The Moscow Times
30 YEARS
INDEPENDENT NEWS FROM RUSSIA

Duma Seeks to Protect Russian Investments Abroad

By Lena Smirnova

July 02, 2012



AFK Sistema head Vladimir Yevtushenkov **Denis Grishkin**

A group of State Duma deputies has drafted a proposal for the creation of a coordinated, depoliticized mechanism to protect Russian investments abroad, chairman of the Duma's property committee Sergei Gavrilov announced.

The initiative is partially motivated by the $40 million monthly losses that the Russian investment firm AFK Sistema has sustained since an Indian court order revoked the telecom licenses held by the firm's joint venture in the country.

"Business in our countries must get a clear, precise, weighty sign that the problem is being resolved in a legal and understandable way," Gavrilov said at the end of last week. "People not only from large business and state structures, but also from small and medium-sized businesses will know that in Russia there is a clear, tested mechanism for protecting Russian investments abroad."

"Moscow doesn't abandon its own. Not in any situation," he added.

Sistema Shyam TeleServices, in which AFK Sistema holds the majority of shares, received telecom permits for 22 Indian areas in 2008 and invested up to $3 billion in the project. In February, India's Supreme Court canceled all but one of the company's licenses, arguing that they should have been allocated through an auction.

AFK Sistema has lost up to $200 million since the licenses were revoked, Gavrilov said. The conflict has become critical not only for the company but also for the Russian government, which holds a share in the project.

India is not the only place where Russian investors are being singed by local authorities. Uzbek courts filed $1.27 million worth of tax complaints against the Mobile TeleSystems' branch in the country last week and have started to cart the company's managers in for questioning.

The proposal from the Duma property committee recommends improving coordination among government agencies in their efforts to protect Russian investors, creating a mechanism for the compensation of corporate losses and identifying criteria under which investors can turn to the International Court of Arbitration.

Authorities will give the greatest attention to large investment projects, particularly those with a state share, Gavrilov said.

The mechanisms outlined in the proposal are expected to be discussed and finalized during the Duma's fall session.

Original url:
https://www.themoscowtimes.com/2012/07/02/duma-seeks-to-protect-russian-investments-abroad-a15923