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MARKET FOCUS

With Russia's re-entry into the global economy, a largely unexploited market has been opened up. Which sectors hold the most promise for Singapore companies?

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CASE STUDY

Keppel Offshore & Marine finds that increasing oil and gas exploration and production activities in the Arctic present tremendous opportunities for specialised and robust vessels.

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Exporting to Russia

Russia is home to over 140 million with 73 percent of its population living in the urban areas of its two largest cities - Moscow and Saint Petersburg. The Russian economy has grown steadily during the past decade lessening poverty and expanding the middle class. With growth primarily driven by non-trade services and domestic goods, Russia's GDP reached a projected US\$1.76 trillion in 2008. Nonetheless the global crisis in 2008 has taken a toll on the Russian stock market; the stock market plunged by almost 70 percent, while its banking system faced liquidity problems. In response, the government launched a rescue package of over US\$200 billion to inject liquidity, finance foreign debt and support the stock market.

Russia's major export commodities, estimated to reach US \$476 billion in 2008, with 80 percent of exports in its rich mineral resources. These exports range from petroleum and wood to a wide variety of civilian and military manufactures. Key industries include machine building, defense, shipbuilding, medical and scientific instruments, and a complete range of mining and extractive activities producing coal, oil, gas, chemicals, and metals.

The main categories of future Russian imports is predicted to consist of:

- Vehicles
- Machinery and equipment
- Plastics
- Medicines
- Iron and Steel
- Consumer goods
- Meat
- Fruits and Nuts
- Semi-finished metal products

Bilateral Trade

A growing number of Singaporean companies are entering the Russian market in the consumer electronics, real estate and food and beverage sectors.

Singapore's exports to Russia increased to S\$754.9 million in 2007, from the S\$726.1 million recorded in 2006. Singapore's imports from Russia, primarily refined petroleum products and metals, were recorded at S\$1.12 billion, reaching S\$1.8 billion for the Singapore-Russia trade UPS in Russia UPS has daily flights from Singapore which connects to UPS's European Air Hub in Cologne, Germany then links to Russia.turnover in 2007. Russia has also announced plans to quadruple its bilateral trade with Singapore to US\$5 billion by 2015.

Country Regulations - Classification of Merchandise

All import shipments are subject to customs clearance in Russia. Russian customs are authorised to physically inspect any shipment without prior notification, and a new consignee will be contacted for their customs registration number either if the total value of the shipment amounts to more than 5000 Roubles (about US\$160 or S\$234), or the shipment is for commercial use.

For registration, the consignee must provide Customs the following documents:

- Legal documents of the consignee,
- Contract between the shipper and the consignee (if applicable),
- Passport of transaction - a special document of currency control from the consignee's bank (if applicable),
- Language translation of the invoice and
- Application letter to customs.



UPS in Russia

UPS has daily flights from Singapore which connects to UPS's European Air Hub in Cologne, Germany then links to Russia.

FEATURED IADVISOR



Name: Sunny Chia
Company: UPS
Expertise: Import/Export
Market: Asia Pacific, Europe

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Commodity-specific Regulations

Adhering to the following stipulations will help to avoid delays and holds at customs:

- **Animal Products**
Shipments require an original Health certificate from the manufacturer and are subject to a veterinary inspection. The consignee has to provide a safety certificate issued by Russian Center for Tests and Certification (ROSTEST) or an All-Russia Scientific Research Institute for Certification (VNIIS) permit of certification test.
- **Food Supplements**
Shipments of vitamins require a permit from the Russian Ministry of Health. The only exception being that a private importer importing vitamins already registered in Russia.
- **Food Products**
Shipments of food products must have a Phytosanitary certificate and are subject to a Phytosanitary inspection.
- **Machinery**
Shipments of machinery require a safety certificate issued by Russian Center for Tests and Certification (ROSTEST) and an invoice with a detailed description of every spare part. Machinery imported in unit quantity and for internal use, not for resale, can be imported without the safety certificate.
- **Software**
Shipments of software require a detailed invoice with the values of the medium, software, intellectual value and operating manual. Shipments of Encryption software will require a license issued by the Ministry of Economic Development and Trade, as well as a special permit issued by the Federal Security Service.

Need further information? UPS can be consulted for any further information on restrictions or special requirements for shipping to Russia.

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