

What are the challenges?

Challenges and risks when doing business in Russia

Doing business in Russia can be more difficult than in many OECD countries, so it is important that you come to Russia well prepared.

Challenges you need to be aware of, include the vast distances involved when travelling between cities, and differing regulations (and languages) across Russia's many regions. Bureaucracy and slow responses from government and local authorities can also be an issue, as well as transparency and rule of law.

You also need to be aware of possible trade restrictions following the introduction of sanctions by the EU. For more information visit: <https://www.gov.uk/government/news/doing-business-in-russia-and-ukraine-sanctions-latest>.

For further details of the recent six-month extension to the sanctions, see the EU Council's press release of 21st December 2018 at: <https://www.consilium.europa.eu/en/press/press-releases/2018/12/21/russia-eu-prolongs-economic-sanctions-by-six-months/>.

[Source – gov.uk/EU Council]

Business risk

Bribery and corruption

Bribery is illegal. It is an offence for British nationals or someone who is ordinarily resident in the UK, a body incorporated in the UK or a Scottish partnership, to bribe anywhere in the world. In addition, a commercial organisation carrying on a business in the UK can be liable for the conduct of a person who is neither a UK national or resident in the UK or a body incorporated or formed in the UK. In this case it does not matter whether the acts or omissions which form part of the offence take place in the UK or elsewhere.

Businesses operating in Russia need to be aware that corruption is endemic, and is a major concern. Although the Russian authorities are making some efforts to curb corruption and bribery, Transparency International's latest 2018 Corruption Perceptions Index (announced January 2019) ranks Russia 138th out of 180 countries (the UK ranks 11th): <https://www.transparency.org/country/RUS>.

Visit the Business Anti-Corruption portal at: <http://www.business-anti-corruption.com/country-profiles/russia> for procedures you can establish to protect your company from corruption risks.

[Source – FCO Overseas Business Risk, Russia/gov.uk]

Protecting your Intellectual Property (IP)

As a signatory to major international treaties on Intellectual Property rights, Russia's legal provisions are mainly in line with international standards.

IP rights are territorial, which means that they only give protection within the countries where they are registered. You should therefore consider registering your IP rights (if necessary) in Russia before entering the market.

If you do not possess sufficient IP protection it may become very hard to trade in Russia and you could swiftly lose your place within the market. It is also crucial to have competent trademark registration and patent protection in place. These are covered by the Federal Service for Intellectual Property, Patents and Trademarks (Rospatent). Visit: <http://www.rupto.ru/start?lang=en> for further information.

Ensure that your IP rights are protected by contacting a local lawyer who is specialised in Intellectual Property. Remember that it is easier and more cost-effective to prevent any issues by preparing correctly rather than dealing with problems and legal issues that arise later from a dispute. A list of potential lawyers in Russia can be found at: <https://www.gov.uk/government/publications/russia-list-of-lawyers>.

Information is provided on the UK Government's Intellectual Property page at: <https://www.gov.uk/intellectual-property-an-overview>, and at the Intellectual Property Office – the UK Government agency providing free and impartial advice on protecting and registering your IP in the UK and abroad. See: <https://www.gov.uk/government/organisations/intellectual-property-office>.

Russia's 2018 Intellectual Property Rights Index (IPRI) score increased by 0.847 to 4.890 placing it 16th in the Central Eastern Europe and Central Asia region, and 84th in the world. See: <https://www.internationalpropertyrightsindex.org/country/russia>.

[Source – FCO Overseas Business Risk, Russia/gov.uk/IPRI]

Protective security advice

You need to be aware of some protective security issues if doing business in Russia, particularly of the following activities of the local security service (FSB):

- IT attacks against office computers, laptops, PDAs and other electronic devices

- physical, audio and video surveillance
- approaches to staff
- interception of telephone calls (landline and mobile), texts, emails, fax and post
- searches of offices, homes, vehicles and (especially) hotel rooms (including safes)

The UK Government has advice on crime and fraud prevention in international trade, at:
<https://www.gov.uk/guidance/crime-and-fraud-prevention-for-businesses-in-international-trade>.

[Source – FCO Overseas Business Risk, Russia/gov.uk]

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Contact IMA
International Market Advisor
IMA House
41A Spring Gardens
Buxton
Derbyshire
SK17 6BJ
United Kingdom
Email: info@ima.uk.com
General enquiries switchboard: +44 (0) 1298 79562
Website: www.DoingBusinessGuide.co.uk