

Challenges in Land Transportation of Goods Between Russia and Finland in 2018

Viktorii Derzhavina

Bachelor's Thesis
Degree Programme in
International Business
2020



Author(s) Viktoria Derzhavina	
Degree programme International Business	
Report/thesis title Challenges in Land Transportation of Goods Between Russia and Finland in 2018	Number of pages and appendix pages 38 + 13
<p>This Bachelor's thesis discusses the challenges that could have affected the land transportation logistics between two chosen countries. The primary objective of the study was to identify the impact of the main logistics challenges on the transportation of cargo between Russia and Finland. The aim was thus to provide a list of challenges faced by the logistics companies in 2018 and the solutions that could help to overcome those challenges.</p> <p>The study includes a theory section and an empirical section that provides answers to the research and investigative questions of this thesis. The theory part discusses the regulatory documents that describe the rights and obligations of the parties together with the main details of cargo transportations. Moreover, there is a brief description and explanation of who is in charge of the transportation of loads, how the shipment contract should be concluded, the rules of international transportation and a list of documents necessary for the shipment of good across the Russian-Finnish border. The empirical section of the thesis focused on the challenges in land transportation between two specific countries during the year 2018. In order to achieve the objective of the thesis, qualitative and quantitative research was conducted. A questionnaire was distributed among 35 Finnish and Russian logistics companies and personal interviews were organized with four experts in the transportation field. The researcher received 20 responses, which resulted in a response rate of 57 percent. The study uncovered seven challenges that included instability of fuel costs, lack of supply chain visibility, impact of economic sanctions on the transportation of goods as well as the effect of the established Russian countermeasures, driver shortage, insufficiency of technological advancement in Russian customs and the consequences of the human factor involved.</p> <p>Finally, the interviewed experts proposed some solutions in order to overcome the identified challenges. However, most of the outcomes appeared to be long-term because the transportation logistics market could not be changed significantly over a one year period. Nonetheless, there were some proposals that can be developed straight away.</p>	
Keywords International transportation, land transportation, freight forwarder	

Table of contents

1	Introduction	1
1.1	Background	1
1.2	Research Questions	5
1.3	Demarcation	6
1.4	International Aspect.....	6
1.5	Benefits.....	6
1.6	Key Concepts	7
1.7	Risks and Risk Management.....	7
2	Introduction to International Transportation	8
2.1	Regulatory Documents for International Transportation.....	8
2.2	International Transportation Contract.....	9
2.3	Documents for the International Transportation	11
2.3.1	TIR Carnet.....	11
2.3.2	CMR	12
2.3.3	Transit Declaration T1	12
2.3.4	Export Declaration EX1	12
2.3.5	Import Declaration	13
2.3.6	Invoice	13
2.3.7	Packing List.....	13
2.3.8	Certificate of Origin.....	14
2.3.9	Entry permit	14
2.4	Incoterms.....	14
2.5	Freight Forwarder.....	16
2.6	Theory Overview	17
3	Research Methods and Data Collection	18
3.1	Qualitative and Quantitative Research Methods	18
3.2	Data Collection Tools	20
3.3	Phases of Data Collection	20
3.4	Data Collection Results	21
4	Findings and Analysis.....	22
4.1	Challenges in Land Transportation	22
4.2	Survey Results	23
4.3	Interview Results	27
5	Discussion	32
5.1	Conclusions.....	32
5.2	Recommendations.....	33
5.3	Limitations and Further Studies.....	34

5.4 Learning Process	35
References	36
Appendices	39
Appendix 1. TIR Carnet Example	39
Appendix 2. Invoice Example	40
Appendix 3. Packing List Example	42
Appendix 4. CMR Example.....	43
Appendix 5. International Contract Example	44
Appendix 6. Questionnaire (English version).....	50

1 Introduction

The goal of this chapter is to present the main purpose of the thesis to the reader. Research question, investigative questions and background to the topic will be represented. International aspect and key concepts will be defined. Also, demarcation of the topic will be explained together with the benefits of the thesis to the stakeholders. After this chapter, the reader will get a clear understanding of the choice of the specific theoretical framework and research methods of the thesis.

1.1 Background

Finland and Russia always had a good trading relationship. Nowadays, the trade situation changes slightly due to the sanctions and the effect of the other economic factors. But the countries still continue export and import the high variety of products to each other.

2018 was a year of growth for Finnish economy because of the advantageous financial conditions, productivity development and high demand for export. The increase reached a point of 2.9% in 2018 and it is predicted to rise thereafter by 2.2% in 2019 and by 1.7% in 2020 (Suomen Pankki Eurojärjestelmä).

The figure below indicates the growth of imports and exports in Finland and it can be seen that over the past few years those indicators present a stable increase.

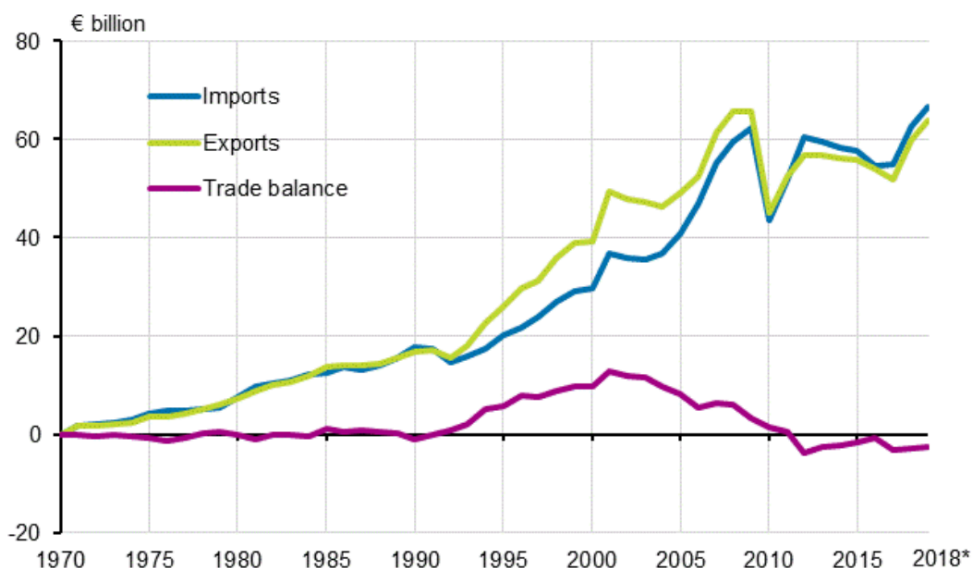


Figure 1. Finnish Exports, Imports and Trade Balance (Statistics Finland).

The main imported products in 2018 were from chemical industry and accounted 17.4% from total imports. Electric and electronics industry products with 14.3% are on the second

place. Then, products from mining and quarrying had a share of 12.9%, transport equipment represented 10.8%, machinery and equipment had 8.6% and other products calculated 36% of the total imports (Statistics Finland official website).

Furthermore, in 2018 Finland exported forest industry products that accounted 20.5% of the total exports. Chemical industry products were on the second place with the share of 19.3%. Next, metal and metal products established 15.5%. Then, machinery and equipment, electric and electronics industry products and other products indicated 12.8%, 11.7% and 20.2%, respectively (Statistics Finland).

In comparison, Russian economic growth continues after a slowdown in the end of 2017, supported by a high trade demand, mainly in manufacturing sector. The increase reached a peak of 3.1% in 2018, comparing with 2.4% which was observed during crisis in 2016. From the political point of view, there are still the risks of new trade tensions and tariffs from the USA and China (World Bank Group).

The highest exports in Russia in 2018 were in mineral fuels including oil and showed 52.9% of the total share of exports. On the second place were steel and iron with 5.2%, then, cereals with 2.3%, gems and precious metals with 2.2% and machinery and wood with the equal shares of 2% each (World's Top Exports).

The greatest number of Russian imports in 2018 was 18.3% of total imports share in the machinery industry. Electrical machinery and equipment was on the second place with 12.6% of the total share. Then, there were vehicles with 9.9%, pharmaceuticals with 4.4%, plastics and plastic articles with 4.1%. Finally, optical, medical and technical apparatus accounted for 2.8% of the total share of Russian imports (World's Top Exports).

The figure below represents the main trading partners of Finland in the year 2018. It shows that Russia is the third biggest market for Finland after Germany and Sweden. However, Russia has the highest share of imports among other Finnish trade partners. In comparison, it is on the seventh place in exports, following after Germany, Sweden, Netherlands, USA, China and United Kingdom. Other represented countries have rather similar numbers for imports and exports.

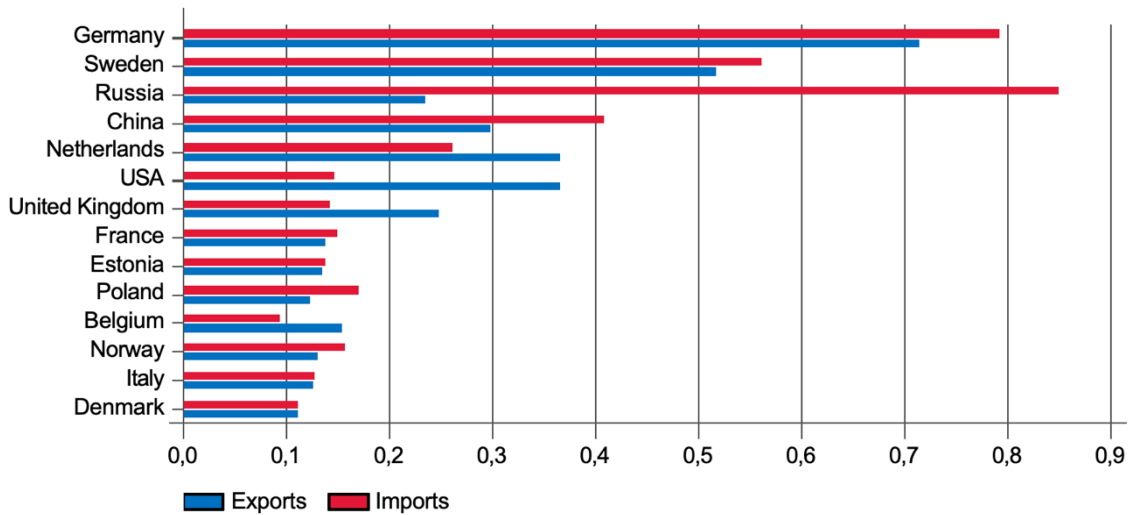


Figure 2. Foreign Trade by Countries 2018 (Tulli 2018).

The figure below shows the main product categories which are exported to Russia. The chart shows that the industrial machinery has the highest number of 24.1% in the total exports share and showed an increase of 13% comparing with the last year. Next, the exports of chemicals also increased by 2%, wood and paper manufactures grew by 3%. On the other hand, there are some categories, that declined significantly from the year 2017. For example, the share of total exports of electric machinery and equipment dropped by 22%. The amount of exported petroleum and products reached a share of 5.6% which is 15% lower than in the previous year. Additionally, the shares of food and instruments and apparatuses declined by 7% and 5%, respectively.

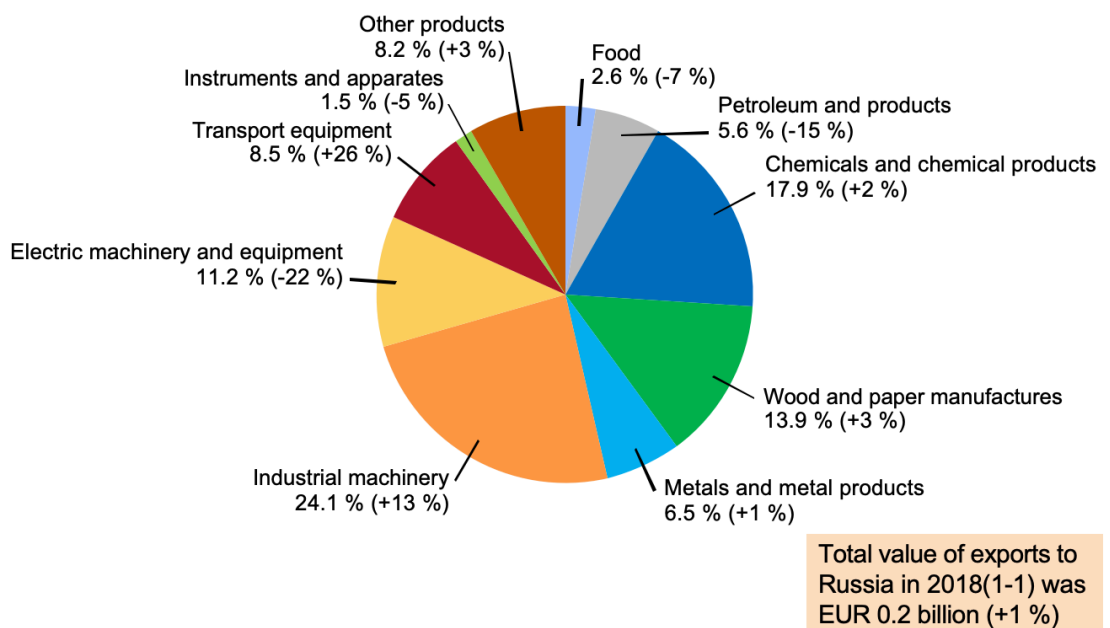


Figure 3. Exports to Russia by Products 2018 (Tulli 2018).

The figure below displays the products categories which were imported from Russia in 2018. It shows that more than the half (57%) of the total share of imports represented by the import of petroleum and products. The number is 3% higher than in 2017. Also, there is an increase by 61% in the shares of other products, by 16% in chemicals industry and by 3% in gas industry. However, there are also imports share declines represented. The share of metal industry decreased by 77%. The proportion of coal reached 2.3% which is 16% lower comparing with the previous year 2017. Also, the percentage of wood industry fell by 6% in 2018 and electric current – by 3% in 2018.

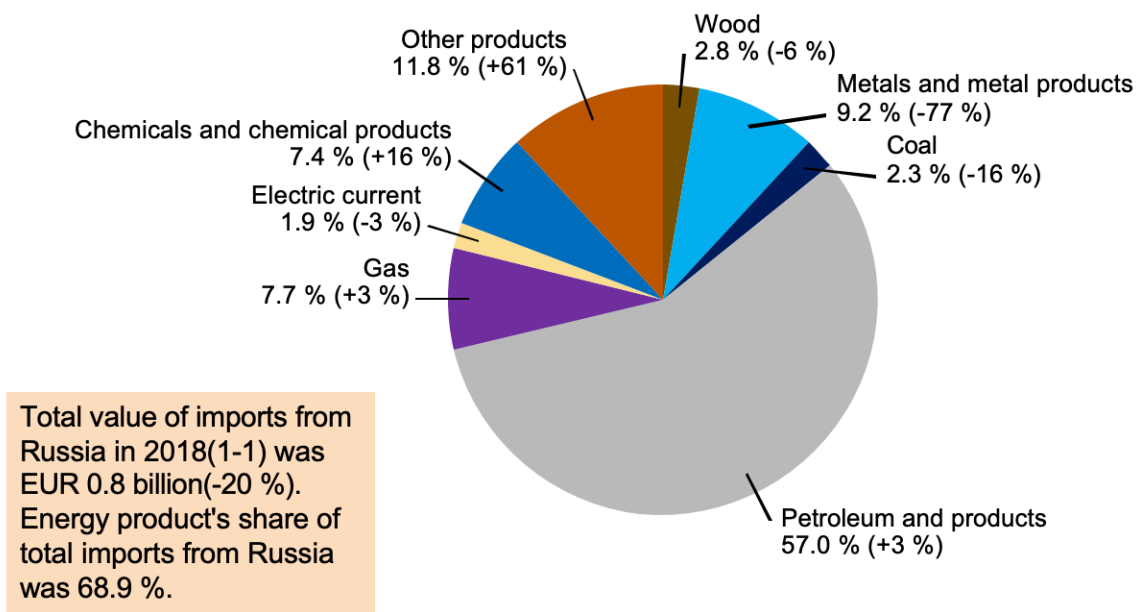


Figure 4. Imports from Russia by Product Groups 2018 (Tulli 2018).

In conclusion, the overall value of exports to Russia increased by 1% comparing to 2017 and reached EUR 0.2 billion. The total value of imports decreased by 20% and was evaluated to be EUR 0.8 billion (Tulli 2018). Despite all the fluctuations in imports and exports between Russia and Finland, those countries still remain important trade partners to each other. Thus, Russian-Finnish market is in need of the logistic alternatives in order to be able to fulfil the needs. There is a variety of the ways to deliver products from one country to another, but some of them are more suitable than the others in terms of costs, delivery time, distances and customs clearance. Thereby, the correct choice of the transportation mode is able to make transportation of goods between Russia and Finland faster and more convenient.

This thesis gives the author possibility to show her skills and knowledge in Supply Chain

Management (SCM) and Logistics field. Also, there is a chance for her to get some experience from the communication with companies for her future career.

1.2 Research Questions

The objective of this thesis is to identify possible difficulties for companies that could have arisen in transportation of goods between Russia and Finland in the year 2018.

The research question of the thesis can be worded as What were the challenges in land transportation of goods between Russia and Finland in 2018?

Research question is divided into investigative questions as follows:

IQ1. What issues could arise in land transportation?

IQ2. What challenges international transportation of goods between Russia and Finland could cause in 2018?

IQ3. How can companies overcome challenges in international transportation of goods between Russia and Finland?

The table below presents the theoretical framework, project management methods and outcomes for each project task.

Table 1. Overlay matrix

Investigative question	Theoretical Framework	Research Methods	Results
IQ1. What issues could arise in land transportation?	Existing articles, reports	Desktop research	Challenges in cargo transportation
IQ2. What challenges international transportation of goods between Russia and Finland could cause in 2018?	Interviews and surveys	Qualitative and quantitative	Challenges in transportation of goods between Russia and Finland 2018
IQ3. How companies can overcome challenges in international transportation of goods between Russia and Finland?	Existing articles, reports and interviews	Qualitative, desktop research	Solutions

1.3 Demarcation

Demarcation of the thesis was made according to the specific criteria. First, one possible way of transporting goods was chosen, which is land transportation. Because it is the most common way to deliver products from Finland to Russia and vice versa. Secondly, this thesis will describe specifically trade relationship between two chosen countries in order to eliminate unnecessary customs procedures that differs from country to country. Thirdly, Russian-Finnish trade relationship was chosen due to the fact that Russia in the third biggest trade partner for Finland. Both imports and exports from the EU to Russia and vice versa were elected. Moreover, the author of the thesis is able to get access to the country information on her mother tongue. Finally, the thesis will be focused on challenges, that might be faced during land transportation.

Demarcation in this thesis was done in order to limit the amount of studied and researched information. Moreover, with the help of demarcation the author will be able to give clear answers to the investigative questions and research question, which will not contain any unnecessary details.

1.4 International Aspect

The thesis contains a clear international aspect, since it looks into international trade relationship. There will be companies from both Finnish and Russian sides participating in research. Moreover, the final results of the research could benefit companies from both countries.

1.5 Benefits

Companies, which are taking part in transportation of goods between Russia and Finland, could benefit from the results of the research. Large companies might already have an understanding of possible difficulties while delivering good from one country to another, but it may be different situation with smaller sized businesses. Thus, for small-scale companies it could be more beneficial to know what issues may arise during product transportation between Russia and Finland. Moreover, ways of avoiding potential challenges might be an area of interest as well.

Additionally, this specific topic could benefit to the companies, which would like to internationalize and start new trading relationship with some companies from abroad. With the help of this thesis those companies will get a deeper understanding of how the process of international transportation works.

Finally, the thesis will provide the author with wider range of knowledge in SCM and Logistics sphere. Since the topic is strongly related to the working life, it might be beneficial to the author in the future career and work placement. Moreover, it could provide with some useful contacts.

1.6 Key Concepts

Freight forwarder provides different kinds of services transported by one or more transportation and has such responsibilities as goods transportation, loading, storing, handling, packing, distribution related services, advisory services (Logistiikan Maailma 2018).

International transportation is a transportation of goods or passengers according to the international agreement using various modes of transport, where points of departure and arrival are located on the territory of different countries, as well as transit transportations (Sergueyev 2004, 303).

Land transportation is a transportation of goods or people using roads or rails (European Environment Agency 2018).

1.7 Risks and Risk Management

There is a possibility that the author to get not enough answers for the survey part of the research. That is why additional interviews were added in order to get more detailed answers and explanations, if needed, from the representatives of the companies. Otherwise, the thesis topic does not seem to be risky.

2 Introduction to International Transportation

This chapter will include theoretical framework which was used to study the topic. It will explain all the aspects of the international transportation such as international contract, documents that are necessary for the transportation of goods across the international border and special rules that control every shipping. Additionally, the functions of freight forwarders will be described. In the end of this chapter the reader will get the whole picture of the international transportation and how it can be organized.

2.1 Regulatory Documents for International Transportation

All international transportations are regulated by a set of documents which were established throughout the years. There are five major conventions which control each and every shipping. The first is the Convention on the Contract for the International Carriage of Goods signed in Geneva in 1956. It describes the basic right and obligations of the parties. This convention determines the application area, the conclusion and fulfillment of the agreement for the international transportation and the arbitration. The contract between the parties could not be valid if there are any deviations from the clauses of the convention. (United Nations.)

The next document is the International Convention for the Unification of Certain Rules of Bill of Lading established in 1924 in Brussels. It explains the areas of the responsibilities of the parties in case of losses and damages of the transported goods. Additionally, the convention designates the amounts of fines if to be paid, the currency of payment and force majeure events when parties are not able to claim for any financial reimbursement. (Laws, Codes and Legal Acts of the Russian Federation.) However, the convention regulates mostly maritime carriages.

Another document is the Convention for the Unification of Certain Rules Relating to International Air Transport from 1929 Warsaw. It is a set of rules specially for the air transportation of goods. As well as the Convention on the Contract for the International Carriage of Goods, Air Transport convention establishes a set of rights and obligations for the carrier, transportation documents, additional acts about combined transportation with different transportation modes. (Electronic Fund of Legal and Regulatory Technical Documentation part 1.)

The fourth regulatory document is the United Nations Convention on International Multimodal Transport of Goods signed in Geneva in 1980. It includes the rules and regulations for all transportation modes and indicates the specifications for the carriages that include

the usage of two or more different modes of transport (Electronic Fund of Legal and Regulatory Technical Documentation part 2). The United Nations Convention on International Multimodal Transport of Goods convention can be called a unification of all previous conventions.

The final document is Customs Convention on the International Carriage of Goods by TIR Carnet from 1975. Nowadays, the unique international TIR regime for road transportation authorizes the delivery of the cargo between the customs of the countries of departure and destination excluding the payment of any fees and additional inspections at the borders of transit countries which are the part of the TIR Carnet Convention. Such measures significantly rise the efficiency of export-import operations and support the development of trade between countries-participants of the convention by simplifying borderline and customs formalities in the field of the international road transportation. (Ministry of Foreign Affairs of the Russian Federation.)

2.2 International Transportation Contract

International Transportation Contract is the most important document in international transportation. It describes all the nuances and provides the full information about the cargo delivery. The contract is usually made in two languages of the parties. However, if both parties speak the international English language and are ready to collaborate on it, the contract can be in English also. In Russian-Finnish case there are three possible options. The first one is the contract in Russian and Finnish languages. The other two options relate to the companies that know English language. The contract in this case can be either Russian-English or Finnish-English. Every successful contract has to include a specific set of parts that give a clear image of the fact of cargo transportation. (Sergueyev 2004, 375.)

First, the contract has to state who are the “Seller” and the “Buyer” in the international transportation. Companies have to specify their full names and representatives who are responsible for the deal. The next part is the object and volume of the delivery. The full description, price and quantity of the goods can be presented separately as the supplements to the contract, but the parties have to indicate the subjects that are defined as “Goods” in the contract. (Sergueyev 2004, 375.)

Then, prices and total sum of the contract has to be stated. In this part parties describe the components of the costs for the goods, the total sum of the contract and attach the supplements with the detailed description of the prices for the all transported products. (Sergueyev 2004, 375.)

The third part has to show the basis of delivery which is Incoterms. Incoterms are the various rules that explain how exactly the cargo will be delivered and who is responsible for the delivery. Next, time and terms of the goods shipment describes when the cargo will be delivered to the buyer, under which terms and conditions the shipment will be conducted and what documents will accompany the delivery and will be provided to the buyer. (Sergueyev 2004, 375.)

The next section should be about packing and marking. It usually describes how the goods will be packed and what will be in the packing list. For example, packing list might include the country of origin of the goods, order number, net and gross weight, consignee, contract number and the place of destination. (Sergueyev 2004, 375.)

The sixth part is terms of payment. It shows the agreed order of the payment for the goods. For example, the "Buyer" can pay in two equal parts and the second payment should be done during the specific stated period after the "Buyer" gets the notification from the "Seller" about readiness of the goods for loading. (Auto Right Protection.)

The next part is warranty. Here the warranty period of the goods is indicated, warranty and non-warranty cases are described. Also, this part decides who is responsible for the shipment of the goods according to the warranty cases and during what period the delivery can take place. (Sergueyev 2004, 376.)

The eighth part explains the responsibilities of the parties and states what are the fines in case any of the party violates its responsibilities. As an example, if the "Seller" violates the delivery term and conditions, the "Buyer" can request for the financial penalty at a rate of the specific percentage from the total sum of the contract. The "Seller" has the same right in case the "Buyer" on its turn violates the payment conditions. (Auto Right Protection.)

The next part, which is force majeure circumstances, describes the situation when the parties are not responsible for non-fulfilment of the contract obligations if the consequences of force majeure are the circumstances in the country of the "Seller" or the "Buyer". For example, the obligations could not be fulfilled due to the natural calamities, military operations of any kind, strikes or blockades, prohibitions of export or import by corresponding state bodies. Moreover, this part states the measures that have to be taken by the parties in order to resolve the situation. (Sergueyev 2004, 376.)

Then, the following part is arbitration which explains how all the disputes and disagreements, which may arise out of the contract, should be discussed. Additionally, the governing law of the contract is indicated. In case the parties will not be able to negotiate the existing disagreements, the dispute will be referred to and resolved by the arbitration. (Sergueyev 2004, 376.)

In the final part the parties can include other clauses which were not included in the body of the contract. For example, all the adjustments and alternations of the contract are valid only in case of their accomplishment in writing and signed by the authorized representatives of the parties. Moreover, this part can indicate when the contract comes into force, number of pages, number of supplements, number of copies and the languages of the contract. (Sergueyev 2004, 376.)

Finally, in the very end of the contract the parties have to specify the full legal addresses and detailed information about bank accounts where the payment for the goods have to be transferred. All copies of the contract have to be signed by both parties, which means that both sides agree with the responsibilities and are ready to fulfil them. (Sergueyev 2004, 376.)

2.3 Documents for the International Transportation

There is a specific set of documents necessary to transfer good from Finland to Russia and vice versa. It can include up to 8 different documents that have to be carefully filled and provided for the customs.

2.3.1 TIR Carnet

TIR (or TIR Carnet) is one of the most important documents in the international road transportation of cargo. It was designed to simplify and make faster borderline and customs formalities. TIR document is valid only on the territory of the countries that signed the Customs Convention on the International Carriage of Goods by TIR Carnet. According to the convention, the cargo transported under TIR could be carried through the border and customs without any additional fees and inspections. TIR Carnet has four copies, one of which has to be left at the customs. The presence of TIR document guarantees that the cargo is transported in accordance with the rules of the international road transportation and the customs duties will be paid in the amount up to EUR 60.000. However, while transporting expensive goods, the amount of customs duties is usually higher than EUR 60,000. In this case TIR Carnet is not the right document. (VDNK Shipping Company.)

In 2013, the Federal Customs Service of the Russian Federation indicated that the TIR was no longer a guarantee for the payment of the customs duties, especially for import. Nowadays, customs require such documents as a guarantee certificate, a bank guarantee, a certificate of a customs carrier or customs escort in addition to the TIR Carnet. (VDNK Shipping Company.)

2.3.2 CMR

The international consignment note or CMR, as well as TIR, is the most important document in international transportation. The CMR is counted as the evidence of international road cargo transportation executed under the Convention on the Contract for the International Carriage of Goods. CMR includes all the information about the international transportation and is counted as a contract of the international carriage of goods, according to the clause № 4 of the Convention. (VDNK Shipping Company.)

CMR should consist of three copies: the first to the sender, the second to the carrier, and the third to the recipient. More CMR copies are advised to be done in case the customs will want to keep one. The CMR document includes all the information from invoices, packing lists, export and transit declarations, TIR Carnets and various certificates. It is important to remember that the data from CMR should totally match to the data from the original documents. (VDNK Shipping Company.)

2.3.3 Transit Declaration T1

T1 is a customs financial guarantee. T1 is used for the cargo that crosses the European Union in transit or guarantees the delivery of the cargo from the EU border to a customs warehouse or domestic customs and vice versa. (VDNK Shipping Company.)

T1 is issued by a customs agent in a favour of the European Union customs authorities and ensures the payment of all necessary customs fees to the EU budget. Transit Declaration can be used as an alternative to the Carnet TIR system and is issued on the basis of an invoice, packing list and power of attorney from the sender. (VDNK Shipping Company.)

2.3.4 Export Declaration EX1

The export declaration is a document that is executed only for the goods that are produced or sold from the countries of European Union, which helps to control the volumes of EU exports. EX1 has to be registered at the customs of the departure. In order to have a right of the return or not to pay the VAT, that is established inside the European Union, the

seller of the goods should present EX1 with the customs stamp on it, which confirms that the goods were exported outside the EU territory. (VDNK Shipping Company.)

The Export Declaration has to be included into the package of documents, which accompany the shipment of the goods produced in EU from the seller's warehouse inside the EU to the places of destination outside the EU countries. The EX1 is issued by the party, which has special authorities to do so. Such party may include the supplier, the agent of the supplier or freight forwarder. (VDNK Shipping Company.)

2.3.5 Import Declaration

The import declaration is a document that is issued for the goods that are produced or sold outside of the European Union and are imported to the EU countries. In case of the import, VAT and customs fees have to be paid. (VDNK Shipping Company.)

In order to issue the import declaration, the commercial or pro forma invoice is needed. Also, commodity code and additional codes are necessary. Next, authorisations, licences or surveillance documents required by restrictions are essential. Finally, certificate of origin should be provided as well. The import declaration can be issued by the importer or by the agent or broker acting on behalf of the importer. (Tulli 2018.)

2.3.6 Invoice

Invoice is a commercial document, which indicates the deal between the buyer and the seller. Invoice includes the name of the goods, the quantity of items transported with the unit price and the total amount to be paid for the cargo. Also, the date of issue, invoice number, names and details of the buyer and seller have to be added. If there are any taxes for the goods, they have to be specified separately. Additionally, the terms of the contract, terms and methods of payment and shipment can be allocated in the invoice. Invoice is one of the documents that is carefully examined by the customs and can be a key to the fast crossing of the border. (VDNK Shipping Company.)

2.3.7 Packing List

The packing list almost always duplicates the information from the invoice. However, besides the information about the sender, the receiver and the name of the cargo the packing list includes the weight characteristics of the goods and packages, the volumes and information about the ways of cargo packaging. There is one main difference of the packing list from the invoice. It is missing such details as the unit price and the total amount to be paid for the cargo. The packing list is very convenient since with the provided data it

becomes easy to calculate the cargo space and check the integrity. (VDNK Shipping Company.)

2.3.8 Certificate of Origin

The certificate of origin of the goods is a standard form of the document, that provides the description of the goods and includes the confirmation from the state body of the country that the goods mentioned in the certificate are produced or processed in the country on whose behalf the state body is acting. Certificate of origin is usually issued by the Chamber of Commerce of the country where the products are manufactured to the supplier. It is presented only in case the customs clearance of goods requires the confirmation of its country of origin. The country has no right to issue the certificate of origin for the goods which were produced in the other country. (VDNK Shipping Company.)

2.3.9 Entry permit

Entry permit is a document issued by the Ministry of Transport of the country to which the truck with cargo is being sent. Each entry permit has a special number and closes by the customs during the process of border crossing, which excludes the possibility to reuse it. There are different kinds of entry permits. Some allow the transit of the cargo in and out of the country of issue, loading and unloading of the goods. Some allow only transit inside the country of issue, others permit only loading and unloading. (VDNK Shipping Company.)

2.4 Incoterms

The Incoterms or International Commercial Terms are the set of rules that show the transfer of responsibilities and obligations between the parties. The first Incoterms were established in 1936 by the International Chamber of Commerce. In order to keep Commercial Terms connected to the modern trade trends, they have been reviewed for every 10 years from 1980. (International Chamber of Commerce.)

Nowadays, Incoterms 2010 is commonly used. There are eleven rules in total. Seven of them can be used for every mode of transport, the rest relate to the sea and inland water transportation specifically.

The first rule is EXW or Ex Works. In this case the seller delivers the goods when they are placed at the disposal of the buyer at the seller's accommodation or another named place, which is factory or warehouse. The seller does not need to load the goods to the vehicle or clear them for export. (International Chamber of Commerce.)

The next rule is FCA or Free Carrier. According to FCA, the seller delivers the goods to the carrier or another person specified by the buyer at the seller's accommodation or another named place. It is advised to indicate the place as clearly as possible since all the risks are passed to the buyer at that place. (International Chamber of Commerce.)

The third term is CPT or Carrier Paid To. The seller has to deliver the goods to the carrier or another person specified by the buyer to the agreed place. Moreover, the seller is obliged to pay all the costs that are connected with the delivery of the goods to the place of destination. (International Chamber of Commerce.)

Another rule is CIP or Carrier and Insurance Paid To. This Incoterm repeats the CPT rule. However, it has one additional condition. Besides the payment of the costs of the delivery, the seller must contract for the insurance cover for the loss or damage of the goods during the carriage. The insurance sum must not be lower than the minimum cost of the goods. (International Chamber of Commerce.)

The fifth rule is DAT or Deliver at Terminal. The seller delivers the goods to the terminal and unload them from the arriving transport. The risks pass to the buyer as soon the goods are placed at its disposal at the terminal, port or other agreed place of destination. The seller carries all the risks connected with the transportation and unloading of the goods. The "Terminal" could mean warehouse, quay, container yard and road, rail or air cargo terminal. (International Chamber of Commerce.)

Then, there is DAP or Deliver at Place rule. The seller delivers the goods to the named place, and they are placed at the disposal of the buyer ready to be unloaded from the arriving mean of transport. The seller also bears the risks connected to the delivery of the goods to the named place. (International Chamber of Commerce.)

Moreover, there is DDP or Delivered Duty Paid Incoterm. The seller delivers the goods when they are placed at the disposal of the buyer at the named place on the vehicle ready to be unloaded. However, the seller bears all the risks for the goods delivery and is obliged to pay all the customs fees, clear the goods for export or import and carry out all the customs formalities. (International Chamber of Commerce.)

Finally, there is Delivered at Place Unloaded or DPU Incoterm, which was established in the end of 2019 and took an effect from the beginning of 2020. The seller delivers the goods at the disposal of the buyer by placing them at the agreed terminal discharged from

the delivery vehicle. The seller is obliged to pay all the costs and has to bear all damage or loss risks until the delivery. Also, the seller is responsible for the export customs clearance and transit of the goods between the countries before the delivery. The buyer should take care of the import formalities. (Logistiikan Maailma 2020.)

There are also Free Alongside Ship, Free on Board, Cost and Freight and Cost, Insurance and Freight Incoterms. They are used specifically for the water transportations and are not applicable to the other transportation modes.

2.5 Freight Forwarder

Freight forwarder is a person or a company that provides different kinds of services transported by one or more transportation and has such responsibilities as goods transportation, loading, storing, handling, packing, distribution related services, advisory services (Logistiikan Maailma 2018).

The freight forwarder is an agent between a person or a company and various transportation services that are moving goods by land, air or sea. It uses already established relationships with the carriers in order to reach the best prices for the clients, the fastest possible routes and the highest reliability. The freight forwarders are always aware of the transport laws and regulations of different countries, all the necessary documentation involved into the international transportation and the market of the shipping companies. (Universal Cargo Shipping Company.)

The freight forwarders provide a variety of services in order to make the transportation easy for the customers. First, they have consulting services, that include marketing researches of the transport markets, consultations of the clients with the goal of the creation of the transportation contract, identification of the most rational route of delivery, modes of transport and suitable carrier. Additionally, freight forwarders calculate the cost and the possible date of the delivery. (Koroleva & Cherepanov 2004, 11.)

The other functions are the organization and registration of the transportations. They include conclusion of the contracts between the parties, sending the applications to the carriers, agreement on the dates of the transport arrival and delivery of the goods. Moreover, the obligation of the freight forwarders is to prepare all the necessary documentation for the parties. The insurance agreement for the goods is also done by the forwarders. (Koroleva & Cherepanov 2004, 12.)

Furthermore, forwarding agents have to prepare the cargo to the transportation, which includes packing, marking and distributions between the containers. Among the other procedures, freight forwarder transfer goods from the seller to the carrier and then to the buyer, are in charge of the loading and unloading operations and warehouse activities. They also are engaged into arbitration, in case such situations occur. (Koroleva & Cherepanov 2004, 13.)

Finally, the most important function is customs clearance. The freight forwarders have to prepare and fill all the customs declarations, exports or imports licences, certificates of the quality and origin of the goods, sanitary, veterinary and quarantine certificates, if those are necessary. Sometimes, freight forwarding companies might also pay all the customs duties, taxes and other fees. (Koroleva & Cherepanov 2004, 13.)

2.6 Theory Overview

The transportation process is a demanding and complex procedure. It is strictly regulated with the contract, which is concluded between the parties, and the agreements made between the trading countries. Additionally, it should follow all the prescribed rules and conditions agreed and indicated in the contract. For example, the freight forwarding companies have to operate under the Incoterm rules and know their rights and obligations. The transported cargo should be supported with all the prescribed documents prepared in the right order.

3 Research Methods and Data Collection

The following chapter focuses on the research methods used by the author of the thesis. The target of the study was to identify the amount and nature of the challenges in land transportation of goods between Russia and Finland. The objective of the research was based on the understanding of the main issues, that can arise during land transportation. Then, the collected data was supposed to be narrowed down to the specific countries, in the case of the author – to Russia and Finland, and the specific year 2018. Qualitative and quantitative methods were chosen to fulfil the research in order to get the deeper understanding of the land transportation issues. Survey and interviews were conducted for the purpose of collection the necessary data. Additionally, the author did the desktop research, which gave her the overall description of the transportation logistics industry in general and the trade relationship between Russia and Finland in particular.

3.1 Qualitative and Quantitative Research Methods

For the following thesis both qualitative and quantitative research methods were chosen. There is no quantitative data available on the topic of challenges in land transportation of goods between Russia and Finland in 2018. For that reason, the author of the thesis chose primary quantitative research method, which consists in the development of the questionnaire form and the distribution of it among the target audience. In case of the author, among logistic companies which transport various types of cargo between Russia and Finland.

Quantitative method gave the possibility to the author to analyze the large amount of the information received from the target segment and identify the main trends and possibilities of the year 2018. Quantitative method is suitable for the research on the chosen topic because the results of the survey are based on the massive pattern size (USC Libraries). Additionally, the questionnaire has clearly defined questions with the given answers provided by the author (USC Libraries). Moreover, all the aspects of the research are carefully planned and designed in advance and final data can be interpreted in the form of tables and charts (USC Libraries).

On the other hand, qualitative research method allows gathering more specific information and involves direct interaction between the researcher and the study participant. (Qualitative Research Methods Overview). For the following thesis interview was elaborated as an alternative research method. The participants of the interview had the opportunity to provide the researcher with the broader details, than during the quantitative research. From the interviews, the author had been able to receive more detailed information on the thesis

topic. The study participants could respond in their own words which allows the responses to be more complex, than short answers in the questionnaire from the quantitative research method (Qualitative Research Methods Overview).

The table below represents the main differences between quantitative and qualitative research methods.

Table 2. Comparison of quantitative and qualitative research approaches (Qualitative Research Methods Overview).

	Quantitative	Qualitative
General framework	<p>Seek to confirm hypotheses about phenomena</p> <p>Instruments use more rigid style of eliciting and categorizing responses to questions</p> <p>Use highly structured methods such as questionnaires, surveys, and structured observation</p>	<p>Seek to explore phenomena</p> <p>Instruments use more flexible, iterative style of eliciting and categorizing responses to questions</p> <p>Use semi-structured methods such as in-depth interviews, focus groups, and participant observation</p>
Analytical objectives	<p>To quantify variation</p> <p>To predict causal relationships</p> <p>To describe characteristics of a population</p>	<p>To describe variation</p> <p>To describe and explain relationships</p> <p>To describe individual experiences</p> <p>To describe group norms</p>
Question format	Closed-ended	Open-ended
Data format	Numerical (obtained by assigning numerical values to responses)	Textual (obtained from audiotapes, videotapes, and field notes)
Flexibility in study design	<p>Study design is stable from beginning to end</p> <p>Participant responses do not influence or determine how and which questions researchers ask next</p> <p>Study design is subject to statistical assumptions and conditions</p>	<p>Some aspects of the study are flexible (for example, the addition, exclusion, or wording of particular interview questions)</p> <p>Participant responses affect how and which questions researchers ask next</p> <p>Study design is iterative, that is, data collection and research questions are adjusted according to what is learned</p>

3.2 Data Collection Tools

There are different data collection tools which were used through the research. The first tool was online survey designed in two languages with Google Forms. It was the easy way to create and deliver the questionnaire to the potential audience via emails available on the websites of the companies. Moreover, survey can be answered quickly and does not require much time. Russian and English languages were used because the survey was distributed among Russian and Finnish logistics companies. The data collection from the questionnaire continued for 3 weeks. The survey was focused on the year 2018.

Second tool is face-to-face interviews. The advantage of interview is that it gives the person, who conducts an interview, an opportunity to receive more detailed information on the topic. Moreover, unclear moments can be clarified straight away. However, interviews are more difficult to conduct because company representatives are not always available for the researcher. Due to occupation of the logistics specialists, the interviews were conducted with four representatives and lasted for around 30 minutes each and the participants were from Russia and Finland. Interviews were focused on 2018.

3.3 Phases of Data Collection

In this thesis survey was made as the first phase of data collection. There was a specific time limit of 3 weeks for the survey to be accessible. Next, there was a phase of structured face-to-face interviews, in order to enlarge already collected data with more detailed information. Also, interviews were chosen as an alternative in case the data collected by survey would have been limited. The interview phase took place after the data collection from the questionnaire was completed.

The figure 5 below indicates respondents, data collection and analysis methods and relationship with investigative questions.

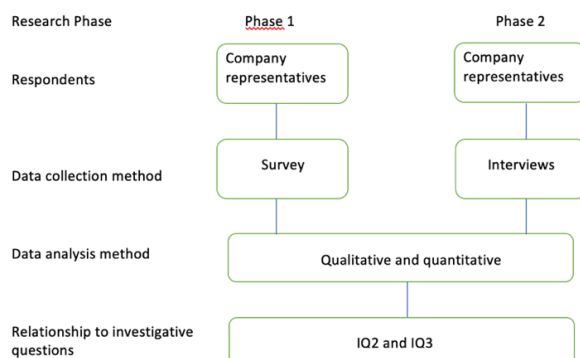


Figure 5. Research Design

3.4 Data Collection Results

The results from quantitative method research, which were gathered from the questionnaire form, were indicated as the tables, bars and charts, which had provided a possibility to analyse the gathered data carefully. For that purpose, survey results were transported to Microsoft Excel, where the author could create the necessary data interpretation forms. The questionnaire was sent to 35 logistics companies located in Russia and Finland. The researcher managed to get 20 responses, which resulted in a response rate of 57 percent. The research took place in spring of 2019.

The results from the qualitative method research were captured in handwriting. The findings were deeply described by the author and some data was interpreted as tables, in order to combine all the received answers from the company representatives into the logically structured form. The interviews were conducted during the summer of 2019.

4 Findings and Analysis

This chapter will provide the results of the conducted research. First, the author will represent findings from the desk top study and give the answer to the first investigative question, which is about the issues that could arise during land transportation. Next, the results from the survey and interviews will be displayed and interpreted. The gathered information will give an answer to the second investigative question: What challenges international transportation of goods between Russia and Finland could cause in 2018? In conclusion, advices on the third and last investigative question on how companies can overcome challenges in international transportation of goods between Russia and Finland will be extracted from the results of the interviews with the company representatives.

4.1 Challenges in Land Transportation

There are several challenges that logistics companies could have been facing. The first and the major issue in logistics market is the fuel costs. Since transportation depends directly on the petrol prices, the increase of those causes the raise of the total transportation costs, which decreases the profit share of the freight forwarding companies in general and compels the firms to reconsider rate strategies. (Logistics management online journal.)

Next, there is an issue with customer service. Nowadays, supply chain has become more complex and thus, customer expectations have changed in terms of delivery times and quality of the provided logistics services. Companies have to choose freight forwarders that have the right set of skills and attitude and could be able to help the firms in logistics management and growth in the competitive atmosphere. (Logistics management online journal.)

The third challenge in land transportation is supply chain visibility. Companies have to make their operations fully visible for the customers in order to reach accurate on time deliveries in every conducted shipment. The cargo should be tracked to assure that they are following the right route and delivery schedule. In case of any breakdowns throughout the process, the customer should receive the notification so that necessary action could be taken to eliminate them. Additionally, the warehouse work flow should be visible for customers as well. Hence, the client could be ensured that the shipment was delivered to the warehouse according to the promised timetable, stored in accordance with the given instructions and collected on time. (Logistics management online journal.)

The fourth issue that could cause an effect on the demand of freight forwarding services is impact of the economy. It could be affected by such factors as political instability, recession of the manufacturing performance, unstable demand for the specific product and service range. (Logistics management online journal.) For example, in 2018 the logistics market was influenced by the economic sanctions established by the US and the EU against Russia, that affected the trade between Russia and Finland in particular (Logistics industry portal of Russia).

Moreover, driver shortage could be named among the most significant challenges in land transportation of goods. Fewer people are interested in the profession and fewer people are able to enter it because of the age and lack of professionalism. (EU Road Transport Platform.) Also, since transportation costs are rising partly because of the increase in fuel prices some companies are cutting their expenses for man power salaries, which makes people to look for the other alternative positions (Logistics industry portal of Russia).

Furthermore, government regulations also have a significant effect on the international transportation market. There are products for which different governmental departments and commissions should give specific kinds of permissions and approvals. In addition, the zoning permit laws and taxation established by the countries are affecting international logistics market as well as the domestic one. (Logistics management online journal.)

Finally, technology advancement is one of the important issues in land transportation. Customs clearance system is not perfectly developed in every country. It takes time to upload all the necessary documents, process them and finalize the procedures, so that some delays in crossing the borders could be caused, which prevents the cargo from on time deliveries and decreases the customer satisfaction level. (Logistics industry portal of Russia.)

4.2 Survey Results

The survey consisted of eight questions and was distributed among the company representatives via emails. The questionnaire was kept available for the period of three weeks. The researcher managed to receive responses from twenty companies.

The first question was about the length of operations. In other words, it was about the experience companies have in the logistics business field. The figure below (figure 6) shows that there were 2 companies with less than 5 years of experience. Equally, only 2 companies were working from 8 to 10 years. Next, 6 companies were operating from 5 to 8

years. Finally, the half of the participant companies had an experience in logistics for more than 10 years.

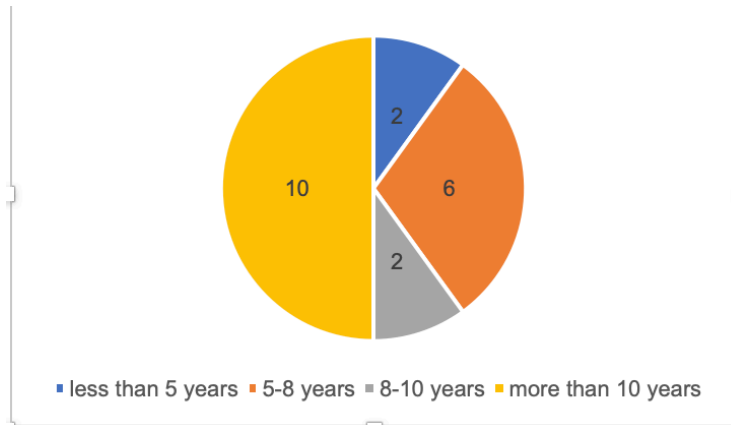


Figure 6. Length of the operations on the logistics market

The second question of the survey was: Is Russia-Finland route the main direction of your operations? The figure below (figure 7) indicates that for the three quarters of the respondents, or 15 companies, transportations between Russia and Finland are the main business focus. The rest 5 of the companies are not centered on that direction, but still transport goods along the given route.

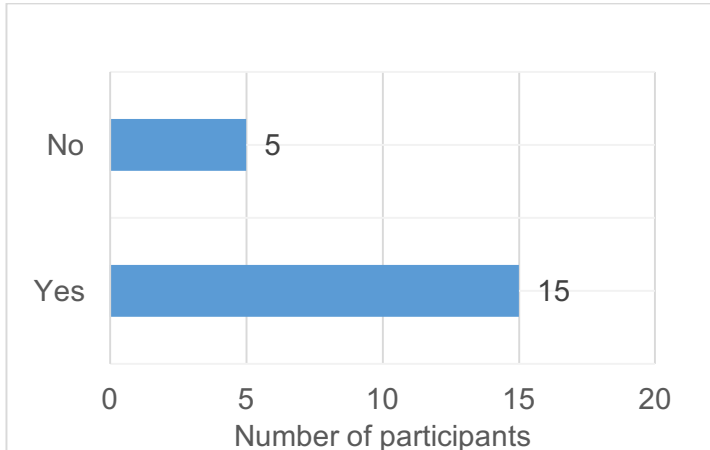


Figure 7. Russia-Finland as a main transportation direction (n=20)

The third question was based on the frequency of Russian-Finnish transportations of the companies. The figure below (figure 8) presents that the majority of the companies, twelve out of twenty, transport cargo between Russia and Finland several times in a week. Next, 3 companies work with a frequency of one transportation in 2 weeks. In comparison, 5 respondents deliver goods between two given countries once in a month. Finally, none of the firms transport less than once in a month.

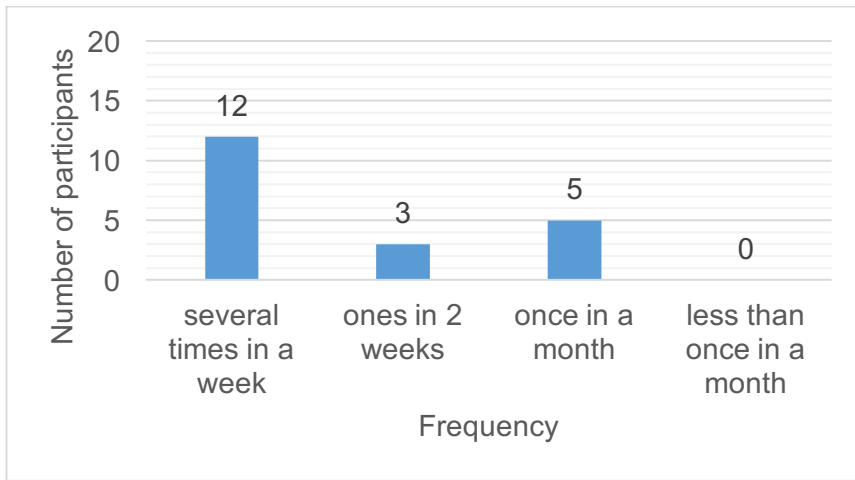


Figure 8. Frequency of transportations between Russia and Finland (n=20)

The fourth question from the survey form was formulated as if the companies have ever experienced any challenges during the cargo transportation between Russia and Finland. The figure below (figure 9) demonstrates that 6 companies did not experience any transportation challenges during the delivery of the cargo between Finland and Russia. Thirteen companies sometimes face some challenges and only 1 company is often experiencing difficulties in Finnish-Russian transportation.

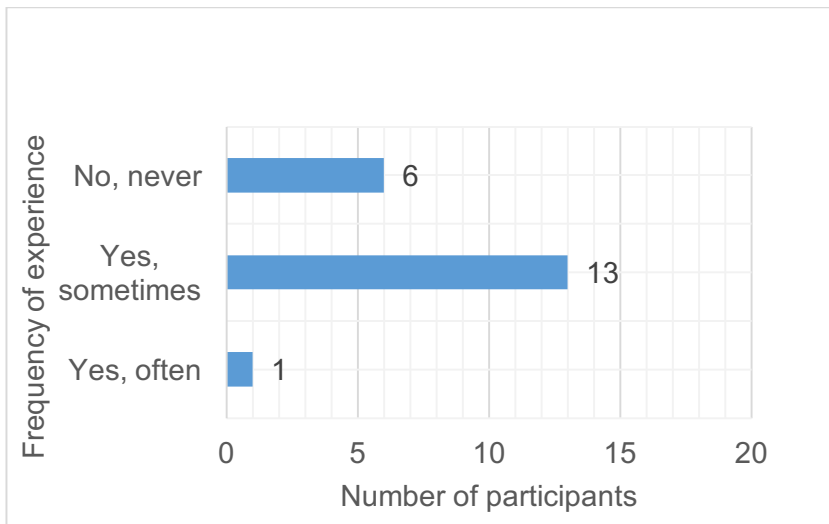


Figure 9. Frequency of experiencing challenges during Russian-Finnish transportation (n=20)

Next, the respondents were asked to evaluate the effect of the economic sanctions of 2018 on the shipping between Russia and Finland on the scale from 1 to 5, where 1 was no effect and 5 was serious effect. Figure 10 below shows that none of the companies responded with the result of 1. However, 3 respondents gave a rate of 2 to the sanctions issue. Six firms evaluated the effects as 3, the majority with 10 companies rated the given

challenge as 4. Additionally, only 1 respondent gave a score of 5 or serious effect to the economic sanctions effect.

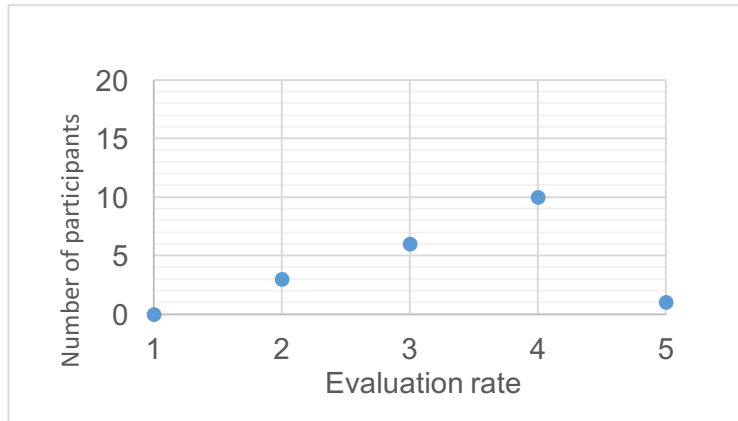


Figure 10. Economic sanctions effect on cargo transportation (where 1 – no effect, 5 – serious effect)

Another question asked the opinion of the respondents about the most significant logistics challenges. The figure 11 below points out that eight companies think that transportation costs are the most important challenge while 1 firm believe that it is government regulations issue. Seven respondents chose impact of the economy as a significant challenge in logistics. Lastly, 4 companies placed their choice over the technology advancement.

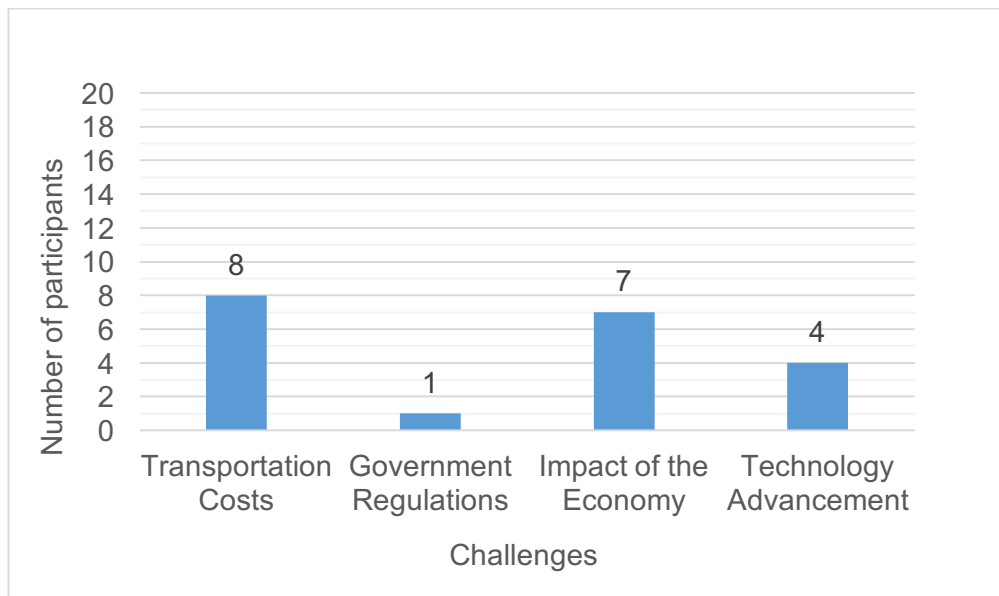


Figure 11. The most significant transportation challenge (n=20)

The following question was intended to identify if the companies consider the driver shortage as a challenge in transportation of goods. According to figure 12, all 20 respondents

agreed, that a lack of drivers is counted as the logistics issue. None of the companies answered that they do not think that the shortage of driving force does not affect freight forwarding.

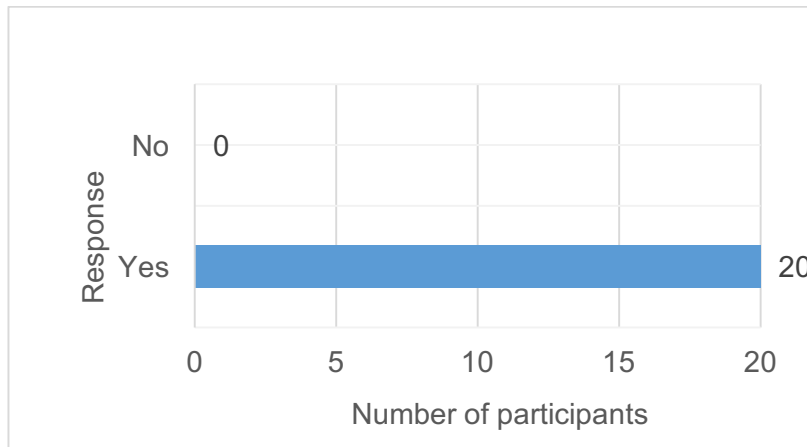


Figure 12. Driver shortage as a challenge (n=20)

The last question was formulated as follows: Do you think the human factor is able to cause any challenges in transportation of goods between Russia and Finland? As the figure 13 below exposes, the majority, 17 out of 20 respondents, think that human factor is a challenge in cargo transportation. On the other hand, 3 companies do not consider it as an issue.

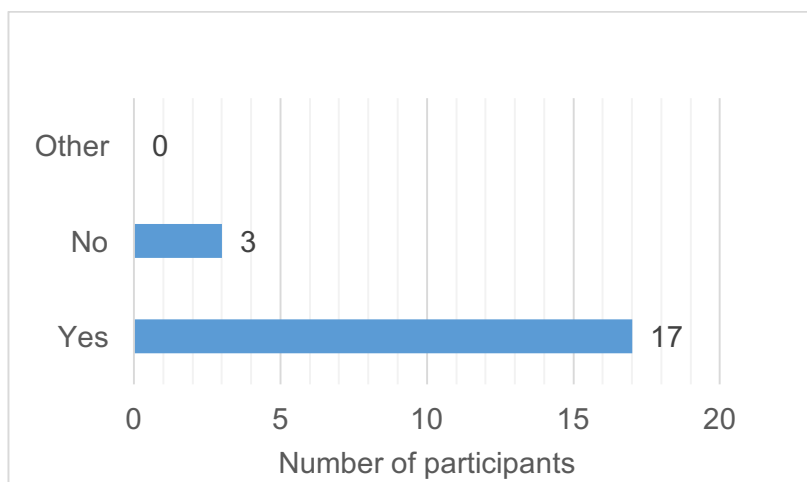


Figure 13. Human factor as a cause of a challenge (n=20)

4.3 Interview Results

Four experts in international land transportation of goods between Russia and Finland agreed to take part in the interview. All four experts have a wide experience in land transportation of goods between Russia and Finland for more than 10 years and are familiar

with all the aspects of the shipments. The table 3 below represents the questions that were asked during the interviews.

Table 3. Interview questions

No.	Interview question
1	Could you think of the challenges that were faced by land transportation of goods between Russia and Finland in 2018?
2	Do you think that human factor could be considered as a challenge in transportation of goods between Russia and Finland in 2018?
3	In your opinion, how can companies overcome the challenges in international transportation of goods between Russia and Finland?

Cost of the fuel was mentioned as a challenge in land transportation by experts A and D. According to the experts, fuels costs were changing significantly during the year 2018. The figure 14 below confirms the changes in petrol costs in two chosen countries for the period of 2018.

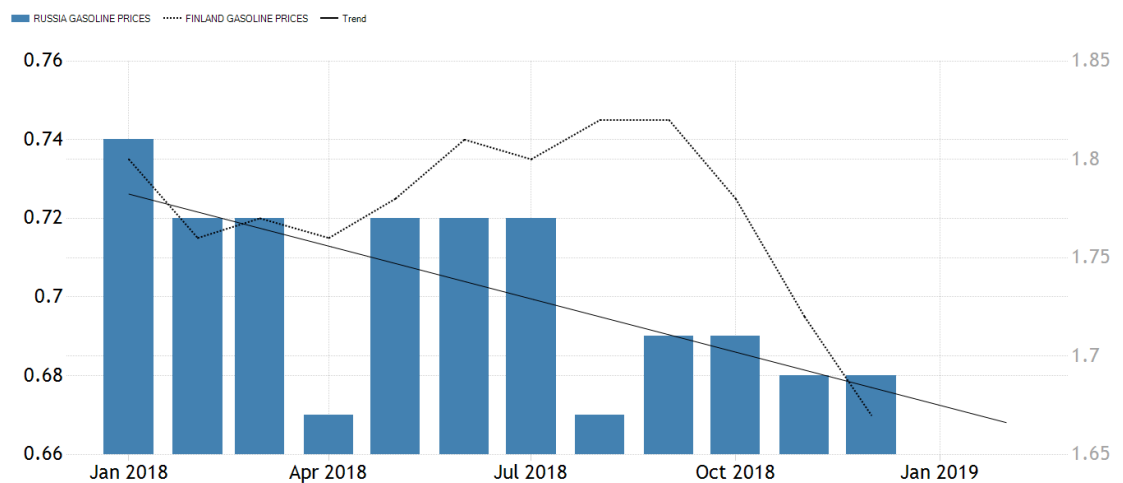


Figure 14. Fuel costs in Russia and Finland in 2018 (Trading Economics).

Despite the overall trend of the decline of fuel costs in 2018, from February until October there was an increase for petrol prices in Finland. Expert A and expert D agreed that due to the raise the companies were forced to cut other expenses in order to be able to keep the competitive transportation rates. Even there was an overall fuel price reduction in Russia by the end of 2018, the significant changes in April and June caused a slight increase in total transportation costs and thus, profit losses.

Then, experts B and C stated that supply chain visibility was a challenge in land transportation of goods between Russia and Finland in 2018. Most of the shipments between Finland and Russia are carried out by medium or small size freight forwarding companies. The majority of those companies do not have their own websites or portals where every shipment can be tracked. This causes difficulties for their clients with the determination of the geolocation of the shipments, cargo status and the delivery schedule. Customers have to contact freight forwarders directly in order to get all the necessary cargo updates, which is time-consuming for both parties.

All four experts agreed that the impact of the economy and government regulations in combination have significantly influenced the transportation of cargo between Russia and Finland in 2018. Due to the renewed by the US and the EU economic sanctions, the restrictions on the import and export of the specific products were established. The transportations of weapon and any technical supportive items were restricted for import and export. Dual-use goods, which are goods that can serve for the civilian purposes as well as for the military ones, were restricted for Russian export. Additionally, sensitive technologies that are used for the oil and gas exploration and extraction were mentioned in the import and export sanction list. (EU sanction map.) As well, experts mentioned that even though the goods are transported between Russia and Finland in order to be imported or exported to the third country, the sanction product lists should be checked carefully, because this specific cargo might be included into one or the other country restriction lists.

On the other hand, all four experts reminded that Russian government reacted with the response measures and import restrictions were announced. According to the Decree of the Government of the Russian Federation N 778, a set of the countermeasures was established on the imports which included the most EU countries and Finland in particular. The list of the prohibited goods included meat and fish products, dairy products, fruits, nuts, vegetables and finished milk products (Universal cargo solutions). The full nomenclature of the restricted production could be found in the Decree of the Government of the Russian Federation N 778. Experts claim that the decline in product imports to Russia caused a notable decrease in transportations.

Another challenge identified by the experts B and C was a shortage of drivers. Interviewees affirm that there is a reduction in the amount of qualified drivers due to the unwillingness of the younger generations to enter the profession. The participants B and C of the interview tell that nowadays a truck driver is not the desirable option to choose as a future specialization. The shortage is explained also by the aging category of the existing drivers

together with the low salary satisfaction level and high migration level of drivers to the Europe. Experts B and C state that the majority of Russian small freight forwarding companies had to lower the salaries of the drivers in line with the reconsideration of their strategy of cutting expenses. In comparison, driver salaries in Finland were notices to have a slight rise of 1% in 2018 according to figure 15.

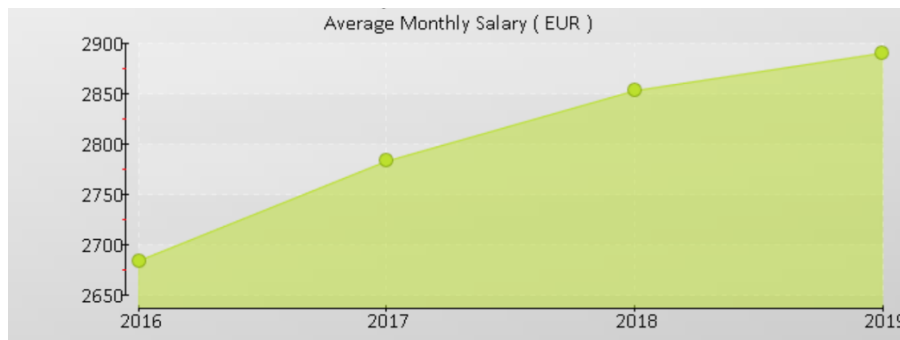


Figure 15. Truck driver salary in Finland (Salaries in the EU).

Next, all four experts mentioned that there was a technology advancement issue in land transportation of goods between Russia and Finland in 2018. Usually, from the Finnish border side there are no difficulties, customs system is working smoothly and does not require a large amount of time to issue all the necessary documentation. In comparison, the system from the Russian border side had several significant breakdowns that caused the delays in the customs data processing and documentation releases. Because of that fact transportation companies suffered from the postponed schedules and deliveries as well as from the decreased level of customer satisfaction.

Finally, experts B, C and D believe that human factor had an important role in transportation of goods between Russia and Finland in the mentioned year. On the point of view of the experts B, C and D, it mostly appeared while crossing the Russian-Finnish international borders. Even though the cargo has a full set of documentation and permits, the border customs employees from both sided could have conducted the full additional check of the vehicle together with the transported shipment. Experts claim that that specific factors depends on the individual approach of every customs representative and could not be affected by any of the external factors.

The table 4 below represents the main findings from the interviews with the experts in land transportations logistics between Russia and Finland. Seven main challenges were identified for the year 2018 and described by the experts.

Table 4. Interview results

No	Challenge	Expert A	Expert B	Expert C	Expert D
1	Fuel costs	X			X
2	Supply chain visibility		X	X	
3	Impact of the economy	X	X	X	X
4	Government regulations	X	X	X	X
5	Driver shortage		X	X	
6	Technology advancement	X	X	X	X
7	Human factor		X	X	X

5 Discussion

The following chapter will present conclusions made from the research process conducted by the thesis author. Additionally, it will provide recommendations collected from the interviewed experts on how to overcome identified challenges. Finally, this chapter will describe limitations of the study. The learning process of the thesis author will be explained.

5.1 Conclusions

Transportation logistics have always played an important part of the economies of Russia and Finland, since these two countries are positioned among the major trade partners for each other. The principal and fast way of cargo delivery between the chosen countries is land transportation because of the close geographical location. The effectiveness of the logistics transportation process is vital in order to keep the trade operations between Russia and Finland smooth and fast.

The study of this thesis had a primary goal to identify what were the challenges in land transportation between Russia and Finland in 2018. The objective of the research was implemented through three investigative questions. Two of the developed questions were used in face-to-face interviews with the transportation logistics experts.

The first research question was to identify the challenges that could arise in land transportation in general. The researcher used existing articles and reports in order to find out what issues could appear while shipping the cargo by land. Throughout the investigation, the author was able to identify and describe 7 major challenges which are fuel costs, customer service, supply chain visibility, impact of the economy, driver shortage, government regulations and technology advancement.

The second investigative question was aimed to the recognition of the challenges that affected land transportation of goods between Russia and Finland in 2018. The investigator conducted a questionnaire form and interviews with the experts in order to fulfill the objective of the investigative question. Seven challenges were identified. Instability of the fuel prices affected the rates for the shipment of goods between Russia and Finland. Then, poor supply chain visibility prevented transported cargo from the careful control. Next, the impact of economic sanctions from the EU against Russia and Russian countermeasures declined logistics export and import volumes. Moreover, driver shortage also decreases the transportation abilities. Additionally, low technology advancement of the Russian side of the border slows down customer clearance procedures and breaks down delivery schedules. Finally, human factor was considered as

a challenge due to its effect on the transportation of cargo across the Russian-Finnish borders.

The third investigative question was established to identify how companies can overcome the challenges identified in land transportation between Russia and Finland in 2018. The question was included into the interviews with four logistics experts and described in the following recommendations subchapter of the thesis.

5.2 Recommendations

The interviewed experts provided the possible solutions for the challenges that were identified throughout the research process.

Unfortunately, the freight forwarding companies are unable to affect fuel prices. However, experts advise to study the existing governmental forecasts and researches in order to get familiar with the possible cost variations. Thus, logistics companies will be able to get an understanding about the following changes and re-estimate their spending strategies. On the other hand, companies should consider the change to the more fuel-efficient types of vehicles. For example, diesel can be alternated with the biodiesel or even electric vehicles. Nevertheless, while Finland has the necessary infrastructure for the electric trucks, the implementation of those in Russia seems quite difficult during current years. As an alternative, Russian transport can be switched to the natural gas which is times less expensive than diesel. On the other hand, experts claim that the solution is a long-term, since it is impossible to change all the existing transport in one year.

Experts said that in 2018 the new system that gives the possibility to track the shipment flow of the cargo between Russia and Finland was announced. The loads will be equipped with the cargo stamps with GLONASS sensors. Information from the sensors will be transferred into the system and will allow the clients to track the loads in real time and receive the information about delivery and customs status and some other options. However, the testing of the system begun in 2018, so it will take years to integrate it to the logistics market. The experts could not suggest any short-term solutions, because the development of the personal tracking mobile apps or systems for each company requires huge financial investments, which the freight forwarders are unwilling to make due to the rising expenses.

Due to the economic sanctions established by the EU against Russia and Russian countermeasures in 2018, the imported and exported volumes of the specific types of goods

were declined significantly. Despite that, experts agree that the new opportunities appeared for the transportation companies. In order to increase domestic production, Russia is willing to invest into machinery and technologies, which are transported from Finland, since the country is lacking their own developments. The shippers should only be familiar with the local authorities and their conditions and regulations, be ready for the bureaucracy and different corruption attitude. Additionally, experts mentioned that Russian wood exports were increasing in 2018, which gave an opportunity for more logistics companies to switch to the wood transportation.

To overcome the driver shortage challenge, the experts advised to reconsider the attitude to the drivers. Higher salaries can be offered for the drivers as well as more flexible working schedule. Companies should focus on the life and work balance of their employees. In order to attract younger generations to the profession, freight forwarders could think of a possibility of the bonuses to offer for the new-coming employees.

For the solution of the issue with technical gap of the Russian customs clearance system the experts only could suggest the investment from the governmental side. The processes of the customs clearance could be developed further with the appropriate IT support so that the freight forwarding companies would not spend extra time on the border because of the system breakdowns or slow data processing. However, Russian government is not planning to finance the improvements in customs clearance sector due to the establishment of the economic sanctions and the necessity in investments to other sectors.

Finally, even though the human factor was considered as a challenge, experts could not provide the researcher with the solution because it depends directly on the customs employee and his/her approach. The only possible option is to be fully prepared for the extra checking procedures from the customs side and have all the documentation for the cargo in order.

5.3 Limitations and Further Studies

The limitation of this study is characterised by the chosen specific data collection method, which consisted in the primary data collection by conducting the personal interviews with the logistics specialists. In other terms, the main data was collected from four company representatives with the rich experience in logistics and transportation of good between Russia and Finland. Nevertheless, the information that was gained from the experts can be considered as subjective since it was based on the points of view of the respondents. On the other hand, there was no empirical data collected on the research topic before.

Thus, in order to obtain a wider information range, future studies should involve more personal interaction with logistics company representatives. That will allow the future researches to enlarge the number of respondents and minimize the subjective aspect of the study.

5.4 Learning Process

During the research process, the authors was able to acquire a wide range of relevant knowledge connected to the trade relationships between Russia and Finland. Moreover, the researcher earned an understanding of what were the challenges that could be faced by transportation logistics and what were the issues in cargo shipments between Russia and Finland in 2018 in particular. Additionally, the author had a unique opportunity to familiarize herself with the customs procedures and documentation necessary for the transportation of loads from Finland to Russia and vice versa. That kind of information was highly valuable and interesting for the investigator since it is necessary for her future career and was not deeply described during the specialization courses in Haaga-Helia UAS.

Moreover, the researcher could practice her communication skills received throughout her studies while contacting the company representatives and conducting personal interviews with each of the experts. The author of this thesis had to think of the questions that had to be asked from the interviewees and the ways of how the discussion should go in order to reach the research goal and answer all the investigative questions correctly.

Finally, the English language skills of the researcher played an important role during the research as the study was aimed to Finnish and Russian logistics markets. Hence, she had to translate the English version of the questionnaire into Russian language and then interpret the collected data back into English. The same tactic was used for the interviews.

References

- Auto Right Protection. International Contracts. URL: <http://avto-pravozashita.ru/perevozki/mezhdunarodnye/dogovor-mezhdunarodnoj-perevozki-gruzov.html>. Accessed: 13 April 2019.
- Electronic Fund of Legal and Regulatory Technical Documentation part 1. Convention for the Unification of Certain Rules Relating to International Air Transport. URL: <http://docs.cntd.ru/document/1900153>. Accessed: 10 April 2019.
- Electronic Fund of Legal and Regulatory Technical Documentation part 2. United Nations Convention on International Multimodal Transport of Goods. URL: <http://docs.cntd.ru/document/901761686>. Accessed: 11 April 2019.
- EU Road Transport Platform. 3 biggest challenges in road transport logistics for shippers. URL: <https://www.trans.eu/si/blog/tsl-industry/3-biggest-challenges-in-road-transport-logistics-for-shippers/>. Accessed: 6 May 2020.
- EU sanction map. Restrictive measures by the regions. URL: <https://www.sanctionsmap.eu/#/main>. Accessed: 8 May 2020.
- European Environment Agency 2018. Land Transportation. URL: <https://www.eionet.europa.eu/gemet/en/concept/4676>. Accessed: 6 April 2019.
- International Chamber of Commerce. Incoterms 2010. URL: <https://iccwbo.org/resources-for-business/incoterms-rules/incoterms-rules-2010/>. Accessed: 13 April 2019.
- Koroleva, E. & Cherepanov, I. 2004. Lecture Materials on Transport Logistics. Saint-Petersburg.
- Laws, Codes and Legal Acts of the Russian Federation. International Convention for the Unification of Certain Rules of Bill of Lading. URL: <http://legalacts.ru/doc/mezhdunarodnaja-konventsija-ob-unifikatsii-nekotorykh-pravil-o/>. Accessed: 10 April 2019.
- Logistics industry portal of Russia. International logistics market in 2018. URL: <https://logistics.ru/transportirovka/rynok-transportnoy-logistiki-v-2018-g-tendencii-i-prognozy-na-2019-20-gg-ekspertiza>. Accessed: 7 May 2020.

Logistics management online journal. Top 8 Logistics Challenges Facing the Industry. URL: https://www.logisticsmgmt.com/article/top_8_logistics_challenges_facing_the_industry. Accessed: 7 May 2020.

Logistiikan Maailma 2018. Freight Forwarding. URL: <http://www.logistiikanmaailma.fi/en/forwarding-and-terminals/freight-forwarding/>. Accessed: 6 April 2019.

Logistiikan Maailma 2020. Incoterms 2020. URL: <http://www.logistiikanmaailma.fi/en/contracts/terms-of-delivery/incoterms-2020/dpu/>. Accessed: 13 May 2020.

Ministry of Foreign Affairs of the Russian Federation. Customs Convention on the International Carriage of Goods by TIR Carnet. URL: http://www.mid.ru/international_organizations/-/asset_publisher/km9HkaXMTium/content/id/489024. Accessed: 12 April 2019.

Qualitative Research Methods Overview. Qualitative Research Methods: A Data Collector's Field Guide. URL: <https://course.ccs.neu.edu/is4800sp12/resources/qualmethods.pdf>. Accessed: 5 May 2020.

Salaries in the EU. Truck driver salaries in Finland. URL: <https://zarplata-es.com/srednjaja-zarplata-voditelja-gruzovika-v-finljandii-2019/>. Accessed: 8 May 2020.

Sergueyev, V. I. 2004. Corporate Logistics. 300 answers to the questions of professionals. Infra-M. Moscow.

Statistics Finland. Finnish trade 2018. URL: https://www.stat.fi/tup/suoluk/suoluk_kotimaankauppa_en.html. Accessed: 3 April 2019.

Suomen Pankki Eurojärjestelmä. Finnish economy booming. URL: <https://www.suomenpankki.fi/en/media-and-publications/releases/2018/Finnish-economy-booming/>. Accessed: 2 April 2019.

Trading Economics. Comparison of Russian and Finnish fuel prices in 2018. URL: <https://tradingeconomics.com/russia/gasoline-prices>. Accessed: 10 May 2020.

Tulli 2018 official website. Finnish International Trade 2018. URL: <https://tulli.fi/documents/2912305/3439475/Statistical%20graphics%202018/90c7d327-e4e4-4168-bcd2-122276d55c19?version=1.1>. Accessed: 6 April 2019.

United Nations. Convention on the Contract for the International Carriage of Goods 1965. URL: https://www.unece.org/fileadmin/DAM/trans/conventn/cmr_r.pdf. Accessed: 8 April 2019.

Universal Cargo Shipping Company. What Does a Freight Forwarder Do. URL: <https://www.universalcargo.com/what-does-a-freight-forwarder-do-do-you-need-one/>. Accessed: 13 April 2019.

Universal cargo solutions. Decree of the Government of the Russian Federation of August 7, 2014 N 778 with additions. URL: https://ucsol.ru/documents1/normdoc_Postonovlenie_RF_07_08_2014_N778.pdf. Accessed: 5 May 2020.

USC Libraries. University of Southern California Research Guides 2020. URL: <https://libguides.usc.edu/writingguide/quantitative>. Accessed: 4 May 2020.

VDNK Shipping Company. Documents for the International Transportation. URL: <http://www.vdnk.ru/site/ru/trucking-practice/carriage-documents>. Accessed: 13 April 2019.

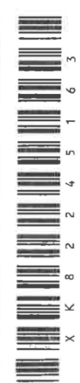
World Bank Group. Russia Economic Report 2018. URL: <https://openknowledge.worldbank.org/bitstream/handle/10986/29913/127254-WP-PUBLIC-ADD-SERIES-JunefinalRussiaEconomicReportENG.pdf?sequence=1&isAllowed=y>. Accessed: 5 April 2019.

World's Top Exports. Russia's Top 10 Exports and Imports in 2018. URL: <http://www.worldstopexports.com/russias-top-10-exports/>. Accessed: 5 April 2019.

Appendices

Appendix 1. TIR Carnet Example

VOLET N° 1		1. CARNET TIR	
2. Bureau(x) de douane de départ 1. <u>VAALIMAA</u> 2. _____ 3. _____		3. Nom de l'organisation internationale RU International Road Transport Union	
Pour usage officiel		4. Titulaire du carnet (numéro d'identification, nom, adresse et pays) FIRU0007270931559	
		5. Pays de départ FINLAND	6. Pays de destination RUSSIA
7. No(s) d'immatriculation du (des) véhicule(s) routier(s)		8. Documents joints au manifeste	
MANIFESTE DE MARCHANDISES			
9. a) Compartiment(s) de chargement ou conteneur(s) b) Marques et Nos des colis ou objets	10. Nombre et nature des colis ou objets; désignation des marchandises 16 PX NATURAL RUBBER SIR20 CODE: 4001220000	11. Poids brut en kg 20560	16. Scelllements ou marques d'identification apposés (nombre, identification)
12. Total des colis figurant sur le manifeste Destination:		13. Je certifie que les indications sous rubriques 1 à 12 ci-dessus sont exactes et complètes 14. Lieu et date 15. Signature du titulaire ou de son représentant /	17. Bureau de douane de départ Signature de l'agent et timbre à date du bureau de douane
1. Bureau de douane ST-PETERSBURG	Nombre 16		
2. Bureau de douane			
3. Bureau de douane			
18. Certificat de prise en charge (bureau de douane de départ ou de passage d'entrée)			
<input type="checkbox"/> 19. Scelllements ou marques d'identification reconnus intacts	20. Délai de transit		
21. Enregistré par le bureau de douane de		sous le No	
22. Divers (itinéraire fixé, bureau où le transport doit être présenté, etc.)			
23. Signature de l'agent et timbre à date du bureau de douane			



Carnet TIR
PAGE 1

Appendix 2. Invoice Example

**nokian
TYRES**

INVOICE Page 1/2
Invoice Number Date

Buyer

Customer Nr
47254000
Terms of Payment
60 days net

Vat Nr
Organization Nr

Net Date
27.05.2019
Terms of Delivery
INCOTERMS 2010

Interest On Arrears
9.5

Orig	Product Description	LOT number	Qty	Price	Net Price Total Amount
------	---------------------	------------	-----	-------	------------------------

Consignee Consignee address Transport Information

CNTR:

Final destination

Vsevolozhsk

Covering Letter:

Date of Dispatch:

Terms of Delivery:

DAP Vsevolozhsk

Order:

Your order Number:

4001220000
ID R101530
SIR 20

Natural rubber
100101 PT. Sampit International

20160

Total without VAT

VAT 0 % Export of goods outside the European Union

RUB

TOTAL

Contract No.

Customs:

Telefax
Telephone
Contact person

Hamina 28.3.2019

16 PX

Net: 20160 kg

Gross: 20560 kg

RUB

Net:

20160

Gross:

20560

Packages:

16

Reference Number

Bank

SWIFT

IBAN

	Telephone	Fax	VAT no.	Business ID
--	-----------	-----	---------	-------------

Appendix 3. Packing List Example

PACKING LIST

Date:
Page: 1/1
Packslip page: 1/1

Consignee: _____

Buyer: _____

Document Number2:
Contact Person:
Loading Date:
Terms of Delivery:
Freight Carrier:
Container:
Nokia

Phone: _____




Your Order Number:
Mark:
Delivery ref.:

Order Number: _____
Delivery Number:
Additional Info:
Brutto Weight kg:
Kollies:

Line	Code	Your Code Item Description	Kollies	Net Weight	Brutto Weight
64	R101530	SIR 20	16	20,160.00	20,560.00
Total:			16	20,160.00	20,560.00

Possible claims against the delivery should be made within 8 days after the arrival of the goods.

Appendix 4. CMR Example

INTERNATIONAL WAYBILL									
Consignor					Date		Reference No		
							Trade access reference //		
Consignee					Carrier				
Delivery address									
Trailer number		Place of loading HAMINA			Border crossing /		Terms of Delivery DAP VSEVOLOZHSK		
Place of discharge VSEVOLOZHSK		Final destination VSEVOLOZHSK							
Marks and numbers Volume,m3		Number and kind of packages, description of goods 16 PX NATURAL RUBBER SIR20 CODE: 4001220000			CCCN		Gross weight,kg 20560,00		
Totals:		16					20560,00		
Carriers instructions and remarks					Special Instructions CUSTOMS POINT FARGOLOVSKIY, CODE: 10210350				
DOCUMENTS ATTACHED: TIR: XR8 INVOICE PACKING LIST		Invoice	Pack list	Cert. of orig	EUR 1.	1.	2.		
		Orig.	Copy						
This consignment will be carried in accordance with the carrier's General Transport and liability Conditions. The carrier is liable to CMR. The transport liability is covered by carrier's insurance company.					Movement certificate (EUR 1) number				
Date		Date			Issued at				
Receiver's signature		Driver's/terminal's signature			Sender's signature				
									
					Fca				

Appendix 5. International Contract Example

<p>CONTRACT N.</p> <p>Date:</p> <p>Company: S.r.l. repre hereinafter referred to as "Seller" on the one part. and Company (Russia) hereinafter referred to as "Buyer" represented acting under on the other part, have concluded the present Contract whereby it is agreed as follows:</p> <p>1. Object and volume of delivery</p> <p>1.1. Under conditions of the present Contract the Seller undertakes to deliver and transfer into ownership of the Buyer warm air heaters (hereinafter defined as the "Goods") in quantity and under the price according to the Supplement №1 and Supplement №2 to the Contract, which after signing by the Parties is an integral part of the Contract, and the Buyer undertakes to accept the Goods and to pay its cost.</p> <p>2. Prices and total sum of the Contract</p> <p>2.1. The price of the "Goods" is indicated in Supplement №2 to the present Contract and includes the cost of the "Goods" itself, its domestic packing, marking, forwarding documents, use, installation and maintenance manual and the documents for export at origin.</p> <p>2.2 The total value of the Contract amounts to</p> <p>3. Basis of delivery</p> <p>3.1. The "Goods" specified in the Supplements of the present Contract shall be delivered by the "Seller" according to the INCOTERMS 2010 EXW, Parabiago, Italy.</p> <p>4. Time and terms of the "Goods" shipment</p> <p>4.1.1 Terms of delivery of the "Goods" should not exceed 90 (ninety) calendar days from the date of prepayment receipt as per p. 6.1.1. of the present Contract. In case, if the delivery terms falls on a holiday period of Seller's personnel, in particular from , delivery time is increased by the number of vacation days of Seller's personnel.</p>	<p>КОНТРАКТ №:</p> <p>Дата:</p> <p>Компания: S.r.l. в ли Станте, именуемая в дальнейшем «Продавец», с одной стороны и именованное общество «Эра-» именуемая в дальнейшем «Покупатель», действующ 15 от 14.0 стороны, заключили настоящий Контракт о нежеследующем:</p> <p>1. Предмет и объем поставки</p> <p>1.1. На условиях настоящего Контракта Продавец обязуется поставить и передать в собственность Покупателя воздушонагреватели (далее по контракту – «Оборудование») в количестве и по цене согласно Приложению №1 и Приложению №2 к договору, которые после подписания Сторонами являются неотъемлемой частью Контракта, а Покупатель обязуется принять Оборудование и оплатить его стоимость.</p> <p>2. Цена и общая стоимость Контракта</p> <p>2.1. Цена Оборудования указана в Приложении №2 к настоящему Контракту и включает в себя стоимость самого Оборудования, базовой упаковки, маркировки, товаросопроводительных документов, монтажных и эксплуатационных инструкций, документов для экспорта на месте производства.</p> <p>2.2 Общая стоимость Контракта составляет</p> <p>3. Базис поставки</p> <p>3.1. Продавец осуществляет поставку Оборудования, указанного в Приложениях к данному Контракту, согласно Инкотермс 2010 Франко-завода (EXW) Италия.</p> <p>4. Условия готовности Оборудования к отгрузке</p> <p>4.1.1 Сроки поставки Оборудования не должны превышать 90 (девяносто) календарных дней с даты получения предоплаты согласно п. 6.1.1. настоящего Контракта. В случае если срок поставки выпадает на период отпуска персонала Продавца, а именно с по , срок поставки увеличивается на количество дней отпуска персонала Продавца.</p>
--	--

Контракт/Contract

Страница/Page 1 из/of 6

<p>4.1.2 Partial shipment is allowed only with Buyer's consent.</p> <p>4.2. Delivery is understood ready for collection Ex-Works (EXW) Parabiago 20015, Milan, Italy only after receipt of 100% of "Goods" cost, indicated in the Supplement into Seller's account.</p> <p>4.3. The Seller undertakes to inform the Buyer about readiness of the "Goods" for the loading 2 (two) weeks in advance before date of loading.</p> <p>4.4. The Seller has to transfer the Buyer the following accompanying documents on the "Goods":</p> <ul style="list-style-type: none"> - Road Way bill (CMR); - Invoice (original) – 1 original; - Certificate of origin; - Copy of Permit to use (Supervision of the Russian Federation for Equipment) provided only in case, if delivery of Equipment will be carried out before - Packing list; - Certificate of conformity to Technical Regulations. <p>4.5 The Buyer must bring the "Goods" to Russia during 30 (thirty) days after loading for import customer-house procedure.</p>	<p>4.1.2 Отгрузка оборудования по частям возможна только с согласия Покупателя.</p> <p>4.2. Под «поставкой» понимается загрузка оборудования с Франко-завода (EXW), Парабиаго 20015, Милан, Италия только после получения 100 % от стоимости Оборудования, указанного в Приложении на счет Продавца</p> <p>4.3. Продавец обязуется уведомить Покупателя о готовности Оборудования к отгрузке за 2 (две) недели до даты отгрузки.</p> <p>4.4. Продавец обязан передать Покупателю следующие сопроводительные документы на Оборудование:</p> <ul style="list-style-type: none"> - Транспортная накладная; - Оригинал инвойса – 1 оригинал; - Сертификат происхождения; - Копия Разрешения на применение (надзору РФ на Оборудование (Предоставляется только в случае, если поставка Оборудования будет осуществлена в срок до года; - Упаковочный лист. - Сертификат соответствия техническому регламенту <p>4.5. Покупатель обязан в течении 30 суток после отправки с завода поставить оборудование в Россию и провести его таможенное оформление.</p>
<p>5. Packing and marking</p> <p>5.1. The Packing shall be as per Manufacturer's standard consisting of wooden pallet and polyethylene pluriball in order to protect the "Goods" during the road transport.</p> <p>5.2. Packing list will be enclosed into each package or attached to it. Each package must bear the following marking:</p> <ul style="list-style-type: none"> -Made in (country of origin): Italy -Order Number -Net and Gross Weight -Consignee: -Contract No -Place of destination: <p>All covering documentation on the Contract as well as marking and technical documents are formulated in English language.</p> <p>5.3. The manufacturer's use, installation and maintenance manual of each type of the "Goods" in Russian are to be enclosed into corresponding packages.</p>	<p>5. Упаковка и маркировка.</p> <p>5.1. Упаковка стандартная завода-изготовителя, включающая деревянные паллеты и полиэтиленовую плёнку, обеспечивающая сохранность Товара при перевозке автомобильным транспортом.</p> <p>5.2. Упаковочный лист будет вложен или прикреплен к каждому грузовому месту. На каждое место наносится следующая маркировка:</p> <p>Сделано в (страна происхождения): Италии</p> <ul style="list-style-type: none"> - номер заказа - вес нетто и брутто - получатель: - контракт №: - место назначения: <p>Вся сопроводительная документация, а также маркировка и техническая документация составляются на английском языке.</p> <p>5.3. Для каждого вида оборудования в соответствующие грузовые места должны быть вложены монтажные и эксплуатационные инструкции изготовителя на русском языке.</p>
<p>6. Terms of payment</p> <p>6.1. Payment of "Goods" specified in Supplements of the present Contract, is made by the Buyer in Euro in the following order:</p> <p>6.1.1. Prepayment in the amount of 50% (fifty percent)</p>	<p>6. Условия платежа.</p> <p>6.1. Оплата за Оборудование, указанное в Приложениях этого контракта, производится Покупателем в Евро в следующем порядке:</p> <p>6.1.1. Предоплата в размере 50% (пятьдесят процентов) от стоимости Оборудования.</p>

Контракт/Contract No.

Страница/Page 2 из/of 6

<p>of the "Goods" value.</p> <p>6.1.2. Final payment in the amount of 50% (fifty percent) of the "Goods" value, indicated in the Supplements should be paid during one week from the date of receipt from Seller notification about readiness of the "Goods" for loading.</p> <p>6.2. Paying of above mentioned payments are made in Euro by a bank transfer on the operating account of the Seller specified in the present Contract.</p> <p>7. Warranty</p> <p>7.1. The warranty rules are applied on confirmed factory defects.</p> <p>7.2. The warranty for supplied heat exchangers are applied upon 24 months and for all other parts 12 months after the date of goods transfer to the Buyer (authorized transport company).</p> <p>7.3. The warranty is invalid, if:</p> <p>7.3.1. Not been fully complied with all the rules of operation in accordance with the standard requirements, the manufacturer's requirements, fixed in the operating instructions of the product, and the characteristics of the goods.</p> <p>7.3.2. Delivery item was subjected to the changes or the Goods were integrated by unrelated parts without any written consent of the Seller.</p> <p>7.3.3. Parts have the damage due to errors during operation, negligence, inappropriate maintenance and storage.</p> <p>7.3.4. Technical parameters of power supply, fuel specifications do not meet the specifications of the Goods, described in the accompanying documents to the Goods.</p> <p>7.4. The warranty does not include the maintenance of the goods during the warranty period.</p> <p>7.5. The guarantee is valid in the presence of:</p> <ol style="list-style-type: none"> 1) The contract of the supply; 2) Technical documentation submitted to the Buyer; 3) Act-complaint, signed by representatives of the Seller and the Buyer (Consignee), authenticated by the stamps. <p>7.6. In case of the failure of the Goods, the dismantling is carried out only after checking the goods on-site by the representative of the Seller or, if it is not possible under the agreement with the Seller only after receiving and reviewing by the last Act - complaint detailing the warranty case. After the check on site an additional check of the goods or its part can be effectuated only at service station of the Seller.</p> <p>7.7. In the case of the absence of factory defect, the expenses of the Seller's specialist transfer to the site are on charge of the Buyer.</p>	<p>6.1.2. Окончательная оплата в размере 50% (пятьдесят процентов) от стоимости Оборудования, указанного в Приложениях производится в течение одной недели с даты получения от Продавца уведомления о готовности Оборудования к отгрузке.</p> <p>6.2. Оплата вышеуказанных платежей производится в евро по средством банковского перевода на расчетный счет Продавца, указанный в настоящем Контракте.</p> <p>7. Гарантия</p> <p>7.1. Гарантийные обязательства распространяются на подтвержденные заводские дефекты.</p> <p>7.2. Гарантия на поставляемые теплообменные модули устанавливается в течение 24 месяцев и на все остальные части 12 месяцев с даты передачи Товара Покупателю (уполномоченной транспортной компании).</p> <p>7.3. Гарантия недействительна, если:</p> <p>7.3.1. Не были полностью выполнены все правила эксплуатации в соответствии с общепринятыми требованиями, требованиями завода-изготовителя, зафиксированными в инструкции по эксплуатации на Товар, и характеристиками Товара.</p> <p>7.3.2. Предмет поставки был подвергнут изменениям либо в Товаре были встроены части иного происхождения без письменного согласия Продавца.</p> <p>7.3.3. Детали имеют повреждения, возникшие вследствие ошибок при эксплуатации, небрежности, ненадлежащего содержания и хранения.</p> <p>7.3.4. Технические параметры электропитания, характеристики топлива не соответствуют техническим характеристикам Товара, приведенным в прилагаемых к Товару документах.</p> <p>7.4. Гарантия на Товар не включает в себя техническое обслуживание Товара в течение гарантийного срока.</p> <p>7.5. Гарантия действительна при наличии:</p> <ol style="list-style-type: none"> 1) Договора на поставку. 2) Технической документации, передаваемой Покупателю. 3) Акта-рекламации, подписанного представителями Продавца и Покупателя (Грузополучателя), заверенного печатями. <p>7.6. В случае выхода Товара из строя его демонтаж осуществляется только после проверки Товара на месте монтажа представителем Продавца или, при невозможности выезда на объект, по согласованию с Продавцом, только после получения и рассмотрения последним акта-рекламации с подробным описанием гарантийного случая. После проверки на объекте дополнительная проверка Товара или его частей осуществляется только на ремонтной базе Продавца.</p> <p>7.7. При неподтверждении заводского дефекта, расходы на командировку специалиста Продавца оплачивает Покупатель.</p> <p>7.8. Поставка новых узлов, частей или агрегатов, следующая из гарантийных обязательств, осуществляется Продавцом на условиях поставки по основному Договору в дополнительно согласованные</p>
--	---

Контракт/Contract No.

Страница/Page 3 из/of 6

<p>7.8. The supply of new units, parts or assemblies that are covered by warranty obligations can be effectuated by the Seller under this contract in additional agreed terms.</p> <p>7.9. In case of replacement or supply of new units, parts or assemblies which was the result of warranty obligations, the warranty period for this product increases for the period that the Goods were on downtime.</p> <p>7.10. The parts, removed and replaced within the warranty period, are the property of the Seller in the case of installation and replacement of similar parts, suitable for operation.</p> <p>7.11. The Seller does not provide the replacement of the parts that failed under normal (natural) deterioration, also consumable materials.</p> <p>7.12. The Seller is not responsible for any indirect damages caused to the Buyer due to release of the goods fail.</p>	<p>сроки.</p> <p>7.9. В случае замены или поставки новых узлов, частей и агрегатов, являющейся следствием выполнения гарантийных обязательств, сроки гарантии на данный Товар увеличиваются на время вынужденного простоя Товара.</p> <p>7.10. Детали, снятые и замененные в течение гарантийного срока, являются собственностью Продавца в случае установки и замены аналогичными деталями, пригодными для эксплуатации.</p> <p>7.11. Продавец не осуществляет замену деталей, вышедших из строя по причине нормального (естественного) износа, а также расходных материалов.</p> <p>7.12. Продавец не несет ответственности за косвенный ущерб, причиненный Покупателю вследствие выхода Товара из строя.</p>
<p>8. The responsibility of the Parties</p> <p>8.1. The parties account the financial responsibility for the authenticity and accuracy of the requisites, indicated in the present Contract and all the attendant documents which are the integral part of the Contract as well as for the authenticity of the Documents needed for the execution of the present contract.</p> <p>8.2 In case of delivery terms violation by Seller, specified in p. 4.1 of the present Contract, Seller is obliged at Buyer's request, to pay penalty in the amount of 0.01% of the total Contract value (p. 2.2) for each day of delivery terms violation, but not more than 10% of the total Contract value.</p> <p>8.3 In case of violation by Buyer of terms of payment in the amount that specified in p.6.1.2 of the present Contract, Buyer is obliged at Seller's request, to pay to the last penalty in the amount of 0.01% of value of late payment for each day of payment delay, but not more than 10% of overdue amount for payment.</p>	<p>8. Ответственность сторон</p> <p>8.1. Стороны несут полную материальную ответственность за достоверность и правильность реквизитов, указанных в настоящем Контакте и его сопутствующих документах, являющихся неотъемлемой частью данного Контакта, а также за достоверность оформления документов необходимых для исполнения настоящего Контакта.</p> <p>8.2. В случае нарушения Продавцом сроков поставки предусмотренных п. 4.1. настоящего контракта, Продавец обязуется по требованию Покупателя оплатить неустойку в размере 0,01% от Общей стоимости Контакта (п. 2.2) за каждый день нарушения сроков поставки, но не более 10% от Общей стоимости Контакта.</p> <p>8.3. В случае нарушения Покупателем сроков оплаты суммы указанной в п. 6.1.2. настоящего Контакта, Покупатель обязуется по требованию Продавца оплатить последнему неустойку в размере 0,01% от суммы просроченного платежа за каждый день просрочки оплаты, но не более 10% от просроченной к уплате суммы.</p>
<p>9. Force majeure circumstances</p> <p>9.1. The "Parties" will not be responsible for non-fulfilment (or not adequate fulfilment) of this Contract obligations, if the non-fulfilment (or not adequate fulfilment) is a consequence of force major circumstances in the country of the Buyer or the Seller, in particular:</p> <ul style="list-style-type: none"> - natural calamities; - military operations of any kind in the country of the Buyer / Seller - strikes (blockades); - prohibitions of export or import by corresponding state bodies of the country of the Seller or the Buyer. 	<p>9. Обстоятельства непреодолимой силы</p> <p>9.1. Стороны освобождаются от ответственности за неисполнение (или ненадлежащее исполнение) обязательств по данному Контакту, если неисполнение (или ненадлежащее исполнение) явилось следствием обстоятельство непреодолимой силы (форс-мажор) в стране Покупателя или Продавца, а именно:</p> <ul style="list-style-type: none"> - стихийных бедствий; - военных действий любого характера в регионе Продавца или Покупателя; - блокады; - запрещения экспорта или импорта

<p>9.2. In these cases the time stipulated for fulfillment of the obligations under the present Contract we'll be extended for a period equal to that during which such circumstances and their consequences remain in force.</p> <p>9.3. The side for which it becomes impossible to fulfill its obligations has to inform the other party in writing about approaching and termination of force-majeure circumstances immediately.</p> <p>9.4. Non timely notification or no notification by any side of force majeure conditions does not give that side the right to refer to those circumstances at the later date.</p> <p>9.5 The occurring of the force majeure circumstances shall be proved by documents released by the Chamber of Commerce.</p> <p>9.6. If the specified circumstances will take place more than 3 (three) months each of the Parties has the right to terminate the Contract, under condition of realization full settlement between the Parties.</p>	<p>соответствующими государственными органами страны Продавца или Покупателя.</p> <p>9.2. В этих случаях срок исполнения обязательств по Контракту отодвигается соразмерно времени действия этих обстоятельств и их последствий.</p> <p>9.3 Сторона, для которой создалась невозможность выполнения обязательств, обязана о наступлении и прекращении форс-мажорных обстоятельств письменно информировать другую Сторону без промедления.</p> <p>9.4 Незвещение или несвоевременное извещение о форс-мажорных обстоятельствах лишает соответствующую Сторону права ссылаться на них в будущем.</p> <p>9.5. Наличие форс-мажорных обстоятельств должно быть подтверждено соответствующей Торговой палатой.</p> <p>9.6. Если указанные обстоятельства будут действовать более 3 (трех) месяцев, то каждая из Сторон вправе отказаться от Контракта, при условии осуществления полного взаиморасчета между Сторонами.</p>
<p>10. Arbitration</p> <p>10.1 All the disputes and disagreements, which may arise out of this contract, will be discussed and settled by way of negotiations and correspondence between the parties.</p> <p>Should they fail to come to an agreement, the dispute shall be referred to and finally resolved by arbitration under the Rules of the LCIA, which Rules are deemed to be incorporated by reference into this clause.</p> <p>The number of arbitrators shall be one.</p> <p>The seat of arbitration shall be Milan - Italy.</p> <p>The language to be used in the arbitration shall be English.</p> <p>10.2 The governing law of the contract shall be the substantive law of Italy.</p>	<p>10. Арбитраж</p> <p>10.1 Все споры и разногласия, которые могут возникнуть из настоящего контракта должны быть обсуждены и разрешены посредством переговоров и переписки между сторонами.</p> <p>В случае, если стороны не придут к соглашению, спор между ними подлежит разрешению арбитражем согласно Правилам LCIA, которые включаются ссылкой в этот пункт.</p> <p>Количество арбитров один человек.</p> <p>Местом арбитража - Милан - Италия.</p> <p>Язык, используемый в арбитраже является английским.</p> <p>10.2 Приоритетным законом для исполнения контракта будет считаться закон Италии.</p>
<p>11. The final part</p> <p>11.1. All the annexes supplement(s) concerning to the present Contract, are the integral part of it.</p> <p>11.2. All amendments and alternations to the present Contract are valid only in case of their accomplishment in writing and signed by the authorized representatives of the Parties.</p> <p>11.3. Any of the Parties has no right to transfer the rights and contractual obligations to the third party without the written approval of other Party.</p> <p>11.4. The present Contract is written in 2 (two) copies having the same legal value; 1 (one) copy will be given to the "Buyer" and one copy will be given to the "Seller".</p> <p>11.5. The Contract comes into force from the date of its signing by authorized representatives of the Parties and is valid to By additional agreement between the parties the validity term of the Contract can be prolonged after the terms and quantities for a new period of time have been agreed.</p> <p>11.6. The present Contract is concluded in the English</p>	<p>11. Заключительная часть</p> <p>11.1. Все приложения, относящиеся к настоящему Контракту, являются его неотъемлемой частью.</p> <p>11.2. Все изменения и дополнения к настоящему Контракту действительны лишь в том случае, если они совершены в письменной форме и подписаны уполномоченными представителями Сторон.</p> <p>11.3. Ни одна из Сторон не вправе передавать свои права и обязательства по Контракту третьему лицу без письменного согласия другой Стороны.</p> <p>11.4 Настоящий Контракт составлен в двух экземплярах, имеющих одинаковую юридическую силу, по одному для каждой из Сторон.</p> <p>11.5. Контракт вступает в силу со дня его подписания уполномоченными представителями Сторон и действует до _____ года. По дополнительному соглашению сторон срок действия Контракта может быть продлен после согласования условий и объемов поставок на новый срок.</p> <p>11.6. Контракт составлен на русском и английском языках в 2-х экземплярах, имеющие одинаковую</p>

and Russian languages in two copies that have equal juridical validity. The English version has the priority. Supplements should be made in English and Russian and is an integral part of the present Contract. The Contract contains 6 (six) pages, Supplements №1 and Supplement №2.

юридическую силу. Английский текст имеет приоритет. Приложения к настоящему контракту выполняются на английском и русском языках и являются неотъемлемой частью настоящего контракта. Контракт состоит из 6 (шесть) страниц, Приложения №1 и Приложения №2.

13. Legal addresses

Seller:

13. Юридические адреса

Продавец:

Buyer:

Покупатель:

14. ПОДПИСИ СТОРОН / SIGNATURES OF THE PARTIES

Покупатель/Buyer:

Продавец/Seller:

Контракт/Contract No.

Страница/Page 6 из/of 6

Appendix 6. Questionnaire (English version)

Challenges in land transportation between Russia and Finland 2018.

1. For how long have you been operating on the transportation market?

- less than 5 years
- 5-8 years
- 8-10 years
- more than 10 years

2. Is Russia-Finland route the main direction of your operations?

- Yes
- No

3. How often do you organise transportations between Russia and Finland?

- several times in a week
- ones in 2 weeks
- once in a month
- less than once in a month

4. Have you ever experienced any challenges in transportation of goods between Russia and Finland?

- Yes, often
- Yes, sometimes
- No, never

5. How can you evaluate the effect of the economic sanctions on the freight sector?

1 2 3 4 5

no effect serious effect

6. In your opinion, what is the most significant challenge in cargo transportation between Russia and Finland?

- Transportation Costs
- Government Regulations
- Impact of the Economy
- Technology Advancement

7. Do you think driver shortage can be considered as a challenge in freight forwarding?

Yes

No

8. Do you think the human factor is able to cause any challenges in transportation of goods between Russia and Finland?

Yes

No

Other: