

Dear Reader

On September 10-16, the 29th ISO General Assembly took place in Ottawa gathering over 100 participants from all regions of the world. Russia, elected in the ISO Council in 2005, participated in its annual session as one of the 16 representatives of ISO member-countries. This is another evidence of Russia's active involvement into development of international standardisation.

In fact, regulatory framework in Russia does not stand still and develops in line with international norms; therefore we hurry up to warn you about possible changes in export procedures. As a Russian saying goes, "being informed means being equipped". You will also find in this issue some interesting trends of the Russian market that could help you in decision-making regarding further development strategy in the CIS.

Sincerely Yours,
SGS Team for Russian / CIS Certification

1. In focus: laws & regulations

GOST R standards undergo revision

The Russian Federal Agency for Technical Regulation and Metrology (Rostekhnregulirovaniye) approved of new GOST R standards and of new editions for acting standards, to be effective since January 1, 2007. Those changes will concern the following product groups:

- textile, clothing and footwear (e.g. leather clothes, bed-clothes, cotton fabrics, bags, brief-cases);
- foodstuff (e.g. wines, vodkas and other beverages, baby food, flavourings, processed fruits, vegetables and mushrooms, poultry, meat and fishery products, milk, sunflower oil);
- cosmetics and household goods (e.g. hygienic pads for women, laundry detergents, diapers, electrical appliances);
- construction materials (e.g. coating materials, wallpaper);
- electrical industrial equipment (e.g. heating equipment, apparatus for explosive gas atmospheres, resistance trace heaters, internal combustion engine, capacitors).

The revisions include amended definitions of some product categories, testing methods or general requirements. For example, the new GOST R №52523-2006 aims at harmonizing Russian marking rules for wine with EC and OIV requirements. As a result, new customs code will be used for clearing natural (table) wine from Russian customs.

SAD clone to be launched in Russia

Implementing the partnership agreement with its major trading partner - the EC, Russia has developed a new customs declaration corresponding to the Single Administrative Document (SAD), thus harmonizing customs procedures of both parties. In the EC, SAD has been used to declare imports since 1987.

Starting from January 1, 2007 the new declaration format will replace the cargo customs declaration and transit declaration currently used by Russian Customs authorities. A series of relevant training seminars for customs brokers will be carried out.

Executive changes at Gospotrestandart

As per decree by the Ukrainian government №1337 dated on September 20, 2006 Oleg Vy-sotskiy quit from the position of head of the State Committee for Technical Regulation and Consumer Policy (Gospotrestandart). He had been exercising the duties of Gospotrestandart manager since May 13, 2006.

Reforming technical regulation in Kazakhstan

The Parliament of Kazakhstan has been considering additional legal documents to complement the Law on Technical Regulation approved in November 2004.

As announced end September by Kazakhstan Committee for Technical Regulation and Metrology, eight technical directives are currently under development (incl. "On safety of transportation means" and "On safety of detergents"), 40 more directives are to be developed during next year. The program of state standardization for 2007 includes development of 120 new standards.

2. On market track: trade & investments

Drivers of Russian GDP growth

Source: "Expert" Weekly. Russian economy has been growing faster than expected: GDP growth for 2006 is anticipated at 6.6-6.7%. The most booming sector has been construction cluster, including civil engineering, manufacture of construction materials and machinery. Other developing sectors are oil refining, gas extraction, food industry.

Investment machinery has been another driver for GDP growth, esp. manufacture of hoisting & transport equipment, machinery for power engineering and for minerals extraction. Imports of process equipment have been stimulated by the favourable customs regime launched in early 2006.

Complex consumer markets such as household electronics and passenger cars have been actively invaded by foreign brands through either imports or local assembling. Within ferrous metallurgy, piping industry demonstrates steady growth following Gazprom and Transneft projects.

Customs authorities appreciate import growth

According to the Federal Customs Service of Russia, the customs duties and fees collected by end September 2006 amounted to 75 bln \$. One third of those payments has been generated by imports, the latter growing by 17-19% per month.

Imports of consumer goods getting "whiter"

As reported by the Russian Federal Customs Service, legal imports grew in a number of consumer markets both in value and units.

Imported product category	Import value, Jan-Sep '06	Jan-Sep'06 vs Jan-Sep'05
Radio electronics	3.914 bln \$	+368.2%
Household electrics	1.119 bln \$	+119.8%
	Jan-Aug '06	vs Jan-Aug'05
Garments	1.286 bln \$	+174.1%
Footwear	0.837 bln \$	+221.3%*
Furniture	0.596 bln \$	+133.9%

In units, imports of radio electronics grew by 90%, footwear – by 78%, garments – by 57%, furniture – by 29%.

Analysts of "Expert" Weekly speculate upon reasons for that. Firstly, as a result of staff rotation within customs management and tougher administrative control importers using grey schemes started to switch to legal ways of clearing goods from customs. Besides, Russian retailers need transparency for borrowing from banks in order to develop further, which again makes grey import unsuitable. For footwear, decrease of customs duty might have stimulated legalisation of imports. On the other hand, Western players expanding in the Russian clothing market and strictly following national laws boost official statistics. Still, as long as open markets are a significant distribution channel for low cost garments and shoes in Russia, grey dealers will be interested to smuggle.

3. What's new with SGS

SGS in Russia: 25-year celebration

SGS reviewed its activities in Russia starting from January 1981, when the Moscow representation was accredited at the Ministry for Foreign Trade of the USSR. [More](#)

Training activities in Vietnam and Germany

On September 26, SGS held the conference over Russian certification in Hanoi. [More](#)

On October 18, GOST R certification was presented to the Association of German Fashion.

SGS participated in the international forum organised in Munich by Rostekhnregulirovaniye, DIN, the Russian Union of Business and Industry (RSPP) and the Association for Electrical Engineering and Electrical Industry (ZVEI). [More](#)

4. Customer's point of view

Single customs code could facilitate imports

Equipment consisting of multiple elements might complicate customs clearance process at the Russian border. Exporters of such equipment are able to opt for "Classification Decision" solution.

In fact, the Federal Customs Service may assign single TNVED code to the imported lot and issue a so-called Preliminary Classification Decision. Such a Decision is the base for import duties cal-

culations and identification of product certification requirements. As a result, paperwork might decrease considerably. Thus, one single GOST R Certificate of Conformity may be required at Russian customs border for the full set of machinery and instrumentation (see case study [here](#)).

However, one should note that obtaining of the Classification Decision from Russian customs authorities should be thoroughly documented and would take from 3 weeks up to 3 months.