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Legal tips for companies supplying to Russia

In this alert we are going to discuss a highly important issues for foreign suppliers and manufactures who already have made their way to the Russian market or are just beginning to search for opportunities to expand their presence in Russia.

Tips for companies supplying to Russia.

1. Ensure that your product is duly identified and not restricted or prohibited for import

There are various bans and restrictions in force in Russia which may seriously affect the transaction and could even result in not receiving payment for goods or even their seizure.

- The most serious matters are import bans arising either from restrictions for circulation of some goods on Russian territory, or from sanctions in force.

These bans cannot be overcome. Keeping that in mind, it is important to give special attention to issues of processing and whether or not such processing changes the nature or origin of the product.

- The cryptography regulations can be relevant for high-tech products.

Depending on the type of such products, you will be required to either obtain a license for import or file a notification with the Federal Security Service.

- If you supply equipment which may be used for civil or military purposes, you should check the dual-use goods lists to understand whether your product falls under dual-use regulations.

2. Be aware that your products' "history" may be recorded by traceability systems

During the past few years, the Russian government has continually worked on developing product traceability systems. Such systems are divided into two sections: (1) Electronic veterinary certification and (2) Digital marking.

Both systems are aimed at providing market transparency by tracing the lifecycle of the products from the moment of their manufacture or import.

Currently, it is mandatory to mark with digital codes: tobacco products, fur, footwear, medications, photo cameras and flashbulbs, tyres, light industry products, some textiles, and perfumes.

3. If your product falls under safety regulations, double-check that all applicable requirements are met

Many products ranging from foods and clothes to complex equipment are subject to obligatory conformity assessment procedures aimed at confirming product safety.



In most cases, two confirming documents are issued: the Declaration of Conformity – issued by the importer itself and registered by the certification center, and the Certificate of Conformity – issued by the certification center only.

Usually both documents are issued upon tests carried out by a laboratory or test centers.

For supplies regular sent to Russia, the declaration or certificate of conformity are issued for a serial production, thus a foreign supplier shall appoint its local representative in Russia for conformity assessment purposes.

In practice, parties conclude a specific agreement called an “Agreement on performing of foreign manufacturer’s functions”, which basically is a power of attorney for the Russian representative to conduct confirmation of safety regulations.

What is necessary for this process? Among other important things, it is worth:

- You should find a partner in Russia you can rely on in order to manage the conformity assessment.
- You should ensure that your partner makes contracts only with authorized (in other words - duly accredited) laboratories and certification centers to conduct all necessary work.
- You should bear in mind that the products which are new on the market must firstly pass tests in Russia. Therefore, usually before launching the supply process your partner should ask for the importation of product samples for relevant tests.

Otherwise, create a branch or subsidiary in Russia to handle all processes in due manner by yourself. Because even though it is quite challenging to hold foreign company liable for violation of safety regulation, still under Russian law, an end user of a product may by his or her choice file a claim directly to the manufacturer of such products who is also responsible for negative consequences which may put human lives in danger.

4. Do not agree to supply goods to Russia on DDP terms

According to Russian laws, foreign companies are very limited by themselves in their abilities to have their goods clear customs for importation to Russia. A general rule here is that if the goods are imported to Russia under a contract between a foreign supplier and a Russian buyer, only the Russian buyer may perform import customs clearance. Any contract conditions stating otherwise (such as DDP term) will be impossible to implement in practice – thus, the consequences of a non-fulfilment of the supplier’s obligations may follow.

To summarise – first and foremost it is necessary to make sure that a foreign supplier knows about all relevant technicalities applicable in Russia, is ready for different kinds of requests from Russian buyers, and may control Russian buyers actions with regard to compliance with the applicable rules.

And finally, do not forget to allocate contractual liability in a way that will secure your interests in case of misunderstandings.

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