



THE AEB MONTHLY



Dear Reader,

Welcome to the July edition of
the AEB Newsletter!

Now the summer business season is going strong. Despite the recent slowdown in investment in Russia, and the Ukraine crisis that influenced negatively investors' expectations, we are seeing the first signs that the situation is improving.

June was full of interesting events, including one of the most important of the year, namely the Flagship Conference that took place on 17 June 2014 in Hotel Ararat Park Hyatt. About 200 guests participated in discussions devoted to the current state and future prospects for EU-Russian economic relations. Beyond that, many other political and business meetings were held, with AEB member companies participating.

The AEB's growth in recent years is an expression of the increasing desire on the part of European companies to become active in Russia in one way or another.

As usual this Newsletter will provide you with information about the recent achievements and important forthcoming events organised by the AEB, along with news on our latest lobbying activities and Committee updates. I hope you will find something of interest.

The next Newsletter will be published in September. In the meantime, I wish you a wonderful summer!

Frank Schauff, CEO
Association of European Businesses

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AEB Lobbying Activities in May-June 2014

Parallel imports (PI)

The AEB sent letters to V. Putin, RF President, and A. Belousov, Advisor to the President, as well as to V. Khristenko, Chairman of the Eurasian Economic Commission (EEC) Board, and T. Suleimenov, Minister for Competition and Antitrust, EEC, highlighting negative consequences of parallel imports' liberalization and is now expecting a reaction from them.

The AEB also provided its comments to the Ministry of Economic Development (MED) and the Federal Antimonopoly Service (FAS) regarding draft amendments to Article 1487 of the Civil Code (introducing international principle of rights' exhaustion, a draft decree *on the order of confirmation of legality of use of rights holder's bans or limitations on import of goods to RF territory introduced by the rights holder or with his consent to the civil turnover outside RF territory* and a draft decree *on Implementation of the article 1487 of the Civil Code as regards certain types of goods* published in the framework of the regulatory impact assessment procedure. The AEB also analyzed a study on parallel imports drafted by the Centre of Strategic Works at the request of FAS. Briefly, the study does not give an exact answer whether the parallel imports should be liberalized. However, the authors let the readers know that parallel imports would have more advantages and its disadvantages could be softened by compensatory measures (e.g. exemptions for manufacturers localized their productions in Russia).

Outstaffing/secondment

The draft law banning *zayomniy trud* will come into force on 1 January 2016. The law contains a reference norm about a separate law on secondment which is supposed to be adopted before January 1, 2016. The AEB is working closely with the MED on this issue. Besides, at the request of MED the AEB together with the Advisory Council for Foreign Investments (FIAC) is working on the questionnaire on secondment. The AEB is also in close contact with the Ministry of Labour and Social Protection regarding drafting of accreditation rules for employment agencies which will use agency labour starting from January 1, 2016.

Waste management

The AEB provided its comments to the MED on a new version of the draft law on waste management in the framework of regulatory impact assessment. For the moment the status of the draft law is that it has been returned by the Government to the Ministry of Natural Resources and Ecology for further work on the text. Now, in the Government the work on environmental issues including waste management is coordinated by A. Khloponin, Deputy Prime Minister. Therefore, the AEB is now drafting a letter to A. Khloponin with its position. Most probably, the 2nd reading of the draft law will be postponed till the autumn session 2014.

Consumer Protection Legislation

The AEB is in close contact with the Ministry of Industry and Trade, Rospotrebnadzor, State Duma, FAS, MED regarding its proposals to improve some

provisions of the consumer protection legislation and tries to lobby this initiative at different platforms.

Other issues included:

- Disposal fee
- Advertisement of wheeled vehicles (request to indicate a price corresponding the image of a demonstrated model)
- Localisation
- Implementation of ERA Glonass
- Public procurement questions (ban for foreign producers in certain industries, unlimited liability)
- Customs issues (TIR carnet use, authorized economic operator, amendments to the Code of Administrative Offences on responsibility in the field of customs regulation)
- Pre-trip medical check-ups
- Language exams on the Russian language, history, basic legislation for foreign citizens (at the exception of highly qualified specialists)
- Loading and off-loading works' regulation
- FATCA
- others

For more details please contact [Maya Limonnikova](#), AEB Legal Advisor, or coordinators of the respective AEB Committees and Working Groups

AEB Events in July – August 2014

Upcoming Events

Date	Title	Time	Venue
7 July 2014	AEB Business Meeting: "Ukraine-Related Challenges for Business: What to Know and How to Respond?"	15:00 – 17:30	AEB Conference Centre
8 July 2014	AEB IT-Telecom Open event "Social Networks in Business for Internal & External Using"	09:30 – 12:00	AEB Conference Centre
8 July 2014	AEB Polish EuroReception (upon special invitation, for top management only)	19:00 – 22:00	Embassy of Poland
25 August 2014	The Fifth International Forum "Automotive Industry and Autocomponents Market in Russia"	10:00 – 18:00	ExpoCentre, Krasnopresnenskaya nab., 14, Moscow

11th AEB Flagship Conference

Past Events

On 17 June, the **11th AEB Flagship Conference, "EU-Russia: Where Are We?"**, was held in Moscow. At the Conference the current state and future prospects for EU-Russian economic relations were discussed. Will we be able to hold on to the achievements of previous years? Is the Russian market still attractive for European investors? What has been done by the Russian authorities in recent years to improve the investment climate, and what should be done in the future? These key issues were addressed by high-ranking speakers, both from the Russian and the European sides.



L-R: **Evgeny Nadorshin**, Senior Economist, AFK Sistema; **Igor Ivanov**, President, Russian Council for International Affairs; **Gunnar Wiegand**, Director for Russia, Eastern Partnership, Central Asia, Regional Cooperation and OSCE, European External Action Service; **Alexander Shokhin**, President, RSPP; **Frank Schauff**, AEB CEO; **Nikolay Podguzov**, RF Deputy Minister of Economic Development; **Philippe Pegorier**, Chairman of the AEB Board; Country President, Alstom (Russia, Ukraine, Belarus).



L-R: **Anatoly Polak**, AEB Product Conformity Assessment Committee Chairman; **Edgars Puzo**, General Director, Atos; AEB IT-Telecom Committee Chairman; **Joerg Bongartz**, AEB Board Deputy Chair, AEB Banking Committee Chairman; Chairman of the Board, Deutsche Bank; **John Jörn Stech**, AEB Board Member; President & CEO, Volvo Cars LLC; **Olga Bantsekina**, AEB Board First Deputy Chair; Chief Representative, Coleman Services UK.

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L-R: **Fyodor Lukyanov**, Editor-in-chief, "Russia in Global Policy"; **Luc Devigne**, Head of Unit "Trade aspects of European neighbourhood policy. Trade relations with countries of the CIS and Balkans", DG Trade, European Commission; **Alexander Demidov**, Managing Director, GfK-Rus International Institute of Marketing & Social Research; **David Gray**, CEO, PwC.

The Committee is continuing to concentrate its efforts on the anti-counterfeiting issues. On 20 June 2014, a meeting with the representatives of the General Administration for Economic Security and Combatting the Corruption (GAEC and CP) was held at the AEB premises.

During the event the following issues were discussed:

- Current efficiency of anti-counterfeit actions at the Crop Protection market
- Mechanisms of cooperation in anti-counterfeit activities.



L-R: **Kirill Kalakoutski**, GR Manager, Bayer CropScience; Member of CPC Anti-Counterfeit Working Group; **Tatiana Belousovich**, CPC GR Manager; **Pavel Mikhailenko**, Criminal Investigation Senior Officer of the GAEC and CP 36 Department; **Elvira Ahmadeeva**, Criminal Investigation Senior Officer of the GAEC and CP 39 Department; **Konstantin Kuchin**, Head of GAEC and CP 36 Department; **Alexei Bytko**, Head of GAEC and CP 36 Department.

On 11 June 2014, **Frank Schauff**, AEB CEO, and AEB Customs and Transport Committee members met with **Vladimir Goshin**, Member of Board (Minister) for Customs Cooperation, Eurasian Economic Commission (EEC). Vladimir Goshin informed the AEB about the main changes to the Customs Union (CU) Customs Code of Eurasian Economic Union, which were implemented on 29 May and are in the process of refinement. Among them were:

- automatic goods release
- single window for customs procedure
- technical regulation and CU unified data base
- authorized economic operator, and others.

Two working groups, on the single window approach and authorised economic operators, were set up together with CU parties' customs authorities and business representatives from Kaz-Bel-Rus in order to unify the legislation of the three CU members and promote reciprocal recognition of AEO Institute (Institute of Authorized Economic Operators) within the Eurasian Union.

The Minister addressed a request to the AEB for a comparative study of AEOs in the Eurasian Union and the European Union. The Minister also mentioned that mostly all treatments of the Customs Code now codified and Customs Code maintains less references to the national legislation of CU parties. At the moment, as the Minister mentioned, the residence principle will continue to apply until the CU members have adopted a new approach to customs rules implementation. Mr Goshin expressed his worries about currency management, if the residence principle were cancelled. There are a lot of uncertainties on this matter. The risk management system has to be improved at national legislation level and deliver the control on this issue on the level of Eurasian union.

The Minister informed the AEB that the EEC is now in the process of implementing the chapter on express delivery of goods within the Eurasian Union. The first meeting of the working group on this issue was held on 16 June 2014 in the EEC. But the specific provisions will come into force probably only from January 2016. The text of the



Participants at the meeting

Customs Code of the Eurasian Economic Union will be published by the end of July 2014.

During the meeting the AEB raised the important issue of parallel imports. The EEC representative informed the AEB that the Customs Code provides for the regional principle of rights exhaustion.

Finally, Frank Schauff and Vladimir Goshin discussed the agenda for a joint official visit to Cologne, Germany, in September 2014.

On 26 June 2014, the AEB Intellectual Property Committee held its **Annual Conference "Intellectual Property Rights: recent trends, court practices, problems and solutions"** at the premises of the Delegation of the European Union to Russia. The IP Annual Conference serves as a valuable platform for experts in intellectual property issues, creating opportunities to learn about most important issues on IPR protection through face-to-face interactions with representatives of state bodies, courts and leading legal companies and providing a valuable discussion platform.

The event was moderated by **Eugene Arievich**, Chairman of the AEB Intellectual Property Committee, Partner of Baker&McKenzie. **Vygaudas Ušackas**, Ambassador, Head of the EU Delegation in the Russian Federation, welcomed the participants. Speakers from Russian state bodies (Federal Antimonopoly Service, Federal Customs Service, Rospatent, Court for Intellectual Property Rights), international organizations (Eurasian Economic Commission, European Commission) addressed a variety of topics ranging from the new IP-related changes in the Russian legislation, case law overview, IPR protection within the Customs Union and Single Economic Space, EU IPR strategy in third countries. Also this year, special focus was paid to the case of "Soviet" brands, changes to the Civil Code, IPR infringement in the Internet, the practices of online contracts, protection of exclusive rights and trademarks and other issues.

The AEB deeply thanks for supporting the event **Silver sponsor:**



L-R: **Natalia Lozhkina**, Head of Chamber for Patent Disputes of the Federal Service for Intellectual Property of the RF; **Lauma Buka**, Policy Officer, Intellectual Property and Public Procurement, Directorate-General for Trade, European Commission; **Andrey Kashevarov**, Deputy Head of the RF Federal Antimonopoly Service; **Eugene Arievich**, Chairman of the AEB Intellectual Property Committee, Principal, Baker&McKenzie; **Pjotr Baklakov**, Chief of the Department of Trade Barriers, Currency and Export Control of the RF Federal Customs Service; **Dmitry Bulgakov**, Judge of the Court for Intellectual Property Rights; **Alibek Zhibitayev**, Consultant of IP Department of the Entrepreneurship Department, Eurasian Economic Commission.

The AEB Legal Committee drafted two documents in which its members:

- analysed the impact of EU and US sanctions on the economic activities of companies operating in Russia
- summarized the related legal norms and offered application guidelines;
- updated their view of the economic and business risks in the Crimea.

Both documents were drafted with the support of Baker & McKenzie – CIS, Limited. The PDF version of documents is available for download:

- [Summary of Norms and Application Guidelines for Russia](#)
- [Business Activity in Crimea Today](#)

The AEB will continue to keep members updated on these issues and will publish information on the activities and events organized by the Committee.

On 3 June 2014, the AEB held a special panel discussion “**Efficient mechanisms for the creation and implementation of innovations in industrial corporations**”. This took place within the Skolkovo Startup Village, at Skolkovo Innovation City. The session allowed top managers from leading international and Russian corporations, together with **Gleb Nikitin**, First Deputy Minister for Industry and Trade of the Russian Federation, to analyse the best models of innovation development.

The meeting was chaired by **Michael Akim**, a member of the AEB Board and Chairman of the AEB Working Group on Modernization and Innovation, and Vice-President of ABB Russia. Such topics as the transfer of technologies, localization of products, paths of innovation, R&D structures, regulatory conditions for conducting innovative business, and Russian innovation policy were discussed by the panel participants. They provided start-ups with valuable advice and inspiring success stories in order to encourage their innovative activities. **Philippe Pegorier**, AEB Board Chairman, Chairman of the AEB Machine Building & Engineering Committee, and President of Alstom Russia, took an active part in the extremely interesting discussion within the session “**Influence of new technologies on the development of the Russian market for electrical energy**”.

Skolkovo Startup Village has a uniquely informal atmosphere based on live communication between participants. This allowed participants to get a feel for current development trends within the innovation community in Russia. A select group of 200 start-ups from all over Russia were given an opportunity to pitch their innovative ideas and share entrepreneurial decisions in a dialogue with major industrial corporations operating in Russia.



L-R: **Tim Koenig**, Managing Director, 3M; **Gleb Nikitin**, First RF Industry and Trade Deputy Minister; **Michael Akim**, Member of the AEB Board and Chairman of the AEB Working Group on Modernization and Innovations, Vice-President, ABB Russia.

On 19 June 2014, the AEB PR & Communications Committee held its round table **"Internal Communications: Best Practices"**. Effective internal communication is an essential part of any high-performing company. Good internal communication provides employees with the information they need to do their job effectively and helps to maintain a shared vision of their organization. During the event, the following topical issues were discussed:

- how companies achieve effective levels of internal communications
- how and why communications professionals should be leading their organisations' efforts at building a brighter future
- how mobile working affects intracompany communications
- special projects helping companies to create effective internal communications platforms
- employee engagement as a priority task for internal communications.

The event was moderated by **Igor Reichlin**, Chairman of the AEB PR & Communications Committee; Managing Partner, Reichlin & Partners LLC.



L-R: **Mark Smith**, Sunbury Heights; **Marcus Guest**, Narrative Insights; **Irina Shubina**, Total E&P Russie; **Irina Dmitrieva**, Total E&P Russie; **Igor Reichlin**, AEB PR & Communications Committee Chairman, Reichlin & Partners.

On 11 June 2014, the AEB Board approved the election of **Elena Kirillova**, Head of Technical Translation and Certification Department, Legrand, as Deputy Chairperson of the AEB Product Conformity Assessment Committee.

On 25 June 2014, the AEB Taxation Committee held its traditional semi-annual Tax Forum. Such renowned guests as **Sergey Shatalov**, RF Deputy Minister of Finance, and **Sergey Belyakov**, Deputy Minister of Economic Development, presented their views on the developments of the tax policy in 2014 and the key directions for 2015-2017. Besides, experts from the AEB Taxation Committee shared their expertise and offered recommendations on important tax matters. The event provided an excellent platform for discussion and exchange of knowledge by professionals. More than 100 representatives of AEB member companies attended the event.

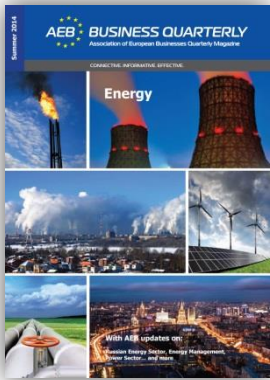


L-R: **Sergey Shatalov**, Deputy Minister of Finance; **Alina Lavrentieva**, Chairperson of the AEB Taxation Committee, Partner, PwC.

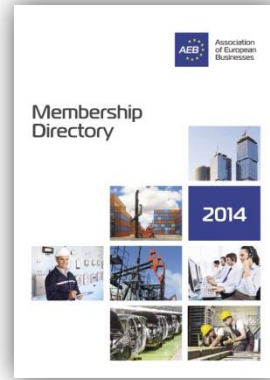


L-R: **Boris Bruk**, Counsel, Dentons; **Vadim Zaripov**, Deputy Head of Taxation Committee, Head of Analytical Department, Pepeliaev Group; **Sergey Belyakov**, RF Deputy Minister of Economic Development; **Sergey Shatalov**, RF Deputy Minister of Finance; **Alina Lavrentieva**, Chairperson of the AEB Taxation Committee, Partner, PwC.

Following publications were published in June 2014:



**Business Quarterly
(Summer 2014) with
focus on Energy**



**Membership Directory
2014**



**Real Estate Monitor
(electronic version)**

Upcoming publications:

- **Business Quarterly** with focus on **Automotive Industry** (release date: 22 August 2014)
- **Real Estate Monitor** (release date: 15 September 2014)
- **How to invest in Russia** (release date: 29 September 2014)
- **Step by Step: Navigating through the Russian customs sector** (release date: 8 October 2014)
- **Business Quarterly** with focus on **Waste Management & Ecology** (release date: 9 December 2014)

The advertising opportunities in the upcoming publications are available. Please see the [Media Kit 2014](#).

The AEB Welcomes New Members

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Annually about 45 exhibitions, including guest projects are held on the territory of "Kazanskaya Yarmarka". Activity of "Kazanskaya Yarmarka" Exhibition Cen-

ter is marked by leading exhibition communities of Russia and the world: the Russian Union of Exhibitions and Fairs, the World Association of the Exhibition Industry (UFI).

The quality management system is ISO 9001:2011 certified. "Kazanskaya Yarmarka" is the only exhibition center in Russia, having the sign of compliance with international quality standards.

"Kazanskaya Yarmarka" annually hosts over 45 exhibitions, which cover almost all sectors of the economy and create optimal conditions for the development and promotion of domestic producers on domestic and international markets, and also have a long history of success. Annually over 7300 companies from Russia and 45 countries take part in the exhibitions of "Kazanskaya Yarmarka". The Center`s exhibitions are attended by more than 300 000 professionals. Over 5000 successful agreements follow the results of the exhibitions annually.

"Kazanskaya Yarmarka" is a member of the International Congress and Convention Association (ICCA) as well, developing no less significant and promising direction – organization of congress events.

Unique character of "Kazanskaya Yarmarka" is in the presence in its structure of specialized departments, which provide comprehensive and thoughtful decision of technical specifications for the organization of different kinds of events.

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The AEB Welcomes New Members



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