



AEB NEWS

THE ASSOCIATION OF EUROPEAN BUSINESSES
IN THE RUSSIAN FEDERATION

CEO COMMENT



Dear AEB Members,

Welcome to the October, 2010 edition of the AEB e-newsletter!

The business season is well on its way, with quite interesting developments both in business and politics.

The Central Bank of Russia has kept its interest rates unchanged, and said that it may keep it at this level for a few more months in an effort to boost economic recovery while simultaneously trying to keep inflationary factors in check. The Natural Resources Ministry of the Russian Federation said that the list of Russian and foreign oil and gas companies allowed to develop offshore hydrocarbon deposits will expand, a move that the AEB supports and hopes will lead to increased foreign investment.

The AEB has not stood still either. Several briefings by very prominent figures were held in Moscow. These included the briefings by the Russian Minister of Foreign Affairs Sergey V. Lavrov; Senior Resident Representative of the International Monetary Fund in the Russian Federation, Odd Per Brekk and Dmitry Levchenkov, Head of the special economic zones and project financing Department, Ministry of Economic Development of the Russian Federation, held in Moscow. In addition to these, the first ever European-Russian Business Forum, organised by the AEB in conjunction with the North-West Development and Investment Promotion Agency was held in St. Petersburg from the 23rd to the 25th of September 2010. The Forum served as unique platform for business leaders from the European Union and Russia to address practical questions the business community faces today and elaborate on joint proposals and recommendations on

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AEB UPDATES

AEB Open Event: cocktail - "Launching of the business season"

It was at the Hilton Moscow Leningradskaya hotel, on the 9th of September that the AEB, for the third time in a row, welcomed the autumn business season with the annual cocktail - "Launching of the business season". The event was organised in partnership with the Hilton Moscow Leningradskaya hotel. Once again, the Hilton Leningradskaya spared no expenses in making sure that those present at this event had a time of their lives. All present had a chance to sample the hotel's divine cuisine, while networking and listening to various styles of music.

developing a successful business cooperation between the EU and Russia. In all, the month of September was a very busy one for the Association.

This month's e-newsletter features updates on AEB events, as well as events supported by the Association, which included the Moscow International Automobile Salon (MIAS), an international motor show, probably the largest event in terms of audience, held biannually in Russia and the International Forum - "Automotive Industry and Autocomponents Market in Russia". Both extremely successful, these events received very wide media coverage as journalists from Russia and abroad followed these events from their inception right up to the closing stages.

Once again, we invite you to take a look at our upcoming events, which promise to be very informative and beneficial to our members. I would also like to take this opportunity to welcome all our new members, whom I look forward to seeing at our various events. In September, the AEB achieved a record 600 member companies. This goes to show that steadily, investors are coming to Russia and the AEB's achievements are not unnoticed. We shall continue to do the utmost best in representing the interests of our members within the Russian Federation.

On a final note, I would like to wish you all the very best in the month ahead.

Sincerely yours,

Dr. Frank Schauff
Chief Executive Officer
Association of European Businesses
in the Russian Federation



The gold sponsors of the event were AEB companies OOO HSBC bank one of the largest banking and financial services organisations in the world and In2 Matrix a management owned international employee benefit consulting firm.



Companies in the sponsor category were Astron Buildings, Coleman Services, Chartis Insurance and Office Expert. The AEB would like to thank all the sponsors, who contributed immensely to the event's success. The Association would also like to thank the sponsors of the lottery for making many an attendee a happy winner.



In all, the event was a smashing success and the AEB would like to thank each and everyone who graced the evening with their presence.

For more information on this (photo reports and presentations) and other events, please visit our website: www.aeb.ru/events/archive/

AEB Open Event: Briefing by Dmitry Levchenkov, Head of the special economic zones and project financing department, RF Ministry of Economic Development

In Russia, there are four special economic zones - industrial and production, technology and innovation, tourist and recreational and port zones.



These zones are located in different Russian regions and are already functioning, with resident foreign and Russian investors. Residence in these special economic zones provides its investors with several advantages, including certain tax and customs benefits, as well as several other exemptions. However, with the recent formation of the Customs Union of Russia, Belarus and Kazakhstan, the regulation in these zones has been slightly modified. This, amongst others, was the issue addressed by Dmitry Levchenkov, Head of the special economic zones and project financing department in his briefing, which focused on these special economic zones. Mr. Levchenkov also acquainted AEB members present at the event with the latest developments in this regulation and talked about the vast opportunities available in these special economic zones.

The event took place at the AEB premises on the 29th of September, 2010.

[For more information on this \(photo reports and presentations\) and other events, please visit our website: www.aeb.ru/events/archive/](http://www.aeb.ru/events/archive/)

AEB Open Event: Briefing by Odd Per Brekk, Senior Resident Representative of the International Monetary Fund in the Russian Federation

On the 16th of September, 2010, at the Marriott Grand hotel, the AEB held an open event - a briefing by Odd Per Brekk, Senior Resident Representative of the International Monetary Fund (IMF) in the Russian Federation. The briefing, titled “Strengthening Economic Policy Frameworks – Key Challenges for Russia” was drawn from the recently completed 2010 Annual IMF Consultations with Russia.



Meetings with high ranking experts from international financial organizations are a long and well established tradition within the AEB. The event was very informative, with an impressive turnout.

For more information on this and other events, please visit our website: www.aebrus.ru/events/archive/

AEB Open Event: Briefing by the Russian Minister of Foreign Affairs Sergey V. Lavrov

On September 13th, 2010, the Russian Minister of Foreign Affairs Sergey V. Lavrov met with members of the Association of European Businesses. In his briefing, Mr. Lavrov noted that his regular meetings with representatives of the European business community (this was their fourth meeting of this kind) serve as a good tradition in promoting a successful cooperation between the Russian Federation and the European Union (EU).



Talking about the process of overcoming the consequences of the global economic downturn, Mr. Lavrov noted that stabilization and gradual positive developments in the world economy were made possible by coordinated actions of the international community. The crisis helped everyone understand that security and successful development are inseparable and that no party could overcome the crisis at another party's expense. The strategic partnership between the Russian Federation and the EU not only helps build our economies, but also provides answers to many global issues that the humankind faces.



Describing the positive developments in relations with the EU over the last two years, Mr. Lavrov made mention of the progress on the new basic agreement between the EU and Russia, initiated by the Russian side. The goal of the new agreement is to lay a firm legal foundation for cooperation over many years to come. Expediting the work on the agreement will help bring closer the ascension of Russia to the WTO, which is still on the agenda, despite the creation of the Customs Union of Russia, Belarus and Kazakhstan. Mr. Lavrov noted that economic priorities could be set only in conditions of equal responsibility. For instance, investment limitations (the so-called EU Third Energy Package) endanger Russian investments into the energy sector of EU countries.

Touching upon the issue of crucial importance for business, the visa-free travel between the Russian Federation and the EU, the Minister noted that the solution has been detained for much too long, even though the Russian Federation and the EU pose no migration threat to each other. There are no real reasons for keeping the visa regime for traveling between Russia and the EU. Russia has made several steps in this direction, having satisfied some of the EU wishes, and simplified the migration registration criteria for foreign travelers. In May, 2010, President Medvedev signed a Federal Law that simplifies administrative procedures for highly qualified professionals.

The Minister called upon the participants to provide a real meaning to the concept of the Greater Europe common space, helping bridge research and technological potential to respond to modern challenges and retain Europe's position in the globalized world. This is the goal of the "Partnership for Modernization Initiative", introduced at the summit in Rostov-on-Don. This program will determine the priorities in cooperation between the two sides in the near future. Comprehensive modernization of the country, innovative high technology development models, Mr. Lavrov said, presuppose involvement of a comprehensive range of outside modernization sources.

In conclusion, the Minister called upon the European business community to breathe life into this project, look "beyond the horizon", and use the opportunities constantly being presented. The business community will make a vital contribution to creating a unified, peaceful and prosperous Europe, and help the continent achieve its strategic and fundamental goals. Responding to the participants' questions, the Minister said that the Russian Federation, Europe and the USA represent three branches of the unified European civilization, and that this unity must be maintained and strengthened, since the competition between civilizations worldwide will only intensify.

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AEB Event: First European - Russian Business Forum titled "Successful together"

The First “European - Russian Business Forum titled “Successful together” was held from the 23rd to 25th of September, 2010, in St. Petersburg. This was the brilliant outcome of the joint efforts of the Association of European Businesses and the North-West Development and Investment Promotion Agency.



This was a unique platform that provided business leaders from the European Union and Russia not only with an opportunity to address practical issues the business community faces today, but elaborate on joint proposals and recommendations on the developing a successful business cooperation between the EU and Russia. Within the framework of the Forum, discussions focused on questions related to conducting business, developing successful cooperation and establishing new business contacts within the Russian Federation and the European Union.

A highly successful event, the Forum allowed its participants interact with executives of European companies active in or targeting the Russian market; executives of Russian companies and representatives of Federal and Regional administrations. Several presentations were delivered including presentations on the investment potential of several Russian regions. The Forum was drawn to a close with a grand networking reception.

The AEB would like to thank the sponsors of the event:

Platinum sponsor



Silver sponsor



Sponsors



Official Car of the Forum



For more information on this (photo reports and presentations) and other events, please visit our website: www.aebus.ru/events/archive/

AEB ANNOUNCEMENTS

The Association of European Businesses (AEB) and the Northern Dimension Business Council have signed a Memorandum of Understanding

On September 23rd, 2010 in the course of the Russian and European Business Forum that took place from September 23rd to 25th in St. Petersburg, the Association of European Businesses and the Northern Dimension Business Council signed a Memorandum of understanding. The Memorandum was signed by the co-chairmen of the Northern Dimension Business Council Alexey Mordashov, the chairman of board of Severstal, and Tapio Kuula, President and CEO of Fortum Corporation, on one side and by the chairman of board of the Association of European Businesses Reiner Hartmann and the AEB Chief Executive Officer Frank Schauff on the other side.



Recognising the need for extension of cooperation in the field of business climate improvement and investment development, amongst others, in the North-Western Region of Russia, the following measures have been provided for in the framework of the Memorandum: organisation of joint events aimed at promoting a better investment climate in Russia; continuous review of investment opportunities in the North-Western Federal Region of the Russian Federation; provision of support to investors, including foreign investors; experience sharing and information exchange.

Signing the memorandum, the chairman of board of the Association of European Businesses, Mr. Reiner Hartmann expressed full support of this initiative: “The signing of a Memorandum of Understanding between the Association of European Businesses and the Northern Dimension Business Council is a very important outcome of the European and Russian Business Forum. We look forward to a fruitful cooperation with the Northern Dimension Business Council, particularly, with respect to improving the business climate in the North-West of Russia. We believe that this relationship will serve as the solid foundation for the future successful cooperation between the Russian and European businesses.”

The AEB 2011 Year Planner

This year, the AEB is once again proud to introduce the AEB 2011 Year Planner. This is a 95cm by 65cm paper calendar that provides everyone with a wonderful opportunity to properly plan for the year ahead.



All interested persons should feel free to contact the AEB reception: tel. +7 495 234 2764 to get their copy.

AEB COMMITTEE UPDATES

Migration Committee

AEB Annual Migration Conference

The committee organised an AEB Annual Migration Conference, with the participation of representatives from the RF Ministry of Health and Social Development, the Federal Migration Service and the RF State Duma. The event took place in Moscow, at the Ararat Hyatt hotel. Issues concerning migration are very important to AEB members and are in the prior when it comes to investing in Russia. The most burning issues from the foreign investors' points of view, in particular, "foreign employees' recruitment: particularities and difficulties for major western retailer companies" were addressed by representatives of several major companies operating in Russia. Speakers included Mrs. Liudmila Trukhmanova, Head of Expatriate Services department, IKEA; Mrs. Svetlana Bushmarinova, HR & Administrative Director, TOTAL; Alyona Koutcherouk, Administration and Finance Manager for Russia, Allitalia.

Following the very informative presentations given by foreign investors, Mrs. Ekaterina Egorova, Deputy Head of the Federal Migration Services, Maksim Zuikov, Ministry of Health and Social Development and Kira Lukyanova, Deputy of the RF State Duma talked about the recent trends in the Russian immigration system and its further development.

This was followed by a Q&A session.

For further information, please contact Elena Kuznetsova at ek@aebrus.ru

Insurance and Pensions Committee

First actuarial event

On September 14th, 2010, the AEB Insurance and Pensions Committee held its first Actuarial Event - "A new phase for the actuarial profession in Russia". This was an open event that was held at the AEB Conference Room. The Event was held in the form of a Round Table, where many aspects of the actuarial profession in Russia were addressed.

The Deputy of the RF State Duma, Boris Kashin talked about how the actuarial profession came to be in

Russia. It started in 1992, with the first government decree to create a financial actuarial center. Now, we have a draft law on actuarial activity in Russia, which was adopted in the first hearing in the spring 2010 session. It defines the actuarial profession as the sole profession for the whole financial market. It was pointed out that the anticipated amendments at the second hearing in the State Duma will improve the draft and reflect the best international and Russian experiences in the actuarial field. Vladimir Novikov talked about the current achievements of the Russian Guild of actuaries pointing out that the Russian actuarial profession is well organized and recognized internationally. In all, the event was immensely successful, with an extremely high turnout.

For further information, please contact Natalia Meshalkina at nm@aebrus.ru



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EVENTS CALENDAR

OCTOBER

October 7th: HR event: Bringing expats to Russia.

time: 10:00 – 16:00 (registration at 09:30)

venue: Hotel Marriott Tverskaya

October 12th: AEB Legal committee annual conference: “Recent trends in RF corporate legislation: problems and solutions”.

time: 09:00 – 13:00 (registration at 08:30)

venue: Hotel Marriott Tverskaya

October 14th: AEB HR event: “Termination of labour agreement: advice of experienced lawyers”.

time: 10:00 – 14:00 (registration at 9:00)

venue: Marriott Royal Aurora

October 19th: AEB open event: Briefing by A. Slepnev, Deputy Minister of Economic Development.

time: 10:00 – 11:30 (registration at 9:30)

venue: Marriott Royal Aurora

October 20th: AEB events: Taxation issues in the IT & Telecom industry.

time: 09:00 – 12:00 (registration at 08:30)

October 26th: Business breakfast with new members.

time: 09:00 – 11:00 (registration at 08:30)

venue: Marriott Royal Aurora

October 27th: AEB open events: Recent trends in business ethics.

time: 09:00 – 12:00 (registration at 08:30)

NOVEMBER

November 3rd: AEB business meeting: “Salary survey”.

time: 09:30 – 11:30 (registration at 09:00)

November 9th: Event organised by AEB sponsor, Mazars - “Effective rate of corporate profit tax: are you sure to pay the right tax?”.



November 17th: AEB open event: “Optimisation of business processes in the B2C segment”.

time: 09:30 – 12:00 (registration at 09:00)

venue: AEB Conference Room



AEB Sponsors 2010



November 18th: AEB open event: “Digital communication”.

time: 09:30 – 12:00 (registration at 09:00)

venue: AEB office



November 23rd: CFO Breakfast.

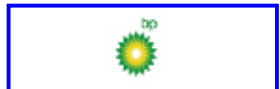
November 24th: Trends in machine building in Russia.





November 25th: AEB conference on pensions: "Retirement savings in Russia".

time: 09:00 – 13:30 (registration at 08:30)



November 29th: Event organised by AEB sponsor, Volkswagen.

Details to follow soon.



DECEMBER



December 1st: Conference organised by the AEB Legal committee - Investments in Russia:Legal aspects.



December 2nd: AEB open event: Media workshop.

time: 09:00 – 12:00 (registration at 08:30)

venue: AEB Conference room



December 3rd: Annual conference organised by the AEB Migration committee.



December 7th: Conference organised by the AEB M&A working group.

time: 10:00 – 13:00 (registration at 09:30)



December 8th: Conference on taxation, organised by the AEB Taxation committee.

time: 10:00 – 13:00 (registration at 09:30)



AEB SUPPORTED EVENTS



FOR CHARITY THIS YULETIDE SEASON



We all know that family is the heart of society, but unfortunately, many children in our country don't have one. Within a family, children are protected and enjoy a sense of belonging; they learn values, share responsibilities and form life-long relationships.

SOS Children's Villages is an independent non-governmental organization that provides a family approach to the long term care of orphaned and abandoned children. We bring orphaned children back to the natural atmosphere of the family giving them back a mother (an SOS-mother), a home and a happy childhood in a supportive Village environment. We help children shape their own futures and get ready for independent life.

There are four SOS Children's Villages in Russia (two more are under construction) and five Youth Facilities. Each Village is made of 12-14 houses; and in every house lives a family of between 6-8 children, with their SOS Mother. Every person or organization may help SOS Children's Villages, sponsor an SOS-Family.

As Christmas and New Year are approaching, feel free to help SOS Children's Villages Russia by getting SOS Christmas Cards. By choosing an SOS Children's Villages' Christmas card, you will not only be wishing your business partners, clients and friends compliments of the season, but also, helping our children!

The income raised from the Christmas cards will considerably support the daily life of children and youngsters living in the SOS Children's Villages and SOS Youth facilities in Russia. It is a nice chance to combine pleasure with an act of kindness.

For more information on the SOS Christmas cards, including purchase, please contact Marina Anoshina
Corporate Fundraising Manager
marina.anoshina@sos-dd.org 8.916.655.59.56
Russian Committee "SOS Children's Villages"
www.sos-dd.ru +7 (495) 718 99 18, (499)125 76 22,



Kedrova str. 5, bld.1, office 5, 117292 Russia

Russian M&A Forum 2010



Date: October 12th, 2010

Venue: Marriott Royal Aurora Hotel, Petrovka Str, Moscow, Russia

This inaugural Russian M&A Forum features leading industry figures who will explore the dealmaking landscape in Russia and create lively discussions on topics such as sourcing distressed debt opportunities and getting a deal done. Special focus will be on exploring sectors such as Consumer, Natural Resources and TMT. To view the full agenda and speaker line-up, please click here: http://www.mergermarket.com/cms/PDFs/2010729Russian_Forum_Agenda_2010.pdf.

AEB members will receive a €100 delegate place discount. To register, please visit www.mergermarket.com/events/888/ using the discount code RUAE10.



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NEW MEMBERS



Agro-Chemie Kft. (Hungary, Agriculture)



Auchan (France, Retail and trade)



Bauke van der Meer Tax and Legal Services (CIS) B.V. (Netherlands, Law firm)



Chown Dewhurst LLP (UK, Consulting)



FAREXPO (Russia, Exhibitions)



Ferronordic Machines (Sweden, Dealer of Volvo Construction Equipment)



Gallery (UK, Out-of-home advertising operator)



Graduate School of Management, St. Petersburg State University (Russia, Education)



Gruppo SISI (Italy, Consulting)



Herbert Smith CIS LLP (UK, Law firm)



Hino Motors (Japan, Hino trucks distributor)



Icopal (Denmark, Construction, engineering)



IMAG - Internationaler Messe- und Ausstellungsdienst GmbH (Germany, Exhibitions)



Lenexpo (Russia, Exhibitions)



Magna (Austria, Automotive supplier)



Magnusson (Sweden, Law firm)



ROSNO Group (Germany, Insurance)



SOS Children's Villages (Austria, Charity)



Training Institute - ARB Pro Group (Russia, HR consulting)

