The Moscow Times
30 YEARS
INDEPENDENT NEWS FROM RUSSIA

NGO Bill to Impact Business Groups

By Nikolaus von Twickel

July 16, 2012



American Chamber of Commerce head Andrew Somers **Maxim Stulov**

As a disputed bill branding foreign-funded nongovernmental organizations "foreign agents" awaits approval by the Federation Council, confusion reigned Monday over the bill's effect on large international business groups.

Representatives of both the Association of European Businesses and the Russo-German Chamber of Commerce said they fear that their organizations will fall under the legislation, since many of their member companies are registered abroad.

The term "foreign agent" is strongly suggestive of spying in Russian and could cause considerable embarrassment for business lobbying groups forced to adopt the label.

Andrew Somers, president of the American Chamber of Commerce in Russia, said his organization would be exempt because it is registered as a representative office of a U.S. organization.

"The draft bill explicitly limits the law to Russian noncommercial organizations," he told The Moscow Times, referring to the text published on the State Duma's website.

But the Russo-German Chamber, which has more than 800 members, or about the same number as AmCham, said its legal status is that of a nongovernmental organization registered by the Justice Ministry.

"We expect that we will feel the brunt of it," the chamber's chief lawyer Vladimir Kobzev said by phone.

He explained that apart from mandating the use of the "foreign agent" title, the law will make for significant additional work for his group, since it stipulates that all foreign income be declared separately. "This means extra bookkeeping because so many of our members are based in Germany or other countries," he said.

Frank Schauff, CEO of the Association of European Businesses, or AEB — which is also registered as an NGO — said he had sent a letter to the Justice Ministry asking for clarification.

"The question is whether our activities can be classified as political," he told The Moscow Times.

The AEB says on its website that it has more than 630 members.

The draft law, which passed by a wide majority in the Duma on Friday, has been lambasted by critics inside and outside the country as a punishment for pro-democracy NGOs, which President Vladimir Putin has publicly accused of seeking to subvert the government with money from the U.S. State Department.

The bill is expected to be approved by the Federation Council on Wednesday, after which Putin could sign it into law.

But critics say that because the bill was rushed through the Duma, some obviously unintended effects have been overlooked, both for international and domestic business associations, who also have fee-paying foreign members.

Kobzev, of the German Chamber, said that the law amounts to harassing foreign investors.

"The same state that constantly trumpets the importance of Russia's attractiveness to foreign investors practically brands their money as suspicious and sets extra strict controls and unfulfillable conditions for their use," he said.

The heads of prominent business associations and other nongovernmental groups, including Alexander Shokhin of the Russian Union of Entrepreneurs and Industrialists and Sergei Borisov of Opora, have signed a letter addressed to Putin and Prime Minister Dmitry Medvedev in which they ask both leaders to hold the bill for further discussion until fall. The letter was also signed by former Finance Minister Alexei Kudrin and Igor Chestin, the head of the Russian branch of the World Wildlife Fund, Interfax reported.

During a business forum in Yekaterinburg last week, Shokhin asked Medvedev to make sure

that the groups would be exempted.

"We don't want to lose Andrew Somers," Shokhin told Medvedev, Kommersant reported. The industrialists' union cooperates with Somers' group, AmCham, and Somers and Shokhin jointly head an International Council for Cooperation and Investment, according to the council's website.

Medvedev replied that Shokhin would "lose no one" and promised to forward the issue to the Duma.

It was unclear whether Medvedev's promise to Shokhin had any effect on the draft law.

The text approved by the Duma explicitly exempts "employers' associations and chambers of commerce and industry." But experts said that while this undoubtedly excludes the country's official Chamber of Industry and Commerce from the law's effects, it was unclear whether it extends to other national business associations.

Vladislav Korochkin, a first vice president of business lobby Opora, said Monday that he would wait until the law goes into effect this fall to address the possible impact it will have on his group. "Right now there are too many other pressing things to do," he said by phone.

Original url: https://www.themoscowtimes.com/2012/07/16/ngo-bill-to-impact-business-groups-a16311