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Foreign Trade Offices Get New Impetus

By Irina Filatova

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British diplomats in Moscow drive around with license plates beginning in “001,” a reminder that Britain was the first country to recognize the Soviet Union in 1920.

Identifying a British Embassy vehicle in Moscow is an easy task for those who love history: They all have license plates with the number 001, signifying that Britain was the first foreign country to establish diplomatic relations with Soviet Russia.

It happened in 1920, when the country set up its first foreign trade mission in London. Trade offices in other countries, including Germany and the United States, followed over the next couple of years.

There are now trade offices in 53 countries, and the network is getting a serious upgrade as a result of a new initiative pushed forward by the Economic Development Ministry.

Improving the work of trade offices is critical, as it needs to be adjusted to the new realities of global trade, and some of Russia's economic ties have lost efficiency over time, said Rafael Abramyan, deputy head of the Economic Development Ministry's department

for development and regulation of international trade.

"Shaping the trade offices system took decades. In many countries, Russian trade offices appeared earlier than embassies," he said in a telephone interview.

The ministry has proposed a number of measures to make the work of trade offices more efficient. Plans include beefing up some offices and trimming down or closing others, training staff and setting mechanisms for measuring the work of trade offices.

The work of trade missions involves lobbying for the interests of Russian companies abroad and promoting their cooperation with local firms. Attracting foreign investment to Russia and helping foreign companies understand the peculiarities of doing business here are also part of the charter.

After the ministry's proposals get approval from the government, the key functions of trade offices will remain unchanged.

"The difference will be in details of how their work is organized," Abramyan said, adding that some changes would affect work with foreign businesses considering investing in Russia.

FACE TO FACE

One change will be in the way the ministry organizes foreign trips of Russian companies and industry associations, which are interested in interacting with partners abroad.
The Economic Development Ministry already organizes visits of such delegations, but in the future there will be a formalized process based on applications by Russian companies planning to participate in the trips, Abramyan said.
This will allow the ministry to put together delegations of companies with similar interests, while trade representatives will be able to find partnership options and organize meetings.
Organizing business missions is the most promising way of facilitating work with foreign investors, Abramyan said, adding that participating Russian companies will be asked to assess the efficiency of trade offices' work.
The Economic Development Ministry expects its proposals to get government approval this month.
Russia's trade representatives praised the ministry's initiatives as a way to improve export-import mechanisms and strengthen ties with foreign investors.

FIELD APPROVAL

The heads of two trade representative offices said one critical element outlined in the draft proposals on the ministry's website is agreements between Russian companies or regional administrations and the Economic Development Ministry, which will support investment projects abroad through trade representative offices.
This will facilitate the work of trade offices with Russian firms by making it more specific and targeted, said Leonid Shurygin, Russia's trade representative in Hungary. The move will benefit foreign companies as well, as it will help them find business partners faster, he said by telephone from Budapest.
"With such formalization, trade representative offices will be more effective in providing

support to business," said Dmitry Lebedev, acting trade representative in Britain.
Russia's trade representative offices, which operate on behalf of the federal government abroad and report to the Economic Development Ministry, provide a wide range of services to foreign firms seeking to work in Russia.
The most common request from foreign companies is for assistance in exporting goods to Russia. Trade representative offices consult on customs duties and clarify other trade rules.
This work creates broader cooperation, as it is an opportunity to get more foreign firms investing in Russia, Lebedev said. He added that his office encourages British firms seeking to increase exports to Russia to set up local manufacturing.
To accomplish that, he and his colleagues educate potential foreign investors on options to reduce investment costs, such as locating in special economic zones and clusters that provide tax breaks, he said by telephone from London.
Trade offices also help Russian regional administrations organize presentations of their investment opportunities for foreign companies, a practice Abramyan said has proved effective.

RUSSIAN REALITY

The trade representatives also explain the rules and conditions of doing business in Russia in an effort to prevent foreign firms from becoming victims of various kinds of fraud, Lebedev said.
British companies sometimes fall victim to online fraud. They are approached by firms trying to sell commodities like oil or metals and are asked to transfer money for test samples or document preparation. But after the British side pays, the would-be partner disappears without supplying any goods.
Some foreign companies ask trade representatives to help resolve disputes with their Russian business partners or identify a partner in Russia, Lebedev said. But one problem trade offices face is tracking the results of the two sides' further cooperation, as companies prefer to work with each other directly after they are put in contact, he added.
"It's important for us to know the results of our work, as we need to report the overall value of deals we helped sign and the total export volume," Lebedev said.
He added that the reforms proposed by the Economic Development Ministry might help resolve this problem, as they are supposed to make the role of trade representative offices clearer.
"There's practically no information about the activities of trade representative offices, so companies, especially small and medium-sized businesses are cautious approaching us," Lebedev said.

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