

One of the main methods for oil companies to avoid paying taxes is by reducing the price of their transactions. By exploiting inadequacies of individual statutes of the Tax Code of the Russian Federation, exporters of hydrocarbon materials significantly reduce the amounts of export duties that should be paid to the federal budget. Particularly for this purpose, a practice is used of declaring goods being moved outside the customs territory of the Russian Federation through temporary customs declarations.

It should also be noted that the predominant majority of oil refining companies are regional monopolies. In the absence of competition, there may be no civilized market and, consequently, no market prices for the manufactured product, since these must be formed by supply and demand. For this reason, an important market mechanism for regulating the oil product market is the organization of a commodities exchange for trading oil products. Creating mechanisms for oil product trading over an exchange would help the state eliminate oil company monopolies on regional oil product markets, move away from opaque pricing mechanisms, and the underreporting of tax bases. In addition, an oil product exchange would provide sufficient capacities for oil refineries and a reduction in the number of oil product delivery disruptions during peak consumption periods.

It is also essential to tighten sanctions for violations of antimonopoly legislation so as to avoid a misuse by oil companies of their domineering positions on the oil and oil product markets. In accordance with the main directions of tax policy for 2007-2009, the main principles of oil industry taxation will not undergo any radical change. At same time, their further improvement is required to create reasonable strategies for resolving the priority tasks of oil sector and general economic development.

The monitoring of the legislative and legal enforcement practices in the economic sphere has shown that directions still exist requiring significant work on their legislative groundwork formation.

The following directions may be identified as some of the promising vectors of current legislative development in the economic sphere:

- transition to a procedure of adopting a three-year budget, the adoption of a new Budget Code of the Russian Federation, which serves as the foundation for implementing intermediate planning principles, and a significant improvement in the quality of all procedures — from budget planning to its execution, and improved budget expenditure efficiency;

- creation of a normative legal base for Investment Fund operations, particularly in establishing a procedure for state guarantees backed by the Fund's revenues, control over the spending and efficient use of its assets, improvement of the investment project selection mechanism on the basis of an objective investment project appraisal procedure;

- solution to the problem of economic diversification and increased competition, which requires further modification of legislation in the areas of tax and amortization policies, introduction of mechanisms for reducing export credit interest rates, and providing state guarantees in support for advanced technologies and the export of manufacturing production, and a series of other measures.

1.4. National security provision

Improvement of legislative frameworks for national security is the principal factor behind the state's guarantee of stability for Russian society and the full-fledged development of the Russian Federation as a member of the world community.

The Address of the President of Russia to the Federal Assembly for 2006 notes that «the terrorist threat remains very real, with local conflicts still serving as a significant boost to terrorists, being a source of their armament and a field for their actual use of force». In this connection, «the question of modernizing the Russian army is right now of paramount importance, and it objectively concerns Russian society». Significant attention was devoted to the development of doctrines for ensuring our country's security: «Russia's military and foreign policy doctrines must also provide answers to the most important questions».

At the present time, security is more than the absence of an immediate military threat or attacks against the country by terrorists. New dangers and challenges are appearing that require special responses, including legal ones. Our country's citizens are becoming ever more concerned by such problems as local crime, extremism and religious intolerance, and cleanup of the consequences of natural and environmental disasters.

The Russian Federation's national security may not be provided without a reliable legislative foundation. Legislation should create a legal order in the country that is best able to provide for the national security of the Russian Federation; and must regulate relations in the security sphere in such a manner that the national interests of the country are safely protected.

The legislative framework for providing the national security of the Russia Federation has been created, is being actively implemented and constantly perfected. Federal laws have been adopted aimed at fighting terrorism and extremism, preventing corruption and illegal migration, and providing for economic, information and other security. At the same time, the need to improve legislation in this sphere remains real.

A 2006 monitoring of legislation enforcing the national security of the Russian Federation revealed the absence of a systemic approach, as well as an exceedingly strong focus on inter-departmental issues in its normative legal acts. Contradictions and room for different interpretation left by some laws, and the declarative nature of legislation aimed at regulating relations in the sphere of providing Russian Federation's national security, prevent their efficient implementation.

Based on the results of monitoring, the Council of Federation moved forward with the initiative to develop the draft federal law «On National Security of the Russian Federation», and for this purpose creating a joint working group made up of representatives from the Administration of the President of the Russian Federation, chambers of the Federal Assembly of the Russian Federation, the Government of the Russian Federation, and the Security Council of the Russian Federation.

The still current Law of the Russian Federation «On Security» has for all intents and purposes become outdated. Some of its statutes do not fully correspond to provisions of the Constitution of the Russian Federation, or the legislation of the Russian Federation aimed at enforcing the national security of the Russian Federation. Confirmed by a Decree of the President of the Russian Federation on January 10, 2000, the Conception on National Security of the Russian Federation provides for the adoption of a framework embodying and strengthening its fundamental theoretical provisions.

The new law must adequately reflect Russia's national interests and be constructed on the principles of consistency, optimality, comprehensiveness, efficiency, and correspond to the goals of enforcing national security under modern conditions and amid threats to the national security of the Russian Federation. It must clearly identify who provides national security for what, identify what security is, provide a system for guaranteeing national security, identify the security threats, present a package of indicators (threshold levels), identify the entities that will be executing measures for guaranteeing security, the means and methods used to avert national security threats, along with these entities' main responsibilities, and establish the reasons for and forms of punishment against state bodies and officials who fail to properly guarantee security.

Without legislatively strengthening the authorities of bodies of state power of various levels, the rights and obligations of citizens of the Russian Federation and their unions that take part in the enforcement of security, without the organization and coordination of their cooperation, without the establishment of state and public control over the implementation of granted rights and execution of obligations in security enforcement, a system meant to enforce the national security of the Russian Federation will not function.

It is expedient not only to develop and adopt a framework federal law, but also to adopt a Strategy of enforcing the national security of the Russian Federation. This document must determine the long-term, mid-range and short-term goals, priorities, challenges and mechanisms

for implementing the state's policy in the area of protection of national interests. This document, based on a multifaceted analysis of the current state of national security of the Russian Federation, and in view of the already adopted conceptions and doctrines on the enforcement of national security of the Russian Federation, must contain directions for the ways, means and methods of counteracting the challenges and threats to national security. Such documents have not only been adopted by the United States, but in some of the countries of the Commonwealth of Independent States (CIS) — Kazakhstan and Ukraine.

The problems of enforcing the national security of the Russian Federation run through all spheres of public life, which is why the specific natures of their legislative regulations depend on each particular sphere of public life where threats have been discovered to the security of the individual, society and the state. The extent of the adequacy, reaction time and precision of the mechanisms for warning about and averting these threats are thought through.

Legislative provision of military security requires a comprehensive military construction system and a regulation of interrelations between the state's military organizations and the public. It is essential to adopt a single code of laws that regulates military construction issues — the Military Code of the Russian Federation. Its contents must include the already adopted federal constitutional laws «On the Military Situation» and «On the Emergency Situation», and the federal laws «On Defense», «On Mobilization and Preparation for Mobilization in the Russian Federation», «On Military Obligation and Military Service», «On the Status of the Serviceman» and «On Alternative Civil Service».

In addition, it must include federal laws whose need for development has been repeatedly pointed out: «On the Armed Forces of the Russian Federation», «On Military Construction in the Russian Federation», and others. In this manner, the Military Code of the Russian Federation may become the legal foundation for the organization of military construction in the state. The currently functioning regulatory framework for military construction, and for how the military organization of the state operates, requires further improvement and development.

Another relevant direction in the area of military security concerns improvement to the legislative foundation of mobilization activity performance. Due to changes to legislative acts of the Russian Federation that broaden the authorities of the constituent entities of the Russian Federation in functions carried out jointly with the Russian Federation, as well as the expansion of the list of issues of local significance to municipal districts, the organization and conduct of preparations for mobilization in the constituent entities of the Russian Federation have become significantly more complicated. Past practice shows evidence of violations to the principle of centralized coordination of mobilization preparations. The introduced changes place in doubt the need to create mobilization agencies both in the bodies of executive power of the constituent entities of the Russian Federation, and in the bodies of local self-government. The mobilization agencies' subordination to the heads of bodies of executive power in the constituent entities of the Russian Federation, and to bodies of local of self-government has been abolished.

The issue of financing preparations for mobilization has not been clearly resolved. Empowering both the constituent entities of the Russian Federation and the bodies of local self-government with the function of organizing and executing preparations for mobilization contradicts the financing procedure, which is determined by the federal law «On Mobilization Preparations and Mobilization in the Russian Federation». Based on the above, it is essential to continue federal-level monitoring of the implementation of this law in order to improve the regulation of relations during mobilization in the Russian Federation, and to establish the rights, obligations and responsibilities of the bodies of state power and local self-government. It is essential to develop and clarify the provisions on mobilization preparations, as well as on mobilization itself, contained in the federal law «On Defense». It should include additions determining the procedure for changing mobilization assignments, compensating organizations for expenses associated with mobilization preparations, and establishing corresponding tax privileges; it should limit the influence of foreign capital in the activities of organizations with mobilization

assignments, as well as determine the responsibility of organizations and citizens that fail to comply with their obligations to execute mobilization assignments and measures.

It should also: confirm the corresponding mobilization capacities for enterprises, establishing the procedure and content of financing; not allow for the loss of mobilization capacities as a result of uncontrolled privatization of enterprises, or for the increase of the share of foreign capital involved in their operations, or for applying bankruptcy procedures against them; to determine the financial capabilities of enterprises and organizations with mobilization assignments on storage, issue and replenishing of mobilization material supplies.

Relations between military organization and society must contain provisions for civilian control, including parliamentary control over the activities of state military organizations, the process and results of their reform and correspondence to the goal of enforcing the country's defense and security. A priority direction for improvements in legislation on military obligations and military service must include the development of responsibility in citizens for executing their military duty of protecting the state.

Changes must be made to the federal law «On Military Obligation and Military Service» in connection with serious recruitment problems in the Armed Forces of the Russian Federation and other forces. Precisions must be made in the mechanism for implanting the guarantees and benefits due to servicemen, citizens dismissed from military service, and members of their families, as they are stipulated in the federal law «On the Status of Servicemen». It is essential to introduce a systemic definition of concepts, structures, and goals of the military organization of the state.

The adoption of the federal law «On the Armed Forces of the Russian Federation», together with the introduction of corresponding changes to the Federal Law «On Defense», would help simplify the normative legal base in the area of legislative enforcement of the country's defense, strengthen the main assignments and legal capacities of organizations in the Armed Forces of the Russian Federation, as well as clarifying the structure and makeup of the Armed Forces of the Russian Federation, procedure for how the Armed Forces of the Russian Federation utilize natural resources and infrastructure objects, the leadership and management procedures, and help improve the comprehensive support of their activities.

The Address of the President of the Russian Federation to the Federal Assembly for 2006 directed attention to the fact that «securing law and order is inseparable from the elimination of the sources of terrorist aggression on the territory of Russia. In recent years, we have taken several serious steps in the fight against terror. But there should be no illusions — the threat is still very strong, we are still letting through very painful strikes, and the criminals are still committing enormous crimes, whose goal is the intimidation of society».

One could not say that until 2006, Russia lacked a workable legal framework for fighting terrorism. However, as the practice of its enforcement showed, it had significant deficiencies and mostly provided for the fight against specific terrorist acts, while it should have been focused on rooting out the causes and conditions that give rise to terrorism. In addition, anti-terrorism measures must include effective foreign policy operations aimed at international terrorist structures that undermine the sovereignty of the Russian Federation. There was no federal system for forecasting and regulating, at their initial stages, of social and political conflicts that threaten the state's security and create the conditions for potential terrorist activity. Strict cooperation between ministries, services and agencies involved in counter-terrorism was lacking. Existing legislation of the Russian Federation did not permit the introduction of special legal regimes aimed at protecting against terrorist threats, both across the country and in the regions. There was almost no comprehensive preventive and warning counter-terrorism system in place, or one for fighting terrorism itself, or any measures aimed at mitigating the consequence of terrorist attacks. The assignments and functions of federal bodies of the executive power of the security bloc, which take part in anti-terror activity, lacked clear legal regulation.

The block of federal laws adopted in 2006 to fight terrorism introduced real guarantees for the protection of basic constitutional rights of person and citizen — the right to life (article 20 of the Constitution of the Russian Federation), significantly improved the legal framework on counter-terrorism and making it more efficient. First of all, March 6, 2006 saw the adoption of the federal law «On Counter-Terrorism», which established the main principles of counter-terrorism, the legal and organizational foundations for preventing terrorism and fighting against it, and the minimization and (or) mitigation of the consequences of acts of terror. It regulated the issues of the use of the Armed Forces of the Russian Federation and other forces, military formations and bodies, arms, military and specialized equipment, special means and physical force in the conduct of anti-terror operations. It established the grounds for introducing the corresponding legal regimes for defense against terrorist threats, ones like the threat of terrorism, a counter-terrorism operation regime, and an emergency situation.

In 2006, the Russian Federation ratified international acts regulating counter-terrorism issues: the Council of Europe Convention on the Prevention of Terrorism, the Protocol amending the European Convention on the Suppression of Terrorism, and the International Convention for the Suppression of Acts of Nuclear Terrorism. After the ratification of international acts, usually a long procedure ensues on implementing the legal norms of these acts into Russian legislation. However, in this case, this work was conducted exceptionally quickly through the adoption of the corresponding federal laws on making changes into individual legislative acts of the Russian Federation in connection with the ratification of the indicated international documents. This is a serious accomplishment in the organization of legislative activity that must become the rule for the future. Work will continue in 2007 on applying international legal norms regulating anti-terror sphere relations to the legislation of the Russian Federation.

Currently, the standing question is of a more precise definition within the norms of the Criminal Code of the Russian Federation of the main traits of terrorism, and the introduction of changes to criminal procedure legislation so as to ensure the safety of individuals taking part in proceedings concerning crimes of a terrorist nature, as well as the efficient procedural handling of this category of cases. Considering the specific nature of criminal cases involving crimes of a terrorist nature, it is essential to exclude the hearing of such cases in jury trials, since peers, due to the specific character and singularity of criminal cases on crimes of a terrorist nature, are often unable to deliver objective verdicts in such cases. Instances of loyalty shown by the court to individuals involved in terrorist activity should also be excluded. The introduction of the confiscation of property as an additional form of punishment for crimes of a terrorist nature (for grievous crimes), will without doubt secure the compensation of damages caused by a terrorist attack, and will promote the warning against and suppression of the financing of terrorist activity and the compensation of damages inflicted on the economic interests of the state.

An important role in the fight against terrorism and the advocacy of extremism is the position taken by the mass media in its reporting of events of a terrorist nature, as well as the extent of responsibility assumed by journalists for the content and slant of their presented materials. The right of the population and the mass media to receive and diffuse, through legal means, information on circumstances surrounding a terrorist event is not subject to doubt. However, the supply of such information to the public domain should not assist the terrorists in achieving their goals, complicate the execution of counter-terrorism operations, or endanger the lives and health of both peaceful civilians and special forces personnel. It is not permissible to disseminate materials containing scenes of especially graphic violence. The dissemination of this type of information in essence serves the interests of terrorists, who attempt to intimidate the population in order to achieve their political goals and to spread panic in society.

The state of criminal activity in the Russian Federation still remains very worrying. Compared to 2005, there has been an 11.8-percent increase in the number of economic crimes prosecuted by law enforcement authorities. In all, 489,600 crimes of this category have been brought to light, a figure representing 12.7 percent of all registered crimes. The material damage

inflicted by such crimes (for closed criminal cases) stood at 127.6 billion rubles. One-third (36.6 percent) of all the economic criminal cases were either grievous crimes or felonies. In 2006, 212,000 criminal cases were registered concerning the illegal possession of drugs, which is 21-percent higher than in 2005. Compared to 2005, criminal cases associated with the sale and distribution of drugs rose by 11.6 percent.

In this connection, there is still currency to activities aimed at improving Russian legislation in the sphere of preventive and countermeasures against criminal activity, the strengthening of public security and the security of the individual, prevention of extremist and illegal economic activities, and the prevention of drug abuse and alcoholism.

Drug abuse and alcoholism have turned into problems that concern the interests of the Russian Federation in the sphere of national security. As was noted by the President of the Russian Federation in the Address to the Federal Assembly of the Russian Federation, «in Russia, some 40,000 people die annually from alcohol poisoning alone — and primarily from its surrogates. For the most part, these are young men, family providers». In this connection, it would be expedient to establish criminal liability for the preparation and sale of poor-quality alcoholic products containing surrogate alcoholic liquids, and also to introduce changes to legislative acts of the Russian Federation that regulate issues of compulsory treatment of individuals who suffer from drug addiction and other socially-dangerous illnesses.

Ever more worrying is the situation associated with the rise in youth crimes, including of an extremist nature. To counteract this, it is essential to prepare a conception of a state youth policy. In order to improve the legislative framework identifying responsibility for the emergence of extremist activity, a draft federal law was submitted to the State Duma «On Making Changes to Article 20.3 of the Criminal Procedure Code of the Russian Federation». The draft law aims to improve criminal and administrative legislation concerning such manifestations of extremist activity as vandalism, as well as the illegal production, distribution and acquisition for distribution of Nazi attributes and symbols. The relevance of reinforcement of responsibility and punishment is justified by the growing acuteness of, and public danger posed by, manifestations of extremism, primarily in the form of a sharp increase in the activity of youth extremist organizations (skinheads, Russian National Unity, National-Bolshevik Party, the Red Youth Front, and others), with most of them creating their groupings and cells in the regions of the Russian Federation.

It is also essential to return to the draft federal laws «On Explosive Agents and Products Containing Them» and «On the Distribution of Fireworks of Non-Military Assignment», which are aimed at securing state controls over the handling of dangerous products under circumstance of a heightened terrorist alert.

Improvement in the fight against crime will be promoted by the drafting and adoption of a federal law regulating legal relations in the sphere of conducting criminal investigations. Many regulations of the existing federal law «On Criminal Investigations» are not formulated in a particularly precise manner, stand in contradiction to each other, and do not fully correspond to the goals of efficient crime preventions. This concerns the definition of the goals and principles of criminal investigations and investigative work (their enumeration, bases and conditions for conduct, etc.), as well the regulation of the rights, responsibilities, and social and legal protections for entities involved in criminal investigations.

No positive change has been detected in the resolution of such a serious problem as the promotion of safe road traffic. It would be expedient to speed up the consideration of draft federal laws submitted to the State Duma on changes to chapter 12 of the Administrative Offenses Code of the Russian Federation, in the part on introducing stricter sanctions for traffic rule violations, and attaching criminal responsibility for third-degree reckless injury as a result of traffic accidents.

Substantial work was completed in 2006 on creating a legislative framework aimed at implementing a consistent migration policy, which allows to utilize the beneficial economic,

demographic and other effects of migration. Federal laws have been adopted that provide for the streamlining of the structure and activities of the Federal Migration Service, improve migration accounting and employment procedures for immigrants, protect their rights, and improve state regulation of the foreign labor force market. This legislation includes the following federal laws: «On Making Changes to Individual Legislative Acts of the Russian Federation in Connection with the Improvement of State Administration in the Migration Sphere», «On Migration Accounting of Foreign Citizens and Persons Without Citizenship in the Russian Federation», «On Making Changes to the Federal Law «On the Legal Status of Foreign Citizens in the Russian Federation»», and on the recognition of the expiration of individual statutes in the Federal Law «On Making Changes and Additions to Certain Legislative Acts of the Russian Federation». A State Program assisting the voluntary relocation of countrymen to the Russian Federation has been approved, and preparations are being completed on the Conception of the state's migration policy.

At the same time, adoption has dragged over laws making changes to certain significant federal laws: «On the Procedure for Exit From and Entry To the Russian Federation» and «On the Legal Status of Foreign Citizens in the Russian Federation». These changes are aimed at establishing a procedure for deporting illegal migrants outside the boundaries of the Russian Federation, which will help fight illegal migration more efficiently.

Article 2 of the Constitution of the Russian Federation proclaims: «Man, his rights and freedoms shall be the supreme value. The recognition, observance and protection of human and civil rights and freedoms shall be an obligation of the State». The principle of the priority of human and civil rights and freedoms is fundamental to the activities of the state in all spheres of public life, including in the sphere of the national security of the Russian Federation. The Conception on the national security of the Russian Federation explicitly states that the provision of the national security of the Russian Federation implies the provision of protection for the individual, society and the state against foreign and domestic threats in all spheres of life.

Without a doubt, the provision of protection for the individual, society and the state requires the establishment of a certain balance of interests of these legal entities, and the conduct of a certain harmonization in this process. This long-term goal must be resolved by the legislator in the federal law «On the National Security of the Russian Federation». An important part of the law must become a prioritized, balanced identification of the boundaries of human and civil rights and freedoms in the sphere of provision of the national security of the Russian Federation, and in corresponding obligations of the state. Without the recognition and implementation of these interconnected rights and obligations of the citizen and the state, it would be impossible to ensure the national security of the Russian Federation on the whole.

An analysis of the state of legislation in the area of national security has shown that despite a clear understanding of the priorities and problems in this sphere, principles changes have been made to the legislative frameworks promoting the country's national security. Not only is the elimination of loopholes in federal legislation required, but also the drafting of fundamental legal acts such as the federal law on the national security of the Russian Federation, on whose basis the Strategy of national security for the Russian Federation could be formulated.

1.5. Foreign policy strategy

As is noted in the Address of the President to the Federal Assembly for 2006, modern Russian foreign policy is based on the principles of pragmatism, predictability and the supremacy of international law. The domestic priorities of development of society and the state make up the determining factors of its formation. The strategic goals of the Russian Federation's foreign policy are represented by the provision of border security and the creation of favorable external conditions for resolving domestic Russian problems.