Get directions in Russia's ever-changing business landscape

THE AEB MONTHLY







Dear Reader,

Welcome to the March edition of the AEB Newsletter!

February saw many interesting events including briefings by Andrey Nikitin, General Director of the Agency for Strategic Initiatives (ASI), Kurt Fleckenstein, Vice-Chairman of the Group of Socialists & Democrats at the European Parliament, and Konstantin Romodanovsky, Head of Federal Migration Service of the Russian Federation, and the AEB Business Mission to Tyumen. Also the AEB once again opened its doors to potential members, providing all our guests with an opportunity to learn about the benefits of AEB membership.

Despite such challenging times, the Association of European Businesses goes on working hard to keep its members well-informed about the situation on the economic and political fronts.

As usual, this Newsletter will provide you with information about the recent achievements of, and important forthcoming events organised by AEB. There is also news about our latest lobbying initiatives, and updates on Committee activities.

I wish you pleasant reading!

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Personal data protection law

The law amending provisions of the personal data protection law will come into force on 1 September 2015. The AEB Working Group under the IT and Telecom Committee monitors the situation and is now sharing information among its members on the ways of its implementation. The law still contains a lot of unclear provisions. Official comments from relevant state bodies (e.g. Roskomnadzor, Ministry of Communication) have not been published so far. AEB is in close contact with the Commissioner for Entrepreneurs Rights Protection and other partners. The question is also debated in industrial committees (construction and equipment, banking, automotive, airlines and other) taking into account industry specifics.

Parallel Imports

On 20 February 2015, AEB participated in the meeting with FAS to discuss a new FAS initiative to liberalise parallel imports for medicines, medical equipment and autocomponents. FAS announced that a final decision would be taken shortly and participants should submit urgently their arguments in support of their position. AEB Working Group on Parallel Imports drafted a letter on risks in case of PI liberalisation in the 3 above-mentioned industries which are the following: danger to customers' health and safety, counterfeiting, contradiction to WTO agreements, instability of the Russian and Eurasian Economic Union legislation and some others. AEB also pointed out that FAS proposal to exempt companies which localized their production in Russia in the absence of a concrete mechanism of implementation is not realistic and feasible.

The AEB position on PI was sent to Igor Shuvalov, First Deputy Prime Minister, Arkadiy Dvorkovich, Deputy Prime Minister and Igor Artemiev, Head of FAS. The next step will be a discussion of the issue with the highest officials (the RF Prime Minister and the RF President) to take final decisions.

Waste management

Several bylaws for implementation of provisions of a new Law on amendments to the Federal Law on Production and Consumption Wastes and certain legal acts (law on waste management) were published for public discussion via a regulatory impact assessment procedure. They are supposed to be adopted this spring. The Law itself came into force as of 1 January 2015 except for some provisions which will come into force later (e.g. licensing for waste management operators, regulation for a regional operator, etc.).

These draft bylaws concern the following waste management aspects: a list of goods for recycling, recycling normatives, ecological fee rates and the order of its collection, licensing for waste management operators, order of declaration by producers/importers of the released goods, order of establishing a structure uniting producers/imports, reporting and others.

In order to discuss these draft bylaws the Ministry of Natural Resources and Ecology formed a working group which already organised the first meeting where AEB participated. Following the meeting, the AEB Working Group on Waste Management drafted letters commenting the adopted law and draft bylaws as well as possible amendments to the Tax Code re waste management which were sent to Sergey Donskoy, Minister of Natural Resources and Ecology, and Anton Siluanov, Minister of Finance. The main risks highlighted by AEB were monopoly of the regional operator, absence of a transition period for implementation of the law, not justified methodology to calculate ecological fee rate based on the prime cost of goods and many others. AEB continues its dialogue with state officials on the matter.

Other issues:

- outstaffing (secondment), accreditation;
- Code of Conduct for pharmaceutical producers;
- imports substitution and localisation;
- consumer protection legislation;
- customs issues (TIR carnet use, authorized economic operator);
- undesirable organisations;
- public procurement for construction equipment;
- insurance and banking;
- others.

For more details please contact <u>Maya</u> <u>Limonnikova</u>, AEB Legal Advisor, or coordinators of the respective AEB Committees and Working Groups

AEB Events in March 2015

MOSCOW OFFICE

Date	Title	Time	Venue
16—18 March 2015	AEB Board Delegation to Brussels	All day long	Brussels
19 March 2015	AEB SHES Open event: "New waste management regulation and its impact on business"	10:00—13:00	AEB Conference Centre, Moscow
19 March 2015	AEB Machine Building & Engineering Committee open event: Meeting with Valentin Gapanovich, Senior Vice- President, Russian Railways	14:00—15:30	AEB Conference Centre, Moscow
26 March 2015	VI Northern Dimension Forum	08:00—19:00	Saint-Petersburg, Sokos Olympia Garden

SAINT-PETERSBURG OFFICE

Date	Title	Venue
3 March 2015	AEB Open Event: "Latest changes in migration legislation and procedure of application of immigration rules in St. Petersburg and Leningrad region"	Consulate General of the Netherlands in St. Petersburg
25 March 2015	Annual General Meeting of the AEB North-Western Regional Committee	Hotel Sokos Olympia Garden, Saint- Petersburg

AEB Trainings in March 2015

Date	Title	Provider	Venue
04 March 2015	Development of effective and memorable creative materials. Best practice review. Success in social media	FutureToday	Moscow, AEB Office
17—18 March 2015	Negotiation skills advanced	PwC	Moscow, AEB Office
20 March 2015	Stakeholder mapping and structuring stakeholder engagement	Kesarev Consulting	Moscow, AEB Office
23—24 March 2015	Assertive Behaviour	CBSD	Moscow, AEB Office
24 March 2015	Digital Era Recruiter: changes and challenges	Ancor	Moscow, AEB Office
31 March 2015	Structured problem solving	EY	Moscow, AEB Office
30 March—01 April 2015	PRO-PAYBACK selling + business game	OD&M Consulting/GI Group	OD&M Consulting Venue

AEB Working Group on Labour Compensation at hazardous production sites closed

Association of European Businesses informs that the **AEB Working Group on Labour Compensation at hazardous production sites has been closed**. We thank all AEB members for valuable contribution and participation in the WG activities. Other activities with regard to this issue will be fulfilled through

the AEB HR Committee.

Past Events

Meeting with President of the Republic of Tatarstan

On 5 February 2015, **Frank Schauff**, AEB CEO, had a meeting with **Rustam Minnihanov**, President of the Republic of Tatarstan. **Ravil Zaripov**, Prime Minister and Minister of Industry and Trade of the Republic of Tatarstan, and **Radik Gimatdinov**, President Assistant on International issues, also attended the meeting.



L—R: **Frank Schauff**, AEB CEO; **Rustam Minnihanov**, President of the Republic of Tatarstan.

Past Events

1st International Automotive Forum "TIAF 2015"

On 5—6 February 2015, the Association of European Businesses, in co-operation with the international exhibition operators **Messe Frankfurt** and **Kazanskaya Yarmarka**, and supported by the Ministry of Industry and Trade of the Republic of Tatarstan, organized the **1st International Automotive Forum "TIAF 2015 supported by Automechanika"** in Kazan. During the Forum car-makers and producers of automotive components and other companies interested in the contacts had B2B meetings. The plenary session was opened by **Frank Schauff**, AEB CEO.

Igor Savelyev, Head of strategic planning, KAMAZ, **Adil Shirinov**, First Vice-President and Executive Director, Ford Sollers, **Mikhail Kuchinskiy**, General Director, United Automotive Technologies, **Ibadulla Satybalov**, Vice-President of the Czech group Jihostroi a.s., and **Şükrü Tetik**, OİB Board Member, also held their speeches.



L—R: **Ruslan Kabirov**, First deputy of the Minister of Industry and Trade of the Republic of Tatarstan; **Petr Linhart**, Vice-President of Corporate Development Project, Avtovaz; **Igor Savelyev**, Head of Strategic Planning, KAMAZ; **Adil Shirinov**, First Vice-President and Executive Director, Ford Sollers; **Mikhail Kuchinskiy**, General Director, United Automotive Technologies; **Ibadulla Satybalov**, Vice-President of the Czech group Jihostroi a.s.; **Şükrü Tetik**, OİB Board Member.

Briefing by Andrey Nikitin

On 13 February 2015, AEB held a briefing by **Andrey Nikitin**, General Director of the Agency for Strategic Initiatives (ASI), at the AEB Conference Room. The briefing was organised by the AEB Working Group on Modernization and Innovations and moderated by **Ruslan Kokarev**, AEB COO, and **Michael Akim**, Chairperson of the AEB Working Group on Modernization and Innovations, Member of the AEB Board, Vice-President, ABB Russia.

The event provided the AEB members with key information on the ASI projects of improving business climate in Russian regions, a possibility to share concerns and ideas regarding possible involvement into the ASI's instruments. Meeting participants addressed Mr. Nikitin on several important issues concerning construction and retail sectors. AEB and ASI intend to strengthen their dialogue on a practical basis.

Agency for Strategic Initiatives was created in 2011 to coordinate the processes of improving national business climate, support business and reform education models. This initiative belongs to Vladimir Putin who remains the chairman of the supervisory board of the Agency.



L—R: **Michael Akim**, Chairperson of the AEB Working Group on Modernization and Innovations, Member of the AEB Board, Vice-President, ABB Russia; **Andrey Nikitin**, General Director, Agency for Strategic Initiatives.

Past Events

Briefing by Knut Fleckenstein

On 16 February 2015, AEB organised a briefing by **Knut Fleckenstein**, Vice-Chairman of the Group of Socialists & Democrats at the European Parliament. The event was held in the AEB premises and gave the AEB Members a great opportunity to discuss the current situation in Ukraine and the related sanctions with a key German politician from the European Parliament.

Mr. Fleckenstein, who chaired the Delegation to the EU-Russia Parliamentary Cooperation Committee during its previous term in the European Parliament, shared his views on the current tensions between the EU and Russia. He was eager to hear about the difficulties faced by European investors in Russia and their position vis-à-vis the sanctions. AEB will continue to voice the concerns of the European businesses in Brussels during its planned visit to the European institutions on **16—18 March 2015**.



Briefing by Konstantin Romodanovsky

On 16 February 2015, the AEB Migration Committee organised a briefing by **Konstantin Romodanovsky**, the RF Minister, Head of Federal Migration Service of the Russian Federation.

Mr. Romodanovsky and representatives of Federal Migration Service, briefed the AEB member-companies on the new FMS legislative initiatives in the framework of the implementation of the Russian migration policy concept for the period up to 2025: upcoming changes in immigration system, as well as practical migration matters, such as new patent system for foreign employees from non-visa countries, notification of the FMS of Russia on dual citizenship, exams for foreign employees, HQS in Representative offices, new rules of employment contracts with a foreign employee and other changes to the Labor Code and administrative liability of foreign employees.

Konstantin Romodanovsky and **Lev Yakobson**, First Vice-Dean of High School of Economics, presented a <u>questionnaire</u> on monitoring the business needs for hiring of foreign specialists in Russia.

Post release in <u>ENG</u> and <u>RUS</u>.



L—R: **Philippe Pegorier**, Chairman of the AEB Board, President, Alstom (Russia, Ukraine, Belarus); **Liudmila Shiryaeva**, Chairperson of the AEB Migration Committee, Executive Director, EY; **Frank Schauff**, AEB CEO; **Konstantin Romodanovsky**, Head of the RF Federal Migration Service.

Business Mission to Tyumen

On 17—18 February 2015, the AEB delegation organised its business mission to Tyumen. During the mission **Philippe Pegorier**, Chairman of the AEB Board, President, Alstom (Russia, Ukraine, Belarus), met with **Vladimir Yakushev**, Governor of the Tyumen region.

The AEB delegation also participated in the **"II Tyumen Investment Forum. Investment. Industrialization. Regions. Breakthrough logic"** to discuss development and investment prospects in the region. **Philippe Pegorier** made a welcome speech at the plenary session alongside **Sergey Naryshkin**, Chairman of the State Duma of the RF Federal Assembly, **Igor Holmanskih**, President of the Urals Federal District, **Andrey Nikitin**, General Director of the Agency for Strategic Initiatives, **Alexey Repik**, President of the All-Russia Public Organisation "Delovaya Rossiya", and **Alexander Kalinin**, President of the All-Russia Public Organisation "Opora Russia".

During the second day of the mission, the Association of European Businesses held a round table "Cooperation with International Partners: New Opportunities and Risks in the Current Economic Conditions" moderated by Sergey Naryshkin.



L—R: **Vladimir Yakushev**, Governor of the Tyumen region; **Philippe Pegorier**, Chairman of the AEB Board, President, Alstom (Russia, Ukraine, Belarus).

AEB opens its doors once again

On 19 February 2015, the Association of European Businesses (AEB) opened its doors to potential members. Companies had a good opportunity to get detailed information about the AEB membership benefits from the presentations given by **Frank Schauff**, AEB CEO, **Antonio Linares**, AEB Board Member, General Director, ROCA in Russia and CIS, and **Ruslan Kokarev**, AEB COO.

Moreover, there was created a good environment for visitors to have a speed dating with the AEB employees representing the following tables:

- <u>AEB Loyalty Programme and CRM system:</u>
 Vera Prokopenko, AEB Customer Care Manager;
- <u>Membership and Sponsorship Benefits:</u>
 Lyudmila Sahakyan, AEB Membership Development
 Manager;
- <u>Membership Benefits and Committees work:</u>
 Natalia Trembovetskaya, AEB Head of Membership and

Sales;

<u>Publications and Communications:</u>
 Anastasia Kondratieva, AEB Marketing, PR and

Communications Director;

Mikhail Konishchev, AEB Publications Manager;

- <u>Lobbying and Legal Questions:</u> Maya Limonnikova, AEB Legal Advisor;
- <u>Regional Development:</u>
 Olga Pavlyuk, AEB Director for Regional Development.



L—R: **Ruslan Kokarev**, AEB COO; **Antonio Linares**, AEB Board Member, General Director, ROCA in Russia and CIS; **Frank Schauff**, AEB CEO.

Past Events

Czech EuroReception

On 25 February 2015, AEB and the Embassy of the Czech Republic in the Russian Federation held an "AEB Czech EuroReception" event. The Ambassador of the Czech Republic, His Excellency, Vladimir Remek, opened the event with a welcome speech. AEB Board Chairman, Philippe Pegorier thanked the Czech Embassy for inviting AEB members and expressed his hopes for stronger cooperation between AEB and companies from the Czech Republic. He also announced a number of important upcoming AEB events, and invited everyone present to join them.



AEB kindly thanks for supporting the event:

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Customs & Transport Committee

On 29 January 2015, the AEB Customs and Transport Committee (CTC) organised a round table with participation of Baurzhan Bekeshev, Head of Department on Entrepreneurship Development, Eurasian Economic Commission (EEC), Artem Yulegin, Head of Division on Advocacy of Entrepreneurship, Eurasian Economic Commission, and Alexander Kovalev, Council of Division on Advocacy of Entrepreneurship, Eurasian Economic Commission, in the Baker&McKenzie office. Baurzhan Bekeshev made an informative presentation dedicated to Cooperation between the EEC Department on Entrepreneurship Development and business community, including the introduction of regulatory impact assessment of draft decisions of the Eurasian Economic Commission, which may have an impact on the business environment. The regulatory impact assessment was developed on the Eurasian Economic Union country members' RIA practice. Integrated information system between the EEAU members is being developed for the moment. Working group, including the business representatives from EEAU members, will be set up for public consultations. Baurzhan Bekeshev informed that according to preliminary estimates about 120 Draft Decisions of Eurasian Economic Commission (among 850) met the negative opinions in the framework of regulatory impact assessment. Regulatory impact assessment of the EEC Decisions which came into force, still has not been implemented.



L—R: **Artem Yulegin**, Head of Division on Advocacy of Entrepreneurship, Eurasian Economic Commission; **Alexander Kovalev**, Council of Division on Advocacy of Entrepreneurship, Eurasian Economic Commission; **Baurzhan Bekeshev**, Head of Department on Entrepreneurship Development, Eurasian Economic Commission; **Dmitry Cheltsov**, Chairman of the AEB Customs and Transport Committee, General Delegate of IRU.

Finance & Investments Committee

On 12 February 2015, the AEB Finance and Investments Committee held the open event **"Where are we headed? De-offshorisation, sanctions, the economy and some practical crisis management advice**".

At the moment it is critical for businesses to adjust to the new realities of the current situation and this event served a platform to take stock of the challenges facing companies operating in Russia, to take a view on how long and deep the crisis might be and to consider strategies and tactics that might help management navigate the increasingly complex environment. The event gave the audience an opportunity to hear updates and thoughts of the invited experts (**Tobias Luepke**, EY, **Chris Weafer**, Macro-Advisory Ltd, **Alexander Anichkin**, Clifford Chance, and **Stuart Lawson**, EY) where we are headed and to contribute with ideas and comments during the Q&A session. The welcome speech was made by **Frank Schauff**, AEB CEO. The event was moderated by Stuart Lawson, Chairman of the AEB Finance and Investments Committee, EY.

The presentations can be found on the <u>web-page</u>.

AEB kindly thanks for supporting the event:

Silver Sponsor:







L—R: **Alexander Anichkin**, Partner, Clifford Chance; **Chris Weafer**, Senior Partner, Macro-Advisory Ltd; **Tobias Luepke**, Partner CIS Transaction M&A Law Leader; Head of the German Business Center, EY; **Stuart Lawson**, AEB Finance & Investments Committee Chairman, Executive Director, EY; **Frank Schauff**, AEB CEO.

Committee Update

Human Resources Committee

On 17 February 2015, the AEB Relocation Sub-Committee held its annual **Relocation Conference "Bringing Expats to Russia"**. The event has been held for last eight years and is traditionally focused on the latest developments in the areas of property and relocation, corporate relocation policies, settling in Moscow, market for hotels and serviced accommodation, schooling, support systems for families, departure services, immigration and labour law, employment of foreign nationals in Russia, etc. This year, the Conference was a half-day event organised in an interactive format. The conference included three sessions focused on latest trends and challenges in the following sectors:

- session 1: relocation industry and rental market;
- session 2: outbound relocations;
- session 3: recent legislative developments in immigration and labour law.



L—R: **Olga Kurilova**, Bruck Consult Associate Partners; **Andrey Slepov**, BEITEN BURKHARDT Moscow; **Inna Soltyk**, MoveOne; **Elena Groshkova**, Swiss Business Hub Russia, Embassy of Switzerland; **Marina Semenova**, Chair of the AEB Relocation Sub-Committee, Intermark Relocation.

Insurance & Pensions Committee

On 6 February 2015, the delegation of the AEB Insurance and Pensions Committee (headed by **Vladimir Sukhinin**, Deputy Committee Chairman, Cardif Insurance Company) had a meeting with **Igor Zhuk**, Director of Insurance Market Department, Central Bank of Russia, to discuss current insurance issues and further cooperation with the regulator. Among the issues discussed were: the regulator's priorities in the short term and anti-crisis measures, negative court practice, curators for insurance companies, internal audit, methodology of tariff calculation, role of financial ombudsman, regulation of insurance activities in terms of anti-money laundering (AML) – to name but a few.

As a result of the meeting, the Committee representatives sent a number of proposals and took part in the working meetings on the Resolution of the RF Supreme Court on application of OSAGO legislation by courts and on the Central Bank's draft regulation on solvency margin for insurance companies (organised by Central Bank). The Committee will continue dialogue with the Central Bank and it was agreed to meet with Mr. Zhuk on a regular basis.

Committee Update

Safety, Health, Environment & Security Committee

On 10 and 12 February 2015, Security Sub-Committee of the the AEB Safety, Health, Environment and Security Committee, in co-operation with an international exhibition operator **Messe Frankfurt** organised two Round Tables within the frame of **TB FORUM** powered by Intersec: "**Remote security as one of the most dynamic type of private security. Tendencies and prospects" and "Integration as an evolution of security systems. Problems of implementation of integrated systems in corporate sector".** The events attracted much attention of the audience and were a good platform for discussion for both security industry professionals and service end users.



L—R: **Mikhail Balev**, Chairman of the Security Sub-Committee, the AEB Safety, Health, Environment and Security Committee, Business Development Executive, MIG Business Security Strategies; **Vladimir Lipov**, Marketing Director, «Altonika SB», and participants of the round table.

Committee Update

Working Group on Modernization & Innovations

On 6 February 2015, the AEB Working Group on Modernization and Innovations organised an Open Event: **Presentation of the Russian Venture Company (RVC):** "Opportunities and Mechanisms for Cooperation".

RVC was represented by **Gulnara Bikkulova**, Technology Capital and Markets Access Department Director, member of the Board of the Russian Venture Company. Ms. Bikkulova provided a comprehensive overview of the venture activities of RVC as well as she highlighted the fields in which AEB member-companies and RVC could potentially cooperate.

The Russian Venture Company (RVC) is a government fund of funds and a development institute of the Russian Federation, one of Russia's key tools in building its own national innovation system.

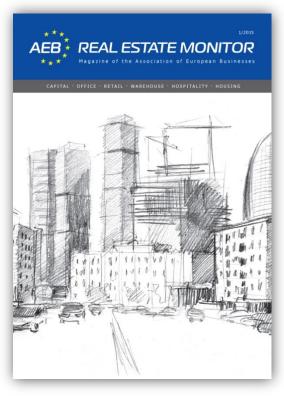


L—R: **Michael Akim**, Chairman of the AEB Working Group on Modernization and Innovations, Member of the AEB Board, Vice-President, ABB Russia; **Gulnara Bikkulova**, Technology Capital and Markets Access Department Director, Member of the Board, Russian Venture Company.

AEB Publications

The following publications were issued in February 2015:

Click on the image to view the publication



Real Estate Monitor 1/2015

Upcoming publications:

Business Quarterly: Migration (release date 31 March 2015)

Advertising opportunities in the upcoming publications are available. Please see the <u>Media Kit 2015</u>.

AEB Welcomes New Members





Angelini, a privately owned, international group, is leader in the healthcare and wellbeing market in the pharmaceutical and mass-market sectors. Angelini was founded in Italy at the beginning of the 20th century. Today, it is an international group with branches in 20 countries and worldwide product distribution.

In the pharmaceutical sector, Angelini is an "integrated company", active in research and development, as well as the production and marketing of active ingredients, branded medicines, generics, medical products and food supplements.

Angelini focuses mainly on pain relief, inflammation, CNS, cold & flu, oral care & sore throat, gynaecology, disinfection.

The most widespread and well-known international brands are Tantum, Trittico and Aulin.

In November 2014 Angelini registered its company in Russia as "Angelini Pharma Rus LLC".

www.angelinipharma.com

DHL is presented in over 220 countries and territories across the globe, making it the most international company in the world. With a workforce exceeding 315,000 employees, we provide solutions for an almost infinite number of logistics needs. DHL is part of the world's leading postal and logistics Group, Deutsche Post DHL and encompasses three divisions: DHL Express, DHL Global Forwarding, Freight and DHL Supply Chain.

In Global Forwarding, DHL is the world leader in air freight services and one of the leading providers of ocean freight services. Our logistics solutions span the entire supply chain, from the factory to the shop floor. They also include special transport-related services. We store, collect and deliver the goods, handle customs formalities, insure the load and supply product-related information. In this way, we ensure safety and reliability across national borders.

We also plan and implement industrial logistics projects worldwide, in particular for the energy industry.

To an increasing extent, we also contract for transport management services in order to combine all means of transport for our customers with the goal of reducing complexity, improving quality and lowering costs.

New Members

AEB Welcomes New Members



Herbalife is a global nutrition company. Herbalife was founded in Los Angeles in 1980 and operates today in more than 90 countries worldwide. We are a publicly traded company on the New York Stock Exchange (NYSE: HLF) with more than 7,000 employees and millions of customers. The company reported net sales of \$4.8 billion in its full year 2013 financial filings. Herbalife is committed to helping fight obesity and poor eating habits by offering high-quality products, personal high-touch coaching, and a social environment that inspires customers to eat better, maintain a healthy weight, and pursue a healthy, active lifestyle.

Schlumberger

Schlumberger is the world's leading supplier of technology, integrated project management and information solutions to customers working in the oil and gas industry worldwide. Employing approximately 120,000 people representing over 140 nationalities and working in more than 85 countries, Schlumberger provides the industry's widest range of products and services from exploration through production. Schlumberger Limited has principal offices in Paris, Houston and The Hague, and reported revenues from continuing operations of \$ 48.58 billion in 2014.

www.slb.com

www.herbalife.ru



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