

Dear Reader,

*The Autumn 2005 has been rich with eminent "round figures": beside the 35<sup>th</sup> World Standards Day, on 14<sup>th</sup> of October the Russian technical regulation system celebrated its 80<sup>th</sup> anniversary. In fact, the decision introducing state standardization in the former USSR and establishing the Committee for Standardization (Gosstandart) was taken by People's Commissars Council in 1925. Since then, the system has been evolving, especially with Russia converting into a market economy, and currently a global concept of standardisation development in Russia for the next 5 years is under discussion. Definitely, we are moving in the right direction!*

Sincerely Yours,  
SGS Team for Russian / CIS Certification

## In focus: laws & regulations

### New state standards approved

During the first half of 2005, over 300 new state standards have been approved. "While developing those standards, new laws and increased requirements towards safety have been taken into consideration", said Valery Koreshkov, chairman of the Committee for Standardization, Metrology and Certification at the Russian Council of Ministers. The new standards concern safety of agricultural equipment, construction materials, tourism services etc.

### Updated product list for hygienic certification

In September, Rospotrebnadzor published the updated list of goods subject to mandatory hygienic certification or state registration for customs clearance purposes. The list consists of a few hundreds of items, including food and chemical products, construction materials, pharmaceuticals and cosmetics, clothes and textiles, metal scrap, household appliances and medical equipment, toys and sports accessories.

Furniture has been excluded from the list due to mandatory certification of materials used for its manufacture. However, in case those materials have not been certified according to Russian hygienic standards, the furniture's supplier should obtain Sanitary-Epidemiological Conclusion Certificate for the finished product.

### Thousands of import licenses issued

According to the Ministry for Economic Development and Trade, during the first 10 months of 2005 almost 22 000 licenses have been granted to import various product categories to Russia, namely: 344 for vodka and other spirits, 11361 for pharmaceuticals, 216 for veterinary medicines, 195 for rugs and textile carpets, 2966 for poultry meat, 2527 for frozen beef, 75 for fresh or chilled beef, etc.

### New metrology regulation drafted

At the end of October, the New Federal Law "About provision of measuring unity" has been presented to branch authorities for approval.

The new law differs from the currently acting one (dating from 1993) by restriction of state regulation scope and therefore of the state metrological supervision. According to the new law, testing of measuring tools aiming at their pattern approval and verification of measuring instruments will be delegated to properly accredited private bodies.

### Foodstuff import to Ukraine facilitated

In October, the President of Ukraine has signed the Law №2863-IV introducing changes in the Laws "About State Regulation of Agricultural Products Import", "About Quality and Safety of Food Products and Raw Materials" as well as in the Decree by Cabinet of Ministers "About Standardisation and Certification".

Those changes will enable exporters to avoid double certification of foodstuff. Customs clearance of imported foodstuff will be permitted with Declaration of Conformity (DoC) instead of Certificate of Conformity (CoC). Such permission will be granted in case manufacturer and its customer are ISO 9001 or HACCP certified.

### Ukraine will introduce new marking standards

As reported by Andrei Nelepov, head of standardization department with Ukrainian State Committee for Technical Regulation and Consumer Policy, new marking requirements common to both food and non-food products will be applied in early 2006.

## On market track: trade & investments

### Export to Russia grew by 35.6%

According to Russian Customs Statistics, export to Russia from non-CIS countries in January-October 2005 grew by 35.6% up to USD 61.9 bln.

Imported product category	Oct'05 vs Oct'04	Import value, Oct'05
All, from non-CIS	+35.5%	7.0 bln \$
Machinery		3.5 bln \$
Chemical products		1.2 bln \$
Foodstuff		1.1 bln \$

### Investment trends

According to "INFOLine" Information Agency, in January-October 2005, the average industrial investment value in Russia amounted to 14 million USD. This figure results from the analysis based upon data regarding 500 investment projects involving industrial construction, renovation and upgrade at various stage of implementation (design, engineering, commissioning).

Branch structure of the 500 analyzed projects is specified as follows:

Number of projects	Related industrial branch
98	Chemical, oil & gas, pharmaceutical industries
59	Construction & trimming materials
93	Food & beverage
73	Forestry, timber processing, furniture, packaging
93	Ferrous & non-ferrous metal works
42	Machinery

### Facilitating aerosols and refrigerators import

The Annual Advisory Council gathered in October. As usual, investors and the Russian Government have discussed critical state regulatory issues. This year, among others, the Council examined the following problem.

Today, each import shipment of aerosols and refrigerators has to be properly approved by Rostekhnadzor (RTN), which certifies that the imported products would not contain ozone-destructive substances. As reported by Andrey Sharov of Ministry for Economic Development and Trade, at the meeting state officials agreed to replace mandatory RTN permit by importer's self-declaration.

### Ukrainian economy seems to revive

During January-September 2005, Ukrainian GDP growth rate fell down to 2.8% (vs 12.1% in 2004). FDI decreased by 7.2%, and investment "anemia" has been among major barriers for industrial development.

Still, in the course of September-October the new Government has significantly lowered inflation rate; GDP sinking has slowed down. In the first 9 months of the year, factual income of the population increased by 22.3%. Many economists believe that in 2006 economic growth will go up again to 5-7%.

## What's new with SGS

### Mechanical Industries

SGS Italia has signed cooperation agreement with A.N.I.M.A - the Italian Federation of Mechanical Industries, one of the 60 Associations of Confindustria covering over 1000 national industries.

According to the agreement, SGS will support members of the Federation in certifying their products for export to Russia.

### Launch of [www.gost.sgs.com](http://www.gost.sgs.com)

The SGS web-site focusing on Russian / CIS Certification has been launched in early October.

The site contains practical information for international exporters and investors on various approvals and permits they should obtain in order to do business in Russia.

## Customer's point of view

### How to succeed in Russia?

During the Russia TALK 2005 conference organised on October 13<sup>th</sup> by RBCC (Russian-British Chamber of Commerce) this question was actively discussed by international investors exploring business opportunities in Russia.

Among barriers hampering business development a few have been mentioned, namely lack of infrastructural facilities and local bureaucracy.

The event's participants have enumerated important factors for an international company to succeed in the Russian market such as: finding the right local partner, attention to legal aspects, relationship with local authorities.

In particular, franchising model has been cited as an efficient tool to implement market entry and/or to further expand geographic coverage.