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Position of the Association of European businesses on parallel import liberalisation in the Russian Federation

On April 27th, 2012 Mr. I.Y. Artemiev, Head of the Federal antimonopoly service Russia (FAS), and other high-ranking FAS officials met with representatives of the international business community at the premises of the Association of European businesses (AEB). Mr. N.S. Aldabergenov, Minister of competition and antimonopoly regulation of the Eurasian economic commission was also present at this event.

The AEB understands the vital importance of parallel importation in many economic sectors; hence, the Association asked high-ranking FAS officials to talk about the consequences of possible new amendments and help further shed light on this issue at this briefing.

The goal of the briefing was not only to get an update on the recently developed parallel import provisions, but to give key government officials an opportunity to hear opinions of business representatives in this regard.

The AEB feels that a holistic and objective approach is needed to effectively review the parallel import liberalisation process and its consequences for both right-holders and consumers.

Price reduction for the imported production neither guarantees the high quality of the products, nor their compliance with the international standards and, as a result, the Russian consumers are those who will lose in the end. In this case, the consumer does not get the appropriate level of service, warranty service or safe usage of the acquired production. Besides, international requirements of Russia in the sphere of intellectual property are being violated.

In general, parallel import impedes business development in Russia in the long run. Experience proves that right-holders contribute significant funds into production, promotion, certification and servicing of their products on the Russian market, while the so-called parallel importers often use the “gray schemes”, which leads to reduction in their expenditures. The fight of law enforcement agencies with the import of contra fact production becomes practically impossible, since there is no way to reveal whether the items were imported legally or not. As a consequence, rights of right-holders for their own trade marks and security might be severely violated.

As a result, the market of legally imported products in Russian might significantly shrink and foreign producers might lose incentives to invest in the market.

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The AEB believes that consequences of parallel import legalisation can only be negative both for foreign investors and the development of the Russian economy as a whole.

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About the Association of European Businesses (AEB)

Founded in 1995, the Association of European Businesses (AEB) is an independent non profit organisation representing over 640 companies from Europe and Russia. Our members range from large multi-national corporations to SMEs. They are united by their commitment to forging stronger economic ties between the EU and Russia as well as improving the investment climate in Russia.

The AEB conducts lobbying activities through 40 committees and working groups, representing various industries and sectors, including Energy, Customs & Transport, Airlines, Legal, Taxation and Banking. The AEB also has two regional branches in: Saint Petersburg and Krasnodar. The committees work closely with the European and Russian authorities and submit amendments to draft laws.

The AEB also offers information support to the European business community through its website and publications, press campaigns, surveys, legislative and business alerts.

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