The Moscow Times
30 YEARS
INDEPENDENT NEWS FROM RUSSIA

New Trade Law Risks Disruption for Shops, Ombudsman Warns

By The Moscow Times

June 29, 2016



Russian business ombudsman Boris Titov has asked President Vladimir Putin to postpone a new trade law to prevent potential widespread disruption in the country's shops, the Kommersant newspaper reported Wednesday.

The bill, introduced by ultraconservative United Russia lawmaker Irina Yarovaya, limits the amount of money retailers can expect from suppliers for stocking their products. The amendments limit the total amount of money a retailer can receive to 5 percent of the product's price, down from the previous 10 percent. The bill also proposes to reduce the amount of time in which retailers must pay for goods. While the current payment window stands at 10 to 45 days, the law would change that time to between eight and 30 days.

The bill were passed by the State Duma, the lower chamber of the Russian parliament, on June 24. The amendments were initially meant to come into force on Jan.1 2017 but State Duma deputies decided to bring the amendments into force 10 days after the law's publication.

In his appeal, Titov said that the suppliers and retailers needed more time to prepare for the changes and that hastily rewriting retail chain contracts could lead to supply disruptions, contract violations, and other business risks, Titov said.

Earlier this month, president of the Retail Companies Association Ilya Lomakin-Rumyantsev also warned that the new amendments would lead to the disruptions as retailers would not have enough time to prepare for the changes, the RBC news website reported.

Lomakin-Rumyantsev sent a letter to the chairman of the Federation Council Valentina Matvienko asking to her to conduct "a thorough analysis of the economic impacts" of the bill, Kommersant reported.

Original url:
https://www.themoscowtimes.com/2016/06/29/new-trade-law-risks-disruption-for-shops-ombudsman-warns-a53500