

Sector-specific opportunities

There are opportunities for UK business in various sectors including advanced engineering, biotechnology and pharmaceuticals, consumer goods, education, energy, experience economy, financial and legal, mining, and telecommunications.

Research

Before exporting to Russia, you should carry out extensive planning and market research. Ideally you should use both desk research and market visits, as you will need to determine whether there is even a market for your product or service, and if your pricing is competitive.

Contact the Department for International Trade (DIT) trade specialists to find local representatives for your products via: <https://www.gov.uk/overseas-customers-export-opportunities>.

From its worldwide network, DIT can provide international export sales leads. Find export opportunities in Russia at: <https://opportunities.export.great.gov.uk/>. For more information about opportunities and advice on doing business in Russia contact DIT at: <https://www.gov.uk/world/organisations/department-for-international-trade-russia#contact-us>.

[Source – DIT: Doing business in Russia: Russia trade and export guide]

Do not forget to check that your goods meet legal requirements for export, at the UK Export Control Joint Unit (ECJU) (formerly known as the Export Control Organisation) at: <https://www.gov.uk/government/organisations/export-control-organisation>.

Government tenders

Many countries have specific rules in place to regulate public procurement. However, in some instances these can include limitations which favour nationals of the host nation, although such procurement agreements do guarantee some transparency in procedures too.

The Russian Government states that the *Russian public procurement system is a mechanism enabling maximum protection of the interests of both customers and business*. Federal, regional and municipal government bodies are required by law to publish online all information about government tenders, auctions and purchase procedures. A full list of public tenders is available on the Russian Government's procurement site at: <http://www.zakupki.gov.ru/epz/main/public/home.html>.

[Source – Federal Antimonopoly Service, Russia]

The Russian Ministry of Economic Development (MED) and the Ministry of Finance are responsible for developing procurement policy in Russia. Visit: <http://economy.gov.ru/en/home/> for further information.

Including Russian goods and services as part of your company's bid, or partnering with a Russian firm, may improve your chance of success. Check with DIT in Russia at: <https://www.gov.uk/world/organisations/department-for-international-trade-russia#contact-us> for assistance and information about third-party advisers if you decide to have your tender bids submitted by a domestic company or consultant.

[Source – DIT/gov.uk]

Advanced engineering sector

The management practices, production processes and manufacturing equipment of heavy industry require updating across all manufacturing sub-sectors in Russia. Russian demand for new metal-machining equipment alone is valued at US \$1.5 billion annually.

There are opportunities for UK companies to supply machine tools and tooling, spare-parts and components, advanced materials for manufacturing and assembly, and energy-efficient manufacturing technologies and equipment, such as cleaning and recovery solutions and industrial automation solutions for resource management.

It is possible for UK companies to develop their business in this sector by taking part in creation and running of engineering centres, or via direct supply, Joint Ventures (JVs) or joint Research and Development (R&D).

For more information about Russia's advanced engineering sector, contact the DIT team in Russia at: tradeinvestmentmoscow@fco.gov.uk.

[Source – DIT Russia Trade and Export guide/gov.uk]

Biotechnology and pharmaceuticals sector

The Russian pharmaceutical market is growing each year, and is already valued at over US \$30 billion, and the Russian Pharma 2020 strategy plans to further increase innovative drug development and domestic manufacturing output.

There are opportunities for investment by UK companies in the Russian pharmaceutical sector, in innovative R&D, Active Pharmaceutical Ingredient (API) manufacture, and generic medicines.

For more information about Russia's biotechnology and pharmaceuticals sector, contact the DIT team in Russia at: tradeinvestmentmoscow@fco.gov.uk.

[Source – DIT Russia Trade and Export guide; gov.uk]

Consumer goods sector

The consumer goods market in Russia is an important market for fashion houses and global luxury brands, and is currently worth over US \$600 billion.

Russia is also one of the fastest-growing markets in Europe for food and drink.

There are opportunities for UK companies in the Russian consumer goods sector, for premium spirits, beer, and non-alcoholic drinks including premium quality tea, children's products and toys, organic, natural, gluten-free and locally-sourced food, high-quality confectionary, fashion products and high-end/luxury products, including vehicles.

For more information about Russia's consumer goods sector, contact the DIT team in Russia at: tradeinvestmentmoscow@fco.gov.uk.

[Source – DIT Russia Trade and Export guide/gov.uk]

Education sector

Russia is implementing major reforms of higher education (HE) to enhance the international reputation of Russian universities in order to enter the international top 100 ranking.

These reforms offer opportunities for UK businesses to assist in the process of reviewing Russian HE provision, in the design of new institutions, and to form partnerships with Russian HE institutions to help them increase their international reputation.

English is expected to become a university entrance requirement, and the demand for English language training services and associated products is increasing rapidly. This is a huge commercial opportunity for UK businesses. In addition, in 2020 a foreign language will become mandatory within the Russian national school leaving exam, and it is expected that the vast majority of students will choose English.

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[Source – DIT Russia Trade and Export guide/gov.uk]

Energy sector

Oil and gas

Russia's oil and gas market, one of the largest in the world, is valued at US \$50 billion per annum and is predicted to grow in the next 10 to 15 years.

The UK is able to offer world-class expertise including upstream, onshore, mid-stream and downstream processing and subsea projects

Although the Russian petroleum industry has been affected by the sanctions imposed by the US and EU since 2014, they only apply to equipment and services suitable for use in oil exploration or production in waters deeper than 150m in the offshore area north of the Arctic Circle, and shale fracking.

Visit the EU Council law site at: <https://eur-lex.europa.eu/homepage.html> for a detailed list of equipment that is affected.

There are a wide range of opportunities for UK companies in Russia's oil and gas sector where sanctions do not apply, such as conventional oil and gas fields, downstream oil-refining facilities and in the construction of LNG plants.

As Russian oil and gas companies are increasing their use of local equipment, UK manufacturers should consider alternative routes into the market such as establishing joint ventures (JVs) with Russian enterprises.

Nuclear power

The Russian nuclear industry is a world leader, and its state atomic energy corporation, Rosatom, has orders for more than 80+ units, including from India, Iran, Egypt, Finland, Hungary, Turkey, China, Belarus, Czechia and Bangladesh. See: <http://www.rosatom.ru/en/> for more information.

There are opportunities for UK companies to establish a supply chain relationship with Rosatom and also in the decommissioning sector.

Renewable energy

There is increasing interest in Russia to partner with overseas companies in the wind, hydro and solar energy sectors, creating opportunities for UK businesses to supply equipment and expertise.

The number of renewable energy projects is increasing since Russia ratified Renewable Energy Source Development Measures (RESDM), which are now opening-up the market to UK providers of both goods and services.

Electricity grids

Rosseti (JSC Russian Grids), the largest electricity distribution and transmission grid company in Russia, is moving towards the application of new technologies such as automated control systems, smart grids and other systems to improve control and operation.

Energy efficiency

In all sectors of the Russian economy and the entire chain of energy use, there are major opportunities for improved energy efficiency, including energy generation, distribution and final consumption.

For more information about Russia's energy sector, contact the DIT team in Russia at: tradeinvestmentmoscow@fco.gov.uk.

[Source – DIT Russia Trade and Export guide/gov.uk/Rosatom/Rosseti]

Experience economy sector

With over 2,500 state and private museums and over 100 million visitors every year, there are many high-value opportunities for UK businesses in the museums, heritage and visitor attraction subsectors in Russia.

International expertise is sought by museum developers, and curators in Russia require international expertise to prepare funding applications, business planning, the procurement of innovative exhibition equipment and installations, appointing project teams (including exhibition designers and other museum specialists) and the delivery of information and communications technology (ICT) solutions.

There are also opportunities for UK creative companies in areas such as concept development, interpretative and master planning, branding, landscape design, lighting and other visual effects, and the development of museum/attraction shops with branded products.

In addition there are opportunities for UK amusement park designers for the design and fit of theme parks, including an ethnographic park under open sky RUSSIA (educational theme park – Russia in miniature), three theme parks by DreamWorks and one by Universal Studios.

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[Source – DIT Russia Trade and Export guide/gov.uk]

Financial and legal services sector

Although Russia's financial and legal services sector is growing slowly, its banking system is worth around US \$1.6 trillion and there are plans to develop Moscow as a major International Financial Centre.

Opportunities for UK companies exist in improving banking practices, including lending priorities, risk management, data processing and insolvency rules; mergers and acquisition (M&A) services; advice about privatisation; dispute resolution consultancy; international professional certification and English law litigation and arbitration expertise.

There are further opportunities following reforms to Russia's small insurance and pensions industry.

For more information about Russia's financial and legal services sector, contact the DIT team in Russia at: tradeinvestmentmoscow@fco.gov.uk.

[Source – DIT Russia Trade and Export guide/gov.uk]

Mining sector

With one of the world's largest reserves of ferrous and non-ferrous metals, Russia's domestic mining sector is highly consolidated, with many companies combining extraction with processing, particularly in metallurgy.

Russia plans to increase state support for its metals and mining companies with additional finance, and ending some export duties on metals.

Opportunities for UK companies in this market exist in the supply of machinery, consultancy, and in environmental and social areas.

For more information about Russia's mining sector, contact the DIT team in Russia at: tradeinvestmentmoscow@fco.gov.uk.

[Source – DIT Russia Trade and Export guide/gov.uk]

Telecommunications sector

Russia is Europe's largest market for mobile phones, and is growing as demand for innovative technologies and equipment is boosted by the government's programme to improve communication services to remote regions and the development of Long Term Evolution (LTE). However, traditional telecommunications services will still be in

demand for some time as the network of fixed lines only covers about 28% of the population.

There are opportunities for UK companies in LTE/4G hardware and technologies, technologies targeted at the development of value added services (VAS), and innovative broadcasting technologies.

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[Source – DIT Russia Trade and Export guide/gov.uk]

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