exports to Pakistan											
<i>*All Values in USD Million</i>											
Product code	Product label	Russia's Exports to Pakistan									
		2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Total	All products	299.47	249.71	461.32	235.00	104.32	126.32	209.95	197.07	143.09	95.73
'48	Paper and paperboard, articles of pulp, paper and board	18.88	6.29	25.53	13.61	7.73	9.13	12.32	23.23	36.08	27.18
'07	Edible vegetables and certain roots and tubers	0.00	0.00	0.09	1.30	0.15	3.15	6.38	4.58	8.68	22.12
'72	Iron and steel	34.92	1.10	15.95	36.17	31.55	32.10	123.04	64.58	16.88	18.66
'28	Inorganic chemicals, precious metal compound, isotopes	2.32	1.17	2.41	1.01	0.98	2.11	0.91	0.78	3.91	3.79
'84	Machinery, nuclear reactors, boilers, etc	5.16	2.41	3.17	2.43	1.59	1.03	3.51	8.37	4.21	3.10
'29	Organic chemicals	0.26	0.21	0.06	0.73	2.42	1.54	0.98	0.66	5.84	2.93
'09	Coffee, tea, mate and spices	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.11	0.25	2.72

Russia's Exports to Pakistan

**All Values in USD Million*

Product code	Product label	Russia's Exports to Pakistan									
		2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
'40	Rubber and articles thereof	3.52	6.43	3.61	3.36	1.38	1.03	1.86	5.24	5.01	2.55
'99	Commodities not elsewhere specified	0.00	2.70	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.92
'25	Salt, sulphur, earth, stone, plaster, lime and cement	0.00	0.00	0.00	0.01	0.34	0.57	0.38	2.19	1.48	1.90

Russia's Exports to Pakistan HS 06

Russia's Exports to Pakistan at HS 06

**All Values in USD Million*

Product code	Product label	Russia's Exports to Pakistan			Russia's Exports to world			Russia's Exports to Pakistan as a % of Russia's World Exports
		2013	2014	2015	2013	2014	2015	
Total	All products	197.07	143.09	95.73	527,265	497,833	333,501	0.03%
'480100	Newsprint, in rolls or sheets	12.60	22.25	20.48	576.19	623.18	436.07	4.70%
'071310	Peas dried, shelled, whether or not skinned or split	3.76	3.67	13.33	111.10	95.75	156.55	8.52%
'071320	Chickpeas, dried, shelled, whether or not skinned or split	0.58	4.74	8.79	68.10	108.53	136.42	6.44%
'721499	Bars & rods, iron/nas, forged etc., nes	2.13	2.73	5.65	303.27	328.74	238.82	2.37%
'480421	Paper, sack kraft, in rolls, unbleached, uncoated	10.08	13.11	5.40	202.43	214.20	188.43	2.87%
'720839	Hot roll iron/steel nes, coil >600mm x <3mm	34.28	0.31	3.27	1,339	1,419	1,144	0.29%
'720838	Hot roll iron/steel nes, coil >600mm x 3-4.75mm	13.31	2.40	3.14	290.35	341.66	250.64	1.25%
'284130	Sodium dichromate	0.46	2.72	2.70	48.32	31.18	22.38	12.05%
'090921	Seeds of coriander : Neither crushed nor ground	0.11	0.25	2.63	4.03	7.21	19.81	13.27%
'720441	Ferrous waste & scrap, iron or steel, from the mechanical working of metal, nes	0.39	3.50	2.46	128.88	115.97	58.06	4.23%
'291735	Phthalic anhydride	0.35	2.80	2.26	95.24	75.33	38.05	5.93%
'999999	Commodities not elsewhere specified	2.26	-	1.92	13,208	11,646	55,364	0.00%
'252490	Asbestos (excl. crocidolite and products made from asbestos)	2.00	1.48	1.88	243.62	242.87	187.09	1.00%
'720719	Semi-fin prod, iron or non-alloy steel, cntg by wght <.25% carbon, nes	1.45	3.17	1.86	54.41	37.37	14.19	13.13%
'720430	Waste and scrap, of tinned iron or steel	1.35	1.26	1.27	1.39	1.35	1.27	100.00%

Russia's Exports to Pakistan at HS 06

*All Values in USD Million

Product code	Product label	Russia's Exports to Pakistan			Russia's Exports to world			Russia's Exports to Pakistan as a % of Russia's World Exports
		2013	2014	2015	2013	2014	2015	
'840690	Parts of steam and vapour turbines	-	-	1.19	63.51	106.15	113.27	1.05%
'730210	Rails, iron or steel	0.86	0.73	1.07	199.96	175.38	105.38	1.02%
'440710	Lumber, coniferous (softwood) 6 mm and thicker	0.67	1.30	0.92	3,502	3,567	2,779	0.03%
'400231	Isobutene-isoprene (butyl) rubber (IIR)	1.12	3.11	0.87	324.50	262.43	173.37	0.50%
'400219	Styren-butadien rubber(SBR)/ carboxyld styren-butadien rubbr(XSBR) nes	3.85	0.63	0.81	288.96	204.12	192.21	0.42%

Russia's reported top Imports from Pakistan comprise of Edible Fruits, Articles of Apparel (HS 62 and 61), Edible vegetables and Cereals. These top five categories account for less than 10% of Russia's total world imports. At the HS 06 level from the top 20 exports, "Mandarins (tang&sats) clementines & wilkgs &sim citrus hybrids,fresh/drid", "Mens/boys trousers and shorts, of cotton, not knitted", "Potatoes, fresh or chilled nes" and "Rice, semi-milled or wholly milled, whether or not polished or glazed" add up to make around 50% of Russia's imports from Pakistan.

Russia's Imports From Pakistan

*All Values in USD Million

Product code	Product label	Russia's Imports from Pakistan									
		2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
TOTAL	All products	111.90	104.24	154.34	148.00	240.22	349.31	332.20	350.01	310.87	284.80
'08	Edible fruit, nuts, peel of citrus fruit, melons	17.77	15.03	29.12	39.74	74.98	75.31	87.84	78.14	69.39	77.86
'62	Articles of apparel, accessories, not knit or crochet	1.62	3.62	12.13	16.57	24.25	38.56	38.62	41.36	47.50	46.41
'61	Articles of apparel, accessories, knit or crochet	1.76	2.95	6.94	5.23	7.03	15.80	23.57	44.34	52.97	44.85
'07	Edible vegetables and certain roots and tubers	-	-	-	0.03	0.44	69.54	9.25	23.59	1.15	22.40
'10	Cereals	9.36	2.03	2.50	9.83	25.99	18.43	13.96	13.58	9.33	19.35
'63	Other made textile articles, sets, worn clothing etc	2.67	6.86	10.41	7.17	10.40	15.34	15.01	18.57	20.81	14.69
'52	Cotton	7.95	23.84	29.67	15.37	22.85	27.06	29.49	15.51	9.38	10.12
'42	Articles of leather, animal gut, harness, travel goods	0.67	2.67	5.84	8.36	12.46	18.51	17.36	22.07	13.86	9.82

Russia's Imports From Pakistan

**All Values in USD Million*

Product code	Product label	Russia's Imports from Pakistan									
		2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
'30	Pharmaceutical products	4.86	5.34	5.11	7.59	8.28	7.83	10.62	13.69	7.13	6.62
'95	Toys, games, sports requisites	3.07	5.01	4.56	3.30	5.60	6.23	6.36	6.24	20.76	5.03

Russia's Imports from Pakistan HS 06

Russia's Exports to Pakistan at HS 06

**All Values in USD Million*

Product code	Product label	Russia's Imports From Pakistan			Russia's Imports from World			Russia's Imports from Pakistan as a % of Russia's World Imports
		2013	2014	2015	2013	2014	2015	
TOTAL	All products	350.01	310.87	284.80	314,945	286,648	177,292	0.2%
'080520	Mandarins(tang&sats) clementines&wilkg&sim citrus hybrids,fresh/ drid	77.94	69.08	77.69	810.65	728.22	577.29	13.5%
'620342	Mens/boys trousers and shorts, of cotton, not knitted	20.19	21.79	24.22	385.48	375.02	261.69	9.3%
'070190	Potatoes, fresh or chilled nes	23.55	1.15	22.18	212.11	363.19	229.68	9.7%
'100630	Rice, semi-milled or wholly milled, whether or not polished or glazed	13.49	9.33	19.35	129.53	149.60	93.03	20.8%
'620462	Womens/girls trousers and shorts, of cotton, not knitted	15.04	19.04	17.11	371.55	385.90	284.53	6.0%
'611595	Full-length or knee-length stockings, socks and other hosiery, incl. f	13.52	13.21	13.82	110.08	104.54	66.46	20.8%
'611020	Pullovers, cardigans and similar articles of cotton, knitted	9.46	10.80	8.64	467.24	421.21	259.20	3.3%
'420310	Articles of apparel of leather or of composition leather	18.29	9.88	6.69	136.16	109.80	70.15	9.5%
'300440	Alkaloids or their derivs, not cntg antibiotics or hormones, in dosage	11.32	6.23	5.69	795.30	574.24	326.74	1.7%
'610342	Mens/boys trousers and shorts, of cotton, knitted	2.22	4.80	5.00	81.90	80.71	59.03	8.5%
'950662	Inflatable balls	4.79	19.31	3.71	31.84	41.92	20.53	18.1%
'630231	Bed linen, of cotton, nes	4.18	4.93	3.60	34.25	29.85	18.62	19.4%
'901890	Instruments and appliances used in medical or veterinary sciences, nes	5.11	4.88	3.57	1,198	1,257	732.66	0.5%
'521112	Twill weave cotton fab,<85% mixed with m-m fib,more than 200 g/m2,unbl	3.01	0.17	3.01	3.09	0.17	3.04	99.0%

Russia's Exports to Pakistan at HS 06

**All Values in USD Million*

Product code	Product label	Russia's Imports From Pakistan			Russia's Imports from World			Russia's Imports from Pakistan as a % of Russia's World Imports
		2013	2014	2015	2013	2014	2015	
'640399	Footwear, outer soles of rubber/plastics uppers of leather, nes	3.11	3.17	2.96	1,111	941.96	598.02	0.5%
'630221	Bed linen, of cotton, printed, not knitted	4.13	4.96	2.96	50.70	45.38	24.17	12.2%
'611596	Full-length or knee-length stockings, socks and other hosiery, incl. f	2.08	2.77	2.55	51.31	44.70	33.07	7.7%
'610462	Womens/girls trousers and shorts, of cotton, knitted	3.08	3.65	2.53	103.27	100.37	69.25	3.7%
'630222	Bed linen, of man-made fibres, printed, not knitted	1.85	3.44	2.38	16.78	18.62	7.33	32.4%
'610711	Mens/boys underpants and briefs, of cotton, knitted	3.31	4.60	2.33	79.40	74.73	43.92	5.3%
'540761	Woven fabric >85% non-textured polyester filaments	3.32	5.54	2.16	136.13	148.88	98.97	2.2%

Trade Potential¹¹

Trade Potential is the potential for trade that exists for a particular item, keeping all other factors constant. It indicates the actual scope for growth of the selected item. Export potential is calculated by subtracting Pakistan's exports to the world or Russia's imports from the world (whichever value is lower) by Pakistan and Russia's current export of the selected commodity. The standard formula is given below:

$$= \text{Min (Pakistan's exports to the world of X, Russia's imports from the world for X)} - \text{Pakistan current exports to Russia of X}$$

Indicative Export Potential for Pakistan's exports to Russia based on 2014 data, amounts to \$24.5 Billion indicating the huge market that exists in Russia for commodities currently being exported by Pakistan. It should however be borne in mind that the method used to calculate the trade potential does not take in consideration consumer preferences, tariffs, locational advantage etc., This is however a good technique for identifying products which can find a market based on existing import trends. Using this methodology the top potential items are Other Petroleum Oils and Preparations; Womens/girls trousers and shorts, of cotton, not knitted; Mens/boys trousers and shorts, of cotton, not knitted; Instruments and appliances used in medical or veterinary sciences, nes; and Portland cement nes with a potential of \$422 Million, \$384 Million, \$373 Million, \$315 Million and \$311 Million respectively.

Commodities Pakistan can Potentially Export to Russia					
<i>*All Values in USD Million</i>					
Product code	Product label	Pakistan's Exports to Russia 2014	Russia's Imports from World 2014	Pakistan's Exports to World 2014	Indicative Export Potential
TOTAL	All products	187.63	286,648.78	24,722.18	24,534.55
'271019	Other petroleum oils and preparations	-	1,050.61	422.94	422.94
'620462	Womens/girls trousers and shorts, of cotton, not knitted	1.88	385.90	482.97	384.02
'620342	Mens/boys trousers and shorts, of cotton, not knitted	1.05	375.02	664.53	373.97
'901890	Instruments and appliances used in medical or veterinary sciences, nes	4.51	1,257.84	319.53	315.02
'252329	Portland cement nes	-	311.24	502.14	311.24
'270900	Petroleum oils and oils obtained from bituminous minerals, crude	-	307.57	222.91	222.91
'170199	Refined cane or beet sugar, solid, without flavouring or colouring matter	-	216.60	289.21	216.60
'610910	T-shirts, singlets and other vests, of cotton, knitted	0.83	448.60	195.41	194.58
'390760	Polyethylene terephthalate	-	284.53	140.08	140.08
'100630	Rice, semi-milled or wholly milled, whether or not polished or glazed	11.30	149.60	1,895.37	138.31
'080520	Mandarins(tang&sats)clementines&wilkgs &sim citrus hybrids,fresh/ drid	49.11	728.22	164.23	115.12

¹¹Trade Potential has been calculated based on 2014 figures as Pakistan had not reported its 2015 trade data at the time of the publication of this report.

Commodities Pakistan can Potentially Export to Russia

**All Values in USD Million*

Product code	Product label	Pakistan's Exports to Russia 2014	Russia's Imports from World 2014	Pakistan's Exports to World 2014	Indicative Export Potential
'520100	Cotton, not carded or combed	-	113.53	180.94	113.53
'420310	Articles of apparel of leather or of composition leather	4.15	109.80	378.66	105.65
'711319	Articles of jewellery&pt therof of/o prec met w/n platd/clad w prec met	-	305.58	105.22	105.22
'630260	Toilet&kitchen linen,of terry towellg or similar terry fab,of cotton	1.06	102.19	776.39	101.13
'611595	Full-length or knee-length stockings, socks and other hosiery, incl. f	7.10	104.54	150.46	97.44
'151620	Veg fats &oils&fractions hydrogenatd,inter/re-esterifid,etc,ref'd/not	-	94.04	115.27	94.04
'520512	Cotton yarn,>/=85%,single,uncombed,714.29 >dtex>/=232.56, not put up	-	92.50	1,185.23	92.50
'261000	Chromium ores and concentrates	-	228.69	87.17	87.17
'300490	Medicaments nes, in dosage	0.05	7,384.59	86.57	86.52
'640399	Footwear, outer soles of rubber/plastics uppers of leather, nes	0.05	941.96	77.54	77.50

Items of import interest for Pakistan include: **Mineral fuels**, specifically Other Petroleum preparations; Petroleum Oils: crude and Light Petroleum Oils and Preparations, still hold the most potential at a value of \$6.2 Billion, \$5.6 Billion and \$2.2 Billion respectively. **Iron and Steel** (Ferrous waste and scrap, iron or steel, nes (\$561 Million)), **Residues and waste from the food industries** (Soya-bean oil-cake&oth solid residues, whether or not ground or pellet (\$316 Million), **Fertilizers** (Diammonium phosphate, in packages weighing more than 10 kg (\$287 Million)) and **Pharmaceutical products** (Medicaments nes, in dosage (\$280 Million)); all comprise of the top ten commodities Pakistan can import from Russia.

As in the case of the export potential this method is only indicative in nature and the actual imports will depend on a number of factors including consumer preferences, tariff & industry structures, location etc.

Commodities Pakistan can Potentially Import from Russia

**All Values in USD Million*

Product code	Product label	Pakistan's Imports From Russia 2014	Russia's Exports to World 2014	Pakistan's Imports from World 2014	Indicative Import Potential
TOTAL	All products	224.93	497,833.53	47,544.89	47,320.0
'271019	Other petroleum oils and preparations	0.00	93,595.48	6,266.72	6,266.7
'270900	Petroleum oils and oils obtained from bituminous minerals, crude	-	153,887.93	5,609.12	5,609.1
'271012	Light petroleum oils and preparations	-	22,212.20	2,291.33	2,291.3

Commodities Pakistan can Potentially Import from Russia

**All Values in USD Million*

Product code	Product label	Pakistan's Imports From Russia 2014	Russia's Exports to World 2014	Pakistan's Imports from World 2014	Indicative Import Potential
'720449	Ferrous waste and scrap, iron or steel, nes	14.35	1,463.05	560.43	546.1
'230400	Soya-bean oil-cake&oth solid residues,whether or not ground or pellet	-	315.92	478.91	315.9
'310530	Diammonium phosphate, in packages weighing more than 10 kg	1.83	289.13	477.72	287.3
'300490	Medicaments nes, in dosage	-	292.98	279.62	279.6
'390210	Polypropylene	-	262.08	458.38	262.1
'390110	Polyethylene having a specific gravity of less than 0.94	-	258.20	304.47	258.2
'310210	Urea,wthr/nt in aqueous solution in packages weighg more than 10 kg	-	1,603.33	222.13	222.1
'390120	Polyethylene having a specific gravity of 0.94 or more	-	231.82	221.94	221.9
'847130	Portable digital computers <10kg	-	414.19	197.65	197.6
'401120	Pneumatic tires new of rubber for buses or lorries	0.13	304.43	190.18	190.1
'721049	Flat rolled prod,i/nas,plated or coated with zinc,>/=600mm wide, nes	-	259.55	170.20	170.2
'870323	Automobiles w reciprocating piston engine displacg > 1500 cc to 3000 cc	-	1,250.21	162.00	162.0
'720839	Hot roll iron/steel nes, coil >600mm x <3mm	-	1,419.51	153.83	153.8
'851762	Machines for the reception, conversion and transmission or regeneratio	-	138.92	346.31	138.9
'290243	P-xylene	8.01	134.84	349.34	126.8
'150710	Soya-bean oil crude, whether or not degummed	-	269.45	116.83	116.8
'720441	Ferrous waste & scrap,i or s,from the mechanical working of metal,nes	4.77	115.97	302.19	111.2
'961900	Sanitary towels (pads) and tampons, napkins and napkin liners for babies, and similar arti	-	226.02	109.68	109.7

Trade Patterns with Major Partners

India

In October 2000 India and Russia signed the “Declaration on the India-Russia Strategic Partnership”, furthering cooperation in areas of their bilateral relationship including political, security, trade and economy, defense, science and technology and culture. Under the Strategic Partnership, several institutionalized dialogue mechanisms operate at both political and official levels to ensure regular interaction and follow up on cooperation activities. During the visit of the Russian President to India in December 2010, the Strategic Partnership was elevated to the level of a “Special and Privileged Strategic Partnership.”

Both Russia and India are members of BRICS. Russia assumed the BRICS Presidency in April 2015, and since then has been organizing a number of events and meetings under the BRICS format that India has been an active participant of.

Enhancing trade and economic cooperation between India and Russia has been a key focus for both the countries. According to the Indian Embassy in Russia major items of export from India include pharmaceuticals, miscellaneous manufactures, iron & steel, apparels, tea, coffee and tobacco. Major items of import from Russia include defence and nuclear power equipment, fertilizers, electrical machinery, steels and diamonds.

Indian investment in Russia is estimated to be around \$8 Billion which includes Imperial Energy Tomsk; Sakhalin I; Volzhsky Abrasive Works Volgograd; and Commercial Indo bank. Russian investments in India total about \$3 Billion, including Kamaz Vectra in Hosur; Shyam Sistema Telecom Ltd, Sberbank and VTB.

The India - Russia Forum on Trade and Investment co-chaired by the Commerce and Industry Minister of India, the Russian Minister for Economic Development, and the India-Russia CEOs’ Council are the two primary mechanisms to promote direct bilateral business-to-business contacts between India and Russia. Mechanisms such as India-Russia Business Council (partnership between FICCI of India and CCI of Russia), India-Russia Trade, Investment and Technology Promotion Council (partnership between CII of India and RUIE of Russia), India–Russia Business Dialogue (partnership between CII of India and Russia’s Business Council for Cooperation with India) and India-Russia Chamber of Commerce (with focus on SMEs) supplement the efforts to build direct business - to - business ties. During the 15th St. Petersburg International Economic Forum (SPIEF) in June 2015, India and the Eurasian Economic Union (EaEU) signed a joint statement to undertake a joint feasibility study for an FTA between India and the EaEU.

Russia's exports to India, after a brief drop in 2014, have once again risen to enter the range of \$5 Billion and above, a trend they have maintained through 2012 and 2013. Russia's imports from India fell to \$2.17 Billion in 2015, from \$3.17 Billion in 2014; hence increasing the trade balance from \$1.2 Billion in 2014, to \$3.2 Billion in 2015.



Russia imports a diverse range of commodities from India consisting of pharmaceutical products, Machinery, Coffee, Tobacco and Organic Chemicals. Apart from Medicaments, Tobacco and Black tea, top imports at the HS06 level consist mainly of Coffee, Alkaloids, Antibiotics and Meat.

Russia's Imports from India											
<i>*All Values in USD Million</i>											
Product code	Product label	Russia's Imports from India									
		2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
TOTAL	All products	967	1,309	1,714	1,524	2,143	2,760	3,041	3,091	3,170	2,172
'30	Pharmaceutical products	348	443	532	464	620	722	775	819	667	438
'84	Machinery, nuclear reactors, boilers, etc	58	88	117	88	104	136	141	159	270	143
'09	Coffee, tea, mate and spices	72	105	116	119	134	143	142	131	132	137
'24	Tobacco and manufactured tobacco substitutes	51	53	53	95	94	110	97	113	122	122
'29	Organic chemicals	24	29	35	43	60	61	81	68	111	119
'85	Electrical, electronic equipment	39.	51	117	126	262	476	488	382	184	115
'62	Articles of apparel, accessories, not knit or crochet	16	35	51	54	64	106	108.	135	152	101
'61	Articles of apparel, accessories, knit or crochet	12	29	56	56	54	86	75	97	126	85

Russia's Imports from India

**All Values in USD Million*

Product code	Product label	Russia's Imports from India									
		2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
'21	Miscellaneous edible preparations	42	66	64	65	95	121	103	77	76	79
'87	Vehicles other than railway, tramway	10	20.	23	42	104	53	76	111	109	75

Russia's exports to India on the other hand are mostly specialized commodities. Precious metals and stones are the top export commodities, followed by fertilizers, Machinery, Electronic equipment and Mineral Fuels. The top 10 commodities at the HS06 level comprise of 40% of Russia's exports to India. This consists of Diamonds (10% of exports), Sliver (7% of exports), Potassium Chloride (6% of exports), Turbo jets (3% of exports) and Diammonium phosphate (3% of exports).

Russia's Exports to India

**All Values in USD Million*

Product code	Product label	Russia's Exports to India								
		2007	2008	2009	2010	2011	2012	2013	2014	2015
TOTAL	All products	3,033	5,231	5,937	5,406	4,665	7,566	6,982	4,395	5,454
'99	Commodities not elsewhere specified	254	-	-	-	-	-	-	-	1,219
'71	Pearls, precious stones, metals, coins, etc	54	109	128	433	589	749	870	1,113	1,009
'31	Fertilizers	170	1,135	777	1,124	779	1,083	278	366	636
'84	Machinery, nuclear reactors, boilers, etc	532	800	823	586	577	543	750	712	534
'85	Electrical, electronic equipment	218	520	577	393	490	530	545	475	353
'27	Mineral fuels, oils, distillation products, etc	246	71	387	324	283	175	189	226	305
'72	Iron and steel	538	549	359	395	377	501	137	167	214
'90	Optical, photo, technical, medical, etc apparatus	105	198	249	249	203	314	285	316	195
'48	Paper and paperboard, articles of pulp, paper and board	73	125	80	145	157	145	125	136	133
'40	Rubber and articles thereof	17	30	23	17	66	45	55	76	128

China

After the end of the Cold War, Sino-Soviet ties were normalized, though after the collapse of the Soviet Union in 1991, the two countries ceased to be a priority for each other. Political cooperation between Moscow and Beijing was mainly concentrated on regional issues such as the first summit of the “Shanghai Five” in 1996, which included China, Russia, Kazakhstan, Kyrgyzstan, and Tajikistan, and was focused on border delimitation.

Relations remained good after Vladimir Putin and Hu Jintao took over, and in 2001 the two countries signed a Treaty of Friendship. More importantly, they also managed to solve the territorial dispute after Russia ceded to China 337 km of disputed lands in exchange for Beijing’s removal of other claims. At the same time both countries embarked on a project to transform the loose “Shanghai Five” format into a real regional integration format – the Shanghai Cooperation Organization.

By the end of 2009, China was Russia’s biggest trading partner, second only to the EU as a whole – a place it continues to hold. In 2013, as the economy slowed - GDP growth was 1.3 percent despite the optimistic government target of 5 percent at the beginning of the year – Russian companies began increasingly to look east. It was with the start of the Ukraine crisis and the first round of sanctions imposed on Russia by the US Canada, Australia and the EU amongst others; that President Putin announced the ‘Pivot to Asia’ in 2012 in his speech to the National Assembly.

Consequently in recent years the Russian government has worked to re-orient Russian international trade towards Asia, and towards China in particular. It has also sought to develop a free-trade zone with some of the countries of the former Soviet-Union.

Both Moscow and Beijing have taken various initiatives towards strengthening the Rouble and the Yuan as currency to be used in international transactions in place of the US Dollar. Since 2010, a certain number of important measures have been announced that highlight this initiative:

- At the end of 2010, the yuan could be exchanged, for the first time, against the Rouble in Moscow’s trading houses (with an electronic quotation).
- In September 2012, China and Russia signed an accord allowing the Chinese to buy oil in yuan. This accord was confirmed by the presidents of both countries in September 2013.

In September 2015 both Russia and China expanded cooperation in oil, gas, post services and other areas during President Putin’s visit to China. Russia’s Gazprom and CNPC of China signed a memorandum on a third project as part of their strategic cooperation over the next five years; Russian oil major Rosneft signed agreements with China worth a potential \$30 Billion; Russian Post and China Post signed an agreement intended to strengthen cooperation and development of cross-border online trade, improving delivery of mail by railway -both by freight and passenger trains; and the Russian truck producer KAMAZ and Chinese Hawtai Motor Group signed an agreement to establish a joint venture.

China has been Russia's top Import partner since 2008. Russia has had a steadily decreasing trade deficit with China since 2013, with the deficit decreasing to \$(7.77) Billion in 2015, from \$(17.55) Billion in 2013.



Russia's imports from China consist largely of Electrical equipment, Machinery and other manufactured items. Imports have risen steadily in the last 10 years, from \$12,911 Million in 2006 to \$34.08 Million in 2015.

Russia's Imports From China										
<i>*All Values in USD Million</i>										
Product code	Product label	Russia's Imports from China								
		2007	2008	2009	2010	2011	2012	2013	2014	2015
TOTAL	All products	24,406	34,768	22,859	38,960	48,038	51,767	53,173	50,853	34,077
'85	Electrical, electronic equipment	6,154	7,965	4,846	8,607	9,989	10,769	12,617	12,488	8,615
'84	Machinery, nuclear reactors, boilers, etc	4,752	8,030	5,252	8,911	11,654	12,470	11,398	10,969	8,072
'64	Footwear, gaiters and the like, parts thereof	1,519	2,0920	1,564	2,888	2,781	2,720	2,829	2,069	1,269
'62	Articles of apparel, accessories, not knit or crochet	822	1,284	1,121	1,703	1,880	1,682	1,998	1,967	1,205
'39	Plastics and articles thereof	897.96	1,310.94	843.97	1,304	1,640	1,772	1,800	1,957	1,157.37
'87	Vehicles other than railway, tramway	1,628.97	1,786.33	474.83	1,017.20	1,894.80	2,634	2,380	2,209	1,080
'95	Toys, games, sports requisites	597.30	897.71	698.67	1,267.79	1,485.20	1,717	1,788	1,797	1,002
'61	Articles of apparel, accessories, knit or crochet	526.81	912.05	800.72	1,294.64	1,583.24	1,563	1,788	1,610	951
'73	Articles of iron or steel	911.99	1,241.90	717.31	1,252.59	1,512.49	1,548	1,782	1,607	920
'29	Organic chemicals	227.81	332.23	363.03	500.02	641.59	733	745	799	796

China is Russia's second largest export partner with Netherlands being the first. The top exported commodities to China at the HS 06 level consist of "Petroleum oils and oils obtained from bituminous minerals, crude" and "Other petroleum oils and preparations"; "Turbo-jets of a thrust exceeding 25 KN"; Lumber, coniferous (softwood) 6 mm and thicker"; and "Logs, poles, coniferous nes"; with an export value of \$14,063 Million, \$1,997 Million, \$982 Million, \$958 Million and \$807 Million respectively.

Russia's Exports to China										
<i>*All Values in USD Million</i>										
Product code	Product label	Russia's Exports to China								
		2007	2008	2009	2010	2011	2012	2013	2014	2015
Total	All products	15,166	21,147	16,669	19,783	34,692	35,766	35,625	37,414	27,308
'27	Mineral fuels, oils, distillation products, etc	6,619	11,066	7,516	10,271	22,736	24,896	25,177	27,754	17,784
'44	Wood and articles of wood, wood charcoal	2,718	2,475	1,996	2,169	2,421	2,086	2,230	2,510	2,177
'84	Machinery, nuclear reactors, boilers, etc	596	587	689	849	591	970	1,140	1,370	1,496
'03	Fish, crustaceans, molluscs, aquatic invertebrates nes	178	125	670	892	940	933	1,014	914	968
'31	Fertilizers	1,019	1,536	574	796	1,062	1,598	963	959	794
'26	Ores, slag and ash	380	751	662	967	2,675	2,036	1,824	1,034	743
'47	Pulp of wood, fibrous cellulosic material, waste etc	568	701	440	610	797	665	602	696	704
'99	Commodities not elsewhere specified	188	-	-	-	-	-	-	-	447
'29	Organic chemicals	806	703	518	791	1,087	790	546	376.	300
'39	Plastics and articles thereof	171.28	217	392	419	372	225	306	302	241

SECTION III

Ease of Doing Business

Ease of Doing Business

According to Transparency International Russia ranks 29 out of 100 in the Corruption Perception Index 2015. The Corruption Perceptions Index ranks countries based on how corrupt a country's public sector is perceived to be. Scores range from 0 (highly corrupt) to 100 (very clean).

Listed below is the World Bank's 'Ease of Doing Business' report 2016, for Russia.

Topics	DB 2016 Rank	DB 2015 Rank	Change in Rank
Starting a Business ✓	41	34	↓-7
Dealing with Construction Permits	119	117	↓ -2
Getting Electricity ✓	29	53	↑ 24
Registering Property ✓	8	8	No change
Getting Credit ✓	42	61	↑ 19
Protecting Minority Investors	66	64	↓ -2
Paying Taxes ✓	47	50	↑ 3
Trading Across Borders	170	169	↓ -1
Enforcing Contracts	5	5	No change
Resolving Insolvency	51	44	↓ -7

✓ = Doing Business reform making it easier to do business. x = Change making it more difficult to do business.

Given below is a list of changes made by the Russian Federation that make it easier to do business in the country. These changes have been highlighted in the table above.

- ✓ **Starting a Business:** The Russian Federation made starting a business in Moscow easier by reducing the number of days required to open a corporate bank account.
- ✓ **Registering Property:** Russia made transferring property easier by reducing the time required for property registration. This reform applies to both Moscow and St. Petersburg.
- ✓ **Getting Credit:** Russia improved access to credit by adopting a new law on secured transactions that established a centralized collateral registry and allows a general description of a combined category of assets granted as collateral. This reform applies to both Moscow and St. Petersburg.
- ✓ **Paying Taxes:** Russia made paying taxes less costly for companies by excluding movable property from the corporate property tax base—though it also raised the wage ceiling used in calculating social contributions. These changes apply to both Moscow and St. Petersburg. In addition, the cadastral value of land in Moscow was updated.
- ✓ **Getting Electricity:** Russia made the process of obtaining an electricity connection simpler, faster and less costly by eliminating a meter inspection by electricity providers and revising connection tariffs. This reform applies to both Moscow and St. Petersburg.

FDI Rules and Regulations¹²

According to the Trade and Investment Guide issued by the UK Trade and Investment, the Federal law on foreign investment in Russia:

- prohibits foreign investors from getting control of, or having substantial stakes in Russian strategic industries, e.g. in extraction and defence sector
- specifies the conditions for foreign businesses investing in Russia cannot be worse than for Russian entities
- protects investors against unfavourable changes in tax, customs and other legislation for up to 7 years

Russian legislation gives foreign investors a number of advantages to provide stability and legal protection for their businesses in Russia. The main advantages include:

- recovery of damages resulting from illegal actions, or inactivity of government authorities, local government bodies or officials of these authorities
- protection of property from seizure, including nationalisation or requisition
- protection from negative changes in tax and customs legislation during payback period of an investment project
- right to an unimpeded transfer of profits, income and other monetary sums from investments

Under Russian transfer pricing law a transfer price is subject to monitoring by the tax authorities. The tax authorities monitor prices to ensure that they are established for commercial purposes and not for the reduction of the tax burden.

The regulations in Russia's different regions must also be taken into account as there may be significant divergences legal practice adopted by authorities and commercial courts.

Regulatory Bodies

The State Chamber of Registration is the major registering authority for most legal entities operating in Russia.

There are a number of other government bodies with responsibility for foreign trade regulation. Certain types of business activity can only be carried out in Russia with a special licence issued by authorised licensing bodies. Licensing is carried out on a federal and regional level. Necessary approvals from the relevant body must be sought before proceeding.

Standards and Technical Regulations

GOST is the quality certification system in the Russian Federation and is the equivalent of the ISO 9000 series certificates for western companies.

GOST-TR is the approved quality indicator. Sample testing is necessary to obtain this certificate. These tests are made in accredited laboratories by GOSSTANDARD, the Russian standards organisation.

¹²The United Kingdom Trade and Investment; Austrade; Investment Potential of Russian Regions by the Agency for Strategic Initiatives.

Packaging and labelling requirements for Russia vary significantly for food and non-food items. Requirements must be checked prior to shipment.

Intellectual Property

Russia is a signatory to major international treaties on intellectual property rights.

Patent protection is given for 20 years from the date of the application, subject to payment of annuities. Patent protection for medicine, pesticide or agrochemical products may be extended for up to 5 years with special permission.

The Federal Service for Intellectual Property, Patents and Trademarks ('Rospatent') has responsibility for intellectual property.

Special Economic Zones (SEZ)

There are 28 SEZ which grant certain tax, customs and other concessions to residents. The Ministry of Economic Development is responsible for providing further information on these zones.

Tax System and Administration

Russia's current tax system is relatively new, and many tax concepts and issues that are standard in most market economies are just beginning to emerge in Russia. The Russian Tax Code provides a summary of the general tax principles, the rights and obligations of the taxpayers and tax authorities, an outline of the taxes payable, and other provisions.

Value Added Tax (VAT)

VAT is applied at a standard rate of 18%. A preferential VAT rate of 10% is applied to:

- Medical goods
- Books and periodicals
- Food products
- Children's garments

There is an import VAT exemption for 'technological equipment that has no equivalent produced in Russia' according to a government approved list. The listed equipment generally also qualifies for a 0% rate of customs import duty.

Corporate Taxes

Profits are taxed at a maximum of 20% on net income.

Payments by employers to the Russian Pension Fund, Social Insurance Fund and Medical Insurance Funds amount to 30% of total payroll.

Income tax

Personal income tax is paid at a flat rate of 13%. You are considered a Russian tax resident if you live in Russia for over half a year in 12 consecutive months.

Non-residents are also subject to personal income taxation on Russia generated income.

Customs

The Federal Customs Service regulates all goods imported into Russia. Customs duty can be calculated and paid in:

- percentage of customs value of goods imported
- specific value, charged for one piece of the relevant goods category
- combined volume, a combination of the above

Import customs duties are collected based on the classification code and the country of origin of the goods being imported. In the majority of cases, they are 5%, 10% and 15%. Certain goods are exempt from import customs duties.

The import of certain goods require a licence.

Dispute resolution

Bodies such as the Russian Chamber of Commerce and Moscow Chamber of Commerce offer a voluntary framework for resolution of commercial disputes. According to the Australian Trade Commission this may be a suitable means for resolving small-scale matters. The Russian court system remains weak but is improving.

Many companies doing business in Russia draw up contracts under foreign law, such as English law and/or opt for international arbitration for dispute resolution.

Special Restrictions

According to the International Air Transport Association (IATA) some Russian Federation Customs, Currency & Airport Tax regulations details are given below:

Import regulations:

- Photographs and printed matter directed against Russian Federation are prohibited.
- The Acipenseridae (sturgeons) family of fish and any product made thereof and live animals (subject to special permit).
- Import and export of narcotics and military arms and ammunition is prohibited.
- Dairy and meat products are permitted (except from Armenia and Georgia), if packed in original factory packing and in quantities that can be considered for personal use. Larger quantities must be accompanied by the appropriate documentation, including veterinary health documents.

Export regulations:

- Archaeological, historical and artistic objects require a written permission from the Ministry of Cultural Affairs and a photograph of the exported object.
- Precious metals, stones, pearls and articles made thereof, except when belonging to the imported personal effects of the passenger (e.g. jewellery) and declared upon arrival.
- Acipenseridae family (sturgeons) fish and any product made thereof (subject to special permit).
- Antiquities (i.e. any article older than 50 years) and art objects (subject to duty and special permit from the Ministry of Culture).

Furthermore the Russian Government has a prohibition on state and municipal purchases of various kinds of foreign goods. The government also imposes a ban on the access of certain machine-building goods originating from foreign states to procurements for state and municipal needs. The list of banned goods includes special equipment (bulldozers, excavators, fire engines, etc.), and cars. However, the same machinery and vehicles produced by foreign companies in Russia are not affected by the ban.

Rospotrebnadzor (Russian Federal Service for Surveillance on Consumer Rights Protection and Human Wellbeing) and Rosselkhoz nadzor (Federal Service for Veterinary and Phytosanitary Surveillance) have restricted/suspended/banned imports of a number of crops (fruit, tinned fruit and vegetable products) and meat from Moldova due to breaches of consumer rights and safety legislation.

Russia has also introduced a one-year ban on the import of certain food and food products originating from the US, EU, Canada, Australia and Norway; as a form of counter sanctions. The list of banned goods was published by the government and took effect from 7 August 2014. For the moment the ban covers the following types of food products:

- meat (including poultry and pork) and meat products (sausages, etc) fresh, chilled or frozen;

- milk and dairy products;
- fish and shellfish;
- vegetables, edible roots and tuber crops;
- fruits and nuts;
- Products (such as cheese and milk) based on vegetable fats.

Compliance on these goods shall be based on the identification numbers for the relevant goods set out in the Harmonized System of the Customs Union. Although Russia is a member of the Customs Union, Belarus and Kazakhstan – the other two members – do not support the ban and so it is still possible to export the restricted goods to these countries.

Foreign Companies Operating in Russia

Below is a list of a few international corporations with offices or branches in Russia:

Company Name	Category	Country	Company Name	Category	Country
ABB	Industrials	Switzerland	Mitsubishi	Other Consumer	Japan
Abbott Laboratories	Healthcare	USA	Mitsui	Industrials	Japan
Alcoa	Basic Materials	USA	Mondelez	Food, Drink, Tobacco	USA
AstraZeneca	Healthcare	UK/Sweden	Nestle	Food, Drink, Tobacco	Switzerland
BASF	Basic Materials	Germany	Novartis	Healthcare	Switzerland
BAT	Food, Drink, Tobacco	UK	PepsiCo	Food, Drink, Tobacco	USA
Bayer AG	Basic Materials	Germany	Procter and Gamble	Other Consumer	USA
BP	Oil and Gas	UK	Raiffeisen Bank International	Financial	Austria
Cargill	Food, Drink, Tobacco	USA	Renault	Other Consumer	France
Carlsberg	Food, Drink, Tobacco	Denmark	Royal Dutch Shell	Oil and Gas	UK/ Netherlands
Coca-Cola	Food, Drink, Tobacco	USA	Sanofi	Healthcare	France
Deutsche Bank	Financial	Germany	SCA	Other Consumer	Sweden
Enel	Utilities and Telecom	Italy	Schneider Electric	Industrials	France
ENI	Oil and Gas	Italy	Siemens	Industrials	Germany
E.ON	Utilities and Telecom	Germany	Société Générale	Financial	France
ExxonMobil	Oil and Gas	USA	Solvay Group	Basic Materials	Belgium
Finmeccanica	Industrials	Italy	Takeda Pharmaceutical	Healthcare	Japan
Ford	Other Consumer	USA	Telenor	Utilities and Telecom	Norway
Fortum Corporation	Utilities and Telecom	Finland	Tetra Pak	Industrials	Sweden
International Paper	Basic Materials	USA	Total	Oil and Gas	France
Kinross Gold Corporation	Basic Materials	Canada	UniCredit	Financial	Italy
Lafarge	Industrials	France	Unilever	Food, Drink, Tobacco	UK/ Netherlands
Metro AG	Other Consumer	Germany	United Technologies Corporation	Industrials	USA

Major Institutions

The Russian Government

Website: <http://government.ru/en/>

The Ministry of Foreign Affairs of the Russian Federation

32/34 Smolenskaya - Sennaya pl.,

119200

Moscow G-200

Tel: (499) 244-41-19

Fax: (499) 244-41-12

Email: dip@mid.ru; pressdept@mid.ru

Website: <http://www.mid.ru>

The Ministry of Economic Development of the Russian Federation

1,3 1-ya Tverskaya-Yamskaya,

Moscow

Tel: +7 495 650-86-39; +7 495 694-03-53

Fax: +7 499 251-69-65

Email: mineconom@economy.gov.ru

Website: <http://economy.gov.ru/en/>

The Central Bank of the Russian Federation

The Central Bank of the Russian Federation

12 Neglinnaya Street,

Moscow, 107016

Russia

Tel.: +7 495 771-91-00

Fax: +7 495 621-64-65

Website: <http://www.cbr.ru/eng/>

Ministry of Trade and Industry

Website: <http://minpromtorg.gov.ru/>

Eurasian Economic Commission

3/5 Smolensky Boulevard,

bld. 1,

Moscow 119121

Tel: +7 (495) 669-24-00, ext. 41-33

Fax: 8 (495) 669-24-15

Email: info@eecommission.org

Website: <http://www.eurasiancommission.org/en/Pages/default.aspx>

Consulates and Business Forums

Embassy of Pakistan in Russia

Embassy of Pakistan - Moscow

Chancery Address: 17-Sadovaya Kudrinskaya, Ul,
Moscow-123001

Telephone No: +7 (499) 2549791

Fax: 7 (495) 9569097

Email: parepmoscow@mofa.gov.pk, pakistanembassy@mail.ru

Website: <http://www.mofa.gov.pk/russia/>

Embassy of the Russian Federation in Pakistan

Ramna 4, Diplomatic Enclave,

Islamabad,

Pakistan

Tel: (92-51) 2600812

Fax: (92-51) 2600814

Email: rusemb.pak@gmail.com

Website: http://pakistan.mid.ru/web/pakistan_en/home

Pakistan – Russia Joint Business Forum

The Pakistan Russia Business Forum has members already in business with the Russian Federation, along with helping new comers enter the Russian Federation. It aims to promote bilateral cooperation and relations between Pakistan and Russia in regards to corporate bodies and individual investors.

TTI House: No.38/1,

Banglore Town,

Near Tipu Sultan Hall

Karachi-75350,

Pakistan

Tel: (92-21) 3412 9555

Fax: (92-21) 3494 9555

E-mail: info@prbf.org

Website: www.prbf.org

Sources

Unless otherwise specified all data in this report is taken from the following sources:

Trade Data: International Trade Centre (ITC), which is a joint agency of the World Trade Organization and the United Nations; UNComtrade which is maintained by the United Nations Statistics Division (UNSD).

International Monetary Fund (IMF): World Economic Outlook; Finance and Development Trade Turbulence Report

The World Bank: Russia World Development Indicators; Russia Economic Report; Doing Business, Country Overview, Global Preferential Trade Agreements Database

The United Nations: Treasury UN Operational Rates of Exchange; United Nations Conference on Trade and Development (UNCTAD); UN News Centre; United Nations Economic and Social Commission for Asia and the Pacific (ESCAP)

Government of Russia: Central Bank of Russia; Rosaviatsiya (Federal Air Transport Agency); Moscow Exchange; Permanent Mission of the Russian Federation to the European Union; Embassy of The Russian Federation In The Islamic Republic of Pakistan; Investment Potential of Russian Regions; The Russian Government Official; The Ministry of Foreign Affairs of the Russian Federation; The Ministry of Economic Development of the Russian Federation; Ministry of Trade and Industry

Government of Australia: Australian Trade Commission; Department of Foreign Affairs and Trade

Islamic Republic of Pakistan: Pakistan Russia Business Forum; Embassy of Pakistan in Russia

Government of the United Kingdom: UK Trade and Investment

Government of the United States of America: Central Intelligence Agency (CIA): The World Fact Book; The US – Russia Business Council

European Union: Eurostat; European Commission; European Council on Foreign Relations

Government of India: Embassy of India in Moscow, Russia

Government of Turkey: Ministry of Foreign Affairs

Additional Data: Eurasian Economic Commission; Asia Regional Integration Centre (ARIC); Organization of The Black Sea Economic Cooperation (BSEC); The Banki.ru; Transparency International; Freedom House; Stockholm International Peace Research Institute (SIPRI); Chameleon Pharma Consulting; US-Brazil Trade Assist Desk; World Trade Organization; ASEAN – Russia Summit; Council on Foreign Relations; International Air Transport Association (IATA); Clifford Chance; Global Counsel; Istituto Affari Internazionali

Collaborative Articles and Information from: Consultative Group to Assist the Poor (CGAP); BBC News; Bloomberg View; The New York Times; The Hindu; Business Insider; Investopedia; About Education; The Diplomat; RT; Sputnik International; Xinhuanet; Eurasian Business Briefing; RussEurope; The BRICS Post; Lexology; Deutsche Welle (DW)



8th Floor, Dawood Centre, M. T. Khan Road, Karachi, Pakistan
Telephone: +92-21 35630528-29 Fax: +92-21 35630530 Website: www.pbc.org.pk