

Russia Today

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How To Do Business In Russia



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Introduction

Mark Robson

International Trade Director . Y&H
UK Trade & Investment





RUSSIA

A PRACTICAL BUSINESS GUIDE

VISAS – TRAVEL – ACCOMMODATION

BARRY MARTIN

MANAGING DIRECTOR

THE RUSSIA HOUSE LTD

RUSSIAN VISA



- **The visa procurement comes in 2 parts:**
 - Support / Invitation from Moscow
 - Endorsement of the visa into the passport

There are 4 types of Russian Business Visa

- 1 Single entry 1 or 3 month business visa
- 2 Single entry 2 week/1 month special purpose
tourist visa
- 3 Double entry 1 or 3 month business visa
- 4 Multiple entry 1 year business visa

WHICH VISA TO APPLY FOR



- **BUSINESS OR SPECIAL PURPOSE TOURIST**

A Special Purpose Tourist Visa

- Invitation can be obtained in a couple of hours
- Should not be used for Military Cities
- Should not be used for Cities outside Moscow and St Petersburg if NOT staying in a hotel
- Unadvisable if you are visiting Russian Government offices
- Consider if you are giving your customer the right impression of the seriousness of your intentions

OUR ADVICE – GO FOR THE BUSINESS VISA

BUSINESS VISAS



SPECIAL PURPOSE TOURIST VISA

VALID 14 – 30 DAYS

SUPPORT/INVITATION

TAKES 30-180 MINUTES

VISA ISSUE/ENDORSEMENT

36 HOURS OR 6 WORKING
DAYS

COST FROM £217.00

SINGLE ENTRY BUSINESS VISA

VALID ONE OR THREE
MONTHS

VISA SUPPORT/INVITATION

TAKES 5 WORKING DAYS

VISA ISSUE /

ENDORSEMENT 36 HOURS
OR 6 WORKING DAYS

COST FROM £330.00

BUSINESS VISA



DOUBLE ENTRY BUSINESS VISA

VALID 1 OR 3 MONTHS
VISA SUPPORT/INVITATION
TAKES 5 WORKING DAYS
VISA ISSUE/ENDORSEMENT
36 HOURS OR 6 WORKING
DAYS

COST FROM £382.00

MULTIPLE ENTRY BUSINESS VISA

VALID FOR 1 YEAR
MULTIPLE VISITS
VISA SUPPORT/INVITATION
TAKES 21 – 25 DAYS
VISA ISSUE/ENDORSEMENT
36 HOURS TO 6 WORKING
DAYS

COST FROM £630.00

VISA DOCUMENTS



- **BUSINESS VISA - SUPPORT**

- Company support letter example on www.therussiahouse.co.uk
- Copy of the information page of passport

- **BUSINESS VISA – ENDORSEMENT**

- Company support letter example on www.therussiahouse.co.uk
- Complete application form online at www.therussiahouse.co.uk
- One colour passport photo light background
- Passport with 2 blank pages/ 6 months validity after visa expiry

- **TOURIST VISA – SUPPORT**

- Copy of the information page of passport

- **TOURIST VISA- ENDORSEMENT**

- Complete application form on-line at www.therussiahouse.co.uk
- One colour passport photo light background
- Passport with 2 blank pages/6 months validity after visa expiry

FLIGHTS TO MOSCOW



- 5 AIRLINES FLY DIRECT TO RUSSIA FROM UK

- bmi
- British Airways
- Aeroflot
- Rossiya
- Transaero

Other European airlines have good connections from UK via home base to Moscow, St Petersburg and other cities in Russia.

- Austrian Airlines / Lufthansa / KLM / Air France etc

ACCOMMODATION



- **PRICES FOR MOSCOW / ST PETERSBURG**
 - 3 – 4 Star Hotels are now charging from £130 - £200
 - Check that price quotes includes the 18% city tax
 - Hotels can be pre-booked and prepaid in cities across Russia from the Baltic to the Pacific

TIPS ON TRAVEL TO RUSSIA



- LEARN THE CYRILLIC ALPHABET
- STUDY THE METRO MAP
- TAKE COMFORTABLE SHOES
- IN WINTER TAKE FUR HAT AND THERMALS
- TAKE ALL MEDICINES
- TAKE CASH IN EUROS
- MAKE NOTE OF PUBLIC HOLIDAYS
- READ RUSSIA MARKET APPROACHES - DAVID CANT
RUSSIA-THE BUSINESS TRAVELLERS HANDBOOK—
CHRIS GILBERT



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RHENUS LOGISTICS

The image shows a low-angle view of a blue corrugated metal building facade. A white horizontal band is superimposed over the middle of the image, containing the text "RHENUS LOGISTICS".

Getting your products into Russia



RUSSIA TODAY

1. An Introduction to Rhenus Group
2. Getting Your Products to Russia
 - Transport Options
 - Safe Transit
 - Russian Customs Regime
 - Before Despatch
 - During Transit
 - Arrival at Customs Terminal
 - Duty Paid Exports
 - Duty and VAT Rates
3. Changes to Russian Customs
4. Rhenus in Russia
 - Network
 - Services
5. Rhenus UK



RUSSIA TODAY

An Introduction to The Rhenus Group



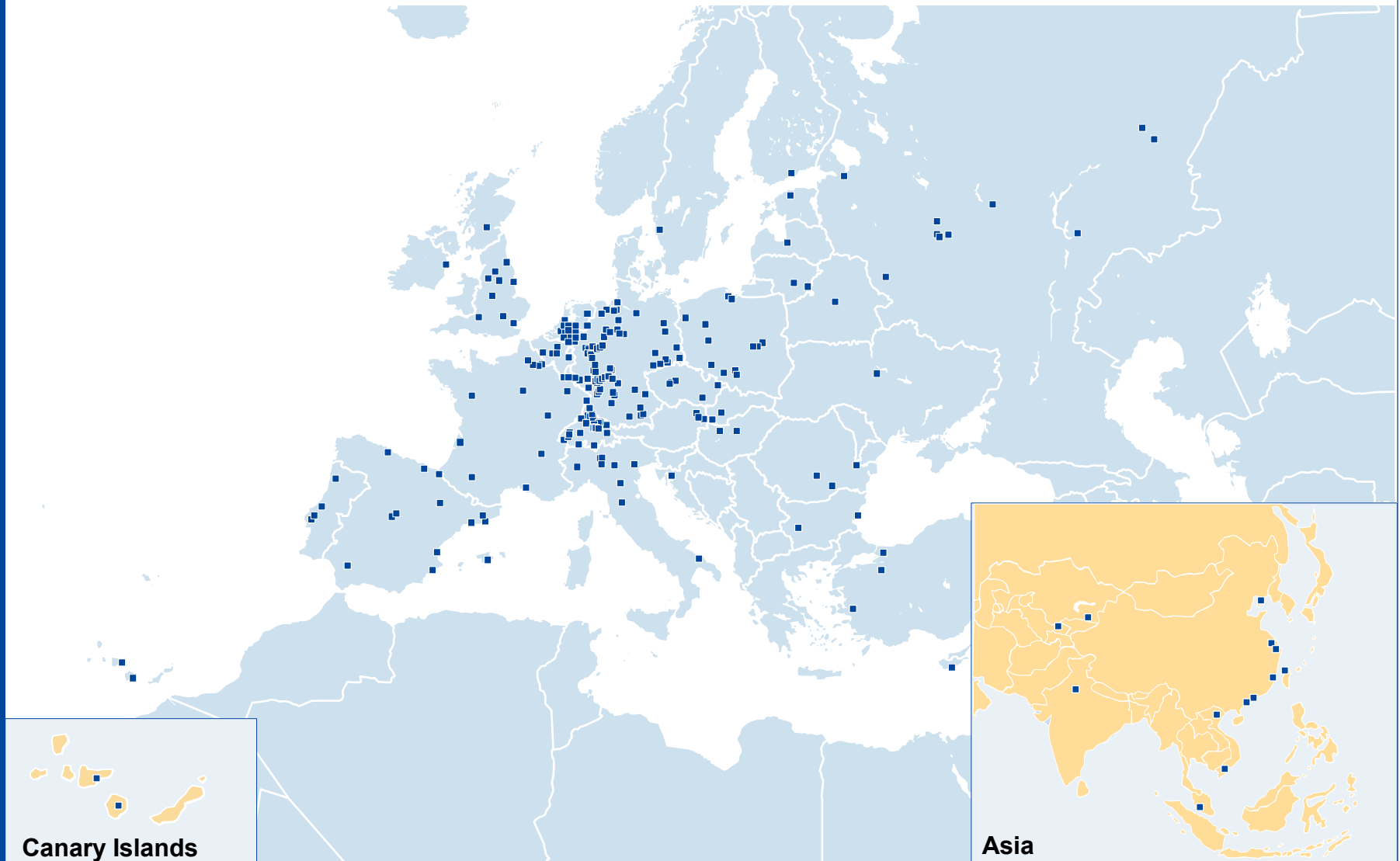
RHENUS – key facts overview

Rhenus AG & Co. KG

- over 230 locations in 36 countries
- own network in Asia
- 17,700 employees
- turnover of ” 3,1 bn.
- over 2 million m² covered warehousing space
- over 3,500 trucks daily
- over 9 million tons per anno transport volume
- over 36 million tons of bulk cargo per anno transhipped at inland and sea ports
- over 15,000 customers
- special solutions in document disposal, glass recycling, returnable bottle systems, publishing house services and the management of information and business data.



RHENUS – one of Europe's leading logistics companies





RUSSIA TODAY

Getting Your Products To Russia



Transport Options

Intermodal – Short Sea Container Movements

- Short sea routes Tilbury, Immingham, Klaipeda (Lithuania), St Petersburg
- High volume shipments
- Less time sensitive
- Low cost per kilo

Road Transport

- Overland to Europe via Ferry
- Flexible
- High / Low volume shipment
- Improved Transit times
- Higher cost per kilo

Air Transport

- Low volume
- Express / Time sensitive
- High value
- Highest cost per kilo

Safe Transit

Transport Supplier

- High quality
- Certified, ISO, SQAS etc.,
- Door to door service

Customs Convoy

- Police escort from EU border to Customs point
- 8 . 10 trucks
- Duty/VAT per truck exceeds " 60,000
- Gives additional security to high value commodities
- Secures revenue for Russian state as seepage of goods is avoided from border to custom house

Russian Customs Regime – Before Despatch

UK Exporter

- Prepare necessary documentation (Commercial Invoice/Contract)
 - Customs commodity code
 - Contract number
 - Description of goods
 - Precise terms of sale and invoice value
 - Packing information/packing list
 - Country of origin of goods
 - Russian consignees registration number
 - Two copies, original signed invoice

Transport Company/Forwarder

- Obtain all necessary contact details
 - Consignee
 - Customs Point

Russian Customs Agent/Broker

- Contact consignee
- Clarify customs clearance details

Consignee

- Provide all available information, Certificates for goods, customs codes
- Sign contract with Customs Agent/Broker (Once only)
- Confirm to supplier to despatch good to customs point

Russian Customs Regime – During Transportation

UK Exporter

- Give transport order with trade terms and documentation

Transport Company/Forwarder

- Co-ordinate despatch
- Manage transport of goods
- Prepare transport documents, CMR, Carnet-TIR
- Send copies of all documentation (Invoices, certificates etc.)

Russian Customs Agent/Broker

- Check CMR, Carnet-TIR have correct details re customs terminal etc,
- Prepare for customs clearance
- Inform consignee about the customs payment due

Consignee

- Transfer customs duties & taxes to bank
- Submit all documents in original for customs clearance
- For first delivery, registration with the customs authorities will require extra documents

Russian Customs Regime – After Arrival at Customs Terminal

UK Exporter

Transport Company/Forwarder

Russian Customs Agent/Broker

- Issue and process customs declaration with authorities
- In case of additional questions / documents co-ordinate with consignee

Consignee

- Give instructions re further delivery of shipment
- Pay the bill for customs services

Russian Customs Regime – DDP (Delivered Duty Paid) Shipments

- **DDP Shipments potentially involve greater risks of problems**
 - Many **illegal grey and black** schemes offered by Russian companies
 - Scheme can offer reduction of duties by changing custom codes/invoice values
 - Final consignees may not have necessary registration to import goods
 - **Big risk is that such scheme result in abandoned ownership of goods**

- **Solution for DDP shipments**
 - Customer wants cleared goods paid for in Roubles
 - Supplier without own structure in Russia

 - Russian company acts as Trustee, and concludes contracts with
 - UK exporter
 - Forwarder
 - Russian Customs Broker
 - Final Russian Clients
 - Russian Trustee works exclusively for service provider on behalf of UK exporter

- **Advantages of Using this Solution for DDP**
 - Direct access to Russian clients without need for Russian subsidiary or distributors
 - 100% legal
 - Possible to hold local stock and have local show-room

Russian Customs Regime – Duty and VAT Rates

Duty Rates	5% - 20% dependent on product
VAT Rate	18%
Customs Fee	Approx £12 - £2600 dependent on shipment value

Total to be paid into nominated bank and duly stamped document presented to customs authorities that then activates the customs clearance process



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Changes to Russian Customs



Russian Customs Regime – Ongoing Changes

- **Moscow Bonded Warehouses and Customs Terminals to be Closed by 2012**
- **To stimulate relocation of industry from Moscow**
- **45 Customs terminals already closed in 2009**
- **Transfer of Customs Clearance to Border**
- **Customs Union between Russia, Belarus and Kazakhstan under consideration**
- **Unclear whether Customs point at**
 - **Smolensk Belarusian / Russian Border**
 - **Brest Polish / Belarusian Border**
- **Customs Broker/Agent needs presence at new customs point**



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Rhenus in Russia



Rhenus Russian Network



Warehouse location Moscow



KEY FIGURES:

- Warehouse Class "A"
- 18.700 qm WH-premises und 3.500 qm office premises
- 14 km from MKAD, 5 minutes from Sheremetyevo airport
- Domestic Alliance

- Owned warehouse complex and land
- Owned WH equipment, own staff
- Direct safekeeping or rent agreements
- Own or customer WMS

INDUSTRY SOLUTIONS

- Automotive
- Electronics
- Consumer goods
- Engineering
- Chemical Industry
- Textile Industry

REFERENCES



Road Services

- over 3.000 trucks per year
- over 300 shipments per month
- Import / Export
- Partial and full load shipments
- Hazardous + thermo traffic
- Europe-wide consolidation



Distribution

- with approved contract partners
- air suspension trucks for sensitive goods
- thermo- and refrigerated trucks
- by vans and lorries
- by airfreight
- by courier and express services
- by Post-Wagon



Rail services / Intermodal

- Containers by railway
- Conventional Wagons
- Processing of oversized loads
- Transfer from standard track gauge in Malaszewicze / PL and Chop / UA
- Continuous monitoring of transit times
- Combined railway / truck loads



Projects / Special transports

- Complete project management
- By low-bed trailer, inland and ocean vessel, rail, airplane
- Application for permit. BF 3 escort ...
- Heavy and oversized transports
- Secure transit times by ferry



Airfreight

- Customs clearance and bonded transit ex Sheremetjevo Airport
- Bonded transit / delivery ex all CIS-airports by agreement
- Full and partial charter for project cargos
- On Board Courier / Express dispatch
- IATA-direct traffics
- Agencies at CIS-airports



Sea freight

- FCL 20` / 40` / HCB
- LCL (groupage container)
- Pre-and off-carriage to/from sea ports
- Rhenus network in Far East (Class A licence in China)
- Customer-specific solutions as complete service package for FCL/LCL and LCL/FCL
- Continuous transit time monitoring



Logistics Services

Examples for various industries:

- 11.000 qm spare parts warehouse for the automotive industry in Moscow
- 2.000 qm hazardous goods storage for the chemical industry in Moscow
- 4.000 qm tire logistics in Orekhovo-Zuevo
- 2.000 qm consumer goods logistic in Moscow



Customs clearance

- Completion of all formalities relating to import and export customs clearance
- Customs broker license
- Advisory service in all matters relating to customs
- Support in the determination of customs tariff numbers at the destination country
- Support in the preparation of all documents required for customs clearance



Bonded Warehouse in Smolensk / Brest

Our plans:

- Bonded warehouse . 2.500 m2
- Office premises . 700 m2
- Paved area (Truck parking area) . 9.600 m2
- Project beginning . End 2009 (Step 1)

- Development of customs / warehouse and office complex with total area of app. 30.000 m2 of warehouse premises and 5.000 m2 of office premises (Steps 2-3).

- Own customs broker



DDP-Services Impex Cooperation

- Resulting from the necessity of RHENUS±customers, who are planning to expand their business in Russia, but have either no own subsidiary locally yet, or don± want to deal with papers and bureaucratic procedures accompanying imports to Russia.
- Russian clients demanding products from Europe, but ±customs-cleared%and in RUB.

European companies without legal entities in RF **want** to ship goods to RF, **but cannot**

We do have the **KNOW-HOW** and are able to bring your products to RF.

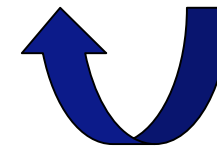
Russian clients declare goods on their own, **but want to have everything** **„on DDP basis and in RUB“**



Now we do have a solution to ship goods to Russia on **DDP basis without** having an own complex structure in Russia




DDP-Services





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Rhenus UK Solution for Russia



Rhenus Logistics UK

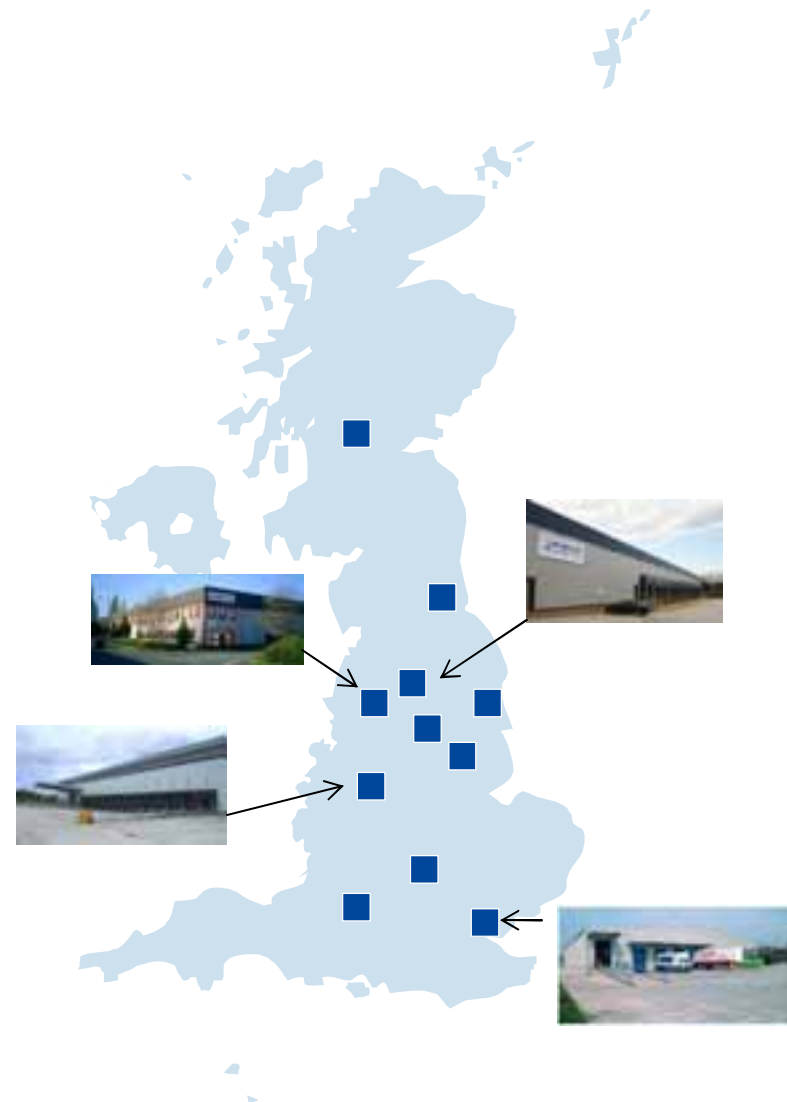
Turnover	£41m
Employees	160
UK Offices	11

Depots

Basildon
Bradford
Cannock
Manchester

Sales offices

Cumbernauld
Durham
Hull
Leighton Buzzard
Lincoln
Sheffield
Swindon

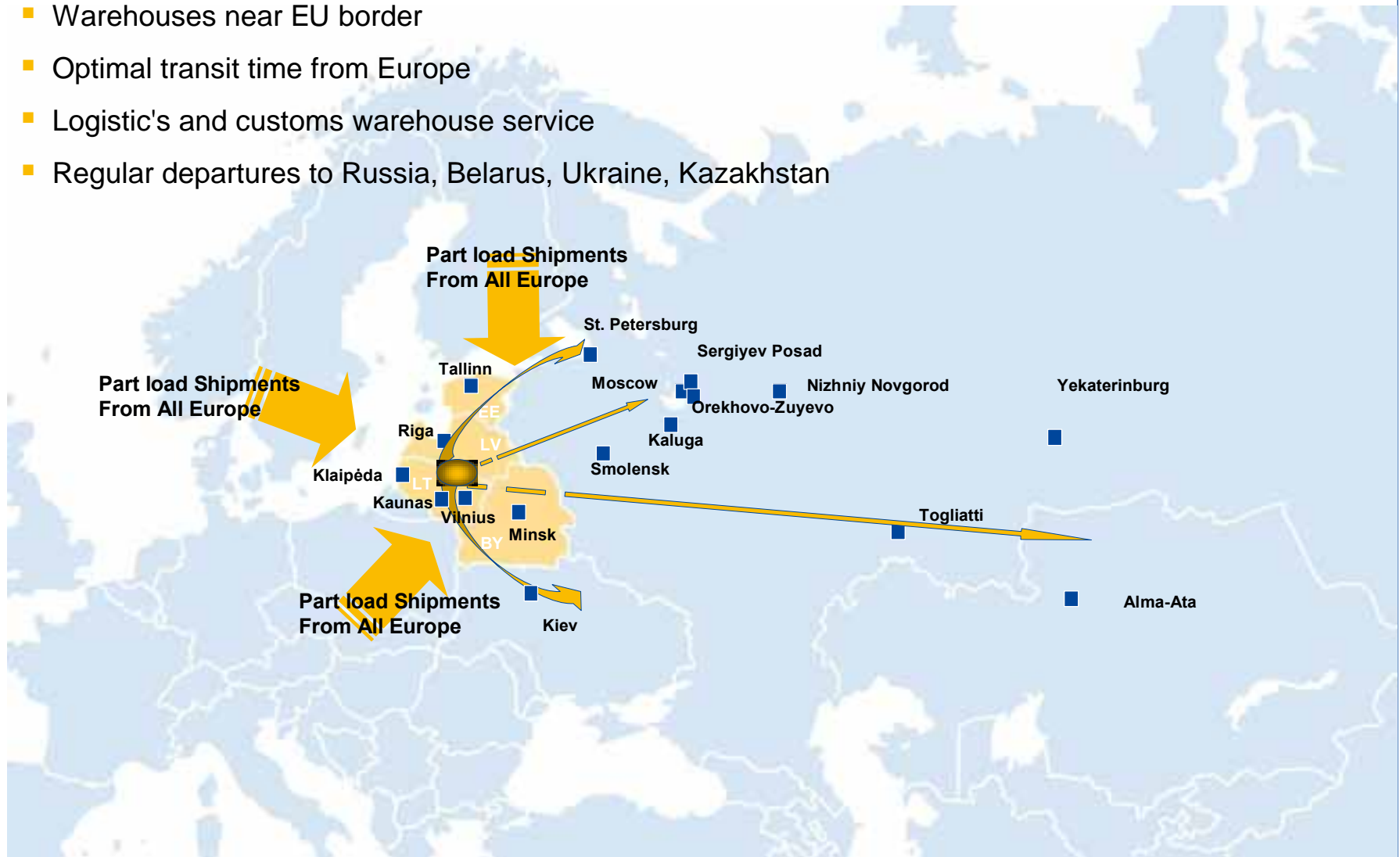


UK Service for UK Exporters to Russia

- Local offices giving local customer service
- Regional Hubs to enable collection and consolidation of cargo
- Own Group offices in Russia
- Access to all modes of transport
- Overland Groupage Service to Russia via Rhenus Vilnius, Lithuania
- Vilnius Onward direct services to
 - Moscow
 - St Petersburg
 - Yekaterinburg
- Transit Times (Moscow Area)
 - FTL - Approx. 8 days
 - LTL - Approx. 12 days
- High Quality ISO, SQAS certification

Shipment consolidation in Vilnius

- Warehouses near EU border
- Optimal transit time from Europe
- Logistic's and customs warehouse service
- Regular departures to Russia, Belarus, Ukraine, Kazakhstan



Rhenus Advantage - Summary

- Rhenus provides solution to the whole supply chain
- Strong UK network providing local support to UK exports
- Baltic consolidation point for onward Groupage service to Russia
- Strong established network throughout Russia
- Solution for Custom border clearance in Russia
- Solution for DDP cargo for companies developing the Russian market

A photograph of a blue corrugated metal building facade with large white 3D letters spelling "Rhenus Logistics".

RHENUS LOGISTICS

Thank you for your attention!

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Not just doing business in Russia but doing it successfully



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Latest developments

- “ Russia lowers benchmark rate to 9.5%
- “ Economy to contract 8.5% in 2009 ã but
 - . Will grow 2% in 2010
- “ Budget deficit 6.8% of GDP ã but
 - . No cuts for 2014 Olympic Games
- “ 10 years long transition to innovation economy



Latest developments

- “ Income to decline by 4.1%
- “ Industrial production to drop by 11.4%
- “ 5,500 state owned companies for sale
- “ Higher transport tax, excise taxes on alcohol & tobacco
- “ Russia-shaped Federation Island - Black Sea
- “ Obama is awaiting Russia's entry into WTO



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Russia £ 11bn UK bond bid

- “ More modern economy
- “ Infrastructure to be improved
- “ Economy to be expanded beyond its reliance on energy
- “ More 'transparent' business environment



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Difficult? Yes. Problems? Yes.

- “ Red tape and Soviet ways slow output
 - . Permission for a construction project takes 6 times longer to issue than in Sweden
 - . Russia had fallen to 120th out of 183 in the World Bank's ease of doing business survey
 - . 143rd on the Corruption Perceptions Index.
- “ Problems will always be there but they shouldn't stop you.

Developing post-recession successful strategy for Russian market entry

- “ Understand the market
- “ Know the key players
- “ Understand yourself !!!
- “ Think long-term and never give up
 - . the last straw breaks the camel's back
- “ Have a good partner in the UK
 - . your own Russian speaking staff

Are you fit for purpose? (marketing strategy)

“ Website

- . Bi-lingual (respecting the client)

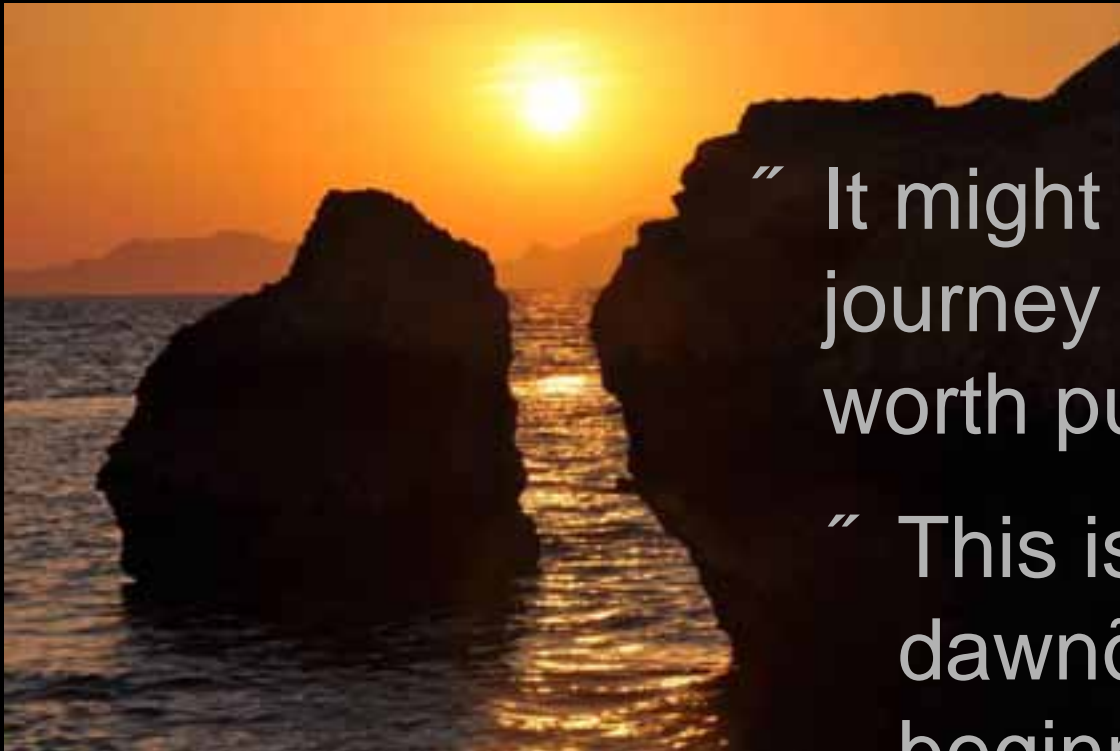
“ Optimised site

“ Domain name

- . .co.uk , .com or **.ru** , **.su** etc.

“ Are you geared up to coping with foreign transactions?

A false dawn?



“ It might be a rocky journey but it is certainly worth pursuingõ

“ This is not a false dawnõ this is a beginning of new opportunities !

Date for your diary

“ 21 Jan 2010 (World Trade Centre Hull & Humber)

. Trading Successfully in Russia

“ International Trade Seminar (full day)

“ High profile speakers and participants invited

“ Practical advice on marketing and trading in Russia



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**3rd Business Conference
Coming up... Location TBC**



Tel: 01484 413107
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Russia Today

15 minute refreshment break



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Local Case Study

Phil Hopkins
The H2 Company



Leeds, York & North Yorkshire
Chamber of Commerce



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Russia Today+
Chamber International
12th November, 2009



100% am going to speak about Russia +



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Совет: в большинстве браузеров для начала поиска достаточно нажать Enter на клавиатуре.

Раздел: [Business > Industries > Manufacturing > Bearings](#)

[CHINA ZOB BEARING: bearings & plain bearings & oilless self ...](#)

ISO9002 manufacturer and exporter bearings, plain bearings, oilless self lubricating bearings, sliding wrapped bronze bushing, brass bushing, ...

Описание: Manufacturer and exporter of plain bearings, oilless self bimetall...

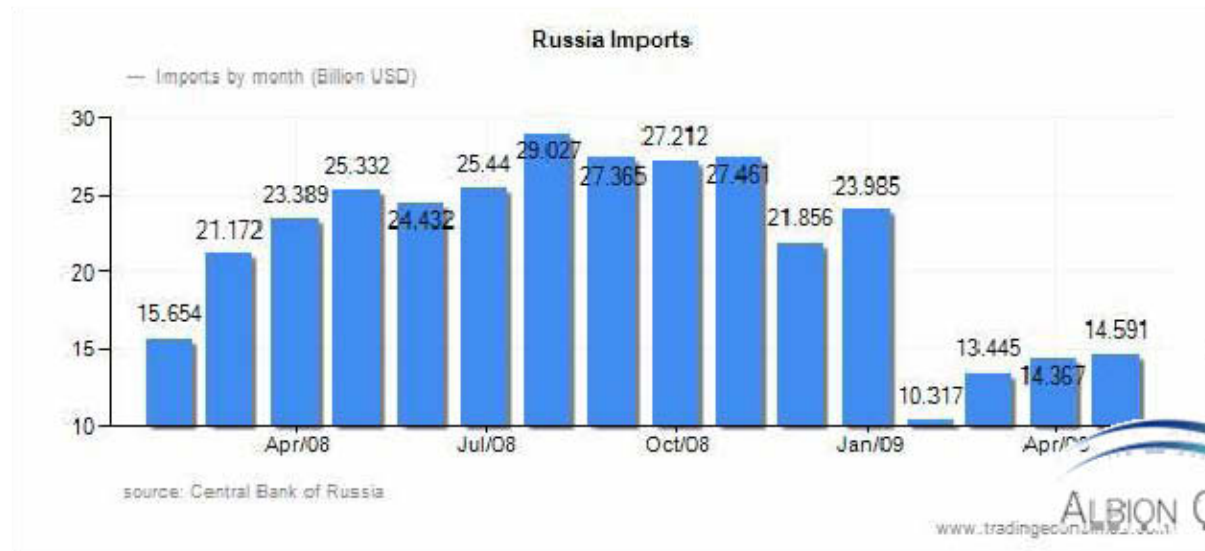
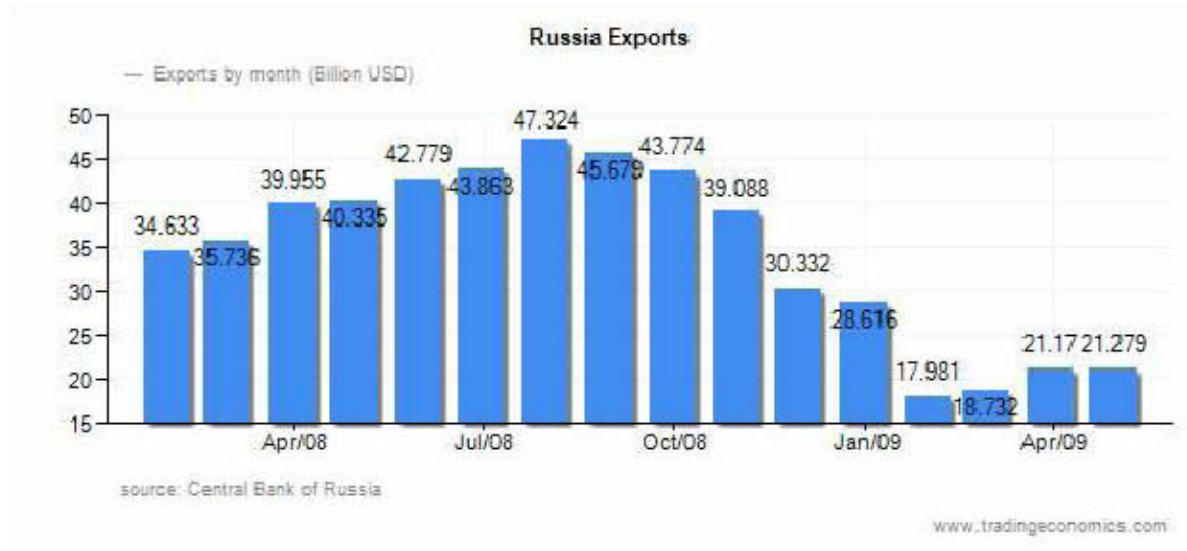
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[www.sf-bearing.com/](#) - 8k - 2 Дек 2002 - Сохранено - Похожие стр...





Albion: (Overseas) Ltd



Albion: (Overseas) Ltd

So what does this mean for business?

And on the ground?



Albion: (Overseas) Ltd

Manufacturers not yet operating in Russia frequently cite these goals:

- to expand customer base and explore new markets
- to operate with higher margins than are available in traditional markets
- to export, but to improve upon the in-house knowledge or resource on Russia



Albion: (Overseas) Ltd

Manufacturers operating with Russia cite these goals:

- to increase control over intelligence and sales
- to achieve faster delivery to Russian customers
- to have a salesperson on the ground in Russia
- to sell for Roubles, but get paid in sterling
- to offer immediate warranty replacements
- to increase activity in regional Russia
- to avoid mistakes at Russian Customs
- to speed up the current sales cycle
- to comply with Russian legislation
- to avoid (expensive) bureaucracy
- to solve people and partner issues (recruitment, administration, retention, replacement).
- to increase volume of sales
- to reduce costs



Albion: (Overseas) Ltd

- Market Access
- Control over your Russian business
- Margins
- Volume
- Instant infrastructure



Albion: (Overseas) Ltd

- Rule 1: Russia. Not Europe, not Asia, not Eurasia, not FSU or CIS.
- Rule 2: Russia is for everybody, especially smaller companies.
- Rule 3: Russia is not so difficult
- Rule 4: Russians pay in full, on time.





Russia: Practical Solutions

26th Nov. 2009

THE RUSSIA HOUSE LTD
Established 1999





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Question time



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