

## *Students' projects in the field of International business*

*Business School Lomonosov Moscow State University (Russia), Ritsumeikan Asia Pacific University (Japan) and Meijo University (Japan)*

### Assignment

#### Mitsubishi Electric (Russia) LLC and business in Russia

<http://www.talentex.asia/>

#### **Activity in Russia**

Mitsubishi Electric products have been known in Russia and the republics of the former USSR since the 1970s, when the first deliveries of foreign industrial equipment and production lines to our country were made. A new stage of the company's activities on the territory of the former USSR began in the mid -90s and in December 1997 the Representative Office of CJSC Mitsubishi Electric Europe B.V. was opened in Moscow.

Company in Russia: LLC "Mitsubishi electric (RUS)"

Manufacturer: Mitsubishi Electric Corporation

#### **Mitsubishi Electric products in Russia**

Product:

- Air conditioning (Mitsubishi electric Corp., Japan, Thailand, Scotland);
- Heat pumps (Mitsubishi electric Corp., Japan, Scotland);
- Hand dryers (Mitsubishi electric Corp., Japan);
- Refrigerators (Mitsubishi electric Corp., Japan, Thailand).

**Price segment:** upper high

#### **Products characteristics:**

The highest level of reliability, enhanced consumer functionality while minimizing the impact on the environment (energy efficiency, material consumption, recycling).

#### **The situation on the Russian market:**

In terms of air conditioners and heat pumps, Mitsubishi electric is the leader of its segment. In the part of refrigerators and hand dryers – a new business for the company.

#### **Market changes**

The government deliberately introduced the mandatory labeling system of each item of goods to be sold in Russia to be able to trace the entire supply chain from production to removal from the shelf.

Markings are subject to "all that is produced and packaged." The term for the introduction of the new labeling system for all groups of products in Russia is 2024. Each product code has an entry in the database, which displays data on the product: manufacturer, expiration date, certificates of conformity, transfer of ownership and so forth.

Data Center to keep all date is Perspective Technologies Development Center (<https://crpt.ru/>, the case of tobacco <https://chestnyznak.ru/en/business/projects/tobacco/>).

The introduction of total labeling is likely to entail critical market changes. Among of them are: a decrease in the number of counterfeit goods, transparency of supply chains for venders, total state control over the movement of goods, a change in the rules of competition.

**Assignment:**

1. Assess the risks and opportunities arising from the introduction of mandatory labeling system for Mitsubishi Electric LLC (Russia) for the above-mentioned products.
2. Provide recommendations related to the introduction of additional management functions to adjust the company's procedures in order to minimize risks and maximize opportunities. (For example, the introduction of monitoring of supply chains in order to comply with the export laws of Japan or to control these chains by the Company, but within the framework of antitrust laws).

**Regulations:**

- Federal Law of 25.12.2018 No. 488-ФЗ "On Amendments to the Federal Law" On the Basics of State Regulation of Trading Activities in the Russian Federation "and Articles 4-4 and 4-5 of the Federal Law" On the Application of Cash Registers in Making Payments In Russian federation";
- Decree of the Government of the Russian Federation dated May 30, 2018 No. 620 "On Conducting an Experiment on Marking with Means of Identification of Shoe Products in the Territory of the Russian Federation".

*In Russian*

- Федеральный закон от 25.12.2018 № 488-ФЗ "О внесении изменений в Федеральный закон "Об основах государственного регулирования торговой деятельности в Российской Федерации" и статьи 4-4 и 4-5 Федерального закона "О применении контрольно-кассовой техники при осуществлении расчетов в Российской Федерации";
- Постановление Правительства Российской Федерации от 30 мая 2018 года №620 «О проведении эксперимента по маркировке средствами идентификации обувных товаров на территории РФ».