

Welcome from Lesley Batchelor OBE, FIEEx (Grad) - Director General, Institute of Export & International Trade



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This Doing Business in Russia Guide introduces you to the largest country on earth and a market that has been surprisingly overlooked by many British businesses. Since the collapse of the Soviet Union and the subsequent economic difficulties of the late 1990s, Russia has regenerated its economy using its vast natural resources, especially its oil and gas. Now ranked 31st in the World Bank's Doing Business Rankings and named as one of the emerging BRIC markets of the early 21st century, Russia certainly has a pro-business agenda these days.

A member of the Asia-Pacific Economic Cooperation and the Eurasian Economic Union, Russia spans 11 time-zones from the east of Europe to the North Pacific Ocean, neighbouring Azerbaijan, Belarus, China, Estonia, Georgia, Kazakhstan, North Korea, Latvia, Lithuania, Mongolia, Norway, Poland, and Ukraine. With a 144 million population and a rising average income, there are undoubtedly many export opportunities across this huge country.

Latest figures show that in 2016 the UK exported £5.3 billion goods and services to Russia, making it our 27th largest export market according to figures from ONS in 2016. Yet, there is strong respect for 'UK made' brands, a young and educated workforce, an increasing number of SMEs, and an appealing access to supply chains in neighbouring countries for the UK's exporters to tap into.

There was a remarkable 75% increase of goods and services exports between 2009 and 2012. According to a report from the Department for International Trade, there are plenty of opportunities for this relative export boom to continue, particularly around several manufacturing sub-sectors; UK exports of management practices, production processes, and manufacturing equipment could certainly flourish. At present, the top UK exports to Russia are engineering products, pharmaceuticals, chemicals, consumer goods and education.

As with any new market there are challenges to be overcome and in Russia these include language barriers, differing regulatory requirements for different regions, and a lack of transparency in some business practices. We'd certainly recommend having a clear set of international terms and conditions covering anti-corruption laws and setting out clear routes to mediation and arbitration in cases of dispute – something we can help with through the International T&C templates that we offer to our members.

Finally, you'll need to familiarise yourself with a business culture and etiquette that is distinct from that of Western Europe. You will need to invest time and energy into your personal relationships and it's vital that you build trust. Patience and punctuality at meetings is a must and don't be put off if meetings are cancelled at short notice. Building relationships takes time and the first meeting will often be a 'getting-to-know you' affair. As the relationships develop, they will become more social in nature, but Russians are also hard-bargainers who appreciate strong arguments based on technical information and expertise.

The Institute has run several training courses about exporting to Russia and we are on hand to help you navigate this massive market through our technical helpline and qualifications, so please do get in touch.

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