

Russia: a law on the Skolkovo innovation centre has been passed

On 28 September, President Dmitri Medvedev signed a law to create an innovation centre at Skolkovo near Moscow. In accordance with the law's guidelines, a legal-economic enclave supporting research and development in economic fields which the Russian government sees as vital will be created on an area just under 400 ha in size. Skolkovo is intended to be a pillar of the Russian modernisation project proposed by the President. However, it appears that deep economic reforms (including de-monopolisation and privatisation) are necessary to modernise the Russian economy, and the isolated experiment at Skolkovo may prove to be insufficient.

The construction of this innovation centre is mainly to be financed by private investors, and partially from the Russian state budget (US\$2bn in the period 2011-2013). Innovative companies (from both Russia and abroad) which operate in five economic areas – energy efficiency, nuclear technologies, computer, space (especially telecommunication) and medical research – will be able to apply to participate in the project. Over 10 years they will be able to take advantage of many tax breaks, including exemption from VAT, income tax and import duties, and lower payments for social insurance. Until the centre's infrastructure has been built (planned for the beginning of 2014), participants in the project will be able to exploit these privileges even if they operate outside Skolkovo itself.

The attractive principles for the site's functioning will certainly attract many firms to get involved in the Skolkovo project. However, it is hard to assess to what extent this will initiate genuinely new research, and how much will merely be existing companies and scientific research organisations re-registering in order to exploit the concessions offered. <iwo>