



ΕΛΛΗΝΙΚΗ ΟΜΟΣΠΟΝΔΙΑ ΓΟΥΝΑΣ
HELLENIC FUR FEDERATION

ΕΤΟΣ ΙΔΡΥΣΕΩΣ 1991 - YEAR OF FOUNDATION 1991

**ΕΝΗΜΕΡΩΤΙΚΟ ΣΗΜΕΙΩΜΑ
ΓΙΑ ΤΗΝ ΕΙΣΑΓΩΓΗ
ΓΟΥΝΑΡΙΚΩΝ
ΣΤΗΝ ΕΥΡΑΣΙΑΤΙΚΗ ΕΝΩΣΗ**

ΚΑΣΤΟΡΙΑ ΣΕΠΤΕΜΒΡΙΟΣ 2015

Introduction

At present, over 80% of Russian's fur products are imported into the country and sold on the domestic market with breach of the customs regulations and law prescriptions.

On 23 January 2015, Russian President V.V. Putin signed a decree “On extra measures aimed at opposing the illegal circulation of manufactured products, including counterfeit goods” whose operation also applies to fur products.

Pursuant to the Decree a State Commission was set up. The Commission included the ministries that represented the economic and law enforcement segments of the Russian Government.

The Commission's tasks were to coordinate the work of all the Russian Federation subjects' power agencies and executive bodies engaged in estimating the situation and opposing the illegal circulation of manufactured products.

The key task of the operators on the natural fur products market is ensuring the transparency of all their operations and prevention of “gray” schemes from their business.

The world's experience of product labeling

In order to fight the illegal trade, contraband, counterfeit product sales, theft and other offenses, a number of countries now widely use in one form or another the products labeling by control marks both in transnational and domestic trade.

The lists of goods due for labeling at the national level vary in different countries.

For example, in the USA all the tobacco, produced in the country or imported, is labeled by individual identification signs under supervision by the Alcohol and Tobacco Tax and Trade Bureau of the United States Department of the Treasury. A relevant identification sign allows the sale of these products only in a specific state.

In Italy, for fiscal purposes the national identification signs are used to denote certain types of products of the state's commercial monopolies (e.g. matches) manufactured with payment of relevant taxes. In absence of the control mark the products are considered counterfeit or contraband, which entails imposition of an administrative fine

on their owner exacted by the Italian State Monopoly Agency.

In the UK, in order to prevent theft the Home Department has initiated a programme of applying special electronic marks to mobile phones, new and used vessels, alcohol, sanitary products, jewelry, clothes, CDs, and portable computers for tracking in real time the chain of their delivery from the manufacturer or distributor to the selling place.

In the Republic of Belarus the taxation supervision mechanism enabling the registration of both domestically manufactured and imported goods as a supplementary measure showing more fully the proceeds and tax payment in the form of labeling the goods with control marks (identification signs) was introduced in 2005. The analysis of marking efficiency on 21 product groups showed that the state regulation enhanced the efficiency of the supervisory actions performed by the taxation agencies for detecting and exposing the “shadow schemes” by which the goods are put into illegal circulation. In 2013, in the course of the operative checks, nearly 25 billion Belarus rubles' worth of goods had been withdrawn from trade. The analysis of the effectiveness of introducing the mechanism of labeling the goods with control marks (identification signs) testified to the positive dynamics of the growth of production, import and sales of labeled goods in terms of the total cost in all product groups. The product labeling mechanism seeks to enhance the competitiveness on the Belorussian market of the organizations participating in the legal trade and to protect them against the operators involved in illegal operations.

On 1 April 2015 the Republic of Belarus brought into action the labeling system for some types of goods using a system of intellectual monitoring of logistic flows or the RFID (Radio Frequency Identification). The system is integrated in the goods electronic certificates Bank of the Republic of Belarus, ensuring the control of legality of imported fur products and the obtaining of information about fur products by the interested customers.

Pilot project

The Eurasian Economic Commission Board decreed: (Decree No.28 of 28 May 2015).

To approve the draft agreement on implementation in 2015-2016 of a pilot project to introduce the product labeling by control marks (identification signs) applied to a group of products referred to as “Items of clothing, clothing accessories and other accoutrements from natural fur.”

1. Subject to labeling by control marks are the goods included in the List and those that are (being) brought to the customs area of the Eurasian Economic Union (hereinafter Union) and (or) manufactured on the territory of the Union member states. The labeling by control marks of the products included in the List is done outside the customs territory of the Union.

2. Following the entry into force of the decree on approval and (or) amendment of the List:

a) it is prohibited for legal entities and private entrepreneurs to acquire, store, use, transport and sell on the territory of the Union member states the listed goods without control marks or with them applied in contravention of the established procedure excepting the transportation of goods included in the List to dedicated storage facilities and the storage of such goods at the said facilities;

b) the goods included in the List are subjected to the customs procedures of re-import and issue for domestic consumption if and when there are control marks on such goods;

3. Following the entry into force of the decree on approval and (or) amendment of the List:

a) the organizations that manufacture and sell the control marks to the legal entities and private entrepreneurs in the member states shall electronically inform a competent (authorized) agency of the member state on whose territory the legal entities and private entrepreneurs are registered, about the manufactured and sold control marks;

b) the legal entities and private entrepreneurs that import into the customs area of the Union and (or) manufacture the goods included in the List, shall label such goods with control marks and electronically inform a competent (authorized) agency of the member state on whose territory they are registered about the use of control marks (identification signs), submitting to the national component agencies the following mandatory information available for each unit of the goods (being) brought in:

- control mark (identification sign) identifier (further on CM);
- number of the tax payer – CM customer organization – tax payer identification number;
- ten digit customs union commodity classification of foreign economic activity;
- method of issuing into circulation (import into the customs area of the Union or manufacture on the territory of the member states);
- the goods declaration number according to which the goods were issued into circulation and the ordinal number of the goods in the declaration (for importing organizations);

- declaration (certificate) number in compliance with the Customs Union's Technical Regulations;
- description of the goods in compliance with requirements of the Customs Union's Technical Regulations 017/11;
- on light industry products safety. Article 9. Product labeling requirements;
- importing organizations shall submit the said information on the use of control marks within 10 working days since the goods issue for domestic consumption.

The manufacturing organizations shall submit the said information on the use of the control marks before the goods shipment from the manufacturer's storehouse;

c) within 10 working days since acquisition of the goods in the framework of transnational trade on the territory of the Union, the legal entities and private entrepreneurs (further on referred to as the acquiring organization) shall inform a competent (authorized) agency of the member state on whose territory they were registered about the control marks applied to the goods, submitting to the national component the following mandatory information available for each unit of the goods acquired in the framework of transnational trade:

- CM identifier;
- number of the tax payer – an acquiring organization;
- exporting country code;

d) in including the goods in the List, the legal entities and private entrepreneurs that sell such goods on a wholesale and (or) retail basis shall label with control marks as per procedure established by law of the member state on whose territory they are registered the balance of such goods and electronically inform a competent (authorized) agency of the member state on whose territory they are registered about the use of control marks. The timeframe for submitting such information is fixed by law of the member state on whose territory the said legal entities and private entrepreneurs are registered. Due for submission to the national component is information containing the following data concerning each unit of the goods:

- CM identifier;
- number of the taxpayer, the CM customer;
- ten-digit code of foreign economic activity commodity nomenclature;
- method of issuing into circulation;
- the goods declaration number according to which the goods were issued into

circulation and the ordinal number of the goods in the declaration (for organizations selling the imported goods);

- description of the goods in compliance with requirements of the Customs Union's Technical Regulations 017/11 “On product safety”. Article 9. Product labeling requirements;

e) the legal entities and private entrepreneurs selling the goods returned by the buyers and (or) commission goods on the basis of commission agreements concluded with private persons who are not private entrepreneurs before the offer of such goods for sale was made, including before their placement on the selling site, display of their samples or supply of data about them at the selling site, shall mark such goods with control marks and inform in a digital form a competent (authorized) agency of the member state on whose territory they are registered about the use of control marks;

f) the legal entities and private entrepreneurs engaged in retail sale of goods included in the List shall inform in a digital format a competent (authorized) agency of the member state on whose territory they are registered about the control marks applied to the goods sold in the framework of such trade, in case such informing is envisioned by law of the member state on whose territory they are registered.

Monitoring the goods circulation

1. The competent (authorized) agencies of the member states together with other supervision and law enforcement agencies of the member states shall ensure the monitoring of the circulation of goods included in the List.

2. In order to ensure the monitoring and supervision of fulfillment of the present Agreement, the supervision of the circulation of goods included in the List in transnational trade, an information interaction is organized between the competent (authorized) agencies of the member states as well as the competent (authorized) agencies of the member states and the Eurasian Economic Commission.

3. In order to ensure the monitoring of the circulation of goods included in the List, the member states shall envisage in their legislation the responsibility for non-fulfillment or improper fulfillment of the requirements established by the present Agreement.

Characteristics of the control mark (identification sign)

The control mark (identification sign) (hereinafter referred to as CM) ensures identification of each unit of the marked goods and their protection against duplication and reuse. In implementing the project to introduce the goods labeling (product marking) with control marks (identification signs) specified as “Items of clothing, clothing accessories and other products from natural fur) it is necessary to use the control marks containing the embedded radio frequency mark (further on RFID) and provided with polygraphic protection.

Examples of CM image and information content CM as manufactured in the Russian Federation:



CM for goods brought into the Russian Federation customs area:



Techniques and sequence of applying the control mark (identification sign) to the goods

In marking the goods with CM the following methods of applying the CM are used:

1) Sewing into, a method in which a machine sews the CM directly into the seam of the product, leaving fully visible the graphic information of the CM. The CM is applied in manufacturing the product by sewing the CM into the seam on the inner (seamy) side of the product, using a dedicated area for sewing into.

2) Superimposition (attachment) in which the CM is inseparably affixed to the loop element of the product. The CM must contain a sealing element constructively brought together with the CM. The CM is applied if the product has a constructive element envisaged by the product manufacturer: loops for fastening with a button or a fastening hook large enough for a flexible element of the seal to be put through.

The CM is applied by putting a flexible element of the CM through the loop or a fastening hook with its subsequent passing into the seal's locking device to fixation.

3) Glue application method in which the CM is made as a printed sticker with a single-use glue layer; the CM is affixed to a constructive element of the product (sewed-into marking label). The CM is applied in case the product has a marking label sewn into by the manufacturer and having a free area large enough to place the CM on it. The CM is applied by separating the protective coating of the glue layer of the CM and gluing the latter to the above said marking label area.

Separating the CM from the labeled product disturbs the physical integrity of the control mark (identification sign). Its repeated attachment to another product is prohibited.

The CMs that are attached (superimposed) to the product are manufactured on the basis of plastic containing a sealing element that makes up constructively a single whole with the CM as shown in the Figure below.

The design of CM for attachment:



Business processes for importers



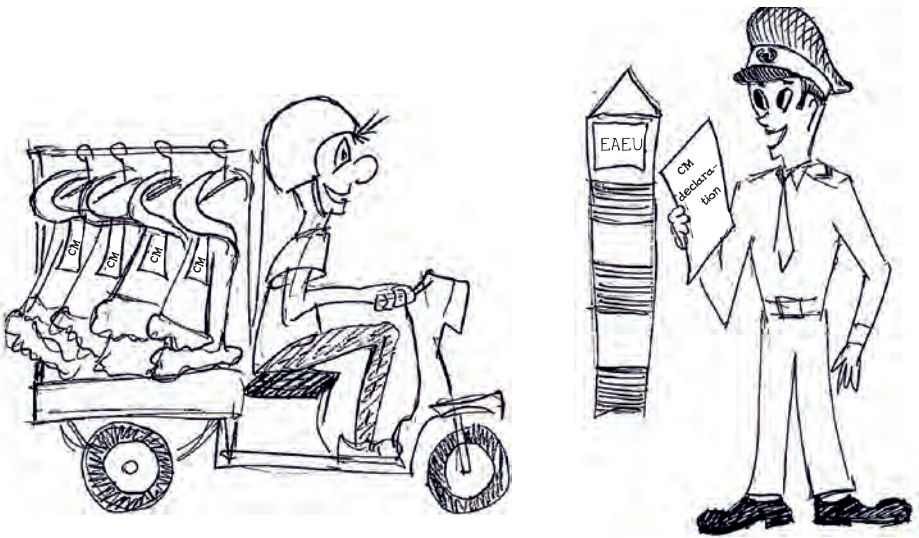
1. Registering in the CM issue register (control marks/identification signs)



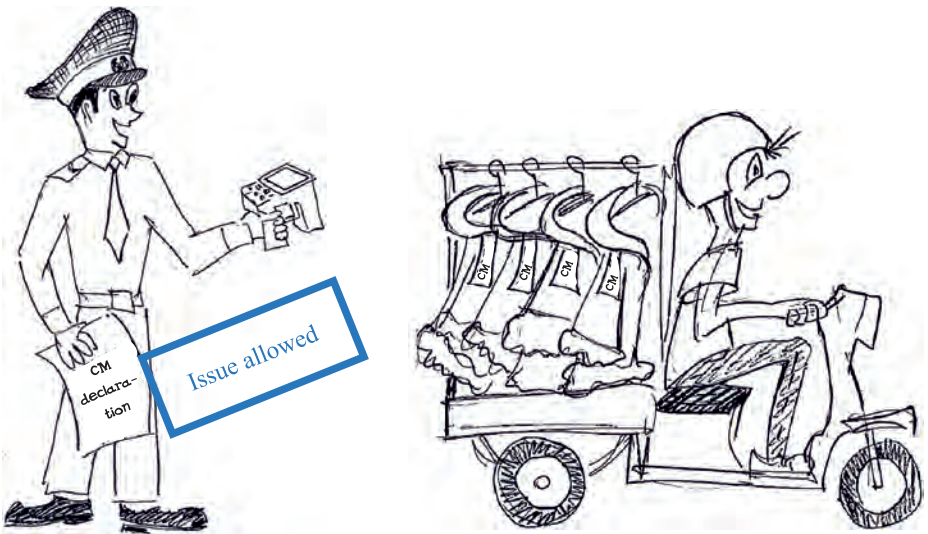
2. Ordering and receiving the CM from the issuer



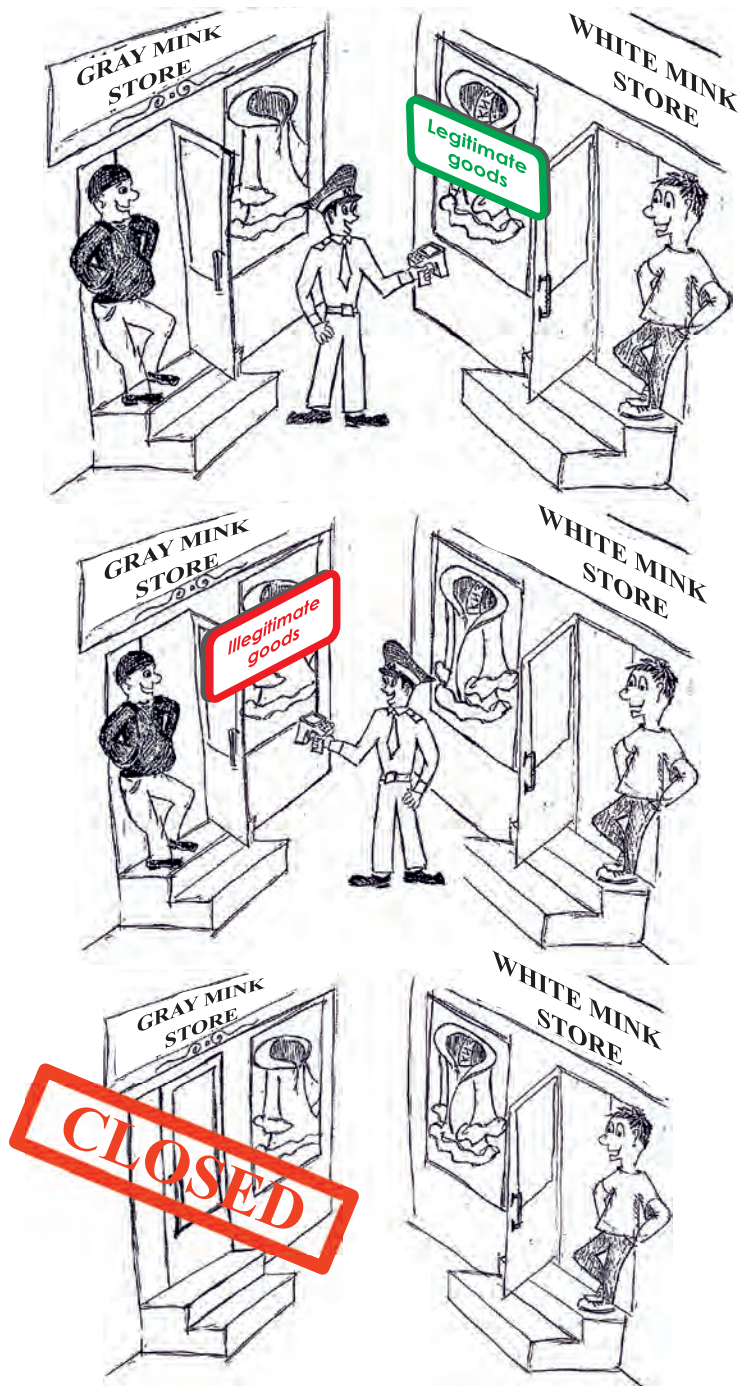
3. Product labeling



4. Labeled goods issue into circulation during import



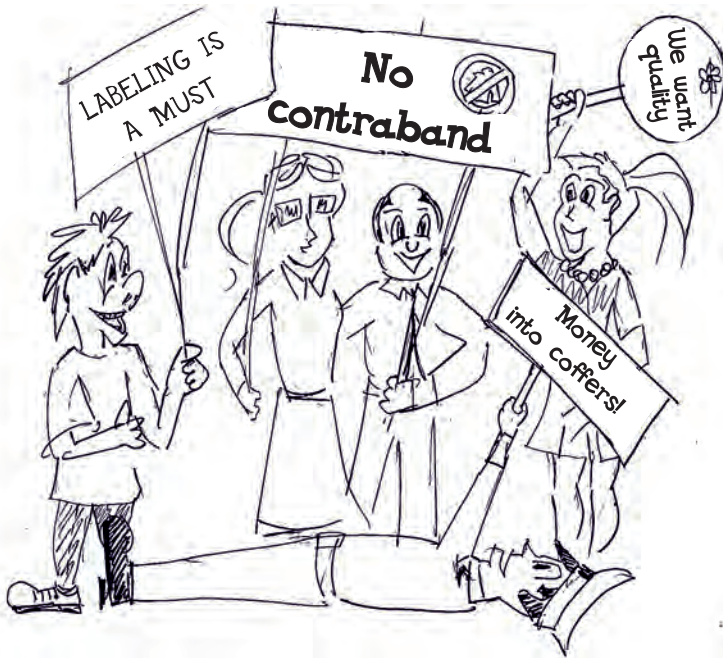
5. Checking the labeled products in issuing for domestic consumption



6. Monitoring the circulation of goods due for labeling



7. Checking by the consumer of the goods' legality



8. Product labeling system due to start operating in the Eurasian Economic Union in 2016

The expected effect of creating the System includes:

- Reduction of the share of “gray” goods in circulation both imported and manufactured on the territory of the member states.
- The growth of proceeds in the form of taxes, duties, and charges towards the member states' budget.
- Reduction of pressure from the “gray” imports on all the market operators: legitimate importers, local manufacturers, and retail trade networks.
- Protection of the manufacturers from the EAEU from unfair competition, protection of trade marks (brand names) of the goods manufacturers.
- Ousting from the market of counterfeit products, illicit clothing factories' products, and prevention of “diluting” the legal products with counterfeit substitutes even in big shopping centers.
- Enhancing the control of the legality of goods due for mandatory labeling in the countries of the EAEU.
- Enhanced control of the legality of the manufacture of goods due for mandatory labeling in the EAEU.
- Creation of a tool for stock checking and controlling the circulation of goods due for mandatory labeling manufactured or brought into the territory of the EAEU.
- The presence of markings on the goods shall confirm the legality of the goods for consumers. This will be a sort of a quality sign.
- Protection of the goods consumers against counterfeit products being sold on the territory of the EAEU.
- Simplified identification of goods for wholesale and retail business. Urging of automation of in-house accounting, reduced spending and labor input.