

Get directions in Russia's ever-changing business landscape

THE AEB MONTHLY



Association
of European
Businesses



Dear Reader,

Welcome to the November edition
of the AEB Newsletter!

The past month has been an active period, featuring several informative events, including a briefing by Sergey Lavrov, the RF Minister of Foreign Affairs, and the Moscow International Forum for Innovative Development, with numerous guests participating.

Unfortunately, the sanctions regime is still in place, with EU businesses trying to get over this long-drawn-out political and economic situation. We hope that both sides will be willing to compromise sooner rather than later, and that governments will find an appropriate way of lifting the current embargoes scenario.

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

I wish you pleasant reading!

Frank Schauff, CEO
Association of European Businesses

Introduction	1
Lobbying activities	2
Upcoming events	3
Training	4
Important Information	5
Past Events	6
Committee Updates	10
Miscellaneous	15
New Members	16
Condolences	20

Removal of threshold from insurance payments to the Federal Fund of Obligatory Medical Insurance (FFOMI)

A new draft law introducing removal of threshold from insurance payments to the FFOMI (now the amount is 624,000 roubles) has been submitted to the State Duma. The implementation of draft law, which is applicable for all employers, includes several risks among which is cuts in jobs, going of some companies to the "grey zone", not paying "white salaries" and therefore taxes and insurance payments, etc. The AEB sent letters with its arguments to the Government, the State Duma and other relevant authorities and will monitor the situation.

Personal data protection

Due to the AEB and its partners lobbying efforts the 3rd reading of a new draft law on a change in date of the entry into force of the Law on Data Protection from 1 September 2016 to 1 January 2015 (already adopted at its 1st and 2nd readings), has been cancelled for now. However, companies are recommended to adopt their activities in a way to comply with an adopted law. The AEB Working Group under the IT and Telecom Committee will monitor the situation and should any developments arise, will take further actions in this respect. The AEB is in close contact with the State Duma, the Administration of the President, the Ministry of Communication and other state bodies and associations on the issue.

Parallel imports (PI)

The AEB Working Group on Parallel Imports is now working on comments regarding amendments to art.1487 which are now publicly debated in the framework of regulatory impact assessment. One of our new arguments is that face to a new policy of imports' substitution parallel imports is not justified. The question of PI was also raised at the last meeting of the Foreign Investments Advisory Council.

Waste management

The Ministry of Economic Development (MED) has launched a new version of the draft law on waste management for regulatory impact assessment. The AEB Working Group on Waste Management is now drafting comments on it. The initiator of the draft law is the Ministry of Natural Resources and Ecology. The draft law sets out provisions saying that the law shall come into force starting from January 1, 2015 which is too early since companies should have time to adjust their budgets accordingly. Therefore, the AEB will lobby for a transitional period and is also in contact with other state bodies on this question. The text still contains provisions that give large competences to a regional operator which can be an obstacle for implementation of producer's responsibility.

Zayomniy trud, Outstaffing, Secondment

The AEB continues its work with the MED on a draft law regulating secondment mechanism, in particular, the definition of legal entities which can second and the ones which can be seconded, as well as in a negotiation regarding possible changes to the Federal Law on Zayomniy Trud (measures that pre-

vent employers from evading the conclusion of labor contracts by the unwarranted conclusion of civil law contracts, the use of agency labour mechanisms or otherwise).

Other issues included:

- Disposal fee
- Code of Conduct for the pharmaceutical industry
- Deoffshorisation
- Localisation
- Consumer protection legislation
- Organisation of paid parking places in Moscow
- Takhographs
- Lobbying regulation
- Rules of issuance of passports of self-propelled harvesters
- Implementation of ERA Glonass
- Public procurement questions
- 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, and others.

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

AEB Events in November 2014

Upcoming Events

Date	Title	Time	Venue
6 November 2014	AEB Open Event: "Association Dynamo" Projects	09:00 – 11:00	AEB Conference Centre
10 November 2014	AEB Presentation of the Investment potential of the Sverdlovsk Region and meeting with the Governor of the region	14:30 – 17:00	AEB Conference Centre
12 November 2014	AEB Open Event "Mega Moscow – Mega Projects"	09:00 – 12:00	AEB Conference Centre
12 November 2014	AEB German EuroReception (upon invitation only)	19:00 – 21:00	Residence of the German Ambassador, Ul. Povarskaya
13 November 2014	AEB Co-organised Event: The International Forum «Building Automation and Energy Efficiency 2014» followed by speed-dating	10:00 – 12:30	Expocentre
14 November 2014	AEB Speed-dating on insurance products (to be confirmed)	09:30 – 12:00	AEB Conference Centre
21 November 2014	In-House Lawyer's Day	09:00 – 14:00	Hilton Moscow Leningradskaya
25 November 2014	AEB SME Committee Open Event: "Practical skills of working with multinationals: quality control and negotiations"	09:00 – 12:00	AEB Conference Centre
26 November 2014	AEB Sponsors Dinner (upon invitation only)	19:00 – 21:00	Radisson Royal Moscow

AEB Trainings in November 2014

Training

Date	Title	Provider	Venue
18 November 2014	How to ensure the quality recruitment process	Antal Russia	Moscow, AEB Office
20—21 November 2014	Coaching style in management (to be confirmed)	RH Partners	Moscow, AEB Office
27 November 2014	Doing business in the Russian business environment	Lighthouse Russia B.V.	Moscow, AEB Office

Race “Russia Coast2Coast”

On 13 August 2014, at 9.42 pm in St. Petersburg the major cycling race supported by the Association of European Businesses “Russia – Coast to Coast” (C2C) was completed. The Austrian cyclist **Wolfgang Fasching** arrived in the Northern capital of Russia. He covered the distance of 10 000 km from Vladivostok to St. Petersburg in just 21 day 19 hours 31 minutes thereby setting an unprecedented world record.

To view the press-release please click [HERE](#).



Wolfgang Fasching and his team

“VUZ-PROMEXPO. National science - industrialization basis”

On 29 September 2014, the AEB held the round table “**The establishment and improvement of mechanisms for co-operation between Russian universities and international business**” within the second national exhibition-forum “**VUZ-PROMEXPO. National science — industrialization basis**”.

The session was organized by the AEB Working Group on Modernization and Innovations and it was co-moderated by **Michael Akim**, Member of the AEB Board, Chairman of the AEB Working Group on Modernization and Innovations; Vice-President, ABB Russia. **Philippe Pegorier**, Chairman of the AEB Board, Chairman of the AEB Machine Building and Engineering Committee; President, Alstom (Russia, Ukraine, Belarus), welcomed the participants and spoke on the AEB role and activities directed towards the acceleration of the innovative development of Russian economy. Speakers and participants were representatives of the RF Ministry of Education and Science, the RF Ministry of Economic Development, EU Delegation in the RF, Skolkovo Foundation, Higher School of Economics, AEB member-companies as well as Russian universities. The main goal of the session was the discussion of mutual expectations and experiences of business and universities on their cooperation as well as the possible mechanisms of state support of this interaction.

The Forum took place in the oldest Moscow exhibition complex Gostiny Dvor. It was organized by the RF Ministry of Education and Science jointly with the RF Ministry of Industry and Trade and the RF Ministry of Economic Development. The event aimed at demonstrating modern and scientific projects, directed towards the modernization of Russian industry, as well as the successful samples of close cooperation between the European businesses and the Russian universities.



L-R: **Philippe Pegorier**, Chairman of the AEB Board, Chairman of the AEB Machine Building and Engineering Committee; President, Alstom (Russia, Ukraine, Belarus); **Andrey Kortunov**, co-moderator, General Director of the Russian International Affairs Council and the President of the New Eurasia Foundation; **Michael Akim**, Member of the AEB Board, Chairman of the AEB Working Group on Modernization and Innovations; Vice-President, ABB Russia.

On 14 October 2014, **Russian Foreign Minister Sergey Lavrov** met with AEB members to share his opinion on the current foreign policy of Russia and the relations between Russia and the European Union. Mr. Lavrov also discussed the impact of European sanctions and retaliatory measures on the EU-Russian co-operation process. The Chairman of the Association of European Businesses (AEB) in Russia **Philippe Pegorier**, President, Alstom (Russia, Ukraine, Belarus), opened the meeting. **Frank Schauff**, AEB CEO, moderated the briefing.

Speech and replies to questions by Sergey Lavrov at the meeting with heads of the member companies of the Association of European Businesses in the Russian Federation are available [HERE](#).

Please also visit www.mid.ru to watch the video and speeches.



L-R: **Philippe Pegorier**, President, Alstom (Russia, Ukraine, Belarus); **Sergey Lavrov**, the RF Minister of Foreign Affairs; **Frank Schauff**, AEB CEO.

Moscow International Forum for Innovative Development “Open Innovations”

On 14–15 October 2014, the AEB took part in **Moscow International Forum for Innovative Development “Open Innovations”**. On 15 October 2014, the AEB held a discussion **“The strategy of sustainable development: priorities for investment”**. The session was moderated by **Michael Akim**, Chairman of the AEB Working Group on Modernization and Innovations; Vice-President, ABB Russia. Welcome speech was delivered by **Frank Schauff**, AEB CEO. Speakers were **Tadzio Schilling**, Deputy Head of Economic Affairs of the Embassy of Switzerland in Russia; **Patrick Willems**, Project Manager, IFC Russia Renewable Energy Program, IFC; **Peter Vullingsh**, CEO, Philips Russia and CIS; **Stuart Lawson**, Executive director and Senior Advisor, Russia and CIS, EY; **Igor Titov**, Deputy General Director, Renault Russia; **Artak Makaryan**, Development Director of Business and Investment, YIT; **Kurt Kaltenegger**, Group Vice-President, Head of Technology ABB Technology Ventures.

The participants shared the best European experiences and discussed the most promising areas, technologies and resources for financing sustainable development projects. Besides, on 14 October 2014, the AEB held a joint session together with the Moscow City Government “Building competitive industries in the metropolis”. The session aimed at reviewing the perspectives of the establishment and development of competitive industries in the city. At the discussion, **Philippe Pegorier**, Chairman of the AEB Board; President, Alstom (Russia, Ukraine, Belarus), **Olga Bantsekina**, First Deputy Chair; Chief Representative, Coleman Services UK Ltd, and **Mr Akim** took active part. The AEB also supported EU-Russia Year of science event: **“International Cooperation in Research and Innovation: Global Challenges, Global Opportunities”**, which took place on 14 October 2014 as a part of the Open Innovations Forum.



L-R: **Michael Akim**, Chairman of the AEB Working Group on Modernization and Innovations, Vice-President, ABB Russia; **Kurt Kaltenegger**, Group Vice-President, Head of Technology ABB Technology Ventures; **Peter Vullingsh**, CEO, Philips Russia and CIS; **Artak Makaryan**, Development Director of Business and Investment, YIT; **Igor Titov**, Deputy General Director, Renault Russia.

“Paldiski Northern Port: the Gateway to Transit Corridor into Russia”

On 16—17 October 2014, **Frank Schauff**, AEB CEO, **Dmitry Cheltsov**, Chairman of the AEB Customs and Transport Committee, **Irina Konukhova**, Mercedes-Benz Rus, took part in the Customs Conference “**Paldiski Northern Port: the Gateway to Transit Corridor into Russia**” organized by Paldiski Northern Port in co-operation with the Customs Services of Russia and Estonia on the territory of Estonia. The event was devoted to the industrial and other products’ export-import from/to the Russian Federation and current opportunities of the Green corridor from the port of Paldiski, Estonia, to the Russian warehouse of goods’ temporary storage “Mikom” (Pskov's customs point).

The project was developed by the Customs Services of Russia and Estonia with participation of AEB. The Green Corridor project envisages optimization of trucks transportation at Kunichina Gora customs point and provides the simplification of customs clearance procedure, application of electronic transit declaration, remote release, paperless procedures and etc. **Ruslan Davydov**, Deputy Head of the RF Federal Customs Service, headed the Russian delegation and **Marek Helm**, Head of Customs Service of Estonia, headed the Estonian one.

Frank Schauff talked on the “**Expectations of business in respect of customs procedures and simplification procedure for customs transit of goods on an example of Green Corridor project (International Automobile Border-crossing Point — Kojdula/Kunichina Gora)**”.

Banking Committee

On 22 October 2014, senior representatives of banks-members of the AEB held a meeting with **Ksenia Yudaeva**, First Deputy Governor of the Bank of Russia, to discuss some aspects of Central Bank's regulation and policy, as well as challenges that foreign banks face in the current environment. The AEB Banking Committee will continue dialogue with the Bank of Russia on these and other issues.

On 29 October 2014, AEB Banking Committee members met with **Elena Chaikovskaya**, Director of Financial Market Development Department, Central Bank, to discuss registration and recognition of the National Clearing Center (NCC) by the European Securities and Markets Authority (ESMA).

Home Appliances Manufacturers Committee

On 24 October 2014, the AEB Home Appliances Manufacturers Committee and EuropeAid Project 132827 — "Approximation of EU and RF technical regulation and standardization systems" held an open event "**Approximation of Customs Union and European Union legislation in the field of energy efficiency labeling**". The event was devoted to the questions related to the regulation of energy efficiency labeling in the Customs Union and in the European Union. During the event, the AEB members and guests received the latest update on the status of development of the draft CU Technical Regulation and the European Union legislation regarding energy efficiency labeling from representatives of the Eurasian Economic Commission and EU and Russian experts. The presentations were followed by lively discussion and Q&A session.



L-R: **Victor Timko**, Head of Research, Russian Research Institute for Certification (VNIIS); **Alexey Soldatov**, AEB Home Appliances Manufacturers Committee; **Han Zuyderwijk**, Team leader, EU project "Approximation of EU and RF Technical Regulation and Standardisation Systems"; **Natalia Savelyeva**, Adviser of the methodology of technical regulation, Department of technical regulation and accreditation of the Eurasian Economic Commission.

North-Western Regional Committee

On 23 October 2014, 2014 the AEB North-Western Regional Committee in cooperation with the North-Western branch of Russian-German Chamber of Commerce (AHK) organized an open event in St. Petersburg titled “**Future of Pulkovo Airport and perspectives for businesses**”.

New Pulkovo airport in St. Petersburg is one of the major PPP projects in Russia. Approximately 4,000 people are currently employed in the airport project; the new airport has 88 check-in desks, 17 gates and 110 aircraft parking positions. The expansion works of the airport are still in process. The existing Terminal 1 will be expanded and will be opened in the near future for aviation.

In the beginning of the event that participants were proposed an acquaintance tour at the Terminal 1 (under construction). **Jochen Herter**, the Project Manager Terminal Facilities, Northern Capital Gateway LLC, the managing company of Pulkovo airport, took the group of participants around the Terminal 1 and elaborated around the works in process and future outlook, functions and structure of Terminal 1. Later the participants (more than 70 representatives of business community in St. Petersburg and Moscow) were able to meet with the management of Northern Capital Gateway LLC: **Volker Wendefeuer**, Chief Operating Officer, **Jochen Herter** and **Evgeniy Ilyin**, Commercial Director. They presented the further plans of extension and perspectives for business community. The welcome speech took **Timo Mikkonen**, Chairman of the AEB North-Western Regional Committee, and **Rene Harun**, Director of the North-Western branch of the Russian-German Chamber of Commerce (AHK).

The event was finished with a networking reception at the newly opened Park Inn Airport Pulkovo Hotel, which hosted the event and became one of the partners of the event. During the reception the General Director of the Hotel, **David Morris**, presented his hotel and played several prizes from the hotel in the Sponsors Lottery. The participants also got chance to look around in the hotel and get acquainted to the main facilities.



L-R: **Evgeniy Ilyin**, Commercial Director, Northern Capital Gateway LLC; **Jochen Herter**, Project Manager Terminal Facilities, Northern Capital Gateway LLC; **Volker Wendefeuer**, COO, Northern Capital Gateway LLC; **Rene Harun**, Director of the North-Western branch of the Russian-German Chamber of Commerce (AHK); **Timo Mikkonen**, Chairman of the AEB North-Western Regional Committee.

The AEB gratefully thanks the sponsors for supporting the event:



PULKOVO AIRPORT
ST PETERSBURG

PR & Communications Committee

On 21 October 2014, the AEB PR & Communications Committee held its business-meeting entitled "**Stress-Test of Corporate Reputation: A Business Game**". It was an interactive workshop structured as a role-playing business game where participants formed a number of groups, each with a distinct role that is relevant in a crisis situation. The purpose of this workshop was to provide a vivid overview of communications challenges arising within a company in a crisis situation and to offer ways to organize a corporate response that would minimize reputation damage from such a crisis. This exercise gave corporate PR practitioners an opportunity to freshen up their crisis communications toolkits and share their experience and insights with their peers within the professional community.

Igor Reichlin, Chairman of the AEB PR & Communications Committee; Managing Partner, "Reichlin & Partners. Reputation Management LLC", moderated the event.



L-R: **Alexander Perov**, Partner & General Director, "Reichlin & Partners. Reputation Management LLC"; **Igor Reichlin**, Managing Partner & General Director, "Reichlin & Partners. Reputation Management LLC"; **Lyubov Gurova**, Partner, "Reichlin & Partners. Reputation Management LLC".

On 29 September 2014, the companies-members of the AEB Southern Regional Committee held a meeting with the official delegation of the sister city Karlsruhe (Germany). Krasnodar and Karlsruhe have become the twin cities for a couple of decades and actively engaged in various fields. The delegation of Karlsruhe traditionally visited Krasnodar during the City Day. Also the delegation visited German companies operating successfully in Krasnodar and visited the factory Claas in particular, where the members of the AEB Southern Regional Committee could have a look around the factory and hold a meeting. Participants of the meeting were heads and representatives of **Claas**, **Cargill-Yug**, **Gubsky Kirpichniy Zavod**, **Knauf** and others. Also the first Vice-Major and the heads of several departments of the Krasnodar City Administration were invited to participate.

In the frames of the event, the sanctions consequences for the Russian and European economy were discussed. Doing business in Krasnodar and the creation of interaction mechanisms between business and municipal authorities was another significant topic.



Members of the delegation from Karlsruhe visiting Claas production plant in Krasnodar

AEB Publications

Following publications were published in October 2014:



How to invest in Russia 2014

Upcoming publications:

- **Position Paper** (release date: **1 December 2014**)
- **Business Quarterly: Customs** (release date: **15 December 2014**)
- **Real Estate Monitor (web)** (release date: **15 December 2014**)

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

The AEB Welcomes New Members

New Members



American Express Bank LLC was established by American Express Global Corporate Payments in Russia in 2008 to distribute International Currency Cards products and to offer a core corporate travel expense management product – the Business Travel Account in Russia. The Business Travel Account is an advanced centralised payment solution helping customers to improve cash flow, increase operating efficiency and drive savings.

Through its Global Corporate Payments group, American Express provides the [Corporate Card](#), [Corporate Purchasing Solutions](#), and other expense management services to mid-sized companies and large corporations worldwide. It is a leading issuer of commercial cards, serving more than 70% of the Fortune 500, as well as tens of thousands of mid-sized companies. American Express issues local-currency commercial cards and business travel accounts in more than 40 countries, and international currency products in an additional 100+ countries. In 2014, American Express continued to be recognized as an industry leader, ranking joint no 1 for customer satisfaction in the JD Power annual credit card satisfaction survey.

<http://www.americanexpress.com/russia>



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The AEB Welcomes New Members

New Members



BUREAU CECILE ROGUE is dedicated to those who love France, its culture, gastronomy and art of living. The concept and mission of our company is to present France in all its diversity and richness. Cécile Rogue has been living in Russia for almost 20 years now, and it is her pleasure to share with foreigners her love of France, a country of traditions and culture.

We work in 3 directions for individual and corporate clients:

- we create and implement tailor-made trips to France,
- we represent and promote in Russia and CIS French partners, hotels and luxury service providers,
- we have open the one and only "Ecole d'art de vivre a la française", and organise master-classes, events and team-buildings on themes related to France, its history, fashion, culture, gastronomy and wines, the art of setting a table, French gardens, design etc...

www.cecile.ru



Instituto Internacional San Telmo

San Telmo International Institute, a leading Business School for the past 30 years, is bringing together world class academics and business practitioners to run highly interactive programs for leaders of Russian organizations and multinational companies doing business in Russia. Since 1982, our classrooms have hosted over 8,000 entrepreneurs and senior managers. The main objective of San Telmo is to deliver Executive Education to top executives and business owners, by enhancing their managerial skills.

After having successfully run activities in Spain and also in four other countries such as Ireland, Italy, Mexico and Morocco, San Telmo wishes to make a contribution to management development in Russia. We aim to serve the market offering long management programs, always addressed at senior executives and business leaders with many years of management experience. We write local cases, bring world-class teachers and speakers together and hold teaching activities in the appropriate venues. Networking is a key element in these activities. We aim to keep serving our participants over the years and help to create a network of alumni who can share, learn from each other, and do business in an environment of confidence and trust.

www.santelmo.org

The AEB Welcomes New Members

New Members



MERCURE MOSCOW PAVELETSKAYA

The new design hotel Mercure is ideally located in the Heart of historical Zamoskorechye district in the center of Moscow close to urban life, shops, restaurants, night life, cultural and business centers, public transportation. Just 20 minutes' walk from the Red Square. 3 minutes from Paveletskaya metro station. The perfect base from which to explore Moscow for shopping, business meetings and relaxation. Mercure is a part of new complex of hotels: "Adagio Moscow Paveletskaya" aparthotel, and "Ibis Moscow Center Bakhrushina".

www.mercure-moscow-paveletskaya.com



Founded in Sweden in 1967, Oriflame is a beauty company selling online & direct in more than 60 countries. Its wide portfolio of skin, hair & personal care products, fragrances, accessories, and food supplements generates annual sales over 1 bln euro. Listed at NASDAQ OMX exchange, Oriflame has group corporate offices in Switzerland and Sweden, and R&D centers in Stockholm and Dublin. In Russia, a regional headquarter for CIS countries, Oriflame operates production & logistics facilities as well as service centers, and in 2013 the company's sales exceeded 410 mln euro.

www.oriflame.com

The AEB Welcomes New Members

New Members



Phoenix Contact GmbH & Co. KG /1923, Germany/ is the worldwide leader in the manufacturing of interconnection, interface solutions, surge voltage protection and industrial automation. Phoenix Contact RUS is the subsidiary and storage enterprise in Russia, which has the offices in St. Petersburg, Yekaterinburg, Novosibirsk, Samara, Ufa, Nizhniy Novgorod, Irkutsk, Volgograd, Tyumen, Cheboksary, Chabarovsk, Kazan and Voronezh.

www.phoenixcontact.ru

Condolences

The Association of the European Businesses in the Russian Federation offers its deepest and most sincere condolences on the tragic death of **Christophe de Margerie**, *Chairman and Chief Executive Officer of Total*, in the crash of his private plane in the Vnukovo Airport in Moscow in the night from October 20 to 21. This is a terrible loss for Total and for France. Mr. de Margerie was a talented and charismatic manager, very well-known in France for his great business vision and outspoken views on the geopolitical and economic issues faced by his country. He very much believed in Russia's potential to remain a strong and strategic partner for Europe. Our thoughts go to his family and beloved ones as well to the relatives of the other victims of the accident.



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