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## Consumer Market Trends



With AEB updates on: trade regulation, e-commerce, electronics market, healthy lifestyle, organic products, AEB news, committees activities, new members.



**Dear readers,**

Welcome to the autumn edition of the AEB Business Quarterly!

The present issue of the magazine explores major marketing trends and latest changes in consumer behaviour. Nowadays, customers tend to be very much sophisticated in cutting-edge technologies they use and advanced services they are offered. To ensure comfort living, people care not only about modern household utensils and up-to-date digital devices, but also about quality of food they eat to improve their health.

This edition of the Business Quarterly covers a number of subjects related to the current tendencies in retail trade with a particular focus on food industry.

To be more specific, the articles provide rigorous analysis of the peculiarities of the Russian trade legislation, the nuances of cross-border e-commerce regulation and application of online tools to accumulate consumer market data. The magazine also increases its emphasis on the process of products' quality control in retail chains and reviews the Russian electronic goods market. Careful consideration is given to the issues of a healthy lifestyle in terms of nutrition concerns. The articles are rich with discussions on maintaining well balanced daily rations including organic foods, processed products, supplements and vitamins. The need to raise consumers' awareness of shaping the right dietary habits is especially highlighted.

I would like to express my sincere gratitude to the representatives of the two AEB Committees – Retail Trade and Food Processing – for their great contribution to the publication.

As always, in this edition you will find updates on the most recent AEB events, news from the AEB member companies related to their activities and appointments, as well as information about new members. It is my pleasure to welcome the companies which joined the AEB this summer. We hope for long-standing and beneficial cooperation!

Enjoy reading the magazine!

**Frank Schauff**

Chief Executive Officer,  
Association of European Businesses



### Dear Colleagues,

The consumer market is one of the most rapidly growing sectors of the domestic economy. It is very adaptable to the conditions that formed under the influence of external and internal state policy and copes well with changeable consumer demands, sometimes even anticipating them. The market represents an abundant array of goods and services at affordable prices for any consumer and creates favourable conditions for their purchase.

Since 1992, the trade sector has made an impressive journey. The total retail turnover grew almost thrice. The non-food segment has manifested an even more formidable growth – by almost four times. Entirely new formats and global standard trade networks emerged in the country. This resulted in growth of consumer demand and stimulated development of state-of-the-art production capacity for food and many other goods in Russia.

At the moment, the existing variety of goods, services and formats seems to be unsurprising and natural. However the figures are a clear evidence of the consumer market, and specifically trade, growth rates.

Presently the trade industry is one of the leaders in GDP contribution, accounting for some 16% GDP. One tenth of total tax income at all budget levels comes from trade.

Next to 50% of the small and medium business representatives are engaged in retail and wholesale trade. The sector employs 18% of the total domestic workforce. Trade also leads in the number of created workplaces.

We have reached a definite success, the main purpose of the consumer market being to meet the paying consumption demand.

Over the recent two years, overall instability of the Russian and foreign economy, along with decreasing income and purchasing ability of population, resulted in a drop of domestic turnover by 15%. Retail trade turnover amounted to 28.1 trillion roubles in 2016, which is by 5.2% less than 2015 in comparable prices.

So the question of the day is: How can we stimulate consumer demand?

The Ministry of Industry and Trade of Russia, acting as a sectoral ministry in charge of the domestic trade development, offers its vision of the problem and its solution.

We draw upon what is convenient for people. For instance, it is convenient to buy grocery in a walking distance from one's home. Having this opportunity, they use it more frequently. That is, by creating an available infrastructure, we can tap the consumers' payment potential.

What is an available trade infrastructure? We focus on the three key areas.

The first area is market coordination of major retailers', small trade and small producers' interests via launch of "shop in shop" programmes, suggesting that the entrepreneur places the outlet inside of the retailer's trading space or the checkout area. Today there are examples when trade fairs are being organised in the open-air territory of chain stores upon invitation of the retailers.

The second area is development of non-stationary and mobile trade. Our statutory activity supports regulation of these formats. The draft law has been developed. It awaits consideration by the State Duma.

The third area is related to the development of full-scope street retail in the country. We closely cooperate with municipal Mayors' offices to promote the format of trade galleries.

The key tasks for implementation of the three areas are diversification of goods delivery channels from producer to consumer and development of competition by way of expansion and upscaling of trade formats.

### **Viktor Evtukhov**

State Secretary Deputy Minister,  
Ministry of Industry and Trade of the Russian Federation

**Dear readers,**

Since 2010, the AEB Retail Trade Committee has united leading European companies engaged in Russian trade in a variety of formats: retail hypermarkets and supermarkets, cash & carry or online stores, and a broad range of trade sectors – from food to consumer electronics, DIY, clothing, etc.

The main mission of our Committee is to effectively lobby industry interests and contribute to developing a regulatory environment that is appropriate for our businesses.

In a joint effort, our members identify and prioritise key issues that may affect their business in Russia. Based on this, we develop a common industry stand and agree on relevant stakeholders to be addressed, be it the Russian Government, the State Duma and the Federation Council, the Presidential Administration or regional or local authorities.

Over the seven years of active work, we have also sought to develop our Committee as an effective dialogue platform within the AEB. Here, we reach out to and bring together representatives of other industries when exploring topics of common interest and concern for a broader community of companies engaged in the Russian consumer market. We very much appreciate cooperation with our colleagues from other AEB Committees, among others, the Food Processing Committee or the Taxation Committee.

A combined approach is vital since the Russian consumer market has been facing a lot of challenges in the last years. It was not only the lasting economic crisis that hit the trade industry in a most severe way. Let me also refer to food import bans, to the complex task of implementation of the online alcohol declaration systems (EGAIS) and tax reporting from online cashier desks, as well as to the recent changes in the trade legislation. In our Committee, we have dealt with all these issues, seeking to promote a balanced approach to regulatory policies in order to avoid an excessive and unreasonable burden on businesses and consumers.

Life goes on, and there are still many issues, old and new, that shape the agenda of our Committee. Just an example: most recently, we established a special E-Commerce Working Group in order to intensively discuss and align our approach to regulation for this trade segment that is currently the only one showing fast growth in our industry.

In this issue of AEB Business Quarterly, we would like to present you our view on the current market development as well as on some of the most important regulatory topics.

I wish you pleasant and informative reading!

Yours sincerely,

**Alexey Grigoriev**

Chairman of the AEB Retail Trade Committee,  
Head of Representative Office, Vice-President Corporate Public Policy, METRO AG

**Dear friends,**

Let me greet you on behalf of the AEB Food Processing Committee and invite you to learn more about our activities, major risks and opportunities related to the food industry in Russia, and how we propose to address them with the maximum efficiency for our businesses.

Our Committee is among the “youngest” in the AEB. It was created less than two years ago, however, we had discussed its necessity for quite a long time before that. The food industry is very visible, it affects everybody’s life and quite understandably, the State always tries to regulate it. It also happened that in almost all areas of food and beverage production in Russia the major investors are European and US companies. This is a fact that helps to bring high quality and food safety standards to the market, but does not save us from certain state protectionism of smaller local players.

The Food Processing Committee that I am honoured to chair unites very different companies: dairy, confectionery, pet food, fruits and vegetable preserves production, frozen products, as well as different food ingredients and dietary supplements. It would be difficult to find common topics of interest for such a variety of businesses if not for the rapidly growing number of governmental initiatives aimed at either stronger regulation of the food industry (electronic veterinary certification, Trade Law, Law on State Control) or making us pay some extra quasi-taxes (Platon, Waste fees, etc.). These are the topics that we try to have influence on, and uniting our efforts within the AEB really helps.

Not all governmental initiatives present risks to us. Some of them we do welcome and even urge the State to speed up their adoption. This is the case with the Bill on Organic Food Production, Strategies on Food Quality Improvement and Healthy Lifestyle. These documents are not perfect, and we are actively involved in the process of their discussion and correction. But overall, we consider them very useful in terms of bringing common high standards to the industry – a process that major international actors have already started in Russia, influencing not only their own production, but the whole ecosystem surrounding them: suppliers, contractors, clients, sometimes even consumers.

Unfortunately, there are still some governmental decisions that are highly disputable, since they bring only extra costs to producers that inevitably affect consumer prices and inflation, and do not demonstrate any visible benefits. Such is the case of electronic veterinary certification (EVC) that is supposed to cover all animal-origin products on the market. We are talking about packaged milk, yogurts, sausages, fish preserves and even ice cream. All these products are manufactured from raw materials that have already passed through veterinary control. During processing, they are either heated or frozen that gives an extra guarantee that any veterinary risk is eliminated. EVC of finished products does not exist anywhere in the world, and its implementation will increase costs enormously for producers and make local products non-competitive against imported ones. We still hope that this initiative will be reconsidered.

While preparing this issue of the AEB magazine we agreed not to concentrate on the discussion of negative topics, but bring to your attention something that would interest you not only in a professional sense, but also as regular consumers. Food and healthy nutrition are topics affecting everybody, and we are here to learn something new and useful for you and your families.

Enjoy reading the magazine and remember that we are always at your disposal to provide more information on the topics related to food!

Yours sincerely,

**Marina Balabanova**

Chairperson of the AEB Food Processing Committee,  
Regional Corporate Affairs VP in Russia and CIS, Danone Group of Companies



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AEB participated in VIII International Industrial Trade Fair INNOPROM 2017



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# Russian Trade Law



## ALEXEY GRIGORIEV

Chairman of the AEB Retail Trade Committee, Head of Representative Office, Vice-President Corporate Public Policy, METRO AG

In 2013-2014, the Russian consumer market entered a phase of slowdown along with most other sectors of the national economy. Real disposable incomes shrunk by -0.7% in 2014, followed by -4% in 2015, and -5.9% in 2016, while inflation shot up as high as ~30%<sup>1</sup> cumulatively over these 3 years. Consumer purchasing power fell considerably, leading to changes in consumer behaviour: a profound shift to lower price seg-

ments, focus on first necessity goods, reduced purchase basket, a lower frequency of store visits, and hunting for promotional prices. The share of income spent on consumer goods and services fell from 78.3% in 2014 to 68.1% in 2016<sup>2</sup>. The dramatic depreciation of the rouble as well as rising distribution prices and operational costs also produced a critical impact on the Russian retail industry. As a result, the Russian retail market declined by -0.9% in 2014, -10.1% in 2015, and -5.7% in 2016. In the first half of 2017 the industry did not show positive figures either.

At the same time, Russian food production went growing. The Russian agriculture sector showed impressive upside development with 3.5% in 2014, 2.6% in 2015, and 4.8% in 2016, boosted by the protectionist policy of food import bans and massive state support.

As a result, trade became exposed to extreme pressure from both sides: consumers and suppliers. Consumer demand contracted dramatically, leading to lower sales meanwhile the food industry faced more competi-

tion seeking additional efficient sales channels.

Legislative initiatives supporting suppliers and strengthening their position versus trade have been passed under the officially declared goal of enhancing food security by eliminating unfair trade practices. However, amendments to the Trade Law have led the consumer market into a yet more challenging regulatory environment. They have resulted in an unprecedented intrusion in contractual relations among trade and food suppliers to the benefit of the latter, de facto enforcing a radical change to the usual business pattern from the back-margin to front-margin-based cooperation model among trade and suppliers.

The regulations produced even more strain on businesses as, due to their nature and rather poor quality, they required a lot of clarifications that were provided rather late to the food market. So both trade and food suppliers faced the tough challenge of renegotiating thousands of contracts within a very narrow time frame in order to meet the 1 January 2017 deadline

<sup>1</sup> All figures by Rosstat

<sup>2</sup> Figures by INFOLine





set by the law. However, most businesses managed to do so, preventing a destabilising effect of the law on the market in terms of food availability, assortment, quality and prices.

The vast majority of companies (especially the big players) succeeded in complying with legal requirements, which was testified by the Federal Antimonopoly Service, but it soon became clear that the law would not produce the effect expected by its initiators. The legal amendments caused much dissatisfaction on the part of both trade and suppliers – especially among small and medium-sized players. As was forecasted by opponents of the law, the switch to the front-margin model produced a high buying price transparency between trade and suppliers. Small businesses became much more exposed to strong price competition. At the same time, efficient goods promotion and logistics instruments were reduced due to the

harsh limitation on paid services to almost neglectable 5% of the delivery value. On top of that, the use of price changes for joint promotional activities between suppliers and trade was also restricted by the Federal Antimonopoly Service in July 2017.

Another forecasted detrimental effect of the Trade Law was its impact on the self-regulation process on the Russian food market. The Code of Fair Practices emerged in 2012 as an instrument for improving the balance of interests between trade and suppliers under the initial Trade Law. Profound changes in the legal environment and business model led to the necessity to reassess the code, and it failed to work properly for many months after the Trade Law amendments came into effect.

Now it seems to be possible to take a look back, make assessments and draw conclusions about the real outcome of the regulation and ongoing prospects.

Both industries, trade and food suppliers, are getting back to adapting the self-regulation instruments to the new market environment. In addition, businesses expect the government to launch a formal assessment of the impact of the law compared to its initially declared goals.

Nevertheless, the prospects for both processes are still vague in the current political situation. There is much anxiety among businesses, observing political stakeholders strive for further amendments to the Trade Law, and even admitting the ineffectiveness of the changes made to the Trade Law. Meanwhile, the deregulation and liberalisation of the Russian food market would be more appropriate by far. Businesses face a bunch of new ideas ranging from limiting mark-ups and/or shelf-prices, restricting penalties and discounts, banning bread returns, putting barriers for own production and private label brands to setting



“IEC\* is a perfect take-off ground for discussion of further self-regulation development. Meanwhile, there is a need for statutory solutions that will determine the role of self-regulation and ensure its effective use by all participants of business regardless of their IEC participation.”

\* Intersectoral Expert Council for Development of the Consumer Market

**ANDREY KASHEVAROV,**

Deputy Head of the Federal Antimonopoly Service of the Russian Federation

limits for store opening hours, market shares in regions, prohibiting quality audits, etc.

Being already the country with the most detailed and intrusive trade regulation among global market economies, Russia risks turning its food sector into a yet more regulated environment. Some ideas would drive the country away from a market-oriented economic policy. Meanwhile, international experience shows that regulative intrusion in contractual trade-supplier relations can only be counterproductive. The Galland Law in France in 1996 is a classic example of how state regulation failed and had a negative impact on competition and prices.

This experience also demonstrated that it was self-regulation that became a market relevant instrument in France as well as in Great Britain, China and other countries, helping to balance the interests of trade and suppliers and curb unfair practices. Within the European Union, trade and suppliers' businesses as well as consumer organisations came up with the Supply Chain Initiative (SCI) as

a set of fair play principles with clear mechanisms for training, monitoring and controlling compliance. Created in 2013 by 82 companies, today the SCI involves about 1,160 companies in 15 EU countries and provides a basis for national self-regulation initiatives in at least 9 EU nations.

In Russia, a self-regulation framework has existed since 2010, starting with the establishment of the Intersectoral Expert Council as the main self-regulation body that comprises representatives of trade, suppliers and independent experts. The next steps were the adoption of the Code of Fair Practices and a commission to supervise the implementation of the code. Current discussions about how to adjust the existing self-regulation framework to the new version of the Trade Law are focused on the Code of Fair Practices as the regulatory framework and on the further development of the Intersectoral Expert Council as the ruling institution.

Given the huge variety of commercial relations in the food market, the demotivating character of the cur-

rent Trade Law for trade companies, and the existing issues with building mutual trust and long-standing partnerships among trade and suppliers, the self-regulation process in Russia may require some time and effort. On the other hand, experience with the Trade Law amendments of 2016 and upcoming regulatory risks in the current political cycle demand fast moves from concerned businesses. This might enhance willingness on the part of both trade and suppliers to quickly enter into balanced agreements on the adapted Code of Fair Practices and its implementation mechanism. The government is also “contributing” to this process in its way by pushing trade and suppliers to move on with self-regulation without delay. There is hope that the recently restarted dialogue between trade and suppliers will produce tangible results, preventing “electoral” decisions about further legal regulations and shaping a new culture of business relations in the Russian food market to the benefit of all stakeholders – both the trade and food industries, and most of all Russian consumers and society as a whole. |

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# Eating Revolution



## MARINA BALABANOVA

Chairperson of the AEB Food Processing Committee, Regional Corporate Affairs VP in Russia and CIS, Danone Group of Companies

**D**uring last 100 years, all national food programmes in Russia have been devoted to increasing the food supply. In the year of the 100th anniversary of the Russian Revolution, the Ministry of Healthcare is releasing a programme based not on feeding the nation, but on healthy and balanced eating.

Issues of healthy eating and availability of high-quality, safe food products are very high on the agenda for many

groups of stakeholders: politicians and regulators, NGOs and opinion leaders, and of course, for all of us as consumers. It was proven many years ago that there is a direct link between food and health. Even Hippocrates said, "you are what you eat."

The draft Strategy on Healthy Lifestyles till 2025 recently developed by the Ministry of Healthcare of Russia puts bad eating habits on the same level with smoking, excessive alcohol consumption and lack of physical exercise as major reasons for the high mortality rate from non-communicable diseases in our country. The high mortality rate in Russia has several specific features. First, the largest number of lost years of potential life is due to mortality among men under the age of 60. It is almost twice than among women. One of the major reasons for male mortality is high blood pressure leading to cardiovascular diseases, which is fairly often caused by obesity and an unhealthy diet. Of course, alcohol and smoking play a significant role, but also so do excessive salt and sugar intake, insufficient consumption of fish, fruits and vegetables.

So, a big part of the Strategy is devoted to food and nutrition topics.

The major target of this document is to increase the number of citizens committed to a healthy lifestyle, correcting behaviours that lead to excessive weight and obesity, arterial hypertension, disorders of fat and carbohydrate metabolism, and as a result significantly decrease mortality.

It is a great initiative, and as residents of Russia and responsible producers we can only welcome this step. It brings a lot of attention to development of preventive medicine, necessity of regular check-ups that everybody should have, and equal access to healthy food and drinks. However, the draft Strategy caused a lot of concerns among the business community. Why is it so? Are we greedy, selfish capitalists looking only for profits and not caring about society? Of course not. Many major food and drink producers carry out social initiatives aimed at promoting healthy eating and lifestyle, sponsor sports events and educational programmes, and work with scientists and opinion leaders on creating better, healthier products.

So, what are we worrying about? Unfortunately, as it happens pretty often in Russia, such a global and comprehensive document as the



It is well known that no product can be good or bad in itself. Nutritionists call for a complex approach: not bad products, but a healthy or unhealthy diet.

Strategy on Healthy Lifestyles has been created by one scientific institution without thorough consultations with other stakeholders. The original version of the Strategy contained several references to different types of food and drink categories naming them “unhealthy” and calling for a ban on their advertising, use of different measures of limiting their production and consumption. It is well known that no product can be good or bad in itself. Nutritionists call for a complex approach: not bad products, but a healthy or unhealthy diet. Besides, it was obvious that the Strategy contained much more prohibitive measures, and only few positive and stimulatory ones.

The AEB Food Processing Committee as well as several other business associations submitted their comments and proposals to amend the Strategy. Luckily, we were heard and many of our suggestions were included in a new version. At the recommenda-

tion of business, references to specific food categories were excluded from the draft Strategy, the language was corrected, and a section on promoting proper nutrition was added. We also suggested that the authors include in the strategy a section on the development and popularization of educational programmes aimed at promoting a healthy lifestyle. In this sphere, the most correct form of cooperation, from our point of view, will be a public-private partnership. Many member companies of our Committee have their own successful experience in implementing similar projects within the framework of corporate social responsibility. State support would help bring these programmes to another level and reach a much larger proportion of the population. This proposal was also welcomed by the Strategy developers.

Unfortunately, business and the Ministry of Healthcare failed to bring their positions closer in the issue of

strict restrictions on food advertising proposed in the Strategy. Our position is to strengthen self-regulation in this area and encourage market participants to self-restraint, but not to introduce legislative prohibitions. We will continue to discuss this issue at various venues.

It is also worrying that the Strategy is not coordinated with other strategies and national projects of the Russian Federation. No financial needs for its implementation have been identified, as well as funding sources. Obviously, work on improving this document needs to be continued. The next step after the adoption of the Strategy should be the development of an Action Plan for its implementation. We very much hope that business will be attracted to this process.

Meanwhile, let me remind you about the necessity of controlling your diet. Enjoy your food, eat healthy and stay healthy! |

# Q&A with Viktor Tutelyan, Scientific Director of the Federal Research Centre of Nutrition, Biotechnology and Food Safety



## VIKTOR TUTELYAN

MD, Professor, Full Member of the Russian Academy of Sciences

**W**hat is your position on the draft Strategy on Healthy Lifestyles and Prevention and Control of Non-Communicable Diseases till 2025, developed by the Ministry of Healthcare of the Russian Federation? To what extent do the sections of this document on healthy nutrition meet the current interests of society?

Let us start with the main thing. What makes our health? Our health is 50% dependent on our diet, with another 30% on our physical activity. Sub-

stance abuse, alcohol, and smoking are the main factors that harm our health. Income levels and lifestyle also have an impact, but these factors are more difficult to change. Through education and raising awareness we have an impact on 75% of the factors that affect health. Accordingly, priority should be given to educational measures that can be taken with the active involvement of each person and, of course, with the support of the State. We need to raise the level of education and awareness of the public in dietary issues, so that people do not get sucked into by the pseudoscientific recommendations offered in the tabloid media.

**At various stages of the development of documents, the draft Strategy included prohibitive and restrictive measures, such as the introduction of excise duties on sweet, and especially carbonated beverages, restrictions on the advertisement of high-energy foods, saturated fats, trans fats, sugar or salt, the introduction of additional taxes on products with increased salt content, etc. Do you think that such steps could inspire people for a healthier diet?**

Prohibitive measures are not effective enough, and, as a rule, ultimately lead

to a rise in the cost of production. In my opinion, there is not a single harmful product if the product is not damaged, is not contaminated microbiologically, or does not contain toxic substances. All food products are a source of energy and biologically active substances, and, consequently, can be part of one's diet. In this case, the benefit or harm to health depends on the quantity and frequency of consumption of the food products that can be "healthy", "not healthy", and/or "harmful". In accordance with the basic requirements for a "healthy" diet, the energy value of a person's daily diet should correspond to his or her daily energy expenditure, and the quantities of basic nutrients and minor biologically active substances entering the body must correspond to his or her physiological needs and must be in a certain balance.

**The Strategy is to be implemented up to 2025. Is it possible to attain the stated goals by this time, and to form healthy eating habits among the public?**

It is possible if we work in different areas. On the one hand, we need to implement educational projects, and on the other hand, we need to work on the quality of products and improve food security.



All food products are a source of energy and biologically active substances, and, consequently, can be part of one's diet.

The Strategy on Healthy Lifestyles is not the only document that determines the policy of the State in the field of healthy nutrition. In 2010, the "Fundamentals of State Policy of the Russian Federation on Healthy Nutrition till 2020" and the "Doctrine of Food Security" were adopted.

One of the key provisions of the Doctrine is to ensure the production of essential food products in the country. In this respect, we are on the right track, although in some food categories such as milk production, the situation is far from ideal. I find it very positive that the state policy aims at supporting domestic producers of food products, including vegetables and fruits.

**Do you think it is necessary to encourage the production of organic products in Russia?**

In this case we need to maintain a balance. We do not need, for example, to

set the goal "we will feed everybody with organic food". This would be a step backwards, because the achievements of the newest agro- and biotechnologies used by the agricultural industry provide yields that are not yet achievable in organic production. International experience shows that the shelves can contain 3-5% of organic products, meeting the most stringent requirements throughout the food chain – from the farm to the plate. Modern technologies provide both yield and the necessary properties. In organic production there are problems. For example, when using organic fertilisers it is important to control the level of nitrates; without pesticides it is difficult to control insects and mould that produce mycotoxins.

**Has the problem of micronutrient deficiency in the diet of Russians worsened with the introduction of the food embargo on imports from**

**Europe and other countries? What measures do you consider to be of prime importance to solve this problem?**

It is not true that our diet has deteriorated. First of all, there is no complete embargo, and food products can still be imported into Russia. The important thing is not that some kind of bread or sausage is no longer available in our shops; the important thing is not talked about. For example, we have not produced a single gram of vitamins, amino acids, or other food ingredients for a long time, and while this goes unnoticed, without them it is impossible to produce the final product, and as such it is not possible to reach full import substitution. I have been talking about this for a long time at all levels, and some steps have been taken to solve this important problem – the need to rebuild our biotechnological synthesis plants. Until 1990, our country was completely independently, and

produced all the vitamins, enzymes, amino acids and other food ingredients it needed, but as a result of a series of tactical and strategic management mistakes, all biotechnological plants were closed down. As a result, now we are completely dependent on imports of vitamin premixes, including for livestock and poultry. At present, these branches of agriculture are growing, but if the import of feed additives is prohibited for some reason, these industries will suffer greatly.

**What is your position on the regulation and possible prohibition of genetically modified products?**

Genetic engineering is the future that we need. Contrary to the opinion prevalent in the Russian society, I must say that the "danger" of GMOs is a harmful myth that could send our agriculture and food industry at least 50 years back in the past. Science is continuously developing, and it is natural that selection is also applying modern knowledge and methods to influence the genome of plant and animal organisms in a more subtle and precise way. GM plants (GMOs most currently represented in the world food market) undergo such thorough testing at all stages of development, including field testing, that these plants and any products derived from them, even those containing transgenic DNA and proteins, are no more dangerous than the products from varieties derived by conventional selection methods. In the Russian Federation, a very strict system for assessing the safety of such products has been created, including, among other things, studies on animal generations. This approach can guarantee the safety of the tested GM products for the current and future generations.

At the same time, the public's negative attitude towards GM products has resulted in manufacturers' refusal to use GM raw materials. For example, producers of meat products are substituting GM and traditional soybean with collagen, and, therefore, instead of digestible soy protein, close to the amino acid content of the protein of meat and fish, consumers get indigestible ballast which passes through the gastrointestinal tract. It is not harmful or dangerous, but for buyers with low income who purchase such products as a source of protein, this leads to reduction in the nutritional value of their diet.

**In Russia and many other countries, more attention is now being paid to the need for additional labeling in order to inform the consumer about the food qualities and properties of the product. Such labeling could provide recommendations on daily intake or frequency of consumption, as well as traffic light nutrition advice. A recent large-scale study in France showed that the most effective and balanced system is Nutriscore, developed on the basis of the Reiner index, according to which the product is assigned one of five categories (A-B-C-D-E) depending on its components. Which type of additional labeling would you consider preferable, and how can you assess its potential in combating obesity and other health problems associated with poor nutrition?**

In isolation each system has its own drawbacks. The existing system can and should be improved, but it will mean nothing if nobody reads the labels. For example, everyone is looking for substances under the letter E, or if

there are any GM products or not. In fact, everything that can be used in the production process is safe for us and for future generations. It is important to look at the expiration date, and half of buyers do not do that. Also you need to pay attention to the storage conditions, caloric content and ingredients (proteins, fats and carbohydrates). I like the traffic light system; it is quick and easy to understand, but it is important that people use it as a reliable recommendation.

**It has recently been circulated in the Russian media that there is increase in the number of food products of inadequate quality, including counterfeit products. In your opinion, is this information truthful? How often does an average consumer actually encounter a substandard and unsafe product?**

From the point of view of the methodology for detecting counterfeit products, our centre is engaged only in the development of these methodologies, and the detection of counterfeit products is carried out by Rospotrebnadzor. Of course, the production and sale of counterfeit products is a criminal offence. Purchasing products from major manufacturers in chain stores, the buyer can rest assured that the product is safe provided that the expiry date and storage conditions have been observed. High-profile manufacturers care about reputation and will not risk producing substandard products. Large chains have their own quality control systems, and the quality and safety level is higher. The consumer should also be proactive, and should not hesitate to bring back low-quality products, write a letter of complaint, so that the store or supplier would respond.



The draft Strategy contains proposals to improve legislation, strengthen responsibility of negligent producers and sellers, and these measures are already being implemented.

**Do you think that Russians as a whole are eating better than, for example, in the previous decade? Is this due to prosperity growth, greater variety of healthy food products or increased consumer awareness?**

Without a doubt, there has been a positive shift. It is necessary to emphasise once again that eating healthily is not necessarily expensive, that is why it is so important to raise public

awareness and improve dietary habits as a whole.

It would be good to reduce the intake of sugar, saturated fats and salt in the diet of adults and especially children, which is in line with the WHO recommendations. But the public, in my opinion, is not yet ready for this. Before implementing new standards for the consumption of these substances, extensive work should be carried out to raise awareness among the public – so that people could understand the benefits of such changes. We should not only improve the menu in public catering establishments, kindergartens, schools and companies, but also encourage people to reduce con-

sumption of salt, sugar and saturated fat at home. This approach should be widely promoted. There are no more doctors in kindergartens who could provide advice to parents, and even if there were, they should, to begin with, have known about it on their own. We need to enhance competencies of doctors and teachers in this area. Educational programmes on dietetics and food hygiene should be widely promoted at all levels of staff training. All this should be done not only because the State has adopted a strategy. We, the people as a whole and every citizen in particular, should strive to keep well and improve our health and the health of our future generations. |



Port of Hamburg Marketing  
 Pickhuben 6, 20457 Hamburg, Germany  
 Phone: +49 40 377 09-0  
 E-Mail: info@hafen-hamburg.de

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Реклама

# Cross-border e-commerce regulation in the Russian Federation



**TAGIR KALIMULLIN**

Director of Government Relations,  
M.Video



**DMITRY VISHNYAKOV**

Director of Government and Public  
Affairs, Nike

In the last few years the Russian government and expert community have been discussing the regulation of cross-border online trade in the country. In 2017, the Association of European Businesses established a working group consisting of various stakeholders enabling the cross-border sales to contribute to the discussion of the current policy.

## Importance

E-commerce in Russia is an important and fast-growing sales channel for many businesses. The cross-border segment represents about 33% of the e-commerce market and is worth more than 300 billion roubles in sales (about 4.3 billion euros). As of June 2017, the Russian Post reported receiving 1 million imported packages on a daily basis. It is expected that the cross-border segment will represent more than 50% of online sales by 2020. The cross-border sector represents the ecosystem of

many stakeholders, enabling information processing, sales, payments and delivery of goods to the Russian consumer from more than 100 countries around the world.

## Pros and Cons

Some market players remain concerned about how the current regulations play out for businesses when the cross-border seller is exempt from VAT and has a 1,000 euro threshold before which customs duty is not applied. Businesses believe that this is not fair for local manufacturers and companies that set up e-commerce sales channel for Russian consumers inside the country. Also, if the situation remains unchanged the government will continue to lose additional tax and customs revenue, and manufacturers and retail companies will continue to operate at a disadvantage compared to the foreign-based competition. Since January 2017, the Russian government has already introduced

VAT for the cross-border sale of services (software, music, etc.) and similar measures for goods will be welcomed by companies operating locally.

- Other market participants believe that the introduction of VAT and customs duties for cross-border sales may lead to undesirable consequences, negatively affecting Russian consumers via higher prices and less choice, and impacting businesses that service the cross-border channel by introducing additional trade barriers. An incremental increase in tax and duties is forecasted as less than the required investment from the government to collect and control the additional tax and customs.

## Position

- The AEB will continue to study the options and approaches in order to balance the interests of the Russian consumer, Russian government and different business models in e-commerce adopted in the Russian market.
- It is also important to evaluate international experience in the European Union, UK and other countries to assess the best practices in the regulation of e-commerce.
- It is instrumental to access and calculate the potential positive and negative impact on Russian consumer behaviour, impact on the Russian logistical and financial services industry, including the Russian Post and administration costs for the Russian Tax Agency and Customs, if VAT or/and customs duties for cross-border e-commerce is introduced.
- The experience of the Russian government in collecting "Google tax" effective January 2017 should be a subject for a special in-depth analysis.

# Mercury and online checkouts



## MARIA FILIPPOVA

Government Affairs Manager,  
Lenta LLC

The year 2017 will be remembered by the consumer market as the year of hasty implementation of various technologies and digital tools to ensure the full transparency of business. There are two main regulatory changes – the introduction of electronic veterinary certification as of January 2018, and online checkouts during the first half of 2017.

The reform of checkouts transferred data on daily sales to the Tax Service online. It also facilitated the creation of a brand new market – Fiscal Data Operators and Manufacturers of Fiscal Storages – within the shortest possible period of time. It forced retail to adopt their reporting systems and cash desks to comply with the law in a rush struggling with the deficit of fiscal storages

and lack of information from authorities on how to apply the new standards. However, as of 1 July 2017, all the largest retail chains are working in accordance with the new requirements.

Transferring data online is, without a doubt, a positive step forward. It provides both market and regulator with the opportunity to consolidate mass data on prices, in-demand goods, consumer behaviour and much more. Obviously, this is to be the next medium-term goal. But even more important is that the reform will result in the elimination of outdated paper reporting and lowering of the administrative burden on business.

The amended law on veterinary certification, which introduced the electronic certification of veterinary goods, envisages the reduction of costs related to issuing paper certificates, improvement of state control over the quality and safety of animal products, and ensuring their traceability.

To make it happen, the government has developed the Mercury informational system that is to be integrated with the systems of manufacturers, wholesalers, retailers and veterinary authorities. This integration is still underway and this process, unfortunately, has not been smooth and seamless.

The amended law included finished goods (such as dairy) in the list of cer-

tified commodities, which has been a big challenge for all market participants. According to the representatives of the several industries, they will not be able to launch Mercury on 1 January 2018, and that means that such products may not be available. At the same time, regional veterinary bodies that are responsible for initial certification stress that not all of them are ready to work with Mercury, which is fueling market anxiety.

However, electronic veterinary certification and the Mercury system have the potential to contribute to the lowering of administrative barriers, make the food market more transparent and improve the quality and safety of goods.

Living in the digital era, we cannot ignore technologies and opportunities it provides. Moreover, the application of cutting-edge solutions is vitally important for all businesses, since it ensures the automatization of business processes, which in turn contributes to the cost optimisation and financial health of companies. Market players support efforts of the government to digitalise all types of control, and insist that this transformation should be carried out not only by separate regulators in separate sectors of the market, but also in an open dialogue with business, with the goal to create a single digital platform for data processing. |

# Understanding consumer health concerns and behaviour in Russia



## MARIA PAVLIDOU

Head of Communications, DSM Nutritional Products, Human Nutrition & Health, EMEA

Consumers today have more access to information about their health than ever before. Despite this, there is still a gap in awareness when it comes to nutrition and the essential nutrients a human body needs. There are also many different aspects to consider in healthy living, and needs and concerns differ from person to person across the world.

## Health concerns in Russia

Recent research by DSM gathered insights from almost 7,000 participants to understand the health concerns across a range of countries worldwide, including Russia, Italy, Egypt, Spain and the UK.<sup>1</sup> The survey revealed that less than half of Russians consider

themselves to be healthy, with 69% of respondents worried about their health – slightly more than the global average of 62%. The percentage of those concerned increased to a staggering 82% when asked to consider their health prospects over the next five years.

Eye health was revealed to be the top concern for the Russian population, cited as a worry by 48% of respondents, followed by energy levels in the second place and weight in the third. Interestingly, the survey revealed that weight was the top concern across the majority of other European countries, with Poland joining Russia as the only two countries surveyed to be more concerned about their eyes. The research highlights how different countries are focused on different aspects of their health, which is particularly relevant to global food, beverage and supplement manufacturers looking to offer customised solutions for the varying needs of their target customers.

The study also revealed that while Russian consumers worry about their health, only a small percentage purchase supplements. Those that do use supplements typically take them to give their general health and immune system a boost or improve their appearance, rather than address other concerns. This could indicate a potential lack of awareness of the role vitamins and supplementation

can play in addressing specific health concerns.

## Vitamin intake in Russia

According to the Russian Institute of Nutrition, a large proportion of the Russian population does not have an adequate intake of a range of micro-nutrients. 10-30% of Russian citizens have vitamin C and/or iron deficiencies, almost 60% need more vitamin D and 40-85% are deficient in B vitamins and folic acid, while up to 90% are not getting enough carotene. In addition, consumers are deficient in iron, and calcium, fluorine and selenium intake is low across the country. The perceived high cost of healthy food and not having time to cook have been cited as the main barriers to eating better and could be potential explanations for these deficiencies, alongside a limited choice of fortified foods and low levels of supplement usage. This gives manufacturers an opportunity to address this issue by providing basic vitamin and mineral fortification in products that are widely available to much of the population, as well as positioning dietary supplementation as a relatively low-cost and time effective solution to increasing nutrient intake.

Despite these nutritional deficiencies and consumer concerns about health, only a small amount of food produced in Russia is currently enriched with additional nutrients. Historically, Russia was an advocate for fortified

<sup>1</sup> DSM, EMEA Health Concerns Survey, 2016

food. From the 1930s until the 1970s, Russian food manufacturers were required to fortify a number of products, including flour. In addition, meals in a range of establishments, including hospitals and pre-schools, were also fortified.<sup>2,3</sup> However, by 2013 only 14% of enterprises were producing micronutrient enriched food.

This does not, however, signal a complete move away from fortified food. The Food Security Doctrine of the Russian Federation aims to encourage fortification, particularly of baby and medicinal food, in order to prevent diseases caused by poor nutrition. The food and beverage industry has a responsibility to support this movement by increasing the number of fortified food products available on the market.

### Doctors' recommendations

While increased Internet browsing has played a part in consumers' improved health knowledge, people still trust their doctor when it comes to health advice.<sup>4</sup> Understanding the advice patients are receiving from their general practitioner (GP) and/or pharmacist is key to gaining insight into their behaviour. A recent global survey of over 1,400 healthcare professionals from seven countries discovered that on average 67% of GPs and pharmacists often recommend vitamins and/or nutritional supplements to their patients.<sup>5</sup> In Russia, 84% of GPs and pharmacists claimed to be regularly suggesting supplementation, mostly vitamin C, to their patients for immune system support. However, only a small percentage recommends supplementation for any other health issues. This is in line with the most frequent reasons for consumers taking supplements, which could potentially be indicative of the influence healthcare practitioners have on consumer opinion.

With concerns and focuses changing throughout a person's lifetime, dietary supplementation and fortified food offer consumers a simple and inexpensive way to address a wide range of health issues. Micronutrients, including vitamins and omega-3s, play an important role in maintaining and improving human health, extending far beyond immunity alone. Additionally, vitamin deficiencies impact not only the deficient individual, but also wider society with the subsequent increased

healthcare costs. Given the knowledge gaps and poor micronutrient status of much of the Russian population, it is clear there is an opportunity to educate healthcare professionals and consumers alike on the role micronutrients can play in addressing specific aspects of health. This can be achieved by raising awareness of the importance of good nutrition, as well as innovation to increase the number of supplements and fortified products available on the market. |

<sup>2</sup> USSR, Regulation No.58 "Activities for further improvement in medical services and protection of health of the USSR population"

<sup>3</sup> USSR Ministry of Healthcare, order No.695

<sup>4</sup> X. Hu et al "The Prepared Patient: Information Seeking of Online Support Group Members Before Their Medical Appointments". Journal of Health Communication, 2012; 1 DOI: 10.1080/10810730.2011.650828

<sup>5</sup> DSM, "Perception of nutritional supplements" 2017





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Реклама

# Quality priority in retail trade



**THIERRY GEOFFROY**

Quality Director, Auchan Russia

**T**he quality of products is one of the priorities in the work of retail chains. And it guarantees the loyalty of customers. Work on quality requires constant monitoring of compliance with established standards. To ensure it, the companies operate with several procedures and inspections. Some of them are the same for all retailers, as stipulated by regulation authorities, while other procedures and inspections vary depending on the company. Also, the goods quality control is carried out at different stages: it starts with production, and ends in the shopping cart of a customer. In general, there are three levels in the process of quality control of goods.

The first stage of control is the production itself. As it is impossible to check each delivered product, an au-

dit is performed on production site. In addition, it is necessary to ensure that the manufacturer complies with all the requirements, codes and specifications, and has an appropriate level of technical equipment. They are implemented by outside independent audit companies and can be carried out with a checklist developed by the company or based on the requirements of an international standard, for example, IFS. Most audits of production sites include the checking of incoming raw materials and packaging control, process control, personnel and premises hygiene up to the transportation of finished products, as well as internal quality management system procedures. Audits are defined according to a risk oriented approach, the frequency of which depends on the risk level, unscheduled audits resulting from complaints, regulations, etc. In our company, an audit is also required when establishing a new supplier. A dedicated team usually manages complains from clients and recall/redraw those related to quality issues.

The second stage of control is the receipt in the store or the warehouse. When receiving the products, quality specialists check the accompanying documents, the temperature regime during transportation, the expiration dates, the labeling, organoleptic criteria and other characteristics. Based on the controls carried out, a decision

is made concerning the possibility of accepting the goods.

At the third stage, quality of the goods is controlled (delivered from warehouse or manufactured into the store) directly in the store. The product networks also comply with a set of rules and regulations, a large number of control points are prescribed, including the ones regarding the expiration dates, the state of the product, the temperature regime of storage and sale. The position of the employee responsible for the quality of the products may have different titles – quality manager, quality director, sanitary or food safety expert – but in general, their main duty is to control quality of the goods sold. For instance, in our company there are 75 sanitary safety experts monitoring the implementation of sanitary and hygienic standards inside the stores. The employees in charge of quality control of goods in the store study the incoming clients' claims for quality, and as a result the goods can be sent for an independent examination to the laboratory.

Of course, each retailer monitors quality of goods, conducts audits, and monitors the expiration dates. For example, the Auchan network operates the programme "Guarantee of freshness", according to which the products are withdrawn from sale until the end of the implementation

period declared by the manufacturer. It is an additional commitment taken by Auchan Russia. The time for which the product is removed from the shelf depends on its expiration date. For example, if the expiration date is twelve hours, then the product is removed from the shelf after ten hours. If the expiration date is four days, the withdrawal from sale occurs after three days. Then, the employees withdraw the products from the system and destroy them in a bio-compacter. At the same time, there is a quality control system that provides food safety. Special procedures for recalling goods or re-

Quality of products is a priority for retail chains; it ensures loyalty of customers. Work on quality requires monitoring of compliance with established standards.

moving goods from sale have been developed. There are also separate procedures for analysing customer complaints and requests.

As a responsible company, Auchan Russia strives to be an advocate for good, healthy and local products, thereby contributing to the improvement in quality of the goods provided by the suppliers, and constantly works on the composition of products fabricated under its own brand. About 700 audits and approximately 95 thousand tests are carried out annually. Over 800 tons of fresh products are monitored daily. |



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Pekunama

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# Organic foods in the Russian Federation: an overview



**ELENA STEPANOVA**

Product Regulatory Compliance Senior Expert, Nestle Russia



**ARSENIY FROLOV**

Government Relations Division Specialist, Nestle Russia

## Introduction

Organic foods are an increasingly popular trend all over the world. Nowadays, more and more people are choosing organic products and a healthy lifestyle. And even though a customer may only see a special logo on a package, the “organic” claim has a tremendous amount of work behind it and is not merely a trivial marketing tool.

The key to understanding the philosophy behind organic products lies in the word “sustainable”. Basically, the organic mode of production is the one that strives to promote biological diversity and respect for natural biological cycles, while denying savage exploitation of the soil and life forms through forceful application of synthetic materials. In a way, it is about

maximising the results of the mechanisms that have already been laid down by nature.

Russia is no stranger to the trend, since the popularity of organic products among the Russian customers has risen. On the background of certain agricultural achievements, it is imperative to identify the “bottlenecks” that can (or already are) impeding development of organic production in Russia.

## Global regulatory framework

“Codex Alimentarius Guidelines for the Production, Processing, Labeling and Marketing of Organically Produced Foods” (GL 32-1999 with amendments in 2023) present a global framework for policymaking in terms of organic

production. According to the Guidelines, “organic agriculture is a holistic production management system.” That means, that no sooner can a product receive an “organic” claim and be labeled accordingly than it conforms to a set of strict preconditions. It includes requirements for production, processing of ingredients, as well as handling, storage, transportation and also packaging of finished products. Foods may be labeled “organic” only if at least 95% of their agricultural ingredients meet the necessary standards.

The conformity to the rules must be verified annually by the authorized institution. To ensure an effective audit, a company must introduce a principle of traceability in all of its operations. Each and every ingredient is closely monitored starting from the field, throughout the processing and even beyond – in a retail chain – all of this to secure customers’ rights and prevent fraud on any level.

Speaking about the requirements, here are some examples which can help to gain an overview of the picture. For agricultural production:

- Crops are rotated, so that field resources are used efficiently.
- Chemical pesticides, synthetic fertilisers, antibiotics and other substances are severely restricted.
- Organic production outlaws the use of genetically modified organisms and derived products. However, products



with GMO content below the threshold (0.9%) can be labeled organic.

- Disease-resistant plant and animal species adapted to the local environment are used.
- Livestock are raised in a free-range, open-air environment and are fed organic fodder.

It must be noted that one cannot receive an organic certificate instantly. The length of the so-called "conversion" period varies case by case. For the agricultural sector, it may take up to three years for the soil to become suitable for organic production.

As far as processing is concerned, the requirements are as follows:

- The preparation of processed organic food must be kept separate in time or space from non-organic food.
- The product must be produced mainly from ingredients of agricultural origin (added water and table salt are not taken into account).
- Additives, processing aids, flavourings, water, salt, preparations of micro-organisms and enzymes, minerals, trace elements, vitamins, as well as amino acids and other micronutrients in foodstuffs for particular nutritional uses may only be used in so far as they have been authorised for use in organic products.
- Non-organic agricultural ingredients can only be used if they have been authorised or have been provisionally authorised by a state.
- An organic ingredient cannot be present together with the same ingredient in non-organic form.
- Minerals (trace elements included), vitamins, amino acids, and micronutrients are only authorised if their use is legally required in the foodstuffs in which they are incorporated.

As you can see, conversion to an organic mode of production is a de-



manding, long-term process that requires discipline and precision from the companies engaged.

### Russian context

Currently, organic production in Russia is regulated by the GOSTs No 57022-2016, 56508-2015 and 56104-2014, which are coordinated with European requirements and those of Codex Alimentarius. However, as far as there is no Federal Law on organic products, the rules have a voluntary status.

Moreover, even though the basic rules and concepts have already been set, there is no organisation that is authorised to conduct the certification process. Consequently, Russian producers have to turn to foreign (mostly European) agencies in order to receive the "organic" status. We believe that Russia needs a transparent system of organic certification and audit similar

to that of the EU. This way we can aim for mutual recognition of certificates and help Russian producers to enter the international market.

On the top of that, there is no surveillance body that will punish the undue use of "organic" labeling. This, in turn, leads to a situation, when many producers either abuse the labeling without any lawful grounds or use similar notions such as "bio", "natural", etc. Unchecked use of "organic" labeling undermines the consumer's trust and creates undue competitive conditions.

Recently, the Ministry of Agriculture drafted a law on organic production. We sincerely hope that it will establish a regulatory framework for this promising field and create a level playing field for all companies. We believe that it will certainly provide the necessary impetus for development of organic production in Russia. |

# Vegetables: fresh vs canned and frozen. Where is the benefit hiding?



## ANDREY KHAVRAY

Agro-Industry Executive Director,  
Bonduelle EurAsia Markets

Vegetables are the basis for healthy food as well as the source of youth and beauty; and it has been an axiom for a long time. Numerous studies prove this fact. WHO determined an optimal standard daily rate: five portions of vegetables a day (approximately 400 g). "Five a day" and "5 par jour" are becoming international slogans in the European Union countries.

It does not mean that one should eat five cucumbers a day, it is more like a reminder for keeping it in mind and trying to include vegetables at least five times a day in your diet: in a soup, in a salad (e.g. carrot with orange, cabbage with apples, avocado with strawberries), or in the form of a broth, vegetable puree, marinade sauce and side dish for rice or spaghetti.

On the other side, disputes over the fact of what vegetables provide more

benefit erupt again and again. People compare fresh, canned and frozen vegetables. Of course, fresh vegetables have many devotees. But are they really right?

There is a myth that vegetables, processed in any way, lose vitamins. But regardless of the form in which they enter the kitchen, fresh, canned or frozen, being cooked, they cover the human daily need in vitamins and other nutrients necessary for health.

The main factors to consider when choosing vegetables are safety and benefits.

Are you sure when buying vegetables at the grocery store that they were grown with respect for environmental standards? Have you ever wondered, in what soil they grew and from which seeds, what were their processing agents, how long and where were they stored? As a rule, answers to these questions are hard to receive. But when you are buying canned or frozen vegetables from manufacturers that carefully control the safety of their products (they do not use chemicals, growth promoters or GMOs), you will not have any doubt.

An important thing is also the fresh vegetables transportation time from the place of growth to the sales point. It can take days if not weeks, so vegetables are cut long before they are ready, and they ripen in the process (or do not ripen at all).

This can be avoided by eating canned or frozen vegetables: as a rule, plants

are picked in close proximity to the places of growth, which minimises the time from harvesting to processing. At modern sites (including the Bonduelle ones), this usually takes no more than four hours.

Vegetables intended for canning and freezing are harvested at the peak of their maturity. So, their nutrients are at the maximum too. For example, green beans contain fibers the fineness of which depends directly on their maturity ("extra fin" maturity – fibers are very gentle and soft, "très fin" maturity – fibers are a little coarser). These fibers are digested well even in the fragile organism of young children.

## Canned vegetables

The Latin word "conservation" means "to conserve", "to hold over", and not the presence of conservatives and some preserving agents.



The modern way to keep and preserve taste, consistency, natural structure and health properties of vegetables is to cook them with steam or vacuum technology. It is possible to select the best vegetables and prewash, clean and peel them, and then – the most important secret – add only a few drops of water and quickly steam them at high temperature and pressure, and

then avoid air contact with the canned product. Voila – and there is none of the preserving agents.

One of the positive properties of canned vegetables is the presence of a large amount of fiber, which is the main food for many beneficial bacteria living in our intestines, which helps to reduce weight and normalise blood cholesterol and sugar.

Modern canning technologies and packaging materials (e.g. EASY OPEN cover) ensure a high level of product safety and naturalness, convenience with easy-to-use packaging, and a long shelf life without harm for precious consumer health.

### Frozen vegetables

The processing technology of frozen vegetables uses the method of shock freezing, which takes only a few minutes and allows maximising of the product flavour and nutritional properties. As for the part of the water-soluble vitamins destroyed during the shock freezing (e.g. vitamin C), it would also be lost in the case of the usual cooking heat treatment, since it is difficult to eat raw broccoli. Finally, frozen vegetables are stored for up to 24 months without the risk of deterioration, while fresh vegetables should be used in the shortest time from the moment they are harvested.

Before freezing, vegetables are blanched, which helps to preserve their natural colour, texture and taste in the best way, and considerably shortens the time of their future cooking. This is especially important for the profes-



sional kitchen. Even corn on the cob will be ready in just five minutes due to pre-treatment.

### Scientific facts

There is an opinion that fresh vegetables contain much more vitamin C, apparently being the most important and well-known oxidation preventative, than the processed ones. However, we often forget that long storage considerably reduces the vitamin C amount, and it is destroyed under the influence of light and oxygen. So, if you do not have an opportunity of picking a vegetable directly from the bush, and if a vegetable on your table came from another country and spent some time on the grocery store's shelf and in your refrigerator, it is better to choose frozen or canned vegetables. By the way, the latest studies have proven that frozen green peas or spinach contain the same or greater amount of vitamin C than the fresh ones.

Alongside the water-soluble vitamins that are partially destroyed by heat treatment, vegetables contain substances insensitive to high temperatures. In particular, such substances are vitamin B9 and pro-vitamin A. In

addition, heat treatment promotes the release of carotenoids including lycopene, a powerful antioxidant contained in tomatoes. One more advantage of heat treatment is that it softens insoluble fibers and adapts them for digestion. This can also be important for children and dietary food.

Therefore, remember: modern cultivation, canning and freezing technologies providing food and environmental safety as well as preserving the maximum amount of health properties, natural taste and nutritional composition are in favour of canned and frozen vegetables. And the good faith of the manufacturer also plays an important role in ensuring the quality and safety of the product.

Eat tasty, eat healthy, and enjoy! |



# General trends and developments in the consumer electronics market in Russia



**ALEXANDER FEDOSOV**

VP Marketing, MediaMarkt, Russia

After a couple of years of stagnation, the consumer electronics (CE) market has shown positive signs of recovery. According to the latest GfK report, the market is driven by expectations. Despite the negative impact of the tense relations between Russia and the West, socio-economic indicators are expected to be favourable for the market in general. The deceleration of inflation to 4-4.5% in 2017, the slow but stable income growth and the more balanced RUB/USD exchange rate are driving the rising demand for non-food products, including consumer electronics. In the first quarter of 2017, sales of consumer electronics grew by 7% from 2016. In

2016, the market grew by a total of 6.2% in roubles.

These figures are encouraging for large retailers, but they do not reflect the changes that have occurred in the market since 2014-2015. We can see a significant shift in consumer behaviour driven by new trends and technologies that will define the future of the market for the next 3-5 years.

## Innovations drive the market

The TOP 5 consumer electronics products have hardly changed since 2014-2015: telecom and major and small domestic appliances remain leaders in terms of consumer demand. However, innovations and new features are changing things.

Smartphones are becoming more "smart" providing features, such as fingerprint identification, waterproof covers, and a large range of cameras for taking selfies, dual and 360-degree action cameras over 8 megapixels.

In terms of major domestic appliances, consumers have a preference for advanced features, while in terms of small domestic equipment, consumers prefer devices that make life easier and more comfortable.

Innovations in TV technology have brought to the market a whole new range of 4K, gaming and curved displays that meet consumer requirements.

At the same time, the camera market is continuing to contract, while demand is shifting to the premium and luxury segments (over 65,000 roubles). Despite the decrease in the market turnover by 28% and 41% in terms of units, the average price increased by 23% in Q1 2017<sup>1</sup>.

## eSports is changing the CE market globally and locally

The eSports market is the fastest-growing sector with an expected growth of 10-15% per annum.<sup>2</sup> Today, the gaming sector is no longer entertainment solely for small groups of techno-geeks, but is in fact an ecosystem for professional cyber sportsmen and amateurs, that is having a positive impact on all markets. There are over two million gamers in Russia alone, and this community is continuing to grow. Producers of gaming peripherals cannot focus on professionals anymore. They have to consider the high demand for gaming equipment oriented towards newcomers in the eSports world. Some market figures

<sup>1</sup> GfK, Russia, Technical Consumer Goods Market Overview, Q1 2017

<sup>2</sup> SuperDataResearch, eSports Market Report, 2016



are impressive; in Europe and Russia the demand for gaming peripherals grew by 43% in 2016 since 2015. Gaming monitors and laptops saw a double-to-triple digit sales growth in Russia. Every day this trend is becoming even more marked, and it requires evolution in the way companies interact with young audience and changes in the marketing strategy of consumer electronics retailers.

### Consumers go online

The shift from offline to online business is based on outstanding indicators of online and multichannel retail performance. Online sales reached 18% of the total sales in 2016 and keep growing. This trend is driven by changes in consumer behaviour and increasing number of young consumers who spend most of their time in the digital world. The recent report by the Association of Internet Trade says the market will exceed 1.150 billion roubles by 2017.<sup>3</sup> Consumer electronics amounted to 33% of the total online sales in Russia in 2016. More than 20% of telecom and wearable technology, IT and major domestic

appliances are purchased online. This shift to online business requires a new approach to the product range, stock management and customer service. MediaMarkt as a multichannel retailer is following the strategy of digitalization, growing its online business, and also implementing new technologies that integrate both offline and digital worlds into a common ecosystem with clear benefits for all consumers.

### Glimpse into the future of the CE market

For a couple of years, time of integration of cutting-edge technologies into the lives of consumers has reduced significantly. Just five years ago, one could hardly imagine that voice control, smart connectivity, artificial intelligence and home robots would become a regular feature in our daily lives. However, these technologies keep developing, and first appliances with such advanced features are already affordable for the general public.

Cheaper but smart health and wearable devices gain market share, because they meet the demands of the

modern consumer lifestyle. TV as a conventional leader in the top five popular consumer electronics products has experienced evolution: we see a shift to high dynamic range (HDR) technology that enables images to appear more vibrant and detailed.

MediaMarkt believes in the upcoming integration of the Smart Home and Internet of things in our everyday lives. The current trend is towards the transformation of our households and creation of an ecosystem that can be managed by one tap or click. Virtual and augmented reality will also feature daily lives, offering new ways to discover the world and enjoy new shopping experience.

All these trends have a significant impact on further development of the consumer electronics market. All big retailers strive to meet consumer demand, and the leadership will belong to those who will manage to combine cutting-edge technologies, consumer behaviour trends, and quality service with a human face in both offline and online worlds. |

<sup>3</sup> AKIT, Russian E-commerce Market Overview, 2016

# AEB News

## COMTRANS 2017 Exhibition and Moscow Commercial Vehicle Summit

On 5-9 September 2017, the biennially organised International Commercial Vehicle Exhibition (COMTRANS 2017) took place at the Crocus Expo International Exhibition Centre in Moscow. This year, for the first time ever, the Moscow Commercial Vehicle Summit entitled "Commercial Vehicles in Russia: Outlook and Perspectives" was held in the framework of the Exhibition. It was organised by ITEMF Expo jointly with the AEB and with support of the Association of Russian Automakers and the International Road Transport Union (IRU).

The business event brought together government officials, top managers and market players to discuss the most burning issues of the commercial vehicles industry as well as the current state policy and the efficiency of supportive measures related to the development of this field.

The welcoming remarks were delivered by Frank Schauff, AEB CEO, Sergey Kogogin,



L-R: **Alex Zaguskin**, Managing Director, AZ Enterprise; **Alexander Morozov**, Deputy Minister of Industry and Trade of the Russian Federation; **Konstantin Evstyukhin**, Managing Director of Non-Financial Support, Russian Export Centre; **Vyacheslav Burmistrov**, Deputy Director of the Department of Technical Regulation and Accreditation, EEU; **Andrey Chursin**, Chairman of the AEB Commercial Vehicles Committee, Deputy General Director, Scania Service.



L-R: **Sergey Alexandrov**, General Director, ITEMF Expo; **Sergey Kogogin**, Chairman of the Partnership Council, Association of Russian Automakers, General Director of Kamaz; **Frank Schauff**, AEB CEO; **Alexander Morozov**, Deputy Minister of Industry and Trade; **Rustam Minikhanov**, President of the Republic of Tatarstan; **Michael Johannes**, Vice President, Messe Frankfurt GmbH, Brand Manager, Automechanika.

Chairman of the Partnership Council, Association of Russian Automakers, General Director of Kamaz, and Michael Johannes, Vice President, Messe Frankfurt GmbH, Brand Manager, Automechanika.

Among the speakers of the Summit were: Alexander Morozov, Deputy Minister of Industry and Trade of the Russian Federation; Boris Pankov, Omnicomm CEO; Konstantin Evstyukhin, Managing Director of Non-Financial Support, Russian Export Centre; Vyacheslav Burmistrov, Deputy Director of the Department for Technical Regulation and Accreditation, EEU; and Andrey Chursin, Chairman of the AEB Commercial Vehicles Committee, Deputy General Director of Scania Service.

## AEB Polish EuroReception

On 21 June 2017, the AEB and the Embassy of Poland in the Russian Federation organised the AEB Polish EuroReception. Mirosław Cieślík, Deputy Ambassador of Poland, delivered a welcome speech.

Alexander Liberov, First Deputy Chairman of the AEB Board, thanked the Polish Embassy for inviting the AEB members and expressed his aspirations for stronger cooperation between the AEB and companies from Poland. The AEB CEO Frank Schauff made announcements about upcoming AEB events, and invited everyone to participate. Alexander Janeczek, Head of Polish Business Club in Moscow, also expressed a very warm welcome to the guests.

The AEB is grateful to the Polish Business Club which helped to organise the EuroReception, as well as to all the sponsors who supported the event: Bella, Citibank, DAKO Professional Team, the International Bank for Economic Cooperation, JMP Flowers, LOT Polish Airlines, MAGO Rus, Maspeks Vostok, Paclan, Rovese, Work Sourcing, and Woseba.



L-R: **Frank Schauff**, AEB CEO; **Mirosław Cieślík**, Deputy Ambassador of Poland; **Alexander Janeczek**, Head of Polish Business Club in Moscow; **Alexander Liberov**, First Deputy Chairman of the AEB Board.



Participants of the conference

## The Roscoe Pound Moscow Conference

On 21 June 2017, the AEB participated in the Roscoe Pound Moscow Conference "Improvement of commercial disputes resolution tools in Russia: development of arbitration and mediation practices" organised by the International Mediation Institute (IMI).

Robert Schulze, President of the AEB Arbitration Court, Majority Shareholder, Schulze, Brutyan and Partners LLC, and other practicing arbitrators took part in the first session "Access to the disputes resolution tools: what are the main needs and expectations of the parties to a dispute?"

## Presentation by the World Bank

On 23 June 2017, Apurva Sanghi, the World Bank Lead Economist for Russia, presented the Russia Economic Report "From Recession to Recovery" at the AEB premises.

The meeting was moderated by Stuart Lawson, Chairman of the AEB Finance & Investments Committee. A welcome speech was made by Frank Schauff, AEB CEO.

During the event the participants discussed the recent economic developments in Russia and an economic outlook for 2017-2019. Special attention was paid to the economic challenges of the Russian regions.

L-R: **Stuart Lawson**, Chairman of the AEB Finance & Investments Committee; **Apurva Sanghi**, Lead Economist for the Russian Federation, the World Bank; **Frank Schauff**, AEB CEO.



## Tenth Annual Forum "Russia-Europe: Cooperation without Frontiers"

On 29 June 2017, the AEB COO Ruslan Kokarev made a presentation on the AEB contribution to the development of industrial cooperation dialogue between Russia and the European Union at the Tenth Annual B2B Forum "Russia-Europe: Cooperation Without Frontiers" organised in the framework of the Long-Term Integrated Business Partnership Matchmaking Programme "Russia-Europe: Cooperation without Frontiers".

A Round Table entitled "European SMEs in Russia. Doing Business in Russia" was moderated by Orlin Efremov, Chairman of the AEB Small & Medium-Sized Enterprises Committee, Managing Partner, Performance Partners LLC. The par-

ticipants discussed topics related to taxes, IPR, international financial reporting standards, digitalization, and innovative production development.



Participants of the Forum

## "All-Russian Field Day 2017"

The agro-industrial forum and exhibition "All-Russian Field Day 2017" was organised on 5-7 July 2017 in the Republic of Tatarstan on the territory of the experimental base of the Tatarstan Research Institute of Agriculture.

The AEB was represented by Dirk Seelig, Chairman of the AEB Agribusiness Committee, Ruslan Kokarev, AEB COO, and Tati-

ana Belousovich, AEB Government Relations Manager in Crop Protection & Seeds. They took part in the official opening ceremony, meeting with Alexander Tkachev, Minister of Agriculture of the Russian Federation, related to the progress of harvesting and the quality of plant growing, as well as in the conference entitled "Green economy. Prospects for greening the crop industry", and meeting on the development of selection and seed production in Russia.

The working meetings aimed at developing a constructive dialogue in the area of plant growing were held with top officials from the Russian State Commission on Test and Protection of Selection Achievements, the Russian Agricultural Centre, the National Union of Seed Breeders and Seed Producers, the German Plant Breeders' Association, and the German Seed Alliance.



A bird's-eye view on the "All-Russian Field Day 2017"

## VIII International Industrial Trade Fair INNOPROM 2017

On 10-11 July 2017, the AEB participated in the VIII International Industrial Trade Fair INNOPROM 2017 which took place in Ekaterinburg. In particular, the AEB signed the Memorandum of Cooperation with the Government of the

Sverdlovsk region. The Memorandum aimed to improve the efficiency of commercial, economic, scientific and engineering cooperation in the Sverdlovsk region, and to create favourable conditions for attracting and protecting investments as well as for implementing joint investment projects. The Memorandum was signed by Evgeniy Kuyva-



shev, the Acting Governor of the Sverdlovsk region, on one side and Frank Schauff, AEB CEO, on the other.

The AEB also organised a joint session of the AEB Machine Building & Engineering Committee and the AEB Working Group on Modernisation & Innovations entitled "Transport engineering in search of a compromise. Modernisation. Localisation. Specialisation". The session was moderated by Michael Akim, Chairman of the AEB Working Group on Modernisation & Innovations, Vice-President of ABB Russia.

Among the keynote speakers were: Philippe Pegorier, AEB Board Member, President of Alstom Transport; Johan Vanderplaetse, Senior Vice-President of Schneider Electric; Valentin Gapanovich, President of the Association of Railway Equipment Manufacturers; Eiichi Makino, Automotive Parts Localisation Director, Avtovaz-Renault-Nissan Purchasing Organization (ARNPO); Thierry Lassus, Head of Railway Infrastructure and E-Bus Initiative, ABB Switzerland; Vladimir Maltsev, representative of the Eurasian Economic Commission.

zerland; Vladimir Maltsev, representative of the Eurasian Economic Commission.



L-R: Eiichi Makino, ARNPO; Valentin Gapanovich, RZD; Philippe Pegorier, Alstom; Johan Vanderplaetse, Schneider Electric; Thierry Lassus, ABB Switzerland; Vladimir Maltsev, EEC.



Participants of the Congress

## 26th International Financial Congress

On 13 July 2017, Frank Schauff, AEB CEO, participated in the 26th International Financial Congress "Finance for Development" which took place in St. Petersburg. In particular, he made a presentation on challenges and opportunities of the Russian insurance market from the perspective of foreign insurers at the Round Table "Insurance market growth drivers".

The Round Table was moderated by Igor Yurgens, President of All-Russian Insurance Association. Among the speakers were: Vera Balakireva, Deputy Head, Financial Policy Department, Ministry of Finance of the Russian Federation; Vladimir Chistyukhin, Deputy Governor, Bank of Russia; Nikolay Galushin, President, Chairman of the Management Board, Russian National Reinsurance Company JSC; Julianne Lee, Head of Government Relations, EMEA Region, MetLife; Andrey Ryzhakov, CEO, AlfaStrakhovanie – OMS.

## Discussion of TR on Safety of Chemical Products

On 20 July 2017, Frank Schauff, AEB CEO, held a meeting related to the discussion of the Technical Regulation on Safety of Chemical Products (EAEU 041/2017). The representatives of the industrial companies whose businesses are directly affected by this regulation took part in the meeting.

Elena Rybakova, Michelin, and Irina Kartashova, Procter & Gamble, emphasised major problems with regard to the given technical regulation: transitional period; development of the list of chemical products, terms and definitions; conformity assessment procedures – notification and registration, material safety data sheet, confidentiality of information, etc.



Participants of the meeting



AEB team at the Michelin factory in Davydovo

### AEB team visited Michelin factory in Davydovo

On 21 July 2017, the AEB staff were invited for an excursion to the Michelin factory in Davydovo. In the framework of the visit, a Round Table with the Michelin top officials was organised.

Among the participants were: Kamran Vossoughi, CEO and President of Michelin Russia & CIS, and Bogdan Mariansky, Director of Michelin Group's Russian plant in Davydovo. We would like to thank our loyal member Michelin for hospitality and a fruitful business programme of the day.

### AEB Summer cocktail 2017

On 26 July 2017, the AEB Summer cocktail was organised on the occasion of the exhibition "Summer in the Oreads-2017. Masters of modern times" in the Central House of Artists. The works by the modern painters and sculptors were presented at the exhibition.

The event brought together AEB member companies at the premises of the Central House of Artists. The guests were provided with a tour of the exhibition by Lilya Slavinskaya, artist and owner of the "LES OREADES" gallery.

The AEB would like to express its gratitude to the Central House of Artists and Lilya Slavinskaya for hospitality and support in organising such a wonderful event.



L-R: Lilya Slavinskaya, artist and owner of the "LES OREADES" gallery; Frank Schauff, AEB CEO.

## VIII International Moscow Automotive Forum

On 22 August 2017, the AEB in cooperation with the international exhibition operator ITEMF Expo organised the VIII International Moscow Automotive Forum (IMAF 2017) entitled "Automotive industry in transformation: drivers of success".

Thomas Staertzel, AEB Board Chairman, Managing Director/CEO, Porsche Russland; and Michael Johannes, Vice-President, Messe Frankfurt GmbH, Brand Manager, Automechanika, made the opening remarks.

Among the speakers of the plenary session were: Nicolas Maure, President, Avtovaz; Alexander Maslennikov, Director of the Department for the Development of Economic Sectors, Ministry of Economic Development of the Russian Federation; Konstantin Evstyukhin, Managing Director of Non-Financial Support, Russian Export Centre; Vadim Kulikov, First Deputy General Director, Agency for Technological Development; Alexander Moynov, Managing Director, KIA Motors Rus; Oleg



Participants of the plenary session

Moseev, President, ROAD; Sergey Udalov, Operations Director, "Autostat"; Wilhelmina Shavshina, Legal Director, Head of Foreign Trade Regulation at DLA Piper; Nina Goulis, Partner, Tax and Legal, KPMG; Ekaterina Suslennikova, Head of the Department of special investment contracts and localisation, Industry Development Fund.

The experts presented their vision on the Russian automotive market and discussed the measures of the Russian government support, automotive and export strategy for 2025, and special investment contracts.

## Moscow Financial Forum

On 8 September 2017, Frank Schauff, AEB CEO, took part in the panel session related to the tax policy at the Moscow Financial Forum entitled "Financial System of the 21st Century Competitive Economy: Challenges and Solutions". The key issues discussed at the session were as follows: How to maintain stability and predictability of tax conditions? How often will the tax legislation be changed? What changes in the tax system should be expected in the near future? What tax innovations will stimulate economic and investment growth? The panel session was moderated by Andrey Makarov, Chairman of the Committee for Budget and Taxes of the State Duma of the Federal Assembly of the Russian Federation.

Among the speakers were: Alexander Shokhin, President of the Russian Union of Industrialists and Entrepreneurs (RSPP); Vladimir Mau, Rector of the Russian Presidential Academy of National Economy and Public Administration (RANEPA); Vladislav Korochkin, Senior Vice President of the All-Russian Non-Governmental Organisation of Small and Medium-Sized Businesses "Opora Rossii"; Gennady Kamysnikov, Managing Partner, Government Relations, Deloitte, CIS; Ilya Trunin,



L-R: **Vladimir Mau**, Rector of RANEPA; **Alexander Shokhin**, President of RSPP; **Natalya Sergunina**, Deputy Mayor of Moscow for Economic Policy and Property and Land Relations, **Frank Schauff**, AEB CEO.

Deputy Minister of Finance of the Russian Federation; Marina Belyakova, EY Partner; Mikhail Mishustin, Head of the Federal Tax Service; Natalya Sergunina, Deputy Mayor of Moscow for Economic Policy and Property and Land Relations; Sergey Belyakov, President of the Association of Non-Governmental Pension Funds.

# AEB COMMITTEES UPDATES

## Compliance & Ethics Committee



L-R: **Stanislav Druzhinin**, Head of the Moscow Branch of Centre for Education and Methodics, FAS Russia; **Andrey Tenishev**, Head of Anti-Cartel Department, FAS Russia; **Artem Molchanov**, Head of Legal Department, FAS Russia; **Anton Subbot**, Chairman of the AEB Compliance & Ethics Committee, Partner, Baker McKenzie; **Maxim Ovchinnikov**, Deputy Head, FAS Russia.

On 6 July 2017, the AEB Compliance & Ethics Committee organised an open meeting "Prevention of violations of the competition legislation: notices from FAS Russia, corporate compliance system, release from liability" with high-ranking officials from the Federal Antimonopoly Service of the Russian Federation. Maxim Ovchinnikov, Deputy Head of FAS Russia, briefed the participants on the methodic recommendations aimed at assisting with implementation of internal control of antimonopoly legislation, legislation

for the state defence orders and purchasing orders. Artem Molchanov, Head of Legal Department, presented notices issued by FAS Russia and the way they interrelated with the internal corporate compliance system within companies. Andrey Tenishev, Head of Anti-Cartel Department, spoke about cases of violations revealed by FAS Russia. Stanislav Druzhinin, Head of the Moscow Branch of the FAS Centre for Education and Methodics, shared information on the activities of the Centre.

## Customs & Transport Committee

On 30 May 2017, experts from the AEB Customs & Transport Committee took part in the XIII International Exhibition "Customs of the North-West-2017" organised at Len-Expo in St. Petersburg. The expositions were presented by the North-Western Customs Administration, the Forensic Agency – the regional branch of the Central Forensic Customs Administration (St. Petersburg), the St. Petersburg Branch of Russian Customs Academy V.B. Bobkova, the customs services of Estonia, Finland, Latvia, Lithuania and more than 23 organisations and companies engaged in foreign economic activities in the North-Western Federal District. Customs services, IT and software, freight forwarding customs services, warehousing and storage equipment, as well as logistics services were presented at the exhibition. In total, more than 150 companies took part in the exhibition.



L-R: two participants of the exhibition, **Wilhelmina Shavshina**, Deputy Chairperson of the AEB Customs & Transport Committee, Legal Director, Head of Foreign Trade Regulation Practice, DLA Piper; **Dmitry Cheltsov**, Chairman of the AEB Customs & Transport Committee, General Delegate to the IRU Permanent Delegation to Eurasia; **Ksenia Solovieva**, Coordinator of the AEB Customs & Transport Committee; **Sergei Vasiliev**, Chairman of the AEB Customs, Transport and Logistics subcommittee, Senior Associate, DLA Piper.



L-R: **Mikhail Abyzov**, Minister of Open Government of the Russian Federation; **Vladimir Bulavin**, Head of the FCS of Russia; **Ruslan Davydov**, First Deputy Head of the FCS of Russia.

On 31 May 2017, the AEB Customs & Transport Committee experts participated in the public discussion of the results of the law enforcement practice of the Federal Customs Service of Russia (FCS) for the first quarter of 2017, which was held as part of the activities of the priority programme "Reform of Control and Supervisory Activities in the FCS of Russia".

Vladimir Bulavin, Head of the FCS of Russia, made opening remarks. The public discussion was for the first time

organised at the federal level. The event was chaired by the Minister of Open Government of Russia Mikhail Abyzov who oversees the priority programme "Reform of Control and Supervisory Activities", Ruslan Davydov, First Deputy Head of the FCS of Russia, and the heads of the structural departments of the FCS of Russia. During the event, the participants had an opportunity to address the practical issues in the area of customs regulation directly to the FCS authorities.

On 22 June 2017, the AEB Customs & Transport Committee organised a Round Table with participation of the official representatives of the Analytical Department of the Federal Customs Service of Russia (FCS) to discuss the most important issues related to the risk management system, customs value and FCS rating system of foreign trade participants. The guest speakers were: Vitaly Khanov, Head of the FCS Department for foreign trade participants classification; Alexander Titov, Head of the FCS Division on macroeconomics analysis; Anton Dyshko, Deputy Head of the FCS Division on administration and methodology of customs value control.



L-R: **Anton Dyshko**, Deputy Head of the Division on administration and methodology of customs value control, FCS of Russia; **Alexander Titov**, Head of the Division on macroeconomics analysis, FCS of Russia; **Dmitry Cheltsov**, Chairman of the AEB Customs & Transport Committee, General Delegate to the IRU Permanent Delegation to Eurasia; **Wilhelmina Shavshina**, Deputy Chairperson of the AEB Customs & Transport Committee, DLA Piper; **Vitaly Khanov**, Head of the Department for foreign trade participants classification, FCS of Russia; **Julia Hertel**, IKEA.



L-R: **Elena Bricheva**, Head of the Division for customs payments, customs value and country of origin, EEC; **Dmitry Nekrasov**, Director of Department on customs legislation and law enforcement practice, EEC; **Dmitry Cheltsov**, Chairperson of the AEB Customs & Transport Committee, General Delegate to the IRU Permanent Delegation to Eurasia; **Mukai Kadyrkulov**, Member of the Board, Minister for Customs Cooperation, EEC; **Frank Schauff**, AEB CEO.

On 4 July 2017, Mukai Kadyrkulov, Member of the Board, Minister for Customs Cooperation of the Eurasian Economic Commission (EEC), gave a briefing organised by the AEB Customs & Transport Committee. Frank Schauff, AEB CEO, made opening remarks, and Dmitry Cheltsov, Chairperson of the AEB Customs & Transport Committee, General Delegate to the IRU Permanent Delegation to Eurasia, moderated the event.

As Frank Schauff and Dmitry Cheltsov stressed in their speeches, constructive cooperation and open dialogue with the EEC was highly appreciated by the AEB members, and the AEB would continue to share the best European practices of customs administration and regulation, including examples of cus-

tom processes managed in Europe by the AEB members. Mukai Kadyrkulov presented recent changes in customs regulation and confirmed that the EEC was open for a constructive dialogue with the business sector.

Dmitry Nekrasov, Director of the Department on customs legislation and law enforcement practice of EEC, presented major changes in the new Customs Code and drafts of new decisions of the Commission which were under development in cooperation with business. Elena Bricheva, Head of the Division for customs payments, customs value and country of origin of EEC, made a presentation concerning customs payments regulation in EAEU.

## Energy Efficiency Committee



L-R: **Vincent Duijnhouwer**, EBRD; **Sergey Sementsov**, Vnesheconombank; **Victoria Chilikina**, Bank of Russia; **Bashir Chalabi**, PBN Hill+Knowlton; **Max Gutbrod**, Baker McKenzie; **Vsevolod Gavrilov**, Sberbank.

On 22 June 2017, the AEB Energy Efficiency Committee held the Round Table "Green Finance" for Energy Efficiency: Opportunities in Russia". It was chaired by Bashir Chalabi, Chairman of the AEB Energy Efficiency Committee, PBN Hill+Knowlton Strategies.

The first part was devoted to the "green finance" as a state policy priority. Victoria Chilikina from the Bank of Russia underlined that every project should have an economic expediency, and the regulator insisted on that. The Bank of Russia works on the concept of developing multifunctional platforms.

Sergey Sementsov from Vnesheconombank emphasised the real breakthrough in green financing (some pilot projects being about to be implemented, for instance in solar, wind energy and biogas).

Vsevolod Gavrilov presented the main financial products offered by Sberbank – he noted that some of them were in high demand on the market. He also gave some practical

recommendations to the European companies working on the Russian market.

Vincent Duijnhouwer from EBRD spoke about the EBRD experience in “green finance” (projects and investments, financial assistance, policy dialogue). Max Gutbrod from Baker McKenzie told about pre-export financing, energy saving contracts (practical risks and their regulation).

## Finance & Investments Committee



L-R: **Sergey Vologodsky**, Industrial Development Fund; **Grigoriy Lavrukhin**, Government of the Tula region; **Leonid Kostroma**, Moscow City Investment Agency; **Olga Filippova**, Ministry of Industry and Trade of Russia; **Stuart Lawson**, EY; **Frank Schauff**, AEB.

On 9 June 2017, the AEB Finance & Investments Committee held an open event “Localisation opportunities for European companies”. A welcome speech was delivered by Frank Schauff, AEB CEO. Stuart Lawson, Chairman of the AEB Finance & Investments Committee, Senior Advisor at EY, moderated the event.

Among the speakers were: Olga Filippova from the Ministry of Industry and Trade of Russia; Sergey Vologodsky from the Industrial Development Fund; Grigoriy Lavrukhin from the Government of the Tula region; Leo-

nid Kostroma from the Moscow City Investment Agency; Filippo Baldisserotto from Stupino 1 Industrial Park, Chairman of the AEB Real Estate Committee; Konstantin Korepanov from the Special economic zone “STUPINO QUADRAT”, and Wilhelmina Shavshina from DLA Piper, Deputy Chairperson of the AEB Customs & Transport Committee.

The participants discussed the localisation issue in various aspects as well as the potential opportunities it offered to European companies.

## Hotels & Tourism Working Group



L-R: **Vladimir Ivanov**, Deputy Head of Moscow Migration Department of MVD of Russia; **Elena Andreeva**, Head of Rospotrebnadzor of Moscow; **Frank Schauff**, AEB CEO; **Nikolay Gulayev**, Minister for Sport and Tourism of Moscow; **Armin Eberhard**, Chairperson of the AEB Hotels & Tourism Working Group, General Manager of the Renaissance Moscow Monarch Centre Hotel; **Konstantin Goryainov**, Deputy Minister for Sport and Tourism of Moscow.

On 14 June 2017, the AEB Hotels & Tourism Working Group held the briefing by Nikolay Gulayev, Minister for Sport and Tourism of Moscow, together with high-ranking representatives from the Ministry of Internal Affairs of the Russian Federation, Moscow Security Department and Rospotrebnadzor at the Renaissance Moscow Monarch Centre Hotel.

The briefing was focused on the main instructions with regard to security, transport infrastructure, logistics, sanitary migration and marketing issues during the Confederation Cup 2017 and FIFA 2018. The event was chaired by Armin Eberhard, Chairman of the AEB Hotels & Tourism Working Group, General Manager of the Renaissance Moscow Monarch Centre Hotel; and Konstantin Goryainov, Deputy Minister for Sport and Tourism of Moscow.

Nikolay Gulyaev delivered a welcome speech and confirmed that the Moscow Government was open for cooperation with

the hospitality business sector and invited representatives from the governmental bodies for a dialogue. Armin Eberhard raised acute questions concerning the security cordon strategy; blocking the city centre for the period of games, parades and other festivities; migration registration and Rospotrebnadzor requirements. Elena Andreeva, Head of Rospotrebnadzor of Moscow, informed about the inspection plan and sanitary standards for the hotels accommodating football teams. Vladimir Ivanov, Deputy Head of the Moscow Migration Department of the Ministry of Internal Affairs of Russia, briefed on migration registration of Moscow guests, fans, and foreign citizens in hotels during the Confederation Cup 2017 and FIFA 2018, as well as on cooperation between the Ministry and hotels for this period. Alexander Kononets, Deputy Head of the Moscow Security Department, informed about the Moscow transport infrastructure and city centre closure for the period of the games.



## Intellectual Property Committee



L-R: **Maria Kolzdorf** and **Olga Osadchaya**, Court for Intellectual Property Rights; **Baurzhan Bekeshev**, Eurasian Economic Commission; **Anton Bankovskiy**, Chairman of the AEB Intellectual Property Committee, CMS Russia; **Dmitry Travnikov**, Rospatent; **Vadim Kuzmin**, FAS of Russia.

On 22 June 2017, the AEB Intellectual Property Committee held its annual conference titled "Intellectual Property Rights: Recent Trends, Court Practices, Problems and Solutions". Traditionally, the Delegation of the European Union to Russia hosted the event. The Annual IP conference serves as a valuable platform for experts in intellectual property issues. It provides opportunities for its participants to learn about the most important issues in IPR protection through direct communication with representatives from the regulation authorities, courts and leading law firms, and creates a discussion network. The event was moderated by Anton Bankovskiy, Chairman of the AEB IP Committee, Partner, CMS Russia. Ruslan Kokarev, AEB COO, and Luis Portero, Head of

the Economic and Trade Section, Delegation of the EU to Russia, welcomed the participants. Speakers from the Russian authorities (Rospatent, Federal Antimonopoly Service, Court for Intellectual Property Rights) and the Eurasian Economic Commission provided up-to-date information on a number of topics, including the development of the Eurasian trademark system. Experts from the leading law firms – Gorodissky and Partners, Morgan Lewis, Baker McKenzie, Baker Botts and Goltsblat BLP – spoke about court practice on parallel import and license agreements, IP issues related to M&A deals and big data, special restrictions in the field of intellectual property and advertising in the legislation of the World Cup 2018.

## Machine Building & Engineering Committee



Participants of the Round Table

On 15 June 2017, the AEB Machine Building & Engineering Committee held its traditional Round Table "Machine Building Market Trends in Russia (first half of 2017)".

It was chaired by Philippe Pegorier, Member of the AEB Board and the Committee Chairman. The overview of the machine building sector was presented by Alexander Bezborodov from BEITEN BURKHARDT. The full picture of the machine building market (construction equipment, rolling stock production, commercial transport) was provided in the presentations by Andrey Komov, Chairman of the AEB Construction Equipment Committee; Olga Surikova, ALSTOM Transport; and Alexander Cherevaty, DAIMLER KAMAZ RUS. A number of important topics were raised: a difficult dialogue with the state authorities when the business sector is not informed enough about forthcoming changes; the need for a predictable amount of orders to plan the investments and localise the production. The problem related to the lack of qualified specialists was stressed by Igor Giske who presented the Chuvash Regional Section of the Russian Engineering Union. The modern technologies were in the focus of the GE presentation by Alexey Borev.

## Migration Committee

On 21 June 2017, the AEB Migration Committee organised a Round Table with the representatives from the Moscow Migration Department of the Ministry of Internal Affairs of the Russian Federation. Lyudmila Shiryayeva, Chairperson of the AEB Migration Committee, Executive Director, EY, moderated the meeting and raised the questions of the AEB member companies directed to the migration authorities. Alexey Vasiliev, Deputy Head of the Moscow Labor migration division of the Ministry of Internal Affairs, briefed on the permit to work procedure in Sakharovo Migration Center, practical arrangements concerning the queue talons.

Grigoriy Mironov, Deputy Head of the Moscow Migration Registration and Visas Department of the Ministry of Internal Affairs, commented on the companies' questions related to migration registration and enrollment; notification procedures regarding hiring and dismissal of foreign and EAEU employees working in Moscow.

It was agreed to organise such meetings in a format of a round-table discussion on a regular basis. As it was preliminarily stated, the next meeting would be devoted to the issues of permanent and temporary residence permits.



L-R: **Alexey Filipenkov**, Deputy Chairperson of the AEB Migration Committee, Partner, Visa-Delight; **Andrey Slepov**, Deputy Chairperson of the AEB Migration Committee, Lawyer, BEITEN BURKHARDT Moscow; **Lyudmila Shiryayeva**, Chairperson of the AEB Migration Committee, Director, EY; **Alexey Vasiliev**, Deputy Head of Labor Migration Division, Ministry of Internal Affairs of Russia in Moscow; **Grigoriy Mironov**, Deputy Head of Migration Registration and Visas, Ministry of Internal Affairs of Russia in Moscow.

## North-Western Regional Committee



Participants of the event

On 30 May 2017, the AEB North-Western Regional Committee’s HR and Migration subcommittee held an open event “Corporate social responsibility: HR and legal aspects and best practices”.

The event aimed at accumulating the experience and best practices of the European and Russian companies in terms of corporate social re-

sponsibility, in particular, in employment of graduates from orphanages and young people with disabilities, as well as participation in other social programmes. Mikhail Krivonos, co-founder of the Centre for the Employment of Orphanages’ Graduates and Young People with Disabilities, told about successful cases of the Centre in working with different companies in Russia.

Also, legal aspects of the employer’s involvement in social programmes were presented by Anna Chaikina from Borenium Attorneys Russia. The business representatives Marina Kavayeva from Phillip Morris Izhora and Alina Molotkova from Zarina shared their experience in participation in social projects in Russia.

The event provided a lively platform for discussion and exchange of practical experience, concerns and proposals. It was moderated by Elena Novoselova, Chairperson of the AEB North-Western Regional Committee’s HR and Migration subcommittee.

The event was kindly supported by the Stockholm School of Economics in St. Petersburg and Borenium Attorneys Russia.

On 21 June 2017, the AEB North-Western Regional Committee’s HR & Migration subcommittee with the Legal & Taxation subcommittee held an open event titled “Practical Aspects of Labour Legislation in the Area of Labour Contracts and Personal Data”.

The event was devoted to the employment contract issues: risks, mistakes in labour legislation, personal data protection legislation, distance work and other issues. The event was moderated by Elena Novoselova, Chairperson of the AEB North-Western Regional Committee’s HR & Migration subcommittee and Anna Afanasyeva, Chairperson of the AEB North-Western Regional Committee’s Legal & Taxation subcommittee. The event was kindly supported by SCHNEIDER GROUP in St. Petersburg.



Irina Krashennikova, HR Director, SCHNEIDER GROUP in St. Petersburg.

## Real Estate Committee



L-R: **Ruslan Kokarev**, AEB COO; **Filippo Baldisserotto**, AEB Board Member, Chairman of the AEB Real Estate Committee; **Ulf Schneider**, Managing Director, SCHNEIDER GROUP.

On 28 June 2017, the AEB held its Networking Cocktail supported by the AEB Real Estate Committee.

The welcoming remarks were delivered by Ruslan Kokarev, AEB COO, Filippo Baldisserotto, AEB Board Member, Chairman of the AEB Real Estate Committee, and Ulf Schneider, Managing Director, SCHNEIDER GROUP.

Ruslan Kokarev made announcements about upcoming AEB events and invited everyone to participate.

Filippo Baldisserotto noted that the AEB "Real Estate Day" annual conference would be held on 27 September 2017 at the Congress Centre of the Chamber of Commerce and Industry of the Russian Federation.

Ulf Schneider expressed a warm welcome to the guests and asked to support the initiative called the Berlin Memorandum.

The AEB is grateful to SCHNEIDER GROUP for hosting and sponsoring the event.

## Safety, Health, Environment & Security Committee and Compliance & Ethics Committee

L-R: **Mikhail Balev**, Business Development Executive, MIG Business Security Strategies; **Oleg Babinov**, General Director, Risk Advisory Group; **Ekaterina Karlova-Ignatieva**, Regional Compliance Director, Siemens; **Polina Murzina**, Compliance Manager in Russia and CIS, Novo Nordisk; **Anton Subbot**, Chairman of the AEB Compliance & Ethics Committee, Partner, Baker McKenzie; **Dmitry Budanov**, Chairman of the AEB SHES Committee's Security subcommittee, CEO, Elite Security Holding Company.



On 29 May 2017, the AEB Safety, Health, Environment and Security Committee (SHES) and the AEB Compliance & Ethics Committee held a workshop "Prevention of losses due to abuse, corruption and fraud schemes: resource support for the compliance departments and effective approaches to dealing with information resources".

Polina Murzina, Compliance Manager in Russia and CIS, Novo Nordisk, spoke about the measures for monitoring the implementation of legislative requirements for corruption prevention; Ekaterina Karlova-Ignatieva, Regional Compliance Director, Siemens, outlined the practical aspects of the business partners review; Oleg Babinov, General Direc-

tor, Risk Advisory Group, reported on extraordinary cases of contractors' inspection practice; Mikhail Balev, Business Development Executive, MIG Business Security Strategies, gave a presentation on how outsourcing intelligence could increase efficiency of compliance investigations; Maxim Fedotov, Senior Manager, Deloitte Forensic, spoke about the modern tools of contractors inspection.

Dmitry Budanov, Chairman of the AEB SHES Committee's Security subcommittee, CEO, Elite Security Holding Company, and Anton Subbot, Chairman of the AEB Compliance & Ethics Committee, Partner, Baker McKenzie, moderated the workshop. The event was sponsored by the Risk Advisory Group.

## Seed Committee



L-R: **Vladimir Druzhina**, Chairman of the AEB Seed Committee; **Anatoly Mikhilyov**, CEO of the National Union of Seed Breeders and Seed Producers.

On 27-30 June 2017, "Days of European Agrotechnologies 2017" with Bayarena organised by KWS and Bayer took place at the KWS Trial station in the Lipetsk region.

The round-table discussion "Innovative achievements in selection, seed-growing and plant protection" was held on 30 June. Vladimir Druzhina, Chairman of the AEB Seed Committee, directed attention of the international companies working in Russia to such issues as protection of intellectual property rights and royalty payment.

Tatiana Belousovich, AEB GR Manager for Crop Protection & Seeds, highlighted the ecological responsibility of the crop protection producers for their products from the elaboration of a new molecule to the waste container management.

## Southern Regional Committee

On 18 May 2017, HR conference "Experience in the development of human capital: the impact to the investment attractiveness of the Krasnodar region" took place in Krasnodar. The conference was held in the framework of the programme "Time for new strategies-2017".

The programme organisers were the Public Chamber of the Krasnodar region, the AEB Southern Regional Committee, the Association "Agency of investment and international cooperation", and the Russian-English socio-political weekly "Yug Times".

The conference was moderated by Igor Brener from Cargill, Deputy Chairman of the AEB Southern Regional Committee and Chairman of the AEB SRC HR subcommittee.

The conference participants welcomed Oleg Zharko, Chairman of the AEB Southern Regional Committee, Regional Corporate Affairs Director, Group of Companies Danone in Russia; Rashid Kudaev, Head of the investment policy division, Department for investments and SME development, Administration of the Krasnodar region; Alexander Polidi, Deputy Secretary of the Public Chamber of the Krasnodar region.

The conference was attended by heads and employees of Russian and foreign compa-



Participants of the conference

nies of the region as well as representatives from the public associations and higher education institutions.

The conference focused on technologies of the human capital development. Michael Germershausen from Antal Russia, Chairman of the AEB Human Resources Committee, spoke about prospects of the personnel potential development in the region based on the federal trends.

Representatives from PwC, CLAAS, Philip Morris Kuban, Syngenta spoke about their staff development projects. The Bank Center-invest and Nestle Kuban employees told about their work with students aimed at professional orientation. The conference wrapped-up with the analysis of the personnel development factors in the context of investment attractiveness of the region. As it was settled, proposals to the Strategy of the Krasnodar region development would be prepared.



Participants of the Round Table

On 14 June 2017, a Round Table "Organisation of safe work of contractor organisations" was held in Krasnodar. The AEB Southern Regional Committee organised the event for the AEB SRC members focused at production issues. Managers and specialists on labour protection from such companies as Vegaslex, Bonduelle Kuban, Cargill, CLAAS, Nestle Kuban, ERGO, Philip Morris Kuban met to discuss mechanisms and ways to work with contractors regarding labour safety.

The Round Table participants gathered at the CLAAS factory. Ralf Bendisch, Deputy Chairman of the AEB Southern Regional Committee, CLAAS General Director, demonstrated modern machine building production with a special focus on safety issues and labour protection.

After the tour, the participants discussed local requirements for contractors, internal and external levers to increase the level of security contractors, managing security at the time of admission to the territory.

The discussion was held on a high professional level.



L-R: **Andreas Knaul**, Rödl & Partner; **Frank Sitta**, Sitta Kongress- und Eventmanagement GmbH; **Frank Schauff**, AEB CEO; **Igor Galas**, Vice-Governor of the Krasnodar region; **Julius von Freytag-Loringhoven**, the Friedrich Naumann Foundation for Freedom; **Alexander Polidi**, Public Chamber of the Krasnodar region; **Dietrich Möller**, Siemens AG.

On 28-30 June 2017, the city of Krasnodar hosted the XIV Conference of partner cities of Russia and Germany "Establishing contacts – initiating projects – building trust: impulses for the development of German-Russian relations".

Sergey Lavrov, Minister of Foreign Affairs of the Russian Federation, Sigmar Gabriel, Minister of Foreign Affairs of Germany, Veniamin Kondratiev, Governor of the Krasnodar region, and Evgeny Pervyshov, Head of the city of Krasnodar, delivered welcoming remarks. The total number of participants was about 700 people.

The working group "Economy: Russia and Germany – building the future together" was supported by the AEB. Frank Schauff, AEB CEO, and Dietrich Möller, President, Siemens Russia and

Central Asia, Vice President of Siemens AG, took part in the section "Russian-German cooperation: crisis or new growth prospects?"

The section "German business in Russia: successes and prospects for development" was moderated by Oleg Zharko, Chairman of the AEB Southern Regional Committee, Regional Corporate Affairs Director, Group of Companies Danone in Russia. Among the speakers of the section were: Sergey Altukhov, Deputy Governor of the Krasnodar region; Ralf Bendisch, CLAAS General Director, the Honorary Consul of the Federal Republic of Germany in Krasnodar, the authorized representative of the Russian-German Chamber of Commerce in the Southern Federal District; Oleg Shingiriy, General Director of "Knauf GIPS Kuban".



Participants of the meeting

On 1 August 2017, the leadership of the AEB Southern Regional Committee took part in the meeting of the Regional Foreign Investment Advisory Council in Krasnodar, chaired by the Governor of the Krasnodar region Veniamin Kondratiev. He noted the necessity of a dialogue between the business sector and government authorities as well as significant contribution of foreign investors to the regional economy. The Deputy Governor Sergey Altukhov reminded that the Regional Foreign Investment Advisory Council under the Governor of the Krasnodar region had been working for 13 years and included senior representatives of the administra-

tion of the Krasnodar region and foreign investors operating in the region. The vast majority of the Advisory Council members from business are members of the AEB Southern Regional Committee. The Deputy Governor told about the active work of the Regional Foreign Investment Advisory Council, established working groups and planned activities. Oleg Zharko, Chairman of the AEB Southern Regional Committee, Regional Corporate Affairs Director, Group of Companies Danone in Russia, and Anna Kalmykova, Partner EY, Head of the Krasnodar and Rostov-on-Don branches, presented the report on the status of work with foreign investors in the Krasnodar region in 2016.

Juliana Perederiy, Director of the AEB branch in Krasnodar, expressed the overall positive mood of investors in the Krasnodar region and reminded of the work carried out by the working groups of the Advisory Council in 2016.

Ralph Bendisch, Deputy Chairman of the AEB Southern Regional Committee, CLAAS General Director, the Honorary Consul of Germany in Krasnodar, Liubov Popova, Deputy Chairman of the AEB Southern Regional Committee, Secretary of the Public Chamber of the Krasnodar region, General Director of "Gubskiy brick factory", and other participants spoke about the prospects of implementation of investment projects of foreign enterprises in the Krasnodar region.

## Taxation Committee



L-R: **Vladimir Golishevskiy**, Deputy Head of Department for Standards and International Cooperation, Federal Tax Service of Russia; **Mikhail Orlov**, KPMG; **Natalya Fayzrakhmanova**, Pepeliaev Group; **Viktor Kalgin**, EY; **Mikhail Filinov**, PwC; **Alina Lavrentieva**, PwC.

On 28 June 2017, the AEB Taxation Committee organised a business meeting "Development of the Russian Tax System: Results of the First Half of 2017 and Perspectives".

The event highlighted the recent changes in tax legislation, new taxation initiatives and prospects for the next months, and provided an excellent platform for discussion and exchange of knowledge by professionals.

Among the participants of the meeting were: Mikhail Filinov, PwC; Mikhail Orlov, KPMG; Natalya Fayzrakhmanova, Pepe-

liaev Group; Viktor Kalgin, EY; Maria Semenova, Mazars; Tatiana Kirgetova, Gide Loyrette Nouel; Arseny Seidov, Baker McKenzie; Sergey Likhachev, Goltsblat BLP. They shared their expertise and provided recommendations on important tax matters. The event was moderated by Alina Lavrentieva, Chairperson of the AEB Taxation Committee, PwC, and Vadim Zaripov, Deputy Chairperson of the AEB Taxation Committee, Pepeliaev Group.

## Working Group on Modernisation & Innovations



On 14 July 2017, the AEB Working Group on Modernisation & Innovations held a meeting with Artem Shadrin, Director of the Department for Strategic Development and Innovations of the Russian Ministry of Economic Development.

Mr. Shadrin briefed the AEB members on innovations-related activities of the Ministry, including cluster policy, support of Russian “gazelles”, and coordination of innovation strategies of state-owned companies. It was agreed to continue the dialogue on the topics of mutual interest.

**Artem Shadrin**, Director of the Department for Strategic Development and Innovations, Ministry of Economic Development of Russia.

# 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

On 29-30 June 2017, Alinga Consulting participated in the Jubilee Tenth Business Partnership Forum of the Moscow Entrepreneurs Association programme “Russia-Europe: Cooperation without Frontiers”.

Alexey Spirikhin, Director of Alinga Consulting, made a presentation “What does the business owner need to know about the International Financial Reporting Standards (IFRS)?” within the framework of the Round Table “Doing Business in Russia”. Over 300 representatives of business community, organisations of entrepreneurs and officials participated in the event. The Forum was supported by the Association of European Businesses, the Russian Chamber of Commerce and Industry, the Russian Union of Industrialists and Entrepreneurs, the Association of Russian Banks.

## Antal Russia

### Antal Russia is reacquired by Antal International



On 14 June 2017, international recruitment firm Antal International announced the acquisition of its original subsidiary Antal Russia after having divested this business nine years.

Antal Russia is one of the largest recruitment companies in Russia and CIS, focused on quality mid-senior level managerial recruitment across most industry sectors.

Founded in 1994, Antal Russia was an important part of the Antal International Group. In 2008 Antal Russia was sold to the FiveTen Group for investment opportunities and was the largest private recruitment company to be sold in Russia. Reacquiring Antal Russia is a solid move; obtaining an astounding head count of 130+ staff members across 4 offices located in Moscow, St. Petersburg, Kazan and Almaty, Kazakhstan.

Over the past decade Antal Russia management team have continued to develop the business. Antal Russia not only has expanded and strengthened its regional presence and



increased the number of practices and consultants doing mid to senior level management selection, but also has developed several new services including specialist recruitment and outsourcing under the new sub-brand Antal Russia Staffing Solutions. With this returning of Antal Russia to the Antal family, Antal International now has around 1000 staff members with a comprehensive 145+ offices located worldwide.

## Atos



### Atos in Russia receives SAP Partner centre of expertise certification

The audit organisation is a part of SAP strategy dedicated to client service quality increasing and selection of the most qualified partners providing support service. PCOE certification verifies that technical and organisational level of Atos services meets the requirements of the global system integrator, including presence of certified specialists, providing round-the-clock access to service desk by phone, alignment support regulations to SAP standards, installed Software for incident management.

As part of the certification process, verification was done of support for internal infrastructure in accordance with SAP standards and rules. One of the largest projects of Voronezh Regional Delivery Centre in Russia was taken as an example for verification check.

"We strive to maintain the highest service level for our clients. Development, implementation and enhancement of SAP solutions is one of the highest priority directions of our company," explained Edgars Puzo, Chief Executive Officer of Atos in Russia. Atos has been an SAP partner for more than 30 years. Today the company has a reference base of more than 6,200 SAP implementations in different areas. Atos confirms its reliable service provider status from year to year and successfully passes SAP Partner Centre of Expertise audits

## Fortum

### Fortum builds its first wind farm in Russia

Construction of a 35 megawatt strong wind power plant in the Ulyanovsk region is underway. This is the first wind energy project of the Russian subsidiary of Fortum Corporation, Finland, and Russia's largest wind park to date. The plant will comprise 14 wind turbines and supply electricity to the wholesale market. The construction of the wind farm started in 2017. By the end of August, the wind turbines were installed and most of the construction work on the infrastructure and the substation that would supply electricity to the Unified Energy System of Russia was completed. The wind farm is expected to be commissioned by the end of 2017. Return on investments amounting to 65 million euros is secured by the capacity supply agreement mechanism (CSA) that provides a government guarantee of return of the investor's capital expenditures.

In order to build up the capabilities in wind generation, Fortum has joined forces with RUSNANO and established joint Wind Energy Development Fund in April 2017. Each partner holds a 50% stake in the Fund, Fortum's share in the Fund will not exceed 15 billion roubles. The Fund will make investment decisions on a case-by-case basis. Wind Energy Development Fund's bids for the construction of the total of 1000 MW of wind generation capacities were selected in the renewable energy projects auction held by the Market Council.



Earlier, Fortum successfully completed its mandatory investment programme in thermal electricity and heat production. More than 2.4 GW of new generation capacities have been commissioned under this programme. Russia has rich wind resources and major global equipment suppliers are showing interest in entering the Russian wind energy market. This allows industry experts to expect an adequate CAPEX reduction thanks to the growth of local manufacturing of wind turbine equipment.

## Gasunie

### Gasunie with two partners investigate setting up an LNG terminal

**gasunie**

crossing borders in energy

Gasunie LNG Holding B.V., Oil-tanking GmbH and Vopak LNG Holding B.V. have acquired the approval under the EU Merger Regulation to establish a joint venture for owning and operating a liquefied natural gas (LNG) terminal in Northern Germany.

This decision is a milestone within the feasibility study the companies are currently conducting. The three companies are jointly investigating the possibilities for constructing and operating a multi-service LNG terminal (including import and small scale services) in Northern Germany. The location under investigation is Brunsbüttel along the Elbe river close to the city of Hamburg.

This positive decision of the European Commission is an important milestone in developing a LNG facility in Northern Germany. The feasibility study consists of economic, technical, nautical and regulatory assessments, as well as the permits procedures.

Now, that the EC approval is in place, the parties are ready to jointly work towards the next development phases.

## Kärcher

### Welcome to our new office

The official representative office of Kärcher company in Russia moved to a new business centre located at 47 Leningradskoye Highway, bld. 2.

Now all key divisions of Kärcher in Russia are united under the same roof, namely: central office, multifunctional sales centre called Kärcher Centre, Service Centre as well as Kärcher Study Academy. The choice of a new office made it possible to reduce the rental costs significantly, thus optimising the budget.

Office relocation also provides a lot of advantages, such as proximity to main transport highways, allowing you to reach both the airport and the city centre, equally fast, and a walking distance to metro stations, making our new office highly attractive for our clients as well as our partners.

As the General Director of Kärcher's representative office in Russia Mr. Oleg Minaev notes, when choosing a new location for the office, the popularity of this direction among Moscow residents, availability of parking lots and also proximity to the subway were taken into account. Moreover, another important factor for us as a socially responsible company, whose main priority is to create comfortable conditions for our employees, was the possibility of renovation and architectural replanning of the premises in accordance with our own concept of work environment. In addition, the office is located in a green zone, very close to the Moscow Canal that makes it possible to walk in the fresh air at lunch time, while developed sports infrastructure of this area allows employees to have an active lifestyle working nearby.

Large European companies are expected to be Kärcher's neighbours in this business centre, and it would certainly create a spe-



cial atmosphere. At the moment, the German company Fisher is moving into our building. We will be happy to have AEB member companies as our neighbours, since business leaders always try to unite together and choose the best option for their office location. Should you have any questions and/or inquiries, you are welcome to contact General Director of Kärcher, Mr. Oleg Minaev, directly.

## Mercedes-Benz Russia



### Investment of over 250 million euros

Mercedes-Benz lays foundation for a new passenger car plant in Russia. The company extends industrial commitment in Russia with passenger car production for regional market. "Full-flex assembly" and Industry 4.0 technologies enable multiple vehicle architectures to be produced on one assembly line.

Axel Bense is the new site manager and CEO of the production company Mercedes-Benz Manufacturing RUS (MBMR). Recruiting and training measures are due to start shortly.

Mercedes-Benz is starting construction work for a new fully flexible passenger car plant, thereby strengthening Daimler's industrial commitment in Russia, which so far has concentrated on commercial vehicle production.

"Establishing a passenger car production in Russia is a strategic investment in an important sales market for Mercedes-Benz. We are extending our local footprint and, at the same time, strengthening our global competitiveness," said Markus Schäfer, Member of the Divisional Board of Mercedes-Benz Cars, Production and Supply Chain, during the groundbreaking ceremony.

The new passenger car plant in the Moscow region is scheduled to start local production in 2019 beginning with the E-Class Sedan, which sets new standards as the most intelligent sedan in the business class with technical innovations, such as partially automated driving. The SUV models GLE, GLC and GLS will follow subsequently. In total, the company is investing more than 250 million euros in the location. Production will be managed by the newly founded company Mercedes-Benz Manufacturing RUS (MBMR) headed by Axel Bense.

With a broad sales network and a large range of models, Mercedes-Benz 2016 was the automotive premium brand with the most registrations in Russia for the fourth year in a row. In the last ten years, the company has quadrupled its passenger car sales in Russia.

More than 1,000 new jobs are being created at the site. Selecting and recruiting its employees, Mercedes-Benz is working closely with regional and national authorities, as well as employment agencies.

### Merck



### Merck Opens a Life Science Laboratory in Technopolis Moscow

On 11 July 2017, Merck, a science and technology company in Healthcare, Life Science and Performance materials, opened its new Life Science Laboratory in Technopolis Moscow – a major project of the Government of Moscow focused on creating the infrastructure for the development of innovative technologies.

The Laboratory provides for demonstration of technologies applied in pharmaceutical and biotechnological studies, testing of customer samples and professional training and is aimed to serve a wide range of Russian research centres, companies and start-ups, specialising in the area of pharmaceuticals, biotechnologies and molecular biology.

Merck Life Science Laboratory was inaugurated by Dr. Frank Stangenberg-Haverkamp, the Chairman of the Executive board of E.Merck KG, Dr. Ruediger von Fritsch, the Ambassador of the Federal Republic of Germany in Russia, Alexey Artemov, Senior Vice-Director of Moscow Department of Science and Industrial Policy and Igor Ischenko, General Director of Technopolis Moscow.

The official ceremony was attended by the representatives of the Russian ministries and governmental agencies in charge of science, technology and innovation policy, the Russian Academy

of Sciences, major Russian universities, biotechnological clusters and Merck partner companies.

“We are sure that the new Merck Life Science Laboratory will assist Russian academia and manufacturers in speeding up their research and integration of new technologies in production process; the company experts will share expertise with the industry and improve the technology transfer. The project will promote a closer connection between science and industry and will make Merck’s educational programmes available for a broader audience,” – mentioned Juergen Koenig, President and General Director of Merck in Russia and CIS.

### Schneider Electric

Life Is On

Schneider Electric

### Schneider Electric and PJSC Tatneft signed a cooperation agreement

Schneider Electric, a global specialist in energy management and automation, signed a cooperation agreement with PJSC Tatneft. Nail Maganov, General Director of Tatneft, and Johan Vanderplaatse, President of Schneider Electric in Russia and CIS, put their signatures under the document at the meeting of the Board of Directors of JSC Tatneftekhiminvest Holding in the presence of Rustam Minnikhanov, President of the Republic of Tatarstan.

Under the terms of the agreement, the companies will collaborate in the area of technological processes development, optimisation and modernisation in oil and gas production, oil refining and petro chemistry fields.

Tatneft has accumulated the deep expertise in the effective realisation of major projects in the named fields. In turn, Schneider Electric is an experienced world expert in manufacturing of energy-efficient power equipment and automation solutions, as well as leading developer and supplier of intellectual technologies and solutions for safe, reliable and sustainable energy management. In addition, according to the Schneider Electric’s development strategy in Tatarstan, the company plans to open R&D centre in Innopolis high-tech city for development and adaptation solutions for industry with the focus on the Internet of things and industrial cybersecurity technologies.

### SCHNEIDER GROUP

### SCHNEIDER GROUP ranked #1 consultancy in financial accounting outsourcing in Russia

In their annual ranking, Russia’s main rating agency RAEX rated SCHNEIDER GROUP as the number one accounting and tax outsourcing company on the Russian market in 2016 (rated by revenue in the specific field).

The company managed to defend its pole position in front of international competitors, such as BDO Unicon and Mazars, but

also Russian players, such as Informauditservis and Interkomp. In the subcategory "preparation of financial statements (according to the Russian accounting standards)" SCHNEIDER GROUP comes in on rank 3.

In the overall rating of consulting companies engaged in financial outsourcing for the Russian market (by revenue), SCHNEIDER GROUP successfully defends its 4th place just behind Interkomp, BDO Unicon and TMF Group. The company is proving consistent performance, despite a timid market and persisting uncertainties for foreign companies, which constitute SCHNEIDER GROUP's main client base.



"We are happy that despite the last few difficult years, our clients continue their business in Russia and we are able to support them," says SCHNEIDER GROUP Financial Director in charge of the accounting services Alexander Nuzhny.

"We are constantly improving our internal structures and processes," explains Managing Partner, Ulf Schneider. At SCHNEIDER GROUP, 234 accountants and finance specialists are serving more than 500 clients.

## SCHNEIDER GROUP and SAP CIS sign PartnerEdge Channel agreement



On 20 July 2017, SAP CIS and SCHNEIDER GROUP signed an SAP PartnerEdge Channel agreement, which makes SCHNEIDER GROUP an SAP silver partner.

As an SAP silver partner, SCHNEIDER GROUP can sell specially tailored solutions that integrate with SAP software in Belarus, Russia and most Central Asian countries. In addition, SCHNEIDER GROUP will also market Software Maintenance Services. SCHNEIDER GROUP is one of the only companies offering solutions for both 1C and SAP products on the Russian-speaking markets and Poland.

"The Partner ecosystem plays a very important role in the advancement of SAP's business allowing us to share our expertise and technology with customers all over the globe. We are certain, SCHNEIDER GROUP will become a valuable part of our regional network," notes Ilya Shulipin, Managing Director in the Republic of Belarus at SAP CIS.

"This agreement with SAP is a major step to providing services as a technological leader on the market," explains Managing Partner, Ulf Schneider.

"This shows our commitment to ERP solutions for international companies working within the Eurasian Customs Union, as well as automation of finance and controlling processes for local companies working on international markets," says SCHNEIDER GROUP's IT Director Ljubomir Karadshow.

## Tebodin Eastern Europe B.V.

### Tebodin completes three big projects in Russia

In June 2017, Tebodin Russia completed two big projects on the territory of the Lipetsk Special Economic Zone – the manufacturing plants of international companies Viessmann (one of the leading international manufacturers of heating, industrial and refrigeration systems) and PPG (global supplier of paints, coatings, optical products, specialty materials, and fiber glass).

Tebodin is a general design contractor and consultancy services provider for both factories.

"We are proud to be a part of these projects," comments Eduard Khakimov, Business Development Director. "Those are big and significant enterprises for the city and region. We are glad to play a role in the development and consolidation of the Lipetsk SEZ and the country's industrial market."

In July 2017, Tebodin accomplished another significant project: MAN (Europe's leading manufacturer of commercial vehicles) opened its Europe's most modern multifunctional service station in St. Petersburg, Russia. The development of the unit started in July 2012 and since that time Tebodin successfully executed the technical due diligence, construction and project management, construction supervision, consultancy and support during the whole project.



# APPOINTMENTS

## Baker McKenzie



Vladimir Efremov



Andrei Yorsh

Global law firm Baker McKenzie announced two promotions in its Almaty and Moscow offices, which will further strengthen the Firm's position in the CIS region and span

a range of multijurisdictional practices – Dispute Resolution and International Commercial & Trade. The promotions are effective from 1 July 2017.

Vladimir Efremov has been promoted to partner in Moscow, and Andrei Yorsh is now a partner in the Almaty office.

"These new appointments reflect our strong and continued commitment to delivering the high-quality legal advice that our clients demand, and aim to maintain our leading market position," said Sergei Voitishkin, CIS managing partner. "Andrei and Vladimir are great lawyers and individuals, and will further strengthen our excellent team of partners."

Vladimir Efremov joined the Moscow office in 2006. Vladimir specialises in international trade issues, WTO, sanctions, direct and indirect taxation, anticorruption and compliance law. He also specialises in the areas of customs and currency regulations.

Andrei Yorsh has been working with Baker McKenzie's Almaty office since 2008. Andrei specialises in dispute resolution, intellectual property, labour and migration. Andrei also has extensive experience in pharmaceuticals and healthcare, corporate law, mergers and acquisitions, and antitrust and competition issues.

developing PwC Legal to make it one of the biggest and most respected law firms in Russia. Yana specialises in civil, corporate, commercial, anti-trust and international private law. She has extensive experience in implementing projects in corporate governance, company restructuring, oil & gas law, natural resources law (including concessions and PSAs), infrastructure law and option plans. Yana is also developing our corporate tax function management services, a new direction for the firm.

## Rödl & Partner



The advisory and auditing firm Rödl & Partner appointed Alexey Sapozhnikov as its partner in June 2017. A German qualified lawyer, he heads the labour and migration law and restructuring law teams in Moscow. Furthermore, he advises mainly German enterprises on early detection of

corruption and conducting of internal investigations.

On the total, the international management team grew by 29 new partners. The total number of partners in the firm worldwide has thus increased to 240.

"Rödl & Partner sees itself as a cosmopolitan employer for entrepreneurial personalities with team spirit. The appointment to partner is a very special distinction. It shows all our employees that they can make an international career in Rödl & Partner. That is our way to attract young and internationally oriented talents and to continue on the global growth course together with them," says Prof. Dr. Christian Rödl, Chairman of the Management Board.

## PwC



Ekaterina Lazorina



Yana Zoloeva

Ekaterina Lazorina has been appointed as PwC CEE Tax & Legal Leader. Ekaterina joined PwC Russia in 1995. She specialises in the taxation of holding

companies, banks and investment funds. Ekaterina led PwC Russia's Tax & Legal practice for four years. Ekaterina has advised a number of Russian financial institutions and entrepreneurs on structuring their business and making external and internal investments.

Yana Zoloeva will continue to manage PwC Russia's Legal practice. On 1 July 2017, she succeeded Ekaterina Lazorina as the Head of TLS at PwC Russia. Yana recently became a member of the PwC Global Supervisory Board, which includes just 18 out of 11,000 partners from across the PwC network. Yana joined PwC Russia in 2002. Since then, she has played a pivotal role in

## TMF Group



Leading provider of business services to clients operating and investing internationally, TMF Group has appointed Vera Lebedeva to the role of HR Manager of its Russian business. Vera oversees HR operations in the company's Russian organisations, which include 200 specialists

in Moscow, St. Petersburg, Voronezh and Kirov. Its in country payroll, accounting, corporate secretarial and alternative investment experts help businesses of all sizes to expand and operate within and beyond their home markets. Globally, TMF Group has more than 6500 experts in over 80 countries.

Vera has cross-functional experience both in finance and HR areas; over the past ten years she has worked in different roles in a number of global home appliances and sports equipment companies in Russia.

She has two masters' degrees: in management and in business administration; has a number of professional certificates in human resources management and administration. Vera is based at TMF Russia's Moscow office and is fluent in Russian and English.

# NEW MEMBERS



## E & G Economides

E & G Economides LLC is a top-tier fast growing law firm based in Limassol, Cyprus, which also maintains an office in Moscow, Russia. The firm is composed of an exclusive team of specialised advocates with extensive know-how in selected practice areas. Focusing on our core specialisations and catering to the particular needs of our clients serves as the basis upon which E & G Economides was founded and gradually evolved. Renowned for our practical approach and swift responsiveness has seen the firm garner the respect of a rapidly expanding global client base.

### International affiliations

In attending to our clients' global interests, we are frequently mandated to cooperate with international law firms on multijurisdictional projects/cross-border engagements. Such assignments have been pivotal to our firm acquiring a global perspective and have brought us in close cooperation with a number of law firms worldwide. We are also the firm of choice for many law offices abroad and maintain an active network of collaborative international associates.

### Associated services

We work closely with Totalserve Group ([www.totalserve.eu](http://www.totalserve.eu)), an award winning and long established international Group of Companies specialised in the fields of international tax planning, corporate, trusts, and fiduciary services. The Group is headquartered in Limassol, Cyprus, and maintains a further twelve offices across four continents.

[www.economideslegal.com](http://www.economideslegal.com)



## Evonik

Evonik is one of the world leaders in specialty chemicals. The focus on more specialty businesses, customer-orientated innovative prowess and a trustful and performance-oriented corporate culture form the heart of Evonik's corporate strategy. They are the level for profitable growth and a sustained increase in the value of the company. Evonik benefits specifically from its customer proximity and leading market positions.

Evonik's operations are grouped in three segments – Nutrition & Care, Resource Efficiency and Performance Materials. The Nutrition & Care segment produces specialty chemicals, principally for the use in consumer goods for daily needs, and in animal nutrition and healthcare products.

The Resource Efficiency segment supplies high-performance materials for environment-friendly and energy-efficient systems

to the automotive, paints, coatings, adhesives, construction industries and many other sectors.

The heart of the Performance Materials segment is the production of polymer materials and intermediates, mainly for the rubber, plastics and agriculture industries.

Evonik is active in over 100 countries around the world with more than 35,000 employees. In fiscal 2016, the enterprise generated sales of around 12.7 billion EUR and an operating profit (adjusted EBITDA) of about 2.165 billion EUR.

[www.evonik.ru](http://www.evonik.ru)



## Four Seasons Hotel Moscow

With an iconic presence in the city's most prestigious location, Four Seasons Hotel Moscow is a modern replica of the legendary Hotel Moskva, originally opened in 1935.

Facing beautiful Manezhnaya Square, this is the closest hotel to the Red Square and the Kremlin – within steps of the GUM shopping complex and the Bolshoi Theatre.

Reflecting the building's history, yet feeling stylish and contemporary, Four Seasons Hotel Moscow features totally new construction, incorporating the most modern systems for comfort and technology. Bright, airy interiors capture postcard views of the city's golden spires and colourful domes.

Boasting 180 Moscow luxury hotel rooms and suites, as well as signature restaurants and a chic destination spa, this five-star Moscow hotel is the perfect introduction to today's upscale Moscow.

[www.fourseasons.com/moscow/](http://www.fourseasons.com/moscow/)



## ISG support-GUS GmbH

ISG support-GUS GmbH is working with its Russian partner company (the Competence Centre for Materials Processing) in the field of material processing with lasers. As an exclusive CIS representative of the German world market leaders (e.g. Precitec, CleanLaser, Nutech, Highyag, wenglor sensoric, Scanlab) in laser welding, laser cutting, laser soldering, as well as laser cleaning and sensor technology, ISG support-GUS GmbH offers not only the sale of laser optics, robots, lasers and sensors. The main objective is also the maintenance and service of the systems, and the provision of spare parts and consumables from its own stock in Moscow.

Since 2012 in the Russian market, among others, all leading users of laser processing systems in the fields of automotive industry, shipbuilding and machinery and plant engineering belong to the users of ISG support-GUS GmbH products.

A motivated team of engineers and technicians not only provides the optimum solution to the users, but also ensures safe and stable production by optimum maintenance and support.

[www.ckspa.ru](http://www.ckspa.ru)



### **Kuusakoski (Petromax)**

JSC PETROMAX – Kuusakoski Recycling Subsidiary in Russia.

Who we are:

- More than 100 years of professional experience in the processing and recycling of non-organic waste.
- Environmentally friendly methods and materials handling technology.
- The worldwide geography of services: processing plants and offices in 11 countries around the world.
- More than 100 production sites.
- More than 2,000 skilled workers.
- Own scientific investigation centre RecTech to provide economically efficient material processing and environmentally responsible recycling process.
- All performed services in all areas are carried out in full compliance with local environmental legislation, as well as in accordance with the strictest environmental regulations and standards adopted by the European Union.
- Recycling is our professional mission.

JSC PETROMAX in Russia: a company of full production cycle (logistic, waste management, raw material production); professional and safe processing; reliable transportation; special interior logistics, taking into account the specific equipment life cycles; photo/video fixation of all production processes; secure access control system approved by the security services of leading good-producers; 100% guarantee of destruction of the equipment not approved for resale by the customer. Destruction certificates and transparent reports. Absolute compliance with the legislation of the Russian Federation and European standards.

[www.kuusakoski.com](http://www.kuusakoski.com)



### **Mankiewicz**

Mankiewicz is a globally operating paint manufacturer, founded 1895 in Hamburg. Today, Mankiewicz Group supplies high-quality coatings for industrial series production to various demanding

sectors, such as machinery, automotive, aviation, railway, agricultural, construction, medical, yacht and wind power industries. Mankiewicz is the only company in their field within TOP-100 Innovative companies in Germany. In-house R&D allows to create all paint systems in customised colour shades, gloss grades and textures. Customer products performance, including corrosion resistance, haptic effects, colour and gloss retention properties directly influences its price and user-appeal. Thanks to more than a hundred years experience and international expertise, Mankiewicz introduces technologies which help our partners to optimise their production processes, decrease costs and increase their goods competitiveness.

More than 1,200 employees worldwide are involved in bringing "Coating Concepts of the Future" to life ensuring long-term preservation of utility and capital goods. Our products fulfil the wish for the highest quality and continuous proximity to the market and its requirements. The high quality of products and processes is guaranteed by a quality management system, which has been in place since 1992. Mankiewicz is certified according to ISO 9001, ISO/TS 16949, EN9100, ISO 14001 and has been successfully audited according to VDA 6.3.

[www.mankiewicz.com/russian/home/](http://www.mankiewicz.com/russian/home/)



### **Moskva-Krasnye Holmy**

Moskva – Krasnye Holmy LLC is the owner and the operating company of Riverside Towers, a unique business centre distinguished by its original architecture and prime location. It is at once isolated from the noise and chaos of downtown and only a five-minute walk from the Paveletskaya metro station next to the Garden Ring.

Class A office space includes the following perks:

- improved climate control system;
- centralized fire alarm system;
- fire-fighting sprinkler system;
- energy saving lighting system;
- 24-hour security guards and video surveillance system;
- multilevel parking facilities with UHF access.

The business centre Riverside Towers boasts a wide range of amenities to satisfy all tenants. A flexible and client-orientated approach coupled with the latest technologies create a comfortable and safe business environment, making Riverside Towers a perfect fit for both Russian and international companies.

[www.mkh.ru](http://www.mkh.ru)



### Moscow Marriott Hotel Novy Arbat

Showcasing modern style and excellent amenities, the Moscow Marriott Hotel Novy Arbat is ready to make your visit to Russia's capital city memorable.

The hotel welcomes you with a terrific location in the city centre, right on Novy Arbat Street within a short distance from some of Russia's most iconic attractions, including the Red Square, Old Arbat Street, the Moscow River embankment, and the Expocentre, as well as a variety of cafes and restaurants.

Well-designed, modern rooms feature high-speed Wi-Fi, well-lit workspaces, air-conditioning, flat-screen TVs, minibar and plush bedding. Guests receive additional perks and striking Moscow views when booking one of the suites, which grants access to the Executive Lounge. The property features superb facilities, including an authentic steakhouse restaurant, lobby bar, Executive Lounge, and an on-site 24-hour fitness centre. Flexible function venues can host an event for up to 200 guests.

The Moscow Marriott Hotel Novy Arbat invites guests to experience the art of hosting with an engaging blend of professional service and premium choices that empower. And remember, Marriott Rewards members always get our lowest rates, free Wi-Fi, access to once-in-a-lifetime experiences and so much more.

[www.moscowmarriottarbat.com](http://www.moscowmarriottarbat.com)



### Qmatic

Qmatic AB is the world's leader in customer journey technology solutions and insights. Its business areas include financial institutions, the public sector, healthcare and retail.

Qmatic started its business in 1981 and today it is the market leader in this niche industry, with over 60,000 installations worldwide.

Qmatic has more than 150 distributors and its systems are sold in over 120 countries. Qmatic's head office is in Molndal, outside Goteborg, Sweden and the group has more than 300 employees. Qmatic has in-depth process knowledge of optimising customer flows. Optimising customer flow improves customer service and creates a more relaxed atmosphere for both customer and staff. It also optimises staffing costs, increases revenues and gives the clients added value by maximising profitability.

Our powerful, scalable software platforms and hardware systems work in harmony to streamline every engagement point online and on-site, from pre-arrival through post-service feedback. The result is a higher performing environment, operational efficiencies and improved brand loyalty.

[www.qmatic.com](http://www.qmatic.com)



### Touch Bank

Touch Bank is a digital-only retail bank in Russia launched in April 2015 by the OTP Group, one of the leading financial institutions in Eastern Europe. By November 2015, Touch Bank was serving clients in more than 100 cities and towns of the Russian Federation. Touch Bank operates under the banking license of OTP Bank and is regulated by the Russian credit and banking legislation. Touch Bank does not have a wide branch network or brick-and-mortar offices; financial services are provided through online banking solution, mobile applications for iOS and Android and via interactive communication channels; the bank is open and available 24/7 at any place in the world, with no queues or additional paperwork. Financial services and products offered by Touch Bank are delivered via single debit-credit cards and include convenient top-up channels, self-managed current accounts and deposit in various currencies, revolving credit lines (credit card and/or cash loans), money transfers, one-click payments and other options driving efficient personal finance management in real time.

Starting from the launch, the Touch Bank's innovative approach to banking products and services has been recognised by various international awards and institutions, including the recent nomination and award as The Most Innovative Retail Digital Bank Russia 2017 by the Capital Finance International magazine.

[www.touchbank.com](http://www.touchbank.com)



### Zeelandia

The Royal Zeelandia Group serves the professional bread and confectionery trade worldwide with high-quality baking ingredients. Our portfolio covers thousands of products and services, both standard and tailor made, and is continually renewed and fine-tuned to reflect the latest consumers trends and technological possibilities.

With thorough knowledge of local markets and a global R&D network we can support customers around the world in exploring new ground and creating new products that prove success both with bakers and consumers.

Established in 1900 in Zierikzee, the Netherlands, Zeelandia started its activities in Russia more than 15 years ago and now produces at the factory near Moscow the wide range of products developed specially for the local market.

[www.zeelandia.ru](http://www.zeelandia.ru)



**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  
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## 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):

<b>Legal Address (and Postal Address, if different from Legal Address) /</b> Юридический и фактический адрес, если он отличается от юридического:	<b>INN / KPP / ИНН/КПП:</b>	
	<b>Phone Number / Номер телефона:</b>	<b>Fax Number / Номер факса:</b>
	<b>Website Address / Страница в интернете:</b>	

### 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"/> <b>SPONSORSHIP / Спонсорство</b>	–	<b>10,000 euro/евро</b>
<input type="checkbox"/> <b>CATEGORY A / Категория А</b>	<b>&gt;500 million/миллионов</b>	<b>6,300 euro/евро</b>
<input type="checkbox"/> <b>CATEGORY B / Категория Б</b>	<b>50–499 million/миллионов</b>	<b>3,800 euro/евро</b>
<input type="checkbox"/> <b>CATEGORY C / Категория С</b>	<b>1–49 million/миллионов</b>	<b>2,200 euro/евро</b>
<input type="checkbox"/> <b>CATEGORY D / Категория Д</b>	<b>&lt;1 million/миллионов</b>	<b>800 euro/евро</b>
<input type="checkbox"/> <b>INDIVIDUAL (EU/EFTA citizens only)/ Индивидуальное (только для граждан Евросоюза/ЕАСТ)</b>	–	<b>800 euro/евро</b>

**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

<b>Title, First Name, Surname / Ф.И.О.:</b>	
<b>Position in Company / Должность:</b>	
<b>E-mail Address / Адрес эл. почты:</b>	

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

5. COMPANY DETAILS / ИНФОРМАЦИЯ О КОМПАНИИ			
<b>Company present in Russia since: _____ /</b> Компания присутствует на российском рынке с: _____ г.			
<b>Company activities/</b> Деятельность компании	<b>Primary /</b> Основная:	<b>Secondary /</b> Второстепенная:	
<b>Company turnover (euro)/</b> Оборот компании (в Евро)	<b>In Russia /</b> в России:	<b>Worldwide /</b> в мире:	<input type="checkbox"/> Please do not include this in the AEB Member Database/ Не включайте это в справочник АЕБ
<b>Number of employees/</b> Количество сотрудников	<b>In Russia /</b> в России:	<b>Worldwide /</b> в мире:	<input type="checkbox"/> Please do not include this in the AEB Member Database/ Не включайте это в справочник АЕБ
<p align="center"><b>Please briefly describe your company's activities (for inclusion in the AEB Database and in the AEB Newsletter) /</b>            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"/> <b>Personal Contact /</b> Личный контакт	<input type="checkbox"/> <b>Internet /</b> Интернет
<input type="checkbox"/> <b>Media /</b> СМИ	<input type="checkbox"/> <b>Event /</b> 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:

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

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Association  
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# WELCOME TO THE NEW OFFICE!

The Association of European Businesses is happy to announce that it has moved to the new premises. We are happy to welcome AEB members, partners and guests at the Baker Plaza business centre:

**Moscow 127055, Russia**  
**68/70 Butyrsky Val, bld. 1**

office 42, 4th floor  
office 13, 1st floor (conference centre)

[WWW.AEBRUS.RU](http://WWW.AEBRUS.RU)