

import & certification

Russia | Kazakhstan | Belarus | Ukraine





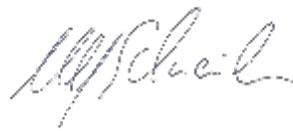
Ulf Schneider
Managing Partner

We consult and provide our international clients with the back office services they need to expand their business into or within Russia, Kazakhstan, Belarus, Ukraine, Poland and Germany.

On January 1, 2010 the Customs Union of Russia, Belarus and Kazakhstan went into effect. Operating in those countries we offer comprehensive services for importing into today's Eurasian Economic Union.

With our transnational structure and interdisciplinary collaboration we ensure a smooth import process including documentation, customs handling and logistics organisation.

We have been utilising the very solutions we provide for over a decade among our 500 experts.

A handwritten signature in dark ink, appearing to read 'Ulf Schneider'.

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almaty
astana
berlin

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warsaw

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legislative background and main requirements

When talking about importing goods into the **Eurasian Economic Union** of Russia, Belarus, Kazakhstan, Armenia and Kyrgyzstan (EEU), we consider transactions between a foreign exporter / seller and a local importer / buyer. The most fundamental requirement for importing goods into the EEU is that the buyer of the goods is also responsible for customs clearance and payment of customs duties and import VAT. The legal entity, in whose name the customs formalities are carried out, is officially called the “declarant”. Even when a licensed customs representative, better known as a customs broker, takes over the customs formalities, the clearing process will nevertheless be carried out in the name of the declarant company.

Another important aspect of importing into the EEU is the principle of residence; in each member country only a local legal entity may import goods and declare them at customs, e.g. in Russia only a Russian legal entity, in Kazakhstan only a Kazakh company etc.

The legislative framework for import operations into the EEU consists of the following documents:

- the Customs code of the Customs Union
- international agreements between members of the EEU and foreign states
- the decisions of the Eurasian economic commission.

The common customs code came into force in 2010 when the EEU was still in its early stages

and known as the Customs Union of Russia, Belarus and Kazakhstan. Due to further integration processes and the necessity to unify and simplify customs laws in the EEU, the new customs code of the Eurasian Economic Union has come into force since January 1, 2016.

The new customs code is more voluminous and has fewer references to national law, which is one of the big disadvantages of the current Customs Code. Changes also include a focus on electronic customs procedures.

The general principles of customs regulation in **Ukraine**, including the movement of goods across the customs border, customs clearance procedures and taxes, customs control and other related issues are regulated in particular but not withstanding by the local Ukrainian legislation as follows:

- Customs Code of Ukraine № 4495-VI of March 13, 2012 (effective since 1 June 2012);
- Law of Ukraine “On Customs Tariff of Ukraine” № 584-VII of September 19, 2013 (effective since January 1, 2014);
- Tax Code of Ukraine № 2255-VI of December 2, 2010 (effective from January 1, 2011).

Ukrainian customs legislation is still in the process of being harmonized with WTO principles, rules and procedures, in spite of the fact that Ukraine joined the WTO on May 16, 2008. The Customs Code of Ukraine is designed to bring the customs legislation of Ukraine in line

with the International Convention “On the Simplification and Harmonization of Customs Procedures”, and with the International Convention “On the Temporary Admission”. Another goal is to implement the World Customs Organization SAFE Framework for Standards to Secure and Facilitate Global Trade in Ukraine.

The following changes were introduced to the Customs Code to bring Ukraine closer to fulfilling its commitments to the WTO:

- Individual customs clearance duration term (upon importer's separate request);
- Prolongation of the period for correction of the customs declarations (3 years);
- Permission for importers to perform customs clearance at any customs office, regardless of the importer's location and (upon importer's separate request);
- Partial customs duties' exemption for temporary imported goods, etc.

The Government of the **Kazakhstan** ratified the Protocol of entrance to WTO on October 12, 2015.

In the frame of entrance of Kazakhstan to WTO, companies importing goods to Kazakhstan have the following options:

- To apply lower rates of custom duties of WTO with no possibility to export such goods to the territory of EEU;
- To apply rates of EEU with the possibility to export such goods to the territory of EEU.

For control purposes and administration of the process of turnover of the goods which were imported with lower rates, the Government of Kazakhstan issued several legislative acts, which companies have to follow. One of the important requirements is to issue an electronic VAT invoice on movement / selling of goods which are included in the list of goods (approved by the Decision of EEU Council № 59 dated October 14, 2015) with lower rates of customs duties.

customs procedures

In order to regulate the import of goods, the Customs Code of the Customs Union outlines several different customs procedures. The main procedures are:

Major Customs Procedures

Release for Domestic Consumption

Under this customs regime, the imported goods acquire the status of being free for circulation within the country of import, once the following requirements are met:

- Full payment of customs duties, VAT and other taxes (if required);
- Observance of all other requirements upon importation of the goods (e.g. certification, licensing, etc.)
- Compliance with current limitations and restrictions of the country of import.

The procedure foresees the import of goods without any obligations to return or re-export the goods.

Export is the customs procedure under which goods are shipped out of the Customs Union without any obligation to return or re-import the goods. This procedure is only applicable for goods produced within the territory of the Customs Union or previously imported into the Customs Union from other countries, and upon which no restrictions or limitations apply. For some categories of goods, for example for most raw materials, customs duties need to be paid, whereas zero-rated VAT applies for export operations.

International Customs Transit defines the customs procedure used for foreign goods traversing a country of the Customs Union to get to a third country. Transit is performed under the customs control of the customs office of entry until the goods reach the customs office of exit. The goods in transit are exempt from customs

duties, taxes, import restrictions and prohibitions. All issues concerning international customs transit, such as authorisation and timing, are handled by the customs authorities. This procedure is applicable for any kinds of foreign goods, except when there are clear limitations or restrictions. Customs transit is regulated not only by the Customs Code of the Customs Union but also by various international agreements.

Economic Customs Procedures

Inward Processing (processing within the customs territory) is the import of goods that are to be processed (i.e. modified, assembled, adapted, etc.) on the territory of the Customs Union within three years of the date of import. The inward processing customs procedure allows for full exemption from import customs duties and taxes levied on the imported goods. The only requirements to comply with are:

- payment of the customs handling fees
- respective authorisation, licenses and certificates are submitted to the customs authorities

Importers must apply to the customs authorities for authorisation prior to the import of the goods under this procedure. The subsequent export of the processed goods is not subject to export custom duties, though it may be subject to export restrictions (e.g. requiring authorisation from state authorities on export control, export licenses, etc.).

Processing for Domestic Consumption is similar to the previous procedure, however the imported goods must be processed within one year of the date of import, and the final products are released for free circulation within the territory of the respective country of the Customs

Union. Goods imported under this procedure are subject to all restrictions and prohibitions on imports. The initial goods are exempt from customs duties and taxes, but the final products are subject to payment of all applicable duties and taxes.

Outward Processing (processing performed outside the customs territory) is the export of goods from the Customs Union for processing outside of that country. Goods must be processed within two years of the date of export, and the final product re-imported into the Customs Union. Goods exported under this procedure are not subject to any economic restrictions or prohibitions and are completely exempt from export duties. The final imported products are partially or fully (in the case of warranty repairs of exported goods) exempt from customs duties and taxes. As with the other processing procedures, importers need to apply for permission beforehand.

Temporary import This procedure allows for the use of foreign goods within the customs territory for a certain period of time, usually not exceeding two years. For each month, the authorities charge a fee of three percent of the payments that would apply if the goods were released for domestic consumption. The temporarily imported goods should be preserved in their original state except for changes caused by natural wear and tear. Temporarily imported goods need to remain in the possession of the declarant and may not be transferred to third parties without special permission on the side of the customs authorities.

At the end of the temporary import period, the goods should be re-exported or declared under a different customs procedure, for example release for domestic consumption.

Customs (Bonded) Warehouse Under the customs warehouse procedure, any goods

imported into the Customs Union, except commodities whose import and export is prohibited or restricted, are stored in specially allocated warehouses or territories under the custody of the customs authorities. This customs procedure is beneficial when the final buyer of the goods is not known at the moment when the goods are delivered to the Customs Union, allowing, in particular, the deferral of payment of customs duties and taxes. Goods may be placed under this customs procedure only after authorisation from the customs authorities, and for a maximum period of three years.

There are also so-called “completing” customs procedures such as re-import, re-export, destruction, as well as special custom procedures such as temporary exportation, duty-free trade, and so on.

Customs procedures in Ukraine

The Customs Code of Ukraine provides the following customs regimes for the movement of goods across the customs border of Ukraine, namely:

- Import (release for domestic consumption);
- Re-import;
- Export;
- Re-export;
- International customs transit;
- Temporary import;
- Temporary export;
- Bonded warehouse;
- Free customs zone;
- Duty free trade;
- Processing on the customs territory of Ukraine;
- Processing outside the customs territory of Ukraine;
- Destruction;
- Abandonment to state.

Each of the customs regimes depends on the purposes of the transfer of goods and requires relevant customs procedures.



customs tariff

The Customs Tariff of the Customs Union is a standardized system of classifying traded products, and is essentially a broader and more specific version of the Harmonized Commodity Description and Coding System (abbreviated as “HS Code”) maintained by the World Customs Organization. Another comparable product classification system is the TARIC code (Integrated Tariff of the European Communities) that shows the various rules applying to specific products when imported into the European Union.

The current version of the Customs Tariff of the Customs Union came into force on January 1st, 2010 and was expanded by the Commission of the Customs Union with the support of the national customs authorities of the single member states. The purpose of the Customs Tariff is to identify goods during customs operations and to define the percentage of duties and the respective calculation of the customs value for those goods. Each Customs Tariff number of the Customs Union consists of 10 numbers:

- The first two numbers define the product group (e.g. 72 is for iron and steel);
- The next two numbers define the product position (e.g. 7201 Pig iron in blocks or other primary forms);

- The next two numbers define the product's sub-position (e.g. 720110 Non-alloy pig iron containing 0,5% or less of phosphorus by weight);
- The last four numbers provide additional breakdowns in classification (e.g. 7201101900 Containing not less than 0,4% of manganese and more than 1% of silicon by weight).

The Customs Tariff includes a total of 21 divisions and 99 groups. Product classification under the customs tariff is carried out by the declarant, however the final confirmation and, if necessary, correction is performed by the customs authorities.

The Customs Tariff in Ukraine is based on the similar principles and contains 21 sections and 97 groups of commodities in total. In general, the declarant is liable for the classification of goods. Nevertheless, the final decision of the customs authorities may be different from the classification proposed by the declarant.

customs payments

According to current customs legislation, the import of goods into the Customs Union involves an obligation to pay the following customs payments:

Customs duties

Duties are normally set as a percentage of the customs value of imported goods, also known as “ad valorem” duties. However, they may also be levied as a set amount per unit or measurement, known as “specific duties”, or by the greater of any of the two, known as “combined” duties. Certain goods, however, are duty free.

The type of duty applied is determined by the customs tariff number and the range for most of the “ad valorem” rates varies from 0% to 20%. There are also some exceptions, for example for some types of meat, where rates reach up to 65%.

Formerly, the percentage of the “ad valorem” import rate was clearly classified with rates of 0%, 5%, 10%, 15% and 20%. Following the accession of Russia to the World Trade Organisation (WTO) in August 2012, the standard rates provided by the WTO are being adopted step by step during a transitional period of 7 years. Amendments made to the Customs Code in 2013 have changed the structure of customs duties, with duties also being split into more specific percentage rates (e.g. 8.2%, 9.4% etc.).

Moreover, the percentage of customs duties also depends on the country of origin. In this context, preferential treatment has been established for CIS states and less-developed countries on the one hand, and maximum fees for non-preferred trading nations on the other hand:

- CIS countries and less – developed nations are exempt from customs import duties;
- For developing countries – 75% of basic rates apply.

In order to benefit from these regulations, the respective certificate of origin needs to be presented to the customs authorities.

Currently, there are two duty rates in Ukraine: relieved and full rates. Relieved rates of duty apply to goods originating from World Trade Organization (WTO) countries and countries that have granted Ukraine 'most favoured nation' trade status. Full rates of duty apply to the goods originating from all other countries or where the country of origin cannot be determined (is unknown).

Special kinds of import duties (i.e. seasonal, special, anti-dumping, and countervailing) may be applicable on the import of certain goods. Ukraine has no export duties except on natural gas, scrap metal, livestock, rawhide, barley, and certain oil seeds. In particular Customs Tariff of Ukraine provides the rates of the customs duties for the different goods.

Excise duties

Excise taxes are levied on a range of imported goods including wine, beer, spirits, tobacco, oil, vehicles and etc. Imported goods are subject to excise tax at the moment they are imported. These duties are generally applied at a fixed amount per unit of measurement, and are payable in the national currency.

Excise duties apply to certain goods imported to or produced in Ukraine. Excisable goods include ethyl alcohol, alcoholic beverages, tobacco and tobacco products, cars, car bodies, motorbikes, liquefied gas, petrol, diesel fuel, and certain other oil products, as well as disposal of qualifying securities and transactions with derivatives. Ukraine is currently experiencing a gradual increase of excise tax on oil products, tobacco goods, ethyl alcohol, and alcoholic beverages.

Rates of excise tax can be ad valorem (a percentage of the value of the goods), specific (in monetary units per unit of goods), or combined.

Customs VAT

VAT is generally due when goods are imported into the Customs Union. It is calculated based on the total sum of the customs value of the goods, customs and excise duties paid, if any. The rate of VAT depends on the country and on the nature of the imported goods. The standard rate of VAT in Russia is 18%, in Belarus 20% and in Kazakhstan 12%.

Certain goods, however, may be subject to lower rates of VAT, for example 10% VAT is currently applied in Russia and Belarus for goods such as children's products. In addition, certain goods are exempt from import VAT, for example technological equipment imported as a contribution to the charter capital of a Russian company, or medical equipment. In Belarus, VAT exemption is also granted in relation to certain types of technological equipment, components and spare parts classified under the product groups 73, 84, 85, 86 and 90 of the Customs Tariff of the Customs Union that are entirely used for the purpose of investment project implementation.

There are three VAT rates in Ukraine: 0%, 7% and 20%. The rate of 20% applies to almost all transactions subject to VAT except the export of goods, which is taxable at 0%. The zero rate also applies to the supply of international transport services (confirmed by a single international

shipping document), toll manufacturing services (if the finished goods are then exported from Ukraine), and certain other services. The rate 7% applies to the import and further supply of the medicaments and medical equipment which is directly specified by the Ukrainian government. Import and further supply of other medicaments and medical equipment are subject to standard rate 20%.

Provision of services to a non-resident is not considered to be zero-rated. Such services are subject to 20% VAT or considered to be outside the scope of VAT (effectively exempt with no right to claim input VAT), depending on the place of supply.

Transactions that are subject to VAT include the following:

- The supply of goods and services where the place of supply is in Ukraine, including when the supply is made free of charge without consideration;
- The importation of goods into Ukraine;
- Exportation of goods;
- International transportation services.

Customs fees

The customs fee is a handling fee of the customs authorities, which is levied for each submitted customs declaration. The calculation of the customs fee is regulated individually in the single member states.

Russia

In Russia the amount of customs fees due depends on the customs value based on the following classification:

Customs fee	Customs clearance
375 RUB	for customs clearance of goods with a value of up to 200 000 RUB
750 RUB	for customs clearance of goods with a value of between 200 001 RUB – 450 000 RUB
1 500 RUB	for customs clearance of goods with a value of between 450 001 RUB – 1 200 000 RUB
4 125 RUB	for customs clearance of goods with a value of between 1 200 001 RUB – 2 500 000 RUB
5 625 RUB	for customs clearance of goods with a value of between 2 500 001 RUB – 5 000 000 RUB
15 000 RUB	for customs clearance of goods with a value of between 5 000 001 RUB – 10 000 000 RUB

If the customs declaration is submitted in paper form, which since 2014 is only possible in rare cases, the charged customs fee is 25% higher.

Belarus

In Belarus the customs fee is not calculated on the basis of the customs value, but simply depends on the type of product:

- 20 EUR is levied for the import of product groups 1 – 26, 30, 31, 41 – 70, 72 – 83 (consumer goods, food products etc.)
- 50 EUR is levied for the import of product groups 27 – 29, 32 – 40, 71, 84 – 97 (means of transport, machinery and equipment etc.)

Kazakhstan

In Kazakhstan there is another system for calculating customs fees depending on the amount of pages of the customs declaration:

- 50 EUR is levied for the first (main) page of the customs declaration
- 20 EUR is levied for each additional page in the customs declaration

Ukraine

Special customs fee in Ukraine might be levied only based on the declarant's application in cases when the customs procedures are performed outside of the customs authority location and/or in non-working time. For the performance of customs procedures outside of the customs authority the following hourly rates are applied:

- During the working time – 20 Euros
- During the non-working time, at night and at weekend – 40 Euros
- During the holidays and non-working days – 50 Euros

For the performance of customs procedures at the location of customs authority, but beyond the working time:

- During the non-working time, at night and at weekend – 40 Euros
- During the holidays and non-working days – 50 Euros

modern import tools

In the last decade, the Russian Federation, and afterwards other member states of the Customs Union, have tried to develop a much faster, more transparent and less bureaucratic procedure for customs clearance as an alternative to the common paper format.

The new era began in 2002 with the law “On the electronic digital signature”, and the first electronically submitted customs declaration occurred in November 2002 at the “Kashirskiy” customs office of the Moscow Regional Customs. At that time, the declarations needed to be submitted via the customs communication channel using special software with the attached documents sent as a scanned copy. For customs clearance using this document, the so-called ED1 Form, the presence of the declarant at the customs office was compulsory. In 2008, the electronic form of declaration was further improved when the Federal Customs Service of the Russian Federation developed a means for declaring goods through the Internet. The so-called ED2 Form utilizes special electronic XML forms for the main documents, such as bill of lading, invoice, packing list, and also contracts their attachments.

The main advantage is that the declarations done via the internet no longer require the declarant to be present at the customs office, so the declaration can be submitted from his or her working desk. This is made possible by using an electronic signature which the declarant company applies for at a licensed centre for the electronic declaration of goods. The electronic signature is simply a flashcard that authorizes the sending of a customs declaration to a specific customs office.

Thanks to this development, customs clearance has not only become less time consuming (about 2-3 hours), but also much more transparent. After

sending the declaration of the goods a sort of “back and forth” communication begins between the declarant and the customs inspector, which tracks the current status of the process for both parties. This dialogue acts as a receipt for the declaration, with the name of the inspector in charge, possible mistakes made, documents requested, and the eventual release of goods all recorded.

According to the Federal law № 311 dated November 27, 2010 “On customs regulation in the Russian Federation”, as of January 1st, 2014, the electronic declaration of goods became compulsory. Customs declarations in paper form may be used only in special cases defined by the Government of the Russian Federation.

The next stage is the process of remote electronic declaration, which involves moving customs operations to areas near the border of the Russian Federation. In the past, the declarant needed to submit the declaration to the customs office at which the goods were located. According to the remote release of goods, a declarant in Moscow may interact with the central customs office in Moscow while the goods themselves may be located at a customs office at the border.

This form of electronic customs clearance has also been established in Belarus and Kazakhstan, but has not yet been fully implemented. In both countries the declarant, or an official representative of the declarant, must still be present at the customs office.

In Ukraine the electronic declaration was firstly submitted in 2003. As for the moment more than 50% of the total volume of declarations applied via the electronic declaration system and starting from January 2017 electronic declaration should become obligatory.



import of goods between affiliated companies

For imports between non-related companies, the invoice is usually sufficient as the main basis of calculating the customs value. For the import of goods into the Customs Union between affiliated companies, special preparation is required, and so is additional confirmation of the value of goods. This is due to the fact that in the past, parent companies often tried to support their subsidiaries by invoicing lower values in order to reduce customs duties and import VAT of the goods. Nowadays, affiliation needs to be indicated even in the declaration of the customs value, which is a part of the customs declaration of goods. Additional confirmation should be provided in the form of a price-list stamped by the

Chamber of Commerce of the exporter's country, the export declaration and the official order confirmation. The situation becomes more complicated when the exporting company is selling not only to its subsidiary but also to other distributors in the Customs Union. In this case, different prices are often registered in the customs database for the same product, with the price for the subsidiary being usually the lowest. This kind of pricing policy often leads to corrections of the customs value and delays in delivery, if not previously taken into account and properly prepared.

deliveries within the eurasian economic union (EEU)

When importing goods into one of the member states of the Eurasian Economic Union, goods acquire the status of “Product of the EEU” and may afterwards be delivered to any other member state without additional customs clearance or customs payments being applied. Nevertheless, some aspects need to be considered for deliveries within the Eurasian Economic Union:

Origin

All goods require documentation stating the origin of the goods in the form of a certificate of origin (for locally manufactured goods) and a customs declaration (for formerly imported goods).

Customs statistics report

Customs clearance no longer takes place for deliveries within the EEU, however the customs authorities must still be informed about them for statistics purposes. The statistics report needs to be filled in and submitted by each party in its own country.

VAT

For deliveries within the EEU the seller invoices 0% VAT (“export VAT”), with the buyer being responsible for the payment of VAT to his local tax authorities. In order to do so, the buyer needs to submit an import application form to the tax authorities. One copy of the import application form duly certified by the tax authorities in the country of the buyer should be sent out to the seller in 180 days as of the goods shipment. Having this application form in place, the seller will be eligible to confirm to its tax authorities the relevancy of 0% VAT applied on this particular export transaction.

cooperation between ukraine and the european union

The Deep and Comprehensive Free Trade Area (DCFTA) constitute a part of the Association Agreement between Ukraine and the European Union (EU) adopted in June 2014. With the entry into force of the DCFTA both sides ensure for the markets of goods and services to be mutually opened on the basis of predictable and enforceable trade rules for the new opportunities to be created for the EU and Ukraine businesses, investors, consumers and citizens. More closely aligning Ukraine's regulations with EU legislation shall bring DCFTA promoting higher quality standards for products and increase the levels of consumer and environmental protection.

The EU continues providing Ukraine with assistance and making available advice and expertise, notably to help small businesses (SMEs) to grow and to take advantage of the opportunities granted by the DCFTA, in particular regarding the progressive alignment with EU rules among others in customs areas. The DCFTA Facility for SMEs aimed to complement existing EU programs (EU SURE, SME Flagship) for the SMEs to be better equipped to the changes in the domestic business environment.



import services

SCHNEIDER GROUP can offer their clients a complete front office service:

Import handling for the local subsidiary

- Customs clearance for third parties via electronic signature or broker service;
- Registration at customs;
- Registration of the electronic signature;
- Logistics coordination;
- Development of a supply chain and warehousing concept;
- Delivery of goods to the client's final client in Russia;
- Preparation of the statistics form for deliveries within the EEU.

DDP Service

- Import of goods and customs clearance in our own name;
- Administrative support (stipulation of contracts, passport of deal and all other shipping or customs documents);
- Logistic handling from the client's premises to his/her final client within the Customs Union;
- Payment of customs duties, VAT and other taxes if required.

SCHNEIDER GROUP guarantees a 100% transparent and legal import process.

product certification

Historical background

For imports into the Customs Union, almost all kinds of products need to be tested and certified. Current certification legislation is based on the Technical Regulations of the Customs Union.

The technical regulations are definitions of standards which describe the characteristics of different products and their production processes in terms of quality, security, technical characteristics, etc. The new legislation was established to replace the old "GOST standard", which no longer reflected the requirements of modern production and industry, since product certification had become, to a certain extent, a business in which the main concepts of security and quality had disappeared.

In the first decade of the new century Russia, Belarus and Kazakhstan started to implement the new standards which they called the Technical Regulations, which involve minimum requirements in terms of health and safety, security of property, protection of the environment, energy efficiency, etc. However, at that time the Technical regulations were only national standards, with conformity documents being valid only in the country in which they had been issued.

The Technical Regulations of the Customs Union

With the introduction of the Customs Union of Russia, Belarus, Ukraine and Kazakhstan, a unified product certification system became indispensable and in 2010 the three countries decided to introduce the Technical Regulations of the Customs Union (abbreviated as "TR TS" or "TR CU"). The task of establishing the Technical Regulations, as well as coordinating and controlling the related procedures, was assigned to the Commission of the Customs Union. Within the Technical Regulations of the Customs Union, the Commission established a unified list of products

for which conformity according to the Technical Regulations was obligatory.

From January 2012, the new Technical Regulations of the Customs Union were introduced step by step, and the respective national standards became invalid. For example, on February 15, 2013, when the Technical Regulation on the security of lifts (elevators) came into force, the national norms in this field expired.

The scheme developed by the Customs Union has introduced 55 regulations to date, of which 35 have already come into force and 23 others are awaiting approval.

For goods which have been proved to be compliant with the Technical Regulations, one of the following documents is issued:

- a conformity declaration
- a conformity certificate

The type of product, its customs tariff number and the field of use determines which of the two is to be issued.

Both documents may be issued for:

- a specific delivery (with indication of the invoice and delivery contract number)
- serial production (with a validity of one, three or five years)

In either case, the applicant needs to provide certain documents assessing the goods' compliance to security standards, such as technical data sheets, construction plans and instructions of use. Additionally, the manufacturer needs to provide samples for the testing protocol, which is the basis on which conformity documents are issued. In some cases, particularly when obtaining conformity certificates for serial production, an audit of the production site is necessary.

One of the new aspects, and probably the most widely discussed, is the application process for conformity certificates and declarations. The applicant for a TRTS document needs to be a legal entity of one of the countries of the Customs Union, since the certification process and also, to a certain extent, the security of the product itself, is the responsibility of the applicant. For this reason, the manufacturer and applicant need to conclude a contract on the representative function of the applicant for certification purposes.

Besides the most common conformity declarations and conformity certificates, there are dozens of other types of product registrations, licenses and authorisations. Examples include the so called 'State Registration', formerly known as the Sanitary certificate (which is issued for food or cosmetic products), the metrological certificate for measurement devices, and the registration required for medical devices, to name a few.

The Technical Regulations of Ukraine

The Certification system in Ukraine provides almost all kinds of products which need to be tested and certified. The technical regulations are definitions of standards which describe characteristics and properties of products production processes in terms of quality, security, technical characteristics, etc.

The system is designed to conduct mandatory and voluntary certification of products, processes and services. Certification of compliance with regulatory requirements and regulations stipulated by the legislative acts is carried out exclusively in the system. Certification bodies in the system can be accredited organizations and state-owned enterprises. If the system has several accredited certification bodies of the same product, the

applicant shall have the right to certify products in any of them. Certified production systems are issued a certificate of compliance and are marked in compliance.

Procedure for certification of products generally contains:

- filing and consideration of the application for certification,
- analysis of submitted documentation,
- a decision on the application indicating the certification model,
- inspection of production,
- certification of production provided by the certification model,
- selection, identification of product samples and testing,
- analysis of the results and decide whether a certificate of conformity and the license may be issued,
- the issuance of the certificate of conformity, the granting of licenses and introduction of certified products in the system registry,
- recognition of the certificate of conformity issued by a foreign authority,
- technical supervision of certified products within the process of its manufacturing,
- information on the results of certification works.

The Certification model on products delivery should be determined by the certification agency in consultation with the applicant to start work on certification. Selection of the certification model depends on the type of product, its amount and other production state baseline data.

Once the test results in an accredited laboratory turn out positive, appropriate certificates can be issued.

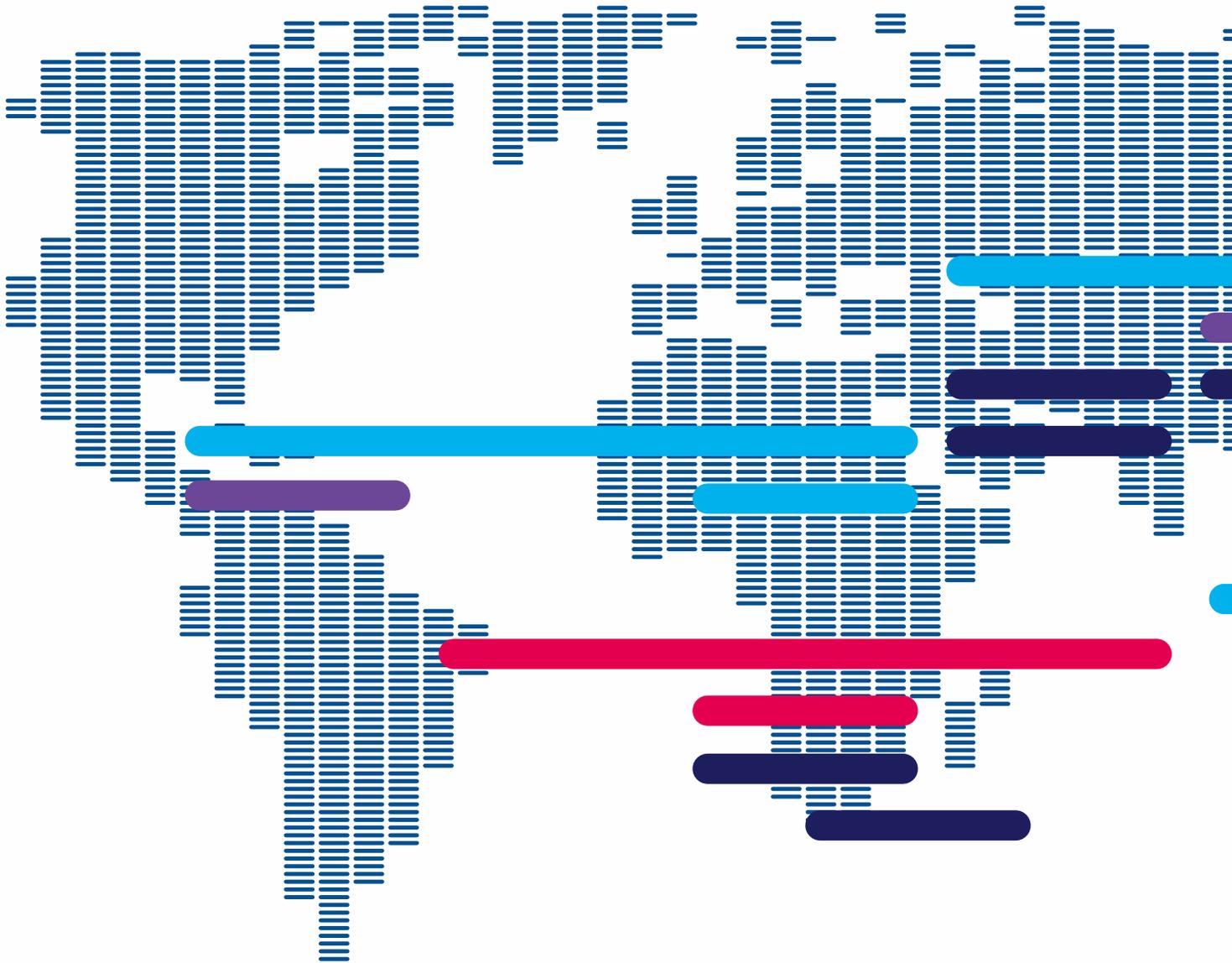


certification services

SCHNEIDER GROUP can provide their clients with the necessary certificate or product registration for the Eurasian Economic Union and Ukraine. We collaborate with the leading certification agencies and offer the following services:

- Product analysis for certification purposes and confirmation of certificates required;
- Preparation of required documentation for the certification process;
- Coordination of the delivery of samples for testing purposes.

SCHNEIDER GROUP guarantees a clear and transparent certification process.

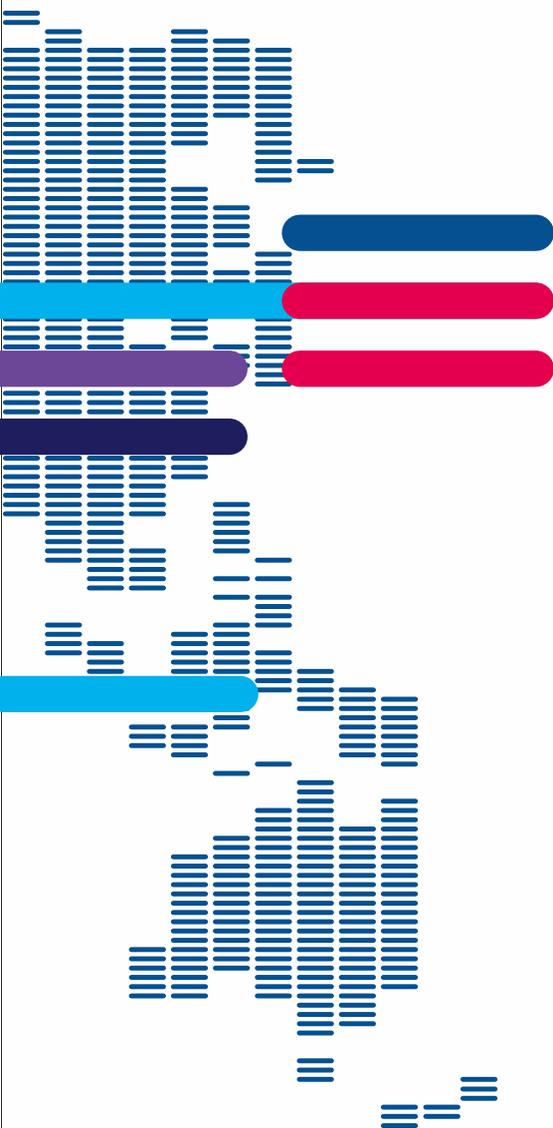


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