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Russian Businesses Lobby Hard for Government Support

In lieu of broad government stimulus package, industries push for government help as economic impact of coronavirus worsens

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Russian businesses have been busy writing letters requesting help from the Kremlin. **Vasily Kuzmichyonok / TASS**

Russian businesses and trade associations have accelerated their efforts to win support from the Russian government amid the economic fallout of the coronavirus outbreak.

The lobbying comes as the Russian government continues to deliberate sweeping stimulus measures to support Russian businesses and the economy. Large sections of the country, including Moscow, have gone into lockdown to help stop the spread of the coronavirus.

In recent days, small businesses, technology firms, airlines, hoteliers, car dealers, museums, galleries and supermarkets are just some of the industries that have called for stronger support from the Kremlin.

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So far, the government has rolled out limited packages to the worst affected industries such as travel and tourism, and it has extended a list of systemically important large employers who could qualify for government support in the event of a downturn. However, in lieu of broad measures, and as the economic impacts deepen, businesses are calling for stronger interventions.

"A recession in our industry inevitably leads to highly qualified programmers leaving Russia and to a reduction in the ability to digitally transform the economy," Nikolai Komlev, a representative of technology companies told business site RBC.

"We're asking for support not because we are the poorest, but to help all other sectors. I feel genuinely sorry for the tourism industry, but in general it does not affect the economy so much. Technology cuts across all sectors and dramatically increases labor productivity."

Komlev proposed the government pushes back plans to introduce the law requiring pre-installation of government-approved applications onto smartphones, abolishes penalties for late deliveries or contractual delays, and introduces a fixed exchange rate for public procurement of tech systems.

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The airline industry, which estimated it is losing 500 million rubles ($6.4 million) a day, called on the government to scrap VAT on flights from Moscow and introduce an extra 9 billion rubles ($114 million) in subsidies for regional routes.

Business association Delovaya Rossiya has laid out a package of 40 separate measures it wants to be introduced, including support for exhibitions and museums that have been forced to close, rent holidays for cinemas and shopping centres and a 50% reduction in property tax on hotels.

The hotel industry has separately requested a salary support scheme for laid-off workers, as they highlight occupancy rates in Moscow have collapsed to 6-8%.

Meanwhile supermarkets are pushing the government to allow them to sell alcohol online, and car dealers have requested that the nationwide shutdown doesn't apply to repair and maintenance work, stating that in an emergency situation, Russia will need a fleet of working vehicles.

Amid intense scrambling from industries and firms for special measures, and under criticism from small businesses over the package of support announced by President Vladimir Putin in his address to the nation last week, government departments have begun drawing up a more robust response.

Over the weekend, Russia's trade and industry ministry proposed extensive tax holidays, a salary support scheme to pay up to 80% of the wages of employees who cannot work due to the lockdown and a commercial rent holiday. The proposal is still under consideration.

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