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INDEPENDENT NEWS FROM RUSSIA

Russia Considers Crimea Sanctions Dodge – RBC

New law would offer anonymity to businesses that invest on the peninsula to minimize risk of being sanctioned.

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The U.S. and EU have a strict ban on doing business in Crimea. **Sergei Malgavko / TASS**

Russian companies that invest in Crimea could be granted anonymity under new government proposals designed to protect investors from falling under Western sanctions and stimulate corporate activity on the peninsula.

Russia annexed Crimea in 2014, triggering strict rounds of sanctions from the U.S. and EU which effectively bans firms from operating or investing there. Any Russian company active in Crimea faces being cut-off from the entire Western corporate and financial system, meaning most — including state-owned businesses — have stayed clear.

The new bill, obtained by the RBC news site, would allow investors from other parts of Russia to forgo the usual corporate transparency and reporting requirements, keeping their names

and details out of publicly available land and business registries — a degree of protection, it hopes, from the prospect of falling under Western sanctions for engaging in Crimea.

Crimea has suffered from underinvestment and, according to official government assessments, requires huge infrastructure outlays to boost its competitiveness. While Russia has taken sweeping steps to protect the rest of its economy from sanctions — creating a domestic alternative to the SWIFT international payments system and launching its own "Mir" bank cards to rival Visa and Mastercard — it has struggled to alleviate the ban on Crimean business activity.

"Taking into account the geopolitical position of Crimea and Sevastopol," an explanatory note to the bill states, the proposals would "accelerate their socio-economic development and create an attractive investment climate."

But some business experts raised concerns to RBC that the proposals could lead to further corruption, citing a worrying combination of anonymity guarantees and existing support for the peninsula such as low taxes and the ability to secure land rental contracts without a public tender.

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