

Russia, July 21st, 2020

Country	Gov measures for Swiss subsidiaries in country	Economic Outlook 2020	Movement of goods	Movement of people
Russia	✓			

Red = critical situation / expected GDP decline bigger than 5% compared to previous year

Yellow = difficult situation / expected GDP decline up to 5% compared to previous year

Green = normal or almost normal situation / remaining GDP growth compared to previous year

1. General Situation

DESCRIPTION OF THE CURRENT SITUATION

- Find latest information on the general situation in English on the website of The Moscow Times www.themoscowtimes.com
- Also in English, the Association of European Businesses has a dedicated area on their website with business-related information regarding Covid-19 www.aebrus.ru
- Official information is available in Russian only on the website of the federal government. стопкоронавирус.рф On this site, you will find an [interactive map](#) where regions are divided in four categories colored from green (no restrictions) to red (lockdown).

GOVERNMENT MEASURES

- Eligibility for government support measures is differentiated according to company size and economic sector (there is an official list of “highly affected sectors”, such as tourism etc.). This results in the following four categories, with cumulative access to benefits:
 - **All companies** (later deadlines for accounting submission, moratorium on controls by the Federal Tax Services and moratorium on insolvency decisions)
 - **SMEs** (reduction of social charges, subsidized credits)
 - **SMEs from highly affected sectors** (deferral of tax payment by 4-6 months)
 - **Micro companies from highly affected sectors** (deferral of social charges by 6 months)
- Large companies can apply to be recognized as “[systemically relevant](#)” companies giving them access to benefits such as tax deferrals, soft loans or government guarantees.
- All measures mentioned above refer to the federal level. Additional support may be available at the regional level.
- Subsidiaries of foreign companies can benefit from support measures, but limitations apply to companies whose foreign ownership is >49%. They can only benefit from SME status if the foreign mother company also qualifies for SME status.

An exhaustive list of federal benefits and eligibility for a given business can be checked on the website of the [Federal Tax Service](#). EY offers a [summary of federal and regional support measures](#). Both sources are available in Russian only.

In English, the Association of European Businesses in Russia provides a complete and systematized listing of support measures at the federal level and – for Moscow only – at the regional level. The information can be consulted in [chronological order](#) or from a [sectoral perspective](#).

ECONOMIC OUTLOOK (ECONOMIC DEVELOPMENT, EFFECTS ON INDUSTRIES)

Economic Development and Outlook:

- In 2020, the Russian economy is expected to contract by 4.6 % (EBRD: <https://www.ebrd.com/where-we-are/russia/overview.html>) to 6.6% in 2020. (IMF: <https://www.imf.org/en/Countries/RUS>).
- The global downturn impacts Russia through low commodity prices, the oil price in the first place.
- Low oil prices usually translate into a weaker Ruble, this is the main challenge for foreign exporters.
- On the positive side: Russia has very low public debt, a National Welfare Fund of USD 150 bn and Central Bank reserves of more than USD 550 bn. This allows the authorities to maintain macroeconomic stability for the foreseeable future.

Effects on industries:

- A June 2020 [survey on the consequences of COVID](#) by the Association of European Businesses among 114 European (including Swiss) companies active on the Russian market produced the following key findings:
 - The challenges most often encountered are: defaults on payments by customers (34% of respondents), problems with supply of raw materials and components (33%), and logistical complications (31%).
 - More than 70% of European businesses are not laying off people.
 - Only 8% of European businesses have temporarily closed production in Russia (45% have no production, 45% have not shut down production).
- For the Russian economy as a whole, we expect that the large state controlled corporations will have the means to survive the crisis. The smaller companies, often in the services sector, will be most affected.
- In the food sector, we observe a trend towards health-conscious consumption.
- Many sectors (e.g. retail, commercial vehicles, construction equipment etc.) had reported an exceptionally strong first quarter, which will somewhat attenuate the impact of the lockdown on the overall turnover numbers in 2020.

2. Movement of goods

- There are no restrictions on the movement of goods.
- For medical equipment relevant for the fight against COVID-19, there are VAT exemptions ([Decree N. 419](#)), import duty exemptions ([EAEU Decision No. 21](#)), and simplified batch approval processes ([Decree No. 430](#)).
- Export of medical protective equipment is restricted.

3. Movement of people

RESTRICTIONS ON ENTRY FROM SWITZERLAND

- Russia has closed its borders until further notice. Nationals and residents are allowed to return to the country. Exceptions for the return of persons staying in Russia based on a Highly Qualified Specialist (HQS) visa are granted since June 25 (decree in Russian: <http://static.government.ru/media/files/FmSVmllscl0WaE2L9ZFiK8rpu4tzygKZ.pdf>)
- No applications for new work permits possible. However, possibility to prolong existing work or business visa as well as work permits for those who are already in the country.
- Engineering and service personnel of important infrastructure projects are also allowed to enter the country.
- For travel information between Switzerland and Russia consult the website of the Embassy of Switzerland in Russia:
<https://www.eda.admin.ch/countries/russia/en/home/representations/embassy-in-moscow.html>

RESTRICTIONS ON MOBILITY WITHIN THE COUNTRY

- Travel (air and land) within the country is not restricted.