



RUSSIA: THE COUNTRY FOR SMES

By Dorit Sallis, Managing Director, Joint Chamber of Commerce Switzerland-Russia/CIS (JCC)

Switzerland is the sixth largest foreign direct investor in Russia. Over 200 Swiss companies in a variety of sectors operate in the country. Of these, only 10% are small and medium-sized companies, with 0.04% in manufacturing. The rest are in the service sector, offering financial, legal and consulting expertise.

JCC addressed this shortfall on February 5, 2014 in a seminar titled, "Market Entry Russia: How Can Swiss SMEs Enter the Russian Market," organized in partnership with Switzerland Global Enterprise (SGE) at the Casinotheater Winterthur, Switzerland (see program on page 2).

The event which brought together speakers from the State Secretariat for Economic Affairs (SECO), SGE, Ernst & Young and 3 SMEs operating in Russia, generated a number of key takeaways:

- Russia's priorities are to modernize and diversify the country's economy away from a dependence on oil and gas.
- There is a growing interest to tap the economic opportunities in regions outside of Moscow and St. Petersburg.
- Sectors on the radar of the Russian government are healthcare/medical technology; the automotive industry (1st, 2nd and 3rd tier manufacturers), transport infrastructure, especially railways and aviation technology.
- Russia's rapidly growing middle class has tremendous consumption power and values high-end, quality products.
- This middle class is well-educated and is a burgeoning source of innovation.
- Swiss-Russian economic cooperation on a governmental level can facilitate Swiss FDI in Russia, for example, the free trade agreement between EFTA and Russia, Belarus and Kazakhstan currently being negotiated. The Customs Union between Russia, Belarus and Kazakhstan can provide benefits to Swiss companies operating regionally.
- Swiss companies already in Russia identify the following best practices:
 - Have a strong financial base and sufficient resources (financial, operational, human) to underwrite a start-up process that can take time.
 - Find the correct local partner.
 - Try using the joint venture model which can be very productive with the right partner.
 - Build a relationship with your local partner based on mutual trust, respect and understanding.
 - Work with local experts (especially in the area of accounting and tax) in order to correctly understand and implement local administrative and bureaucratic requirements.
 - Set very strict operational guidelines within your company that should be clearly communicated internally and adhered to.

The final takeaway from the discussion was that the image of Russia presented in the media is often quite sensationalist, and distorts the reality of the country's business environment. As Swiss companies already in Russia attest, it is a market with excellent opportunities and an increasingly FDI-friendly environment. The challenges a company might face as a foreign investor in Russia are no different to those inherent in the experience of entering any foreign market.



Julie Bächtold, Swiss Business Hub Russia, Alex Bertrand Guignet, Turmix & OUTDOORCHEF, Urs-Peter Wepfer, United Machinery AG, Tobias Lüpke, EY CIS, Daniel Schmid, FISCHER PRECISE Group AG and Jochen Janssen, SECO.



SEMINAR

Markteintritt Russland: Wie steige ich als schweizerische KMU in den russischen Markt ein?

Organisiert von Joint Chamber of Commerce Switzerland-Russia/CIS - JCC
in Zusammenarbeit mit der Swiss Business Hub Russia

Casinotheater Winterthur
Stadthausstrasse 119
8400 Winterthur
5. Februar 2014

14:00 - 14:30	Eintreffen der Gäste
14:30 - 14:40	Begrüssung Dorit Sallis, <i>Geschäftsleiterin, Joint Chambers of Commerce Switzerland-Russia/CIS (JCC)</i>
14:40 - 15:00	Russland als attraktiver Markt für Mittelständische Unternehmen aus der Schweiz Tobias Lüpke, <i>Partner, Tax & Law, EY Russia</i>
15:00 - 15:20	Die Wirtschaftsbeziehungen zwischen der Schweiz und Russland: Stand und Perspektiven Jochen Janssen, <i>Bilaterale Wirtschaftsbeziehungen Europa / Zentralasien, SECO</i>
15:20 - 15:40	Die fünf grösste Herausforderungen beim Markteintritt Russland Julie Bächtold, <i>Senior Trade Advisor, Swiss Business Hub Russia</i>
15:40 - 16:00	Erfahrungsbericht eines mittelständischen schweizerischen Unternehmens in Novosibirsk, Russland: FISCHER PRECISE Group AG Daniel Schmid, <i>CEO, FISCHER PRECISE Group AG</i>
16:00 - 16:20	Kaffeepause
16:20 - 16:40	Erfahrungsbericht in Handelsbereich: DKB Household Switzerland AG Alex Bertrand Guignet, <i>International Sales Manager Turmix & OUTDOORCHEF</i>
16:40 - 17:00	Erfahrungsbericht in Logistik und Beratung: United Machinery AG Dr. Urs-Peter Wepfer, <i>Geschäftsführer, United Machinery AG</i>
17:00 - 17:25	Paneldiskussion mit den Referenten. Moderatorin: Dorit Sallis, JCC
17:25 - 17:30	Schlusswort Dorit Sallis, <i>JCC</i>
18:00 - 19:00	Networking Apéro