



# Russia Today – Country Business Briefing 14 March 2012

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**Russia Today Business Briefing  
Leeds  
14 March 2012**

# **OVERVIEW OF THE MARKET – ECONOMIC TRENDS, RUSSIA AND THE WTO**



**Trevor Barton**

**Member of the Board of Directors,  
Russo-British Chamber of Commerce**

# BACKGROUND AND TRENDS

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- Still an 'oil and gas' economy ?
- WTO accession – an 18 year process
- UK's position – many positives
- Politics

# THE GOOD NEWS

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- A changing society, a changing business environment
- ‘Import’ of new rules and regulations
- Manufacturers – JVs, etc.
- Exporters – trade liberalisation / tariffs

# A DOSE OF REALITY

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- Resistance, negativity
- Application and enforcement
- Not an instant fix
- The UK's view of Russia, and its effect

# CONCLUSIONS

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- Not an ‘easy’ market, but a great one
- WTO membership **will** make a difference, but when?
- Key guidelines still apply
- Top tip



# Russo-British Chamber of Commerce offices:

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# Russia & Cultural Difference

## Frank McDonald

### Bradford Centre in International Business



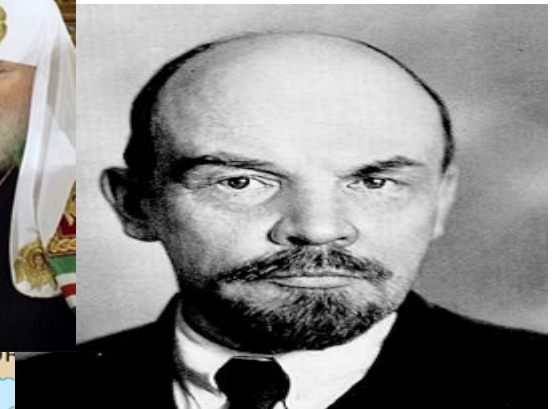
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# Differences

- Russia is different from much of the rest of Europe in its –

- History
- Religions
- Politics
- Economic conditions
- Geography



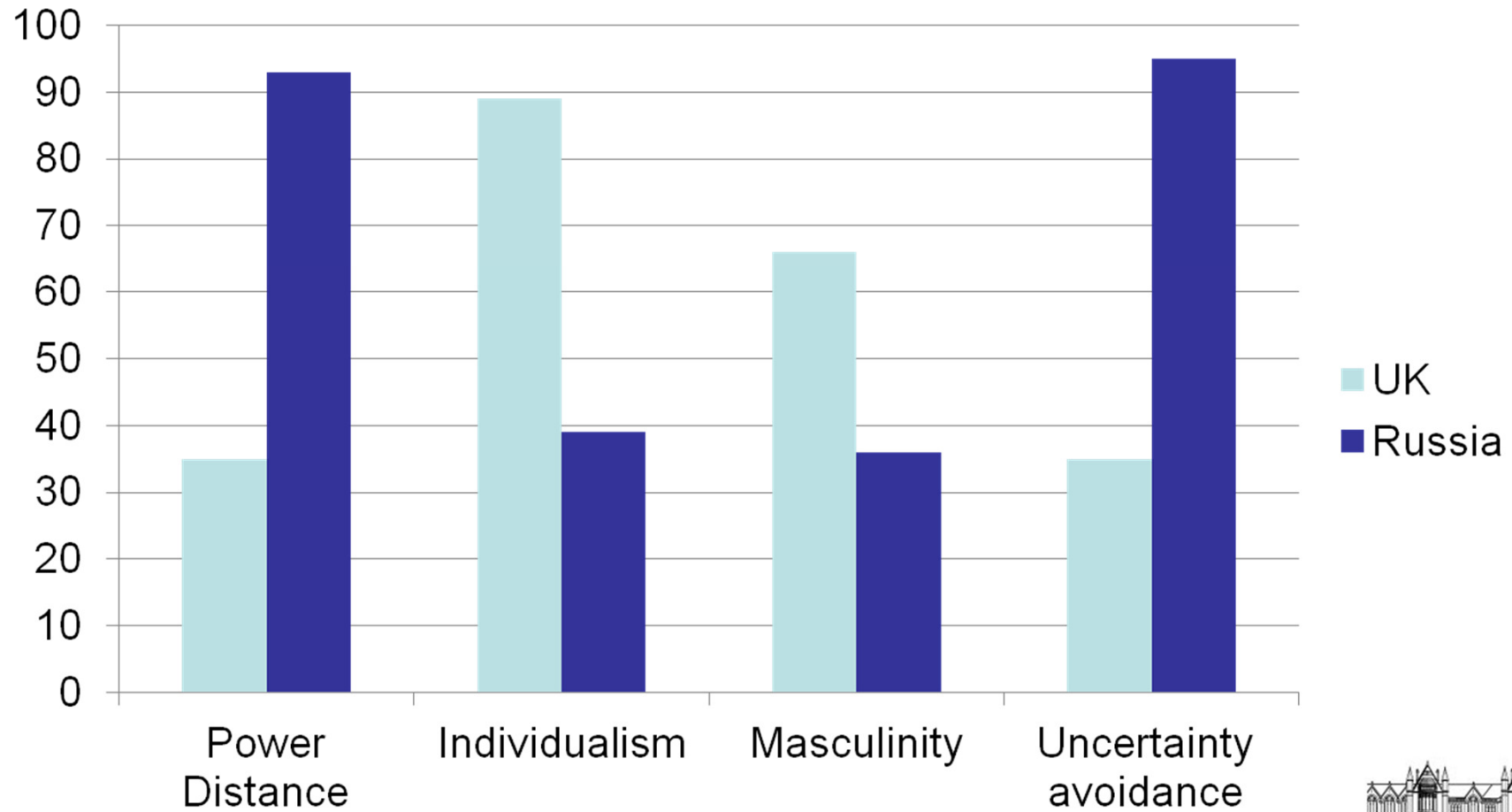
# Differences

- **Russia has a large number of ethnic groups – leads to diverse cultural norms**
- **Has mixture of European and Asian cultures (often Muslim) – considerable differences in cultural norms as move east**
- **High proportion of over 65s & low under 15s – tends to a more traditional culture**

# Differences

- **Large rural population with low incomes and low skilled employment – tends to conservative cultural norms**
- **Many large cities with younger well educated populations & high incomes very different culture from rural areas – tends to more liberal cultural norms**

# Cultural Distance



# Effects on costs of doing business

- World Bank ranking of costs of doing business in 2011 ranked **Russia** as **124** out of **183** countries

- Trading across frontiers

**UK 14**

**Russia 166**

- Paying taxes

**UK 21**

**Russia 107**

# Trading Costs

- **Container of imports**

**Least cost -**

**St Petersburg      1400 US\$      24 days**

**Most expensive -**

**Moscow              2150 US\$      36 days**

**UK                      1045 US\$      6 days**

# Tips for dealing with Russian culture

- Golden rule – Russian culture is very diverse different in-
  - Ethnic groups
  - Young and old
  - Big cities and rural areas
  - Different religions
- Treat simplistic ABC guides to understanding culture in Russia with caution



# Tips for dealing with Russian culture

- The further east you go the more the culture is Asian rather than European
- However the cultural mix is diverse in both the west and the east
- The culture tends to be more conservative than West Europe
- Russians are not that different from us





**RUSSIA – FIRST AND FAST  
OUT OF RECESSION  
GIVING OPPORTUNITIES  
FOR  
BRITISH BUSINESS**

**BARRY MARTIN – CHAIRMAN  
THE RUSSIA HOUSE LTD  
42 YEARS FACILITATING TRADE  
WITH RUSSIA**



# RECESSION - RUSSIA'S FAST EXIT

- VAST CURRENCY RESERVES
- QUICK OIL PRICE RECOVERY
- DECISIVE GOVERNMENT STRATEGY ON INVESTMENT PROJECTS

# OPPORTUNITIES IN RUSSIA POST RECESSION

SOCHI

FORMULA 1 SOCHI 2014 - 2020

NANOTECHNOLOGY

UNIVERSIADE KAZAN  
2013

FIFA WORLD CUP 2018

SKOLKOVO

CITY REGENERATION

SEZ – SPECIAL  
ECONOMIC ZONES

# SOCHI WINTER OLYMPIC GAMES 2014

3 X MAIN AREAS OF BUSINESS

1. STADIA AND MAJOR INFRASTRUCTURE
2. OVERLAY
3. HOSPITALITY



# STADIA AND MAJOR INFRASTRUCTURE



# OVERLAY FOR SOCHI 2014 WINTER OLYMPIC GAMES

1. ELECTRICAL GENERATORS  
AND DISTRIBUTION
2. TENTS
3. MODULAR BUILDINGS  
AND CABINS
4. FENCING AND BARRIERS
5. TEMPORARY LIGHTING  
SYSTEMS
6. SCAFFOLD
7. TEMPORARY RESTROOMS
8. TEMPORARY WALLS AND  
PARTITIONS
9. TEMPORARY SEATING
10. CONTAINERS AND  
STRUCTURES
11. WATER AND WASTE  
SERVICES
12. CANOPIES AND SHELTERS
13. TRAILERS
14. STAIRS AND RAMPS
15. TEMPORARY BRIDGES
16. COMMENTATOR AND  
PRESS POSITIONS

# OVERLAY FOR SOCHI 2014 WINTER OLYMPIC GAMES CONTINUED

- 16. VIDEO POSITIONS AND PLATFORMS
- 17. HEATING, VENTILATION AND AIR CONDITIONING
- 18. CCTV AND LIGHTING MASTS
- 19. FABRICATION SHOP
- 20. STAGES
- 21. FLAGPOLES
- 22. SYSTEMS FOR PEOPLE WITH DISABILITIES
- 23. ASPHALT, GRAVEL AND OTHER GROUND COVERS

- 24. FIRE PROTECTION SYSTEMS
- 25. FLOOR COVERINGS AND TEMPORARY WALKING PATHS
- 26. PAINTING
- 27. CABLE MANAGEMENT DEVICES
- 28. CATERING FACILITIES FOR ATHLETES / OFFICIALS



# HOSPITALITY

1. HOTELS / EQUIPMENT / FURNITURE
2. RESTAURANTS / EQUIPMENT / FURNITURE
3. FAST FOOD OUTLETS
4. BARS
5. CONSUMERABLES
6. SHOPS / FITTING / EQUIPMENT
7. RETAIL GOODS
8. PHARMACIES
9. MEDICINES
10. TOILETRIES
11. CONDOMS
12. SUPERMARKETS



# HOSPITALITY CONTINUED

TOWN PLANNING  
TRAINING

SECURITY  
GUIDES  
HOTELS/SHOPS  
ENGLISH LANGUAGE  
GYM CENTRES

ENTERTAINEMENT VENUES

THEME PARKS  
CLUBS  
DISCOS



# KRASNAYA POLYANA

THIS IS THE VIEW FROM THE TERRACE LOOKING DOWNWARDS INTO THE VALLEY



THIS IS THE CABLE CAR LIFTS UP TO THE SKI SLOPES AND JUMPS



THIS IS THE NEW RAILWAY STATION A REPLICA OF THE ONE IN SOCHI



# MORE BUSINESS OPPORTUNITIES

FORMULA 1 MOTOR RACING  
GRAND PRIX – 5 YEAR SERIES  
2014 – 2020  
SOCHI - RUSSIA



# FIFA WORLD CUP 2018 RUSSIA BID WINNERS

SARANSK	POP. 300,000
SOCHI	POP. 350,000
KALININGRAD	POP. 430,000
YAROSLAVL	POP. 610,000
KRASNODAR	POP. 720,000
ROSTOV	POP. 1,000,000
VOLGOGRAD	POP. 1,000,000
SAMARA	POP. 1,014,000
KAZAN	POP. 1,200,000
NIZHNI NOVGOROD	POP. 1,280,000
EKATERINBURG	POP. 1,400,000
ST. PETERSBURG	POP. 4,600,000
MOSCOW	POP. 11,000,000

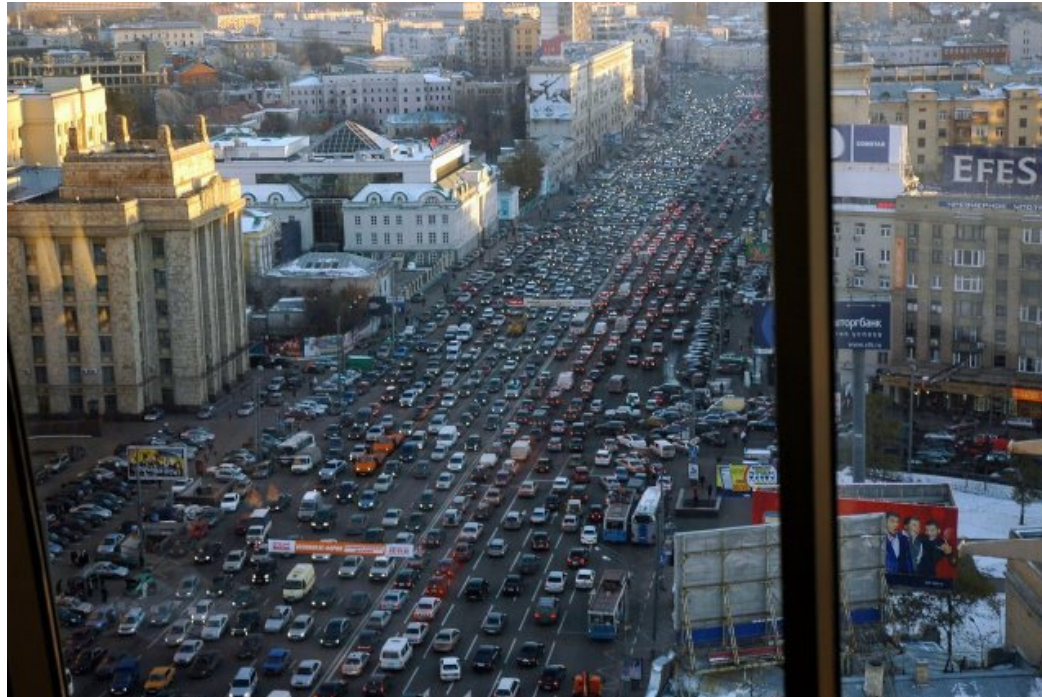


# SPECIAL ECONOMIC ZONES

## AREAS BASED IN THE RUSSIAN REGIONS OFFERING:

- SIMPLIFIED GOVERNMENT RELATIONS & REDUCED BUREAUCRATIC OBSTACLES
- INFRASTRUCTURE IN PLACE – REDUCED START UP COSTS
- FREE CUSTOMS AREA
- SUBSTANTIAL TAX BENEFITS

# LET'S HELP THE MAYOR OF MOSCOW



MOSCOW TRAFFIC GRIDLOCK  
- THIS IS NOT A CAR PARK!

# CITIES WITH OVER 1 MILLION POPULATION

MOSCOW	10,508,971
ST PETERSBURG	4,600,310
NOVOSIBIRSK	1,397,191
YEKATERINBURG	1,332,264
NIZHNY NOVGOROD	1,272,527
KAZAN	1,136,566
SAMARA	1,135,318
OMSK	1,129,120
CHELYABINSK	1,093,699
ROSTOV-ON-DON	1,048,991
UFA	1,024,842
AND MAYBE LONDON!	1,000,000 (Joke!)
ESTIMATE 2012	250,000



# THERE IS SO MUCH BUSINESS TO BE HAD – 2012 - 2018 THE TIME TO DO BUSINESS IN RUSSIA

“It’s a pleasure doing business in Russia, they are not customers but partners – 2 years into the market and turnover is two million dollars”

Gerry Presky – SPS Financing & Engineering

“Russia is rich in innovative ability with companies keen to share opportunities. It’s vibrant growth market which people must explore.”

Chris De Vere Walker – DVW Group Ltd



# 2012 – 2018 THE TIME TO DO BUSINESS IN RUSSIA

BARRY MARTIN – CHAIRMAN  
THE RUSSIA HOUSE LIMITED  
42 YEARS FACILITATING TRADE BETWEEN  
UK AND RUSSIA

RUSSIA – EXPERIENCE COUNTS

Telephone: 020 7403 9922

Email: [russiahouse@btinternet.com](mailto:russiahouse@btinternet.com)

Web: [www.therussiahouse.co.uk](http://www.therussiahouse.co.uk)



# CONTAINERSHIPS GROUP

## Specialist container line to Russia & the Baltics



# Shipping goods to Russia

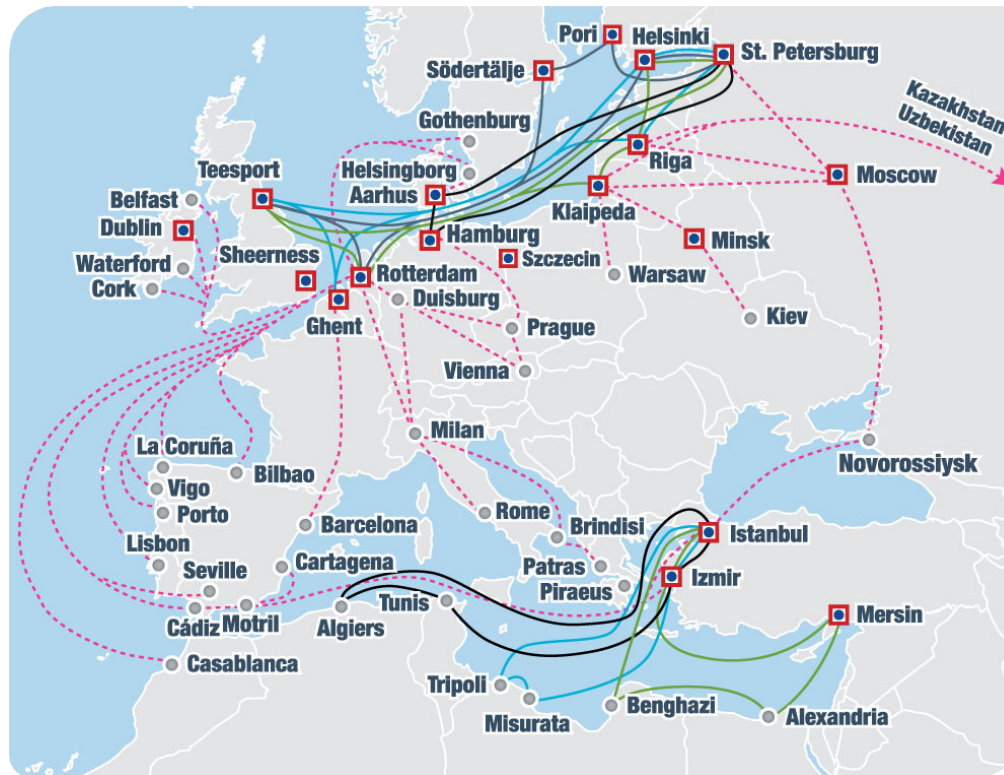
## The two main methods are by sea or by road


- **By sea:** the direct ports are St. Petersburg, Murmansk, Novorossiysk & Kaliningrad. There are also routes via Finland, Estonia, Latvia & Lithuania
  - Advantages: wide choice of equipment, security of cargo, cost & flexibility of routing
- **By truck:** overland via Continental Europe or ro-ro via Finland or Estonia
  - Advantages: speed of transit, easy access loading/unloading



# Service Network

Your gateway to international shipping



 offices     agencies

# Shipping goods to Russia

## Customs procedure top tips

- Establish which customs post the consignee is registered with & where they intend to clear customs (at the point of entry or inland)
- Check the commodity codes with the consignee – only the Russian codes are acceptable
- Whenever possible, always supply original documentation to the carrier
- Agree in writing where the shipper's responsibility ends & the consignee's responsibility starts (especially important for inland clearance points)

# Shipping goods to Russia

## Documentation required

- **SITPRO aligned commercial invoice:** include the Russian customs 10 digit tariff code, original company stamp with signature & if shipping by sea, the full container number
- **Packing list:** especially important if shipping more than one commodity
- **Certificate of origin**
- **Phytosanitary certificate, veterinary certificate or ecology permission:** dependent on the type of goods being shipped
- **Dangerous goods note & Safety data sheet (in Russian):** required for all IMCO cargo

# Shipping goods to Russia

## In summary

- Never sell on delivered duty paid terms (DDP). This is fraught with danger & **will** lose you money
- Double check your paperwork with your consignee prior to shipment
- Ask questions, never assume – a good carrier can find you the answers
- Use a carrier that has their own offices in Russia





## And remember – it does get cold in the Baltic!



Containerships VII in St. Petersburg bay Feb 2011



Sleipner alongside Litke Bay Dec 2010



# Refreshment Break and Networking

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# How to Comply With Russian Product Standards

Certification requirements for products exported to  
Russia and the Customs Union



# Why do you need certification?

**Intertek**

Valued Quality. Delivered.

Russia does not recognise European or international standards

Many products entering Russian territory require certification in order to:

- Confirm the products meet Russian safety standards
- Enable goods to pass through the Russian customs
- To use or sell the goods Russia

# Types of certification



Valued Quality. Delivered.

16 mandatory schemes and over 100 voluntary

Main:

- GOST R, TR, or Declaration of Conformity
- Sanitary certification or State Registration (SAN)
- Certification for Ex-proof equipment (GOST R Ex-proof)
- Rostekhnadzor Permit (RTN permit)

No mandatory pre-shipment inspection scheme

# What is involved in certification process

**Intertek**

Valued Quality. Delivered.

Level of intervention depends on type of product and certification requirements

- Documentary review
- Testing of products at a Russian accredited laboratory
- Audit of manufacturing site
- Assessment of documents and test results by the Russian authorities (Rospotrebnadzor, Rostekhnadzor)

# Labelling requirements



Valued Quality. Delivered.

- Labelling must be in Russian
- Manufacturer's name and address with indication of country
- Name and address of the company authorised to receive consumer's complaints
- Mark of Conformity (depending on type of certification)

# Changes in certification

**Intertek**

Valued Quality. Delivered.

- GOST R changes to certification to Technical Regulations (TR certification)
- Many TR's are based on or close to European Norms or standards (45% harmonized)
- Customs Union of Russia, Belarus and Kazakhstan formed in October 2007
- Certification being unified for the Customs Union - one certificate will be valid for 3 countries



# What to do before shipping goods to Russia

**Intertek**

Valued Quality. Delivered.

- Clarify with the buyer what documents you have to provide
- Check certification requirements with certification agency, such as Intertek
- Apply for certification in advance, as some products have to be tested at a Russian accredited laboratory
- Make sure all certificates are in place before you ship the goods

## Contact

**Intertek**

Valued Quality. Delivered.

Svetlana Collier

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# Support in Russia from the Enterprise Europe Network

Jenny Lawson

Enterprise Europe Network Yorkshire

Russia Today: 14<sup>th</sup> March 2012



*Business Support on Your Doorstep*





# Support from the Enterprise Europe Network - overview

- What is the Enterprise Europe Network?
- The Network in Russia
- Support services available
- Contacts



# What is the Enterprise Europe Network?



- Network set up to help small businesses make the most of the European market place
- Supported by the European Commission
- Nearly 600 partners in 50 countries in EU and beyond
- Typically chambers of commerce, technology & innovation agencies, universities and sector associations



Business Support on Your Doorstep



# Enterprise Europe Network in Russia

## Gate2RuBIN consortium

The Gate to Russian Business & Innovation Networks (Gate2RuBIN) project is run by 3 network organisations:



– Russian Agency for Small and Medium Business Support (RA)



– Russian Technology Transfer Network (RTTN) Nonprofit Partnership



– Union of Innovation Technology Centers of Russia (RUITC), coordinator.



# Enterprise Europe Network in Russia

Funded by



- the **Ministry for Economic Development of the Russian Federation (MED RF)**
- the **State Foundation for Assistance to Small Innovative Enterprises (FASIE)**



# Enterprise Europe Network – Russia, Information & Advisory Services

Regional network includes

**39** regional centers



Business Support on Your Doorstep





## Services offered include:

- Up-to-date information on Russian regulations (as well as information on EU Directives for Russian companies)
- Basic market information
- Dissemination across Russia of EU business requests and offers for cooperation in various forms
- Opportunities to meet Russian firms at events in Russia and elsewhere in Europe



# Examples of enquiries from Y&H firms:

- GOST certificate required by potential Russian client
- Health & safety rules in restaurants & hotels in Russia
- Details of suppliers of Russian fur hats

# Examples of current commercial partner requests:

- Moscow-based wholesaler of food ingredients offering trade representative services
- Russian international transport company offers transportation & ready to discuss joint venture
- Russian producer of construction products seeking distributors for its products in Europe



# Examples of current technology / R&D partner requests:

- Tomsk-based company offers innovative composite polymer films to protect greenhouse crops from UV radiation
- Tatarstan-based firm seeks data-processing technology for customer relationship management



# Case studies:



**23 Region LLC**  
(Russia)

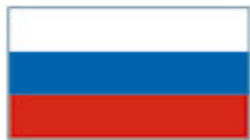


**Keramos 2 srl**  
(Italy)



- 23 Region LLC of Russia expressed interest in partner search request of Italian ceramics firm Keramos 2 srl
- Commercial agreement signed for distribution of Italian ceramic materials in southern territory of Russia
- Agreement also covers possibility of creation of joint Italian-Russian production company in Krasnodar region.

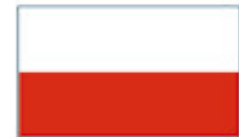
# Case studies:



**Fruktolina**  
(Russia)



**Nash Sad**  
(Poland)



- Enterprise Europe Network Russia helped Russian company **Fruktolina** to participate at the International Event «ANFAŞ FRESH ANTALYA» in Turkey
- Result: contact with Polish Cooperative group of fruit producers **Nash Sad**. January 2011 companies signed an agreement on supply of apples.



Business Support on Your Doorstep



a specialist deliverer of

Funded by  
Government



The Region's  
Development Agency



European Commission  
Enterprise and Industry



competitiveness and innovation  
networks programme  
2007-2013



Gate2RuBIN

РОССИЙСКАЯ БИЗНЕС-ИННОВАЦИОННАЯ СЕТЬ

# Coming up:

- «**Russia - Europe: Cooperation without Frontiers**» 5<sup>th</sup> Annual International Business Partnership Matchmaking Forum, 5<sup>th</sup> – 6<sup>th</sup> June 2012 in Moscow



# Questions?

Access this information & support via your local gateway:

- Tel: 0800 052 8156
- E-mail: [info@ee-yorkshire.com](mailto:info@ee-yorkshire.com)
- Website: [www.ee-yorkshire.com](http://www.ee-yorkshire.com)







# Case Study

Godfrey Nield, Commercial & Purchasing Manager  
Ian Robertson, Area Sales Manager

Parkinson-Spencer Refractories Ltd

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# Questions & Prize draw

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## Intertek

## Containerships (UK) Ltd

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# Networking lunch

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