

Dear Reader,

On May 20, the conformity assessment community celebrated the annual World Metrology Day originated by the Metre Convention signed back in 1875. The original aim of the Metre Convention – the world-wide uniformity of measurement – remains as important today, in 2006, as it was in 1875.

To minimize your risk of non-conformity to the Russian standards, we continue to keep you updated on new laws. Besides, in this issue we start a new practice - answering frequent questions from exporters regarding CIS certification. Here we will resume issues raised by the audience of our conferences and seminars in various countries (see "Customer's point of view" section).

Sincerely Yours,
SGS Team for Russian / CIS Certification

1. In focus: laws & regulations

Import license for poultry cancelled

The Federal Service for Veterinary and Fitosanitary Supervision (Rosselkhoznadzor) cancelled all earlier issued licenses for import of poultry meat and poultry products to Russia in 2006. This measure has been caused by violations of the veterinary rules becoming frequent such as shipment without any import permits, non compliance of products with accompanying documents, counterfeit products or fake Rosselkhoznadzor permits. Starting from 27.04.05, re-issuance and new registration of licenses should be carried out as per new simplified rules.

Revised classification of timber products

According to the Governmental Decree dated on 24.03.06 N 158 the TN VED product classification has been revised with regard to raw timber (code

4403 20 and some sub-positions of 4403 99). Customs duties for those product categories have also been set.

List of beverages liable to stamps specified

In its degree dated 10.04.06 N 130-p the Federal Customs Service specified the list of alcoholic product categories requiring excise stamps while imported to Russia.

Tax Code will protect international traders

The new Tax Code has been approved by the Russian Parliament on 25.04.05 and signed by the President Vladimir Putin. Major statements of the Code have been put in compliance with acting Russian laws and WTO norms. The Code should better protect rights and interests of international trade players versus the Code dated on 1993.

2. On market track: trade & investments

Strengthening of the Rouble boosted imports

According to the Ministry for Economic Development and Trade, in January-April 2006, import to Russia from non-CIS countries accounted for 36.8 bln \$ and increased by 27.8% vs same period in 2005.

The growth was boosted by strengthening of the Rouble real rate, which somewhat weakened competitiveness of Russian manufacturers.

Imported product category	Import value, Jan-Apr '06	Jan-Apr'06 vs Jan-Apr'05
All, from all countries	43.8 bln \$	+23.9%
Machinery		+39.4%
Chemical products		+31%
Textile & shoes		+50%
Foodstuff		+22.1%

Import of industrial equipment facilitated

By Governmental Decree dated on 24.03.06 N 168 import duty for 700 categories of industrial

equipment has been cancelled by the Russian government. This measure concerned the following industries: agriculture, oil & gas, textile, timber processing, air-craft building, ship-building, printing, electronics (TN VED codes: 84, 85, 86, 90) and will be in force till the end of 2006

IFC will focus on regional projects

The International Finance Corporation (IFC) is planning to invest 700-800 mln \$ in Russia in 2006, said Lars Thunell, IFC executive vice president. He said IFC will focus more on regional projects. IFC's scope of interests includes infrastructural projects, energy saving technologies, financial services. Today, Russia is country #1 as per investment portfolio volume of IFC. Since 1993, the corporation has invested 2,9 bln in more than 110 Russian projects.

EBRD allocating more to Russia and Ukraine

The European Bank for Reconstruction and Development (EBRD) has been revising its strategy for the next 5 years and intends to move re-

sources from the 8 states that joined the EC in 2004 to other European countries, including Russia, Ukraine, Caucasus, Central Asia and Balkans. Total investment value will amount to 4 bln Euro p/a.

3. What's new with SGS

Developing CIS certification network

On April 10-12, SGS participated in the CIS Standardization, Metrology & Certification Bodies meeting that took place in Dnepropetrovsk. The meeting gathered representatives from Azerbaijan, Belarus, Kazakhstan, Russia, Uzbekistan and Ukraine.

New information resource launched in Poland

The GOST mini-site in Polish language www.gost.pl.sgs.com has been launched in order to inform specifically Polish exporters and investors on certification and other permitting procedures in Russia / CIS.

SGS confirmed its GOST R accreditations

SGS S.A. has once again obtained prolongation of its accreditation by Rostekhnregulirovaniye to provide GOST R certification services. The accreditation will be valid till April 27, 2008. The SGS accreditation scope stays as wide as before.

GOST R is the Russian national certification system, which concerns most of consumer and industrial goods both imported and produced locally. SGS has been given the right to provide GOST R certification services since 1993, and in accordance with the Russian legislation has been regularly renewing its accreditation.

4. Customer's point of view

Exporters worried about confidentiality

The SGS Conference in March in Paris focusing on Industrial Equipment Certification gathered about 100 participants. During open discussion, confidentiality problem in relation to Russian certification was raised. To which extent the data required in the framework of certification is protected from unfair competition?

A few factors have been listed related to the risk of know-how escape:

- When the certification process is handled by the manufacturer himself, all technical data are directly communicated to the certification body. When the process is delegated to a Russian importer or partner, it gets more difficult to control information flows.
- The exporter should pay attention to the reliability of the certification body. Normally, there should be a written confirmation of the body's principles (e.g. SGS Code of Integrity). It is the certification body that defines which is the minimum information to be analysed for certification purposes.
- Documentation can be forwarded to the expert in hard copy and not in electronic format, which makes it more difficult to copy complex technical drawings.
- The expert could study the data in your office, without taking the confidential documents away. This is quite feasible when the expert is located in

your country and does not need to travel from Russia.

Spare parts dilemma: to certify or not?

In May, SGS Germany conducted a workshop on the topic „Export of machines and equipment to the Russian Federation – necessary certificates and permissions” in Mainz. One of the topics that utmost interested the audience were specifics of exporting spare parts to Russia.

In fact, according to the Letter of Gosstandart dated on 15.12.2003 №MG-110-25/5036, spare parts for ready goods, previously imported to Russia, may be cleared from Russian customs without being certified, provided there is evidence that:

- the previously imported ready goods have been properly certified according to Russian standards;
- the spare parts are in fact used for manufacturing of the ready goods and are included in their design documentation;
- upon entry of the Russian territory, the spare parts will be used solely for the purpose of technical maintenance and repairs of above-stated ready goods.

In case the spare parts are used for upgrade of the ready goods, they still have to be certified separately. Consequently, to identify certification requirements for spare parts imported to Russia, the importation purpose should be clearly defined.