

World Chambers Competition

Year: 2013

Applicant: The Leningrad Region Chamber of Commerce and Industry

Project category: Best international trade project

Project name: Association of exporters and importers

Project Synopsis

About our Chamber

The Leningrad Region Chamber of Commerce and Industry (LRCCI) was founded on November 29th 2002. LRCCI is non-government, non-profit organization. The mission of LRCCI is to contribute to the economical development of the Leningrad Region and its integration to the world economy. During the period 2004-2012 the number of Chamber's members increased intensively, despite the fact that the membership in the chambers of commerce and industry is not obligatory in the Russian Federation. By December 2012 the number of companies-members reached 5200. Today the Leningrad Region Chamber of Commerce and Industry is the largest chamber in the Russian Federation.

16 Committees covering different fields of economic activities work successfully in the Chamber. LRCCI has 8 representative offices in the Leningrad Region.

Since 2005 the International Arbitration has been working effectively at LRCCI.

The number of chamber's employees reached 95. LRCCI twice became a prizewinner in the Russian national competition "100 Best goods of Russia".

In 2007 LRCCI was awarded with the Certificate of Merit for active assistance in the development of the regional and international cooperation by the Leningrad Region Legislative Assembly.

In 2011 LRCCI received the Gratitude Letter from the President of the Russian Federation Dmitry Medvedev.

In 2012 LRCCI was awarded with the Certificate of Merit for the significant contribution to the development of the Russian Federation economy by the State Duma of the Federal Assembly of the Russian Federation.

In 2012 LRCCI was awarded with the honorary diplomas for significant contribution to socio-economic development of the Leningrad Region by the Governor and the Legislative Assembly of the Leningrad Region.

Chamber's strategic aims for 2012 – 2017 are the following:

1. Improvement of business conditions in the Leningrad Region. The contribution to achievement by the Leningrad Region of the 1st place in the subnational rating "Doing Business" among the regions of the Russian Federation.
2. Expansion of the Chamber's activities by the development of the project "Electronic Chamber".
3. Provision of practical support for the investors to the economy of the Leningrad Region.

Executive summary

The Association of exporters and importers (hereinafter the Association) was founded in 2005. The project was started due to the necessity of uniting the companies-members of LRCCI that are engaged in foreign economic activities.

The main goals of the project's foundation:

1. Contribution to the development of foreign economic relations in the Leningrad Region:
 - development of goods and services export operations from the Region;
 - improvement and facilitation of import activities;

- attraction of foreign investments.
- 2. Creation of comfortable conditions for development and improvement of the production activities and foreign economic activities of the Association companies-members.
- 3. Assistance in realization of regional export development projects.
- 4. Representation and protection of companies-members' interests in State bodies.
- 5. The development of business relations between companies-members and foreign companies, regional Chambers of Commerce and Industry of the Russian Federation, foreign Chambers of Commerce and other organizations.

During the period of 2005 - 2012 the Association proceeded with development, new projects implementation and its membership base increased. Today the membership base of the Association consists of 510 companies. Almost all of them are strongly involved in Association's activities.

The main fields of the Association activities are the following:

- Rendering the consulting support for issues covering foreign economic activities (taxation, customs law, transport logistics, currency control, certification of goods and services etc.).
- Constant monitoring of present legislation governing the foreign economic activities, detection of legislative rules that impede the effectiveness of foreign trade and submitting proposals to the State bodies for changes.
- Assistance in export promotion of goods and services rendered by the companies-members of the Association (export strategy design, marketing research of local and foreign markets, foreign partners search, organization of business trips abroad, participation of companies in exhibitions).
- Assistance in adaptation of business activities for working process in frames of World Trade Organization (WTO) regulations.
- Regular seminars arrangements, round-table meetings on current issues of foreign trade activities.
- Educational activities: training on the original programs: «Manager for foreign economic activities», «Customs logistics», «Export step by step».

The Association's membership is free. The main sources of Association activities funding are: membership fees of LRCCI's members, voluntary contributions made by Association members and other companies interested in Association activities, income from services rendered by the Association.

Innovative aspects of the project

During the project creation we kept in mind the geopolitical location of the Leningrad Region. The Region borders on Finland and Estonia and it is also considered to be the border area between the Russian Federation and Europe. Due to this fact a large number of regional companies traditionally are doing business in the field of foreign trade. The activities in this sphere require from the participants the presence of well-trained professionals having deep knowledge of current legislation and being able to obey the rules. All law changes shall be monitored constantly.

The Russian Federation has been involved in several integration processes recently (the customs union of Russia, Belarus, Kazakhstan, WTO). The integration results in permanent changing of the national foreign trade legislation. Association of exporters and importers is a unique project that provides participants with opportunity to monitor the latest changes in the legislation and be aware of its application.

For these purposes we undertake the following measures:

- we inform the Association members about the latest changes via E-mail and on official Chamber website in the Internet;
- on the regular basis (2 times per month) we organize the round-table meetings and seminars with the participation of public authorities representatives including the authors of laws;
- we provide consultations using a call center technology. Such call center was opened by the Association after the new customs legislation of customs union entered into force.

In April, 2010 the Association became the founder of the the Expert Council for customs pre-trial settlements. The main aims of the Expert Council are formation of aggregate approach to the customs examination of goods during the customs control procedures and pre-trial disputes settlement between the customs authorities and the participants of foreign economic activities. Today there are no more similar institutions effectively operating in Regional Chambers of Commerce and Industry in the Russian Federation.

Training courses arranged under the brand “Foreign Trade School” improve qualification of managing personnel from companies engaged in foreign trade. In 2012 we launched a new unique training course covering advanced techniques of international business organization for promotion of goods and services on international markets.

We have implemented an innovative technology for companies’ requests processing, concerning the search of foreign suppliers and calculation of all expenses related to performance of international trade deal. The system works on a one contact principle.

Being aware of difficulties faced by the regional exporters and importers because of the Russian Federation joining the World Trade Organization (WTO) in 2009 the Association opened Consulting Center on WTO issues. The topical guidelines for business and local Authorities were issued. In 2012 the Association initiated a creation of an Expert Working Group for protection the interests of national companies. The work of the Expert Working Group covers the following activities:

- research of the WTO impact on trade rules in the operations of certain companies, industry sectors, recommendations development for minimizing of the possible negative consequences;
- preparation of documentation necessary for initiating the protection mechanisms for national producers by the Eurasian Economic Commission (EEC);
- holding public seminars, and conducting individual consultations for the representatives of regional business entities explaining the application of WTO rules.

Project impact on the Chamber and business community

The Association has involved more than 50% of enterprises which work in the foreign trade in the region since its establishment. Not only exporters / importers but also companies providing various supplementing services for them (freight forwarders, customs brokers, banks, consulting companies) participate in the Association activities.

The Association being a business community for the companies shares the information about new products and services.

Its main objective is oriented on promotion of Russian enterprises competitiveness, high-tech export sector development and export nomenclature diversification.

The Association serves as an agent in defending the interests of businesses, it also deals with conflict resolutions between the enterprises-members of the Association and the State

Authorities or various Public Institutions (Customs, Federal service on customers' rights protection and human well-being surveillance, Federal service for veterinary and phytosanitary surveillance etc.)

A lot of Russian and Foreign companies became partners of the Association.

According to our estimates:

- Members and partners of the Association perform 50- 60% of foreign trade in the Leningrad region;
- The Association has 510 organizations in membership;
- The Association has 65 domestic and 30 foreign entities as partners;
- Every year 10-15 companies start foreign trades with the support of the experts of the Association.
- About 100-130 company representatives attend the events of the Association monthly;
- 30-50 companies apply for a consultation to the Association on external economic activity issues every month;
- Since 2005 more than 20 business missions were fulfilled with the assistance of the Association: CIS, Australia, Germany, Denmark, Finland, Korea, China, Italy, Turkey, France, Estonia, Lithuania, Netherlands, and others;
- More than 100 B2B meetings with the foreign delegations have been organized by the Association from 2005;
- The Association provided educational services to the customers of the region on issues related to the transition to electronic process of goods declaration what allowed to reach 93.5% electronically filled declarations of the total number of declarations (according to 9 months 2012 performance);
- The Association supports the new businesses start-ups, thus, indirectly improving the labour market and increasing the tax revenues;
- Experts of the Association participate in the discussion on new laws development, provide lobbying services to companies-members. The Association initiates the revision of those legislation rules, which negatively affect the foreign economic activities.

Measurable outcomes

Finance:

- The cumulative annual budget of Association accounts for 100 000 USD.

Financing sources:

- membership fees paid by members of the Chamber (60%);
- income from the paid services rendered by the Association (30%);
- voluntary target contributions of the Association members and other interested persons (10%).

The Association is not a commercial project. All the gains are distributed to compensate the current expenses of the Association and to maintain its sustainable development.

According to our estimates:

- In 2012 the activities of the Association contributed to the increase in the foreign sales volumes of 90 companies in the region. These companies have 10% growth of import and export indexes;
- Within the Expert Council for customs pre-trial settling 10 meetings were arranged, 8 cases were solved in the prejudicial order, what resulted in 40 000 USD saving for our customers.
- In 2012 12 regional companies started their business with new foreign partners supplied by the Association.

Business and job creation

The Association activities favor to the new business trends development, expansion of existing areas, and thus improve the labor market in the region.

Due to the export-import operations maintenance services departments of foreign trade activities are created, usually of 2-5 people.

According to our estimates:

- In 2011 five companies started its business activities at the foreign markets under the Association support. The total number of new staff created is 15 employees.
- In 2012 eight companies started its business activities at the foreign markets under the Association support. The total number of new staff created is 24 employees.

Participation rates:

- Each year the Association arranges up to 30 events (seminars, round tables and conferences);
- Each month 100-130 company representatives attend the events of the Association.
Each year this figure accounts for 1,500 participants;
- Each month 30-50 companies apply to the Association for consulting services on foreign trade activities issues. The annual number of applications amounts to 500;
- 210 our customers have been trained at courses of Foreign Trade School since July 2011.

Membership recruitment

The range of activities performed by the Association are widely presented on the LRCCI website and in number of regional mass media as well. The membership increase is followed by the current LRCCI member companies and new companies interested in the Association activities.

- Each month 5-10 organizations become new Association members.

People involvement

- On a regular basis 6 freelance experts specialized in foreign trade issues work with the Association;
- Within particular projects (e.g. call center) the number of experts was increased to 15 persons;
- 8 specialists were involved as trainers in Foreign Trade School courses.
- 10 experts are members of the Expert Council for customs pre-trial settling;
- 15 experts are members of the Expert Working Group which main activity is aimed to protect domestic companies interests in conditions of Russia membership in WTO;
- The partnership with the Association is established with 65 domestic and 30 foreign entities.

The relevance of the project to target category

The target business categories that gain maximum advantages from the Association's activities are companies—exporters, companies—importers, customs brokers, transport logistics companies, banks and other financial institutions, certification bodies.

The following approximate ratios were fixed among the Association members:

- companies—exporters (55%);
- companies—importers (30%);
- customs brokers (5%);

- transport logistics companies (6%);
- banks and other financial institutions (2%);
- certification bodies (2%).

The following approximate ratios were fixed among the visitors of the Association events (seminars, round tables):

- companies–exporters (55%);
- companies–importers (30%);
- customs brokers (5%);
- transport logistics companies (10%);
- other categories of business (10%).

The following approximate ratios were fixed among recipients who applied to the Association in 2011 for Association's services:

- companies–exporters (45%);
- companies–importers (35%);
- customs brokers (3%);
- transport logistics companies (2%);
- other categories of business (15%).

Potential for the project to be successfully adopted by other Chambers of Commerce all over the world

The project of Association of exporters and importers can be considered as universal instrument for foreign trade support of companies-members. Developed technologies and practices currently used by the Association to maintain its activities can be implemented in any country all over the world with consideration of the regional specific features.

Foundation of such structures by efforts of Chambers of Commerce in other countries will make it possible to create an information network (similar to EEN Enterprise Europe Network) for convenient information exchange establishment between the regional companies-exporters and importers. The international network of Associations of exporters and importers will simplify the access to the information resources covering national customs procedures, requirements to the certification of goods and services, working prohibitions and restrictions for export/import of certain goods.