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Dear reader,

Welcome to the winter issue of the AEB Business Quarterly!

This year has been quite a difficult one. In just a few months, the Ukraine crisis came between the EU and Russia, seriously damaging the strong connections we have built up over many years. While the conflicts on the political level have continued for more than six months, trade and foreign direct investments in the Russian economy from Europe has declined substantially. The current sanctions regime and other retaliatory measures also make the search for a sustainable solution to the problem extremely problematic. So, we hope that the forthcoming year will have something positive in store to help us overcome the extremely tense situation.

This issue is devoted to customs, with many informative articles covering current court disputes, the use of customs brokers, recommendations for the contents of a foreign trade contract and many other interesting topics.

We would like to welcome our newest members, as we once again assure all AEB members of our unrelenting efforts to promote optimum relations between the European business community and the Russian Federation.

Finally, let me wish each and every one of you a very Merry Christmas and a prosperous 2015!

Sincerely yours,

Frank Schauff
Chief Executive Officer
Association of European Businesses

**Dear readers,**

Welcome to the AEB Business Quarterly devoted to customs issues prepared by the AEB Customs & Transport Committee.

Formed in 1997, the AEB Customs and Transport Committee is comprised of representatives from various industrial sectors and acknowledged experts from leading international and domestic consulting firms, as well as specialists and managers from major international corporations who have amassed a wealth of practical experience during their extensive tenures conducting business on the Russian market place.

For many years now, committee members have actively and effectively lobbied for the interests of the international and Russian business community on matters related to the liberalisation of national legislation, promotion of the best global business practices and standards, creation of favorable conditions for the pursuit of entrepreneurial activity and improvement of the overall investment climate.

The AEB Customs & Transport Committee experts provide the Association members with highvalue, up-to-the-minute information on a wide range of issues, regularly advancing initiatives on the refinement of individual provisions of existing customs law and the simplification of customs administration. Committee members are similarly active in their promotion of initiatives within the various working groups of the Ministry of Economic Development, the Strategic Initiatives Agency, at the Expert Councils of concerned State Duma Committees, and during working meetings with the directors of the Federal Customs Service, the Ministry of Transportation, and other related ministries and federal services.

Against the backdrop of the current globalisation and changes in integration processes and the dramatic slowdown in growth rates among the world's leading economies, under conditions of the development and functioning of the common economic space within the framework of the Customs Union, formation of the Eurasian Economic Union and ongoing work on modernizing the customs management, the significance of accurate, timely and high-value information in the decision-making process is dramatically increasing.

We are confident that many years of experience and professionalism of the experts serving on the AEB Customs and Transport Committee, just as the materials and recommendations based on the findings of the detailed analyses and expert assessments of leading industry specialists offered for your consideration, will aid in the creation and utilisation of additional benefits in the organisation and conduct of business and be of particular value to managers in the development of corporate plans and growth strategies in the current and foreseeable world of change.

Dmitry Cheltsov
Chairman of the AEB Customs and Transport Committee,
Head of IRU Permanent Delegation to Eurasia

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AEB BUSINESS QUARTERLY, Winter 2014–2015

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Sergey Lavrov, Russian Foreign Minister, briefed the AEB members

Publication name/Наименование издания: AEB Business Quarterly (Ежеквартальное деловое издание АССОЦИАЦИИ ЕВРОПЕЙСКОГО БИЗНЕСА)

Published by/Учредитель: Non-profit making partnership "Association of European

Businesses"/Некоммерческое партнерство "АССОЦИАЦИЯ ЕВРОПЕЙСКОГО БИЗНЕСА"

Chief Editor/Главный редактор: M.E. Konischev/Конищев М.Е.

Publication volume and number/Номер выпуска: 04, 2014

Release date/Дата выхода:

19 December 2014/
19 декабря 2014 г.

Circulation/Тираж: 16000 copies/16000 экз.

Cost/Цена: Distributed free of charge/Бесплатно

Publisher's address/Адрес издателя, редакции:

16, bld. 3, Krasnoproletarskaya str.,
127473, Moscow,
Russia/Россия, 127473, г. Москва,
ул. Краснопролетарская, д. 16, стр. 3

The "AEB Business Quarterly" is registered with The Federal Service for Supervision of Legislation in Mass Communications and Protection of Cultural Heritage, Certificate registration ПИ № ФС77-24457/ СМИ "АССОЦИАЦИЯ ЕВРОПЕЙСКОГО БИЗНЕСА: Ежеквартальное деловое издание" зарегистрировано в Федеральной службе по надзору за соблюдением законодательства в сфере массовых коммуникаций и охране культурного наследия. Свидетельство о регистрации ПИ № ФС77-24457 от 23 мая 2006 года.

The opinions and comments expressed here are those of the authors and do not necessarily reflect those of the Non-profit making partnership "Association of European Businesses"/ Мнения/комментарии авторов могут не совпадать с мнениями/комментариями учредителя публикации, Некоммерческого партнерства "АССОЦИАЦИЯ ЕВРОПЕЙСКОГО БИЗНЕСА"

The Customs Code of the Eurasian Economic Union is the first draft of an international customs agreement on the Eurasian platform developed in collaboration with the business community

**VLADIMIR GOSHIN**

Member of Board (Minister)
for Customs Cooperation
of the Eurasian Economic Commission

Mr. Goshin, this year marked 20 years since the appearance of the idea of creating the Customs Union. And it is this very year that has become the deci-

sive year for the further development of Eurasian integration – on 29 May the Treaty on the Eurasian Economic Union (EEU) was signed in Astana. What impact will this step have on customs integration?

The Eurasian Economic Union – an international organization in the area of regional integration having international legal personality – is being established to strengthen the economies of its member countries, to build “close mutual rapprochement,” and to update and increase the competitive capabilities of the member countries in the global market. The EEU Treaty, which will come into force on 1 January 2015, provides common customs regulation according to the Customs Code of the Customs Union and the international agreements and acts governing customs legal relations and constituting the law of the Union, as well as the provisions of the EEU Treaty itself.

First of all the level of customs integration depends on the dynamics of the customs regulation modernization. The Customs Code of the Eurasian Economic Union being developed is based on the best practice of customs administration and international customs standards. This is why customs integration within the EEU is expected to result in positive dynamics that will not be long in coming.

Until the Customs Code of the Eurasian Economic Union enters into force in 2016, customs regulation will be carried out in accordance with the Agreement of Customs Code of the Customs Union dated 27 November 2009 and earlier international agreements between Member States governing customs legal relations.

The draft of the new Customs Code of the Eurasian Economic Union is entering its final stage



of preparation. Please lift the veil: who developed the draft, what principle underlay the improvements of the customs legislation, and what were the challenges that had to be dealt with?

The draft Customs Code of the Eurasian Economic Union was elaborated by a working group formed at the decision of the EEC Board for the improvement of customs legislation. The working group and its related expert group included representatives of state bodies, business communities of the three countries, and EEC specialists. Such a format gave business the opportunity not only to talk about its problems and communicate them to the state bodies, but also to actually work on the document.

The participation of the business representatives of the Republic of Belarus, the Republic of Kazakhstan, and the Russian Federation in the working group on the improvement of the customs legislation is a necessary condition for the elaboration of the draft CC EEC characterizing the EEC attitude towards the establishment of effective interaction between the state bodies of the Customs Union member countries as well as the business community with regard to different issues related to external trade regulation, customs administration, and the development of the foreign trade potential of business entities. Representatives of the Advisory Council on Interaction between the Eurasian Economic Commission

and the Belarus-Kazakhstan-Russia Business Dialogue are taking an active part in the process.

In our opinion, engaging experts from the business circles of CU and Single Economic Space Member States in the development of the CC will make it possible to create an effective customs regulation instrument based on the best practice of customs administration, international customs standards, and the balance of interests of CU member countries, society, and business as a whole.

The only problem that we had to face was the approaches applied to elaboration of the code itself that



would ensure as far as possible the balance of interests and the consideration of all proposals made by the Parties and business representatives. It is no secret that business aims at the simplification of trading procedures, among other things, through the minimization of customs administration. But one should not forget the obligations resting on the state bodies of the Parties that exercise control functions on the border within the context of international requirements regarding the quality of customs administration. While developing the CC EEC, we managed to find compromise solutions for a wide range of customs regulation issues and avoid fundamental disagreements.

Does this mean that the opinion of business was not left unheard? In other words, will the provisions of the new Customs Code make the life easier for bona fide participants in foreign economic activities?

I will repeat and say that the CC EEC is the first draft of an international agreement regulating customs legal relations to be developed jointly by all concerned parties – state bodies, business representatives from the three countries, and Eurasian Economic Commission specialists. Before it, international draft agreements on the Eurasian platform were developed and approved in trilateral format only by representatives of state bodies. Then each state initi-

ated intrastate approval of finished drafts at the national level with the participation of business representatives. This is what caused the unreasonable delays in the process of national draft approval.

In addition, it caused business representatives to think that state bodies used this format in order to regulate customs issues with only their own interests in view and prevent business representatives from entering this negotiation platform. In our opinion, the participation of all concerned parties made it possible to bring together all interests, discuss urgent problems in a broad format, and find compromise solutions for them during the preparation of the draft CC.

Business wants transparent, clear, and unburdensome customs regulation. The draft CC EEC eliminates excessive regulation, reduces terms for customs formalities due to the common use of information technology, and creates conditions for the effective use of customs bodies' resources. The main goal the developers set before themselves was to strike a balance between the interests of state bodies and business.

We expect that the CC CU innovations will make it possible to increase the level of mutually beneficial cooperation between bona fide participants of foreign economic activities and customs bodies and to simplify trading procedures and, certainly, make the life easier for good faith economic operators.

Let us dwell on the innovations in more detail. What global changes did not allow you to simply confine yourselves to a new edition of the existing Customs Code of the Customs Union but caused you to create a new draft?

First of all, I should mention that the appearance of innovations was predetermined by the contemporary state of foreign trade relations and international trade, the level of the development of customs and trade technologies, and the degree of integration of our states in the field of customs administration. No less important was the role played by the instruments for the simplification of trade procedures developed by the international customs community on the platforms of the WCO, the EC, APEC, etc.

Also the reason for modernization of the existing customs legislation lays

in the state of the legislation. The current CC CU leaves a number of problematic issues unsolved, such as a significant number of reference norms to national law, the existence of a residence principle that limits the possibility of submitting a customs declaration in the territory of a CU Member State by residents of a different CU member country, the insufficient level of implementation of modern instruments for the simplification of trade procedures (AEO, "single window", automatic release of goods, customs post audit, etc.), and the uncertainty of some CC CU terms.

In addition to this, in recent years, approaches to the customs regulation in the CU countries have changed so much that mere amendments to the Code could do nothing. It is necessary to completely rebuild the customs legislation, make it state-of-the-art, based on the use of electronic documents, electronic declarations, and information collaboration between customs applicants and customs bodies. We can say now that the draft Customs Code of the Eurasian Economic Union includes all of the best practices of both the EEC and foreign countries.

With the signing of the EEU Treaty, the main instrument of customs regulation has changed. The new Customs Code supersedes the CC CU.

Speaking about the draft Customs Code of the Eurasian Economic Union, I would like to emphasize the most important changes in the customs legislation that it provides for:

- priority electronic customs declaration and use of written declaration in certain exceptional cases only;

- the possibility of carrying out customs formalities related to the registration of customs declaration and release of goods automatically by customs bodies' information systems;
- optimization of data subject to indication in goods and transit declarations;
- the possibility of submitting goods declarations without presenting supporting documents to the customs body;
- the use of the "single window" mechanism to carry out customs operations, including those related to arrival, departure, and the customs declaration of goods;
- optimization of the preliminary information provision to customs bodies about goods imported into the Union's customs territory;
- establishment of a special way for the process of declaration of express cargos transported by an express carrier;
- term reduction for release of goods to 4 hours from the registration time of the customs declaration, if the customs declaration check does not require supporting documents or customs control related to the inspection of goods;
- development of the institution of authorized economic operators.

In the very near future, the list of the EEC Member States will expand to include two more countries – Armenia and Kyrgyzstan. How are customs relations between the current and prospective EEC countries being built today? And how similar are these countries' approaches to customs processing and customs administration?

Road maps for the accessions of the Republic of Armenia and the

Kyrgyz Republic to the CU and CES have been developed and approved. With due regard to differences in the national laws of the Republic of Armenia and the Kyrgyz Republic in the area of customs regulation, the measures of the road map provide, among other things, for bringing the laws of Kyrgyzstan and Armenia into conformity with the CU and CES legislation. During the implementation of the road map, such acts and regulations in their national laws that are inconsistent with the supranational legislation and need to be amended or cancelled will be identified.

With the signing of the agreements on accession to the integration association, the countries that are to become new union members will automatically accede to the international agreements constituting the law of the Eurasian Economic Union, including to the Customs Code of the Eurasian Economic Union that will, upon signature and entry into force, form an integral part of the law. Furthermore, if new countries join the EEU before the Customs Code of the Eurasian Economic Union is signed, this international agreement will be concluded between all EEC member countries at the time of its signing rather than in trilateral format.

Business representatives often refer to the Kyoto Convention when assessing the draft Customs Code. Is this a reasonable comparison?

The draft Customs Code of the Union, as well as the current Customs Code of the Customs Union, are based, first of all, on the standards of the International Convention on the Simplification and Harmonization of Customs Procedures dated 18 May

1973 (the Kyoto Convention), which was elaborated and adopted for the purposes of harmonizing and simplifying customs procedures, fostering the development of world trade, and introducing the customs principles stated in the General Agreement on Tariffs and Trade 1994 (GATT) and customs related WTO agreements.

At present, all members of the Customs Union are parties to the Kyoto Convention, as is Armenia, which will be joining the Eurasian Economic Union on 1 January 2015.

It should be noted that even if the regulations of the draft Customs Code of the Union do not exactly mirror the corresponding provisions of the Kyoto Convention, it was used as the main guide for the development of this draft.

The conceptual framework of the draft Customs Code is adapted to the definitions of the Kyoto Convention, which make it possible to ensure the unambiguous interpretation and uniform application of legal provisions.

The regulatory provisions of the draft Customs Code, based on the provisions of the Kyoto Convention, create conditions for the application of up-to-date and effective methods for customs administration that ensure customs bodies fulfill the tasks facing them.

Nevertheless, in view of existing realities as well as level of development of the information systems and technologies applied by customs bodies, it is important to recall not only the standards of the Kyoto Convention but also the up-to-date tools of customs administration be-

ing elaborated by the international customs community on the platform of the World Customs Organization (WCO). Such a conclusion is based on Eurasian Economic Commission consultations with experts of this organization.

Thus, at present, the WCO and other international organizations have developed about 40 instruments for customs administration and the simplification of trade procedures. These are conventions, recommendations and standards, specific manuals on institutions of customs law, overviews of the best practices of customs administration, compendiums, and glossaries. Serious consideration is paid to such instruments as preliminary provision of information, risk management system, post customs audit, institution of authorized economic operator, "single window," and institutional construction. These are accommodated to the fullest extent in the draft Customs Code of the Union.

How will the adoption of the new Customs Code reflect in the dynamics of DoingBusiness rankings?

Let's consider the following example. According to the DoingBusiness 2014 rating, the Republic of Kazakhstan's position was downgraded by 26 points as compared to 2013. At the same time, this figure increased by 28 points for the Russian Federation. Does this mean that the quality of customs regulation in Kazakhstan deteriorated in 2014 if the same customs regulation was in force in Belarus, Kazakhstan, and Russia? The answer is obvious – no.

This points to the fact that DoingBusiness methods can only be used



very indirectly for analyzing the effectiveness of customs regulation or customs control in particular. Today, the majority of experts rightly raise questions about the applicability of these methods for assessing the effectiveness of customs administration on the basis of only 3–4 indicators: number of export (import) documents, export (import) time, and export (import) costs per container.

I can add that due to the insufficient development of scientific and methodological approaches towards the improvement and assessment of customs regulation effectiveness,

methods for the simplification of trade procedures very often replace methods for improvement of customs administration. And this is just such a case.

As the draft Customs Code regulates customs legal relations, it is not correct in methodological terms to associate the draft under development with methods that have no connection with customs regulation. It is clear that up-to-date methods should be developed at the scientific level for evaluating customs regulation and the effects of introducing into customs legislation certain

instruments for the improvement of customs legislation or the simplification of trade procedures.

The scheduled set of actions for the implementation of regulations included in the draft Customs Code of the Union, as well as the Principal Directions for the Development of the "Single Window" Mechanism in Foreign Trade Activities, will create the conditions for the significant simplification of procedures during trans-border movement of goods and, therefore, ensure higher positions for our countries in the international ratings. |

Customs regulation: the overview – Foreign Economic Activity (FEA) during sanctions



TATYANA KRUGLOVA

Deputy Chair of the Committee of the Russian Chamber of Trade & Industry for Customs Policy, President, Targo Group Customs Holding

What changes can those involved in Foreign Economic Activity expect in connection with the ratification of the Treaty of the Eurasian Economic Union (EAEU), and what lies in store for Customs Regulation?

It has to be noted that the current development process in Customs legislation in the Customs Union is undergoing extensive changes due to the recent ratification of the EAEU Treaty by the governments of Russia, Belarus

and Kazakhstan. Keeping this in mind, the Eurasian Economic Commission is due to step up work on a new version of the EAEU Customs Code.

I should like to note that the EAEU Treaty unequivocally states that Customs regulation within the Union is to take place in accordance with the Customs Code of the EAEU – and that until this comes into force, in accordance with the Customs Code of the Customs Union and such other international agreements that shall regulate customs operations in law. In this connection, the actual signing of the Treaty of the Customs Code of the EAEU ought to happen before December 2015. There is obviously a crying need for new Customs legislation – which I would suggest should be less referential in its terms.

We are becoming both witnesses and immediate participants in the transition to a new level of integration between the Russian Federation, Belarus and Kazakhstan. A significant chunk of the contractual and legal framework in the implementation of the EAEU Customs Treaty is provided for in 16 international treaties which govern the Customs interrelationships, and by six international agreement projects.

All of us – including the business community – are facing the task of active participation in developing proposals for the modernisation of the systems and working methods of the Customs authorities, bearing in mind the great level of development of Information Technology and the obvious curtailing of Customs norms at national level. All the most recently developed legislative and regulatory paperwork should support the trend towards a move away from paper-based documentation to electronic data. It's no secret that information technology that has been adopted by the Customs authorities has permitted a significant step forwards, whilst at the same time the norms of the Customs Treaty of the Customs Union still rely on paper documentation as the basis for interaction between the Customs authorities and companies involved in foreign trade. We are facing a severe mismatch between the current operational and legal methods and the realities of the processes the Customs administration use and the working methods of Customs authorities.

Summing up the main provisions of the Customs Code of the EUEU, we can say that its underlying revolutionary character lies in both the fact of the introduction of digital documenta-

tion, and in the fact that when goods declarations are made in electronic format to the Customs authorities, only electronic Customs forms are to be submitted. On its own, the set of documents which confirm the information in the Customs Declaration (CD) (i.e. licensing, commercial, accompanying documents and so forth) don't have to be presented – because the CD contains digital links to these, and the Customs Inspector can click through to the information in the on-line databases of the relevant State organisation and check the authenticity of a document independently.

Specifically so that those involved in foreign trade are not faced with a barrage of red tape, the Treaty of the EAEU sets out the burden of carrying out the procedures of evaluating the regulatory impact on decisions of the ECE. This stipulates that, from 1 January 2015, draft decisions of the ECE which might influence the conditions of enterprise activity in the EAEU have to be taken on the basis of analysis of their regulatory impact.

What will happen to the principle of residency, and what direction should be taken by information technology?

In the field of customs regulation, the standard of integration for the Russian Federation, Belarus and Kazakhstan in Customs has been raised. However, we might pause for thought. I would question the principle of residence, and the fact that the requirements of the Treaty must be backed up by relevant legislation within the national customs laws of the countries involved. Integration of the member states of the Customs Union, and the alignment of their levels of socio-economic development, and the reliable operation of

all the institution of the EAEU – there are all tasks which will come to the attention of the business community and the apparatus of state in our countries. By 2020 we will already be able to put aside the principle of residency entirely, allowing businesses to diversity as logistical entities, and creating conditions of competition between locations of customs operations.

One of the jobs which has to be completed by 2020 is putting the interaction of those active in foreign trade markets with the customs authorities onto an entirely digital basis. To achieve this kind of interaction, both on the border, and in the declaration of items for Customs, a "single window" system must be put into operation. It's suggested that up to 50% of declarations following the onset of automatic checks for risk management systems in cases on unverified items will be waved through automatically, without any need for a Customs Officer. Incidentally, this year at the Kashirsky Customs Depot in Moscow Region the first automated Customs declarations were used – in other words, the Customs authorities have not only taken an automated approach to declaration information, but automatically released the goods without the presence of a Customs Officer.

Currently the Federal Customs Service of the Russian Federation is working on a project which involves information exchange and a single information source for approval documents, in which Customs Officers have technology maps for inter-agency cooperation with governmental customs agencies which are involved in the case.

Regrettably, for goods which are subject to veterinary, phytosanitary, san-

itary and quarantine control, representatives of the relevant government agencies still require documentation in paper form. Preparing and submitting hard copies of documents to the staff of the relevant departments acts a severe brake on the process of customs operations. We sincerely hope that the EAEU Treaty will introduce such concepts as an "Electronic Document", an "Electronic Version Of A Document", or a "Paper Version of an Electronic Document" which will permit a scaling-down in the costs faced by those doing business internationally, at the same time as speeding up the actual operation of the Customs Departments in such cases. It's worth mentioning that the ECE, which has the power to decide the formats and structures of any Customs documentation, is currently at work on formulating the documents of departments whose work is part of the control of Foreign Trade operations – and in particular, the organisation of a single set of documentation which will be valid throughout the EAEU. To do this, it will be necessary to unify the structure and formats of all the organisations which are involved with these documents – including, amongst many others the sanitation, transport, and veterinary industries.

It is worth noting that many of these government agencies issue permit documents whose format is not standardised, and that these documents do not exist in any electronic format. Of course, the Federal Customs Service in Russia is trying to take a proactive lead, innovating quickly enough within the framework of the Roadmap to improve procedures, cut backlogs, and roll out the use of technology. The information technologies in use by the Federal Customs Service are reckoned

to be the most advanced in any of Russia's government ministries or departments. Now here it is essential to consider that there is a critically short period of time available for conducting worthwhile and productive work in this field, since, from 1 January 2015, the Eurasian Economic Union begins operation whereas the Customs Code of the EAEU only kicks in on 1 July 2016.

Let us turn now to how the current economic sanctions affect those involved in foreign trade. Only just over two months have passed since Russia imposed retaliatory sanctions on food items from the countries of the United States, the European Union, Canada, Australia, and Norway. The bans cover meat of all horned dairy cattle; domesticated poultry; pork; meat in salted, fried or smoked forms; fish; shellfish; and also milk and dairy produce, cheese, vegetable-fat products; salami and sausage; meat by-products, fruit, nuts and root crops.

This ban was brought in, and food prices in shops rose. What do you have to say about this?

Do you really believe there would have been no food price increases if the sanctions had not been brought in? Let's take a global view here. Prices go up because of the continual pressure which the United States puts not only on Russia – but similarly on Germany and France, which are the economic driving forces in Europe. This is not really related to the fact that Crimea has come under Russian control. Nor is it even caused by America's preoccupation with allegedly 'democratic' values in Ukraine. They actually couldn't care less about Ukraine, or about Europe either. The real issue here is that it's advantageous for America to overload

European markets to a state of near chaos – primarily in the field of energy. For a country with a national debt the size of America's, it's really important to make European-produced goods uncompetitive compared to US-made goods. You can see it in Russia right now, where the prices have gone up, but European manufacturers can't shift their wares – and are discounting them below production cost. What does all this mean? Yes – it means that next year Europe will not produce so much, there will be significantly fewer jobs, unemployment will rise, and inflation will soar.

There are stories in the press that European goods on the banned list are nevertheless still turning up in Russia?

It's really worth making a separate point of this issue. Despite what's being reported by some so-called 'experts' in the areas of foreign trade and transportation, there's no large-scale importation of banned goods into Russia going on. Looked at separately, it might happen that some goods come into Russia relabeled – for example, Moldovan apples and plums coming in via Belarus. Russian farmers are grumbling that what they grow is unwanted in chain supermarkets while there are Polish apples on the shelves. In these cases some severe law enforcement action is needed. Where there are clear cases of re-labelling going on, the first step should be a warning to shop owners, then heavy fines. Repeated offences should be met with a withdrawal of the shop's licence to sell such items. Once there is nowhere to sell them, such dodgy goods will no longer be imported. Now, let's consider the possibility of Norwegian salmon or Polish apples making their way into Russia

via Belarus. I'm sorry, but there are really well established criteria for re-processing these goods – and if the goods acquire a TN VED TC (Certified Foreign Export Goods of EAEU) trade mark in that reprocessing, then they don't come under sanctions laws.

Business or politics: which of these factors is more important in this spiralling conflict?

European businesses are very unhappy about the sanctions which Russia has imposed – that's very clear. Russia in its turn sees European business as very rewarding partners for investment. This is all acting to pull the feet from under the most ambitious of Europe's politicians. As we've become accustomed to saying – "Washington's Regional Council" is inclined towards punishing Russia at Europe's expense. Unfortunately for Europe, Russia has simply turned to Asia instead in this case.

Sanctions policy offers heightened control on the part of Customs Service in Russia, and other regulatory bodies. How is this situation developing currently?

I have to say that particular kinds of meat produce from the European Union could have been brought into Russia even after the application of the sanctions regulations of the Russian Federation of 7 August 2014, titled "Concerning Measures for Implementing the Edict of the Russian President of 6 August 2014 On Introducing Separate Specific Economic Measures For the Security of the Russian Federation".

I should like to emphasise that the measures taken, of course, were necessary. The adoption by the Russian Food Commission of additional restrictions on the supply of meat prod-



ucts to the Russian market was the result of an entire series of cases of non-compliance in deliveries to Russia of meat derivative by-products which passed EU veterinary standard norms, and also met the requirements of the Russian Customs Union.

As employees of the Russian Food Commission noted, pathogens and heavy metals were continuously noted in such products. In addition to this it was also noticed that these products contained the antibiotic chemical chloramphenicol, which is actually banned in the European Union. I note that on 27th June this year, for exactly the same reasons the Russian Food Commission imposed restrictions on deliveries of frozen beef off-cuts.

It's really shocking in the face of such glaring evidence that veterinary services in the EU haven't taken such care of standards in their own countries as the Customs Union has.

Or maybe we can look at this another way – that European suppliers are more than ready to supply Russia with beef packed with illegal chemicals which they would not be allowed to sell on their own market – beef which they don't want to use themselves.

Just look on any internet search engine you like for the drug chloramphenicol – and see the conditions it is used to treat – typhoid and dysentery. This is not only a high-potency drug, but also a very powerful toxin.

Against this background we can only welcome the introduction – by the Russian Food Commission of 21 October this year – of measures against the import of meat by-products from all companies who produce these goods in the European Union.

There has to be a block that prevents this type of product from getting onto the Russian market. However, this kind of work must be undertaken by the Russian Food Commission along with the staff of the Russian Customs Service based on a systematic approach that doesn't permit the flaunting of Russian legislation or that of the Customs Union. Special responsibility in these cases should apply to Russian companies who import this kind of food. |

Recommendations for the contents of a foreign trade contract



NATALIA WILKE

Partner, BEITEN BURKHARDT

An important factor for success of a company's activities is correct formalization of contractual relations. Taking into consideration the particular importance of correct execution of contracts related to international supplies and the specifics connected with their fulfilment, this article provides legal recommendations for the contents of such contracts.

Information on the counterparty

To ensure the validity of an agreement and protect the company's interests it is important to collect and include in an agreement the main information regarding the counterparty. Such information may be obtained from the counterparty itself or from an open source – the Unified State Register of

Legal Entities. Divergence in the party to the agreement with the receiver of goods or the person effecting the payment may entail risks for the supplier, in particular difficulties in applying judicial remedies in case of a dispute, risks connected with illegal customs clearance schemes and the supplier being held liable either as an accomplice in tax evasion in Russia or of money laundering.

Governing law

A foreign counterparty's natural desire is to have the provisions of its national law applied to a signed agreement. However, governance of an agreement by foreign law does not always preclude all problems with its fulfilment. Moreover, such a choice cannot always positively impact the agreement's validity since terms contradicting imperative provisions of Russian law are deemed null and void and cannot be judicially protected or enforced in Russia. As in other countries, there are many issues subject to exclusive regulation by Russian law, in particular the protection of consumer rights, taxation and currency control matters. Therefore, it is recommended that agreements governed by foreign law be checked for consistency with the imperative provisions of Russian law.

Choice of court

As a general rule, the parties to a foreign trade contract may freely

select a competent court for considering disputes. The choice of jurisdiction is limited in certain cases only (e.g. disputes over rights to immovable property located in Russia may be handled only by a Russian court).

It should be noted that in Russia enforcement is possible only of court decisions in countries with which Russia has treaties on mutual recognition and enforcement of court judgments. In particular, such arrangements currently exist with Italy, Spain, the Baltic States, and certain countries of central and eastern Europe. Beyond that, a judicial act may prove to be useless.

A common method of avoiding such risks is to enter into an arbitration agreement subjecting all disputes to the authority of Russian or foreign international arbitration. Aside from the confidentiality, an undeniable advantage of international arbitration is the enforceability of its awards in more than 140 countries, including Russia. To be enforced in Russia, foreign international arbitration awards are subject to acknowledgement by a Russian state court, whereas Russian international arbitration awards are executed directly upon their pronouncement.

Liability of parties

Generally, the grounds for and limits of liability for improper performance of

contractual obligations are stipulated by the parties to the contract, but certain restrictions of “free will” should be borne in mind. For instance, Russian law does not permit limiting liability in the event of premeditation of the breaching party. For harm caused by a defective product within its established lifespan, the liability of the seller (producer) ensues regardless of fault of the seller or the presence of contractual relations; the only basis for a release from liability is proof of improper product use.

Force majeure

In view of recent economic sanctions, contractual provisions regulat-

ing force majeure issues are of special importance. As a general rule, a party is not liable for non-performance of an obligation if it can be proven that performance was impossible due to force majeure. To avoid disputes, it is recommended that the agreement should describe certain force majeure circumstances as well as consequences thereof and provide for the possibility of simplified termination of the agreement.

Performance of the agreement and security

In addition to the signed agreement, documents confirming performance

of obligations, such as goods transfer and acceptance certificates, consignment notes, are important. Where a dispute is considered by a Russian court, documentary evidence is of crucial importance for the outcome of the case, which is why it is necessary to describe the procedure for the issuance thereof in the agreement and ensure that such documents are received when due.

Also, it is necessary to consider means of securing a counterparty's performance of obligations. The most common means of security under Russian law include pledges/mortgages, sureties and bank guarantees. |



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Development prospects for authorised economic operator status



KSENIA SIZOVA

Associate, PhD in Economics, DLA Piper



WILHELMINA SHAVSHINA

Co-chair of the AEB Customs and Transport Committee, Legal and Business Director, PhD in Law, Head of Foreign Trade regulation practice, DLA Piper

The status of an authorised economic operator ("AEO") is beneficial for a company when forming a supply chain of goods being imported to Russia as it alleviates the financial burden. At present this status has been granted to more than 120 companies in Russia (which are included in the AEO Register) and the number is constantly growing.

When a company obtains such a status it is able to transport goods, without prior customs clearance, from the border straight to its warehouses, release them on a priority basis, take advantage of a non-interest bearing delay in customs payment and be able to provide a customs declaration after the use or even the sale of such goods.

The procedure for obtaining the status is straightforward. Most practical issues related to preparing documents and information about being included in the AEO Register have already been resolved. In addition, recent amendments, which became effective in June 2014, are focused on strengthening the economic appeal of this status and are business-oriented.

In particular: (1) timeframes for the release of goods by AEOs have been reduced – up to 4 hours; (2) the scope of mandatory data and documents to be submitted by applicants for AEO status has been decreased; and (3) cases when an AEO status application may be rejected have been limited. If the Operator has properly carried out the decision made against him under administrative proceedings (initiated

due to his administrative offence), customs authorities may refrain from recalling his Operator Certificate. In addition, there was lifted a restriction related to the correlation between the amount of customs payments payable for goods released prior to the submission of the customs declaration and the amount of deposit securing the payment of customs duties/taxes.

Currently laws governing AEOs are being developed, and the Customs Code of the Eurasian Economic Union is being elaborated. A chapter in the code is dedicated to the AEO status. The principal new features of the draft include:

- the introduction of three types of AEOs;
- an exhaustive list of the terms and conditions to be met in order to be granted AEO status;
- an increased number of companies who may obtain AEO status (the status covers carriers, customs representatives and warehouses owners);
- the introduction of the good standing criteria with respect to AEOs;
- the removal of the requirement to provide security when goods are delivered to an AEO's warehouse;
- the delegation to the AEO of the authorities of the customs bodies to the extent related to releasing the goods into circulation;
- mutual recognition of AEO status in Customs Union member states.

In general, the current AEO regulation is oriented to international practice and experience with a view to having AEO status recognised by third countries as well as to providing secure supply chains. ■

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The relation between the customs value and transfer pricing in transactions between related parties



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The implementation of supply between related entities on the territory of the Russian Federation inevitably raises the question of the possible use of transfer prices for the purpose of calculating the customs value. A transfer price is the price of goods (or work, or services), established within the framework of a group of companies, which is applicable to the internal transactions among the companies within such group.

The regulation of transfer pricing at both the national and international levels is intended to ensure the correspondence of prices used by com-

panies within the same group to the so-called "arm's length principle", according to which the prices between related parties must be equivalent to the market level and should not significantly differ from the prices in transactions between independent companies under comparable circumstances.

At the same time, the existence of transfer pricing in the course of supply of goods to the Russian Federation between related companies attracts the attention not only of the tax authorities, who monitor the distribution of profits in such transactions, but also that of the customs authorities, who

monitor the accuracy of the customs values declared by the declarant.

This is due to the fact that, as a general rule stipulated in the agreement between the governments of the Russian Federation, the Republic of Belarus and the Republic of Kazakhstan, entitled "On the determination of the customs value of goods transported across the customs border of the Customs Union," dated 25 January 2008 (hereinafter the "Agreement"), the customs value of goods should to the greatest extent possible be equal to the value of a transaction with such goods.

With regard to the procedure for determining the customs value of transactions between related parties, the law imposes special requirements. The primary method of determining the customs value is based on the transaction value of goods being imported (method 1), which may be used only when the relationship between the parties in no way affects the value of the goods being imported. In connection with this, the main problem faced by importers when importing goods is the need to prove that the parties' interdependence has not influenced the price of the transaction.

According to Clause 3 Article 4 of the Agreement, when determining the customs value of goods, the mere existence of a relationship between a seller and a buyer should not be grounds for declaring the transaction value unacceptable. In this case, only if the customs authorities doubt the acceptability of the declared value should the circumstances of the sale be investigated. In response, a declarant may submit documents and information confirming that the transaction value is close to one of the screening values provided in the Agreement; that is, the declarant may demonstrate that the value of the transaction does in fact correspond with the transaction's market value.

The declarant should take into account that the customs authority will not carry out additional verification of the declared value every time, if the existence of a relationship between the parties is established. In particular, if the customs authority is already in possession of relevant reliable pricing information, or if it has already been proven in previous inspections that the relationship between the parties does not influence the formation of the transaction price, there are legal grounds to accept the declared customs value as valid.¹

The question is whether the importer in a dispute with the customs authority can use transfer pricing documentation, developed for the purposes of tax control, as evidence reflecting the circumstances of the sale and confirming the validity of the declared customs value using the first method.

Neither current Russian legislation nor enforcement practices regulate the relationship between the customs value and the transfer price. On the one hand, the customs legislation of the Customs Union and of the Russian Federation does not use the term "transfer price." Moreover, the customs authorities use their own list of methods for determining the customs value of goods, which is different from the list of methods for determining compliance with the price level of the market provided for by the tax legislation.

In addition, according to the official position of the Ministry of Finance of the Russian Federation, recognition of the market price by the customs authority is not grounds for the recognition of market prices for tax purposes.²

On the other hand, the use of developed documentation on transfer pricing for customs purposes, which reflects the principle of pricing between related parties, is not explicitly prohibited either. The main argument in favour of this approach is the fact that controlling the customs value also addresses the problem of tax control and implies that the price applied to the transaction ought to be the same as in transactions between independent entities and consistent with the market level. Therefore, if the company prepares documents that confirm compliance of the prices with the "arm's length principle", there are no formal obstacles to submitting to the customs authority such information as

being reflective of the circumstances of the sale.

It should be noted that this issue has also been raised repeatedly at the international level, as this topic is highly relevant for the international legal system. The question of possible cooperation among customs and tax authorities as regards control of transfer pricing and the development of a common strategy which the customs authorities of different states would be able to use, has repeatedly been a topic of discussion at international conferences, including with the participation of the Organization for Economic Cooperation and Development (OECD) and the World Customs Organization (WCO).

At one of the meetings of the WCO's Technical Committee on Customs Valuation, recommendations were elaborated concerning the use of transfer pricing documentation as a source of information on related sales circumstances.³

Given these recommendations, as well as the practice of controlling the declared customs value by the customs authorities, the decision to use such documentation to justify the customs value will be made on a case-by-case basis, taking into account the provisions adopted in the company's transfer pricing policy and a true reflection therein of the circumstances that clearly demonstrate how the transfer price was calculated and that show that any relationship between the parties did not impact the price calculation. ■

¹ Clause 14 of the Resolution No.283 of the Eurasian Economic Commission Board "On applying the method of determining the customs value of goods based on the transaction value of imported goods (method 1)" dated 20 December 2012.

² Letter No.03-01-18/4-72 dated 6 June 2012

³ Commentary 23.1. Examination of the expression "circumstances surrounding the sale" under Article 1.2 (a) in relation to the use of transfer pricing studies.

WTO: changes in customs law



INNA ELISANOVA

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On 22 August 2012, Russia became the 156th member state of the World Trade Organization (WTO). Russia accepted commitments to perform more than 50 Multilateral Trade Agreements and to adhere to the general rules and principles of the WTO:

- reciprocal Most Favoured Nation status in trade;
- reciprocal application of national regimes for goods and services of foreign origin;
- trade regulation primarily by tariff methods;
- no use of quantitative or other restrictions;
- transparent trade policy;
- trade disputes resolved through consultation and negotiation.

The Russian protocol of accession to the WTO has several annexes that essentially set out Russia's obligations to standardize legislation and bring it into line with WTO requirements. One annex is the Working Party on the Accession of the Russian Federation Report, comprising a detailed description of the legislation in effect at the time a specific matter was agreed, and the WTO Working Party's recommendations on amendments to the legislation.

Russia accepted certain commitments subject to an agreed transition period, and did not accede to certain provisions of international law at all. However, the majority of the commitments have already been incorporated in current legislation through relevant amendments.

Notably, membership of the WTO involves monitoring and supervising compliance with the commitments undertaken by new member countries. The procedure is clearly regulated and calls for periodic checks on the performance and implementation of international law in domestic legislation and Customs Union legislation.

Preferences for industrial assembly of automobiles and their parts have been retained for a transitional period. The industrial assembly regime

will be abolished by 1 July 2018, but a "compensatory mechanism" for companies utilizing the regime will apply for a further two years (until 2020). At the same time, Russia has made a commitment not to enter into new agreements with investors containing provisions contrary to WTO legislation, including agreements relating to trade investment.

Russia has carried out its general commitments. Annual amendments have been made to the Customs Tariff of the Customs Union to reduce import customs duties. The latest round of amendments was made by Board of the Eurasian Economic Commission Decision No. 77 of 26 May 2014 and comes into force on 1 September 2014. Russia has also complied with its commitment to publish draft laws, regulatory legal acts, decrees, resolutions, judgments and general administrative prescriptions relating to trade in goods, services, and intellectual property in advance in order to receive comments from the business community.

A number of amendments have been made to the domestic law on customs payments. The maximum customs fee for customs operations now does not exceed 30,000 roubles. Lower fixed customs fees have also been introduced for online filing (using electronic declarations).



The following amendments have been made to non-tariff regulations, prohibitions and restrictions. Imports of goods containing encryption solutions have been permitted upon filing a one-time notification. Goods containing encryption technology requiring an import license undergo expert assessment and approval only once.

Foreign producers outside the Customs Union are able to declare conformity using the Customs Union standard form.

With respect to legislation concerning customs valuations, in accordance with the Agreement on Imple-

mentation of Article VII of GATT-94 (Customs Valuation Agreement), the customs legislation of the Customs Union has approved two methods for determining an acceptable price for transactions between related parties: analysis of the circumstances of the sale, or a declaration to the effect that the transaction value approximates to the “test value”.

With respect to determining the country of origin of goods and applying customs import duties, the practice of automatically applying double duty to imported goods for which the country of origin cannot be determined has been ended. With respect to goods originating from a state with

which Russia has not concluded a bilateral trade agreement (for example, this previously applied to Hong Kong), the import customs duty base rate established in the Customs Tariff of the Customs Union applies.

At the same time, tariff quotas applicable in Russia will continue to be distributed through auctions. The risk management system will continue to be based strictly on price information (from trade statistics, exporter information, or other sources) and is applicable in most cases, not only exceptional cases, in which the difference is sufficiently large to raise a doubt that the correct customs value has been stated. ■

Rules for classification of goods in accordance with Foreign Economic Activity Commodity Nomenclature of the Customs Union



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General Manager, TRANSLOGIX LLC

The Unified Foreign Economic Activity Commodity Nomenclature of the Customs Union (UFEA CN CU) in force since 2010 is used for implementation of customs and tariff regulation measures as well as non-tariff regulation measures in the area of foreign economic activity (FEA) and for maintenance of customs statistics.

FEA CN is a classifier developed on the basis of the Harmonized System. It includes a systemized commodity description list with numerical codes, measurement units, notes and six basic interpretation rules (BIR), which are applied consistently.

Rule 1 states that a commodity item shall be specified in accordance with the relevant commodity item text (and not according to the names of sections and groups), notes to the FEA CN sections and groups and to other BIR if they are applicable to the commodity. For example, fresh apples are included in commodity item 0808, and note 2 to group 08 establishes that chilled fruits are classified as fresh ones.

According to Rule 2, goods supplied in incomplete or unfinished form are classified as finished and complete commodities if in this form they have the main properties of a finished product. An unassembled or dismantled commodity is considered to be assembled for classification purposes. For example, a set of parts for assembly of a wardrobe are classified as an assembled and complete wardrobe according to commodity item 9403 (other furniture and parts thereof), even if the elements needed to fasten such parts to each other are missing.

Besides, any reference to any material or substance in the commodity item text also applies to mixtures or compounds of such material or substance. Classification of commodities consisting of more than one material or substance

is performed in accordance with provisions of Rule 3.

Rule 3 includes three consistently applied subparagraphs:

3a) a more precise commodity description compared to a general description;
3b) the main property of a commodity given to it by any of its components;
3c) a commodity item which is the last one in ascending order of possible codes.

A commodity is related to the commodity item which describes it in the most precise manner. For example, electric shavers are described very precisely under commodity item 8510, compared to item 8509, which includes electromechanical domestic appliances with built-in electric motors.

A commodity item selected for a multi-component commodity shall be the one describing a specific component of such a commodity (a substance or material within a mix or a compound within a retail sale kit), which gives the commodity its main property. If an electric shaver is sold in a kit with moustache scissors, it is the shaver that delivers the main property to the kit, as it is used more frequently and is the most sophisticated and expensive component of the kit.



If the aforementioned provisions of Rule 3 could not be applied, then the commodity must be referred to the last item in the ascending order of codes in the row of commodity items of equal applicability.

Rule 4 establishes the classification procedure for commodities not described in the FEA CN, and for which the code cannot be established using the preceding rules. Such commodities will be classified under the commodity item describing the goods most similar to those in question.

Rule 5 concerns classification of commodity containers and packaging moved together with the relevant commodity. Containers specially made for long-term storage and transportation of a commodity are classified together with such a commodity, e.g., a violin in a case. If it is the container that gives the main property to the commodity, the container code will be used instead of the code of its contents. Thus, for example, the code of a silver powder case filled with powder is 7114 (an article made by silversmith), and powder in a

plastic case corresponds to commodity item 3304 (make-up).

If a commodity is delivered in a suitable disposable container (crate, box, bottle, sack, etc.), such a container is not given a separate code, and is declared under the code of the main commodity. If packaging or containers may be reused after extraction of a commodity therefrom, they are classified as commodity items separate from the contents. For example, a disposable spray bottle filled with paint will be classified as paint (3208), and a large capacity reusable steel bottle filled with propane is regarded as two commodities according to commodity items 731100 (vessels for compressed and liquefied gases) and 2711 (gaseous hydrocarbons).

In any case, containers or packaging delivered separately from their contents shall be classified under their own commodity item, usually according to the material they are made of.

Rule 6 describes the algorithm which is employed for establishing sub-items ac-

cording to the sub-item text and notes to sub-items, and which makes it possible to use all the abovementioned rules and notes applicable to sections and groups. However, comparison of potentially applicable sub-items is only possible within the scope of one commodity item established earlier, and only at one level, i.e. with the same number of hyphens before the sub-item name.

In addition to the BIR, clarifications and other regulatory documents of customs authorities applicable to commodity classification must be taken into account.

In most difficult cases it is recommended to apply to the RF Federal Customs Service for a preliminary decision on commodity classification as per FEA CN CU, which will be valid for 3 years from the date of issue. This is a public service rendered free of charge, as a rule, within 90 days from the time of application.

In any case, commodity classification is a difficult task which can be handled rapidly and correctly only by professionals who have the relevant knowledge and experience. ■

Product certification: the technical regulations of the Customs Union



BETTINA WISTHALER

Head of Import Department,
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The technical regulations are definitions of the standards which establish the characteristics of products and their production processes in terms of quality, security, technical requirements, etc. New legislation has been passed to replace the old GOST standard, which stands for "Gosudarstvenny standard" or "state standard" and had turned, to a certain extent, into a business model, in which the main concepts of security and quality had disappeared.

Additionally, with the creation of the Customs Union of Russia, Belarus and Kazakhstan, a unified product certification system became indispensable and in 2010, the three countries decided to introduce the Technical Regulations of the Customs Union, abbreviated as "TR TS" or "TR CU".

Starting from 1 January 2012, with the new Technical Regulations of the Customs Union coming into force step by step, the respective national standards will no longer be valid. Up to now the Commission of the Customs Union has introduced 53 regulations, of which currently 31 have already come into force, 3 have been approved and another 19 still need to be approved. For goods which have been proved to be compliant with the Technical Regulations, a conformity declaration or certificate is issued, being valid in the whole territory of the Customs Union.

However, during the transitional period, certificates according to national standards may still be used in the respective country. If the GOST certificate or declaration was issued prior to the date of approval of the new Technical Regulation it will be valid until its date of expiry. Otherwise it

may be used only until the deadline indicated in the Technical Regulation, which applies to that type of goods.

One of the new aspects, and probably also the most discussed one, concerns the application for conformity certificates. The applicant for a TR TS document needs to be a legal entity of a member state of the Customs Union. This new requirement is due to the fact that the responsibility for the certification process, but also for the security of the product itself, is assumed by the applicant.

TR documents may be issued for a certain delivery with indication of the invoice and attachment to the delivery contract or for serial production. Nevertheless, a conformity certificate for serial production also requires additional quality control in the form of an inspection of the production site by representatives of the certification authorities. Both types of conformity documents may be issued for a period from 1 up to 5 years.

Such classification norms, like the new legislation in a whole, are aimed at reducing the previous abuses and to generally simplifying the transfer of goods within the Customs Union. ■

How to save on customs clearance & reduce customs risks?



YURIY KISELEV

Head of Customs Department,
Renault Russia

As you know, customs clearance in the Russian Federation is a hard task and results are in high costs to the company for customs brokers. How can we reduce these costs?

In addition to regular tenders there is another way which allows you to do this – creation of an internal customs service for the company. A number of large Russian as well as foreign companies working in Russia undertake customs clearance by themselves.

What do we need for this?

First of all, this activity is effective only for high volumes of imports: approximately starting from 400 of transport units (trucks or containers) per month. Secondly, though not necessarily, it is advisable to have your own place for delivery of goods. Even better you should have the status of the AEO, which gives you the opportunity to deliver the goods to your own warehouses, to release them before submission of the customs declaration, and perform a number of other customs operations. Thirdly, the

company must hire employees who will solve all related customs issues.

What will be the cost for customs clearance of 400 vehicles each month entirely by the customs service of the company?

An average daily flow – 18 trucks per day (400/22 working days). One declarant may prepare and submit approximately 6 declarations containing from 10 to 15 codes HS a day. Thus, you need 3 declarants. You also need 2 employees who will prepare the necessary information and documents for declarants. It should be noted that in the staff of virtually any company in any case, there are employees who are responsible for information exchange with customs brokers. In total: 5 headcounts + expenses for their job, including specific customs programs – approximately 5 x 2000 EUR/month. In the case of an AEO you should add the cost of the Bank guarantee for the amount of customs payments and some administrative costs associated with the documents' preparation.

So, customs clearance for 1 transport unit will cost approximately 25 EUR (5 persons x 2,000 EUR/400 working days). But this is an ideal situation. In reality, in a large company there are several flows of goods, which may arrive in different places of delivery (based on logistics performance) and depending on different modes of transport. In this case, the company will still need the services of a customs broker, but the value of these services will be lower due to the fact that it will not prepare and submit the declarations, and be associated with the declaration risks. A broker's main duty is to ensure closure of the customs transit at the place of arrival of goods and, if neces-

sary, to arrange customs inspection or provide for the carrying out of customs inspections. It is difficult to estimate the cost of such services, because it depends on the concrete situation, but it is quite possible to make savings of 100 to 150 EUROS for the transport unit. This means, even if we assume the minimum, savings of 75 EUR per working day (100-25), or 30,000 EUROS/month, or 360,000 EUROS/year. In addition to this saving in monetary terms, the company receives a number of bonuses as its customs service performs the following main duties:

- cost minimization, and time spent on customs clearance;
- reducing risks associated with customs: suspension of customs clearance, desk audit, additional recovery, administrative or even criminal cases;
- providing flexibility in the supply chain.

The solution to all these problems can be a remote procedure release. The main idea is that all declarations must be submitted at only one customs point, usually at the place of registration of the company. The goods are delivered to the customs points which are convenient from the logistics' point of view. This provides not only the flexibility in the supply chain, but also reduces the risks of customs checks, as the right to inspect belongs to the customs authority to which the declaration was submitted.

In conclusion, it should be noted that the flowchart presented in this article also differs from the reality (not on principle of work, but on the complexity of the organization), as the internal combustion engine in a school physics textbook differs from what is under the bonnet of your car. ■

Using services of customs representatives/brokers



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1. Situation in the foreign trade activities market (FTA) in the Russian Federation.

The situation on the FTA market can be characterized as controversial and difficult. The main reason is sanctions against Russia. As a result, a number of large suppliers are under restrictions on the import of goods into the Russian Federation. The volume of large and high-frequency deliveries has significantly reduced. We evaluate the decline in the volume market indicators by 30–40%. According to market research, large customs representatives were left without the usual volume of work associated with the imports of large customers. The winners are the universal companies who are able to work with different categories of goods and with many different clients.

To our mind the market of indirect import is going backwards. The companies who work in the legal field and can provide the whole complex of services or even outsourcing come on the leading positions out winners. Clients evaluate the ability to guarantee speed and quality of the FTA services.

In the RF a number of companies still use the indirect scheme of delivery, but the contemporary volume is not the same as in 2007–2010 and is not expected to grow in the future. Importers are looking forward the direct deliveries that can guarantee stability in customs clearance.

2. How the customs representative can help is a rhetorical question. Nowadays the level of demand for customs clearance services is low. Importers expect coverage of the following spheres from the customs representative's service:

3. Delivery.

A lot of customs representatives don't have their own transport. Nevertheless partner relationships between the transport company and the customs representative based on the mutual cooperation within the limits of the common client base allow them to give competitive rates for delivery. The totality of the experience of a transport company and a customs representative's knowledge of the market nuances provides a significant advantage. Time and place of border crossing, order of loading are agreed earlier. A reliable partner relationship is of great importance in solving such tasks.

4. Getting necessary permit documents. Preparing such documents for customs registration is done beforehand. Specialist of customs representatives are responsible for predicting and evaluating the complexity and volume of the work for getting permit documents. All the necessary applications are sent into the appropriate organizations by specialists beforehand. Then all the documents are ready according to approved terms, the moment the cargo arrives for customs clearance.

5. Customs clearance.

Customs clearance today is a complex combination of nuances connecting with the place of customs clearance, the level of personal relationship with representatives of the customs, and the attention and stable business processes inside the company of the customs representative. There are a number of customs representatives who work with 10–15 large suppliers. Such companies have simple customs clearance, constant lists of import goods, constant places of customs clearance, and the same specialists in customs registration who work with the same type of goods. Such companies are reliable but only for large and constant clients. In case of any small deviations, such customs representative couldn't be able to solve assigned tasks in time.

Therefore to our mind, the customs representatives with more flexible and mobile approach are benefiting. Business processes in such companies are configured so that to allow them to

work reliably and accurately not only with large suppliers but also with smaller companies who have a wide range of goods.

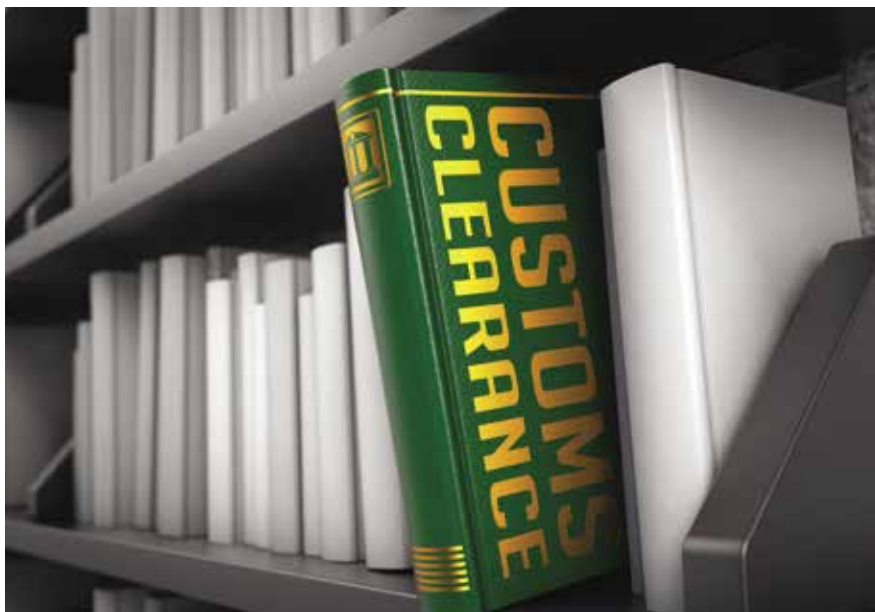
More than that it's important to have a developed network of branches in the customs broker. This allows to be federal customs broker and carry out customs clearance directly in the cities – filials. Developed branch network not only enable customs clearance directly at the local customs posts but also require human resources – highly qualified specialists with experience in customs registration of different cargoes. Nowadays customs registration is almost 100% electronic, so thanks to branch network networks, all documents could be sent from any place, without local bindings.

In addition, the whole complex is developing:

6. Agent's actions connected with purchase of goods, delivery and customs clearance are a well-known trend which is going to become more popular in Russia. The customs broker, on the basis of the agent's contract, carries out all actions about the importer's cargo. this means that in fact the customs broker becomes an importer. The recipient of the goods in the Russian Federation doesn't participate in any stages of the cargo's transportation. The customs broker takes care of everything, from signing the contract up to the cargo's delivery directly to the warehouse of the recipient.

7. Product searching abroad, quality control.

If need be, a customs broker can search the product according to indicated parameters. After finding a supplier, product samples are sent to



Russia. The recipient tests them, analyses them, and after that any further actions connected with the purchase and transport of the cargo are carried out by the customs broker.

8. Surveyor services.

Cooperation with Asia has a number of features. One of them is a discrepancy between actual cargo and declared information in the documents. Customs brokers can provide surveyor control during the loading of cargoes transported in containers by sea, rail, or road.

9. Warehousing, consolidation, repacking of goods.

After a cargo's transportation into the RF, the importer from time to time needs to consolidate cargoes in warehouses after customs clearance. Those customs representatives who can provide such a service are one step ahead of their competitors.

One of the important and actual questions is cost for the services of customs clearance. The average cost of such services in Russia has tended to be

low. If two years ago the average rate for the customs clearance was within 900–1000 US dollars, nowadays these rates are no longer relevant. Many customs representatives are deliberately cutting prices, not only to attract new customers, but also to preserve their existing customer base.

10. All of the above parameters comply the leading brokers in the Russian Federation. There are about 15 companies. Business processes in such companies are designed so that customs clearance is carried out with minimal cost to customers as well as with guarantees of reliability, and compliance with all norms of the law the law. Knowing the nuances saves time, money and, most importantly in business with Russia, the nerves of the clients. A carefully crafted scheme, detailed analysis and forecast for each delivery with all the best options for clients guarantees the accuracy of execution of all agreements.

Working with a worthy and serious customs representative in Russia is a guarantee of reliability and quality. ■

Current trends in court disputes with customs



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It is no secret that the customs service contributes a significant share of the Russian budget. Annually, the amount collected by the Russian customs exceeds 50% of the total tax receipts. As of the end of October 2014, the customs' contribution to the federal budget income exceeded RUB 5.5 trillion.

Lately, the customs authorities have increased the number of measures they use to collect payments after they release goods. In January–September 2014, they collected more than RUB 2 billion and brought more

than 2,000 administrative and 140 criminal actions as a result of more than 3,000 customs inspections. Presumably, almost every inspection ends with the party in question's being brought to administrative responsibility.

At the same time, entities engaged in foreign economic activity are vigorously challenging administrative penalties, decisions and measures related to additional customs charges (decisions to adjust customs value, to change classification codes or to renounce reduced rates for im-

port VAT, etc.). Entities that appeal to arbitration courts often win their suits and get decisions invalidated. For instance, in 2011, 66.5% of lawsuits were decided against the customs authorities; 82.7% in 2012. In 2013, this figure slightly decreased to 62%, but as we can see courts favour participants of foreign economic activity.

We are all aware of the judicial reform of this August, which abolished the Supreme Arbitration Court of the Russian Federation (the "SAC") and transferred its powers to the Supreme Court of the Russian Federation ("the Supreme Court"). Many are concerned about possible changes in the court practice. The issue is a burning one, as despite the fact that the SAC staff was transferred to the Supreme Court, certain judicial acts of the Supreme Court may lead to a "law enforcement revolution."

Following the transfer of the SAC's powers to investigate the claims against legally effective arbitration rulings, the Supreme Court adopted a number of regulations capable of changing the approach to determining the jurisdiction of court disputes involving not only the customs authorities' decisions to impose admin-

istrative liability, but potentially their decisions on customs matters as well (adjustment of customs value, commodity classification, etc.).

Such regulations were adopted during the settling of disputes that participants of foreign economic activity brought against the customs authorities' decisions imposing administrative liability for customs violations (e.g. misrepresentations in goods declarations resulting in customs duty understatement, failure to declare goods). In outlining the facts of the case, the Supreme Court mentioned the violated jurisdiction of court disputes, i.e., that the disputes are first to be referred to the court of general jurisdiction but not to the arbitration court. The Supreme Court came to this conclusion through a systematic interpretation of the Administrative Offences Code and the Arbitration Procedural Code of the Russian Federation. The conclusion implies that a state agency's decision to hold a legal entity to administrative liability can be appealed to arbitration court only if the legal entity does business and is held liable for violations committed during the conduct of business. Such violations may in particular include illegal sales, unfair competition and other such commercial offences. However, the Supreme Court did not classify the violation of court dispute jurisdiction as a significant abuse of the legal process in those cases and the judicial acts in question remained valid.

Analysing the Supreme Court's position concerning the court dispute jurisdiction, we believe that it might be lawful. At the same time, owing to the decade-long practice of investigating customs disputes, arbitrators

have obtained deep insights into the customs legislation and demonstrated expertise and professionalism in making their decisions. When an administrative liability dispute is unresolved by the customs office because of law requirements and is filed with a general court for final settlement, many clutch their heads while reading the judicial acts. Sometimes it doesn't matter in whose favor the judicial act is issued. Frankly speaking, customs disputes can hardly be a strong point for the general courts but, to be fair, many judges do their best to delve into the issue. Therefore, the question arises of whether radical jurisdiction changes are worth making. To see a clear picture we need precise clarifications from the Supreme Court (Plenary Assembly/Presidium), and for now it would be premature to change the approach to contesting the decisions concerning administrative offenses.

The lack of clarity in this matter may result in missed appeal deadlines, since an appeal must be filed within 10 days after a ruling is received, and currently any court (an arbitration court or a general court) may reject a claim for its own reasons. At the same time, we are unaware of any instances in which arbitration courts have rejected such claims.

Aside from the law enforcement novelty we've discussed above, we would also like to note one more change in the customs dispute practice that we believe is important.

Royalty related to imported goods should be included in the customs value, which is the basis for assessing customs duties. Arbitration courts share the following understanding of

customs disputes. If a license payment under an agreement for the transfer of exclusive intellectual property rights is not broken down into components – goods and services – but is a single fixed amount or a single percentage of earnings, it should be included in full in the customs value of imported goods. In its turn, the Supreme Court has recently expressed rather a different opinion on this matter. It ascertains that if an agreement for the transfer of exclusive trademark rights authorizes the rightsholder to use the rights for both goods and services, then, disregarding the fixed character of the license fee, consideration should be given to the fact that a portion of the payment may not relate to the imported goods. However, the Supreme Court does not provide any instructions concerning the way the court investigating such a dispute should finalize its deliberations.

In conclusion, we would also note that in making disputable decisions, the customs authorities don't expect participants of foreign economic activities to apply to court, because doing so might upset their relations with the customs authorities. But experience has shown that bona fide entities that have every right to defend their legal interests are no longer intimidated in this manner. We understand that legal customs subdivisions (legal departments of customs offices, legal services of regional customs boards) often issue conclusions on the non-expediency of challenging judicial acts that are not in the customs authorities' favor, seeing that it is better to spend their time and effort on something useful rather than on blushing in court as they defend weak positions. ■

Discussing draft regulations on foreign trade and customs in public



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Each year, we see the intensive growth of regulation, and this trend is unlikely to change in the foreseeable future. So the old maxims *ignorantia juris non excusat* and *dura lex sed lex* remain topical.

Monitoring both effective legal acts and draft regulations is becoming increasingly important.

The Russian Federation has recently improved substantially stakeholder awareness and engagement in open discussion of draft regulations. Such major advances include the Unified Web Portal launched at <http://regulation.gov.ru/> for posting draft regulations developed by the federal execu-

tive authorities, as well as the results of their public discussions, and implementing the procedure to assess the impact of regulations.

Many draft regulations governing entrepreneurship are currently subject to impact assessment. Starting from July 2013, such assessment has also applied to draft customs regulations. Note that impact assessment covers not only draft regulations to be passed by the executive authorities themselves but also draft federal laws developed by them, government resolutions and even some draft decisions of the Council of the Eurasian Economic Commission (the EEC Council).

The opportunity to hold public discussions on draft regulations and notices of their preparation are unquestionably the main merit of the impact assessment procedure. Any stakeholder may submit comments on the regulation under discussion following the list of questions set by the authors of the draft. The questions are phrased to allow for arguments and/or objections of both a legal and an economic nature. The author of the draft must record all comments received in the overview report on the completed impact assessment. The draft regulation and the materials from the open

discussion are then forwarded to the Russian Ministry for Economic Development for an opinion on the impact assessment. If necessary, the Ministry may announce public consultations. A stakeholder may also submit additional comments to the Ministry if it believes, for example, that the authoring agency has distorted or ignored the comments it made when the draft was discussed in public.

All this makes impact assessment a rather convenient tool for stating one's position on draft regulations and thus for protecting one's rights. The Russian Ministry for Economic Development reports that regulations with an official adverse opinion issued following impact assessment in many cases subsequently fail to pass the registration procedure with the Russian Justice Ministry. Note also that an adverse impact assessment opinion often results in the authoring agency agreeing to amend the final text of its draft regulation. A regulation¹ passed with an adverse impact assessment or without the defects specified in the opinion being eliminated might subsequently be cited in a court challenge.

The opinion statistics for customs draft regulations quoted in the recent report issued by the Ministry for

¹ All the impact assessment opinions are open to the public and posted on the website of the Russian Ministry of Economic Development.

Economic Development for the period from 1 July 2013 to 30 September 2014 shows that 45 out of 101 opinions were adverse, whereas 56 were favourable, which proves that impact assessment in this sector is not just a formality.

Meanwhile, to conclude, judging from my personal observations, representatives of the business community are often unaware of ongoing draft regulation discussions that substantially affect their interests; moreover, they have no clear vision of how to cooperate with the state authorities within the scope of the impact assessment procedures. The Federal Customs Service's draft Directive on Classifying Certain Goods under the Customs Union Unified Commodity Classification for Foreign Trade recently enshrined in a new version following its impact assessment is an example of this. The business community kept aloof from the discussion of the draft, even though it contains some obsolete and ambiguous provisions.

Hope yet remains that all these are imperfections in the impact assessment will be eliminated as time goes by. This article aims to encourage more focus on the issue.

Note also that the outreach for discussions on regulations is not confined to the national level.

Many foreign trade and customs regulations are passed by Eurasian Economic Community agencies, particularly by the Board of the Eurasian Economic Commission (the EEC Board). The



Board meets several times a month and is the authority that passes most of the foreign trade and customs regulations.

Decision-making by the EEC Board is public. Draft decisions are posted on the EEC website, this being a requirement established by the Regulations on the Consultative Board for Cooperation between the Eurasian Economic Commission and Belarus-Kazakhstan-Russia Business Community², which prescribes that drafts be posted at least 15 calendar days before an EEC Board meeting for reviewing them³. Also note that similar requirements used to apply to draft decisions of the EEC's predecessor – the Customs Union Commission (the CUC). According to CUC Decision No. 812 of 23 September 2011, CUC draft decisions regulating foreign trade issues must be posted on the CUC website at least 45 days before a meeting for reviewing them.

Business community members of the Consultative Board for Cooperation between the EEC and Belarus-Kazakhstan-Russia Business Community responsible for cooperation with EEC agencies may make proposals relating to posted EEC Board draft decisions regulating, inter alia, foreign trade and customs administration. The relevant EEC departments must analyse proposals received and follow up on them with reasoned opinions. Although EEC decisions are now made public, subject to review by the Consultative Board, this does not formally prevent other stakeholders outside the Consultative Board from submitting comments on draft decisions to the EEC. However, the EEC is not bound to issue opinions on such proposals.

Nevertheless, the situation should change after the EEC launches a full impact assessment procedure for its regulations. A curtailed procedure is currently applied by the EEC Business Development Department. The Depart-

² As approved by Decision No. 78 of 9 April 2013 issued by the EEC Board.

³ Note that special requirements are established for posting and discussions of the EEC's draft decisions on sanitary, quarantine, phytosanitary, veterinary and sanitary measures and draft Technical Regulations of the Customs Union and the EEC's certain draft technical regulations.



ment's Entrepreneurship Advocacy Division reviews the EEC regulations, and issues opinions on them with comments and proposals for lifting administrative obstacles. That said, the EEC has currently developed a draft impact assessment procedure for assessing its draft decisions. This document is expected to constitute a separate appendix to the Regulations on the EEC. The need for it is dictated by the Treaty on the Eurasian Economic Union of 29 May 2014, soon to come into effect. Appendix No. 1 to the Treaty is the Statute of the Eurasian Economic Commission. Clause 15 of the Statute requires mandatory impact assessment of EEC draft decisions that might shape the entrepreneurial environment.

The draft impact assessment procedure developed by the EEC extends

substantially the opportunities for all stakeholders to take part in EEC decision-making. The draft stipulates specifically that both EEC draft decisions and notices on their preparation should be posted and discussed in public, thus implementing the preliminary stage of impact assessment. The draft is to undergo open discussion for at least 30 days after being posted on the EEC website. The EEC (the department authoring the draft) is to post a note to the draft and a relevant questionnaire and follow up on the public discussions with an overview of the proposals received, specifying the grounds for rejecting them. The overview and draft decision will then be submitted to the EEC consolidation department who will publish an opinion on the impact assessment findings as part of the final draft assessment. This opinion and the

relevant decision must be reviewed at an EEC meeting (of either the EEC Board or the Consultative Board).

It is hard to predict whether the draft will be changed, yet it is sure to establish checks and balances for the EEC regulation issue procedure. Even more so, a quintessential feature of the draft is that it allows notice to be taken of the position of any stakeholder engaged in entrepreneurship whose interests might be affected if the EEC decision is passed. Thus, cooperation between the business community, professional advisors and experts and EEC representatives in making joint law-making efforts will soon be of particular importance. Draft monitoring and extensive discussions can help mitigate, if not eliminate altogether, conflicts that might arise when a regulation is passed. ■

Pay attention to the nuances of the customs legislation in the preparation of foreign trade contracts



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In order to simplify the process of drawing up and negotiating foreign trade contracts, leading international associations offer entrepreneurs a wide selection of standard/model contracts or delivery terms. Since the standard forms/provisions do not reflect all features of the specific transaction at issue, the parties rarely use standard/model form contracts without changing them.

The contract must contain the essential terms

The minimum of the essential terms will depend on the type of transaction (for example, description of the goods in the contract of sale). However, an

essential term for every contract is identification of the subject matter.

Foreign trade contracts whose material terms cannot be determined are may well be deemed as not having been entered into. In practice, sometimes a court may declare the contract as having been entered into taking into account the previous negotiations and correspondence between the parties, the established pattern of dealing in their relationship, customary business practice and the subsequent conduct of the parties.

The Bank of Russia in its Letter dated 15 July 1996 No. 3001 issued recom-

mendations to other banks (when issuing transaction passports) on the minimum requirements for including mandatory requisites of foreign trade contracts and their form, which also included recommendations on basic contract terms.

To minimize disputes with customs authorities on the customs value of goods covered by a foreign trade contract, the pricing provisions of the contract must be formulated in such a way that the price of the goods can be quantified and reliably confirmed.

The manner in which the price of the goods is stipulated in the contract is a



determining factor in forming the customs value of the goods and in choosing the method of its determination. If the price of the goods cannot be determined at the time the contract is entered into, it is desirable to specify the algorithm by which such price will be established later.

For state currency control purposes, it is recommended that the total cost of the goods (contract price) be indicated in the contract, which should also specify the terms of payment.

If the sale of the goods, or their price, depends on any condition or obligation that affects the price of the goods, and if its impact cannot be quantified, then the customs valuation method based on transaction value will not be applicable (Article 4 (2.1) of the Agreement between the Government of the Russian Federation, the Government of the Republic of Belarus and the Government of the Republic of Kazakhstan, dated 25 January 2008, "On the determination of the customs value of goods moving through the customs border of the Customs Union").

When formulating contractual terms of delivery, it is important to note their impact on the allocation of responsibilities between the seller and the buyer for the performance of customs formalities, the

determination of the customs value of the goods and the moment in time when the goods are transferred from the seller to the buyer.

In recent years, hardly any foreign shipments have taken place without the use of International Commercial Terms (INCOTERMS) as published in different editions.

Please note that standard delivery INCOTERMS:

a) can be adapted to your particular transaction and are not immutable;

b) apply if they are referred to in the contract in a way that allows the selected term to be properly identified and used (by reference to the year of the applicable edition, the place of delivery of the goods or the address of the manufacturer depending on the chosen terms, etc.). For example, EXW Moscow, Shirokaya str., 1 (Incoterms 2010).

c) cannot be implemented unchanged in certain circumstances. For example, due to the limitations imposed by existing customs legislation, foreign suppliers, when importing goods to Russia, will not be able to conduct import customs clearance (to declare the goods in Russia) on their own behalf, despite having selected DDP delivery. In this regard the contract may provide that the delivery is taking place

DDP except for the foreign supplier's obligation to carry out import customs clearance of the goods in Russia with the buyer bearing that responsibility.

In order to avoid additional risks, including when submitting supporting documents to the customs authorities, the terms of delivery stipulated in the contract should correspond to the actual practice between the parties.

Indicate the payment deadlines or the timelines for importing the goods in a way that they can actually be complied with. Monitor compliance with these terms. If the timelines or deadlines are changed in the contract, do not forget to make corresponding changes to the transaction passport.

Legal requirements relating to currency regulation and currency control must be considered in drafting and performing the contract, in particular, the requirement for repatriating foreign currency.

If during the performance of the contract there is a risk that funds will not be paid by their due date, or delivery of the goods will be delayed, it is necessary to negotiate and enter into an additional agreement to extend these deadlines and to submit the additional agreement to the Bank which issued the transaction passport before the actual non-payment or delivery delay occurs. If an agreement cannot be reached, it is important to take all possible legal steps to recover unpaid funds or to return the money paid for goods that are not being imported.

Our recommendations are not exhaustive and universal, but their observance will help to minimize the risks associated with mandatory currency regulation and customs controls during contract performance. ■

Appeal of the decisions or actions of the customs authorities



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Decisions, actions (inactions) of the customs authorities and (or) their officials which violate the rights, freedoms and legal interest of importers/exporters, or obstruct their realization or place responsibility on an importer/exporter illegally, may be appealed to the superior customs authority and (or) arbitration court.

The superior customs authorities are the following:

- for customs posts — the appropriate customs office, the regional customs department, the Federal Customs Service;
- for customs offices — the appropriate regional customs department, the Federal Customs Service (excluding

Central Excise Customs, Sheremetievskaya and Domodedovskaya Customs, Central Energy Customs which are subordinate directly to the Federal Customs Service);

- for regional customs departments — the Federal Customs Service.

An appeal can be filed directly to the superior customs authority or through the customs authority to which decision, action (inaction) is appealed. In this case, the customs authority is obliged within 5 business days, starting from the day of the receipt of an appeal, to transfer it with all the necessary materials to the superior customs authority for consideration.

Despite the fact that the legislation allows the appeal of decisions, for instance customs' ones, to by-pass the regional customs department and go directly to the Federal Customs Service which, in practice, forwards those appeals to the appropriate regional customs department for consideration. In such a case, the date of submission to the Federal Customs Service is the appeal filing date. Appeals against the decisions, actions (inactions) of the Federal Customs Service should be filed directly with FCS.

Filing an appeal to the superior customs authority does not rule out the possibility of simultaneous or subsequent submission of a similar appeal

to the arbitration court. However, it should be taken into account that the appeal simultaneously filed to the customs authority and the arbitration court and accepted by the latter court, will be considered by the arbitration court. In this case, the customs authority will send the organization a refusal to consider an appeal.

The procedure of appeal submission, consideration, and resolution in the arbitration court is regulated by the Code of the Russian Federation of Arbitration Proceedings.

Suspension of the appealed decision

Filing the appeal does not suspend the execution of the disputed decision, action (inaction) of the customs authority or its officials. However, based on the request of the entity, which filed the appeal, the superior customs authority to which the appeal has been submitted may suspend the execution entirely or partly until the decision on the appeal is made if there are grounds to believe that the appealed decision or action do not meet the legislative requirements of the Customs Union and the Russian Federation legislation on Customs Matters, and if non-suspension of the execution of the decision or action would be irreversible or likely to result in significant damage to the applicant.

The arbitration court may also suspend the execution of the appealed decisions or actions of the customs authority at the request of the applicant who filed the appeal. One of the grounds for such suspension can be preventing the applicant suffering significant damage. However, the threat of causing significant damage must be justified by accounting data, contracts, calculation of possible damage, etc., i.e. the documents testifying that the applicants' obligations to the budget, contractors, employees can not be met if the appealed decision is not suspended.

Legislation allows applicant to apply to the court for security in the form of a cash deposit or bank guarantee for the amount of the requirement by the customs authorities which is subject of the appeal. In spite of the fact that the provision of such counter-security is not mandatory, the record of arbitration courts shows that the judges in the majority of cases deny suspension of the appealed decision of the state authorities if the applicant does not provide counter-security. Also it should be noted that providing of the counter-security does not preclude the necessity to submit to the court the documentary justification of the need for suspension of the appealed decision.

Deadline for appeal

An appeal may be filed within 3 months, which are calculated from the following days:

- when it has become, or it has had to become, known to declarant about the violation of his rights or legal interests, obstruction of their realization or illegal imposition of obligations on the applicant;

- date of the expiration of the period within which the customs authority or its officials have to make a decision or perform an action stated by a customs legislation act of the Customs Union, Federal Law of 27 November 2010 No. 311-FZ «About customs regulation in the Russian Federation» or another legal act of Russian Federation legislation on Customs Matters.

If the period for appeal is missed out for valid reasons this period, upon the application of the declarant who filed an appeal, can be restored by the customs authority competent to consider it or by the arbitrage court.

Authorities of person during appeal

Legal entities can take part in appeal through their bodies (generally through their officials: General Director, director) or representatives acting with Power of Attorney.

The authorities of the directors of the legal entity, acting on its behalf, shall be supported by the documents proving its' official position (i.e. the respective Order of the company), as well as by the charter and other documents. The Power of Attorney of the representative shall be signed by the General Director of the legal entity or other person authorized by the charter documents and shall be sealed.

The representative is entitled on behalf of the legal entity to perform any actions connected with appeal of decisions, actions (inactions) of the customs authorities or its officials including filing and signing the appeal except as otherwise provided by the Power of Attorney or another document. It shall be noted that in course of filing the appeal to the customs

authorities the Power of Attorney shall directly envisage the power to appeal decisions, actions (inactions) of the customs authority. If the Power of Attorney does not contain the mentioned authorities, the customs authorities may refuse to consider an appeal.

If, as a result of superior customs authority consideration, it has not satisfied or has satisfied partly the appeal against the decision, action (inaction) of the customs authority or its official, the legal entity may appeal the initial decision of the customs authority and the decision of the superior customs authority to the arbitration court.

Key differences between administrative proceedings and court litigation

It shall be noted that the procedural requirements for appeal to the superior customs authorities are simpler than judicial appeal in respect of administrative effort and time involved. If the legal entity appeals to the superior customs authority it would not have to submit all relevant documents relating to the dispute, it would not have to pay state duty, and the appeal may be considered and decided upon without the legal entity representative being present. The maximum period of time for considering the appeal in that case would be 2 months (including a one-month extension). The decision comes into force immediately.

However, in practice, the consideration of appeals by the superior customs authorities can hardly be considered as objective and impartial. All the customs authorities are equally interested in increasing the

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cash flow in the budget. Therefore, when considering appeals, the superior customs authorities actually help the inferior authorities, including supporting and giving additional grounding for their decisions, rather than restoring the violated rights of the participant of foreign economic activities. As a result, the superior customs authorities overturn the decisions of the inferior only in case of obvious and gross violations of the legislation, usually of a procedural nature (violated terms, errors in the amounts of funds, improperly issued document, etc.).

At the same time in many cases a decision with respect to the appeal even if formally accepted in favor of the importers/exporters, in fact, allows the inferior authorities to correct

mistakes. For instance, with respect to appeals against customs value adjustment, the superior customs authority can uphold the position of the inferior authority to deny using the first method for customs value determination but overturn its decision on the grounds of improper drafting, calculation, etc. In such a case, the customs authorities are given an opportunity to make another customs value adjustment but without procedural mistakes this time.

From a procedural point of view, as opposed to court litigation, the appeal consideration by the superior customs authorities is not open and public. The applicant is not invited for the consideration of the appeal and, consequently, he is not able to provide additional arguments or ex-

planations to the customs authorities on the appeal.

Court litigation is more formalized. The appeal process in the arbitration court prior to getting a final decision can take from 6 months to a year, or even more. The customs authorities maintain the attitude that if the arbitration courts make an unfavourable decision in respect of them, they should appeal such a decision to the highest court (in most cases it is the Court of Cassation, but for some matters relevant to customs, the Supreme Court). Due to the judicial system reorganization in Russia, the Supreme Arbitration Court was abolished and its authority transferred to the Supreme Court. Thus, a system with two stages of cassation has been formed: the arbitration courts of district and judicial divisions of the Supreme Court.

However, the court is an independent authority considering cases in open court hearing where the parties to the dispute can prove their position by arguments. Therefore, appeal to the arbitration court to challenge illegal decisions, actions of the customs authorities does not have the above-mentioned drawbacks of the administrative proceedings.

Decisions of the arbitration courts are binding for the customs authorities and do not allow them to make repeated adjustments to the same customs declarations. After the entry into force of the judicial act that invalidated the decisions, actions (inactions) of the customs authority the violations committed by the authority have to be eliminated (for example, returned over-paid or excess customs payments, goods to be released, etc.). ■

AEB News

First Executive evening

On 8 September 2014, the AEB held its first Executive Evening in the Moscow theatre Novaya Opera. The event gathered heads of AEB member companies as well as Ambassadors of EU Member States in the elegant surroundings of the Theatre for an evening of culture and networking. The guests enjoyed a breathtaking performance by prominent soloists of Novaya Opera and had the opportunity to walk around the theatre's building and attend the rehearsal of one of the forthcoming concerts. The AEB would like to express its gratitude to Dmitry Sibirtsev, Director of Novaya Opera, for its hospitality and its great support in organizing such a successful event.



Guests of the event

Visit of the Eurasian Economic Commission

On 10–12 September 2014, the AEB organized a visit of the Eurasian Economic Commission delegation (EEC), headed by Vladimir Goshin, Member of Board (Minister) for Customs Cooperation of the Eurasian Economic Commission, and the AEB business delegation, which was led by Frank Schauff, AEB CEO, to Germany in order to share the best practices in customs regulations between European Union, in particular, Germany, and Eurasian Economic Union.

Within the visit, AEB and EEC delegations met with Peter Bille, Deputy General Director, Federal Ministry of Finance of the Federal Republic of Germany and others German Customs; also met with Evgeny Shmagin, General Counsel of the Russian Federation in Bonn, Germany; visited the UPS' European hub at Cologne-Bonn Airport (express shipments) and IKEA Dortmund distribution Centre (authorized economic operator). Moreover, AEB and EEC delegations had a meeting with German business representatives at the German-Russian

business club, the Chamber of Trade and Industry (IHK) of Dusseldorf to share with the recent trends of Eurasian integration process and exchange views and expectations of the European companies on the Eurasian Economic Union.



L-R: **Vladimir Goshin**, Member of Board (Minister) for Customs Cooperation of the Eurasian Economic Commission; **Frank Schauff**, AEB CEO; **Hans-Peter Teufers**, Public Affairs & Customs Director, UPS Europe.

Open Doors

On 17 September 2014, the Association of European Businesses 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, and Ruslan Kokarev, AEB COO. Moreover for visitors there was created a good environment to have a speed dating with the AEB employees representing the following tables:

- AEB Loyalty Programme and CRM system
Vera Prokopenko, AEB Customer Care Manager
- Membership and Sponsorship Benefits

Lyudmila Sahakyan, AEB Membership Development Manager

- Membership Benefits and Committees work
Natalia Trembovetskaya, AEB Head of Membership and Sales
- Publications and Communications
Mikhail Konischev, AEB Publications Manager
Svetlana Kuskova, AEB Communications Manager/Press Secretary
- Lobbying and Legal Questions
Maya Limonnikova, AEB Legal Advisor
- Regional Development
Olga Pavlyuk, AEB Director for Regional Development
Alla Hovhannissyan, Coordinator of the AEB North-Western Regional Committee



Ambassador **Vygaudas Ušackas**, the Head of EU Delegation to the Russian Federation

Briefing by Vygaudas Ušackas

On 22 September 2014, at a meeting Ambassador Vygaudas Ušackas, the Head of EU Delegation to the Russian Federation, briefed members of the Association of European Businesses on the current state of play of EU–Russia relations, in particular in the light of the unfolding Ukrainian crisis. Participants of the meeting expressed the desire for a comprehensive political solution in Ukraine, as well as normalization of relations between the EU and Russia.

Launching the Business Season

On 22 September 2014, The Association of European Businesses organized Cocktail “Launching the Business Season” in InterContinental Moscow.

This cocktail was the first networking event after the summer break and opened the new business season with numerous representatives of Russian official bodies (Ministries, Agencies, Federal Migration and Customs Services, etc.) as well as European officials – Delegation of the European Union and European Embassies participating.

Philippe Pegorier, Chairman of the AEB Board; Country President, Alstom (Russia, Ukraine, Belarus), gives address at the event



The AEB expresses its deepest gratitude for supporting the event to:

Silver Sponsor:



Briefing by Igor Artemiev

On 23 September 2014, the AEB organized a briefing with Igor Artemiev, Head of the RF Federal Anti-monopoly Service (FAS). Mr. Artemiev's speech was devoted to the topic: "Federal Anti-monopoly Service: current practice and further developments of anti-trust legislation. Continuing the dialogue".

L-R: **Alexander Kozhukhov**, AEB Legal Committee Chairman; **Sergey Krokhaev**, Legal Committee Deputy Chairman; **Frank Schauff**, AEB CEO; **Igor Artemiev**, Head of the FAS; **Maxim Ovchinnikov**, Head of the Department of control over industry and military complex of the FAS.

“The establishment and improvement of mechanisms for co-operation between Russian universities and international business”

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 “VUZPROMEXPO. 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



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.

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.

Briefing by Sergey Lavrov

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.



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



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 Vullings**, CEO, Philips Russia and CIS; **Artak Makaryan**, Development Director of Business and Investment, YIT; **Igor Titov**, Deputy General Director, Renault Russia.

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 Schauf, AEB CEO. Speakers were Tazio Schilling, Deputy Head of Economic Affairs of the Embassy of Switzerland in Russia; Patrick Willems,

Project Manager, IFC Russia Renewable Energy Program, IFC; Peter Vullings, 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.

Paldiski Northern Port the Gateway to Transit Corridor into Russia

On 16–17 October 2014, Frank Schauf, 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 Schauf 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)".

Briefing by Boris Titov

On 30 October 2014, Boris Titov, Presidential Commissioner for Entrepreneurs' Rights Protection, briefed AEB members. The event was hosted by the AEB Finance and Investments Committee.

The event was chaired by Frank Schauff, AEB CEO, and Stuart Lawson, AEB Finance and Investments Committee Chairman, Executive Director, EY. During the event Boris Titov spoke about business and investment climate in Russia, his achievements and prospects in the field of entrepreneurs' rights protection. He also answered numerous questions about parallel import liberalization, amnesty of imprisoned business people, the draft law that proposes to lift limitations to salary amount for deductions to the Federal Compulsory Medical Insurance Fund, recent tax initiatives and other issues.

Dmitry Marinichev, Ombudsman for issues related to elimination of violations of entrepreneurs' rights in imple-



Boris Titov, Presidential Commissioner for Entrepreneurs' Rights Protection

mentation of regulation and control for Internet operations and development, told about recent developments regarding processing and storage of personal data of Russian citizens in databases on the territory of the Russian Federation.



Meeting with French Speaking Ambassadors

On 5 November 2014, Philippe Pegorier, Chairman of the AEB Board; President, Alstom (Russia, Ukraine, Belarus), had a meeting with French speaking Ambassadors accredited to Russia. He presented to the Ambassadors the AEB point of view about the Eurasian Union at the invitation of the Ambassador of France, Jean Maurice Ripert. The meeting took place at the residence of France.



David Gray

The Association of European Businesses is pleased to announce that David Gray, Managing Partner, PwC in Russia, joined the AEB Board in September 2014 and replaced John Jörn Stech, President, Volvo Cars Russia LLC, as Mr. Stech has resigned from the AEB Board due to his new corporate reassignment outside of Russia.



Tobias Luepke

We are pleased to announce that Tobias Luepke, Partner, Tax & Law, Head of the German Business Center, EY, has joined the AEB Board recently. The Association of European Businesses informs you that Jon Hellevig, Awara Group, had resigned from the AEB Board before.



L-R: **Joseph Jacquot**, Chairman of the International Road Federation ITS; **Alexander Terekhov**, Director of strategic planning and operational management, Samsung; **Igor Rosenberg**, First Deputy CEO, JSC "NIIAS"; **Alexei Tsydenov**, Deputy Minister of the RF Transport; **Sergey Katyrin**, President of the RF Chamber of Commerce; **Evgeny Kazantsev**, Vice-President of the Union of Russian Transport; **Frank Schauff**, AEB CEO; **Evgeny Moskvichev**, Chairman of the State Duma Committee on Transport.

VI Annual International Moscow Congress on Intelligent Transportation Systems ITS MOSCOW 2014

On 5 November 2014, Frank Schauff, AEB CEO, presented the results of AEB work in the field of ITS at the plenary session in the VI Annual International Moscow Congress on Intelligent Transportation Systems ITS MOSCOW 2014. The event took place at the Congress Centre of the Russian Chamber of Commerce and Industry.

Among the speakers at the plenary session were Evgeny Moskvichev, Chairman of the State Duma Committee on Transport, Alexei Tsydenov, Deputy Minister of the RF Transport, Sergey Katyrin, President of the RF Chamber of Commerce, Anatoly Geller, Deputy Minister of Information and

Communication of the Republic of Tatarstan, Alexander Polyakov, Deputy Head of the Centre of traffic management motion of the Government of Moscow, Igor Rosenberg, First Deputy CEO, JSC "NIIAS", Alexander Terekhov, Director of strategic planning and operational management, Samsung, Joseph Jacquot, Chairman of the International Road Federation ITS, Evgeny Kazantsev, Vice-President of the Union of Russian Transport, Sultan Zhankaziev, Head of the department "Organization and safety", MADI, and Vladimir Klimov, Executive Director, Association "GLONASS/GNSS-Forum".

The Congress covered several topics such as implementation of intelligent transport systems, optimization of supply chains through innovative technologies, the use of ITS for sustainable development of road construction and road infrastructure.

Presentation of the Sverdlovsk region

On 10 November 2014, the Association of European Businesses held a meeting with Evgeny Kuivashev, Governor of the Sverdlovsk region. Among the topics were investment projects and development of the Sverdlovsk region. The event was chaired by Philippe Pegorier, Chairman of the AEB Board, President, Alstom (Russia, Ukraine, Belarus), and Frank Schauff, AEB CEO.

Alexey Orlov, First Deputy Head of Administration of the Sverdlovsk region, Minister of Investment and Development of the region, told about co-operation between the Sverdlovsk region and the European companies. Artemy Kyzlasov, CEO OJSC SEZ "Titanovaya dolina", presented "Titanovaya dolina" project.



Evgeny Kuivashev, Governor of the Sverdlovsk region

"Energy Efficiency and Automation in Commercial Buildings 2014 – How it can be done in Russia"

On 13 November 2014, the AEB in co-operation with Messe Frankfurt opened a co-organized event The International Forum "Energy Efficiency and Automation in Commercial Buildings 2014 – How it can be done in Russia" in the framework of the XX International Fair "Interlight Moscow powered by Light+Building 2014".

The Forum held a B2B-meetings' session where everyone got a chance to receive information first-hand and to exchange professional experience on energy efficiency. In the evening a group of participants visited a technical level and then enjoyed a panoramic view on the 58th floor of the Empire Tower in the Moscow City business-center.



L-R: **Vincent de Rul**, General Director, FENICE Rus; **Svetlana Lomidze**, AEB Director of External Affairs; **Frank Schauf**, AEB CEO.

AEB COMMITTEE UPDATES

Automobile Manufacturers Committee

On 27 August 2014–7 September 2014, members of the Automobile Manufacturers Committee took part in the AEB supported event – Moscow International Automobile Salon '2014. This is the event held under the aegis of the Organisation Internationale des Constructeurs d'Automobiles (OICA).

The Moscow International Automobile Salon (MIAS) took place for the fifth time in the style of a truly international motor show in Russia. The scale of the motor show is rapidly growing in terms of exhibition space, number of participants and visitors. Almost 1 100 000 had a chance to enjoy the biggest automotive event of the year. Nearly all leading foreign and national automobile brands and car makers were presented at

MIAS in 2014. New models and incredible concept cars were traditionally of special interest at general public and experts. The program of the Salon was significantly expanded as compared to MIAS 2012. In addition to individual brands' programs, conferences on the road safety and other electric cars took place. One of the novelties of the event was an Education Day at which automobile manufacturers could present their intern and education programs. More than 100 students of leading Universities got answers to the questions related to their future. MIAS 2014 became a memorable event and it will for sure make a positive contribution to the development and strengthening of the Russian automotive market.

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 that 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).

Crop Protection Committee

On 15 September 2014, the Crop Protection Committee (CPC) in cooperation with the Agricultural Committee of the State Duma of the Federal Assembly of the Russian Federation and the Committee on Agroindustrial Sector Development of the Chamber of Commerce and Industry of the Russian Federation organized the International conference «Innovations for Russian agriculture productivity and food security». The conference was supported by the Ministry of Agriculture of the Russian Federation.

The fruitful dialogue on the establishment of the legal conditions for the R&D activities in Russia were participated by the representatives of the federal authorities – Pyotr Chek-

marev, Director of the Plant Growing, Chemicalization and Plant Protection Department of the Ministry of Agriculture, Sergei Migin, Deputy Head of the Federal Accreditation Service and others, the Crop Protection and Seeds producers, business unions and associations – Alexander Berkovskiy, Chairperson of the AEB Crop Protection Committee, Syngenta Head CIS, the research and educational institutions. It was agreed to approve the Final document. The dialogue between business and authorities will be continued in the Working Group on the Crop Protection and Seeds issues that will be organized in the framework of the State Duma Agricultural Committee.



Vladimir Alginin, Operation Director of the Russian Union of CPP Manufacturers; **Pyotr Chekmarev**, Director of the Department on Plant Growing, Chemization and Plant Protection of the Ministry of Agriculture; **Alexander Fomin**, Head of the Expert Group of the State Duma Agricultural Committee; **Tatiana Belousovich**, AEB Crop Protection Committee GR Manager; **Frank Schauf**, AEB CEO; **Alexander Berkovskiy**, AEB Crop Protection Committee Chairman, Syngenta Head CIS.

Construction Industry and Building Material Suppliers Committee

On 6 November 2014, the AEB Construction Industry and Building Material Suppliers Committee held its open event "Association Dynamo Projects".

For the first time Vladimir Pronichev, Association Dynamo Chairman addressed the AEB members. During the event, the AEB members and guests learnt more about the Association Dynamo, main spheres of co-operation, investment projects (Petrovsky park in Moscow, Dynamo Stadium in Saint Petersburg and others), etc. The presentations were followed by lively discussion and Q&A session.



L-R: **Antonio Linares**, AEB Board member, Construction Industry and Building Material Suppliers Committee Chairman, **Sergey Sysoyev**, First Deputy Chairman of Association Dynamo, **Vladimir Pronichev**, Association Dynamo Chairman, **Philippe Pegorier**, AEB Chairman of the Board.

Customs & Transport Committee



Dmitry Cheltsov, Chairman of the AEB Customs and Transport Committee, Head of IRU Permanent Delegation to Eurasia

On 9 October 2014, Dmitry Cheltsov, Chairman of the AEB Customs and Transport Committee, Head of IRU Permanent Delegation to Eurasia, made a speech at the VII International Conference «Transport and Transit Potential» in Saint Petersburg. Mr. Cheltsov talked about the benefits of the United Nations Conventions and Agreements in the field of transport as a tool for development and expansion of transit potential of Russia. Mr. Cheltsov underlined that special place in the development of international transit is given to the TIR Convention, the effect of which on the territory of the Russian Federation must be restored in full.



Wilhelmina Shavshina, Co-chair of the AEB Customs and Transport Committee, Legal and Business Director, PhD in Law, Head of Foreign Trade regulation practice, DLA Piper

On 10 October 2014, Wilhelmina Shavshina, Co-chair of the AEB Customs and Transport Committee, Legal and Business Director, PhD in Law, Head of Foreign Trade regulation practice, DLA Piper, made a speech on the main principles of the green sector formation for the Foreign economic activity participants at the session «Customs regulation during border crossing of Russia and Customs Union» in the frame of the VII International Conference «Transport and Transit Potential» in Saint-Petersburg.

On 19 November 2014, Dmitry Cheltsov, Chairman of the AEB Customs and Transport Committee, Head of IRU Permanent Delegation to Eurasia, talked about the European business point of view on the customs union customs legislation development at the II International Research and practical conference «Prospects of the



Dmitry Cheltsov, Chairman of the AEB Customs and Transport Committee, Head of IRU Permanent Delegation to Eurasia

Customs Union customs legislation development (international and regional experience) and technological aspects of Single Window mechanism realization», which was organised by the Eurasian Economic Commission, Federal Customs Service and the Russian Customs Academy in the Russian Customs Academy in Lubertsy. Mr. Cheltsov touched in his speech the most important issues for European businesses in the customs sphere in CU: an imperfect system of administrative responsibility for customs rules violation, the TIR Convention in Russia, development of the institute of authorized economic operator and single window in Customs Union.



Sergei Gusev, Deputy Chairman of the AEB Customs and Transport Committee

On 20 November 2014, Sergei Gusev, Deputy Chairman of the AEB Customs and Transport Committee, made a presentation on the Draft law # 611997-6 «On amendments to the art. 16.2 and 29.9 of the RF Code of administrative offences» at the Coordination Council for optimizing movement of foreign trade cargo flows at the State Duma Transport Committee.

Mr. Gusev introduced the amendments proposed by the AEB members to this law, which aims to grant a possibility to foreign trade participants to declare with no administrative liability undeclared goods that have been released by customs. Coordination Council has unanimously supported and approved suggested amendments.

Home Appliances Manufacturers Committee



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**, Advisor of the methodology of technical regulation, Department of technical regulation and accreditation of the Eurasian Economic Commission.

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 "Approxima-

tion 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.

HR Committee

On 13 November 2014, the Compensation & Benefits Sub-Committee of the AEB HR Committee held its business meeting "Overview of Salary Surveys in Russia". The event which has been held annually for the past seventeen years, followed the format of a panel discussion. All the major providers of salary surveys in Russia including EY, PwC, HayGroup and Human Capital Solutions were invited to take part in the event as speakers. The event was moderated by Ekaterina Kibis, Chair of the AEB Compensation & Benefits Sub-Committee, Manager, Tax & Law Department, Human Capital Group, EY.



L-R: **Allyona Leonova**, Human Capital Solutions; **Irina Chernozubova**, Hay Group Russia; **Evgenia Kurzaeva**, PwC; **Evgeniya Bolshakova**, EY; **Ekaterina Kibis**, EY.

Machine Building Committee

On 28 October 2014, the AEB Machine Building & Engineering Committee held its open event «Engineering in Industrial Sector as a Key Factor of Development». The Round Table was devoted to one of the burning issues for many industrial companies working on the Russian market – engineering in industrial sector. The following issues were raised and discussed: Russian system of technological forecasting; how to deal with Russian scientific institutes in order to utilize their capacities for business needs; which

could be in Russia the role of foreign business interested in developing the industrial engineering («soviet» and «business focused» approaches); efficient project and construction management of industrial plant; possibilities of R&D organization in SEZ («Alabuga»).

The meeting was co-chaired by Michael Akim, AEB Board member, Vice-President, ABB, and Ilya Oshkin, Deputy Chairman of the AEB Machine Building & Engineering Committee, Business Development Director, Dow Corning.

North-Western Regional Committee

On 24 September 2014, Construction & Real Estate Subcommittee of the AEB North-Western Regional Committee organized its traditional open event on "Market and regulatory update in construction and real estate industry of North-Western Region". This time the event was focused on the following issues:

- Real Estate Investment Activity. Resume of semiannual results of 2014 and forecast.

- Land Law Reform: a Brief Review of the Main Changes.
- Protection of the interests of investors in construction sector.

- Particularities of determination and contestation of the cadastral value of permanent structures.
- New ways of developer's securing obligations under the agreement of participation in shared construction.
- Construction site status for foreign companies working in Russia: Tax aspects.

The event attracted such AEB members as JLL, SRV Group, Betset, Dentons, DLA Piper, DS Law, BSH, Awara Group, EKE Group, SATO Rus, YIT, EBRD, SVKK and others.

The AEB gratefully thanks for the support of the event:

Silver Sponsor:



On 23 October 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 Mik-



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.

konen, 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.

The AEB gratefully thanks the sponsors for supporting the event:



PR Committee



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 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.

Real Estate Committee

On 12 November 2014, the AEB Real Estate Committee held its open event: "Mega Moscow – Mega Projects". The event was moderated by Christophe Vivic, AEB Real Estate Committee Steering Group member, COO of JLL and opened by Ruslan Kokarev, AEB COO. Speakers from the Government of Moscow oblast, Sberbank of Russia and Millhouse highlighted such issues as investment attractiveness of Moscow oblast, project finance in Sberbank of Russia, and "Skolkovo Park" project.

L-R: **Pavel Gusyatinikov**, Directorate of client managers on real estate enterprises and infrastructure, Sberbank of Russia; **Vadim Khromov**, First Deputy Minister of Investment and Innovation of Moscow oblast; **Christophe Vivic**, AEB Real Estate Steering Group member, COO, JLL; **Igor Pyatibratov**, Head of development department, Millhouse.



Safety, Health, Environment and Security Committee



L-R: **Vladimir Kremer**, AIG in Russia; **Ilya Sachkov**, Founder and General Director, Group-IB; **Dmitry Budanov**, Elite Security Holding Company.

On 16 September 2014, the AEB Safety, Health, Environment and Security Committee held the open event, titled "Cybercrime: made in Russia". The event was moderated by Dmitry Budanov, Elite Security Holding Company. Ilya Sachkov, founder and General Director of Group-IB and a highly respected consultant in the cybersecurity industry, spoke about cybercrime in Russia and its implications for businesses and for individuals, as well as about forecasts and recommendations. Vladimir Kremer, AIG in Russia, briefed the participants about cyber risks insurance. The presentations were followed by lively discussion and Q&A session.

Southern Regional Committee

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

Taxation Committee

On 29 October 2014, the AEB Taxation Committee held its business meeting "De-offshorization – taxation aspects". Experts from leading legal and consulting companies addressed a number of key issues in this respect, the meeting participants had a unique chance to discuss the respective issues with Sergey D. Shatalov, Deputy Minister of Finance of the RF. The event was very successful and covered such important matters as CFC and tax residency rules, beneficial ownership concept, BEPS action plan, etc.



L-R: **Alexander Guskov**, Head of Tax Consulting and TP Department, IBFS United; **Marina Belyakova**, Partner, EY; **Kirill Vikulov**, Partner, Baker & McKenzie; **Mikhail Filinov**, Partner, PwC; **Sergey D. Shatalov**, Deputy Minister of finance of the RF; **Alina Lavrentieva**, Chairperson of the AEB Taxation Committee, Partner, PwC.



L-R: **Anton Nikiforov**, Partner, Pepeliaev Group; **Artem Toropov**, Partner, GOLTSBLAT BLP; **Victor Matchekhin**, Head of Tax Practice, Linklaters.



L-R: **Mikhail Orlov**, Partner, Head of Tax and Legal, KPMG; **Vadim Zaripov**, Head of analytical department, Pepeliaev Group.

Working Group on Modernization & Innovations



L-R: **Heiki Kalve**, Head of Business development, ABB Estonia and Baltic States; **Michael Akim**, Member of the AEB Board, Chairman of the AEB WG on Modernization and Innovations, Vice-President, ABB Russia; **Vladimir Maksimov**, Head of the Department of State Regulation of Tariffs, Infrastructural Reforms and Energy Efficiency of the RF Ministry of Economic Development.

On 16 September 2014, the AEB hosted a meeting on “The development of environmentally friendly transport and infrastructure”, organized by the AEB Working Group on Modernization and Innovations. The meeting was moderated by Michael Akim, Member of the AEB Board, Chairman of the AEB WG on Modernization and Innovations, Vice-President, ABB Russia. Vladimir Maksimov, Head of the Department of State Regulation of Tariffs, Infrastructural Reforms and Energy Efficiency of the RF Ministry of Economic Development, briefed on the comprehensive plan of the eco-friendly transport development in Russia elaborated by the Ministry. Heiki Kalve, Head of Business development, ABB Estonia and Baltic States, spoke on the general trends of infrastructure development systems of charging stations for electric vehicles on the example of Estonia. Elena Lazko, Partner, Deloitte, presented a comprehensive study on the international experience of marketing promotion of sustainable transport. Participants of the meeting were representatives of automobile industry, state bodies and consulting companies.

On 29 October 2014, the AEB held its round table “The integration of European business into the modernization of the Urals” during the IX Annual Interregional Conference “Growth points of the Ural Macroregion’s Economy”. The session was organized by the AEB Working Group on Modernization and Innovations in co-operation with the Analytical centre and the magazine Expert-Ural. The session was co-moderated by Michael Akim, Member of the AEB Board, Chairman of the AEB WG on Modernization and Innovations, Vice-President, ABB Russia, and Gleb Zhoga, Scientific Editor, Expert-Ural. Ruslan Kokarev, AEB COO, welcomed the participants and stressed the role of the AEB members in the modernization of the Russian economy. The discussion topics of the round table were the most appropriate and attractive forms of cooperation for European business in the Ural region including the development of in-house facilities, joint venture companies, partnerships, priority sectors for cooperation, the corporate networks development for scientific organizations. The “Growth points of the Ural Macroregion’s Economy” is a recognized research and communication project of the Expert Media Company in which key vectors of region development are formulated and discussed. The key leading persons of all regional subjects of Urals and Siberia as follows: leadership executive authorities, large and medium-sized companies, administrations of cities, organizations, scientific and educational groups, as well as leading experts from Russia and abroad, and representatives of the federal government.



L-R: **Mikhail Akim**, Member of the AEB Board, Chairman of the AEB Working Group on Modernization & Innovations, Vice-President, ABB Russia; **Ruslan Kokarev**, AEB COO.

MEMBER NEWS

Alinga Consulting Group

Alinga Consulting, Podolsky & Klein and HSA Group presented an informative seminar to discuss the new regulations for workplace safety. The latest changes in tax legislation, and the introduction of de-offshorization rules in Russia were also reviewed. The seminar was held on 26 November 2014 at the Ararat Park Hyatt Hotel, Moscow. Among the presenters were Peter Arnett, Advisory Partner, Alinga Consulting; Denis Vasilyev, Partner, Podolsky and Klein; Oleg Konovalov, Head of Legal Department, HSA Group.

ALPE consulting

SAP Project at BRF

On 6 October 2014, ALPE consulting launched the SAP Roll-Out project in the Russian division of BRF (Brasil Foods). The objective of the project is the total integration of the Russian division into the global system of the company BRF. The project will be implemented in 2 stages: the short term solution (launch of all the tools in the existing local system) and the system improvement (integration of the Russian division into the global system). In the first stage, by January 2015, there is a need to make the local system fully functional in sales, purchases, logistics and finances. The ALPE consulting experts have also the task of training the users and help in the accounting processes. BRF is one of the largest food companies in the world.

SAP Project at Zumtobel

On 21 October 2014, the SAP global template implementation project for Russia started in the Austrian company Zumtobel. In the course of the project the following modules will be implemented: FI, CO, MM, SD. ALPE consulting experts will support the implementation for the Russian specifics and a first seminar of the project was already held in the Austrian city called Dornbirn. The discussions were centered on the peculiarities of SAP implementations in Russia concerning the legislation and unique local requirements. The planned Go Live of the project is the 1st of April 2015. The Austrian company Zumtobel is one of the few global players in the lighting industry.

BEITEN BURKHARDT

Magical New Year's Tree

The Kolomna Municipal Social Rehabilitation Center for Minors is a live-in institution providing orphans aged three to 18 with safe, comfortable living conditions.

On 28 October 2014, the international law firm BEITEN BURKHARDT organized a Magical New Year's Tree charity event at the Center.

The event started with a master class in New Year's toys, to give the children a foretaste of the holiday. The younger kids drew pictures representing the upcoming Year of the Sheep, while the older crafted unique New Year's decorations, each feeling themselves a true artist. They and their educators then decorated the New Year's Tree with these toys.

The New Year is still far off, but everyone had a grand time at the "rehearsal", and the kids were pleased to see their special toys adorning the Tree.

The event concluded with songs, dances and verses by the children, and presents from the organizers.

Particular thanks go to director Alla Valentinovna Prokhorova for her support and assistance!



Intercomp

Intercomp and Knopka announce signature of partnership agreement

Intercomp has begun working with Knopka, a service company, to attract new business and help with client services.

As a founder of business process outsourcing in Russia and the CIS, Intercomp has provided finance and HR outsourcing services to major international and regional companies in more than 30 industries for the last 20 years. Knopka provides accountancy services, legal services and business assistant functions for small businesses and micro-enterprises in Moscow. Both market players will benefit from this partnership agreement.

"We would like to extend a warm welcome to our new partners. We share their desire to free startups and small businesses from mundane tasks, so that they can focus on their main objectives," says Sergey Tikhonov, Head of Corporate Communications at Intercomp. "Knopka provides outstanding assistance

to budding entrepreneurs and small companies, and creates the ideal environment to enable them to grow and develop. The company satisfies the needs of small businesses and increases their potential. As soon as your business grows too large for these services, we will be delighted to form a strong partnership with you. We will apply all our experience, methodology and technological capabilities to help streamline your company's business processes."

"We want to ensure that our customers are satisfied even after they've 'outgrown' Knopka. We feel a responsibility toward those entrepreneurs who have worked with us. We want to see them working with the best providers in the sector. When it comes to small businesses, we know we offer a great service, and we're not afraid to recommend it to our clients. As for larger companies, we have the utmost confidence in the team at Intercomp," said Knopka Director Anton Sizov.

M-BRAIN

M-BRAIN acquires global intelligence alliance

On 4 September 2014, M-Brain signed an agreement to purchase the entire share capital of Global Intelligence Alliance Group Oy (GIA). The sellers are funds managed by CapMan Oy, as well as GIA's management and other individual shareholders. The companies will be integrated into each other during the autumn. Following the acquisition, M-Brain will become a global Market Intelligence provider, combining M-Brain's content production and SaaS solutions with GIA's market intelligence, strategic analysis and related software solutions. The combined entity will have offices in twelve countries with approximately 450 expert staff.

Through the merging of these two companies we will become an even more diverse partner to our clients. Now we will be able to offer you a one stop solution for market intelligence consulting, creating information systems and applying best practices in data acquisition, content production and tools. In the future you will have the opportunity to bring intelligence to the heart of your operations and use it as real competitive advantage.

St. Regis Nikolskaya

ST. REGIS HOTELS & RESORTS to debut in Russia with the St. Regis Moscow Nikolskaya

1 October 2014, Starwood Hotels & Resorts Worldwide, Inc., having taken over management of the Hotel Nikolskaya Moscow in June 2014 opening a fully-branded St. Regis Nikolskaya Moscow today. Six-month of an extensive restyling transformed the property into a world-class St. Regis hotel. Following which, The St. Regis Moscow Nikolskaya marks the debut of the luxury brand in Russia, boosting one of the most prestigious addresses in the Russian capital. St. Regis has more than doubled its global footprint over the past five years and currently operates 31 renowned hotels with another 13 properties in the pipeline.

Today the brand raises the flag over the Russian capital, proudly announcing the opening of The St. Regis Moscow Nikolskaya. Located at the heart of Moscow on Nikolskaya Street, the hotel has a wonderfully rich history. The building originally was constructed in the 1870s and was the residence of Count Orlov-Davydov, and was converted into a hotel between 2007–2013. The 210-room hotel will offer six restaurants and bars, including a rooftop lounge and a cigar club, as well as a signature spa, fitness centre and indoor pool with a sky-themed ceiling fresco. The St. Regis Moscow Nikolskaya will also feature a ballroom, two function rooms and five meeting rooms, making it ideal for celebrations and events such as lavish weddings and exclusive conferences.

As of May 2014, the general manager of St. Regis Moscow Nikolskaya is Mr. Hiren Prabhakar who used to work in luxury hotels worldwide such as Jumeirah International and Oberoi Hotels & Resorts. Mr Prabhakar participated in the grand opening of the famous Burj Al Arab in Dubai.

The hotel's initial transformation is slated to be completed by the end of this year with further plans to introduce new and re-freshed culinary experiences in 2015. The hotel will feature renowned hallmarks of the St. Regis brand including the signature St. Regis Butler Service, providing anticipatory and personalised service, and The St. Regis Family Traditions programme.

Total: Letter of Gratitude

Jacques de Boissésou, General Representative of Total Group in Russia:

"Following CEO Christophe de Margerie's death, we received many messages of sympathy from our friends and partners in Russia, the business community and the general public. On behalf of Total and its Russian affiliate, I would like to address our sincere thanks to all AEB members who expressed condolences. Christophe de Margerie's endeavors for a better understanding between Russia and Europe and a better investment climate will continue under Total's new leadership."

APPOINTMENTS

ALPE consulting



Alexander Dubitsky

In September 2014 Alexander Dubitsky was appointed as ALPE consulting's Project Quality Manager. Prior to this, from August 2013 to August 2014, on behalf of ALPE consulting Alexander was acting CIO for the Russian division of McCormick Corporation where he managed several IT projects, in particular migrating the company to work on thin-clients and transferring data to international servers. Alexander has been working for ALPE consulting for over 6 years where he managed projects such as Siemens Mobile, OrenburgGazProm, Co-Packing Center, KALINA, Continental Automotive, MACO, and Braas. Before ALPE he worked at Siemens Business Services and in total has 15 years of SAP experience. After graduating from the American Institute of Business and Economics with his second higher degree Alexander worked in the consulting department of Arthur Andersen. Alexander graduated from the prestigious Moscow Institute of Physics and Technology with a PhD in Physical and Mathematical Sciences.



Pavel Kochemirov

In autumn 2014 Pavel Kochemirov was appointed as ALPE consulting's Operations Manager. Prior to that Pavel was working as the support administrator as well as project coordinator. Before joining ALPE consulting, he worked in the IT Department of Sheremetyevo Airport where he was Team Leader responsible for the servicing of the airport's information systems including preparations for the new Terminal D. Pavel graduated from the Moscow Aeronautical Institute and is fluent in Russian, English and German.

Chadbourne & Parke Law Firm

Julia Romanova appointed Head of Litigation Practice of Chadbourne & Parke Moscow



Chadbourne & Parke Law Firm announced the appointment of its International Partner Julia Romanova as the Head of Litigation Practice of its Moscow office.

Julia has been with the Firm for over 16 years, including 6 years – as International Partner. Her practice focuses

on litigation, arbitral proceedings, general corporate issues, bankruptcy and restructuring. She advises clients on a wide range of Russian law matters and represents them in arbitrazh courts and common courts, as well as before various state authorities of the Russian Federation. Over the past ten years, Julia spent much of her time working as a Russian law expert in international arbitration proceedings and litigation in foreign courts (England, USA, Netherlands). She also has extensive experience with international multilateral lending institutions on recovery matters and restructuring of Russian borrowers' debt, as well as participated in general due diligence reviews of numerous Russian companies.

Julia is recognized as one of the distinguished litigators in Russia by the Chambers Global and Chambers Europe, publications that provide information on leading experts on the legal services market, and Best Lawyers for her litigation, international arbitration, mediation, antitrust and real estate work.

Julia has been a member of the Moscow City Bar since 2004. She graduated from Lomonosov Moscow State University Faculty of Law with honors and authored a number of publications on dispute resolution matters; also, she regularly speaks at Russian and international dispute resolution conferences.

NEW MEMBERS



American Express Bank LLC

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>



ATS in Russia

ATS in Russia is a specialist in the field of international urgent delivery of goods

Organisation of urgent transports by road in Europe

- All types of vehicles
- All weights and volumes

Organisation of urgent transport by air – International coverage

- Express all-in airfreight service
- Onboard courier
- Charter

Management of customs and transit procedures

- 24-hour import/export clearance
- Advance procedures
- Freight safety and security

Offices and agency network worldwide, office in Saint-Petersburg from July 2014

Own transport in Europe

Availability 24/7, 365/365

www.atseurope-express.com



BEST WESTERN Vega Hotel & Convention Center

The tourist BEST WESTERN Vega Hotel & Convention Center is one of Moscow's premier tourist and business destinations, and forms part of the biggest European holdings "Izmailovo", which features in the Guinness Book of World Records.

The complex stands in one of the most scenic parts of Moscow, on the site where the old village of Izmailovo, the ancestral land of the Romanov Dynasty (the last imperial dynasty to rule over Russia), was located from the 16th century.

The complex was constructed for the XXII Olympic Games of 1980. It was fully renovated in 2007.

Today, the tourist BEST WESTERN Vega Hotel & Convention Center is a modern, comfortable hotel with 967 apartments boasting up-to-date facilities and equipment. The hotel's business center can accommodate up to 500 people and is justifiably considered to be one of the best sites in Moscow to host all types of events.

<http://en.hotel-vega.ru/>



Brandi Partners

Brandi Partners is a leading international law firm acting in commercial and corporate law, real estate and construction, tax and customs regulations, as well as in the field of labor law. Bringing together lawyers with strong expertise and proven track records, Brandi Partners always provides a client-tailored advice based on privileged partnership relations with its clients.

www.brandi-partners.com



BUREAU CECILE ROGUE

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 opened the one and only "Ecole d'art de vivre à 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



The group of the companies «Continent»

The group of the companies «Continent» during more than 12 years has been successfully functioning in the sphere of customs and logistic business. The considerable experience, rich history and faultless reputation allow us to take a strong line item in the market of the foreign trade activity sphere.

We render a number of so demanded services in foreign trade activities sphere, as customs registration, services of the customs broker, the international cargo transportation (including transportations lengthy, heavy and off-gage loads), and as customs registration (customs clearance) of vehicles. Besides, one of key directions of our activity is complex cargoes.

Giving a wide range of customs services we work with the companies of any kind of the property and with any volumes of orders: both with the large companies on the basis of long-term contracts, and within the limits of disposable service or consultation. To us each client is important, and we are grateful to each client for their choice in our advantage. Specialists of the group of the companies "Continent" render services in registration of all allowing documents such as certifications of the goods (issue of fire certificates, sanitary-epidemiologic conclusions, refused letters and so forth).

Our experience of interaction with state structures and constant market monitoring allow us to warrant customs registration without any delays.

www.continent.net



CORINTHIA

HOTEL
ST PETERSBURG

Corinthia Hotel St Petersburg

An award winning renovation of two majestic 19th century buildings; an opulent interior overflowing with art, beauty and modern luxury. A hotel perfectly moulded into a landscape of striking architecture – this is Corinthia Hotel St Petersburg.

388 comfortable and elegant rooms, including 95 executive superior rooms recently created within the framework of the hotel extension project.

All rooms are equipped with LCD TVs with 24 international and 15 local channels, slippers, bathrobe, bidet, evening turndown, welcome drink upon arrival, central air-conditioning and heating, sprinkler and smoke detector system, safe, minibar, hair-dryer, cabled Internet and free Wi-Fi and direct-dialling telephone with voice mail and satellite television.

With a 1,000-guest capacity, the Corinthia St Petersburg boasts the largest five-star conference and meeting facility in the city. With our extensive range of conference and banqueting facilities, Corinthia Catering Services can either host an event in the hotel, or can arrange an external site. Impeccable service, state-of-the-art technology, 'Events at Corinthia' Program and 24-hour conference service support make the Corinthia St Petersburg an ideal choice for either a large conference or a gala dinner.

www.corinthia.com



DOUBLETREE
BY HILTON™
MOSCOW – MARINA

DoubleTree by Hilton Moscow

DoubleTree by Hilton Moscow – Marina is a new contemporary upscale hotel which marks the first DoubleTree by Hilton in Moscow.

The hotel is located in Moscow's business district on the main highway – Leningradskoe shosse – leading from Sheremetyevo Airport to the Red Square & Kremlin. It is situated in a beautiful riverside location, close to the Royal Yacht Club, and major business and entertainment centers, which makes the hotel an ideal venue for business and leisure.

DoubleTree by Hilton Moscow – Marina welcomes guests with 270 stylish rooms of various types, from cozy standard rooms to luxury suites or elegant Presidential Suite. Our Moscow hotel features Executive Lounge with continental breakfast, snacks and beverages, Lobby Bar & Lounge with open fireplace, upscale and vibrant Muscovite restaurant, ArtHouse with signature steak menu, a luxurious Chavana Spa offering traditional Ba-

linese therapies, a hammam, Finnish sauna and beauty salon. With 10 versatile conference spaces, including a ballroom and rooms offering access to the outdoor terrace and piazza, the hotel provides the perfect setting for conferences and events of up to 1000 guests.

The DoubleTree by Hilton is well-known for its culture of CARE, which stands for “Create A Rewarding Experience” for our guests, team members and community. Guests will experience the world famous DoubleTree by Hilton warm chocolate chip cookie at check-in.

www.moscowmarina.doubletree.com



GRATA Law Firm

GRATA Law Firm was founded on 22 April 1992. It is one of the leading Eurasian law firms with more than 100 lawyers and a network of branches in Kazakhstan, Russia, Azerbaijan, Kyrgyzstan, Tajikistan, Uzbekistan, as well as representatives in Canada, Netherlands, Mongolia, UAE, United Kingdom and USA.

GRATA lawyers have been recognised by international experts including The Legal 500, Chambers Global, Chambers Asia Pacific, IFLR1000, Who's Who legal, Asialaw Profiles. Having established a reputation as the most reliable partner in the region, GRATA is proud of its outstanding experience in dealing with important regional projects implemented in cooperation with various international law firms.

Practice Areas

Since its establishment in April 1992, GRATA has gained experience in the following areas of practice:

- Natural Resources
- Industry & Trade
- Banking & Finance
- Telecommunication & Transport
- Construction & Infrastructure
- Finance & Securities
- Corporate Law
- Labour Law
- Subsoil Use
- Real Estate
- Tax Law
- Customs Law
- Environmental Law
- Intellectual Property
- Licences & Permits
- Dispute Resolution
- Contract Law & Procurements

www.gratanet.com



Griffin Partners

Griffin Partners is a leading real estate developer and investment manager with a successful track-record of high quality property assets. The company is active in all real estate segments with its current focus on class-A industrial and elite residential platforms in Russia and Italy.

Griffin's team is comprised of highly skilled and experienced professionals with a stellar record of executing complex developments and property investment transactions.

Griffin Partners combines local market knowledge with international business practices and standards: rigorous investment approval process, disciplined due-diligence and hands-on execution. Griffin employs a deep understanding of the best international construction practices, financial modeling, capital structuring and quality, transparent reporting.

www.griffinpartners.ru



Gullstén-Inkinen
Design & Architecture

Gullstén-Inkinen Design & Architecture

Gullstén-Inkinen Design & Architecture is the largest and one of the most innovative design practices in the Nordic and Baltic region. Based in Helsinki, with a daughter office in St. Petersburg, the practice specializes in interior and architectural design and has completed projects throughout Europe and Asia. Gullstén-Inkinen employs 35 designers, architects and brand and workplace consultants, who concentrate their energy on creating new life for existing buildings.

Founded in 1988 by Hanna Gullstén and Jari Inkinen, the practice has pioneered a sustainable and flexible approach to architecture and interior design through a wide range work from offices and workplaces, hotels, restaurants, civic and cultural buildings, to day-care centres and private houses (more than 1000 projects with a total floor area exceeding 1,600,000 m²). Gullstén-Inkinen Design & Architecture is a member of European Architects' Alliance.

The team at Gullstén-Inkinen helps our clients drive innovation by creating highly productive, sustainable spaces that free people to live, learn, work and play as they were meant to. Paying careful attention to our client's visions and values, our projects are implemented in a cost efficient manner without compromising on quality and functionality.

It has been a great pleasure to work with clients including Nokia, Sanoma, Fazer, Nokia Siemens Networks, Unilever, SOK Hotels, Radisson SAS, Varma, Auratum, NCC and YIT. We are constantly looking to work with like-minded clients and also hope to find further common goals beyond Finland's borders.

www.gullsten-inkinen.com



Instituto Internacional San Telmo

Instituto 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



MERCURE MOSCOW PAVELETSKAYA

Mercure Hotels

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



Oriflame Cosmetics

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



Phoenix Contact GmbH & Co. KG

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



SAP

As market leader in enterprise application software, SAP (NYSE: SAP) helps companies of all sizes and industries run better. From back office to boardroom, warehouse to storefront, desktop to mobile device – SAP empowers people and organizations to work together more efficiently and use business insight more effectively to stay ahead of the competition. SAP applications and services enable more than 261,000 customers to operate profitably, adapt continuously, and grow sustainably. For more information, visit www.sap.com.

In 1992, the SAP AG office was opened in Moscow. During the past 22 years, SAP representative offices have been opened in Ekaterinburg, St. Petersburg, Novosibirsk, Rostov-on-Don, Almaty, Minsk and Kiev, and the number of employees has topped 1500 persons.

Additional information is available at www.sap.com and www.sap.ru

SAP: news in brief! http://www.twitter.com/sap_cis

www.sap.com



TR Group

TR is an outgrowth of the former Spanish subsidiary of The Lummus Company, Lummus Española, S.A., founded in 1960. In 1972, a Spanish group of investors acquired 100 % of the shares of Lummus Española and renamed the company to Técnicas Reunidas.

Since 1960 the TR group of companies has designed and built more than 1000 industrial plants worldwide.

TR's multinational clients and licensors include the world's leading companies. The projects have been developed in over 50 countries covering the six continents.

The international projection of the TR group of companies and the keen specialization in the execution of turnkey-projects, have been the bases of TR's expansion since the 80's. International projects account for 78% of the company's annual turnover.

TR has incorporated the most advanced systems and technologies based on the latest generation of data processing tools to manage and design the projects. More than 5.500 professionals have been trained and possess practical experience necessary to manage these projects.

The strategy of the TR group is based in three simple, fundamental principles: the confidence in the quality of the services provided, the establishment of long term relationships with clients and partners and the competitiveness of our products in any market.

<http://www.tecnicasreunidas.es/>



LLC «TOTAL VOSTOK»

LLC «TOTAL VOSTOK» – Russian subsidiary of TOTAL GROUP, global energy company. The company distributes and promotes automotive lubricants of two brands Total and ELF, wide range of industrial oils and special chemical products in the Russian market since 1994.

The joint venture "Gazprom Neft Total PMB" specializes in high-technology bitumen production (brand Styrelf of TOTAL GROUP).

In addition to wide distributor's network from Kaliningrad to Vladivostok LLC «TOTAL VOSTOK» is represented by affiliated branches in Moscow, Saint-Petersburg, Rostov-on-Don, Yekaterinburg and Kazan.

www.total-lub.ru



Virtu Systems

Virtu Systems is the fastest growing company in the field of providing front-office solutions in Russia. Virtu Systems was founded in 2008 and specializes in developing front-office systems for the insurance industry. It offers affordable solutions allowing insurance companies to communicate with all their sales and distribution channels and rapidly launch new products. Most of company's employees have unique expertise in the field of providing IT solutions for insurance. More than 15 companies from Russian Insurance Top 30 are already using Virtu Systems as main provider for front-office solutions, including AlfaStrakhovanie Group, MSK Insurance Co. and Rosgosstrakh among others. Virtu Systems also works with pension funds, banks, travel agencies, car dealerships, insurance brokers and insurance agents. The Virtu front office system is one of the most popular and widely used front-office solutions in the Russian insurance market.

www.virtusystems.ru

Association of European Businesses (AEB)

Ul. Krasnoproletarskaya 16, bld. 3
 127473 Moscow
 Tel.: +7 (495) 234 27 64
 Fax: +7 (495) 234 28 07
 Email: info@aebrus.ru



Association
of European
Businesses

AEB MEMBERSHIP APPLICATION FORM / ЗАЯВЛЕНИЕ НА ЧЛЕНСТВО АЕБ

Please fill out the Application Form in **CAPITAL** letters, sign it and fax it: **234 28 07** /

Заполните заявление печатными буквами и пришлите по факсу **234 28 07**

Calendar year / Календарный год: 2015

Name of your AEB Contact / Ваше контактное лицо в АЕБ: _____

1. COMPANY / СВЕДЕНИЯ О КОМПАНИИ

Company Name in full, according to company charter. (Individual applicants: please indicate the company for which you work /
 Название компании в соответствии с уставом. (Для индивидуальных членов – название компании, в которой работает заявитель):

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

2. CATEGORY / КАТЕГОРИЯ: THE CATEGORY IS DETERMINED ACCORDING TO THE COMPANY'S WORLD TURNOVER

| Please indicate your AEB Category / Отметьте категорию | Company's world-wide turnover (euro per annum) / Мировой оборот компании (евро в год) | AEB Membership Fee / Членский взнос в АЕБ |
|---|---|--|
| <input type="checkbox"/> SPONSORSHIP / Спонсорство | – | 10,000 euro/евро |
| <input type="checkbox"/> CATEGORY A / Категория А | >500 million/миллионов | 6,300 euro/евро |
| <input type="checkbox"/> CATEGORY B / Категория Б | 50–499 million/миллионов | 3,800 euro/евро |
| <input type="checkbox"/> CATEGORY C / Категория С | 1–49 million/миллионов | 2,200 euro/евро |
| <input type="checkbox"/> CATEGORY D / Категория Д | <1 million/миллионов | 800 euro/евро |
| <input type="checkbox"/> INDIVIDUAL (EU/EFTA citizens only)/ Индивидуальное (только для граждан Евросоюза/ЕАСТ) | – | 800 euro/евро |

Any non-EU / non-EFTA Legal Entities applying to become Associate Members must be endorsed by two Ordinary Members (AEB members that are Legal Entities registered in an EU / EFTA member state or Individual Members – EU/EFTA citizens) in writing/

Заявление любого юридического лица из страны, не входящей в Евросоюз/ЕАСТ, и желающего стать членом АЕБ, должно быть письменно подтверждено двумя членами АЕБ (юридическими лицами, зарегистрированными в Евросоюзе/ЕАСТ, или индивидуальными членами – гражданами Евросоюза/ЕАСТ)

Individual AEB Membership is restricted to EU / EFTA member state citizens, who are not employed by a company registered in an EU / EFTA member state /

К рассмотрению принимаются заявления на индивидуальное членство от граждан Евросоюза/ЕАСТ, работающих в компаниях, страна происхождения которых не входит в Евросоюз/ЕАСТ

Please bear in mind that all applications are subject to the AEB Executive Board approval /
 Все заявления утверждаются Правлением АЕБ

3. CONTACT PERSON / INDIVIDUAL MEMBER / КОНТАКТНОЕ ЛИЦО / ИНДИВИДУАЛЬНЫЙ ЧЛЕН

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

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

| 5. COMPANY DETAILS / ИНФОРМАЦИЯ О КОМПАНИИ | | | |
|--|---------------------------------|---------------------------------------|---|
| Company present in Russia since: _____ / Компания присутствует на российском рынке с: _____ г. | | | |
| Company activities/ Деятельность компании | Primary / Основная: | Secondary / Второстепенная: | |
| Company turnover (euro)/ Оборот компании (в Евро) | In Russia / в России: | Worldwide / в мире: | <input type="checkbox"/> Please do not include this in the AEB Member Database/ Не включайте это в справочник АЕБ |
| Number of employees/ Количество сотрудников | In Russia / в России: | Worldwide / в мире: | <input type="checkbox"/> Please do not include this in the AEB Member Database/ Не включайте это в справочник АЕБ |
| <p>Please briefly describe your company's activities (for inclusion in the AEB Database and in the AEB Newsletter) / Краткое описание деятельности Вашей компании (для включения в базу данных АЕБ и публикаций АЕБ)</p> | | | |

| 6. HOW DID YOU LEARN ABOUT THE AEB / КАК ВЫ УЗНАЛИ ОБ АЕБ? | |
|---|---|
| <input type="checkbox"/> Personal Contact / Личный контакт | <input type="checkbox"/> Internet / Интернет |
| <input type="checkbox"/> Media / СМИ | <input type="checkbox"/> Event / Мероприятие |

Signature of Authorised Representative of Applicant
Company / Подпись уполномоченного лица заявителя:

Date/Дата:

Signature of Authorised Representative of the AEB /
Подпись Руководителя АЕБ:

Date/Дата:

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

24 / 7 / 365

hours per day

days per week

days per year



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