

Interview: Victoria Filatova - Chair, Association of Perfumery and Cosmetics of Ukraine (APCU)



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Victoria Filatova, president and chairperson of the Association of Perfumery and Cosmetics of Ukraine (APCU), discusses her strategic priorities, the association's main achievements in its six years of existence, and the internationalization of Ukrainian cosmetics companies.

What is the role of the APCU and what are your main strategic priorities as president and chairperson?

We, as an organization, have been operating for almost six years. Our reason for establishing was to unite the most active participants in the perfumery and cosmetics production market. The majority of them are national producers. Obviously, our goal was to evaluate the situation and bring clarity to the regulatory policy of the industry, because we could not see the rationale for staying with our current, Soviet system of technical regulation. Of course, our main task is the loyalty of the customer. We have to get it back as well as retain it and provide safe, high quality products to the customers.

Why did you decide to create this organization six years ago?

Well, the key reason was the post-Soviet Union heritage of standardization which was falling apart and was terribly regulated. It was literally impossible to produce high quality products on the basis of the system of standardization that existed at that time and we knew nothing about European

requirements at all. We started our activity from investigating the European technical regulation.

All of this happened at the same time with the implementation of new technical regulations which came into full force in 2013 and we, basically, first investigated these documents and everything related to them for two years, in order to assess the possibility of implementing the same regulations in Ukraine.

We started from 14 companies and I was the person who made all the arrangements for the very first meeting, so I have been working here since the beginning.

What have been your main achievements in this timeframe?

The main achievement is that we thoroughly investigated the European regulations and designed the technical regulation in Ukraine. Since this project was written directly by our association employees, we have provided the Ministry of Healthcare with appropriate technical assistance in promoting this document. The document is now in the stage of approval and I hope it will be implemented and come into force by the end of the year. I believe that it is our main achievement, because it took a long time for the European Union to undergo this procedure, so we are doing quite well and working quickly, especially considering all the events in the country, such as the change in government.

The second achievement is that we were not only capable of creating this project and developing the regulatory document, but we also teach everyone interested in this industry, which means that we are completely open for cooperation. All workshops and roundtables being held by our association are always open to everybody who has the interest and not only for the participants. One of our largest events is the Cosmetics Ukraine International Forum. This is our main platform where we can implement all the ideas regarding the improvement of our market participants in different areas and not only focusing on technologists. For example, this year we paid a lot of attention to marketing. So, we are trying to unite all the interests on this platform, starting from attracting the students and finishing with products promotion in the world market. We consider this project to be very successful, with high attendance and a high level of speakers.

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The third key achievement for us during these years is that we are not only working in close cooperation with our state authorities, but have also reached a level of trust whereby we are recognized as the experts in this field and if any issues arise, even in similar industries, like for example, medical devices or some similar industries, they always consult us. This is significant,

considering that we have only had around five years of activity in the market. Five years is not that much to achieve such a level of mutual understanding.

What is your assessment of the main trends in the Ukrainian cosmetics market in 2017?

For the last few years the market numbers have been very stable with no significant growth in market volume. Unfortunately, all the statistical data provided by the National Bureau of Statistics is not precise enough in order to observe the tendencies.

What we can outline with certainty is that almost all Ukrainian producers have significantly diversified their export policies and were able to replace Russia as their only export market with other countries around the world. Of course, it's too early to state that we are capable of completely replacing the Russian or Kazakh markets, our key export areas, because we are very export oriented.

What makes you believe that Ukrainian companies can enter the European Union markets and be successful there?

Many Ukrainian companies have already entered the European market and have been quite successful there. For example, Elfa, the leading Ukrainian cosmetics manufacturer, is already exporting to all EU countries with very promising financial results. Only some companies in Ukraine operate in compliance with EU regulations, but those that do have already achieved success in Europe and all goals they set for themselves have been reached. In general, Ukrainian entrepreneurs are very active and enthusiastic, which makes me believe that they will find the tools to promote their products in the EU and other global markets.

Cosmetics and healthcare used to be very separate, but now cosmetics companies produce many innovative skincare products in France, Italy and Germany for example. Are these two industries also becoming closer in Ukraine?

Yes, we have the same situation here in Ukraine. The cosmetic products have a tendency to mix with the pharmaceutical ones. Unfortunately, this trend is taking place not because these industries are getting closer, but because of the absence of the clear regulations in this area.

In the EU, for example, a producer will know clearly what it is allowed to produce and what it is not. Unfortunately, in Ukraine the gap in the legislation is being used by almost all producers, because of a lack of clarity. We truly hope that new regulations will be implemented in Ukraine to address this subdivision, because customers should not be deceived.

We should always keep in mind that cosmetics must be safe for users. Therefore, if you do add some specific qualities to the product you should not over promise something that is not there, and, if you start to promise a lot, then you should switch to another category. For example, if you claim your product to be a treatment-and-prophylactic, then it should be registered as a medicine.

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This is quite a difficult issue. We also can observe it on the European market, but things are just more transparent there and the regulations move forward. For us it is just the beginning of the path and we have too many producers focused on treatment and prophylactic cosmetics. For example, organics and the natural origins of products are things that companies do not see as obligatory to prove, they just claim it and, so far, such actions haven't been punished.

We are trying to explain this and organize many roundtables together with another associations involved in the sustainable development of eco programs in the country. We involve all parties in the roundtables in order to explain that there is a place for cosmetics and there is a place for pharmaceuticals, as well as for medical devices. All of these areas are adjacent, but we still have to know how to separate them and not cross the line.

The most difficult part in this issue is cooperation with pharmacy chains. We are just at the stage of clarifications, because cosmetics that prevent or treat disease are present there as well.

One of the reasons why this issue is so acute is that our Ministry of Healthcare has released many documents with statements on such things as the definitions of medical cosmetics and we even had special directives where it was indicated that the pharmacies should place only stock medical cosmetics, so literally, the regulatory officials provoked the situation themselves. The producers, to some extent, became the hostages of the situation. They have to face up to the fact that if they want to sell to the pharmacy chains, they should provide details of the pharmaceutical qualities of the cosmetics.

CPTA is the agreement that APCU has with the British Cosmetics Association. How did you manage to reach this agreement?

Firstly, this agreement is a huge honor for us. The British Cosmetics Association (BCA)'s 70 years of experience brings a lot to us, especially considering our limited experience of only five years of work. We are very thankful to have the opportunity to exchange experiences and we count on the BCA's help to reproduce all the activities which European professional unity have been working on

for the last 70 years with a minimum number of mistakes and within the shortest possible period of time. For us, the most valuable thing in our cooperation is their experience. It will help us to understand the processes we are going to work on, particularly in the regulatory field.

Would you be open to partnership with other international associations?

Yes, of course. We have been in contact with many organizations for many years. We meet them at different international events and of course we communicate and are open to cooperation in any form with any organization in the world.

What is your final message to our international readers?

Considering the fact that many Ukrainian industries, including our industry, have found themselves in very difficult situations during last four years, I think it provides us with the possibility to mobilize very fast and efficiently. So, from the standpoint of this situation, we are very efficient by definition, simply because we don't have any other choice.

Another positive factor is that all our partners are ready to work hard, so I believe we will be able to join the international community of professionals quickly as well as occupy our niche there.

Additionally, we are very fast learners. The key thing with which we can be helped is the provision of greater opportunities to learn new things. Therefore, this opportunity to learn and implement everything very quickly I think would be the main help. We invest extensively in knowledge and we hope that it will help us to move fast in the future.

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