

Newsletter

The Russian Government has adopted rules for digital labeling of new products and order of access to labeling information

January 15, 2020

Dear Ladies and Gentlemen,

On January 07th, 2020, the Russian Government completed another stage of implementation of the Track & Trace digital-labeling system called "Chestny ZNAK" ("**T&T System**") by determining the labeling timelines and rules for selected products. Further, on the same date, the authorities published an order of accessing the information, on the turnover of the labeled products. These introductions were made together with the transfer of the deadline of the medications labeling and establishing the approximate date for implementing dairy products labeling, in the T&T System.

The T&T System: overview

The T&T System is a new Russian initiative providing for labeling of selected products with printed codes, or attached tags, that needed to be scanned on each stage of turnover of each product unit, from production to transferring of the product to consumers. According to the Russian authorities, the primary goal of the T&T System is anti-counterfeiting.

The T&T System is operated by the Center for Research in Perspective Technologies ("**CRPT**"), a public-private entity that also issues the codes for the labeling the products by

producers/importers. The information on transferring the products to the next market agent is uploaded to the T&T System, allowing tracking of each stage of the turnover of such products.

Currently, the T&T System applies to the sale of tobacco products, fur coats, footwear and partially to the medications voluntarily, or mandatory, depending on the stage of the labeling project.

Affected products and timelines

Generally, the introduction of digital labeling to products provides for three stages:

- (A) registration of a market agent in the T&T System;
- (B) prohibition of marketing of non-labeled products;
- (C) labeling of remaining inventory imported/produced before the complete prohibition of the marketing of non-labeled products.

Please see below the products concerned, with the indication of the newly adopted timelines for implementing the T&T System.

Product	Registration in the T&T System	Non-labeled sales deadline	Labeling of inventory
Light Industry (clothing and linen)	—	January 01, 2021	February 01, 2021
Medications ¹	—	July 01, 2020	—
Perfumes	March 31, 2020	October 01, 2020	September 30, 2021 ²
Photo cameras and flashbulbs	February 29, 2020	October 01, 2020	December 01, 2020
Tyres	—	December 15, 2020	March 01, 2021

¹ On October 01, 2019, started the mandatory labeling of the medications regarding the treatment of the following diseases: hemophilia, cystic fibrosis, pituitary dwarfism, Gaucher disease, lymphoid, hematopoietic and related tissues diseases, multiple sclerosis, mucopolysaccharidosis, and of organ and/or tissue transplantation individuals.

² The marketing of the non-labeled products produced/imported into Russia before October 01, 2020, is permitted before this date.

Labeling experiments

In addition to the introduction of the new digital labeling rules, the Russian Government decided to extend labeling experiments to new types of products. Based on the results of these experiments, they will adopt decisions on the necessity, feasibility and procedure for labeling of the following products:

- (A) dairy products;
- (B) wheelchairs;
- (C) bicycles.

Its preliminary decision is that the total ban on the turnover of the non-labeled, dairy products is going to come into force on December 01, 2020. The other products' labeling is still under consideration.

Access to the labeling information

On January 07, 2020, the Russian Government published the order of access to the labeling information uploaded to the T&T System ("**Access Order**") as well. The Access Order divides the applicants for such information into four categories with a different scope of rights. For more details, please the table below.

Applicant	Available information				
	Public information	Information on the subject's transactions	Information on the product's holder and quantity	Information on the market agents and goods	Statistical information
Market agent	✓	✓	✗	✗	✗
Registered in the T&T System producer	✓	✓	✓	✗	✗
Consumer	✓	✗	✗	✗	✗
Public body ³	✓	✓	✓	✓	✓

According to the annex to the Access Order, the public information to be made available for all parties includes:

- (A) information on the market agents;
- (B) information on the products, according to the Russian Classification of Product by Economic Activities, or Eurasian Economic Union ("**EAEU**") Customs Code, together with the standard labeling information under the Russian consumer-protection law;
- (C) information from the T&T System whether the product under concern was digitally labeled;
- (D) information regarding the legal framework of the digital labeling system in Russia;
- (E) other information listed in the specific labeling rules for each product.

The information will be provided to the applicant by the CRPT on a non-discriminatory and no-cost basis. At the same time, the Access Order forbids to use the received labeling information in the commercial interests of third parties, unless otherwise provided by law.

Our recommendations

Please be reminded that the digital labeling regulations target both Russian persons and branches of foreign companies and impose the obligation to affix digital codes, or tags. This means that the non-Russian producers, or market agents, do not have direct responsibility to register in the T&T System and label the products. However, this should be done by their Russian partners. We understand that many international companies delivering goods to Russia want to negotiate to participate in the

³ The public bodies may request the labeling information only in the framework of their supervision/control powers.

labeling project and fix the codes themselves, or by using the services of logistic companies.

Though the law defines the persons for whom the digital labeling requirements are mandatory, we recommend indicating the allocation of labeling responsibilities and the technical aspects

in contracts between non-Russian suppliers and Russian buyers. Otherwise, we see high risks that the Russian market agents will be held accountable for the turnover of the non-labeled products, that will be subject to seizure, in case of failure to comply with the new labeling requirements.

We hope that the information provided herein will be useful for you. If any of your colleagues would also like to receive our newsletters, please let us know by sending us his/her email address in response to this message. If you would like to learn more about our **Commercial Practice**, please let us know in reply to this email. We will be glad to provide you with our materials.

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If you have any questions, please, do not hesitate to contact ALRUD Partner



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Sincerely,
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