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CUSTOMS METHODS REGARDING INTELLECTUAL PROPERTY RIGHTS PROTECTION

Recently there have been many developments related to the customs protection of IP rights, both from the theoretical and practical perspectives. With the growth of foreign trade, the application of customs methods for the protection of IP rights is becoming an important issue in this area.



Russian legislation provides for civil (aimed at compensation of damages), administrative (aimed at imposition of administrative penalties) and criminal (aimed at imposition of criminal penalties) penalties to protect intellectual property. In particular, customs authorities are authorized to initiate and conduct administrative proceedings with respect to the violation of copyrights and related invention and patent rights (Article 7.12 of the Russian Administrative Code), and the illegal use of trademarks, service marks and names of the place of origin (Article 14.10 of the Administrative Code). The customs authorities exercise this power to prevent the importation/exportation of infringing goods to/from the customs territory of Russia.

However, if it follows from the information received for the customs clearance of goods that such goods might infringe the IP rights of the holder, then customs authorities should additionally obtain information, in particular, regarding the following questions in order to decide about initiating administrative proceedings in accordance with Article 14.10 of the Administrative Code:

Is the respective trademark legally protected in Russia, in particular, is it registered with Rospatent?

Who is the rights' holder?

Are the goods bearing the trademark imported to Russia with the consent of the rights' holder and does the importer have other authorizations required to use the trademarks in Russia?

Customs authorities are often unable to obtain this information within the timeframe specified in the legislation for customs clearance and/or initiation of administrative proceedings. In this situation, the preliminary provision of the relevant information to the customs authorities,

and timely response of the rights' holder to the fact of detection of the infringing goods, will facilitate the work of the customs authorities and help to protect the rights holders' interests.

The functions of customs authorities involving the prevention of illegal circulation of IP within the context of customs control were stipulated in the first version of the Customs Code from Jan. 1, 1994. However, only from 1997 did the customs authorities start supporting the regulations with a system of enforcement measures, based on letters and directives of the Russian State Customs Committee (now transformed into the Russian Federal Customs Service (FCS)).

The procedure of suspending the release of infringing goods by the customs authorities ("Procedure") stipulating the terms and rules of its application by the customs authorities and by the rights' holder has been legally established with the enactment of the new Customs Code, which has a separate chapter dedicated to these issues[2]. It should be

noted that the provisions of this chapter are based on international rules.

TERMS AND CONDITIONS FOR THE APPLICATION OF THE PROCEDURE

When considering the possibility of using the Procedure, one should take into account if the following conditions for its application have been met.

First, the customs authorities suspend the release of goods only in respect of IP rights which are included in the Customs Register. This does not mean that the customs authorities ignore cross-border movements of goods with IP rights attached to those, but which are not included in the Customs Register. However, as discussed above, with respect to the latter, customs authorities take measures to prevent importation/exportation of infringing goods as part of their law enforcement powers, which may not be effective in practice due to the lack of information on the legal protection of IP rights in Russia.

Second, the applicability of the Procedure is limited to the following IP rights:

- Copyrighted objects (such as sound and video records, cinema and television works, software, etc.)
- Neighboring rights (such as performer's rights, phonogram producer's rights)
- Trademarks
- Service marks
- Name of the place of origin

It can be seen that this list does not include inventions, industrial prototypes, useful models, etc.

The IP rights must have legal protection in the Russian territory, which should be confirmed by the appropriate documents (such as trademark certificate registered by

Rospatent).

Third, the Procedure can be initiated only by the holder of exclusive rights in respect of the IP. However, it should be noted that the rights holder may act both on its own and through a representative, which is relevant for foreign companies that do not have a representative office in Russia. In the latter case any of its Russian distributors or any other Russian entity or even an individual vested with appropriate powers may act as such a representative.

Another important condition of the application of the Procedure is that the application for inclusion in the Customs Register may be filed only if the rights holder has sufficient grounds to believe that its exclusive rights may be infringed due to the movement of infringing goods across the customs border. Therefore, the rights holder should present information not only on the exclusive IP rights which may be infringed but also, without limitation, information on goods which the rights holder deems to be infringing. Therefore, to ensure that the customs authorities are able to detect such goods the rights holder should be interested in providing the most complete and detailed information on infringing goods.

And finally, the financial aspect of the Procedure comprises an obligation of the rights holder to compensate material damage which may be incurred by the importer in connection with the suspension of the customs clearance of its goods (such as storage of goods, downtime of vehicles, various penalties, which may be imposed on the importer under foreign trade and other contracts, etc.). This contingent obligation may materialize if the infringing status of goods is not confirmed. The obligation may be secured by a bank guarantee or an insurance contract for an amount of at least RUR 500,000 (approximately \$18,800). Based on the current practice, this security

should be provided in respect to each IP right specified in the application.

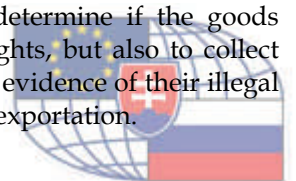


OPERATION OF THE PROCEDURE

If a decision is taken to include the IP right in the Customs Register, the FCS notifies thereof all the Russian customs authorities in charge of customs clearance.

After that, if indications of the infringing status of goods are detected during customs clearance, the local customs authority will suspend the release of such goods for 10 business days. From this moment on, the success of the application of the Procedure will depend to a great extent on the effective communication between the rights owner (or its representative) and the respective local customs authority. Therefore, it is necessary to analyze beforehand each step and sequence of such steps, and scenarios of possible developments in this regard with great care.

When the customs clearance of goods having indicators of infringing status is suspended the rights holder is notified of that and receives the right to examine such goods. In particular, the rights holder may take samples of such goods, photograph the goods, and use other methods to help determine such goods. This examination enables the rights holder not only to determine if the goods infringe IP rights, but also to collect the necessary evidence of their illegal importation/exportation.



After the examination and before the end of the suspension period the rights holder should decide how it will go about protecting its rights: initiate civil proceedings in the Arbitration Court or initiate administrative or criminal proceedings by applying to the law enforcement agencies/services.

With regards to administrative responsibility, we would like to note that amendments to the Russian Administrative Code came into effect from January 2006 that introduced the possibility to conduct administrative proceedings in respect of administrative offences regulated by articles 7.12 and 14.10 of the Code. At the same time, they increased the limitation period for these offenses to one year. Undoubtedly the amendments enhance the efficiency of penalizing persons guilty of administrative offences.

PROS AND CONS OF CUSTOMS REGISTER INCLUSION

Today some 700 registered trademarks are included in the Register of IP rights of the Russian Federal Customs Service. They belong to well known companies such as Procter & Gamble, Gillette, Nike and Adidas, and also include major perfume, alcohol and confectionary brands. We have noted a trend that usually decisions on inclusion in the Customs Register are taken by companies which dominate a specific market segment. This is usually explained by competition.

The following facts illustrate the results of application of the Procedure. Recently the FCS has been implementing a number of administrative initiatives aimed at the enforcement of the above legal norms. In particular, special units responsible for the organization and performance of IP rights protection are being created at all levels of the customs authorities administrative system (FCS - Regional Customs Department - Customs office). Centralized

control over the performance of these functions has been established, and as a result the customs authorities periodically report to the FCS on the application of legal protection measures. As a result, customs authorities have stepped up their activities in this area: in 2004, 254 administrative proceedings were initiated in connection with the infringement of IP rights, in 2005 - 390, and during the first three quarters of 2006 - more than 900.

Hence, we can conclude that with the accumulation of practical experience by customs authorities, the application of the Procedure is becoming more effective.

However, the initiation of the Procedure may bring not only benefits to the rights holders or its current Russian distributors. We believe that to assess possible risks in connection with the inclusion of their IP rights in the Customs Register, foreign companies holding exclusive rights should, first of all, obtain a clear picture of the current situation with the importation of their goods into Russia.

If Russian distributors use non-transparent importation structures, such structures may be discovered when the inclusion of the trademark in the Customs Register is considered, which may have a number of negative consequences. In this situation, application for the Procedure may require restructuring the importation arrangements to bring them in compliance with the Russian customs legislation.

While considering the importance of the latter issue (i.e. restructuring of the goods importation arrangements), it should be taken into account that the FCS has now developed a program for the review of importation channels for goods manufactured and sold under well-known brands. Therefore, it appears that the restructuring issue will need to be addressed sooner or later any-

way. The difference will be in the cost and time of such a restructuring.

PROBLEMS AND PROSPECTS

Please note that the introduction in the Customs Code of the Procedure envisaging the preliminary provision of information by the rights holder is not the latest feasible measure of legal protection of IP rights via customs mechanisms.

Some amendments to the Customs Code have been developed that would grant customs authorities the right to suspend the release of goods ex officio; i.e. without the preliminary application of the rights holder to the FCS. The provision of such a right to customs authorities is fully in line with WTO requirements on counter-measures regarding the importation of counterfeit goods and is a widely used practice in the EU, U.S. and Japan. However, there are concerns that customs authorities may abuse this right, in particular, to achieve their fiscal targets.

There are also other issues regarding the legal regulation of IP rights protection which often enable offenders to shirk responsibility. For example, there is no unambiguous answer to the following question: Is the fact of infringing goods importation alone sufficient for penalizing the importer? Or is it possible to penalize the importer only if it also produces the goods which bear the trademarks? Or is willful intent an obligatory precondition for penalizing the importer?

These and other issues are interpreted differently by different courts. In view of the fact that judicial practice in this area is just being developed, the formulation of a unified approach is essential. We also hope that these issues may be addressed in Part 4 of the Russian Civil Code which should incorporate all issues concerning the civil circulation of IP rights currently regulated by four different laws. ■

TO PRESERVE CIS IS SURELY OF HIGH PRIORITY FOR RUSSIA

Interview of Minister for Economic Development and Trade of the Russian Federation G.O. Gref.



- Mister Gref, do you consider the economy of Russia all-sufficient?

Minister of economic development of RF German Gref: The economy of Russia is a progressing economy that actively stimulates development of the international cooperation. From this point of view none of global economies is not and should not be "all-sufficient" or isolated and, as a result, close. All countries involved in the global trade and international capital flows are to some extent interdependent.

At the same time the economy of Russia is all-sufficient because our state does not depend upon foreign credits. We have stable income and rapidly reduce our foreign debts.

- The economic relations between Russia and CIS countries leave much to be desired and formation of new economic organizations on the Commonwealth's space prove this fact. Does the RF government plan to translate conditions so as to revive old relations between industrial entities on the new development stage?

German Gref: Indeed, the 15-year cooperation practice proved the degree of concern of some CIS countries to promote and diversify cooperation forms within the frameworks of the integration process is different. At the moment the Commonwealth has no approaches towards formation of a single economic space as it was fixed in the founding documents. Virtually, the principle of complementarity of economies in the process of making common plans is not used.

At the same time, as RF President Vladimir Putin said in 2006 in his Message to the Federal Assembly of the Russian Federation, "our relations with the neighbour states were and are the important direction of the external policy of the Russian Federation".

The trade-economic cooperation on the post-soviet space is of high priority for Russia and CIS states as well.

It is still impossible to refer CIS States to economically developed countries. Similar problems envisaged by the economies of these states concern the high degree of integration and interdependence of the post-soviet countries. Though now CIS countries-members trend to isolate economic policies when momentary benefits of the country prevail over common strategic interests of CIS, the Commonwealth has real perspectives to preserve close mutually beneficial relations based on the cooperation partnership and common infrastructure.

At the same time, the potential of CIS has not been exhausted yet. Therefore, the existence of the Commonwealth on the given stage is still profitable because expansion of the most prospective integration directions stimulates internal development of states and gives the opportunity to adapt to the globalization conditions. We consider necessary to take actions so as to certainly preserve the CIS as a rational integration organization for almost all states on the post-soviet space.

- Mister Gref, how will EurAsEC develop in future? What economic common grounds were laid as a basis of this organization? How will they be developed in future? What are the results of the meetings in Uralsk? Will Russia offer Azerbaijan to enter this organization?

German Gref: the Customs Union and the Common Economic Space on its base were formed pursuant to the Treaty about Customs Union and Common Economic Space dated February 26, 1999.

EurAsEC took some steps towards formation of the Customs Union.

The extensive market of the EurAsEC countries, the complementary raw base, unified production & technical and consumer standards, unified technical parameters of the transport and communication infrastructure potentially promote the development of integration.

EurAsEC obtained positive results in mutual cooperation in the trade-economic field and liberalization of mutual trade. The organization took important steps to form a unified customs territory, to harmonize and unify national external economic legislations of EurAsEC states as soon as they get ready.

EurAsEC states trade without almost any restrictions and enjoy the free trade regime. The organization carries out work to form a Unified Customs Tariff.

To optimize the process at first



the Customs Union will be formed on the basis of three countries - Russia, Belarus and Kazakhstan with gradual involvement of all other EurAsEC countries.

At the moment the tariffs of the three states are unified by 62 %, whereas the trade regimes are on the initial stage of unification. The measures of non-tariff regulation of the external economic activity have not been completely unified yet. The states are unifying the customs legislation. The formation of unified rules of rivalry and financing is underway.

Simultaneously the countries are going to develop cooperation in the real sector of economy, form the energy market, Transport Union and use the transit potential of the Commonwealth states.

By now EurAsEC has started forming some elements of the common economic space: the States Members of the Eurasian Economic Community signed the Cooperation Agreement on the Securities Market and the Agreement on formation of the integrated currency market of the EurAsEC States, approved the list of major indicators of the social-economic development of the states and the rules of coordination of the major macroeconomic figures on development of economies in EurAsEC States, worked out the normative base for elaboration of interstate programmes.

EurAsEC also plans to create conditions for complete liberalization of mutual trade in services, to follow a coordinated policy in this field in relation to third countries, to legalize withdrawals in favour of EurAsEC Countries in the contract-legal relations with the third countries and custom unions.

The organization will carry out work so as to create conditions for free capital flows, to form the common financial market, to coordinate principles and conditions for shifting

to common currency in EurAsEC.

- What are the outlooks and the potential for expanding cooperation between Russia and Azerbaijan?

German Gref: The economic ties between Russia and Azerbaijan have old traditions. The spirit of strategic cooperation is inherent to all aspects of the Russian-Azerbaijan relations. The high level of political understanding gives the opportunity of consistent development of the bilateral trade-economic, scientific & technical and humanitarian cooperation.

Russia is among the three largest trade parents of Azerbaijan. In 2005 the bilateral turnover grew by 40% vs. 2004 and exceeded \$1 billion.

Within 8 months of 2006 the trade turnover made \$969.1 million. The dynamic development of trade between the two countries makes sure to suggest in 2006 the trade turnover will exceed \$1.5 billion. The wide export and import nomenclature is a strong point of the trade-economic cooperation between Russia and Azerbaijan. Nearly 80% of Russian export to Azerbaijan accounts for goods of machine-building, food, motor-car and chemical industries and 20% - for raw products (electrical energy, gas, lime, concrete and timber).

The government of Azerbaijan has real opportunities to use growing oil reCEpts for enhancement of industrial goods procurement from Russia in order to develop the potential of the non-oil industries and in the medium-term perspective is ready to activate the economic cooperation with Russia in the field of agriculture, to set up new joint ventures in the field of machine-building, to produce oilfield equipment, textile, pharmaceuticals and other goods. The two countries may create Russian-Azerbaijan leasing companies to render services to farmers.

During the visit paid by the delegation from the Sverdlovsk oblast to Azerbaijan in early 2006 Azerbaijan reached the agreement to purchase 10 electric freight DC locomotives from Ural Railway Engineering Plant JSC. In July 2006 Azerbaijan bought five locomotives from Russian companies Uraltrade and Dortekhcomplekt.

- What fields are attractive for the Russian capital? What concrete projects will Azerbaijan and Russia carry out in such fields as power industry, machine-building, metallurgy and high techs?

German Gref: I would like to lay stress on the evident increased interest of the economic entities of Russia in the production activity on the Azerbaijan market. There are 395 entities and organizations with Russian capital in Azerbaijan - 176 joint ventures, 95 entities with 100% Russian capital and 124 representative offices and branches.

The government of Azerbaijan promotes direct foreign investments and constantly carries out work to liberalize economy and approve laws and normative acts creating favourable conditions for foreign investors. However, attraction of Russian capital in the Azerbaijan economy and use Russian technologies in production is of high importance for Azerbaijan.

OA O LUKOIL has worked in Azerbaijan for 15 years. RUSAL plans to construct a 500-megawatt electrogenerating gas station in Azerbaijan that will produce 5 billion kWh of energy a year within the framework of the smelter construction project. ■

(to be continued in the next issue)





9TH EU-RUSSIA

INDUSTRIALISTS ROUND TABLE

October 25TH 2007, Lisbon

9th General Meeting of the EU-Russia Industrialists' Round Table

"Business to seize new Opportunities – Politics to secure them"

LISBOA CONGRESS CENTRE, Lisbon, Portugal – October 25, 2007

The 9th General Meeting of the EU-Russia **Industrialists' Round Table (IRT)** will take place in **Lisbon on October 25, 2007**. By tradition this special one-day event is scheduled to take place on the eve of the EU-Russia Summit.



Conference theme: This year's IRT conference will focus on successful businesses seizing the opportunities in Russia and Europe, looking at pragmatic ways of strengthening EU-Russia business relations, especially through a more intensive and regular form of cooperation – stronger cooperation designed to consolidate the EU-Russia Common Economic Space. This should be helped by expected events such as the renewal of a long-term bilateral Agreement and Russia's WTO accession.

The EU-Russia Industrialists' Round Table (IRT) is a business-driven process founded and endorsed by the EU-Russia Summit in July 1997. Each year it brings together business leaders and key decision makers from Russia and Europe to discuss a broad range of issues related to core business and industrial areas.

IRT is co-chaired by Mr. Anatoly Chubais, CEO, RAO "United Energy Systems of Russia" and Mr. Nils S. Andersen, CEO, Carlsberg.

The principal objective of IRT is to provide a permanent forum for the open-minded discussion of critical issues in bilateral relations and formulation of joint recommendations of business community to the EU and Russia's political leadership on expanding trade, investment and industrial cooperation.

The proceedings of the IRT General meeting will take place in Congress Centre of Portugal in Lisbon and consist of a number of roundtable discussions on specific sectors and issues, as well as a high profile plenary session together with influential political leaders from the EU and Russia.

This year the company Kellen Europe was appointed to organize this top-tier event.

General Contact information:

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Please visit <http://www.irt2007.com/> for more information and registration for the event.



EU-RUSSIA RELATIONS: OPINIONS AND ANALYSES

PARLIAMENT WANTS MORE MUSCLE IN EU FOREIGN ENERGY POLICY

The European Parliament yesterday (26 September) outlined its vision for a stronger and more unified EU energy policy vis-à-vis third countries, notably Russia. A new 'High Official' and a 'suitable' treaty basis for a common foreign-energy policy feature on the EP's wish-list.

The Parliament's demands are the latest in a series of efforts to bolster the EU's foreign-energy policy to ensure the bloc's energy security and to protect strategic European energy assets from take-over, and possible abuse for political purposes, particularly by Russia.

A special group was established in May to monitor energy-supply security, and the Commission included a special 'reciprocity clause' as part of its 19 September energy-market liberalisation package.

Calls for a strong EU foreign energy policy moved to the top of the EU's political agenda, following a dispute over gas-supply provision between Russia and the Ukraine in January 2006. The EU currently depends on Russia for 25% of its gas supplies and the figure is expected to rise consistently in the coming decades.

MEPs voted 553 in favour and 103 against (with 27 abstentions) in support of a report drafted by Polish Christian Democrat MEP Jacek Saryusz-Wolski for the Parliament's Foreign Affairs Committee.

Parliamentarians are concerned that the "present vulnerability and high energy dependency of the EU on countries with authoritarian regimes" is pushing the EU to undermine its own values in exchange for access to third-country energy supplies, in language widely interpreted as a reference to Russia's natural gas reserves.

"Member states should retain their sovereign right to make strategic choices concerning the energy mix, to exploit their energy resources and to decide on the supply structures," the report states.

But "there is a need to elaborate concrete provisions, to be included in the Treaties, leading to the creation of a common European foreign policy on energy, covering security of supply, transit and investment related to energy security", it argues.

Parliament wants the Commission to elaborate, by the end of 2007, "a precise road map" that would outline the creation of such a policy.

In addition, the EU's co-legislators suggest the creation of a new High Official for Foreign Energy Policy who would act as a policy co-ordinator under the authority of High Representative of the Union for Foreign Affairs and Security Policy Javier Solana.

The report also endorses the Commission's argument that a completed (and liberalised) EU internal energy market "could serve as a basis for constructive policies with external EU energy partners". ■



MEPS WANT TO KEEP RUSSIA'S EUROPEAN AMBITIONS IN LINE

Concerned about restrictions on EU energy companies operating in Russia, MEPs want tougher measures, and are calling on the Commission to make Russia's accession to the WTO conditional on EU investor access to the country's vast oil and gas resources.

MEPs in the Parliament's Foreign Affairs Committee adopted a draft resolution on Monday evening (3 September), calling on the EU to make Russian accession to the WTO dependant on Russia's ratification of the Energy Charter Treaty (ECT), which stipulates that "Contracting Parties must promote and create stable, favourable and transparent conditions for foreign investors".

European energy companies have

long complained of limited access and unfair treatment in their operations in Russia, which has so far refused to sign the Charter.

Voting on the draft resolution, MEPs also adopted an amendment in support of the Commission's "intention to take appropriate measures to prevent uncontrolled investment of state-owned foreign companies in the EU's energy sector, in particular, the gas and electricity transmission networks".

The issue of foreign access to EU energy markets is also likely to be used as an argument against forcing the break-up of large EU energy firms, who argue they are in the best position to maintain European ownership of transmission grids and to negotiate stable supply contracts with foreign energy suppliers.

MEPs support the creation of a common European foreign policy on energy, "covering security of supply, transit and investment" to be included in the EU Treaties, whereby the Commission is given "institutional competence to negotiate EU framework agreements with third countries concerning energy supply".

The parliamentarians are also calling for the appointment of a new "High Official on Foreign Energy Policy" who would coordinate "all policies under the scope of the common European foreign policy on energy, thereby contributing to the EU's ability to protect its energy security interests in negotiating with the EU's external partners".

A High Official backed by stronger Commission powers on international energy markets might help "to actively counteract any oligopolistic tendencies, such as the danger of the creation of a gas cartel", according to the draft report.

There has been some speculation in the international press about the creation of an OPEC-style Russia-Iran gas cartel, following comments earlier this year by Russian President Vladimir Putin, who called it an "interesting idea". ■





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RUSSIAN / CIS CERTIFICATION & LICENSING

According to Russian Law, more than 60% of all products to be sold and/or used in the country require mandatory certification/licensing, i.e. they should be approved by relevant Russian authorities in terms of compliance to national standards. This concerns both locally produced and imported goods. Moreover, prior to construction of an industrial or civil site in the Russian territory, a number of approvals are required to undertake engineering, construction and other technical activities.

Below you will find the list of product and activity categories subject to mandatory Russian approval:

- Products, services and tools assuring safety for life and health of consumers (e.g. foodstuff, drugs, textiles, electrical appliances, related equipment etc);
- Alcoholic products and equipment for their production;
- Production sites;
- Technical installations at dangerous production sites (e.g. pressure vessels, lifting and hoisting machines, pumps, equipment for mining, petrochemical, oil & gas, metallurgical and other industries);
- Fire-related products;
- Livestock;
- Products assuring safety for life and health of animals (feed, vaccines etc);
- Pesticides and agrochemicals;
- Products and services containing results of genetic engineering activity;
- Energy-consuming products and energy resources;
- Telecommunication equipment, tools and services;
- Information systems, databases and tools to protect them;
- Transportation units, products and services;
- Aerospace machinery;
- Geodesic, cartographical and topographical products;
- Forestry raw materials;
- Gas and coal;
- Nuclear industry products and technologies;
- Arms.



Russian Standard will help you to obtain on of the following certificates:

- **Sanitary-Epidemiological Conclusion Certificate** (formerly known as Hygienic Certificate) for products in contact with human body;
- **GOST R Declaration of Conformity** for some consumer goods and industrial instrumentation;
- **Certificate of State Product Registration** for new foodstuff and some other goods presenting a potential danger for human beings;



- **GOST R Pattern Approval Certificate** for measuring instruments;
- **GOST R Ex-Proof Certificate** for explosion-proof equipment and materials;
- **Fire Safety Certificate** for flammable or fire extinguishing products;
- **Design Registration at Rostekhnadzor** for hazardous industrial sites
- **VNIIS Exemption Letter** for products that are not subject to mandatory GOST R certification. **Telecom Type Approval Certificate** for telecommunications equipment.

Registration and Certification of medical equipment, devices and materials

As in most countries, in Russia a medical product can be admitted to the domestic market only when and if it has been found in conformity with technical and medical safety regulations pertaining to this particular product.

Assessment of conformity of medical equipment and products to existing safety standards is carried out by the Russian Health Ministry and Federal State Scientific Certification Center for Medical Products. If found in conformity, the product gets entered in the Federal Registry, and the applicant receives the "Registration" license.

Russian Standard Ltd. handles all interaction with the Russian authorities on behalf of the exporter/manufacturer of medical products, makes sure that the submitted dossiers are complete, and the processing is done without delays.

For medical devices and materials, along with the registration, Russian regulations require both GOST-R and Hygienic certification.

We also will help you with NUTRACEUTICALS, when in accordance with the Russian legislation, all food (nutritional, dietary) supplements, also known as biologically active supplements, are subject to mandatory State Registration by the Russian Ministry of Health.

We invite you visit our web site www.rosstandard-europe.com for more information or contact us directly:

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We also invite you to attend IADSA workshop targets supplement market in Russia on 2007-08-10 organized International Alliance of Dietary Supplement-Food Associations (IADSA), where Gregory Temkin, President of Russian Standard Ltd. will explain how to master the regulatory process and avoid pitfalls. For more information about the workshop or to register for the event visit www.iadsa.org or email secretariat@iadsa.be

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CERTIFICATION F.A.Q.:

What is the "Waiver letter"?

The list of products, where Certification is not necessary, is published by Government Customs committee every half of the year. For such products "Waiver letter" has to be presented instead of GOST CoC during the Custom clearance. The letter is issued by special Certification organization.

For more information please visit www.rosstandard-europe.com

BUSINESS NEWS TICKER



Russia will not be able to join the World Trade Organization (WTO) this year, though it is expected to finish accession talks before the end of the year, Economic Development and Trade Minister German Gref said. "We should finish the talks before the end of 2007, but we will not be able to join (the organization) because of certain formalities," Gref said, speaking in Sydney, where he is taking part in continuing WTO talks. Gref did not specify when Russia may accede to the WTO. Gref named Georgia's suspension of talks over Russia's accession as one of the obstacles to Russia joining the WTO this year. Georgia withdrew its approval of Russia's accession to the WTO last year amid a crisis in Russian-Georgian relations, saying that it would renegotiate its accord with Russia.

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The Wm. Wrigley Jr. Company, the world's largest maker of chewing gum, said that it might build a second factory in Russia and acquire local producers to tap "double-digit" growth that is exceeding expectations. "We're open to more acquisitions in Russia," said Igor Savelyev, Wrigley's chief for Eastern and Southern Europe. "There's huge growth opportunity." Savelyev said the company would decide on the site for the plant next year, Interfax reported. He added that the company would also consider growth through



acquisition, although it did not have any specific projects in mind. Savelyev said Wrigley also planned to expand its St. Petersburg plant. The firm will invest \$100 million into each project and hopes to receive support from local authorities in gaining access to infrastructure, he said.

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Around 90 percent of foreign investors are prepared to expand their businesses in Russia, Vartan Dilanyan, a partner with Ernst & Young, said at a conference in Moscow. "In our work, we come across investors that are ready to accept the risks associated with their activities in Russia, and 90 percent of them are prepared to expand their business." The risk of staying away from Russia is higher than the risks related to working in the country, he said.

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Russian oil exports will rise by 50,000 barrels per day in the fourth quarter on bigger shipments via the Druzhba pipeline to Central Europe and re-exports from the Polish port of Gdansk. The quarterly export scheduled by Transneft showed seaborne and pipeline exports to countries outside the former Soviet Union will amount to 51.6 million tons, or 4.11 million barrels, per day, versus 4.06 million bpd in the third quarter. Oil export duties will hit an all-time high from October, following a rise in global prices in previous months, but traders said this was unlikely to stop exports from rising given the continued rally in global crude prices.

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The State Duma approved in the first of three readings a bill limiting foreign investment in strategic

sectors of the economy. Deputies approved the legislation after confirming President Vladimir Putin's nominee for prime minister, Viktor Zubkov. The bill, passed 330-1 and subject to revision, governs deals that would give a foreign company a majority stake or control of a venture in 39 industries, including aerospace and defense. Foreign direct investment in Russia more than doubled to \$15.8 billion in the first half of the year, according to the Federal Statistics Service. The economy expanded 7.9 percent in the first half, compared with 6 percent in the year-earlier period. The bill essentially formalized what many believed is already in practice in the country and has been hailed in business quarters as outlining rules of the game for foreign investors. However, a clause in the bill said its provisions would not affect ventures already regulated by Russia's international commitments or agreements.

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Natural gas exports to Europe fell 14 percent in the first eight months of the year after milder-than-usual weather reduced consumption in the country's main foreign market, the Industry and Energy Ministry said Monday in a report. Russia sold 93.36 billion cubic meters of gas to European countries, including the three former-Soviet Baltic states, from January through August this year, the ministry said.

•••

European Union plans to limit foreign ownership of energy pipelines and power grids are not anti-Russian, because Moscow is welcome to invest in generating and supply assets, EU Ambassador Marc Franco said. Russian businessmen and legislators reacted sharply to the EU proposals after

they were unveiled last week, accusing Brussels of "state protectionism" and promising retaliatory measures. Franco said the proposed EU limits on foreign ownership only applied to transmission networks and not to energy production or supply assets, which were completely open to foreign investors.

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The Russian government plans to transfer some Investment Fund-related functions to the Regional Development Ministry from the Economic Development and Trade Ministry, Deputy Prime Minister and Finance Minister Alexei Kudrin told. The Regional



Development Ministry will choose projects to be funded from the government's Investment Fund from now on, he said. The government uses its Investment Fund mainly for infrastructure projects. The report follows the appointment of a new government on Monday. Dmitry Kozak replaced Vladimir Yakovlev as regional development minister, while Elvira Nabiullina replaced German Gref as economic development and trade minister. President Vladimir Putin said without elaborating that some of the Economic Development and Trade Ministry's functions would be changed.

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Four pipe-laying machines intended for building Russia's East Siberia-

Pacific Ocean oil pipeline have sunk in the Lena River in the Irkutsk Region, a spokesman for the Emergency Situations Ministry's branch in the Irkutsk Region. The machines were aboard a barge, which capsized, the spokesman said. The accident is believed to have been caused by a hole in the barge's hull, the spokesman added. The 4,000-kilometer East Siberia-Pacific Ocean oil pipeline is being built by the country's oil pipeline monopoly Transneft. The pipeline is expected to run from the town of Taishet in the Irkutsk Region via the town of Skovorodino on the Russian-Chinese border to Kozmino Bay in the Primorsky Region. The first part of the pipeline will be completed in 2008, while the second part will be launched in 2014-2015.

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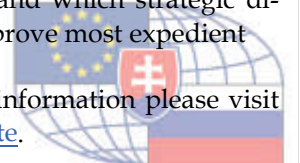
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