

GPS-Only Devices to Be Hit With Tax

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The government plans to levy a customs duty on devices that only support the Global Positioning System navigation standard, Deputy Prime Minister Sergei Ivanov said Wednesday, calling the measure “motivation.”

No duty will be charged for devices that support both Glonass — the Russian standard — and GPS, he said, Interfax reported.

“We have already received signals from mobile phone manufacturers that when we introduce [the duty] they are ready to supply telephones supporting both Glonass and GPS,” Ivanov said.

There is no indication how much the duty will be or when it will be enforced.

Ivanov said the measure is “not coercion, but motivation” to promote Glonass, Russia’s answer to American GPS, on the local market. Now between \$4 billion and \$5 billion worth of GPS devices are sold in Russia, Ivanov said, and Russia wants in.

The move comes not long after AFK Sistema head Vladimir Yevtushenkov lobbied for banning GPS-based devices in Russia at a meeting with Prime Minister Vladimir Putin last summer.

Ivanov also promised to mandate by the end of 2010 the installation of Glonass devices by domestic automakers on models they equip with navigation systems.

AvtoVAZ has begun to install Glonass receivers, but other manufacturers are balking and will only do it if there is legislation forcing them, Ivanov said.

He also said federal spending on Glonass has already reached 60 billion rubles (\$2 billion).

A Nokia spokeswoman said the Finnish cell phone giant was “considering the possibility” of potentially installing Glonass on mobile devices.

She said that first shipments of Glonass compatible devices would be “no earlier than a year from now.”

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