



**ASSOCIATION OF EUROPEAN BUSINESSES
IN THE RUSSIAN FEDERATION**

AEB ANTI-CRISIS FORUM

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ASSOCIATION OF EUROPEAN BUSINESS

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MAIN CAUSES OF ECONOMIC CRISIS IN RUSSIA

- **High dependence on export of raw materials.**

Due to the crisis the prices and the demand for main Russian export goods sharply reduced.

- **Low competitiveness of main sectors except of raw-materials.**

Production failure in raw-materials was not compensated by other sectors.

- **Low development of financial and banking sector.**

High level of foreign debt.

Crises of liquidity caused crises of “confidence”

Foreign Debt in 2008, 1st quarter of 2009 (billions USD)

	01.01.08	01.04.08	01.07.08	01.10.08	01.01.09	01.04.09 (estimated)
Foreign debt of Russia, total	463,5	477,4	524,8	540,5	484,7	453,5
<i>Short Term Liabilities</i>	<i>106,1</i>	<i>97,0</i>	<i>101,1</i>	<i>113,8</i>		
<i>Long Term Liabilities</i>	<i>357,4</i>	<i>380,4</i>	<i>423,4</i>	<i>426,7</i>		
State Public Authorities	37,4	36,9	34,7	32,5	29,4	28,4
Monetary Authorities	9,0	4,1	4,2	10,2	3,3	2,1
State Banks*	65,5	67,4	78,2	71,2	61,7	
<i>Short Term Liabilities</i>	<i>11,4</i>	<i>11,2</i>	<i>11,9</i>	<i>13,2</i>	<i>9,4</i>	
<i>Long Term Liabilities</i>	<i>54,2</i>	<i>56,2</i>	<i>66,3</i>	<i>58,0</i>	<i>52,2</i>	
Other State Companies*	78,8	76,8	78,2	74,9	68,8	
<i>Short Term Liabilities</i>	<i>0,1</i>	<i>0,0</i>	<i>1,2</i>	<i>1,2</i>	<i>2,1</i>	
<i>Long Term Liabilities</i>	<i>78,7</i>	<i>76,8</i>	<i>77,7</i>	<i>73,7</i>	<i>66,7</i>	
Foreign debt of private sector	272,8	292,2	328,9	351,6	451,9	423,0
<i>Short Term Liabilities</i>	<i>84,0</i>	<i>80,0</i>	<i>82,5</i>	<i>87,6</i>	<i>63,3</i>	
<i>Long Term Liabilities</i>	<i>188,8</i>	<i>212,2</i>	<i>246,4</i>	<i>264,0</i>	<i>227,4</i>	
Banks	98,1	104,0	114,7	126,9	166,1	147,5
<i>Short Term Liabilities</i>	<i>42,3</i>	<i>44,6</i>	<i>48,6</i>	<i>50,3</i>	<i>33,4</i>	
<i>Long Term Liabilities</i>	<i>55,9</i>	<i>59,4</i>	<i>66,1</i>	<i>76,6</i>	<i>69,4</i>	
Other Sectors	174,7	188,2	214,2	224,6	285,8	275,5
<i>Short Term Liabilities</i>	<i>41,7</i>	<i>35,4</i>	<i>33,9</i>	<i>37,2</i>	<i>29,9</i>	
<i>Long Term Liabilities</i>	<i>133,0</i>	<i>152,8</i>	<i>180,3</i>	<i>187,4</i>	<i>158,0</i>	

* Debt of banks and non-financial companies, in which State Public Authorities and Monetary Authorities have (directly or indirectly) 50% or more of capital or control them in different way.

Repayment Schedule of Foreign Debt, including Interest (billions USD)

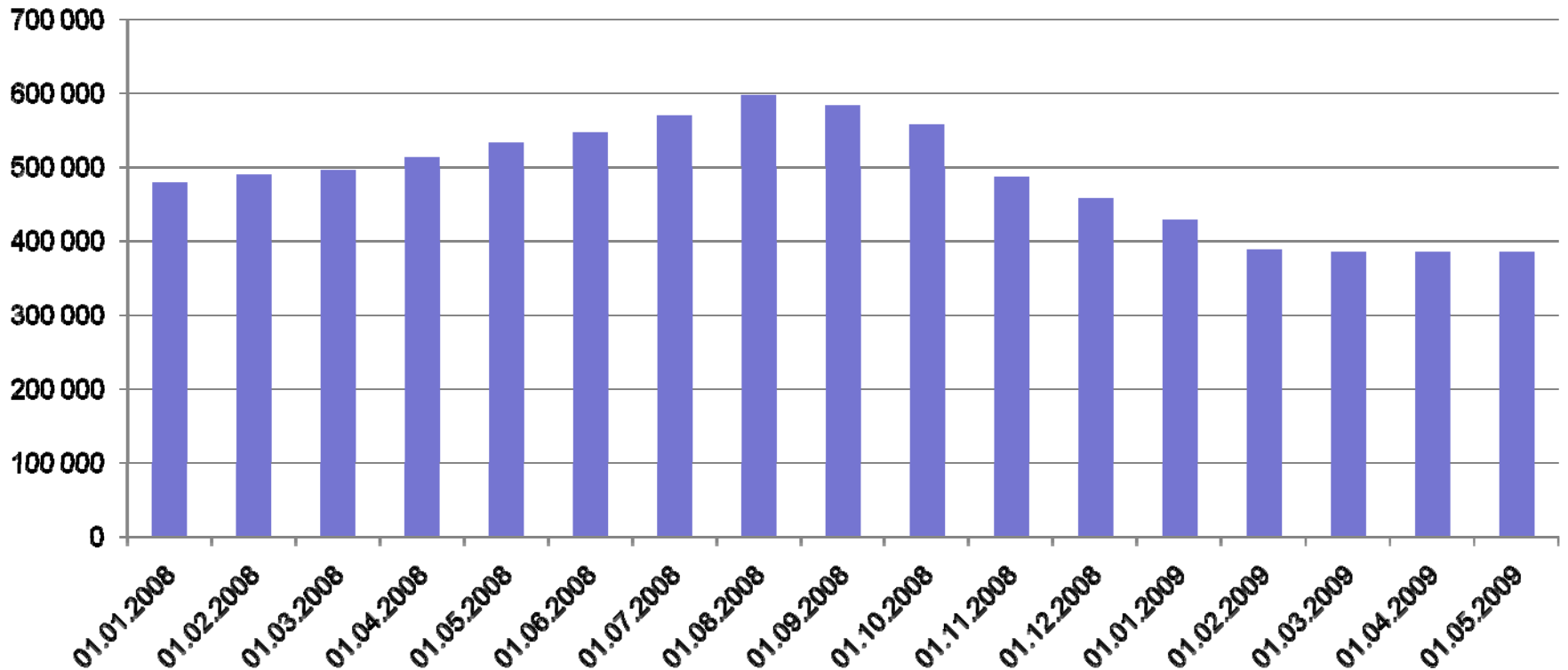
	Debt on 01.01.09	Till called for	Dates of Payments										More than 2 years
			Up to 1 year					from 1 year to 2 years					
			I q. 2009	II q 2009	III q 2009	IV q 2009	2009	I q. 2010	II q 2010	III q 2010	IV q 2010	2010	
Total	484,7	15,1	43,0	33,6	33,9	41,5	152,0	21,0	24,6	19,6	25,7	90,8	324,8
State Public Authorities	29,4		1,6	0,9	1,4	0,9	4,7	1,4	0,8	1,3	0,8	4,2	33,0
Monetary Authorities	3,3	2,8	0,6				0,6						
Banks	166,1	12,4	16,5	13,0	15,4	15,4	60,3	6,0	9,5	4,8	6,9	27,2	88,1
Other Sectors	285,8		24,3	19,7	17,0	25,3	86,4	13,5	14,3	13,5	18,1	59,4	203,5

Import (+) and Export (-) of Capital from Russia (billions USD)

Period	Banks	Others	Total
2005	5,9	- 5,8	0,1
2006	27,5	14,3	41,8
2007	45,8	37,3	83,1
1 q. 2008	- 9,8	- 13,4	- 23,3
2 q. 2008	22,2	18,5	40,7
3 q. 2008	- 15,9	- 0,8	- 16,7
4 q. 2008	-56,2	-74,2	- 130,5
1 q. 2009 (official estimate)	-5,8	-32,9	-38,8

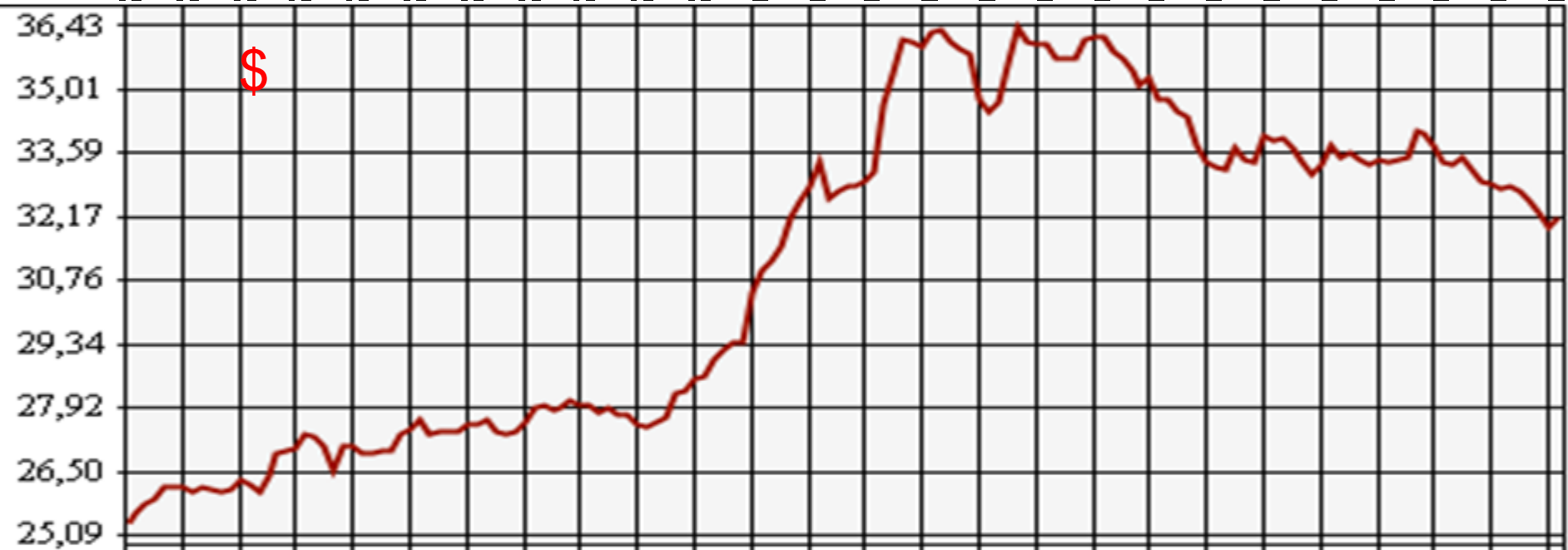
International Reserves of Russia (millions USD)

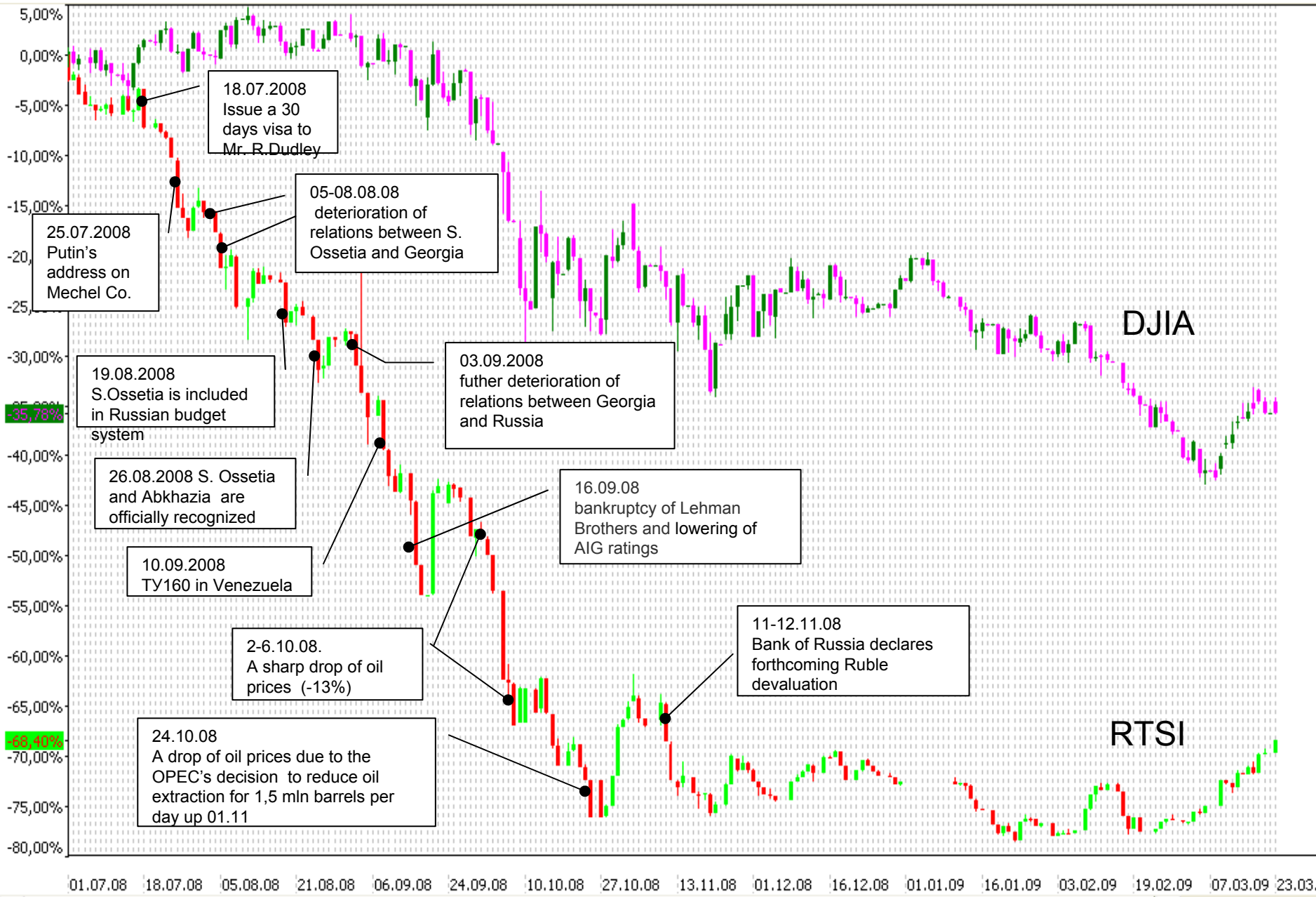
	Total	of them Gold		Total	Of them Gold
01.01.2008	477 890	12 012	01.09.2008	581 638	13 089
01.02.2008	487 551	13 296	01.10.2008	556 068	13 974
01.03.2008	494 168	13 921	01.11.2008	484 590	12 585
01.04.2008	511 833	13 694	01.12.2008	455 730	13 339
01.05.2008	531 850	12 716	01.01.2009	427 080	14 533
01.06.2008	545 408	12 926	01.02.2009	386 894	15 466
01.07.2008	568 286	13 785	01.03.2009	384 074	15 932
01.08.2008	595 902	13 887	01.04.2009	383 889	15 743
			01.05.2009	383 905	15 440



Ruble/euro and ruble/dollar exchange rate

(01.10.08-15.05.09)





DJIA

RTSI

18.07.2008
Issue a 30 days visa to Mr. R. Dudley

05-08.08.08
deterioration of relations between S. Ossetia and Georgia

25.07.2008
Putin's address on Mechel Co.

19.08.2008
S. Ossetia is included in Russian budget system

03.09.2008
further deterioration of relations between Georgia and Russia

26.08.2008 S. Ossetia and Abkhazia are officially recognized

16.09.08
bankruptcy of Lehman Brothers and lowering of AIG ratings

10.09.2008
TY160 in Venezuela

2-6.10.08.
A sharp drop of oil prices (-13%)

11-12.11.08
Bank of Russia declares forthcoming Ruble devaluation

24.10.08
A drop of oil prices due to the OPEC's decision to reduce oil extraction for 1,5 mln barrels per day up 01.11

01.07.08 18.07.08 05.08.08 21.08.08 06.09.08 24.09.08 10.10.08 27.10.08 13.11.08 01.12.08 16.12.08 01.01.09 16.01.09 03.02.09 19.02.09 07.03.09 23.03.09

-35.78%

-65.40%

Rate of Required Reservation of Attracted Funds by commercial banks in the Central Bank of Russia (%)

Period	Liabilities to Foreign Banks	Liabilities to Private Persons	Other Liabilities
11.10.07-14.01.08	3,5	3,0	3,5
15.01.08-29.02.08	4,5	4,0	4,5
1.03.08-30.06.08	5,5	4,5	5,0
1.07.08-31.08.08	7,0	5,0	5,5
1.09.08-17.09.08	8,5	5,5	6,0
18.09.08-14.10.08	4,5	1,5	2,0
15.10.08-30.04.09	0,5	0,5	0,5
01.05.09-31.05.09	1,0	1,0	1,0

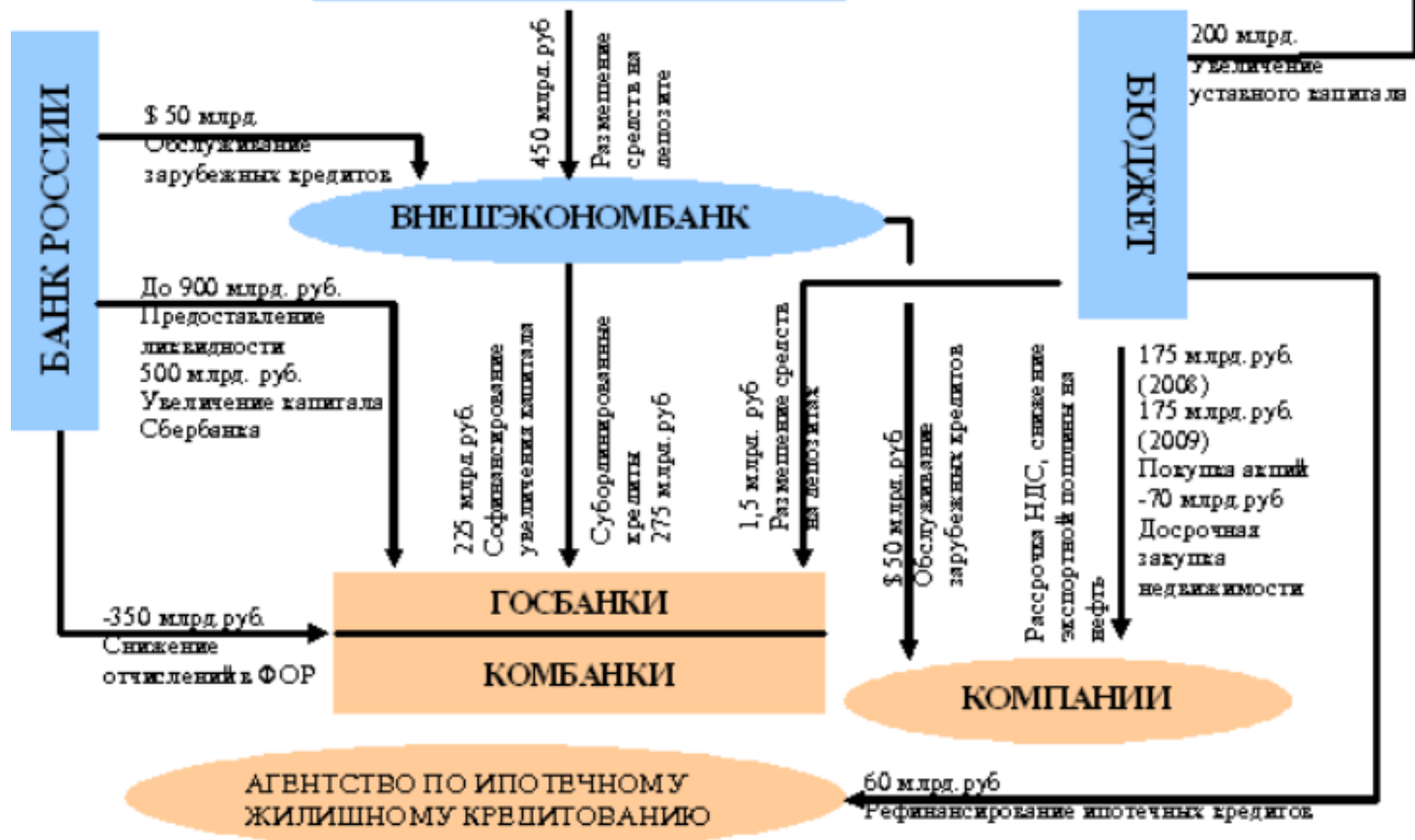
Comparison of International Financial Centers

Indicator/ IFC	London	New-York	Hong Kong	Frankfurt	Shanghai	Moscow
<i>Quality of Administration and Taxes</i>						
Rule of Law index 2007, 0 - 100	92.9	91.9	90.5	94.3	42.4	16.7
Regulatory Quality Index, World Bank, 2007, 0 - 100	98.1	90.8	99.0	92.7	45.6	35.0
Easy of doing business (place out of 178 countries IFC, 2008)	6 place	3 place	4 place	20 place	83 place	106 place
Easy of paying Taxes (place out of 178 countries)	12 place	76 place	3 place	67 place	168 place	130 place
Total Tax Due (% of income of a company)	35.7%	46.2%	24.4%	50.8%	73.9%	51.4%
Number of Tax Payments	10	21	3	39	104	58
Time for Tax Reports and Payments (hours/year)	22	122	13	65	167	151
<i>Stock Market</i>						
Capitalization of Stock Market (Billions. \$, 2007, % GDP)	3 851.7 139%	19 923 144%	2 654.4 1284%	2 105.2 63%	4 479.3 138%	1 334.2 103%
Dealing in shares volume on Stock Market (Billions \$, 2007, % GDP)	10 334 373%	29 910 216%	2 137 1034%	4 325 130%	6 174 190%	1 276 99%
Volume of IPO in national currency (Billions \$, 2007)	50.4	76.5	37.5	10.4	63.3	26.7
Bonds Issued (Billions \$, 2007, % GDP)	3 025.8 109%	29 240 211%	31.7 15%	5 335 161%	1 565 48%	243 19%
Dealing with Corporate Bonds (Billions \$, 2007, % GDP)	453.2 16%	17 418.7 126%	33.6 16%	1 146 34%	486.7 15%	115 9%
Par Value of Options (Billions \$, 2007, % GDP)	172 848 6 234%	402 235 2 906%	3 148 1 523%	33 242 1 001%	0 0%	52 4%
Par Value of Futures (Billions. \$, 2007, % GDP)	451 757 16 294%	857 278 6 193%	4 342 2 101%	137 581 4 141%	0 0%	240 19%
Volume of Options dealing (Billions \$, 2007, % GDP)	152 (5%)	454 (3%)	13,6 (7%)	626 (19%)	0	-

Indicator/ IFC	London	New-York	Honk Kong	Frankfurt	Shanghai	Moscow
Assets of Private Pension Funds (Billions \$, 2006) (% GDP)	1 763 78.5%	13 310 100.5%	-	116 4.0%	38 1.7%	19.2 (2007) 1.5%
Assets of mutual Funds (Billions \$, 2006, (% GDP)	820 34%	12 496 100.5%	-	348 12%	56 2.5%	32 (2007) 2.5%
Assets of Insurance Companies (Billions \$, 2005, (% GDP.)	2 184 97.9%	6 074 45.9%	-	1 224 43.8%	141 6.3%	9 (2006) 0.9%
Banks Deposits (Billions \$, 2006) (% GDP)	2 930 (122%)	10 028 (76%)	-	3 033 (104%)	4 469 (169%)	415 (32%)
Share of households investing in stocks 2005	21.6%	11.3%	19.6%	5.7%	5.6%	0.4%
Index of Institutional Development	8.94 (1 место)	8.41 (7 место)	8.6 (3 место)	8.2 (12 место)	5.47(49 место)	4.29 (86 место)
Index of development of financial institutions	8.22 (9 место)	7.2 (19 место)	8.8 (4 место)	7.6 (15 место)	4.33(59 place)	4.67 (51 место)
Index Of Development of stock market	8.50 (1 место)	7.33 (8 место)	7.3 (8 место)	7.33 (8 место)	4.50 (42place)	4.00 (47 место)
Quality of Living (place out of 215 cities (index), Mercer HR 2008	39 место (101.2)	48 место (100.0)	117 место (80.8)	7 место (107.1)	134 место (73.8)	201 место (43.4)
Life expectancy HD Index, 2008	79.0	77.9	81.9	79.1	72.5	65
Number of Murders per 100000, Nation Mast. 2004	1.4	4.3	0.6	1.1	-	20.1
Rating of development of electronic technologies (70 countries, Economist Intell. Unit, 2008)	8 место	1 место	2 место	14 место	56 место	59 место
Number of mobile phones users per 1000 people in a country (World. Bank, 2005)	1 088	680	1 252	960	302	838
Internet Users per 1000 people (2005)	473	630	508	455	85	152
GDP per capita, 2007 (PPS, \$)	35 100	45 800	42 000	34 200	5 300	14 700
Inflation (2000-2006 annually, GDP Deflator, WB)	2.4%	2.5%	-2.9%	0.7%	3.1%	19.9%
Index of Global Competitiveness, GCI (place out of 131 countries, WEF, 2008)	9 место	1 место	12 место	5 место	34 место	58 место
Index of Economic Freedom (place out of 157 countries Heritage Foundation, 2008)	10 место	5 место	1 место	23 место	126 место	134 место
Index of a State Efficiency, 0-100 (2008)	93.8	91.5	94.3	92.4	61.1	42.2
Index of corruption (180 countries, Transparency Int. 2007)	13 место	20 место	14 место	16 место	72 место	142 место

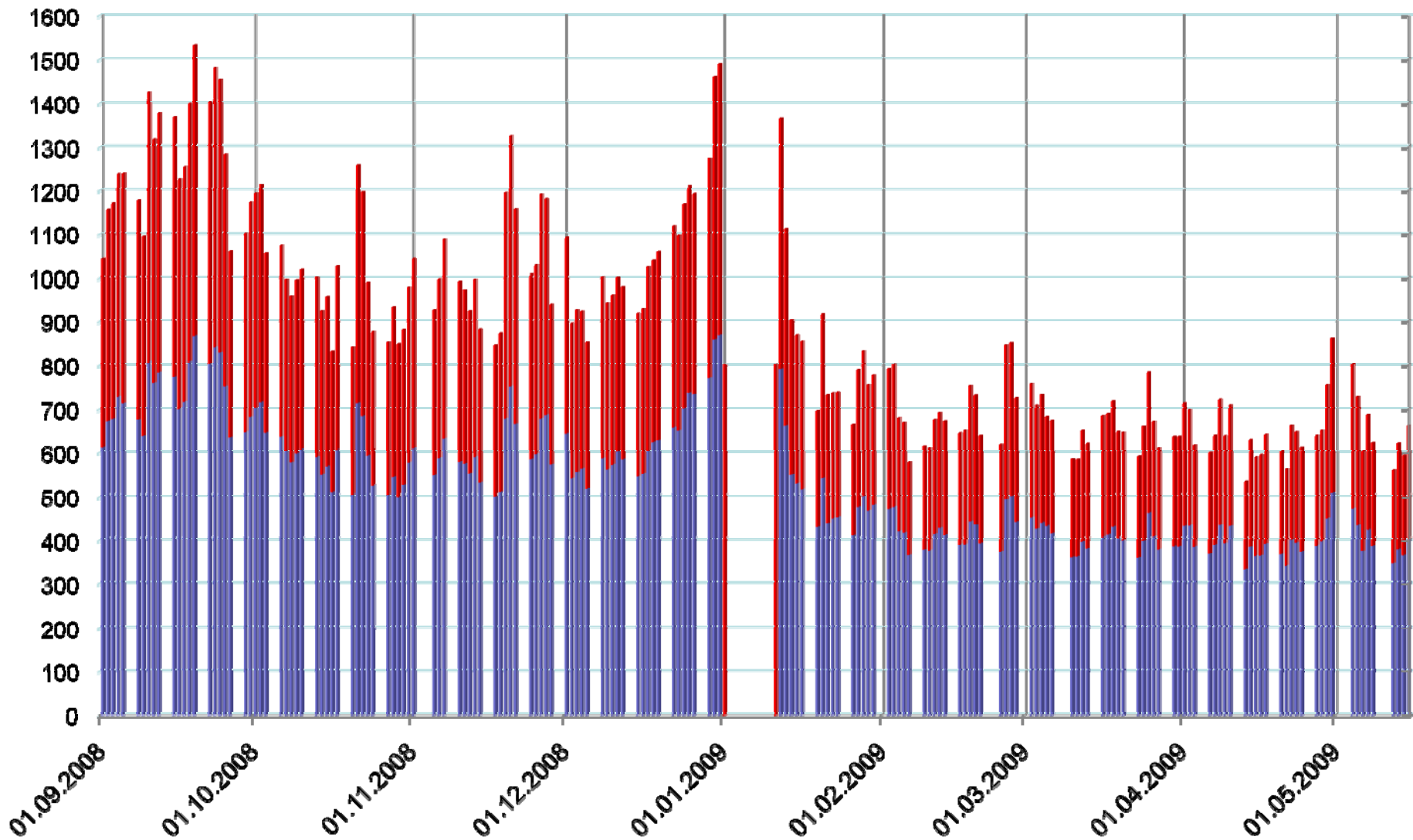
ФОНД НАЦИОНАЛЬНОГО БЛАГОСОСТОЯНИЯ

АГЕНТСТВО ПО СТРАХОВАНИЮ ВКЛАДОВ



Account Balance of Banks

(total and in Moscow region, million rubles)



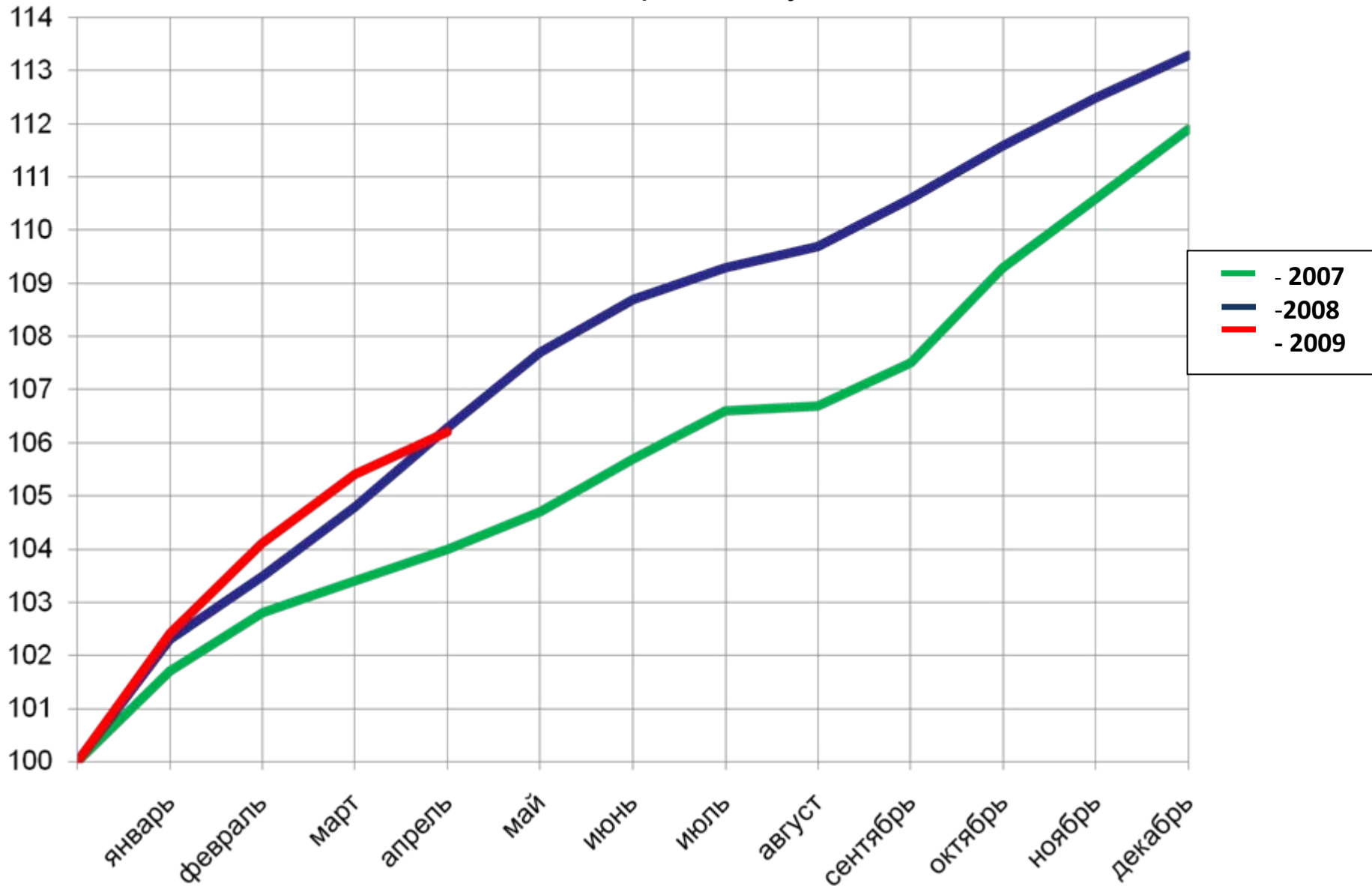
Liquidity and Bank's Liabilities to the State

(billions rubles)

	24.10.08	18.11.08	31.12.08	27.01.09	20.03.09	15.05.09
Banks' Account Balance in Bank of Russia	524,4	510,8	869,1	475,3	399,1	402,7
Banks' Deposits in Bank of Russia	225,2	293,9	165	85,6	158,9	471,5
Total Assets	749,6	804,7	1034,1	560,9	558,0	874,2
Federal Budget Deposits	871,51	736,45	0	0	0	155,0
Bank of Russia Demands to Banks	292,21	1153,6	2826,5	3132,5	2753,34	2062,91
Total liabilities to the State	1163,72	1890,05	2826,5	3132,5	2753,34	2217,91

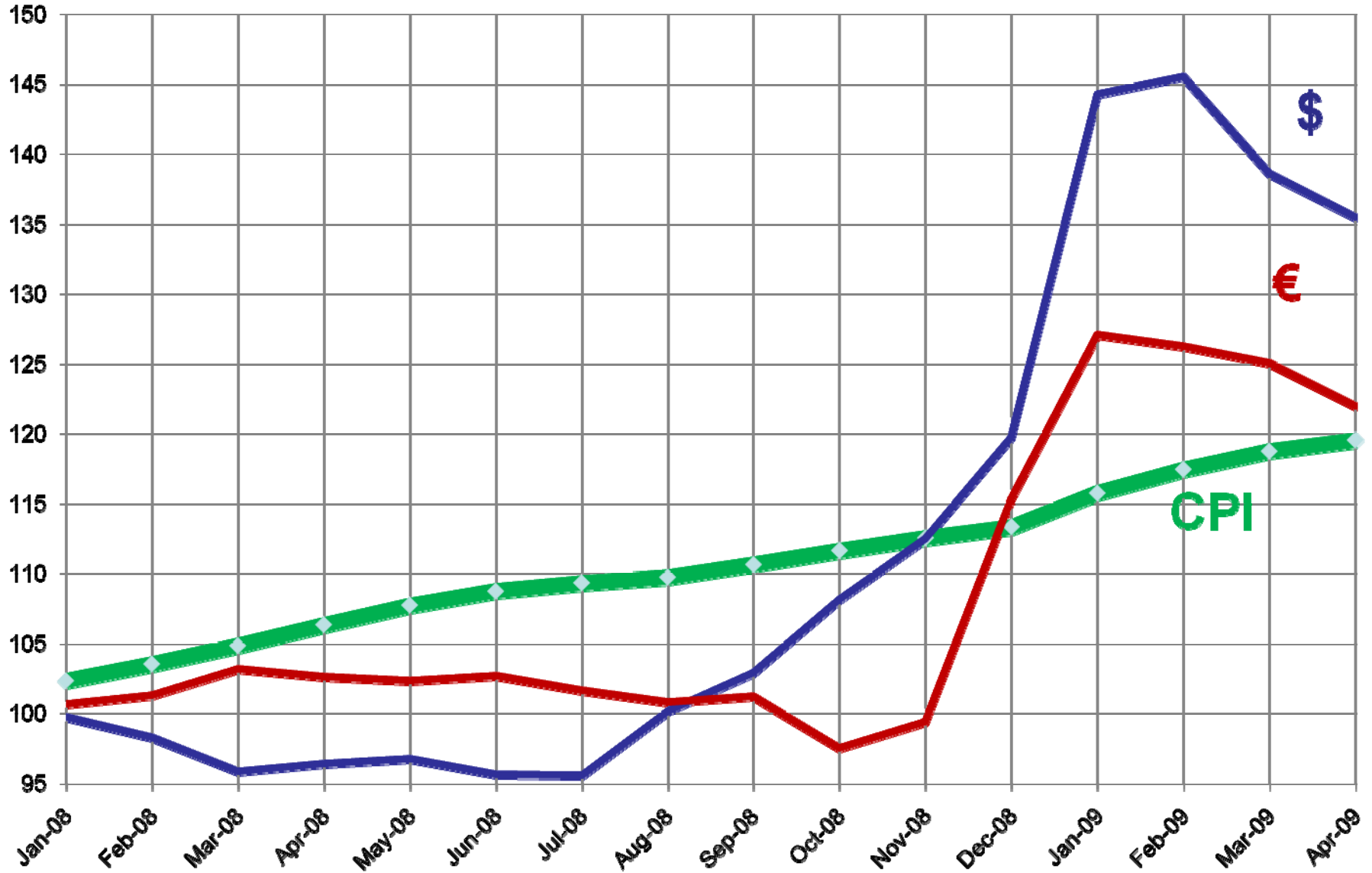
Industrial production	December 2008 to December 2007 (%)	2008 to 2007 (%)	1 quarter 2009 to 1 quarter 2008 (%)
Industrial production:	89,7	102,1	85,7
Mining:	97,7	100,2	96,2
Natural oil	99,1	99,3	98,7
Iron ore	54,4	95,3	73,1
Manufacturing, of which:	86,8	103,2	79,2
Food, beverages and tobacco	93,5	97,4	
Textiles and clothing	79,5	95,5	
Pulp	70,7	94,5	73,8
Lumber	79,1	90,6	75,6
Chemicals, of which:	71,1	95,8	
Plastics	77,8	96,1	87,5
Mineral fertilizers	64,2	94,1	73,3
Cement	73,9	89,4	63,0
Metallurgy, of which:	68,2	94,8	
Rolled ferrous metals	59,3	94,9	70,4
Rolled copper	38,5	85,7	
Machinery & equipment, of which:	82,7	104,0	
Engineering tools	53,2	89,2	
Rolling-mill machinery	20,9	81,4	
Equipment for non-ferrous metals	34,4	48,1	
Electrical machinery	72,6	87,7	47,1
Excavators	25,7	84,1	
Trucks	32,9	89,5	24,6
Electricity	93,8	103,2	94,9

Consumer Price Index, % to December previous year



Consumer Price Index and exchange rates

(%, December 2007 = 100%)



Inflation (%)

	December 2008 to December 2007	March 2009 to December 2008	March 2009 to February 2009
Russia	113,3	105,4	101,3
European Union (Eu - 27)	102,2	100,2	100,3
Brazil	105,9	101,2	100,2
Republic of Korea	104,1	101,5	100,7
USA	99,9	101,2	100,2
Ukraine	122,3	105,9	101,4

Main social & economic indicators (growth rates, %)

Indicator	December 2008 to December 2007	1 quarter 2009 to 1 quarter 2008
Gross domestic product	97,8	93,0
Industrial production	89,7	85,7
Agriculture production	104,5	102,1
Freight turnover, including	87,6	82,4
Rail freight turnover	79,1	74,2
Retail trade turnover	104,8	98,9
Paid services	100,2	98,5
Export	83,3	52,3
Import	96,2	64,5
Capital investments	97,7	85,0
Consumer Price Index	113,3	113,7
Manufactured products prices	93,0	94,3
Real disposable income	88,4	97,7
Accrual wage:		
Nominal	108,1	111,1
Real	95,4	97,7
Unemployment	126,1	133,9

Volume and structure of past due credits (end month account)		<i>Jan.09 κ</i> <i>Jan. 08</i>	<i>Feb.09 κ</i>	
			<i>Feb.08</i>	<i>Jan.09</i>
Total	February 2009 1051,5 billion RUR	130,5	128,7	101,9
Agriculture, Forestry		102,4	101,7	102,2
Mining		137,5	148,2	102,4
Manufacturing, of which:		151,4	148,0	100,2
food, beverages and tobacco		144,1	147,3	102,0
Textile and Clothing		86,3	97,9	97,8
Wood and products		135,2	145,1	111,3
Pulp-and-paper; printing and publishing		125,3	132,4	108,0
Petroleum		139,8	107,4	93,9
Chemicals		147,4	159,6	104,9
Metallurgy		Б 3,2p.	Б 3,1 p.	93,4
Machinery and equipment		141,7	156,3	109,6
Electrical equipment, electronics and optical equipment		94,7	93,8	97,6
Production of transport vehicles and equipment		182,9	183,1	104,1
Electricity, gas and water		120,1	121,8	101,8
Building and Construction		131,5	137,2	106,0
Wholesale and retail trade, of which:		118,8	95,5	97,4
vehicles, including service and repair		Б 2,1p.	Б 2,1 p.	107,3
Transport and Communications, of which:		111,4	117,1	111,1
Rail transport		159,0	Б 2,5 p.	153,4
Communications		182,2	154,7	105,4

Priorities of Anti-Crisis Policy

1. Social obligations. Support of crisis's victims.
2. Maintenance of industrial and technological potential. Refusal to support the inefficient enterprises.
3. Increase of domestic demand (state and private)
4. Modernization of economy. Transition to innovation growth. Energy-efficient economic growth. Investments in the human capital.
5. Reduction of administrative regulations. Support of small businesses.
6. Support of national financial and banking system and securities market.
7. Reasonable macroeconomic policy. Support of macroeconomic balance. Support of savings of the households and improvement of investment climate. Support of equilibrium Ruble exchange rate. Overcoming of the Crisis of Liquidity and reduction of inflation. Balanced budgetary management: increase of financing of anti-crisis measures with simultaneous reduction of non-obligatory expenditures.