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INDEPENDENT NEWS FROM RUSSIA

Gazprom, Travel Agents, Taxes: Business in Brief

By The Moscow Times

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Gazprom Says Exporting Less Gas to Europe at Lower Price

Russia's top natural gas producer Gazprom expects gas exports to Europe at 157 billion cubic meters "or slightly less," a company official told a conference call Thursday, less than previously planned.

This is less than 162 bcm exported in 2013 and 158.4 bcm previously planned.

Mikhail Malgin, a deputy head of Gazprom Export, also said that average Russian gas price in Europe is seen at $350 per 1,000 cubic meters. This is down from $387 in 2013. *(Reuters)*

Bankruptcy Epidemic Wipes Out 2 More Travel Agents

The dramatic drop off in tourist flows seen this year — caused by a potent combination of a weakening ruble, the downturn in Russia's economy, and the Ukraine crisis — has

bankrupted two more Russia travel agencies.

At least 15 Russian travel agencies has gone bust in recent months.

Yuzhny Krest, which started operating in Russia in 1998, said Wednesday in an online statement that the company had suspended its activities, blaming the decision on the major drop in demand for tours.

A spokeswoman for Russia's travel watchdog said about 10,000 Yuzhny Krest clients are currently overseas, while the country's Tourism Industry Union placed the number at closer to 6,000, Interfax reported Wednesday.

Moscow-based Sky Tours, opened in 2011, went out of business on the same day. *(MT)*

Kiev Looks to Bar Russian Firms From Buying 3G Licenses

Ukrainian President Petro Poroshenko has signed a new law that could prevent Russian mobile companies from bidding for 3G licenses in the restive former Soviet republic, Bloomberg reported Thursday.

The law allows for restrictions on Russian businesses in Ukraine, and could target the activities of Russia's biggest mobile phone operator, MTS, which — along with VimpelCom, the owner of Ukrainian telecommunications major Kyivstar — accounts for 80 percent of Ukraine's wireless market, the report said.

MTS — whose Russian billionaire owner, Vladimir Yevtushenkov, has invested $4 billion in Ukraine since 2003 — said the law discriminates against its investors in the U.S. and Europe.

The legislation, inked Wednesday by Poroshenko, is a punishment for Russia's alleged support of separatists in eastern Ukraine. *(MT)*

Putin Backs Sales Tax Proposal, Again

President Vladimir Putin has reiterated his support for a government initiative to introduce a new sales tax from 2015, Vedomosti newspaper reported Thursday.

The law is intended to help local governments overburdened by social spending obligations. The Financial Ministry has estimated that the regions' total budget deficit will reach 857 billion rubles ($25 billion) in 2014 — 33.5 percent higher than in 2013.

The new measure will give each Russian region the right to impose a sales tax of up to 3 percent, raising about 200 billion rubles ($14.8 billion) annually, according to the ministry.

Opponents of the idea see the tax as inflationary and anti-growth.

The Cabinet is due to make the final decision on whether to impose the levy, which was abolished in 2004, later this month. *(MT)*

Rogozin: Il-114 Aircraft Key to Restoring Russia as 'Great Aviation Power'

Russia's dependence on foreign aircraft is an affront to the nation's identity as "a great aviation power," Deputy Prime Minister Dmitry Rogozin said Wednesday on Facebook.

Rogozin on Tuesday said the government was looking into relaunching the construction of Ilyushin Il-114 turboprop airliners — two years after production was stopped — to reduce the nation's dependence on Boeing and Airbus aircraft.

Ninety percent of Russian airliners are foreign leased jets, making them vulnerable to Western sanctions over Ukraine.

Rogozin explained the government's decision to push for a return to domestic airplane manufacturing on Facebook: "It's time to finally make up our minds to produce our own airplanes. It is a shame when a great aviation power becomes radically dependent on imports of foreign aircraft." *(MT)*

EU Halts Aid to Farmers Hit by Russia's Food Import Ban

The EU halted an aid plan for fruit and vegetable growers hit by a Russian import ban after Polish farmers claimed far more compensation than EU officials reckon the entire bloc exports to Russia in a year.

An EU official said none of the 125 million euros ($162 million) set aside for farmers taking produce off the market had been paid out and a revised scheme is likely to be ready next week. The 125 million euros was equivalent to annual exports to Russia from the 28 EU states of the crops targeted for help.

The official said the European Commission would not assume there was fraud in the claims that totaled some 170 million euros, nearly 90 percent of that from Poland. *(Reuters)*

Russian Pharmaceuticals Firm Verofarm Mulls Delisting Shares

Verofarm, one of Russia's leading pharmaceuticals producers, said Thursday it had called an extraordinary general meeting for Dec. 11 to discuss the possibility of dismissing its board and delisting its shares from the Moscow exchange.

The move was announced in a regulatory filing which gave no reason for the possible delisting.

Verofarm was founded in 1997 by the shareholders of health and beauty store chain 36.6. Its first-half sales stood at 2.7 billion rubles ($72.5 million). *(Reuters)*

3-Way Gas Talks on Russia-Ukraine Price Dispute Set for Sept. 20

Ukraine, Russia and the European Commission will hold a new round of talks on the Russia-Ukraine gas pricing dispute on Sept. 20 in Berlin, the commission said Thursday.

"We have now a date for a trilateral meeting between the Russian partners, the Ukraine partners and us and that will be Sept. 20 in Berlin," commission spokeswoman Marlene

Holzner told reporters.

She also said that Polish authorities had informed the European Commission of a reduction in gas flows from Russia. "We have also been informed that the Polish authorities are now looking into the cause, whether it is of a commercial nature or of a technical nature," she said.

Russia's Energy Ministry has not yet received an invitation.

"We do not know about that date and we have not got an invitation," the ministry's spokeswoman said. *(Reuters)*

LUKoil Asks Putin to Approve Diesel Pipeline Through Ukraine, Report Says

Russia's second-largest oil producer LUKoil has launched a bid to buy a diesel pipeline which runs through Ukraine to Hungary, Vedomosti reported on Thursday citing a letter from the company's head to President Vladimir Putin.

A local subsidiary of Russian oil pipeline monopoly Transneft has been operating the pipeline, a bone of contention between Transneft and local Ukrainian authorities.

Vedomosti said Putin had approved the bid after receiving the letter, which said that following the purchase of the pipeline's owner, PrikarpatZapadTrans, a consortium of Russian and European companies would be created to operate the pipe.

A LUKoil spokesman declined to comment.

In 2013, the pipeline carried 925,000 tons of oil products, mainly diesel, to Ukraine's domestic market, while 815,000 tons were sent to Hungary. *(Reuters)*

Russian Firms Obliged to Pay Gym Fees for Employees

The Labor Ministry will oblige Russian companies to pay for their employees to go to fitness clubs and take part in other sporting activities starting in 2015, according to a statement published Thursday on the ministry's website.

The ministry added the new requirement to the standard list of functions that companies must carry out to improve the working conditions of their staff, the statement said.

Under Russia's Labor Code, companies must spend the equivalent of at least 0.2 percent of its production costs on the health and safety of its employees, said Valery Korzh, head of the ministry's workplace safety department. *(MT)*

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