

CONNECTIVE. INFORMATIVE. EFFECTIVE.



**Dear readers,**

Welcome to the summer issue of the AEB Business Quarterly!

The Association of European Businesses represents the interests of foreign investors in Russia and supports foreign companies operating on the Russian market. Far more than 50% of foreign direct investments originate from the European Union, so the country's investment attractiveness is of vital importance for the AEB.

The AEB is focused on engaging with the Russian regions. We have two Regional Committees: the North-Western and the Southern ones with the offices in Saint Petersburg and Krasnodar correspondingly.

They actively cooperate with the regional and local authorities and take part in the work of the investment councils of the governments of the Krasnodar and Leningrad regions, and the city of St. Petersburg. On 1 June 2017, the AEB signed an Agreement on Cooperation with Leningrad region within the framework of the St.Petersburg International Forum.

The AEB regularly holds presentations of the investment potential of the regions in Moscow. Thus, recently we have hosted several events on the investment potential of the Altai and Sakhalin regions, the North Caucasus and the Chuvash Republic.

The Association regularly organises business missions to the Russian regions and meetings with the regional governors, enabling companies to get acquainted with the investment opportunities of the given region as well as the terms of co-operation and development.

As usual, this edition will provide you with the AEB Committee updates and up-to-date news from our member-companies. Hopefully you will find this issue to be a useful resource of information for your business.

Happy reading!

Frank Schauff

Chief Executive Officer,
Association of European Businesses

Olga Bantsekina

Coleman Services UK Ltd,
AEB Board Deputy Chair

**Dear readers,**

Krasnodar Krai is one of the most attractive Russian regions for foreign investors. Over the last 25 years investment projects have been successfully implemented by foreign companies in the south of Russia.

Nowadays, the region has more than 30 large and medium-sized enterprises and organisations with the participation of multinational corporations and major foreign companies representing world famous brands. It also has a large number of trading subsidiaries representing the world's major companies.

The Southern Regional Committee of the Association of European Businesses was the first AEB regional committee, and has operated in the region since 2003. Today the Southern Regional Committee is composed of leading foreign investors and international banks operating in Krasnodar Krai and Rostov Oblast.

An important goal of the Committee is to take full advantage of the investment opportunities in the region. This goal is directly related to the plans of the regional administration to stimulate the fast growth of the economy. The constructive collaboration forged between international investors and the regional authorities of Krasnodar Krai has further enhanced the competitive advantages of the region, making it more attractive to investors and providing new opportunities for its economic development.

On this note, I wish you pleasant reading.

Yours sincerely,

Oleg Zharko

Chairman of the Southern Regional Committee,
Regional Corporate Affairs Director, Danone

**Dear readers,**

It is with great pleasure that we have the opportunity to present you the brandnew regional edition of the AEB Business Quarterly.

In spite of the tough economic environment in Russia, the North-Western Regional Committee has made considerable effort to boost the presence of the AEB in its region, rather than simply follow the economic trend.

There are macroeconomic and political factors that are beyond our control. The current economic environment has brought its challenges, but over the last three years we have learnt to adapt.

There are though other factors that we can have an influence on, both at the federal and local levels. The North-Western Regional Committee is focused on these local factors, and as such, we have used the past 12 months to set up closer ties with the authorities of the city of St. Petersburg and Leningrad Region. We believe that in this difficult environment, it is even more important to have strong ties with the authorities. We have learnt that the authorities have put in a lot of effort to improve the investment climate in the region and they are warmly welcoming of the AEB and its members, encouraging them to contribute their know-how and experience in the process of creating an investor friendly environment. The AEB has taken a constructive and active position and would like to encourage all our members to support us and take part in the work of our subcommittees, working groups, and meetings and events with the authorities. Together we can make north-west Russia the most attractive investment destination in Russia.

In the current edition you will find news from some of our most active members on legal developments in the city of St. Petersburg, on trends in the residential real estate market, and an article about the perception of the market from a Scandinavian point of view.

We hope you enjoy reading the AEB Business Quarterly and that you find it useful and insightful.

Sincerely yours,

Andreas Bitzi

Director-Partner, SCHNEIDER GROUP (St. Petersburg),
Chairman of the AEB North-Western Regional Committee



p. 10

Special Economic Areas for Localisation in Russia



p. 14

High-tech production sites for investors

AEB BUSINESS QUARTERLY, Summer 2017

Regional Development

The warming of the investment climate in Russia

ALEXANDER DEMIDOV, Professor of the Higher School of Economics, Managing Director, GfK Rus
YULIA STETSENKO, Communications Manager, GfK Rus

6

Targeting investors: special economic areas for localisation in Russia

MARGARITA OSORKINA, Head of sector / Project Management Department Special Economic Zones, JSC

10

Special economic zones as a driver of growth of new industrial expertise: Titanium Valley's proven experience

GALINA DEMENEVA, Deputy CEO on Investor Relations

14

Southern Regional Committee

Discovering Krasnodar region

VENIAMIN KONDRATYEV, Governor of the Krasnodar Region

16



p. 16

Discovering Krasnodar Region



p. 20

South of Russia welcomes foreign investors

Krasnodar City

DMITRY LOGVINENKO, Vice Mayor of the City of Krasnodar

18

European business continues to grow in the Krasnodar region

OLEG ZHARKO, Chairman of the Southern Regional Committee, Regional Corporate Affairs Director, Danone

20

North-Western Regional Committee**How nordic investors can deal with the new economic environment**

ALEXANDER ROSTOVSKY, Senior Associate
Castrén & Snellman International Ltd

23

St. Petersburg investment legislation – more state support and control

LEYLA IBRAGIMOVA, Associate, Hannes Snellman

24

Stability and growth in the St. Petersburg real estate market

EKATERINA GURTOVAYA, Director, Marketing and Sales Department, YIT Saint Petersburg, JSC

25

AEB Updates**AEB news**

26

AEB Committee updates

38

Member news

49

Appointments

51

New members

51



Tatarstan International Automotive Forum 2017



AEB Board mission to Brussels



Presentation of the investment potential of the Chuvash Republic

Publication name/Наименование издания:
AEB Business Quarterly
(Ежеквартальное деловое издание
АССОЦИАЦИИ ЕВРОПЕЙСКОГО БИЗНЕСА)
Published by/Учредитель: Non-profit
making partnership "Association of European

Businesses"/Некоммерческое партнерство
"АССОЦИАЦИЯ
ЕВРОПЕЙСКОГО БИЗНЕСА"
Chief Editor/Главный редактор:
D.N. Artemieva/Артемьева Д.Н.
Publication volume and number/

Номер выпуска: 02, 2017
Release date/Дата выхода:
7 July 2017/7 июля 2017 г.
Circulation/Тираж: 16,000 copies/16,000 экз.
Cost/Цена: Distributed free of charge/
Бесплатно

Publisher's address/
Адрес издателя, редакции:
16, bld. 3, Krasno proletarskaya str., 127473,
Moscow, Russia/Россия, 127473,
г. Москва, ул. Краснопролетарская,
д. 16, стр. 3

The "AEB Business Quarterly" is registered with The Federal Service for Supervision of Legislation in Mass Communications and Protection of Cultural Heritage, Certificate registration ПИ № ФС77-24457/ СМИ "АССОЦИАЦИЯ ЕВРОПЕЙСКОГО БИЗНЕСА: Ежеквартальное деловое издание" зарегистрировано в Федеральной службе по надзору за соблюдением законодательства в сфере массовых коммуникаций и охране культурного наследия. Свидетельство о регистрации

ПИ № ФС77-24457 от 23 мая 2006 года. The opinions and comments expressed here are those of the authors and do not necessarily reflect those of the Non-profit making partnership "Association of European Businesses"/Мнения/комментарии авторов могут не совпадать с мнениями/комментариями учредителя публикации, Некоммерческого партнерства "АССОЦИАЦИЯ ЕВРОПЕЙСКОГО БИЗНЕСА"

The warming of the investment climate in Russia

Results of the AEB Annual Survey
 “Strategies and Prospects for European Companies in Russia”



ALEXANDER DEMIDOV

Professor of the Higher School of Economics, Managing Director, GfK Rus

The AEB has published the results of the 10th AEB Annual Survey “Strategies and Prospects for European Companies in Russia”, which gives an overview of the attractiveness of the Russian investment climate and highlights the key challenges and strategies faced by European companies doing business in Russia. The survey was

conducted in April 2017 in tandem with the International Institute of Marketing and Social Research GfK Rus.

According to the AEB survey, in 2017 the number of European companies that expect the Russian economy to grow in the short- and long-term significantly increased from last year, and the number of businesses planning to invest in Russia doubled.

Against the backdrop of the improvement in the current state of the business environment and positive expectations regarding doing business in Russia, the comprehensive AEB-GfK Index rose 21 points from 2016 and stands at 141 points out of a possible 200 (in 2016 it stood at 120 points, and in 2015 at 106). The index shows positive expectations and has now approached the level it was in 2013 (144). The lowest index was registered in 2015 (106).

“For the first time since the beginning of the crisis, European companies are truly positive about the

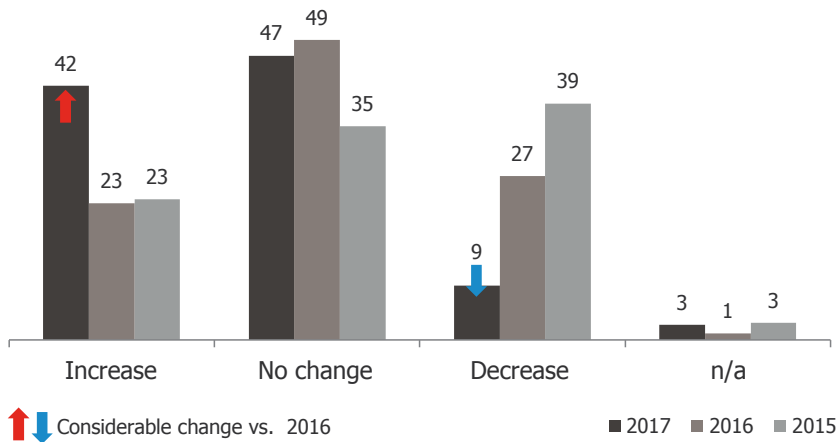
prospects for the Russian market”, said Alexander Demidov, CEO of GfK Rus.

According to the opinion of top managers of European companies doing business in Russia, the performance of the Russian economy in Q1 2017 met or even exceeded their expectations. 32% of respondents say that the economic situation on the Russian market was better than expected. In 2016, only 17% held that opinion.

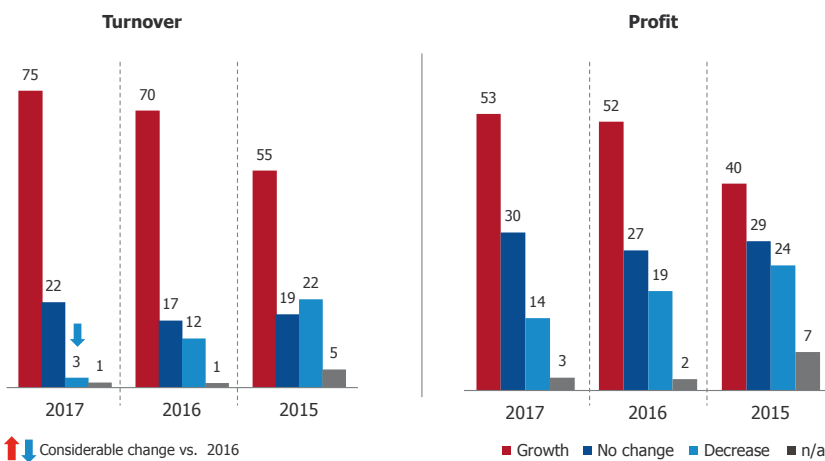
Furthermore, the number of European companies which referred to the positive market dynamics as a main driver of decisions in regards to their business in Russia grew from 38% to 56%. The potential of the market was acknowledged by 73% of respondents in 2017 (up from 60% in 2016).

As to the performance results of European companies in Russia in Q1 2017, it seems that the results reported by the majority of them met or failed to meet expectations.

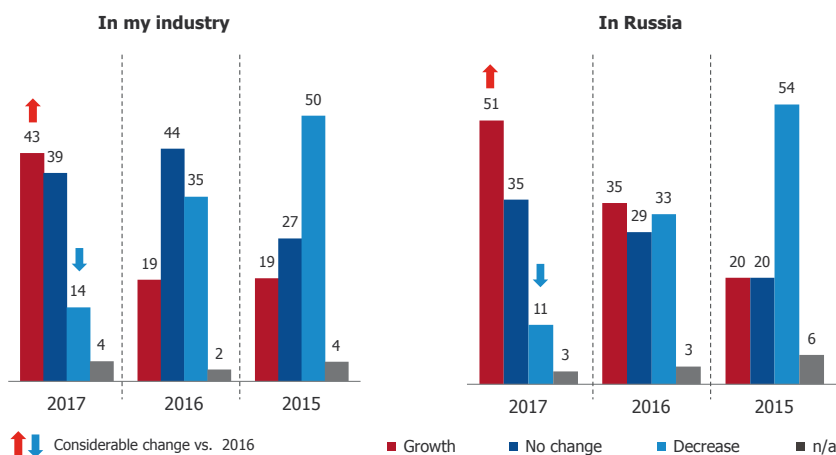
► Investments, %



► Turnover and profit within the next 3 years, %



► Investments in my industry and in Russia on the whole, within the next 2-3 years, %



The number of companies which reported performance results in Q1 2017 that were “worse than expected” grew from 21% in 2016 to 25% in 2017, while the number of companies which reported results that were better than expected decreased (from 21% in 2016 to 14% in 2017).

One of the possible reasons for the worse than expected performance results could be the lack of investment, and it seems that European companies intend to change this situation. In 2017, the number of companies planning to boost investment in Russia almost doubled: from 23% in 2016 to 42% in 2017.

What is hindering the growth of investment in Russia?

The AEB Annual Survey also highlights the key challenges faced by European companies doing business in Russia and looks at the major risk factors associated with the Russian economy and doing business in Russia for European companies.

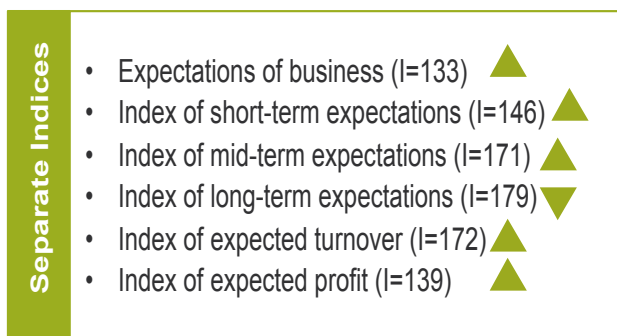
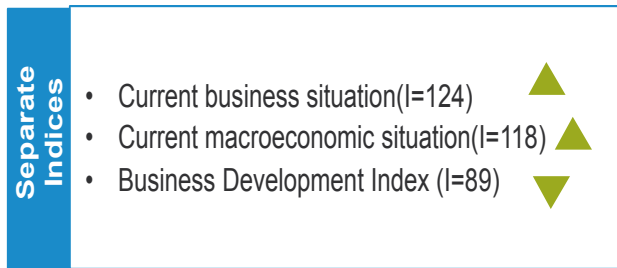
And although most of the survey respondents mentioned that the economic situation in Russia has improved, the economic climate in Russia remains challenging. The main factors that are adversely affecting the Russian economy are sanctions against Russia (77% of respondents), Russian sanctions against the EU and US (60%), and also the price of oil (54%).

European companies have been affected by a number of factors:

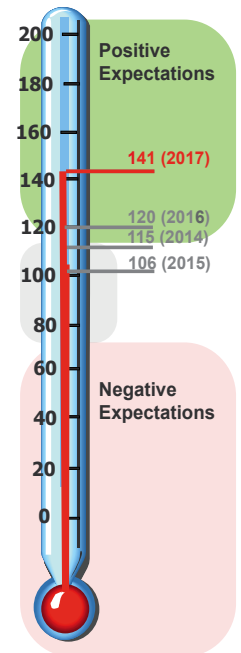
- 66% of companies said that the sanctions against Russia have had

► **AEB-GfK Barometer: Business Confidence in Russia**

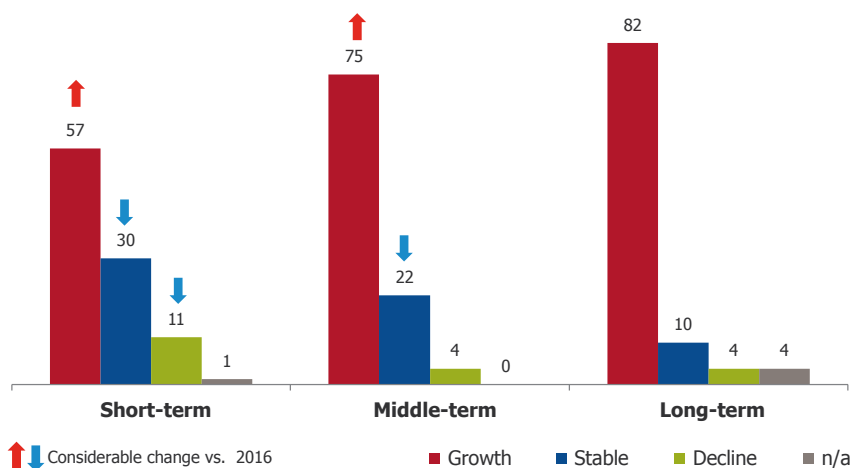
Compound Index



AEB-GfK Index, 2017



► **Perspectives of the Russian economy within the next 10 years, %**



a negative impact on their performance in Russia;

- 39% said that the price of oil has adversely affected the performance of their companies in Russia (down from 63% in 2016);

- 39% said that Russian sanctions against the EU and US have negatively affected the performance of their companies in Russia.

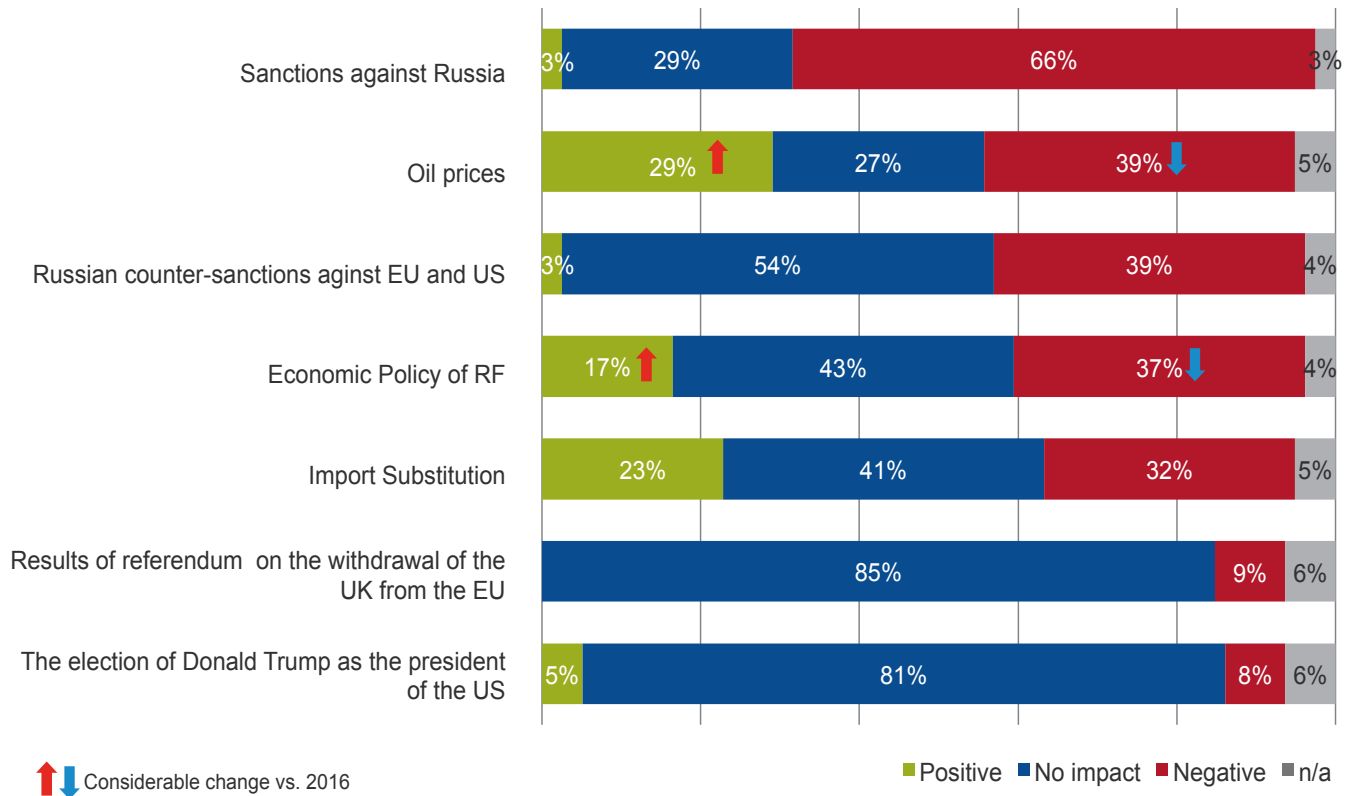
The financial conditions in which the AEB member companies operate are

still quite acceptable. The main problems related to financing remain the high interest rates and restricted access to bank loans. Also this year we are seeing the emergence of problems such as the limited number of financial instruments proposed by banks. The number of companies which mentioned this problem doubled from 2016.

Regulatory restrictions are a major barrier to doing business (60% of companies mentioned regulatory restrictions as the main barrier to doing business). Also, a considerable number of European companies mentioned that they face problems such as the lack of modern production facilities and lack of high quality materials from suppliers.

The business culture and business environment of the country were given a modest rating. Dealing with the legislative, customs and tax authorities

► **Influence of various factors on my company's business**



was rated somewhat negatively. The negative factors for doing business in Russia include red tape and corruption, and the majority of AEB members do not expect an improvement of the situation with corruption, red tape and taxes within the next two years (62%, 58% and 52% of companies respectively).

As to the effect of external factors on the Russian economy and performance of European companies in Russia, the survey found that the results of the referendum on the withdrawal of the UK from the EU and the election of Donald Trump as the president of the US have had a minimal impact on the performance of companies in Russia (85% and 81% of companies said that these events do not affect their performance).

37% said that the economic policy of the Russian Federation adversely

“For the first time since the beginning of the crisis, European companies are truly positive about the prospects for the Russian market”

affects the performance of companies in Russia (compared to 49% in 2016). At the same time, the majority of the companies (68%) do not expect that Russian economic policy will change after the 2018 elections.

About the survey

In 2017 the survey “Strategies and Prospects for European Companies in Russia” was conducted by the Association of European Businesses (AEB) for the 10th time. It has been conducted in tandem with the International Institute of Marketing and Social Research GfK Rus since 2011. The current survey was conducted by online and face-to-face interviews with the top managers of AEB member companies in March-April 2017. The survey involved 79 AEB member companies.

The AEB survey is a highly valuable source of first-hand information that gives an overview of the attractiveness of the Russian investment climate and highlights the key challenges and strategies faced by European companies doing business in Russia. |

Targeting investors: special economic areas for localisation in Russia



MARGARITA OSORKINA

Head of sector / Project Management
Department Special Economic Zones,
JSC

Russia currently offers several types of special economic areas to localise foreign investor projects. They include both well-established special economic zones (SEZ) that have existed since 2005, and the fairly new advanced development territories (ADT) launched in 2015.

Let's take a closer look at these two areas and what they bring the private investor.

Currently, there are 26 special economic zones and 16 advanced development territories in Russia. We exclude from

this list ADTs in so-called monotowns as they will be looked at separately below. Both concepts are similar in their key features for the investor, but they still have a number of significant differences.

The first one is geographical location. While special economic zones are located mainly in the European part of Russia, ADTs are currently being established only in the Far Eastern Federal District and are targeted at the Pacific Rim. To operate both in an SEZ or ADT, an investor must be registered in a municipal unit territory where a special economic area is located, and must have no branches or representative offices. The first decision that the investor has to make when localising manufacturing in Russia is which region to move to based on access to target markets, suppliers, contractors and the labour force.

The second important feature is the choice of business activity. The allowable business activities are determined by the SEZ type; namely industrial, innovation, port or tourism and recreation. However, an investor is able to set up production facilities in both industrial and innovation SEZs, having concluded a proper agreement with the SEZ administration. In an SEZ, the law prohibits mining activi-

One of the most significant advantages of special economic areas is that they provide the necessary infrastructure to their residents

ties (except the exploitation of mineral waters and other remedial resources), as well as the production and processing of excisable goods (except cars and motorcycles).

The allowable business activities for an ADT are individually determined by Russian Government decree for each ADT. However, the ability to mine minerals and produce excisable goods is the key distinction from SEZs. So when choosing an ADT to localise manufacturing, the intended business activity is to be allowed in the ADT by the Russian Government decree on the establishment of the ADT chosen by the investor.



The next important step in the implementation of the project is to define its parameters, including its timeline and economics. The minimum capital investment for an industrial SEZ is 120 million roubles, with 40 million roubles in the first three years. For other types of SEZs, there is no minimum investment (except for investments in port SEZs to modernise port infrastructure). The minimum investment for an ADT is determined by the Russian Government decree on the establishment of each ADT. In general, it is 500,000 roubles.

The project economics are sure to be affected by the proposed tax benefits for the investor. The profit tax in ADTs is equal to a maximum of 5% in the first 5 years from the first year of prof-

it and at least 13% in the following years. In SEZs, profit tax ranges from 0 to 15.5% depending on the SEZ type. The terms for land and property taxes are similar, determined by regional laws and generally amount to 0%. An important difference between ADTs and SEZs lies in the reduced insurance premiums to state non-budgetary funds for resident corporate employees. In ADTs, it is 7.6% for 10 years, while SEZs are currently offering this exemption only to residents that conduct innovation work in the SEZ. In 2017, the rate is 14%.

The project timeline largely depends on the life of the special economic area. The law restricts the life of SEZs to 49 years, while ADTs exists up to 70 years.

Extra incentives to locate a project in special economic areas (both in SEZs and ADTs) include reduced-price leasing of property and land to build capital facilities; a beneficial land purchase rate after the certificate of ownership of the capital facilities is obtained; a free customs zone that provides a zero customs rate on imported equipment, parts and materials; zero VAT on equipment, parts and materials imported to the SEZ/ADT; and no export duties for finished goods exported beyond the Customs Union (Russia, Belarus, Kazakhstan, Armenia and Kyrgyzstan). It is also important to note that employing foreign nationals in ADTs does not require a foreign worker employment permit or adherence to the quotas, while SEZ incentives apply to the hiring of highly-qualified workers.

One of the most significant advantages of special economic areas is that they provide the necessary infrastructure to their residents. Furthermore, the entire SEZ infrastructure is new and built specifically to support the activities of SEZ residents. Coupled with the excellent conditions for establishing the raw material supply chain, it substantially reduces costs when setting up new production facilities and growing business.

As mentioned above, the ADT regime can be extended to monotowns (single-industry towns) that were classified by

Russian Government decree as monotowns with the most difficult social and economic conditions. So far ADTs have been established in 18 such monotowns. In this case, the ADTs are intended to diversify the town's economy and create new jobs that are not related to the activities of the city-forming company. Pursuant to these objectives, ADTs in monotowns significantly differ from the projects in the areas described above. Monotowns have no provisions for the production of excisable goods (except cars and motorcycles), or for a number of economic activities, including

those that employ 20 or more percent of the average number of employees throughout the monotown companies. The specific types of permitted economic activities for each ADT are determined by Russian Government decree on the creation of the territory. Also, the Russian Government decrees stipulate the minimum capital investment that must be made during the first year of project implementation by the investor (typically 5 million roubles) and minimum number of new permanent jobs established by the project (typically 20 jobs). Moreover, investors are given the same

Parameter/ Special economic area	SEZ	ADT	
		Far East	Monotown
Year of establishment of first special economic area	2005	2015	2016
Location	All Russia (mainly in the European part of the country)	Far East	All Russia
Total investment	120 million roubles for industrial SEZs No minimum investment for the rest of the SEZs*	500,000 roubles	5 million roubles
Tax benefits			
Tax on profits	0–15.5% depending on SEZ type (as a rule, this tax does not exceed 3% due to regional benefits)	0-5% – in the first 5 years from 13% – from the 6 th year of the project	
Property tax	0%	0%	
Land tax	0%	0%	
Transport tax	0 EUR/h.p.	No benefits	
Insurance premiums	14+% For residents conducting innovation work	7.6% for 10 years	
Free customs zone	yes**	yes	no

* except port infrastructure construction and modernisation projects

** except tourism and recreation SEZs



tax benefits as ADT investors in the Far East, but in monotowns ADT this is limited to 10 years with a potential extension of further 5 years.

Apart from implementing an investment project in a special economic area, investors can benefit from other localisation tools, one of which is the special investment contract. The special investment contract (SPIC) is an agreement between an investor and the state under which the investor undertakes to create or modernise manufacturing facilities of industrial products, while the state provides the investor with special benefits and preferences. It can provide the following incentives: tax benefits, guarantee of

tax non-regression during the contract period and an expedited and simplified procedure to obtain the status of Russian manufacturer (if the SPIC is entered into at the federal level and its conditions include the obligation of the investor to conduct staged (3-year maximum) localisation). The latter makes it possible to participate in the state and municipal procurement process and makes it easier to obtain state orders (if the investor is recognised as a sole supplier of goods for state and municipal procurement). To conclude a contract, an investor may act as both a Russian or foreign legal entity, with a minimum investment of at least 750 million roubles (except for a contract under which an inves-

tor is recognised as a sole supplier; in this case, an investor must be a Russian legal entity with an investment of more than 3 billion roubles). The validity of such a contract is defined as the planned operational profit plus 5 years, but not more than 10 years.

So when localising manufacturing in Russia, an investor can take advantage of the existing special investment support tools and consider the options for locating the project in a Russian special economic area, which will have a multiplier effect and contribute to the successful implementation of the project. A breakdown of the characteristics of these economic areas are given in the table below for comparison purposes. |

Special Economic Zones as a driver of growth of new industrial expertise: Titanium Valley's proven experience



TATIANA DEMENEVA

Deputy CEO on Investor Relations,
Special Economic Zone
"Titanium Valley"

As a result of the institution of Special Economic Zones the regions of the Russian Federation have gained a number of high-tech production sites with considerable capital investment. A new factory in a Special Economic Zone is far more than just an investment outlay, new workplaces, and tax liabilities – it is a significant step towards the growth of industrial expertise in the region.

Global practice shows that Special Economic Zones are established in

order for the dominating regional industry to grow. Meanwhile, as a result of tax-exemptions, residents can cut expenses when setting up a new production facility as modern equipment can be imported free-of-charge. Total savings might reach 30% or more. This opportunity is very often the basis for the development of new industrial expertise among residents, especially for high-tech manufacturing. It enables companies to enhance their industrial expertise, extend their product range, and enter new markets, which gives a boost to the innovation potential of the country as a whole.

Another success factor is the opportunity residents of the Special Economic Zone can work together, especially when the anchor resident can consume the high-tech products produced by smaller residents. This is why anchor residents are the focus of attention for accompanying innovative production facilities, which lays the basis for the growth of new industries in the regional economy.

The Special Economic Zone Titanium Valley has given the aerospace and aviation production sector in the Urals a significant boost.

The Titanium Valley Special Economic Zone, located near the large titanium producer VSMPO-AVISMA, was established in 2010 in order to drive the titanium industry to further growth. The industrial platform was designed to be attractive to companies which process titanium. The hypothesis has worked out as planned as today the residents of the Special Economic Zone Titanium Valley include a titanium-powder producer and 3D manufacturer, a metal-cutting tools producer and a factory producing titanium implants and medical instruments.

The anchor resident of the Special Economic Zone Titanium Valley is Ural Boeing Manufacturing 2 – the second joint venture between Boeing and VSMPO-AVISMA. The industrial giants previously founded the first joint venture – Ural Boeing Manufacturing in Verkhnyaya Salda in the Sverdlovsk Region before setting up a plant in the Special Economic Zone. The anchor resident – the world's leading producer of airplanes – has driven the industrial specialisation of the Special Economic Zone and laid the basis for collaboration with other aerospace leaders – Airbus, Safran SA and their key suppliers. The rising interest of the world's



As a result of the institution of Special Economic Zones the regions of the Russian Federation have gained a number of high-tech production sites with considerable capital investment

biggest aviation companies and the fast growth of the local aviation factory – the Ural Civil Aviation Factory – have led to the need for a new aviation cluster. In 2015 the Ministry of Industry and Trade and the Ministry of Economic Development of the Russian Federation agreed to establish the second industrial platform of the Special Economic Zone Titanium Valley in the Ural Civil Aviation factory (Uktus airport). The new platform will gain the status of Special Economic

Zone in 2017. The Ural Civil Aviation factory will be its anchor resident and the driver of the aviation cluster, but ship-building, fuel-power complex, electronics, aerospace and defence producers will also be able to become residents of the Special Economic Zone.

Meanwhile, investors, who have had quite a promising economic effect and provided the region with new industrial expertise, still face the prob-

lem of labour shortages. The Special Economic Zone Titanium Valley has found a way to overcome this problem through the initiation of the "Titanium cluster of the Sverdlovsk Region", aimed at the creation of an inseparable technological chain – from the idea and technology to high-tech production. The members of the "Titanium cluster" – institutions, colleges and universities – provide investors with a qualified workforce and form the perfect basis for R&D work. |

Southern Regional Committee

Discovering Krasnodar region



VENIAMIN KONDRATYEV

Governor of the Krasnodar Region

Dear colleagues and partners,

I would like to invite you to discover the Krasnodar region. It is one of the most southern and welcoming regions of Russia.

Over the last 10 years, the Krasnodar region has demonstrated rapid economic growth and become one of the most attractive regions of Russia for investors.

The region is the basis of food security in Russia. It is famous for its extensive transport infrastructure, rich natural resources, and good climate.

The Krasnodar region has a unique geographical location, with direct ac-

cess to the international trade routes of Europe, Asia and the CIS, and this has led to the implementation of a number of major infrastructure projects that are strategically important not only for the region, but for the country as a whole.

Today, investment projects of companies such as Danone, Knauf, Bondulle, Nestle, Philipp Morris, Claas etc. have been successfully implemented in the region.

In total, about 300 companies with the participation of foreign capital from more than 30 countries are doing business in the Krasnodar region.

Many investment partners, having achieved excellent results, are committed to growing their businesses further here in the Krasnodar region. For example, in 2003 CLAAS built an agricultural machinery plant in the Krasnodar region. Now it is creating a complete assembly production cycle with a level of localisation of over 50%.

The investment climate in the Krasnodar region is one of the best in the country, which various independent rankings attest to (seventh place in the national investment climate ranking in the Russian regions according to the Agency for Strategic Initiatives and first place as the region with the

lowest risk for investors according to the ranking agency Expert RA).

The investment policy of the Krasnodar region is focused on the development of top-priority sectors of the economy, such as the agro-industrial complex, including agricultural production, processing, and food supply. The Krasnodar region is Russia's largest agro-industrial region with more than 2,200 companies in the food industry.

In addition, the wine industry is also a fast developing sector of economy in the region. The region's wine producers have won numerous international awards and successfully compete with the world's best wines.

We also consider the resort, recreation and tourism sector, the transportation sector, the information telecommunications sector, as well as the manufacturing industry, including machine manufacturing, tool engineering, metal-working manufacturing, construction materials manufacturing, the glass industry, the wood processing industry, consumer goods manufacturing, and the pharmaceuticals industry as priority sectors for investment.

In the current economic conditions, setting up and growing production in Russia has become even more



profitable for foreign investors. Nowadays, a range of opportunities is available not only for Russian businessmen but also for foreign investors who want to minimise costs and make a winning investment despite the global economic instability. The growth of subsidy programmes and state support system for localised production in the Krasnodar region enables companies to become even more competitive.

We are interested in working with companies specialising in agricultural related activities, such as the production of agricultural machinery, equipment for added-value processing of agricultural raw materials, packaging equipment, the digital economy and information technology, biotechnologies, and the resort and recreation sector, including balneology.

Lately we have done a lot of work to improve the business environment in the Krasnodar region, and we are constantly improving investment legislation to create the best conditions for investors.

In 2016 important legislative initiatives that provide more refined and flexible tax benefits were adopted in the Krasnodar region.

To take advantage of property tax privileges for up to 3 years, the investor only needs to contact the tax authorities, referring to the regional regulation.

The Krasnodar region has a registry of strategic investment projects including the most significant projects for the social and economic development of the region. Projects should

of course conform to a set of requirements: capital-output ratio, innovativeness, technological effectiveness, export focused orientation, budgetary and social effectiveness. In this case, tax privileges will be effective until the payback period of the project (up to 7 years).

In the Krasnodar region, residents and industrial park management companies can take advantage of the best tax benefits. Preferences on property taxes and profits tax are provided for up to 10 years.

We provide investors with investment security and property rights. In addition, we provide investors working in the Krasnodar region with the highest level of support during the entire period of the project implementation, from the business idea to commissioning. |

Krasnodar City



DMITRY LOGVINENKO

Vice Mayor of the City of Krasnodar

The city of Krasnodar (known as Yekaterinodar up to 1920) is the administrative, industrial, business and cultural centre of the Krasnodar Region. The area of the city is 84,000 hectares. It is located on the right bank of the River Kuban at a distance of 120-150 km from the Black Sea and the Sea of Azov.

According to official statistics, the city's population is over 973,000. However, the actual number of residents exceeds 1,000,000.

The city enjoys an excellent economic and geographic location and is the largest transport hub in southern Russia. The city is traversed by two motorways of federal significance. It has an airport and a river cargo port. Airlines operate flights from Krasnodar to 32 cities across Russia, 5 CIS capitals and

non-CIS countries. Krasnodar offers all types of public transport, including air, railroad, river, and bus, as well as municipal electric vehicles (trams and trolleybuses).

Krasnodar today is the largest industrial centre in southern Russia.

Nearly 120,500 people are employed by large- and medium-sized enterprises, which is around 30% of the residents employed in the city's economy. The city's main economic branches include tool manufacturing, metal processing, the fabrication of construction materials, garments, knitwear, furniture, tobacco, food and agricultural commodities production.

The excellent economic potential and enviable investment climate make the city attractive for national and foreign business people. Krasnodar has established business links with the USA, Turkey, Ukraine, Germany, Belarus, Greece, Italy, France, Israel, Austria and Cyprus.

The city is demonstrating sustainable economic growth. In 2016 the economic performance of Krasnodar was positive: the amount of locally produced goods and services rendered increased by nearly 10% (from 2015) and is currently estimated at RUB 155.6 billion. The amount of housing put into service grew by 6% to 2,128,100 square meters. Retail trade turnover increased by almost 11% (RUB 173.5 billion). The value of

recreational services grew by 20% to RUB 31.2 billion.

Krasnodar is a long standing leader in various rankings. In 2016, the city ranked:

- first in terms of investment activity out of the cities of the Southern Federal District of the Russian Federation;
- first in terms of the amount of retail space in the first half of 2016 (rated by the real estate brokers JLL and Colliers International);
- first out of Russia's big cities in terms of the lowest prices of newly built housing as of 1 September 2016 (rated by experts from the CIAN Real Estate Agency);
- second in the Creative Cities ranking by the Calvert Journal.

Krasnodar tops the 2016 Investment Ranking out of the municipalities of the Krasnodar Region. The amount of capital investment among small- and medium-sized businesses totaled RUB 92.3 billion, which is 30% of all investments throughout the entire region.

Today, over 65 large-scale investment projects with a value of over RUB 350 billion are being implemented in Krasnodar, including the European Valley with a total capital investment of RUB 18 billion, the creation of a technological cluster with a value of RUB 2 billion, the construction of a brick and ceramics factory with a value of RUB 800 million, and the construction of a Four Points by Sheraton hotel with a value of RUB 1.5 billion.



Over the last three years, a number of large investment projects have been implemented in Krasnodar, including the expansion of the Krasnodar heat and power plant and the construction of a CLAAS agricultural machinery factory with a total investment of RUB 19.5 billion and RUB 6 billion respectively.

One of Krasnodar's largest and most successful projects in 2016 was the construction of the FC Krasnodar Stadium, which was opened on October 9. The construction cost totalled nearly RUB 20 billion. The stadium construction site was about 7.9 hectares in size. The stadium seating capacity is 34,300. A 21-hectare recreation park will be located close to the stadium

(the construction work is currently underway). The capacity of the car park outside the stadium is 1,807 spaces.

The local and regional authorities pursue a policy targeted at raising the status of Krasnodar as a city with an excellent investment climate and comfortable conditions. Investors implementing investment projects are provided with financial and non-financial forms of support, including:

- tax incentives;
- property tax exemption (effective within the payback period of an investment project for a period of 3-7 years);
- lowering of income taxes to 13.5% for a period of 3-7 years;

- investment tax credits;
- state guarantees from the Krasnodar Region;
- subsidies from the regional budget to partially reimburse interest charges;
- budgetary provisions from the Krasnodar Region Investment Fund;
- advice.

The city authorities are currently looking for investors to:

- redevelop territories;
- implement PPP-based infrastructural investment projects;
- create industrial parks and attract companies to these parks;
- develop the tourist and entertainment industries, including the construction of hotels and entertainment facilities. |

European business continues to grow in the Krasnodar region



OLEG ZHARKO

Chairman of the Southern Regional Committee, Regional Corporate Affairs Director, Danone

The AEB Southern Regional Committee was the first of the AEB regional Committees to be established and has been fully operational since 2003. Currently it unites 42 companies: leading foreign investors and international banks, which have affiliates operating in the Krasnodar, Stavropol, Rostov-on-Don regions and the Adygei republic. The work of the Committee is aimed at solving problems related to the growth of international companies in the region, the creation of the right conditions for the development of mutually beneficial cooperation and dialogue with the regional authorities. The Southern Regional Committee organises conferences, round tables and seminars that ad-

dress particular issues in today's economy and promote business development. Members of the Southern Regional Committee participated in key investment events: forums and exhibitions held in the region.

The search for new Russian and foreign investors is still of particular importance for the regional authorities, as is the provision of support for the current investors. The authorities of the Krasnodar region and the city of Krasnodar have managed to build an effective system of cooperation with potential and existing investors. A presentation of the investment potential of the Krasnodar region for AEB members took place in Moscow in February 2016. The Regional Foreign Investment Advisory Council under the Governor of the Krasnodar region has resumed its active work. 14 companies out of the 16 in the Advisory Council are AEB Southern Regional Committee members. Working groups in the following areas has been established in the Foreign Investment Advisory Council under the Governor of the Krasnodar region: promotion of the investment image of the Krasnodar region; localisation and infrastructure issues; staffing investment; legal issues, regulation and examination.

AEB Southern Regional Committee member companies are setting up production facilities in the Krasnodar region. It should be noted that this

has been possible thanks to the fruitful cooperation with and support from the regional and municipal authorities, which help AEB members implement new investment projects and joint initiatives. It was decided to prepare an annual report on the status of the ongoing work with foreign investors in the region in order to analyse the experience gained and to present it publicly from this year.

Members of the AEB Southern Regional Committee can help apply the European experience of doing business, which is important for business and regional administrations which seek to attract new investors.

An interesting example, which demonstrates how attractive Krasnodar is for investors, is Business Service Centre Danone, which opened in 2016. More than 300 highly qualified specialists have been employed providing finance, HR and IT services for the Danone Group factories and trade offices in Russia, Kazakhstan and Belarus.

The long-term interests of foreign investors are closely tied to the Russian economy, and companies whose production facilities are located in Russia are an integral part of this economy. European companies are not leaving the Russian market, where they have been working for many years, and where they are familiar with the new rules of the game. This has become



The long-term interests of foreign investors are closely tied to the Russian economy, and companies whose production facilities are located in Russia are an integral part of this economy

of particular importance for most foreign companies after the Russian government announced that import substitution was a priority for the growth of industry and the economy.

We have seen a synergistic effect from the work of foreign investors in the region: companies benefit from Russian partners – suppliers of raw materials, equipment maintenance companies, etc. – and so other Russian companies are also involved in the work of the investor. The presence of investment projects in the Russian Federation is a positive step for companies operating here and for the Russian economy as a whole.

CLAAS is a successful example of an investor which has localised its production in Russia. On 17 June 2016, the first special investment contract (SPIC) with the Government of the Russian Federation represented by the RF Ministry of Industry and Trade was signed.

Companies pursue clear goals when they decide to localise production in Russia: to be in close vicinity to their clients and grow further.

Russian and foreign investors cooperate on the basis of unified approaches and principles, but the mechanisms and instruments for its implementation may vary. For foreign investors operating in Russia, there are three important factors. The first factor is common rules of the game for all companies. The second factor is their clarity and transparency. The third factor is unambiguous criteria for the localisation of production. We believe it is necessary to develop a directory of the competencies of suppliers and producers operating in the Krasnodar region; to help formulate transparent criteria for supplier selection for the Industrial Policy Department of the Krasnodar region administration; to create a database of supplier contacts; to monitor the needs of companies located in the south of Russia and localisation partners; to offer proposals to promote companies, increasing their level of localisation in the Krasnodar region.



The increase in investment activity has brought to the fore the issue of providing ongoing and planned investment projects with skilled personnel in various fields. The AEB Southern Regional Committee is involved in helping to resolve staffing issues for growing companies who have invested in the region. Significant work in this area has resulted in close coordination and planning activities related to development and innovation in HR management. The HR subcommittee of the AEB Southern Regional Committee was created in 2016 in order to meet the needs of these companies.

One of the factors that has had a significant influence on the choice of

companies to implement their investment project is the presence of several large universities which prepare specialists with the required level of qualifications and knowledge of foreign languages. Large companies interested in long-term and constructive cooperation with universities, participate through various special programmes in the educational process with the aim of improving the practical aspect of training, the adaptation and preparation of graduates for the working environment. In 2014 business schools at the Kuban State Technological and Kuban State Agricultural universities were successfully opened with the support of the AEB Southern Regional Committee member companies.

The purpose of the Committee is to maximise the potential of the investment opportunities in the region. This goal directly reflects the policy of the Krasnodar regional administration to promote the dynamic growth of the economy. The Southern Regional Committee of the Association of European Businesses can assist investors in their dialogue with the regional authorities and local businesses, enabling interested parties to familiarise themselves with European experience and advanced technologies in different areas of business. This will strengthen the existing competitive advantages in southern Russia, make the south of Russia more attractive for investors, and provide new opportunities for the economic development of the region. |

North-Western Regional Committee

How nordic investors can deal with the new economic environment



ALEXANDER ROSTOVSKY

Senior Associate, Castrén & Snellman International Ltd

This is not the first time Russia has faced a financial crisis. Many businesses were able to overcome the financial turmoil which took place in 1998, 2008 and 2014. Is the Russian economy showing signs of recovery now? Yes, probably, but let's take a closer look at the North-Western region where Nordic businesses have always been active.

Compared to 2015-2016, which was a period of caution and rather pessimistic forecasts, we have seen a higher level of activity of Scandinavian inves-

tors of late. We can see two different trends in this respect: some investors had to dump assets at fire-sale prices, thus suffering from substantial financial losses, or left the local market in an attempt to avoid such losses, whereas others restructured their Russian assets and keep buying up businesses that had managed to demonstrate some stability and even growth.

As a result of the depreciation of the Russian currency, Nordic investors prefer to buy companies which work in the food, production, pharmaceuticals, services and construction-related industries—all of which are mainly focused on the domestic market.

However, it is too early to get out the champagne, as there is still no stable economic growth. Investors are not in a hurry to make contributions to high-risk assets that are being negatively affected by the current tense geopolitical situation. In addition, sanctions imposed on Russia continue to significantly restrain economic growth. Our Nordic clients assess their acquisitions and the potential risks related to them more carefully, and sometimes after performing a thorough analysis they pull out of deals at an early stage even if sig-

nificant preparatory work has already been done. At the same time certain sectors, such as IT, are less affected by the global shocks and now remain attractive for investors.

Recent developments in Russian legislation have also had a significant impact on the Russian economy. Since 'deoffshorisation' was announced by the government, many international investors had to restructure their Russian assets to comply with the new rules on controlled foreign companies. New controversial regulations, such as the so-called 'Google tax' and 'Yarovaya laws' targeting the digital space, raised significant concern among key IT market players.

Talking about the legal market, competition has become fiercer due to the entry of new consultants. At the same time, clients are more discerning about the quality of legal services within limited budgets. All these factors are encouraging consultants to become more efficient and seek new ways to grow. This is where new technologies and innovations kick in, helping consultants to deliver their legal services faster and better at a lower cost. |

St. Petersburg investment legislation – more state support and control



LEYLA IBRAGIMOVA

Associate, Hannes Snellman

On 19 April 2017, the St. Petersburg Legislative Assembly adopted amendments to the law “On Strategic Investment Projects, Strategic Investors and Strategic Partners of St. Petersburg”. The goal is to improve the efficiency of investment. City authorities plan to decrease the investment threshold and increase other minimum requirements needed to gain Strategic Investment Project (SIP) status.

Investors are anxiously awaiting the decrease in the threshold for SIP status. Healthcare, sports, education, science, culture, tourism and innovation projects will now require a minimum

investment of RUB 1 billion, down from RUB 1.5 billion. Industrial, engineering, infrastructure, transport and logistics projects as well as reconstruction projects, including linear property projects will now have a minimum investment of RUB 2 billion, down from RUB 3 billion.

The city is interested in attracting investment in priority areas of social and economic development. Currently, investors may obtain SIP status for any project with an investment of more than RUB 15 billion, new amendments would provide a restricted list of sectors that are able to enjoy the SIP benefits. This was done primarily to exclude residential construction and trade property projects from the list of potential candidates.

City authorities have also dealt with a number of investors who have not complied with project implementation obligations so they have developed a new set of measures to deal with such issues.

First, they have brought in a mandatory agreement on SIP projects with control provisions and provisions for reimbursing the city budget in the event that a SIP project is not completed. “The State Treasury fund must be compensated,” said the Governor of St. Petersburg,

Georgy Poltavchenko when commenting on federal investment regulation – and regional legislation is changing the same way. Secondly, there will now be time limitations on SIP status; a maximum of 10 years. Authorities may grant an extension in force-majeure cases or if there is a material change of circumstances, though in practice this is likely to be rare. Finally, the city will retain the ability to terminate SIP status if an investor violates material provisions of the agreement. The latest version of amendments specified grounds for termination, citing the change of an owner. However, legislators rejected taking such a formal approach.

SIP status candidates must now have experience in the implementation of investment projects and ensure import substitution.

Overall, the amendments aim to establish new guarantees that SIP investors implement projects on time. A secondary benefit of the amendments is the mitigation of losses to the city of St. Petersburg. However, the St. Petersburg economy and investors themselves are going through difficult times. The city needs to respect investors’ best interests to increase the attractiveness of investment opportunities. If city officials can balance the interests of all, everyone wins. |

Stability and growth in the St. Petersburg real estate market



EKATERINA GURTOVAYA

Director, Marketing and Sales
Department, YIT Saint Petersburg, JSC

The residential real estate construction market in St. Petersburg experienced a crisis, but has recovered to certain extent, according to experts, and now we are seeing signs of growth. In 2016, the city commissioned 3.1 million square meters of residential property. Going on, market growth will be influenced by a number of trends, which were identified recently.

Demand for primary residential property in our region is at a sufficiently steady level, i.e. it is evident that the bottom has been reached, and we can expect demand and sales to grow. However, we are also seeing steady demand for quality residential property of so called "comfort class" and higher, i.e. in these segments, as opposed to economy class, a significant reduction

of the market was not noticed, while so called "elite class" experienced no fall at all. At the same time the situation with sales is highly differentiated, depending on the features of specific projects and their location, as well as on the developer.

Clients have become more attentive and scrupulous when deciding to purchase, and often they spend

2-3 times more time considering offers and selecting projects. They evaluate developers and have stringent requirements, choosing reliable and transparent companies that have a perfect reputation. Clients are gaining ever more experience concerning product quality and are paying great attention to any aspect of a project related to the creation of a comfortable environment; infrastructure issues, the ongoing maintenance of the building, and so on.

In this respect the trends are demonstrative, i.e. demand in the market is changing from uptown construction projects on land beyond the ring road, to well-established city districts. People are striving more and more to purchase residential properties in the highly-developed parts of St. Petersburg, in locations close to the centre, which have good accessibility to public transport.

Another trend, which will accompany the growth of the residential market in St. Petersburg, is the blurring

of borders between residential property classes both with respect to location and project features. So business class projects are going beyond downtown and penetrating 'bedroom' city districts that have already been established and which are comfortable. A particular category of clients linked, let's say, to the Primorsky or Vyborgsky districts (where their relatives reside, children study, they work, etc.), and who have no desire to move downtown, may be interested in purchasing modern residential properties of a higher level. Downtown already has mixed 'business', 'elite' and 'deluxe' class projects – they may vary slightly in terms of their features, but they are positioned differently, and vary in price significantly.

Indeed, a positive trend is that mortgages are becoming an ever more popular tool (in 2016 mortgages worth over RUB 82 billion were granted in St. Petersburg). We have begun to notice an increase of mortgage deals even among purchasers of business class real estate and higher classes. During the crisis mortgages with public support was one of the drivers that maintained demand. Nowadays, considering banks are trying to lower interest rates in line with central bank key interest rates, mortgages are a perfectly affordable and cost effective solution for people who want to buy their own apartment. Again, it is clear that mortgage-driven purchases will continue to grow. |

AEB News

Election of the AEB Board Chairman and his Deputies



Thomas Staertzel, Managing Director, Porsche Rusland Moscow, AEB Board Chairman

On 17 May 2017, the Board of the Association of European Businesses (AEB) reelected Thomas Staertzel, Managing Director, Porsche Rusland Moscow as Chairman of the Board.

Alexander Liberov, CFO, Siemens LLC was re-elected First Deputy Chairman. Olga Bantsekina, Chief Representative, Coleman Services UK Ltd and Teemu Helppolainen, Head of Segment, Housing Russia, YIT were elected as Deputy Chairpersons.

Gerald Sakuler, Individual member, was elected as AEB Treasurer.

The members of the AEB Board are:

1. Filippo Baldisserotto – Managing Partner, Italcantieri LLC;
2. Olga Bantsekina – Chief Representative, Coleman Services UK Ltd;
3. Cesare Biggiogera – CEO, Prysmian Group Russia;
4. Paul Bruck – Main shareholder, OOO Most Service;
5. Teemu Helppolainen – Head of Segment, Housing Russia, YIT;
6. Alexander Liberov – CFO, Siemens LLC;
7. Philippe Pegorier – President, Alstom Russia;
8. Gerald Sakuler – Individual member;
9. Thomas Staertzel – Managing Director/CEO, Porsche Rusland Moscow.

The AEB Council of National Representation (CNR) elected its Chairman and his Deputies



Lodewijk Schlingemann, Juralink Legal Consultancy (the Netherlands)

On 16 May 2017, Lodewijk Schlingemann, Juralink Legal Consultancy (the Netherlands), was reelected as CNR Chairman at its first meeting after the AEB Annual General Meeting. David Lasfargue, Jeantet (France), Daniel Ruzicka, Mikenopa (Czech Republic) and Fredrik Svensson, Mannheimer Swartling (Sweden) were elected as CNR Deputy Chairpersons.

The current members of the CNR are:

AUSTRIA – Rudolf Lukavsky, Austrian

Trade Commissioner;

BELGIUM – Johan Vanderplaetse, Belgian-Russian Business Club, Schneider Electric;

CZECH REPUBLIC – Daniel Ruzicka, Mikenopa;

DENMARK – Aage V. Nielsen, Vitus Bering Management;

ESTONIA – Meelis Milder, Baltika Group;

FRANCE – David Lasfargue, Jeantet;

FINLAND – Jari Jumpponen, East office of Finnish industries;

GERMANY – Matthias Schepp, German-Russian Chamber of Commerce;

HUNGARY – Sandor Rethi, OTP Bank;

ICELAND – Ingolfur Skulason, Kleros LLC;

IRELAND – Charles Mahon, PM Group;

LITHUANIA – Tomas Vaisvila, OAO Ramport Aero;

MALTA – Patrick Catania, International Hotel Investments (Benelux) B.V. in St. Petersburg;

MONTENEGRO – Luka Nikčević, Chamber of Economy of Montenegro in Moscow;

THE NETHERLANDS – Lodewijk Schlingemann, Juralink Legal Consultancy;

POLAND – Alexander Janeczek, Work Service;

REPUBLIC OF CROATIA – Jakov Despot, Croatian Chamber of Economy Representation to Russia;

SERBIA – Sveta Vasiljevich, Chamber of Economy of Serbia in Russia;

SLOVAKIA – Peter Shulek, Europeum;

SLOVENIA – David Kokalj, Medico Vital;

SWEDEN – Fredrik Svensson, Mannheimer Swartling;

SWITZERLAND – Bertrand Bonvin, Philip Morris International;

THE UNITED KINGDOM – Roger Munnings, Russo-British Chamber of Commerce (RBCC).

The AEB Board members confirmed the new CNR member



Carlo Palasciano (Italy), Country Manager of Enel Russia

On 17 May 2017, the AEB Board confirmed Carlo Palasciano (Italy), Country Manager of Enel Russia as a new member of the Council of National Representation (CNR), representing the Italian business community.

The current members of the CNR are:

- AUSTRIA – Rudolf Lukavsky , Austrian Trade Commissioner;
- BELGIUM – Johan Vanderplaetse, Belgian-Russian Business Club, Schneider Electric;
- CZECH REPUBLIC – Daniel Ruzicka, Mikenopa;

- DENMARK – Aage V. Nielsen, Vitus Bering Management;
- ESTONIA – Meelis Milder, Baltika Group;
- FRANCE – David Lasfargue, Jeantet;
- FINLAND – Jari Jumpponen, East office of Finnish industries;
- GERMANY – Matthias Schepp, German-Russian Chamber of Commerce;
- HUNGARY – Sandor Rethi, OTP Bank;
- ICELAND – Ingolfur Skulason, Kleros LLC;
- IRELAND – Charles Mahon, PM Group;
- LITHUANIA – Tomas Vaisvila, OAO Ramport Aero;
- MALTA – Patrick Catania, International Hotel Investments (Benelux) B.V. in St. Petersburg;
- MONTENEGRO – Luka Nikčević, Chamber of Economy of Montenegro in Moscow;
- THE NETHERLANDS – Lodewijk Schlingemann, Juralink Legal Consultancy;
- POLAND – Alexander Janeczek, Work Service;
- REPUBLIC OF CROATIA – Jakov Despot, Croatian Chamber of Economy Representation to Russia;
- SERBIA – Sveta Vasiljevich, Chamber of Economy of Serbia in Russia;
- SLOVAKIA – Peter Shulek, Europeum;
- SLOVENIA – David Kokalj, Medico Vital;
- SWEDEN – Fredrik Svensson, Mannheimer Swartling;
- SWITZERLAND – Bertrand Bonvin, Philip Morris International;
- THE UNITED KINGDOM – Roger Munnings, Russo-British Chamber of Commerce (RBCC).

Tatarstan International Automotive Forum 2017

In March the 3rd International Automotive Forum in Tatarstan (TIAF 2017) was held with the support of the brand Automechanika.

The event is organised by the Association of European Businesses (AEB), Messe Frankfurt RUS, Kazan Fair, with the support of the Ministry of Industry and Trade of the Republic of Tatarstan.

This event is supported by the global brand Automechanika (international exhibition brand No. 1 in car parts, components and car service equipment). It has been held in 15 countries around the world for more than 45 years and is very popular among professionals working in the car industry.

The forum is one of the key points of



Frank Schauff, AEB CEO



Participants of the event

the agreement of understanding between the Ministry of Industry and Trade of the Republic of Tatarstan and the Association of European Businesses, dated 25 November, and is aimed at promoting growth in the automotive industry and localising the production of car components in the Republic of Tatarstan, attracting innovative developments to the automotive industry, expanding cooperation between companies operating in the Republic of Tatarstan and the leading players in the automotive industry in Europe.

2016 was another difficult year for the entire industry. According to the AEB Automobile Committee, the Russian automotive market shrank by 11% year-on-year in comparison with the same period in 2015. We hope that in 2017 the market will have the potential to complete a 4-year period of decline and return to moderate growth. We expect that car sales in 2017 will be 4% higher than in 2016. In this regard, the forum is an excellent platform for all participants of the automotive market to discuss the most important issues and establish promising contacts.

Meeting with Alexey Repik, Representative of Ombudsman on Entrepreneurs' Rights Protection

On 13 March, the AEB took part in the meeting with Alexey Repik, Representative of Ombudsman on Entrepreneurs' Rights Protection (in the part of foreign investors' rights protection), to present their concerns on a set of questions European businesses face.

The following AEB representatives intervened during the discussion: Olga Bantsekina, Coleman Services UK, AEB Board Deputy Chairperson (outstaffing, secondment); Vladimir Sukhinin, CARDIF Insurance Deputy Chairman of the AEB

Committee on Pensions and Insurance (insurance, reinsurance); Denis Khabarov, Baker & McKenzie, Chairman of the AEB Working Group on Parallel Imports, Maya Limonnikova, AEB Legal Advisor (risks of parallel imports); Artem Kursakov, Volkswagen Group Rus, Chairman of the AEB Working Group on Consumer Protection Legislation (gaps in consumer protection legislation) and Mikhail Naroditskiy, John Deere Rus (localization and disposal fee for agribusiness and construction and equipment).

The conclusions are planned to be included into the final report of the Ombudsman on Entrepreneurs' Rights Protection to the Russian President which will be presented in May.

International Forum "Integration in Great Eurasia: Risks & Opportunities"

On 15 March, the International Forum "Integration in Great Eurasia: Risks & Opportunities" took place during the X week of Russian Business (NRB). AEB Board Chairman Thomas Staertzel made a speech during the event.

More than 350 representatives of Russian companies working in and interested in entering the markets of the Asia-Pacific region, the Eurasian Economic Union (EAEU) and the European Union participated in the forum.

The participants of the forum shared their experience in drawing up trade agreements in Greater Eurasia; regional and integration projects (EAEU, APEC, ASEAN, Trans-Pacific Partnership, Comprehensive Regional Economic Partnership and other Free Trade Areas, the Silk Road Economic Zone, EAEC and EEPS); new conditions, opportunities and risks of doing business, and successful APR practices and initiatives by Russian and international companies.

The AEB Chairman Thomas Staertzel noted that the AEB has supported the creation of the Eurasian Economic Union since the very beginning and is taking an active part in its implementation and development: "There are two areas I would like to mention where cooperation between the EU and EAEU would be helpful for business and in which both Russian and European businesses can engage. They are parallel imports and the harmonisation of technical standards and regulations. Parallel imports into the EU are prohibited due to industrial policy and consumer protection laws".



Thomas Staertzel, AEB Board Chairman, PORSCHE RUSSLAND/Porsche Centre Moscow



Ruslan Kokarev, AEB COO is addressing the audience

The event was chaired by Amirkhan Amirkhanov, Deputy Head of Rosprirodnadzor, and co-chaired by Natalia Sokolova, Head of the Department on State Ecological Supervision. Ruslan Kokarev, AEB Chief Operating Officer, presented the AEB position on problematic issues in connection with implementation of producers and importers' responsibility in waste management. He also pointed out projects of management of collection and recycling of empty crop protection product's containers under the umbrella of the AEB and the Russian Pesticides Union.

The AEB members also participated in the meeting and had a chance to ask questions.

The AEB meets Rosprirodnadzor

On 16 March, the AEB participated in the meeting organised by Rosprirodnadzor on implementation of new waste management legislation.

The AEB participated in the RSPP meeting

On 16 March, a meeting of the Russian Union of Industrialists and Entrepreneurs (RSPP) was held during the X Week of Russian Business (NRB) in Moscow.

The President of the Russian Federation Vladimir Putin, Russian Government ministers, heads of leading Russian companies and territorial entities, and representatives of foreign business associations attended the meeting.

The speakers of the forum included Philippe Pegorier, AEB Board Member, President of Alstom. His report was devoted to the new business conditions in Russia for high-tech companies. He also underscored the need for integration when developing international business relations: "We want more integration, especially between EAEA and EU members."

The Russian President Vladimir Putin talked about the need for a qualitative improvement in the business climate. "We appreciate the willingness of the business community to engage in achieving our common goals and to participate in the development of Russia", said Vladimir Putin.



Philippe Pegorier, AEB Board Member, President of Alstom



L-R: **Paul Bruck**, AEB Board Member, OOO Most Service; **Teemu Helppolainen**, AEB Board Deputy Chairperson, YIT; **Gerald Sakuler**, AEB Treasurer; **Thomas Staertzel**, AEB Board Chairman, PORSCHE RUSSLAND/Porsche Center Moscow; **Alexander Liberov**, AEB Board First Deputy Chairperson, Siemens LLC; **Carlo Corazza**, Deputy Head of Cabinet and Spokesperson of European President Antonio Tajani; **Frank Schauff**, AEB CEO; **Urszula Mojkwoska**, Adviser on foreign affairs of the European Parliament; **Filippo Baldisserotto**, AEB Board member, Italcantieri; **Cesare Biggiogera**, AEB Board member, Prysmian Group Russia; **Philippe Pegorier**, AEB Board member, Alstom Russia; **Olga Bantsekina**, AEB Board Deputy Chairperson, Coleman Services UK Ltd

AEB Board mission to Brussels

On 22-23 March 2017, the Board of the Association of European Businesses visited Brussels in order to discuss EU-Russia economic relations with European policy-makers, more particularly with the European Commission, the European Parliament, the European External Action Service, the Russian ambassador to the European Union as well as European partner associations.

The AEB was represented by:

1. BALDISSEOTTO Filippo, Member of the AEB Board, Italcantieri LLC;
2. BANTSEKINA, Olga, Deputy Chair of the AEB Board, Chief Representative, Coleman Services UK Ltd;
3. BIGGIOGERA Cesare, Member of the AEB Board, CEO, Prysmian Group Russia;
4. BRUCK Paul, Member of the AEB Board, General Manager, Most Service;
5. CAMPBELL David, Member of the AEB Energy Committee, President, BP Russia (attended the meetings with Mr. Ristori, Mr. Hayr-Harting and Mr. Chizhov);
6. HELPPOLAINEN Teemu, Deputy Chair of the AEB Board, General Director, YIT;
7. LIBEROV Alexander, First Deputy Chairman of the AEB Board, CFO, Siemens Russia;
8. PEGORIER Philippe, Member of the AEB Board, President, Alstom Russia;
9. RONDELEZ Marie Rondelez, EU Adviser, AEB;
10. SAKULER Gerald Sakuler, AEB Member of the Board and Treasurer, individual Member;

11. SCHAUFF Frank, Chief Executive Officer, AEB;

12. STAERTZEL Thomas, AEB Chairman of the Board, General Director, Porsche Russland.

Luis Portero, Head of Economic and Trade Section, Delegation of the European Union to the Russian Federation, joined the AEB delegation. Vygaudas Ušackas, European Union Ambassador to the Russian Federation attended the meeting with Commissioner Malmtröm.

During this traditional mission, Board members voiced to the European authorities the concerns of the European businesses with regard to the following issues:

- state of play of EU-Russia relations and EU Strategy towards the Russian Federation, in the wider geopolitical context;
- opportunity for the EU to open a dialogue with the Eurasian Economic Union (EAEU);

- current economic situation and investment climate in Russia;
- possible role and contribution of the European businesses in improving EU-Russia relations, possible areas of cooperation;
- latest Russian government measures more particularly on import substitution and localisation, State Procurement, Procurement by state companies;
- possible prolongation of financing of Technical Regulations projects.

The AEB representatives stressed the importance of stability, welfare and peace on the European continent for European investors in Russia.

The AEB delegation advocated the need for a renewed EU strategy towards Russia and advocated a re-engagement of the European policy-makers vis-à-vis Russia on areas of mutual interest that are not falling under economic and financial sanctions. The AEB also recommended opening an official dialogue with the Eurasian Economic Union (EAEU).

The EU representatives made clear that the full implementation of the Minsk agreements is a key element for any substantial change in the relation with Russia.

The AEB accepted that sanctions are not lifted until Minsk 2 agreement is fulfilled but meanwhile it is important to show a mutual interest to restore the confidence and encourage effective dialogue between the EU and Russia.

The AEB Members can be assured that the AEB will stay in close contact with the EU bodies in Brussels and the EU Delegation in Moscow as well as our and EAEU Russian partners and promote the interests of its members.

Reinsurance regulation in Russia: changes following Federal Law N363 – FZ dated 03.07.2016

On 28 March, the AEB held a business meeting titled "Reinsurance regulation in Russia: changes following Federal Law N363 – FZ dated 03.07.2016".

It was the first event organised by the AIDA Insurance Legislation Working Group (AIDA Russian Chapter) within the AEB Insurance and Pensions Committee since the AEB joined the

International Insurance Law Association/Association Internationale de Droit des Assurances (AIDA) in 2016 (as AIDA National Chapter in Russia).

The event was focused on reinsurance regulation in Russia and gave the audience an update on key changes following Federal Law N363-FZ (dated 03.07.2016) and state regulation under of the new reinsurance practices, as well as overview of legal grounds and practical aspects from standpoints of various parties involved.

Among the speakers were Igor Zhuk, Bank of Russia; Nikolay Galushin, Russian National Reinsurance Company; Leonid Zubarev, CMS Russia; Dimitri Blagoutine, SCOR Moscow Representative Office; Capitolina Tourbina, General Reinsurance AG; Julia Khmelnitskaja, Willis Towers Watson; and Michael



Speakers and participants of the event

Hergesell, ZURICH RELIABLE INSURANCE, JSC. The event was moderated by Alexander Lorenz, AEB Insurance and Pensions Committee Chair, and Capitolina Tourbina, AIDA Insurance Legislation Working Group (AIDA Russian Chapter) Chair.

The AIDA Insurance Legislation Working Group (AIDA Russian Chapter) plans to organize a series of events on legal issues related to the supervision of insurance companies on the Russia market, changes to civil legislation on insurance, and the protection of the rights and interests of international insurance operators on the insurance market in Russia and invites to attend these events.

Olga Bantsekina, Deputy Chairperson of AEB Board, summarised the discussion results.

The Eurasian Economic Commission Round Table

On 30 March, the Eurasian Economic Commission held the Round Table "Innovative technologies in the plant growing industry as a factor of increasing the effectiveness of the agriculture in the member states of the EEU". It was aimed at discussing important issues of technological development in the plant growing as well as perspectives and instruments of integrational cooperation in the EEU.

More than 100 participants took part in the Round Table. Several presentations were delivered by the AEB Representatives: Dirk Seelig, Chairman of the Argibusiness Committee, Director Sales, Deputy of General Manager, CLAAS; Vladimir Druzhina, Chairman of the Seed Committee, Head of Corn & Oil Crops East Europe, KWS and Yves Picquet, Chairman of the Crop Protection Committee, Country Division Head Crop Science, Russia and CIS, Bayer.



L-R: **Yves Picquet**, Chairman of the AEB Crop Protection Committee, Country Division Head Crop Science, Russia and CIS, Bayer; **Vladimir Druzhina**, Chairman of the AEB Seed Committee, Head of Corn & Oil Crops East Europe, KWS; **Dirk Seelig**, Chairman of the AEB Agribusiness Committee, Director Sales, Deputy of General Manager, CLAAS



L-R: **Philippe Pegorier**, President of All-Russian Insurance Association; **Igor Yurgens**, President of All-Russian Insurance Association; **Nikolai Lyubimov**, Interim Governor of the Ryazan region; **Alexander Shokhin**, Chairman of the RSPP and other participants

The interaction of government and business at the regional and municipal level

On 12 April 2017, a round table “The interaction of government and business at the regional and municipal level: international experience and Russian practice” was held in Higher School of Economics.

The round table was attended by the Interim Governor of the Ryazan region Nikolai Lyubimov, AEB Board member, Alstom president Philippe Pegorier, President of All-Russian Insurance Association, Igor Yurgens and other experts.

Alexander Shokhin, President of Russian Union of Industrialists and Entrepreneurs moderated the event.

During the session, the participants discussed the problems of business and government in the Russian regions. Philippe Pégorier shared his experience of conducting foreign business in the regions, spoke about the risks that companies face and the benefits of that work.

The VIII Northern Dimension Forum

The event was held on 6 April 2017 in Saint-Petersburg. More than 200 delegates attended the event. It was chaired by Alexey Mordashov, Chairman of the Board of Directors PAO “Severstal”; Co-Chairman of the Northern Dimension Business Council and Tapio Kuula, Member of the Board, Fortum Corporation; Co-Chairman of the Northern Dimension Business Council.

The speakers included Anastasia Kuznetsova, Deputy Plenipotentiary Presidential Envoy in the Northwest Federal District; Andrey Kelin, Director for European Cooperation, Member of the Collegium, Ministry of foreign affairs in Russia; Vygaudas Usackas, EU Ambassador for the Russian Federation; Rolf Böisinger, State Secretary, Ministry of Economy, Transport and Innovation, Free and Hanseatic City of Hamburg, Germany; Johan Vanderplaetse, Senior Vice-President, Schneider Electric; President for Russia and the CIS Schneider Electric; Alexander Borisov, General Director, OJSC Scientific and Technical Pharmaceutical Company “Polysan”; Petri Kujala, Managing Director, Fazer Bakery; Executive Vice President, Fazer Group and others.

The forum was also attended by representatives of regional authorities, for example Sergey Movchan, Vice – Governor



Frank Schauff, AEB CEO addressing the audience

of St.Petersburg; Oleg Kuvshinnikov, Governor of Vologda Oblast; Veronika Minina, Deputy Governor of the Novgorod region; Maxim Kiselnikov, First Deputy Chairman of the Committee for Economic Development and Investment Activity of Leningrad region.

At the forum round table meetings were held regarding: energy, machine building and engineering, ecology and cleantech, transport and logistics, medicine and pharmaceuticals, creative industries – digital solutions for businesses.

We thank all sponsors for cooperation!

AEB Annual General Meeting 2017

On 20 April 2017, the Annual General Meeting of the Association of European Businesses was held in the Hotel Renaissance Moscow Monarch, Moscow.

The meeting was chaired by Lodewijk Schlingemann, Chairman of the Council of National Representation (CNR), AGM Chairman, who made a welcoming speech.

At the AGM were presented reports on:

- AEB Board activities (by Thomas Staertzel, Chairman of the AEB Board);
- AEB operations (by Frank Schauff, AEB CEO);
- Report of the Council of National Representation (by Lodewijk Schlingemann, Chairman of the Council of National Representation);
- Report of the Auditing Commission (by Gerard Uijtendaal, Chairman of the AC).

The AEB members elected by secret voting the new Auditing Commission member. According to the election Rene Pischel, Germany, European Space Agency was re-elected as a member of Auditing Commission.

The rest members of Auditing Commission are:



L-R: **Gerard Uijterdaal**, Chairman of the AEB Auditing Commission, Amrop KBS International; **Paul Bruck**, Member of the AEB Board, OOO Most Service; **Filippo Baldisserotto**, Member of the AEB Board, Italcantieri; **Teemu Helpolainen**, AEB Deputy Chairperson, YIT; **Alexander Liberov**, AEB First Deputy Chairperson, Siemens LLC; **Thomas Staertzel**, AEB Board Chairman, PORSCHE RUSSLAND; **Frank Schauff**, AEB CEO; **Olga Bantsekina**, AEB Deputy Chairperson, Coleman Services UK Ltd; **Philippe Pegorier**, Member of the Board, Alstom Russia; **Cesare Biggiogera**, Member of the AEB Board, Prysman Group Russia; **Gerald Sakuler**, AEB Treasurer, Individual Member

- Irina Gridneva – Regional Head of accounting and controlling, Nokia Solutions and Networks;
- Lorenz McDougall – Finance Director, AB Services;
- Gerard Uijtendaal – Partner, Leadership and Human Capital Consulting AMROP KBS International.

The AGM was addressed by official greeting letter by the Deputy Prime Minister Arkady Dvorkovich.

The AGM was also addressed by:

- Tatyana Valovaya, Member of the Board (Minister) on the Main Areas of Integration and Macroeconomics, Eurasian Economic Commission;
- Mikhail Zadornov, President & Chairman of the Board, VTB 24;
- Vygaudas Ušackas, Ambassador of the European Union to the Russian Federation.

The meeting was followed by a Reception.



Mikhail Zadornov, President & Chairman of the Board, VTB 24



Tatyana Valovaya, Member of the Board (Minister) on the Main Areas of Integration and Macroeconomics, Eurasian Economic Commission

Meeting with Denis Manturov, Minister of Industry and Trade

On 23 April 2017, Frank Schauff, AEB CEO, participated in the meeting with the Minister of Industry and Trade of the Russian Federation Denis Manturov and representatives of the German Machine Builders' Union in Hanover.

During the meeting, participants discussed the implementation of Russian-German industrial projects and cooperation in the field of investment.

Denis Manturov noted the positive dynamics of business development in Russia, and shared his expectations about the growth of industrial production for the next year.

"If you take the result of the last four years from 2012 to 2016, you will see that European business has created more than 200 new manufactures in Russia. Particularly



L-R: **Frank Schauff**, AEB CEO; **Denis Manturov**, Minister of Industry and Trade of the Russian Federation; representatives of the German Machine Builders' Union

enterprises from Germany have made 55 new manufactures. I think that it is a good result and a positive trend", – said the Minister of Industry and Trade of the Russian Federation.



L-R: **Jeroen Keijzer**, Managing Director, Lely Russia; **Grigory Rysin**, Managing Director, Zeelandia Russia; **Philip Nyssen**, Managing Director, Grand Laitier; **Lodewijk Schlingemann**, Chairman of the Council of National Representation (CNR); **H.E. Mrs. Renée Jones-Bos**, Ambassador of the Kingdom of the Netherlands to the Russian Federation

AEB Benelux Business Breakfast

On 22 May, the Association of European Businesses represented by Frank Schauff, AEB CEO, in cooperation with the AEB Council of National Representation, represented by Lodewijk Schlingemann, Chairman of the Council of National Representation (CNR) & Member representing Netherlands, organised the first AEB Benelux Breakfast Meeting.

The event was hosted by the Embassy of the Kingdom of the Netherlands which was represented by H.E. Mrs. Renée Jones-Bos, and supported by Embassy of the King-

dom of Belgium, represented by H.E. Mr. Jean-Arthur Régi-beau and the Embassy of the Grand Duchy of Luxembourg. Lodewijk Schlingemann moderated the Round Table discussion on Russia's Food and Agribusiness market: "How to overcome obstacles in the food production with participation of Grigory Rysin, Managing Director, Zeelandia Russia; Jeroen Keijzer, Managing Director, Lely Russia; Philip Nyssen, Managing Director, Grand Laitier.

The event was attended by over 60 top level representatives of Benelux companies.

The breakfast was followed by a networking session.

Presentation of investment potential of the North Caucasus Regions

22 May 2017, AEB held presentation of the investment potential of the North Caucasus Regions.

Lev Kuznetsov, Minister of North Caucasus Affairs has told that North Caucasus regions are very interested in cooperation with European investors especially in the fields of agriculture, food production and processing, medical devices and equipment, hotels and tourism.

Frank Schauff, AEB CEO made a welcome speech. He stressed the fruitful cooperation between the Ministry of North Caucasus Affairs and the AEB.

Olga Bantsekina, Deputy Chair, AEB Board also made a welcome speech. She mentioned that many European companies already work successfully in the North Caucasus regions. Among them are: Enel, Auchan, Henkel, Metro Cash&Carry, Raiffeisenbank, Saint-Gobain, Syngenta, UniCredit Bank and others.

Alyi Mysykov, Head of the government of the KBR made a presentation of the investment



L-R: **Ruslan Gagiev**, Head of the government of the Republic of Ingushetia; **Alyi Mysykov**, Head of the government of the KBR; **Lev Kuznetsov**, Minister of North Caucasus Affairs of the Russian Federation; **Olga Bantsekina**, Deputy Chair, AEB Board

potential of the Kabardino-Balkar Republic. The region has several investment opportunities in agriculture and food production, building materials and wolfram molybdenum processing, hotels and tourism and other.

Ruslan Gagiev, Head of the government of the Republic of Ingushetia told participants about the investment potential of the Republic of Ingushetia. The projects were in agriculture and food production, medical devices, building materials and other.

And Boris Obolenets, President of the Stavropol Chamber of Industry and Trade presented investment potential of the Stavropol region.

AEB takes part in the State Duma Expert Council on Consumer Market Regulation and Consumer Rights' Protection

On 23 May 2017, Frank Schauff, AEB CEO, Artem Kursakov, GR Director, Volkswagen Group Rus, Alexey Grigoriev, Metro AG, Sergey Gusev, Advisor on Technical Regulation, Electrolux, Ekaterina Erova, Lawyer, Baker & Mackenzie, and Maya Limonnikova, AEB Legal Advisor, participated in the round table on consumer protection legislation organised by the State Duma Expert Council on Consumer Market Regulation and Consumer Rights Protection.

Frank Schauff and Artem Kursakov presented the AEB proposals aiming on establishing balance between interests of producers/importers/dealers and consumers through changes to the Law on consumer rights' protection.



Frank Schauff, AEB CEO and **Artem Kursakov**, GR Director, Volkswagen Group Rus, is presenting the AEB position on consumer rights' protection legislation.

XIV AEB Flagship Conference “Russia in the new environment: Is sustainable growth possible?”



L-R: **Jaron Wiedmaier**, Continental Tires; **Ralf Bendisch**, Claas; **Tomaz Staertzel**, AEB Chairman; **Antonio Linares**, Roca; **Fredrik Svensson**, Mannheimer Swartling

On 24 May 2017, the AEB held its 14th Flagship Conference “Russia in the new environment: Is sustainable growth possible?”

This year, the conference began with a minute’s silence for the victims of the terrorist attack in Manchester, Great Britain.

Opening the conference, Thomas Staertzel, Chairman of the AEB Board, made a welcome speech in which he noted that Russia is now facing challenging times, but also that foreign investors are optimistic about the Russian market.



L-R: **Alexander Zaboiev**, IRU; **Leonid Vardomsky**, Institut of Economy, RAS; **Frank Schauff**, AEB CEO; **Timur Zhaksylykov**, Minister of Economy & Financial Policy, Eurasian Economic Commission

The first session was devoted to a discussion of the new presidential election cycle. Ian Colebourne, CIS CEO of Deloitte, moderated the event. The keynote speakers were Andrey Kortunov, General Director of the Russian International Affairs Council; Dominique David for the French Institute of International Relations (IFRI); Alexander Idrisov, the President of Strategy Partners Group; and Ivan Rodionov, Professor at the Higher School of Economics.

The participants in the second session discussed Eurasian integration and its consequences for business. Timur Zhaksylykov, Minister of Economy & Financial Policy of the Eurasian Economic Commission (EEC), noted that the EEC listens carefully to the opinion of the AEB.

Frank Schauff, AEB CEO, moderated the session. He noted that the AEB is keen to continue its cooperation with the EEC but at the moment the AEB is deeply concerned about the possible introduction of exceptions to the regional principle of the exhaustion of trademark rights (parallel imports) because its application violates the whole logic of doing business in Russia.

Other speakers in the second session were: Leonid Vardomsky, Head of the Center for Post-Soviet Studies and Professor at the Institute of Economy, RAS; and Alexander Zaboiev, IRU Permanent Delegation to Euras.



L-R: **Ivan Rodionov**, High School of Economics; **Alexander Idrisov**, Strategy Partners Group; **Ian Colebourne**, Deloitte; Dominique David, IFRI; **Andrey Kortunov**, Russian International Affairs Council

In the third session, a dialogue was held about doing business in Russia, localisation and SPICs (Special Investment Contracts). Among the speakers were: Antonio Linares, Managing Director, Roca companies in Russia and CIS; Ralf Bendisch, General Director, Claas; Jaron Wiedmaier, General Director, Continental Tires; and Fredrik Svensson, Managing Partner, Mannheimer Swartling, who moderated the session. The participants in the discussion concluded that Russia has great potential, but vague “rules of the game” in the market. Legislation constantly changes, and the large number of inspections seriously interfere with business. The SPICs offered by the government unfortunately lead to an increase in the cost of production. The result is that they have not proved popular with foreign companies.

Summarising the conference, foreign investors stressed that they still believe in Russia’s economic potential and are hopeful about the creation of appropriate conditions for doing business.

Briefing by Andrey Chibis, Deputy Minister of Construction, Housing and Utilities of the Russian Federation

On 25 May 2017, the AEB Energy Efficiency and Construction Industry and Building Material Suppliers Committees held a Briefing by Andrey Chibis, Deputy Minister of Construction, Housing and Utilities of the Russian Federation.

The event was opened by Frank Schauff, AEB CEO and moderated by Vitaly Bogachenko, AEB Construction Industry and Building Material Suppliers Committee Chair and Bashir Chalabi, Energy Efficiency Committee Chair.

Mr. Chibis told about implementation of the road map for energy efficiency in housing and utilities, the capital repair program with the use of energy-efficient technologies, the resettlement program from emergency housing, and con-



L-R: **Bashir Chalabi**, Energy Efficiency Committee Chairman; **Alexander Fadeev**, Housing and Utilities Department, Ministry of Russia; **Andrey Chibis**, Deputy Minister of Construction, Housing and Utilities of the Russian Federation; **Vitaly Bogachenko**, Construction Industry and Building Material Suppliers Committee Chair; **Frank Schauff**, AEB CEO

cessions in the housing and communal services. He noted that cooperation between Ministry of Russia and European experts was instrumental in the successful implementation of the road map. Frank Schauff thanked Mr. Chibis for the openness of the Ministry to a dialogue with European businesses and expressed his hope to continue the cooperation.



L-R: **Antonio Linares**, Managing Director, Roca Group Russia and CIS; **Vladimir Avrelkin**, Deputy Chairman of the Cabinet of Ministers of the Chuvash Republic, Minister of Economic Development, Industry and Trade of the Chuvash Republic; **Mikhail Igantiev**, Head of the Chuvash Republic; **Thomas Staertzel**, AEB Board Chairman; **Frank Schauff**, AEB CEO

companies already work successfully. Among them are: ABB, Dupont, Siemens, Roca Group, Metro Cash & Carry, Raiffeisenbank, UniCredit Bank and others.

Mikhail Igantiev, Head of the Chuvash Republic, made a welcome speech and emphasized that the region has several investment opportunities in agriculture and food production, building materials and machine building, hotels and tourism and other.

Vladimir Avrelkin, Deputy Chairman of the Cabinet of Ministers of the Chuvash Republic – Minister of Economic Development, Industry and Trade of the Chuvash Republic made a detailed presentation of the current investment projects in the region.

And Antonio Linares, Managing Director, Roca Group Russia and CIS shared his experience as a European company doing successful business in the Chuvash Republic.

Chuvash companies made presentations of their projects for cooperation with European companies.

Presentation of the investment potential of the Chuvash Republic

On 30 May 2017, the AEB held presentation of the investment potential of the Chuvash Republic

Frank Schauff, AEB CEO made a welcome speech. He stressed the fruitful cooperation between the Republic and the AEB.

Thomas Staertzel, Chairman, AEB Board also made a welcome speech. He mentioned that many European

International Conference on Developing Cooperation from Lisbon to Vladivostok

On 31 May 2017, AEB representatives participated in the International Conference on Developing Cooperation from Lisbon to Vladivostok.

Frank Schauff, AEB CEO made a speech during conference opening. In his speech, he focused on the issues of import substitution, localisation, waste processing, consumer protection, and the topic of parallel imports.

"We are confident that the best option for today is to maintain the current regime of the regional principle of exhaustion of rights. We forecast negative consequences in the case of the introduction of "parallel imports" in one form or another", said Frank Schauff. Philippe Pegorier, AEB board member, spoke in a session dedicated to ensuring prosperity from



Participants of the meeting

Lisbon to Vladivostok through trade and investment. He shared the experience of international companies in reducing administrative barriers, stimulating trade and investment, and creating a quality business environment.



L-R: **Alexander Demidov**, Managing Director, GfK-Rus; **Andreas Bitzi**, SCHNEIDER GROUP, Chairman of the AEB North-Western Regional Committee; **Stuart Lawson**, AEB Finance & Investments Committee Chairman/Senior Advisor, EY; **Stefan Kordasch**, Deputy Consul General/Head of Economic Affairs, Consulate General of the Federal Republic of Germany

Presentation AEB-GfK Rus research in St. Petersburg

On 31 May 2017, the AEB North-Western Regional Committee and the International Institute of Marketing and Social Research GfK Rus announced in St. Petersburg the results of the tenth AEB Annual Survey "Strategies and Prospects for European companies in Russia". The Survey analyses the comfort level for European business in Russia

and evaluates the country's investment climate.

The opening remarks were delivered by Stefan Kordasch, Deputy Consul General / Head of Economic Affairs, Consulate General of the Federal Republic of Germany in St. Petersburg and Stuart Lawson, AEB Finance & Investments Committee Chairman / Senior Advisor, EY.

The event was moderated by Andreas Bitzi, AEB North-Western Regional Committee Chair.

Alexander Demidov, Managing Director, GfK-Rus, presented the results of this year's survey. The presentation was followed by a Q&A session.

On the background of the current improvement of the economic situation and higher expectations about business performance, the comprehensive AEB-GfK index rose 21 points from 2016 and stands at 141 points out of a possible 200 (in 2016 it stood at 120 points, and in 2015 at 106). The index shows positive expectations and has now approached the level it was at in 2013 (144). The event was kindly hosted and supported by the Consulate General of the Federal Republic of Germany in St. Petersburg.

We would like to thank the companies, especially those from the North-Western region, who contributed to the survey and hope that more of our members will be interested in participating in this project in the future.

AEB at the St.Petersburg Economic Forum 2017 (SPIEF)

European and Eurasian integration: possibilities for a new interface

On 1 June 2017, AEB representatives participated in the panel session "European and Eurasian integration: possibilities for a new interface" during St. Petersburg International Economic Forum.

Among the panelists were: Antonio Fallico, President, Conoscere Eurasia Association; Chairman, Board of Directors, Banca Intesa; Vache Gabrielian, Vice Prime Minister, Minister of International Economic Integration and Reform of the Republic of Armenia; Sergey Karaganov, Dean, School of International Economics and Foreign Affairs, National Research University Higher School of Economics; Honorary Chairman of the Presidium, Council on Foreign and Defence Policy; Viktor Khristenko, President, Business Council, Eurasian Economic Union (EAEU); Alexander Machkevitch, Chairman of the Board of Directors, Eurasian Resources Group S.a.r.l. (ERG); Philippe Pegorier, President, Alstom Russia; Member of the Board, Association of European Businesses (AEB). Among front row participants were: Grigory Rapota, Sec-



Philippe Pegorier, AEB Board Member

retary of State, The Standing Committee of the Union State; Frank Schauff, Chief Executive Officer, Association of European Businesses; Jean-Pierre Thomas, President, Thomas Vendome Investment; Evgeny Vinokurov, Director, Centre for Integration Studies, Eurasian Development Bank (EDB). Tigran Sargsyan, Chairman of the Board, Eurasian Economic Commission moderated the event.

The AEB representatives shared European experience, especially in the questions of parallel imports and intellectual property. AEB CEO Frank Schauff and AEB Board member Philippe Pegorier noted that many of the Association's committees are cooperating with the EAE on sectoral issues, offering their expert advice.

AEB signed an Agreement on Cooperation with Leningrad Region

On 1 June 2017, at the St. Petersburg International Economic Forum (SPIEF), the Association of European Businesses and the Government of Leningrad Region signed an Agreement on Cooperation.



Signing the Cooperation Agreement

The Agreement was signed by Alexander Drozdenko, Governor of Leningrad Region, on one side, and Frank Schauff, AEB CEO, on the other side.

Recognising the need to extend cooperation in the field of investment and the business climate in the Leningrad Region, the agreement includes: organisation and conduct of joint round table meetings, conferences, seminars and other events; surveys among foreign investors doing business in the region; activities to assess the regulatory impact of regulations in the Leningrad Region; joint activities to attract foreign investors to the Leningrad Region.

The signing ceremony was attended by Thomas Staertzel, Chairman of AEB Board.

Public-private partnership for development: Mechanisms and benefits

On 1 June 2017, Frank Schauff, AEB CEO participated in the panel session "Public-private partnership for development: Mechanisms and benefits" during St. Petersburg International Economic Forum.

The session discussed European experience in sustainable development programmes, which are seen as part of corporate social responsibility and investment in human capital. By combining economic interests with contributions towards the development of countries and regions, companies are better able to manage the risks associated with emergency situations, and to present themselves as responsible representatives of the business community which subscribe to the Sustainable Development Goals.



L-R: **Oksana Derevyanko-Ghozzi**, Head of Business Programmes, Russia Today; **Anna Popova**, Head, Federal Service for Surveillance on Consumer Rights Protection and Human Wellbeing; **Sergey Storchak**, Deputy Finance Minister of the Russian Federation; **Oleg Deripaska**, President, Member of the Board of Directors, RUSAL; **Cihan Sultanoglu**, Assistant Secretary-General, The United Nations Organizations; Regional Director, Europe and the Commonwealth of Independent States, the United Nations Development Programme; **Frank Schauff**, AEB CEO; **Natalia Poppel**, Head of Corporate Social Responsibility Department, Severstal



L-R: **Thomas Staertzel**, AEB Board Chairman; **Jan-Olof Jacke**, President, AstraZeneca AB

Localisation as a means to create a cluster economy

On 1 June 2017, Thomas Staertzel, AEB Board Chairman participated in the session "Localisation as a means to create a cluster economy" during St. Petersburg International Economic Forum.

Among other participants of the session were: Yasushi Akahoshi, President, Japan External Trade Organization (JETRO); Pieter Boone, Chairman, General Manager, METRO Cash & Carry International; Oleg Fomichev, State Secretary, Deputy Minister of Economic Development of the Russian Federation; Jan-Olof Jacke, President, AstraZeneca AB; Igor Marchev, Head, Industrial Park "Aluminium Valley" Project; Igor Orlov, Governor of Arkhangelsk Region; Vasily Osmakov, Deputy Minister of Industry and Trade of the Russian Federation; Felipe Pastrana, Vice President for Eastern Europe, Middle East and Africa, AbbVie; Alexander Arnold, General Manager Industries Middle & Eastern Europe (MEE), SAP SE; Vladimir Gorodetsky, Governor of Novosibirsk Region; Maxim Shereykin, General Director, Agency for Technological Development. Andrei Sharonov, Dean, Moscow School of Management SKOLKOVO moderated the event.

Thomas Staertzel stressed that European companies are still interested in working on the Russian market that is why are ready to localise their production. He noted that stability, transparency and transparency of legislation, protection of the results of intellectual activity, as well as an open dialogue between government and business on key issues are important for localisation.

The aims and scope of revamping a tax system

On 2 June 2017, Frank Schauff, AEB CEO made a report on a panel session "The aims and scope of revamping a tax system" during St. Petersburg Economic Forum.

Among other participants of the session were: Jörg Gasser, State Secretary for International Financial Matters, Federal Department of Finance of the Swiss Confederation; Tatyana Golikova, Chairwoman, Accounts Chamber of the Russian Federation;

Vladimir Mau, Rector, Russian Presidential Academy of National Economy and Public Administration (RANEPA); Anton Siluanov, Finance Minister of the Russian Federation; Yuriy Gorlin, Deputy Director of the Institute of Social and Policy Sciences, Russian Presidential Academy of National Economy and Public Administration (RANEPA); Dmitry Satin, Deputy Commissioner, Federal Tax Service (FTS). Andrey Makarov, Chairman of the Committee on Budget and Taxes, The State Duma of the Federal Assembly of the Russian Federation moderated the session.

In his speech Frank Schauff paid attention to tax issues, especially worrisome foreign companies operating in Russia. Among them are: Tax maneuver 22/22 (22% social taxes and 22% VAT); Unified system of mandatory payments; Tax security and tax comfort; Increasing the effectiveness of tax benefits; Definiteness, distinctness of the rules and predictability of changes.

L-R: **Joerg Gasser**, State Secretary for International Financial Matters, Federal Department of Finance of the Swiss Confederation; **Anton Siluanov**, Finance Minister of the Russian Federation; **Andrey Makarov**, Chairman of the Committee on Budget and Taxes, The State Duma of the Federal Assembly of the Russian Federation; **Tatyana Golikova**, Chairwoman, Accounts Chamber of the Russian Federation; **Frank Schauff**, AEB CEO; **Vladimir Mau**, Rector, Russian Presidential Academy of National Economy and Public Administration (RANEPA)



Round table "Russia – Sweden: investment and innovation as key sources of mutual growth"

On 3 June 2017, AEB CEO Frank Schauff participated in the round table "Russia – Sweden: investment and innovation as key sources of mutual growth" during St. Petersburg International Economic Forum.



Round table "Russia – Sweden: investment and innovation as key sources of mutual growth"

Among other participants of the session were: Anatoly Artamonov, Governor of Kaluga Region; Mikko Ayub, Member of the Board of Directors, JSC Nordea Bank, Russia; Jan-Olof Jacke, President, AstraZeneca AB; Zoran Lukovic, General Director, Ericsson in Russia; Sergey Tsyb, Deputy Minister of Industry and Trade of the Russian Federation; Anatoliy Usov, Regional Director, Russia & CIS, SKF; Sergei Yavorski, General Director, Volvo Vostok; Sergey Mikhnevich, Director of the Center for Multilateral Cooperation, Russian Union of Industrialists and Entrepreneurs (RSPP). Andreas Giallourakis, Head, Swedish Trade and Invest Council in Russia & CIS moderated the event.

In his report Frank Schauff touched upon the issues of localization and application of special investment contracts (SPICs) by foreign companies.

He also noted that according to the AEB position, the current provisions on liability for the investor who concluded the SPIC are excessive, since they stipulate imposing too severe sanctions on the investor. And this, in turn, repels many companies from implementing investment projects within the framework of the SPIC.

Russia's regions: an investor's view

On 3 June 2017, AEB Board member Philippe Pegorier participated in the round table "Russia's regions: an investor's view" during St. Petersburg International Economic Forum. Among other panellists were: Artem Avetisyan, Director of the New Business Department, Agency of Strategic Initiatives; Chairman of the Non-Governmental Organization Leaders Club; Svetlana Chupsheva, Chief Executive Officer, Agency for Strategic Initiatives; Alexander Kalinin, President, All-Russian Non-Governmental Organization of Small and Medium-Sized Businesses Opora Russia; Sergei Kelbakh, Chairman of the Board, Russian Highways; Veniamin Kondratiev, Head of Administration (Governor) of Krasnodar Territory; Nikolay Lubimov, Acting Governor of Ryazan Oblast;



Round table "Russia's regions: an investor's view"

Agnessa Osipova, President, Russian Franchise Association (RFA); President, Baskin Robbins Production International; Andrey Pankov, CEO, Renault Russia; Maksim Reshetnikov, Acting Governor of Perm Territory; Igor Esin, Chairman of the Board of Directors, NIIK (Research and Design Institute of Urea and Organic Synthesis Products); Vladimir Krasnoborodko, General Director, The Stamp of the Union State; Andrey Nikitin, Acting Governor of Novgorod Region. Yury Bogdanov, Anchor, Russia 24 TV Channel moderated the event. During the round table the participants discussed the problems encountered by Russian and foreign investors in Rus-

sia's regions, factors influencing decisions about investment in Russia's regions, as well as regional institutions' work in attracting investment and supporting business and developing special zones: industrial parks, business incubators and etc.

He also noted that according to the AEB position, the current provisions on liability for the investor who concluded the SPIC are excessive, since they stipulate imposing too severe sanctions on the investor. And this, in turn, repels many companies from implementing investment projects within the framework of the SPIC.

AEB COMMITTEE UPDATES

Customs and Transport Committee



Dmitry Cheltsov, AEB Customs and Transport Committee Chairperson, IRU lead in Eurasia, is receiving honour.

Dmitry Cheltsov, who leads IRU's work in Eurasia, has been awarded "25 Years of the Federal Customs Service" medal, recognising his contribution to streamlining customs administration in the Russian Federation.

The award highlights his role in fostering constructive collaboration between business and customs authorities over the past two decades. The medal was presented in Moscow at the 13th Annual Flagship Customs Conference, jointly hosted by the Association of European Business Customs and Transport Committee and the Federal Customs Service.



L-R: **Dmitry Cheltsov**, AEB Customs and Transport Committee Chairman; **Ruslan Davydov**, First Deputy Head of the Federal Customs Service; **Marina Iskoskova**, Head of the Customs Legislation Department, Eurasian Economic Commission; **Frank Schauff**, AEB CEO

On 16 March, the AEB Customs and Transport Committee held its XIII Annual Customs Conference at Marriott Grand.

Ruslan Davydov, First Deputy Head of the Federal Customs Service, opened the conference and gave a presentation on the development of the Russian Customs

administration and regulation in the Eurasian Economic Union (EAEU) and the main aspects of the Federal Customs Service Comprehensive Development Program for 2020.

Marina Iskoskova, Head of the Customs Legislation Department, Eurasian Economic Commission, gave an overview of the New Customs Code of the EAEU and EEC acts which are now under development by the EEC in consultation with business in order to improve customs administration in the EAEU.

The second session of the conference included important topics such as "Prospective customs administration developmental trends", which was presented by Maksim Rodikov, Deputy Head of the General Department for Organising Customs Processing and Customs Control, Fed-

eral Customs Service, and "Development prospects for customs control of post released goods", presented by Valery Seleznev and Denis Gryasyn, General Department of Customs Control after the release of goods.

The third session of the conference provided participants with information on the Risk Management System, as presented by Alexander Titov, Head of Macroeconomics Analysis Division, Risk Management and Operative Control Department, Federal Customs Service.

A presentation by Leonid Lozbenko, Head of Public Council of the Federal Customs Service, on the plans and prospects of the FCS Public Council closed the conference and underlined the importance of close cooperation between the customs authorities and business, helping both sides adopt the best practices in the field of customs.

Energy Efficiency and Construction Industry & Building Material Suppliers Committees



L-R: **Bashir Chalabi**, Chairman of the Energy Efficiency Committee, PBN Hill+Knowlton Strategies, **Vassily Osmakov**, Deputy Minister, Ministry of Industry & Trade, **Frank Schauff**, AEB CEO, **Michael Akim**, Chairman of the AEB WG on Modernisation & Innovations, ABB

On 1 March, the Committees held their joint meeting. The invited guest speaker was Vassily Osmakov, Deputy Minister, Ministry of Industry & Trade. The strategic priorities of Minpromtorg in the localisation of energy efficient equipment, development of localisation regulatory

basis, transition to the export oriented economy, best available techniques, and other important issues were discussed.

Vassily Osmakov answered the questions of the meeting participants who represented large foreign companies.

On 24 March, the Committees held a Speed dating on energy efficiency that has been successfully deployed for several years.

Ariston Thermo, BSH Hausgeräte GmbH, ECOTEAM, ESYLUX GmbH, Legrand Group, Rockwool Russia Group, Saint-Gobain, SSI SCHÄFER Group, Schneider Electric, Siemens Building Technologies presented their products and services. Participants of the event had an opportunity to find new leads and new business ideas.



Participants of the meeting

Intellectual Property and Legal Committees



On 3 March, the AEB Intellectual Property and AEB Legal Committees held a Round Table "Pre-trial dispute resolution procedure: Overview and Practices".

The event was chaired by Anton Bankovskiy, Chairman of the Intellectual Property Committee, Partner, CMS, Russia, and the welcome speech was delivered by the AEB Legal Committee Chairman Alexander Kozhukhov, Legal Counsel, Siemens. The Round Table aimed at introducing into the recent legislative changes in the Arbitration Procedure Code including the mandatory pre-trial procedure; it provided an overview of the court practice, with an emphasis upon the application of pre-trial procedure in the sphere of intellectual property.

L-R: **Alexander Bezborodov**, Partner, BEITEN BURKHARDT; **Alexey Barnashov**, Counsel, Head of Litigation (Russia), Mannheimer Swartling; **Anton Bankovskiy**, Chairman of the AEB Intellectual Property Committee, Partner, CMS; **Alexander Kozhukhov**, Legal Counsel, Siemens

IT-Telecom Committee

On 22 March 2017, the AEB IT-Telecom Committee organised a round table dedicated to the Internet of Things with speakers from IoT Association, Expert Council under the RF Government Dentons, PAO VimpelCom, Nokia, Siemens, SAP, General Electric, Philips.

The round table was open by Arseny Nediak, Deputy Director of the Department for Mass Media State Policy, RF Ministry of Communications & Mass Media, and moderated by Dmitry Marinichev, Internet Ombudsman.

The following topics were tackled during the round table-shaping of the digital economy and development programs of the IoT in Russia; its legal regulation and global structure; industrial internet and uprise of new business models; digitalisation and IoT; IoT implementation in the world etc.



L-R: **G.Sizov**, PAO VimpelCom; **V.Naumov**, Dentons; **E.Shapochka**, Expert Council under the RF Government; **A.Kolesnikov**, IoT Association; **A.Nedyak**, RF Ministry of Communications & Mass Media; **D.Marinichev**, Internet Ombudsman

Health & Pharmaceuticals Committee



Participants of the meeting

On 21 March 2017, the AEB took part in the 10th meeting of the Working Group for Research on the Competition Issues

in the Pharmaceutical Sector under the auspices of the Federal Antimonopoly Service of the Russian Federation.

Yury Litvishchenko, Chairman of the AEB Health & Pharmaceuticals Committee, CEO, Chiesi Pharmaceuticals, spoke on the importance of patent protection on the pharmaceutical market. Senior officials of the foreign competition authorities and international organisations, as well as representatives of the companies, members of the AEB Health and Pharmaceuticals Committee, discussed the best world's practices in the field of competition protection and advocacy as well as protection of intellectual rights and stimulation of innovations.

HR Committee



L-R: **Frank Schauf**, AEB CEO; Michael Germershausen, AEB HR Committee Chairman, Managing Director, Antal Russia; **Hansjürgen Overstolz**, President & CEO, Robert Bosch Russia; **Robert H Nichols**, Managing Director, 3M Russia; **Perry Neumann**, Managing Director Russia & Belarus (Mow NE), OOO Kuehne + Nagel; **Nicolay Shcherban**, CEO, Utkonos; **Annett Viehweg**, Chairperson of the AEB Banking Committee, CEO, Deutsche Bank Russia

On 14 March 2017, the AEB HR Committee held its 14th HR Conference "Effective HR: To A Brighter Future".

The conference has been held annually by the AEB HR Committee for the past thirteen years and has become one of the major HR forums in Moscow.

This year, the conference focused on the practices followed by leading companies in the following sectors: compensation & benefits, recruitment, assessment, training & development, labour law.

The parallel sessions discussed the following subjects: management of HR operational costs – keeping pace with the times (AEB Compensation & Benefits Sub-Committee session); robots are on the march (AEB Recruitment Sub-

Committee session); adult learning and the creation of an educational environment (AEB Assessment, Training & Development Sub-Committee session); the dangers we avoided in 2016 and hopes for 2017 (AEB Labour Law Sub-Committee session).

The panel discussion by company CEOs "The relation between the CEO and HR – a challenge or an opportunity?" was a special separate session that opened the conference. The panelists shared their vision with the audience on management and the decision-making process in the current market conditions. The panelists also spoke about their experience of working with HR directors and HR teams in Russia and other countries.

Food Processing Committee

On 30 March 2017, the Committee met with Evgeny Akhpahev, Director of the Food Processing Department of the Ministry of Agriculture of the Russian Federation.

Mr. Akhpahev briefed the AEB members on the Ministry's priorities in supporting food processing subsectors, such as infant food, deep processing of grain, etc., and committed to provide

assistance to business initiatives aimed at increasing investments in high-quality food production in Russia.

The participants also discussed issues related to combatting counterfeit and falsification of food products and improving regulatory framework. Both parties agreed to continue their dialogue on a regular basis.

Migration Committee



L-R: **Natalya Shorygina**, Deputy Head of the Department for Control and Supervision of the General Migration Directorate, Ministry of Internal Affairs of the Russian Federation; **Pavel Dutov**, Deputy Head of External Labor Migration Department, the General Migration Directorate, Ministry of Internal Affairs of the Russian Federation; **Dmitry Demidenko**, Deputy Head of General Migration Directorate, Ministry of Internal Affairs of the Russian Federation; **Ludmila A. Shiryaeva**, AEB Migration Committee Chairperson, Executive Director, Tax and legal Services, EY; **Alexander Mikhteev**, Deputy Head of the Department for Provision of Public Services of the General Migration Directorate, Ministry of Internal Affairs of the Russian Federation; **Frank Schauff**, AEB CEO



Participants of the meeting

On 4 April 2017, the Committee held an open event: "Law applicability in migration" with the participation of Dmitry Demidenko, Deputy Head of the General Migration Directorate of the Ministry of Internal Affairs of the Russian Federation, and other official representatives of the General Migration Directorate.

The moderator of the event was Ludmila Shiryaeva, AEB Migration Committee Chairperson.

Frank Schauff, AEB CEO, opened the event and expressed hope that constructive cooperation with the General Migration Directorate of the Ministry of Internal Affairs develops just as it did with the FMS of Russia. Frank Schauff highlighted that AEB member companies are interested in retaining the simplified procedure for submitting documents on foreign employees (one window) in the General Migration Directorate of the Ministry of Internal Affairs of the Russian Federation.

Dmitry Demidenko informed the participants about the main changes that have affected the structure of the FMS of Russia with the transition to the Ministry of Internal Affairs of Russia. He noted that in comparison with the FMS of Russia, the staff of the Ministry of Internal Affairs of Russia was cut by 50%. In addition, the regional subdivisions of the General Migration Directorate of the Ministry of Internal Affairs of Russia are directly subordinate to the Head of the territorial subdivision of the Ministry of Internal Affairs of Russia. Accordingly, the Migration Centre in Sakhorovo is subordinate to the Moscow Division of the RF Ministry of Internal Affairs.

Representatives of the Ministry of Internal Affairs of the Russian Federation presented the recent legislative developments in migration, new procedural initiatives, and gave comments on practical migration matters.



Participants of the meeting

North-Western Regional Committee

On 23 March, the AEB North-Western Regional Committee's HR & Migration Sub-Committee organised an open event in St. Petersburg on "Latest changes in migration legislation and procedure of application of migration rules in St. Petersburg and Leningrad region".

During the event the participants were able to get first-hand information and answers to their questions from high-level officials working in the Migration Directorate of the Main Directorate of the Ministry of Internal Affairs of Russia (UVM GU MVD) in St. Petersburg and the Leningrad Region, such as Tatiana Bezlepkina, Deputy Head of Department for Labor Migration Issues and Alexnader Petrenko, Head of the Division for the Control of Foreign Citizens Hosting Organisations of the Immigration Control Department.



Participants of the meeting

The event was kindly hosted by Baker&McKenzie in St. Petersburg.

On 27 March, the Committee's Customs, Transport & Logistics Subcommittee organised a regular annual round table with participation of the representatives of North-Western Customs Administration (SZTU) on "News of the customs legislation and practice".

The event focused on the following issues:

- control of the timing of customs operations;
- transfer of goods intended for the personal use of individuals as express cargo;
- improvement of information technology in customs;
- development of control after the release of the goods as one of the priorities of the customs control;
- application of non-tariff regulation and technical regulation requirements;
- classification of goods under HS EAEC. Counseling. Preliminary decisions.

Sergey Vasiliev, Chair of the AEB North-Western Regional Committee's Subcommittee for Customs, Transport & Logistics and Wilhelmina Shavshina, Deputy Chair of the AEB Customs & Transport Committee (Moscow) moderated the event.

Head of the SZTU, Alexander Getman welcomed the participants, mentioning the importance of collaboration with European businesses in terms of customs regulations and practice and briefed on the main topics that will be elaborated at the meeting.

He presented his colleagues: Pavel Tenkov, Head of Pulkovo Post at Pulkovo customs; Stanislav Shklenskiy, Head of customs control advanced technology introduction service department of SZTU; Svetlana Andreeva, Deputy Head of the customs control service after the release of

the goods of SZTU; Ekaterina Ladygina, Deputy Head of the federal customs revenues service, Head of the department of trade restrictions and export controls of SZTU; and Maria Shakhina, Head of department of preliminary decision on classification of goods and country of origin, Federal Customs Revenues Service of SZTU. They further clarified the mentioned above topics of the meeting and answered the questions of the participants.

The event was kindly hosted by DLA Piper in St. Petersburg.



L-R: **Maria Shakhina**, Head of department of preliminary decision on classification of goods and country of origin, Federal Customs Revenues Service; **Ekaterina Ladygina**, Deputy head of the federal customs revenues service, head of the department of trade restrictions and export controls; **Pavel Tenkov**, Head of Pulkovo Post at Pulkovo customs; **Alexander Getman**, Head of the North-Western Customs Administration; **Wilhelmina Shavshina**, DLA Piper, Deputy Chair of the AEB Customs & Transport Committee; **Sergey Vasiliev**, DLA Piper, Chair of the AEB North-Western Regional Committee's Subcommittee for Customs, Transport & Logistic

On 28 March, the AEB North-Western Regional Committee's HR & Migration Subcommittee hold a meeting on "Topical issues of labor protection: concerns of foreign companies in Russia".

Denis Smirnov, the Acting Head of the Department of Labor Protection of Labor Inspection of St. Petersburg and Tatiana Verbitskaya, the Chief State Inspector on Labor Protection of Labor Inspection of St. Petersburg were invited to the meeting to brief on labor protection issues.

Such companies as Heidelbergcement, Jungheinrich Lift Truck OOO, SCHNEIDER GROUP, EY, Rödl & Partner, Alinga Group, TMF-Group, Pepeliaev Group, Bonava, PwC, Coleman Services and others participated in the meeting, asked questions to the representative of the Labor Inspection and shared their practical experience.

The event was kindly hosted and supported by Baker & McKenzie office in St. Petersburg.

On 30 March 2017, the AEB North-Western Regional Committee's Construction & Real Estate Subcommittee held an open event on "Best industrial real estate investment practices of foreign companies in Russia".

The top managers from ROCA Rus, Siemens, Truck Production RUS (MAN Truck & Bus and Scania), YIT, Novo Nordisk, START Development, EKE Group, and Dentons shared their successful experience in industrial real estate investments in Russia. The event provided a lively platform for discussions and exchange of practical experience, concerns and proposals.

The event was kindly hosted and supported the office of Dentons in St. Petersburg.



Participants of the meeting



L-R: **Alexandra Shilova**, Financial Director, Fund for Industrial Development of St. Petersburg; **Andreas Bitzi**, Chairman of the AEB North-Western Regional Committee; **Thomas Staertzel**, AEB Board Chairman; **Frank Schauff**, AEB CEO; **Pavel Borisenko**, Deputy Head of Investment Committee of St. Petersburg

On 5 April 2017, the Annual General Meeting (AGM) of the AEB North-Western Regional Committee (NWRC) was held in St. Petersburg.

The event was moderated by Frank Schauff, AEB CEO, and Andreas Bitzi, Chairman of the AEB North-Western Regional Committee.

The meeting began with the plenary session, during which Sergey Movchan, the Vice-Governor of St. Petersburg presented the main measures of St. Petersburg government towards industrial development of the city. Further, Alexandra Shilova, Financial Director,

Fund for Industrial Development of St. Petersburg introduced the activities of the Fund for Industrial Development of St. Petersburg. The plenary session was concluded by Pavel Borisenko, the Deputy Head of Investment Committee of St. Petersburg, who briefed about investment incentives for foreign and Russian companies in St. Petersburg in new economic realities.

During the second part of the meeting, Thomas Staertzel, AEB Board Chairman, briefed about the activities of AEB, and Andreas Bitzi, Chairman of the AEB North-Western Regional Committee (NWRC), presented the report on AEB NWRC's activities in 2016 and the plans of the Committee for 2017. With the majority of the voices the AEB NWRC's report was approved.

The event took place at the Sokos Hotel Olympia Garden.

Product Conformity Assessment Committee



Participants of the meeting

On 30 March 2017, Frank Schauff, AEB CEO and Product Conformity Assessment Committee members had a meet-

ing with Arman Shakkaliev, Head of the technical regulation and accreditation department of the Eurasian Economic Commission (EEC).

Frank Schauff stressed the importance of the cooperation between AEB and EEC and said that the Commission can rely on AEB members' expertise. He also noted that the AEB, being the main representative of the interests of foreign investors in Russia, is ready to be a facilitator in cooperation between EEC and EU.

The meeting participants discussed problems related to technical regulations of the Customs Union and EAEU and issues, such as non-recognition of production audit results produced in third countries, status of the 1958 Geneva agreement, and many others. The participants agreed to hold meetings on a regular basis.

Real Estate Committee



L-R: **Alexey Abramov**, Director, KPMG Law Russia and CIS; **Victoria Sedova**, Senior Tax and Legal Expert, Schneider Group; **Valery Shatalin**, Commercial Director, Stupino 1 Industrial Park; **Ruslan Kokarev**, AEB COO

On 30 March 2017, the held an open event "State registration and cadastral valuation of real estate as of 2017". The event was opened by Ruslan Kokarev, AEB COO. Victoria Sedova, Senior Tax and Legal Expert, Schneider Group gave an over-

view of new rules of state registration since 1 January 2017. Alexey Abramov, Director, KPMG Law Russia and CIS spoke about practical implications of changes in the state cadastral valuation, which came into force on January 1st, 2017.

Safety, Health and Environment Committee



Participants of the meeting

On 17 March 2017, the Committee held the round Table entitled "Best practices in health and safety in Russia".

The event was moderated by Konstantin von Vietinghoff-Scheel, Chairman of the Health & Safety Subcommittee. Olga Tikhomirnova, Corporate HSSE Adviser Russia & CEE, Shell Neft, reported about personnel road transport safety; Dmitry Kozlov, General Director, Tactise (Tactical Innovations in Safety and Excellence) spoke about integrated work safety system "Indora"; Nikolay Tenshov, Occupational Health and Safety/ Environmental protection/ Fire Safety Team leader Mercedes-Benz RUS gave an overview of Mercedes-Benz health and safety programs in Russia.

On 12 April 2017, the Committee took part in the Russian Health and Safety Week and organised a round table "Occupational health and safety problems and best practices: experience of European companies in Russia". Karl-Friederich Bopp, Head of Division "Reporting Procedure", DG Human Rights and Rule of Law; Tatyana Bobrovitskaya, General Manager for Safety and Environment, Shell Integrated Gas Russia; Stephanie Lock, HSE General Manager, Sakhalin Energy; Ivan Ivanov, Principal Consultant, ERM; Mikhail Timoshevskiy, Manager, KPMG; Pilipenko Ekaterina, HSE Manager, BP; Alexey Buryachenko, Business Development Director, Corporate Health spoke about European companies approaches towards implementing HSE best practices in Russia. The event was moderated by Valery Kucherov, AEB SHES Committee Chairman, Regional Service Leader – Safety, Partner, ERM.



L-R: **Valery Kucherov**, AEB SHES Committee Chairman, Regional Service Leader – Safety, Partner, ERM; **Tatyana Bobrovitskaya**, General Manager for Safety and Environment, Shell Integrated Gas Russia

Southern Regional Committee



On 21 March, members of the AEB Southern Regional Committee took part in a reception to mark the visit of the British Mission to Krasnodar. The British delegation, headed by Her Britannic Majesty's Ambassador Dr. Laurie Bristow, visited a number of Krasnodar plants and universities. At the reception representatives of more than 25 British companies talked to representatives of foreign and Russian companies operating in the Kuban region and discussed the prospects for doing business in the south of Russia

L-R: **Igor Brener**, Cargill; **Dr. Laurie Bristow**, Her Britannic Majesty's Ambassador; **Maxim Grigoryev**, VEGASLEX; **Anna Kalmykova**, EY



Participants of the event

On 14 April 2017, the round table “Matters of ecologic responsibility in agriculture” was organised by the AEB Southern Regional Committee in Krasnodar.

Ruslan Kokarev, AEB COO made a welcome speech. Tatiana Belousovich, AEB GR Manager, Crop Protection and Seeds made a presentation about AEB pilot project in collection and recycling containers.

On 14 April 2017, the Annual General Meeting of the Southern Regional Committee was held in Krasnodar. Ruslan Kokarev, AEB COO, spoke about plans and prospects of the Association at the federal level and in the region. Oleg Zharko, Chairman of the Southern Regional Committee, Regional Corporate Affairs Director, Danone, reminded about the continuation of long-term programs, which have been united now into the programme “Time for new strategies”, co-organised by the AEB Southern Regional Committee, “Yug-Times” newspaper, the Public chamber of the Krasnodar territory and the Agency of investment and international cooperation.

Oleg Zharko presented the plan of Committee activities for 2017, including the annual conferences and participation in the key regional events, in particular, the Forum of sister cities in June 2017.

Representatives of Danone, EY, Philip Morris Kuban, CLAAS led the working groups of the Advisory Council and acting on a regular basis.

Igor Brener, Chair of HR Subcommittee, CASC EMEA Russia&Ukraine, informed the participants about

Among the participants of the meeting were directors and representatives of AEB member-companies, Evgeny Porfiriev, Head of the Ecologic Control Department, Administration of Rosprirodnadzor in the Krasnodar region and the Republic of Adygea, Liudmila Shulyakovskaya, Head of the Krasnodar branch of Rosselkhozcentr, Vladimir Alginin, Executive Director of the Russian Union of CPP Manufacturers, Lyubov Popova, Secretary of the Public Chamber of the Krasnodar region, representatives of CPP manufacturers and importers, “ECOPOLE” company and its subcontractors on collection and recycling in Southern and Central Federal Districts.

The key topics included the implementation of the European background, recent amendments to the Russian legislation as well as ways of cooperation for embodying the extended responsibility by manufacturers in collection and recycling and training of farmers to rinse the containers correctly. Oleg Zharko, Chairman of the AEB Southern Regional Committee, moderated the event.



L-R: **Oleg Zharko**, Chairman of the AEB Southern regional Committee, Danone; **Ruslan Kokarev**, AEB COO

the plans of the Subcommittee, including the annual HR-conference “Experience of human capital development: the impact to the investment attractiveness of the Krasnodar region”, in May 18th, 2017.

Chairman of the AEB South Regional Committee presented the report on the Committee activities in 2016 and the plans of the Committee for 2017. With the majority of the voices the AEB SRC’s report was approved.

Taxation Committee



L-R: **Nina Goulis**, KPMG; Alina Lavrentieva, Chairperson of the AEB Taxation Committee, PwC; **Mikhail Filinov**, PwC

On 1 March, the Committee held a business meeting "Beneficial owner of income – practical aspects".

The event focused on the practical steps of implementation of the beneficial ownership concept in Russia.

Mikhail Filinov, PwC, Nina Goulis, KPMG, Victor Kalgin, EY, Rustem Akhmetshin, Pepeliaev Group, Kirill Vikulov, Baker & McKenzie, Alla Zverkova, Goltsblat BLP, and Maria Semenova, Mazars, shared their expertise, gave recommendations on hot issues including preparation of the so-called "defense file" and provided an excellent platform for discussion and exchange of knowledge by professionals. The event was moderated by Dr. Alina Lavrentieva, Chairperson of the AEB Taxation Committee, PwC, and Vadim Zaripov, Deputy Chairperson of the AEB Taxation Committee, Pepeliaev Group.

Transport and Customs Committee

On 19 April 2017, the Committee by the initiative of the Lithuanian Embassy held a joint event between Lithuanian transport, logistics and stevedore companies and the experts of the AEB Committee which was aimed to share the best practices on foreign trade activities in general, including customs regulation, customs transit and international transportation in Russia. The event was opened with a welcome address by HE Remigijus Motuzas, Ambassador of the Republic of Lithuania to the Russian Federation.

Dmitry Cheltsov, AEB Transport and Customs Committee Chairperson, General Delegate to the IRU Permanent Delegation to Eurasia, presented the main tasks of the Federal Customs Service's development, which were assigned by the RF Ministry of Finance.

Marina Lyakisheva, Adviser to the General Director for Customs Affairs, NAWINIA RUS, presented the main provisions of the New Customs Code of the Eurasian Economic Union.

Alexey Misailov, Global Supply Chain Director, FM Logistic, spoke about new challenges in transport and customs logistics. The event was follow-up by the reception for the guests and participants of the event.



Dmitry Cheltsov, AEB Transport and Customs Committee Chairperson, General Delegate to the IRU Permanent Delegation to Eurasia

MEMBER NEWS

Dear members, please be informed that you can upload your news or press releases on our website in "Member News" section via personal page absolutely free of charge.

Alinga Consulting Group

Alinga Consulting Group is pleased to announce the latest addition to its group of companies. AB Services recently joined forces with Alinga Consulting to offer recruitment and executive search services. On May 10 2017, Alinga Managing Partner Chet Bowling and AB Services Managing Director Dan Hill formally combined offices. The two companies are excited to present their joint package of services – recruitment, audit & tax, accounting & payroll and legal – to both domestic and international companies in Russia.

Alinga and AB Services have formed a cooperative professional structure that will enable clients to benefit from the diverse talents of its wider team. The combined management of the two groups offers extensive experience and steady leadership.

ABSERVICES
Your company's needs are our top priority!



Baker & McKenzie

Baker McKenzie is named Global and Russian IP Firm of the Year by Managing IP Global Awards 2017

On 9 March 2017, Managing IP held the Global Awards Dinner where awards for 2017 were announced. Baker McKenzie won the prestigious Global IP Firm of the Year for 2017 and was named Russian IP Firm of the Year. Founded in 1990, Managing IP is the leading source of news and analysis on all intellectual property developments worldwide.



Baker McKenzie releases its 2017 Doing Business in the CIS guides

The long-awaited Baker McKenzie guides: Doing Business in Azerbaijan 2017, Doing Business in Kazakhstan 2017, Doing Business in Russia 2017 and Conducting Business in Ukraine 2017 are out now. The guides are designed to provide an overview of the key aspects of the Azerbaijani, Kazakh, Russian and Ukrainian legal systems with the most up-to-date information on business regulation in these countries. The handbooks discuss foreign investment criteria, creation and regulation of companies, taxation, banking and finance regulations, and other considerations relevant to doing business in Azerbaijan, Kazakhstan, Russia and Ukraine, including competition law, corporate compliance, customs regulations, employment, environmental law, insurance, intellectual property, natural resources, the pharmaceutical and healthcare industry, property rights, sanctions issues and telecommunications.

The handbooks have been written by Baker McKenzie lawyers in Almaty, Baku, Kyiv, Moscow and St. Petersburg – lawyers who have considerable experience in advising companies that engage in commercial activities in these countries. Electronic versions of the handbooks are available on BakerMcKenzie.com.

Vegas LEX



VEGAS LEX discusses opportunities and problems of special investment contracts at Northern Dimension Forum

The Eighth Northern Dimension International Business Forum, held in St. Petersburg on April 6, 2017, focused on the development of new technologies and support mechanisms that could help the economic development of the Northern Dimension regions, including Russia's Northwestern Federal District.

VEGAS LEX Partner, Head of Energy practice Evgeniy Rodin spoke at the forum's energy session, "The Mechanism of Returning Investment into Modernization Projects as a Way to Introduce Best Available Technologies". Energy companies should pay attention to the special investment contract (SPIC) option and consider the positive results of its use across Russia, Mr. Rodin said. The expert spoke about the SPIC and what companies need to do to use it, listed its advantages for investors and problems faced by those who decided to use this tool.

VEGAS LEX Commercial group associate Anastasia Cheredova spoke at a round table, "Aspects of Drug Provision: Availability of Innovative Drugs". Her report, "Investment Mechanisms in the Pharmaceutical Sector: Stimulating Local Production or Hedging Regulatory Risks?" also drew attention to the SPIC, but with reference to the pharmaceutical industry. She explained the need for moving pharmaceutical companies' production facilities to Russia, what they can expect when concluding the SPIC and what other investment options they can use.

The event was attended by representatives of Russian and European ministries and departments, representatives of domestic and foreign business, and civil society.

VEGAS LEX discussed the critical issues relating to drug advertising during a roundtable discussion with the participation of FAS Russia

On 13 April, VEGAS LEX hosted the round table discussion "Advertising of Medicines: Good Practice Criteria?" with the participation of FAS Russia's Department for Control over Advertising and Unfair Competition.

Alexander Sitnikov, Managing Partner of VEGAS LEX, made a welcoming speech and thanked FAS Russia for the opportunity to hold an open and direct dialogue with representatives of pharmaceutical business.

Maria Borzova, Manager of Life sciences projects of VEGAS LEX, spoke about the key interpretations of legislation emerging in the law enforcement practice. The expert listed several indicator words, which, when used in advertisements, may indicate a violation of the Advertising Law/ Competition Law, and also highlighted a number of ambiguous issues related to the tools for assessing the content of advertising materials and instruments of evidence.



Nikolay Kartashov, Head of FAS Russia's Department for Control over Advertising and Unfair Competition, noted the growing number of violations of legislation concerning advertising in pharmaceutical industry and urged the participants of discussion to treat the information communicated to consumers more carefully. Mr Kartashov emphasized the importance of the industry rules relating to advertising of medicines, however, noted that FAS Russia does not support the idea of imposition of any additional restrictions.

Irina Vasilenkova, Deputy Head of FAS Russia's Department for Control over Advertising and Unfair Competition, outlined the FAS approaches to the assessment of the content of advertising materials and the ways of communicating information (audiovisuals, references, notes, etc.) to consumers. In conclusion, pharmaceutical companies expressed their willingness to develop the industry guideline specifying the practices that are acceptable and those that are unadvisable.

APPOINTMENTS

Danone



Charlie Cappetti took up the position of General Manager Danone Russia & VP Fresh dairy products CIS on 1 April 2017. Charlie Cappetti is a Dutch national and graduated in Public Administration & Political Sciences from the Leiden and Rotterdam Universities in the Netherlands.

After 1.5 years military service as an officer in the Royal Dutch Navy and participation in various Business Courses with Mars, Unilever and P&G he concluded that his professional future was not in politics and government. Instead he started now more than 20 years ago in the FMCG industry. He started his professional career with Procter & Gamble where he held various functions in Marketing & Sales in Belgium and the Netherlands.

After 7 years in P&G he moved to the Danone Group as a Sales Director for the dairy company in the Netherlands. In 2001 he moved to Belgium as Commercial Director for Danone Dairy Benelux. End 2005 he moved to Egypt as the General Manager a newly acquired Dairy company. He initiated the start-up of a mega-farm to supply milk to Danone during those years. Early 2009 he moved to Indonesia as the Chief Operating Officer Danone Aqua. Since 2013 he was the President Director of the company.

Charlie is married and has three children.

TMF group



Appointment of Kirill Safonov, Regional IT Manager CIS & Nordics

Leading provider of business services to clients operating and investing internationally, TMF group, has appointed Kirill Safonov to the role of Regional IT Manager of the CIS and Nordics region. He is responsible for overseeing the IT departments in seven CIS and Nordic countries. Kirill has broad professional experience; over the past 20 years he has worked in different local and regional IT roles in a number of global FMCG and technology companies.

He received a Master of Science Degree in Mathematics and Computer Science at Moscow State University, has a number of professional certificates in telecommunications, managed IT services and digital technologies, and also holds a Project Management Professional (PMP) diploma from PMI. Kirill is based at TMF Russia's Moscow office and is fluent in Russian, English and German

Samuli has worked in senior management positions for international companies in Russia for the past decade. He has a bachelor's degree in international business and marketing, and two masters degrees; in social sciences, and economics & business administration. Samuli is based at TMF Russia's Moscow office and is fluent in Russian, Finnish and English.

Samuli has worked in senior management positions for international companies in Russia for the past decade. He has a bachelor's degree in international business and marketing, and two masters degrees; in social sciences, and economics & business administration. Samuli is based at TMF Russia's Moscow office and is fluent in Russian, Finnish and English.

NEW MEMBERS



Hyundai trucks

Since 2017, Hyundai Motor Company has opened a 100% subsidiary in Russia with the function of a distributor for commercial vehicles – Hyundai Truck and Bus Rus LLC. The company presents light, medium, heavy-duty trucks, city and tourist buses, special-purpose vehicles. From 1998 to 2016 the private Russian companies were engaged in the distribution of

Hyundai trucks and buses in Russia. By 2017 year Hyundai commercial vehicles dealer network includes 50 3S (sales, service, spare parts) companies in many regions of Russia.

Since 2011, Hyundai Motor Company launched commercial vehicles production in Russia at the AUTOTOR plant in Kaliningrad. Since September 2012 the AUTOTOR has begun Hyundai trucks mass production. To date, the line of Hyundai commercial vehicles includes models HD35, HD65, HD78, HD120, HD170 that have proved themselves in the Russian market with a wide range of add-ons. In January 2017, an inaugural lot of the Hyundai LCV-segment model – the all-metal van H350 – was produced. In April of 2017 year Hyundai Motor Company and AUTOTOR have signed

a plan to launch the full-cycle production of Hyundai commercial vehicles at the AUTOTOR production facilities of in the Kaliningrad region.

www.hyundaitrucks.ru



Inchcape

OUR COMPANY

Inchcape plc is the global distribution and retail leader in the premium and luxury automotive sectors.

We are present in 29 national markets and operate as a key strategic partner to the world's foremost premium and luxury car brands for whom we provide an effective, well-financed and customer centred route to market for vehicles and parts. Inchcape is present on the Russia market from 2007.

OUR VISION

To be the world's most trusted automotive distributor and retailer.

WHAT WE DO

We operate across every link of the post-factory automotive value chain for our OEM partners, providing a highly efficient, customer-focused route to market that delivers shared rewards at every stage.

OUR UNIQUE PEDIGREE

170 years of successful international trade experience based on a spirit of innovation that still thrives within the organisation

- 16,300 EMPLOYEES GLOBALLY
- 29 NATIONAL MARKETS
- 30 BRAND PARTNERS
- £7.8BN SALES 2016

www.inchcape.ru



Ingosstrach

Our mission is to support trade relations. We provide tailor-made solutions of insurance related to domestic and international trade transactions. We protect producers, distributors and factoring companies against credit risk and facilitate the financing of such transactions.

We listen, we propose bespoke solutions, we are approachable, we explain our decisions and we deliver first-class ser-

vice. Our people come up with smart solutions in response to specific business needs or complex risk environments.

Ingosstrakh ONDD Credit Insurance was created in 2009 as a joint venture between Credendo ECA and multi-line Russian insurer Ingosstrakh. Today, Credendo ECA owns 67% of the company's shares with the remaining shares still in the hands of Ingosstrakh.

Outside of Russia, Ingosstrakh ONDD Credit Insurance's core markets are Kazakhstan, Belarus and other CIS countries.

www.credendo.com



LafargeHolcim

LafargeHolcim

LafargeHolcim is the leading global building materials and solutions company serving masons, builders, architects and engineers all over the world. Group operations produce cement, aggregates and ready-mix concrete which are used in building projects ranging from affordable housing and small, local projects to the biggest, most technically and architecturally challenging infrastructure projects. As urbanization increasingly impacts people and the planet, the Group provides innovative products and building solutions with a clear commitment to social and environmental sustainability. With leading positions in all regions, LafargeHolcim employs around 90,000 employees in more than 80 countries and has a portfolio that is equally balanced between developing and mature markets.

In Russia LafargeHolcim operates 4 cement plants (Moscow region, Saratov region, Kaluga region) and 4 aggregates quarries (Karelia and Tula region).

www.lafargeholcim.com



Loyens & Loeff

With a history dating back more than 100 years, Loyens & Loeff is today the leading legal and tax firm if you do business in or from the Netherlands, Belgium, Luxembourg and Switzerland, our home markets. A highly satisfied client base includes major global corporations, organisations, financial institutions and family-owned businesses. And successful partnerships are realized not only due to the overall strength of our firm and breadth of our offering, but in the way we address our partnerships.

Integrated approach

We do so with an integrated legal and tax approach that applies the necessary skill sets in a manner that furthers the overall economic success of our clients. Our client-focused, pragmatic approach ensures your broader business objectives and company performance is always being considered while addressing the tasks at hand.

Independent and international

As a fully independent law firm, Loyens & Loeff is excellently positioned to coordinate international tax and legal matters. We have our own network of offices in major financial centres, staffed with specialists. Our office network is complemented by several country desks all of which are experienced in structuring investments all over the world. It's a winning combination that enables us to assist international clients in a very effective way.

www.loyensloeff.com



Messe
Düsseldorf
Moscow

Messe Düsseldorf Moscow OOO

Messe Düsseldorf has become the first western company, which has started its business activity at the Russian market. The representation of the company on the former USSR territory was opened in 1979, than it was modified in Russian company – Messe Düsseldorf Moscow OOO in 2002, what let the company greatly expand the number of clients and improve its service.

During the years of its successful activity at the Russian market Messe Düsseldorf in cooperation with Expocentre Fairgrounds helped approximately 60000 Russian and foreign companies to organize their participation in different fairs. Fairs, which are organized by Messe Düsseldorf show us good attendance by specialists all over the world, what provides an opportunity to establish new business contacts and to improve the "old" ones.

In association with its Russian partners Messe Düsseldorf organizes from 10 to 20 international specialized fairs related to different themes per year.

www.messe-duesseldorf.ru



Ortika Frozen Foods

Ortika Frozen Foods is a branch of Hortex Holding S.A., a Poland based company. Ortika Frozen Foods executes exclusive production, distribution and promotion of HORTEx-branded frozen fruit and vegetables on the territory of Russia.

HORTEx is more than 50 years of experience in producing fast-frozen vegetables, fruits, berries, mushrooms. Performing the mission, HORTEx offers sustainably fine quality products to consumers, who in their turn highly appreciate it, choosing HORTEx as their favorite brand in fast-frozen products category for many years. HORTEx is the absolute leader in brand awareness in Russia.

HORTEx has been proactive in promoting the importance of eating healthy and tasty fruits and vegetables that contain no GMO. Some wild-grown berries and mushrooms are sourced from one of the most ecologically clean region of Karelia and own Swiss certificates of organic products. Production plants have earned international management certification and met an internationally recognized set of standards. Passion for fruit and vegetable makes HORTEx to be keen on finding and selecting the best ones and turning them into our unique products!

www.hortex.umi.ru

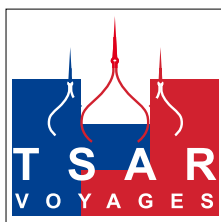


Pribori Oy

Finnish company Pribori Oy – Since 1972 serving customers and partners in Russia and CIS countries. Nowadays we pride ourselves in having the possibility to serve our customers in the fields of Medicine, Life Science & Diagnostics, Industrial Hygiene, Nuclear Medicine & Radiation Protection.

With a product portfolio from the world's leading brands such as PerkinElmer, Thermo Fisher Scientific, Ortec (AM-ETEK), LabLogic, Tosoh bioscience, Abacus Diagnostica we can satisfy even the most demanding needs.

You can always contact or visit us in our Office in Moscow
www.pribori.com



TSAR VOYAGES

TSAR VOYAGES (Ltd.) is a leading integrated international travel agency, providing a wide range of services that include leisure travel, MICE, corporate travel and passport & visa services. It offers its customers a fully online platform for travel planning and bookings as well as other travel-related eServices.

The company, established in 2004, is headquartered in Moscow. It also has offices in Saint-Petersburg and Paris.

TSAR VOYAGES's footprint presently encompasses, directly or through its extensive network of partners, the entirety of Russia as well as several neighboring countries such as Uzbekistan, Georgia, Armenia, Mongolia and the Baltic countries.

It annually welcomes over 10 000 customers, with the majority coming from Europe, where Tsar Voyages has established itself as a reliable and innovative travel services provider, offering some of the most competitively-priced, Russia-focused travel products globally.

www.tsarvoyages.com

Uponor

Uponor

Uponor is an international market leader, striving to provide better drinking water delivery, energy-efficient radiant heating and cooling and reliable infrastructure solutions. The company serves a variety of building markets including residential, commercial, and industrial and civil engineering across Europe, North America and in other international markets. In close partnership with building industry professionals, we are continuously seeking out innovative ways to ensure our systems offer the most efficient, reliable and high-performing solutions available to residential and commercial structures around the globe. All our solutions are designed to enrich people's way of life: fast and easy to install, conserving water and energy, providing comfort and health, and giving peace of mind. Available in some 100 countries, our solutions meet the needs of our customers and end-users, while helping to preserve the natural environment. They are designed for efficient performance, long lifetime, easy installation and a low environmental footprint.

Uponor employs about 3,900 employees in 30 countries, mainly in Europe and North America. In 2016, Uponor's net sales to-

talled €1.1 billion. Uponor is headquartered in Finland in Vantaa and listed on the Nasdaq OMX Helsinki stock exchange.

www.uponor.ru

Urus Advisory

Urus Advisory

Urus Advisory operates risk management services primarily across Russia, the CIS, and the Baltic states, as well as in parts of the wider EMEA. Urus Advisory analysts have amassed considerable experience working simultaneously in corporate locations across Europe and the wider world – with multijurisdictional projects covering over 20 countries. Urus Advisory covers all major economic sectors and industries, with particular successes in energy and commodities, extractive industries, finance, IT & communications, pharmaceuticals, construction, transport and aviation. The company's commitment to hands-on investigative and analytical work means it is constantly developing its network, ability to seek information and sectoral reach.

The useful application of effective risk analysis and investigative work has grown across many areas of the corporate and investment world. While we maintain that no single case is the same, there are similarities among many corporate needs – not least owing to far-reaching pieces of legislation such as the FCPA or UK Bribery Act that affect many international companies.

Among the most called-for products and approaches Urus Advisory delivers are:

- Pre-Transaction Intelligence and Integrity Due Diligence,
- Compliance and KYC-led checks,
- International asset tracing and forensic litigation support,
- Forensic investigations,
- Business intelligence,
- Pre-employment screening.

www.urusadvisory.com

vitra.

Vitra

Vitra is a Swiss company dedicated to improving the quality of homes, offices and public spaces. Creating innovative products and concepts with great designers is Vitra's essence. They are developed in Switzerland and installed worldwide by architects, companies and private users to build inspirational spaces for living, working and shopping as well as public areas.

www.vitra.com

Association of European Businesses (AEB)

Krasno proletarskaya str., 16, bld. 3

127473 Moscow

Tel.: +7 (495) 234 27 64

Fax: +7 (495) 234 28 07

Email: info@aebrus.ru


**Association
of European
Businesses**

AEB MEMBERSHIP APPLICATION FORM / ЗАЯВЛЕНИЕ НА ЧЛЕНСТВО АЕБ

Please fill out the Application Form in **CAPITAL** letters, sign it and fax it: **234 28 07**/

Заполните заявление печатными буквами и пришлите по факсу **234 28 07**

Calendar year / Календарный год: 2017 (Please check the appropriate box/boxes / Укажите соответствующий год/года)

Name of your AEB Contact / Ваше контактное лицо в АЕБ: _____

1. COMPANY / СВЕДЕНИЯ О КОМПАНИИ

Company Name in full, according to company charter. (Individual applicants: please indicate the company for which you work /
Название компании в соответствии с уставом. (Для индивидуальных членов – название компании, в которой работает заявитель):

Legal Address (and Postal Address, if different from Legal Address) /

Юридический и фактический адрес, если он отличается от юридического:

INN / KPP / ИНН/КПП:

Phone Number / Номер телефона:

Fax Number / Номер факса:

Website Address / Страница в интернете:

2. CATEGORY / КАТЕГОРИЯ:

THE CATEGORY IS DETERMINED ACCORDING TO THE COMPANY'S WORLD TURNOVER

Please indicate your AEB Category / Отметьте категорию	Company's world-wide turnover (euro per annum) / Мировой оборот компании (евро в год)	AEB Membership Fee / Членский взнос в АЕБ
<input type="checkbox"/> SPONSORSHIP / Спонсорство	–	10,000 euro/евро
<input type="checkbox"/> CATEGORY A / Категория А	>500 million/миллионов	6,300 euro/евро
<input type="checkbox"/> CATEGORY B / Категория Б	50–499 million/миллионов	3,800 euro/евро
<input type="checkbox"/> CATEGORY C / Категория С	1–49 million/миллионов	2,200 euro/евро
<input type="checkbox"/> CATEGORY D / Категория Д	<1 million/миллионов	800 euro/евро
<input type="checkbox"/> INDIVIDUAL (EU/EFTA citizens only)/ Индивидуальное (только для граждан Евросоюза/ЕАСТ)	–	800 euro/евро

Any non-EU / non-EFTA Legal Entities applying to become Associate Members must be endorsed by two Ordinary Members (AEB members that are Legal Entities registered in an EU / EFTA member state or Individual Members – EU/EFTA citizens) in writing/

Заявление любого юридического лица из страны, не входящей в Евросоюз/ЕАСТ, и желающего стать членом АЕБ, должно быть письменно подтверждено двумя членами АЕБ (юридическими лицами, зарегистрированными в Евросоюзе/ЕАСТ, или индивидуальными членами – гражданами Евросоюза/ЕАСТ)

Individual AEB Membership is restricted to EU / EFTA member state citizens, who are not employed by a company registered in an EU / EFTA member state /

К рассмотрению принимаются заявления на индивидуальное членство от граждан Евросоюза/ЕАСТ, работающих в компаниях, страна происхождения которых не входит в Евросоюз/ЕАСТ

Please bear in mind that all applications are subject to the AEB Executive Board approval /

Все заявления утверждаются Правлением АЕБ

3. CONTACT PERSON / INDIVIDUAL MEMBER / КОНТАКТНОЕ ЛИЦО / ИНДИВИДУАЛЬНЫЙ ЧЛЕН

Title, First Name, Surname / Ф.И.О.:

Position in Company / Должность:

E-mail Address / Адрес эл. почты:

4. COUNTRY OF ORIGIN / СТРАНА ПРОИСХОЖДЕНИЯ	
A. For a company / Компаниям: Please specify COMPANY'S country of origin / Указать страну происхождения компании ¹	
or B. For an individual applicant / Индивидуальным заявителям: Please specify the country, of which you hold CITIZENSHIP / Указать гражданство	
<p align="center">Please note that only EU / EFTA members can serve on the Executive Board and the Council of National Representatives/ Внимание! В Совет национальных представителей и Правление могут быть избраны члены, представляющие страны Евросоюза или ЕАСТ.</p> <p align="center">Please fill in either A or B below/ Заполните только графу А или В</p>	

5. COMPANY DETAILS / ИНФОРМАЦИЯ О КОМПАНИИ			
Company present in Russia since: _____ / Компания присутствует на российском рынке с: _____ г.			
Company activities/ Деятельность компании	Primary / Основная:	Secondary / Второстепенная:	
Company turnover (euro)/ Оборот компании (в Евро)	In Russia / в России:	Worldwide / в мире:	<input type="checkbox"/> Please do not include this in the AEB Member Database/ Не включайте это в справочник АЕБ
Number of employees/ Количество сотрудников	In Russia / в России:	Worldwide / в мире:	<input type="checkbox"/> Please do not include this in the AEB Member Database/ Не включайте это в справочник АЕБ
<p align="center">Please briefly describe your company's activities (for inclusion in the AEB Database and in the AEB Newsletter) / Краткое описание деятельности Вашей компании (для включения в базу данных АЕБ и публикаций АЕБ)</p>			

6. HOW DID YOU LEARN ABOUT THE AEB / КАК ВЫ УЗНАЛИ ОБ АЕБ?	
<input type="checkbox"/> Personal Contact / Личный контакт	<input type="checkbox"/> Internet / Интернет
<input type="checkbox"/> Media / СМИ	<input type="checkbox"/> Event / Мероприятие

Signature of Authorised Representative of Applicant
Company / Подпись уполномоченного лица заявителя:

Date/Дата:

Signature of Authorised Representative of the AEB /
 Подпись Руководителя АЕБ:

Date/Дата:

¹ Location of a parent company or of the main shareholder/ Местонахождение головной конторы или основного учредителя.

JOIN US:



Association of European Businesses

Insurance and Pensions

Banking Machine Building

Insurance & Pensions

Banking Machine Building & Engineering

Human Resources

Human Resources

Connective. Health and Pharmaceuticals

Health & Pharmaceuticals

Finance & Investments

IT & Telecom

Effective.

Commercial Vehicle Producers

Energy Agribusiness

Intellectual Property

Home Appliances Taxation

Informative.

Real Estate Small & Medium-Sized Enterprises

Migration

Real Estate Small and Medium-Sized Enterprises

Product Conformity Assessment

Retail Trade Construction Equipment

Home Appliance

Construction Equipment

WE HAVE BEEN SUPPORTING EUROPEAN COMPANIES IN RUSSIA SINCE 1995

WWW.AEBRUS.RU



Association
of European
Businesses

Get more
AEB publications!

AEB Business Quarterly magazine now available in your office!



The AEB is happy to remind you that every 3 months we publish our popular magazine **AEB Business Quarterly**. AEB BQs contain first-hand expert opinions, AEB updates and many other issues of fundamental importance in one handy magazine. We offer you an excellent opportunity to have the AEB official magazine in your office for display and distribution among your visitors. We can deliver it to your premises absolutely **free of charge** in the required quantity.

WWW.AEBRUS.RU