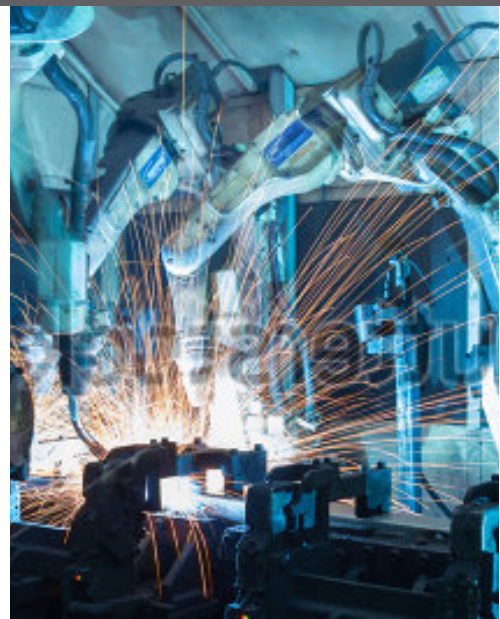


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## Modernisation & Innovations



With AEB updates on:  
cooperation in innovations between the EU  
and Russia, supply chain development, new  
regulation on local content, compliance...  
and more





**Dear readers,**

Two years passed since we released the first AEB BQ issue dedicated to modernisation and innovations in Russia, and the topic is at the focal point again. During these two years important political and economic events occurred. This means that modernisation agenda underwent certain update and change. It should be now seen along the localisation and import substitution lines and European business should adapt to new circumstances and face new challenges.

Although we identify constraints for the European businesses operating in Russia, we are closely monitoring the efforts of the Russian government to offer new tools for Russian and European commercial cooperation, for instance by introducing a special investment contract for European investors as described in the address of Mr. Gleb Nikitin, First Deputy

Minister of Industry and Trade, to our members. Our companies can also be potentially interested in the opportunities offered by the Russian Industrial Development Fund which is aimed at supporting innovative manufacturing in Russia.

AEB member companies have long-term interests in Russia and they remain dedicated to participate in the modernisation of the Russian economy through sharing experiences and best practices which were accumulated in their countries and their companies, bringing their technology and expertise. This experience is in many fields: machinery, compliance, sustainable development, energy sector and others. Some of them are illustrated in this issue.

Two years ago the AEB welcomed the celebration of EU-Russia Year of Science and is pleased to observe that the EU-Russia cooperation on science and innovations is not only ongoing but remains the most intense field in our relations.

I would like to take this opportunity to welcome new members who showed their interest and trust in our continuous effort to promote the best relations between the European business community and the Russian Federation.

And as always the magazine will update you on past AEB events and committee activities!

Sincerely yours,

**Frank Schauff**

Chief Executive Officer

Association of European Businesses

**Dear readers,**

Welcome to the AEB Business Quarterly devoted to modernisation, innovations and supply chain development, prepared by the AEB Working Group on Modernisation & Innovations.

The AEB Working Group on Modernisation & Innovations represents the interests of a group of foreign companies, which possess technological, engineering and scientific expertise as well as industrial excellence. We maintain our focus on the study and promotion of the innovative and development experience of Europe, adapting and introducing best practices into Russia, supporting integration into the global technological and supply chains, facilitating the acquisition of foreign technology assets and the transfer of technology for the mutual benefit of the Russian economy and AEB members. Group members are active in their promotion of initiatives within the Ministry of Industry, the Ministry of

Economic Development, the Ministry of Education and Science, the Agency for Strategic Initiatives, at the Expert Councils of Open Government Ministry and respective State Duma Committees and other related ministries and federal services.

Taking into account geopolitical and macroeconomic developments, the working group is continuing to monitor the development of the Russian market identifying areas for modernisation and innovations, which are of interest to both AEB members and the Russian authorities. Localisation and import substitution have emerged as the most important policy priority for the government in recent months, the most relevant to industrial modernisation. The emphasis is on products which the government believes are of strategic importance to the economy, and which may actually be manufactured within the country. In accordance with new legislation, further criteria have been introduced to establish Russian origins and to give preference to Russian-made goods and to restrict goods of foreign origin in state procurement programmes and tenders arranged by state-owned companies. New localisation regulations primarily focus on power, agriculture, construction and industrial equipment, food, pharmaceuticals, auto parts, machinery parts, IT, etc.

In this new environment, the particular focus of the working group is dedicated to measures to develop the local supply side, to bring local producers up to required level to integrate with the global supply chain, and to help AEB members to complete the required level of local supply. We believe that it is particularly important to help authorities recognise the impact and prioritise localisation objectives, which requires proper economic analysis of potential scenarios and a dedicated effort to implement best European practices towards sustainable development, compliance, management, quality control, logistics and the continuous improvement of local subsuppliers. Therefore, we have invited key players from different committees and state authorities, most relevant to those subjects, to contribute to this AEB Business Quarterly.

Enjoy reading!

**Michael Akim**

Chairman of the Working Group on Modernisation & Innovations, Member of the AEB Board, Vice President, ABB Russia

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# The spetsinvestkontrakt (special investment contract) as a new tool for Russian and European commercial cooperation



**GLEB S. NIKITIN**

First Deputy Minister of Industry and Trade of the Russian Federation, PhD in economics

Russia has always welcomed cooperation and the opportunity to create mutually beneficial relationships with European companies, regardless of their industry. However, in 2014 the increased level of geopolitical tensions and ensuing anti-Russian sanctions put the idea of fruitful cooperation "from Lisbon to Vladivostok" in peril. European companies are being held hostage to the EU policy of sanctions,

so any talk of international integration of European business as the basis for an export-oriented economy has gained political significance. In this regard, the general economic formula in the ongoing sanctions standoff risks never progressing further than "good intentions."

Also, over the past two years, the state of cooperation with European companies over the last quarter of a century has been reassessed. Russia has clearly lost much of its technological sovereignty, partly due to significant shortcomings in the privatisation process and in part due to the focused policy of Western owners to reduce operating costs and include subsidiaries of their service, sales and production companies in Russia in the global production chain. Without denying the objective basis of these processes, we have taken the lessons of the past into account and decided to attempt to bridge the production chain disparity. This change was enshrined in the law "On industrial policy in the Russian Federation," which will determine the direction of industrial development and influence the approaches taken by the Russian Government in implement-

ing budgetary, taxation, and customs and tariff policy over the long term. Of course, legally speaking there is no direct opposition between production chains and international supply chains; however, the objective conditions created must be maximised to modernise the Russian economy, which first of all means focusing on production chains, and then – as the consequences of the sanctions are eliminated – deepening international cooperation.

The policy of import substitution is not destroying cooperation with European companies, most of which, in spite of the sanctions, continue to work with Russian partners. However, it is facilitating the transition to increased localisation and a shift in business operations to investment and production. Against the backdrop of the weakening rouble, it promises to benefit European companies. On the part of Russia, import substitution is not intended to achieve "industrial and economic self-sufficiency," but rather a more gradual movement towards "export alignment."

One of the key mechanisms for working with European companies in the new



economy is the spetsinvestkontrakt. This non-financial instrument harmoniously combines the interests of individual regions, investors and Russia as a whole while avoiding any violation of WTO principles. The spetsinvestkontrakt establishes clear rules for investors in advance and helps stabilise the existing business environment. It works not only for the future, but also for the present by eliminating institutional gaps and helping European investors gain direct access to regional authorities. This practice has been successfully applied in EU countries (for example, in Hungary, where there is the "strategic partnership agreement"), and in China (a similar mechanism related to the development of free economic zones).

The special investment contract runs for a period of up to ten years; it clearly states the reciprocal obligations of the parties, as well as related incentive measures (in accordance with state and federal law). The immutability of conditions for the entire contract period is guaranteed. With this mechanism, depending on the subject of the special investment contract, there are three standard versions at the federal level: the first is aimed at the creation (or modernisation) and development of industrial production facilities; the second at implementing best available techniques (BAT); and the third at developing the manufacture of products that have no counterparts made in Russia.

The benefits will be finalised later this year, and include a "grandfather clause," under which tax rates are frozen for investors who have entered into a spetsinvestkontrakt at a predetermined level – for up to ten years, inclusive (the entire duration of the special investment contract).

In the near future it is possible that the income tax rate will be set at zero. This will make investment in Russia's regions significantly more attractive.

In addition, spetsinvestkontrakt participants are to be granted the status of sole supplier under government procurement programmes. Consequently, there will be guaranteed demand for up to 30% of production under the contracts.

Finally, investors who have entered into a spetsinvestkontrakt will be able to label the goods produced under the agreement as Russian, which will give the investor additional preferences in the domestic Russian market. There are also a number of industry benefits. The expansion of benefits to the forestry sector, agricultural machinery production and the pharmaceutical industry is being discussed, where localisation processes are moving forward at a rapid pace.

The contracts are being rolled out at the regional level. The Perm region was a pioneer in this process, with rules governing entry into a regional spetsinvestkontrakt coming into force last year. However, investors currently operating in key industries for import substitution, such as oil and gas, agricultural machinery, machine tools and the automotive and chemical industries, are showing the most interest in the special investment contract.

For the Russians, implementing spetsinvestkontrakts mechanism will keep investment projects alive, and will also contribute to job creation and significantly lengthen production and supply chains over the long term. For the Europeans, the contracts will provide the foundation for a new level of cooperation with Russian companies and Russian regions. I hope it will see widespread success.

However, there are certain problems for the average European family business that previously supplied industrial equipment to Russia, but does not have the financial resources to build its own Russian production facility. You have to understand that Russia has not created these problems. They are the result of the counterproductive sanctions imposed by our European partners. This ill-considered decision has created barriers for European medium-sized companies that aspire to maintain their leading positions on the Russian market. The sanctions have rebooted the whole industrial policy, and as a result the "hothouse" conditions for European businesses in Russia have been revised. Today European companies must adapt to the realities of Russia's new economic policy.

I hope that this difficult stage in bilateral economic relations will pass, and both sides will enjoy the results they desire: Russia will achieve an acceptable level of technological sovereignty while Europe, integrated into the existing mechanisms of cooperation, will not only maintain but strengthen its position on the Russian market, especially in industries focused on modernisation in the long term. Russia needs European companies in the new conditions because only healthy, fair competition of the type prevalent in Europe will enhance the competitiveness of Russian high-tech products and enable the effectiveness of import substitution policies to be truly assessed. The Ministry of Industry and Trade is ready and willing to respond to proposals for mutual cooperation aimed at developing Russian industry, taking into account the new geopolitical environment and the external economic environment. |

# Modernisation through the development of the supply chain



## MICHAEL AKIM

Chairman of the Working Group on Modernisation & Innovations, Member of the AEB Board, Vice President, ABB Russia

**F**or modern industrial manufacturing in Russia localisation should be economically driven and justified, not politically enforced. The common perception and concern is that the local market is too small for significant economies of scale while maintaining the variety of products we see today, and this concerns most industries. Therefore, a few highly appropriate and competitive products and technologies have to be selected

and focused on to create global champions in each respective field.

In the manufacturing industry a visible trend is that companies are focusing their efforts on their core business, and supplier flexibility and reliability are core values in a market with fluctuating demand and smaller margins. In the supplier chain strategy, in risk management, represented by the risk of the selection of suppliers, it is crucial to define which suppliers are suitable and when should single-, dual- or multi-sourcing be used. Establishing competitive local manufacturing facilities would require a world-class supply base capable of providing a sustainable competitive advantage.

The current market conditions are demonstrating an extremely volatile demand, and the market trends indicate that this volatility will increase in the next few years. There are examples of volatility for high volume products in which the demand can shift up or down by 20–30%, and for low volume products with a demand shift of up to 300% compared to

the forecast. This requires high flexibility from the whole supply chain. Therefore, the level of localisation is primarily dependent on finding and developing qualified local suppliers.

The industry is moving from a traditional approach where low purchasing price was the focus and supplier switching was common. Today the high price of supplier switching is well known and the importance of supplier development has increased both in research and in the industry. Companies are increasingly focusing on their core competences and supplier development is very important to generating a competitive advantage. In case of unsatisfactory supplier performance, the focal company can choose from the following options: it can start manufacturing the components in-house, search for an alternative supplier, invest time and resources into increasing the existing supplier performance, or use a combination of these options. Particularly during turbulent crisis times, companies are dependent on their suppliers when downsizing their own organisations, which leads





to supplier development instead of supplier switching.

It is necessary to evaluate and categorise all suppliers, which is easier for manufacturers in European countries, since over the centuries, they have gained considerable knowledge about their traditional suppliers and local producers. This is obviously more challenging, however, in the rapidly shifting Russian market. A formal supplier performance measurement system is required to assess supplier pricing, quality, service, delivery, technology and environmental performance. It is of particular importance to categorise suppliers and to have different strategies depending on the importance of the supplier category.

Supplier performance management includes understanding supplier ca-

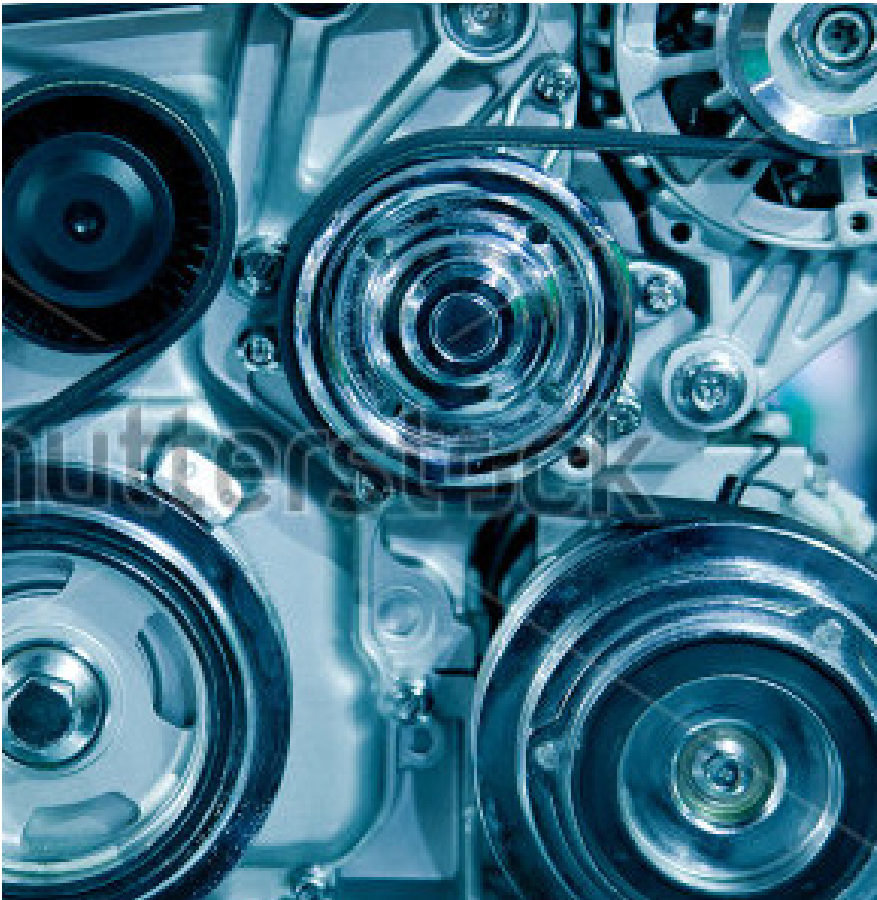
pabilities to reduce lead times, improve quality, and ensure that ethical standards are being met. The resulting supplier agreements should address these specific items.

Typical areas for mutual improvements between supplier and focal companies include new technologies and procedures, increasing standardisation of parts and processes, identification of quality problems with process mapping, mutual development of the IT system and increased vendor management inventories at the focal company's site. This could require dedicated joint resources to implement the supplier development effort, i.e. focal companies need to deploy resources and investments, send engineers to the supplier worksite and offer supplier training.

### Steps for proactive supplier development

Supplier development includes monitoring and improving supplier performance. The supplier development concept was first established during and after World War II in Japan. Thanks to the large production numbers, automotive producers and the consumer electronics sectors have the most advanced supply chain management, which includes supplier development. Despite the fact that automotive production is quite similar to other types of industrial machinery production, the much larger production scale defines the difference in the supply chain approach.

Supply chain collaboration is described as not only operations and purchasing, integration and transactions, but also the benefits of information sharing,



market knowledge, product development and R&D in gaining a mutual sustainable competitive advantage. Relations with a supplier often start with a supplier development programme, support for mutual collaboration, and the highest level is supplier integration.

Standard reactive supplier development is when “firefighting” is used only when problems with suppliers have occurred, but the “firefighting” takes a long time, and leads to losses and disturbances. Proactive development means the prevention of future problems by bringing about long-term improvements of the supplier base.

Supplier development leads to the integration of the supplier into the buyers operations in respect of sup-

ply chain optimisation, value-added collaboration, continuous improvement, and technology development processes, which brings about joint competitive advantages.

Total quality management (TQM) is the first phase in the supplier development model. The implementation of TQM includes a number of steps: the identification of customer requirements, the creation of a supplier partnership to form cross-functional teams to identify and solve problems, steps to measure performance using scientific methods and to improve quality using the respective tools.

Continuous improvement should be implemented both by the suppliers and in the internal processes of the

It is necessary to evaluate and categorise all suppliers, which is easier for manufacturers in European countries, since over the centuries, they have gained considerable knowledge about their traditional suppliers and local producers.

focal company to increase supplier performance.

The development of supplier capabilities and flexibility will be the key factor in gaining a competitive advantage and modernising the industry in the future, as a result of the market’s increasing demand fluctuations and smaller margins.

### **How should we contribute?**

A number of AEB member companies have global systems to evaluate and develop supplier performance in terms of pricing, quality, service, delivery, technology and environment performance.

To establish competitive production facilities in Russia, contribute to modernisation and simultaneously increase the level of localisation, as is required by new legislation, companies need to benchmark their supplier performance against world-class performance to identify qualified suppliers for further development.

Globally, there are still relatively few manufacturers of some of the key components that will be required to create key innovative industries to meet the challenge of "industrialisation 4.0", robotics and "the internet of things", renewable energy and power storage, smart grids and offshore

supergrids, highly efficient transportation and utilities. An expected increase in the demand for these technologies both in Europe and globally means that as soon as the political commitments and funds to develop it are reliable enough, European industry will continue to invest to expand its manufacturing base at a pace corresponding to the progressively growing demand to deliver and implement European technologies in Russia.

Typically medium-sized companies represent the most innovative, flexible suppliers of components. However, due to the limited market size, governmental measures to support

those producers could be crucial at this stage of market development. This means not only access to "cheap money", but also to educational, quality control and continuous improvement procedures and market promotion activities.

AEB members possess unique technologies and supply chain competences, which can be instrumental for integrating Russian manufacturing into global supply chains. This could be the grounds for promoting a dialogue with the authorities to create the natural economic conditions for localisation, and not only the political will. |

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# “Globally competitive: that is how I would like to see the Russian automotive industry in the near future”



**MARCUS OSEGOWITSCH**

Director General, Volkswagen Group Rus

**T**he Russian automotive industry has been rapidly developing in the last decade: foreign automakers and Tier 1 component suppliers have launched production facilities in the country and put a lot of effort into development, localisation, education and training.

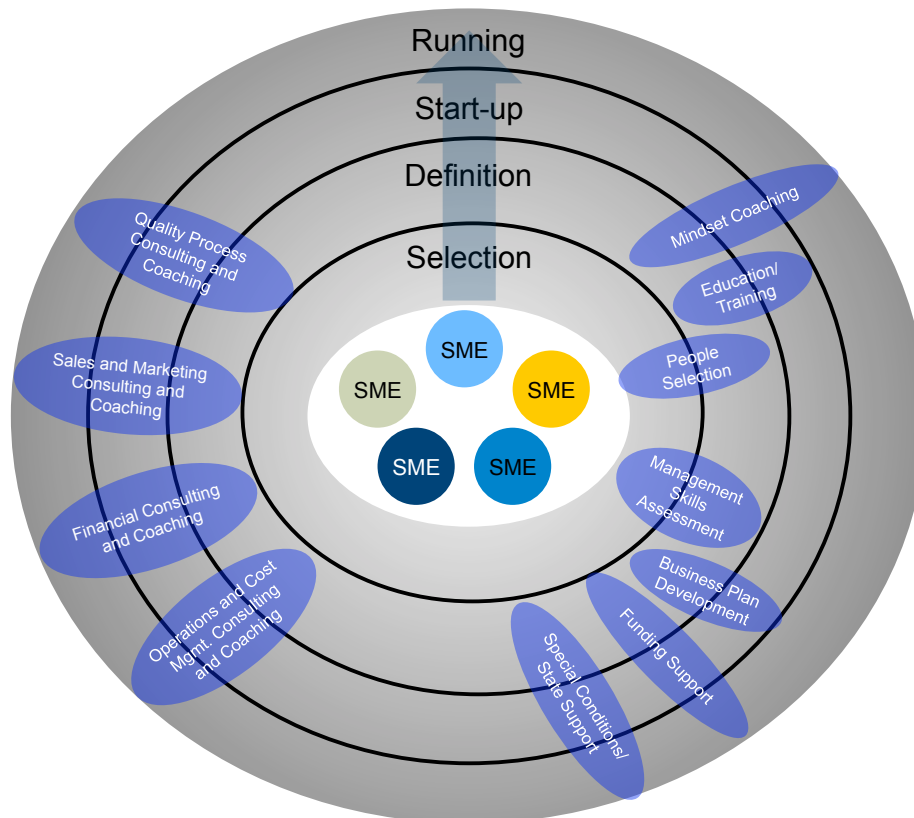
However, reality shows that we have reached the limits of this strategy, and we cannot afford to think only locally any longer. The Russian automotive industry must become internationally competitive.

In more detail this means, first of all, that localisation and import substitution only work with a strong export focus since the local market is too small for significant economies of scale while maintaining today's variety of vehicle models and options. Secondly, localisation or specialisation in everything does not work, again due to the same reason: insufficient economies of scale. Last but not least, localisation for original equipment manufacturers (OEMs) in Russia needs to be a natural economic choice, and not only a political will. A few appropriate technologies have to be selected and focused on to create global champions in the component supply industry.

Further development is possible only if we deepen localisation by searching, training, or launching small and medium-sized enterprises (SMEs) of Russian origin which will be able to produce high-quality Tier 2/3 components for the automotive industry. At the moment, SMEs aiming to become suppliers for the automotive industry, on the one hand, have to fulfil the requirements of OEMs; and on the other hand, they have to operate in a very difficult market situation with constant currency fluctuations and a lack of investment confidence. Russian SMEs have obvious difficulties as they have to supply components of a certain quality, fulfil process and timing requirements and provide attractive prices as well. Needless to say, the business should also be profitable.

All top-down approaches have not gone far enough, which is why it is time to launch a bottom-up process

## INDUSTRIAL INCUBATOR CONCEPT



to give stimulus and create a platform for the development of local SMEs. I would call such an infrastructure an Industrial Incubator. Initially, it is supposed to be a network of industry experts who will be able to select, guide, educate and coordinate young entrepreneurs wishing to launch a new business but lacking experience or connections in the automotive industry. It is not a short-term process, but sustainable structures have to grow slowly.

The Incubator should be a non-profit structure assisted by the government and combining the expertise of car manufacturers, car component manufacturers, business consultants, process and quality specialists and auditors, marketing experts, banks, HR specialists and, of course, the right technological institutions.

This structure should be able to provide the so-called "start-up toolbox":

a team of specialists able to provide connections inside and outside the automotive industry, as well as be able to act as coordinators or mediators between market players, such as car manufacturers. The Industrial Incubator is supposed to choose the most promising start-up projects, add expertise, contact market players, select future entrepreneurs, help to create a business plan with clear KPIs, organise training and coaching and guide the whole project for up to 3–4 years until the company starts to work at full speed. Other responsibilities may include, for example, regular seminars for existing SMEs, financial and professional assessment, certification, and having an experienced management team and lead generation management.

Another important function of the non-profit Industrial Incubator is lobbying the industry's interests which means regulatory support, education

reform and creating the conditions for running the business. Regulatory support provides simplified tax regimes, a gradual increase in taxation, simplified reporting requirements and more flexible labour regulations for growing SMEs.

Overall, cooperation with Tier 2/3 suppliers is beneficial for both OEMs and the country's economy. It allows manufacturers to develop the production of all necessary components at an affordable price. By reducing their spending on components, car manufacturers are able to produce globally competitive vehicles. Finally, the creation of the Industrial Incubator provides a wide range of benefits and opportunities for small and medium-sized businesses, which stimulates economic development. Successfully implemented as a pilot in automotive production, the idea of the Industrial Incubator can be applied to other industries as well. |

# Establishing innovative manufacturing in Russia



**ALEXEY KOMISSAROV**

Director of Industrial Development Fund

**O**f late almost everybody has been talking about how Russia needs to change the structure of its economy. Our country exports mainly natural resources and imports almost all its high-tech products. However, even the oil and gas industry is critically dependent on imported equipment and technology. To date, the macroeconomic situation has imposed severe restrictions on the implementation of the industrial potential of many companies and the country as a whole. The depreciation of fixed assets in the manufacturing industry amounted to almost 47%, the drop in investment in fixed assets reached 5.9%, average company profitability fell by 13.1%, which is lower than the loan rate offered by banks (all figures are

for 2015). Obtaining bank loans at the pre-investment stage, and also for development work, engineering and pilot production start-up is almost impossible. Under-funding of these stages reduces multiplicative investment in industrial development as a whole.

To overcome these limitations, and to develop new industrial projects, the Industrial Development Fund was established about a year ago. The fund offers preferential loans at 5% per annum in roubles for 5–7 years, which is of great help to companies wishing to grow. Not surprisingly, the number of loan applications from companies since the fund was launched has exceeded one thousand.

The value of the fund was 20 billion roubles in 2015, and this was insufficient to cover all the loan applications. It was necessary to set a clear objective.

We often say that the main objective of the fund is to support import substitution.

But what does this mean for us? First of all, we aim to ensure that the political slogan of import substitution becomes an attractive economic mechanism. To do this, when selecting projects we adhere to a few basic principles.

**1.** We are not saving the weak, uncompetitive production facilities. Our goal is to support successful companies and help them to become even stronger. The development strategy we prepared for the fund states that the main target group is medium-sized, high-tech, fast growing companies.

**2.** For us import substitution is not as important as export orientation. After all, this is the only way to objectively verify the quality of products. Only the market can determine the demand for the proposed solutions.

**3.** We value the maximum application of the best Russian and/or Western technologies. We primarily aim to support projects that are focused on commercialising products developed by Russian scientists. But often it is not necessary to reinvent the wheel, when it is much easier to buy an existing solution or create a solution together with Western partners.

In 2015, the Expert Council approved 74 projects, and 57 of them have already received funding. The average loan size was 350 million roubles.

The supported projects include examples of the commercialisation of Russian products developed through scientific research, such as the creation



and production of a superconducting current limiting device that means you can reduce the short circuit current to a predetermined safe level at a speed that is unique for such devices, and the project to launch the first production facility in Russia with a complete production cycle of reagents which are used to genetically identify people.

A large number of projects are aimed at the production of modern products using Western technologies in a variety of industries – for example, in building materials.

One of the supported projects is aimed at the production of cross-laminated timberwood-based panels – a modern “green” technology.

Many production facilities are built with the direct participation of European partners – for example, the production of modern dyes for fabrics, together with experts from Italy.

A good example of close cooperation with various partners is the project at the Kostroma automotive components plant to produce pistons for Euro-4 and Euro-5 engines. The clients and consumers will be global automakers localised in Russia, and assistance in development work, engineering, and quality control will be provided by a German company.

Despite such positive examples, there are many problems and challenges that impede the implementation of many projects.

In the first year of the fund, I would highlight four major barriers that are hampering the development of the high-tech industry in Russia:



**1. Access to financing.** The size of the fund is insufficient to meet demand, and we plan to search for new financing tools. Perhaps, together with private Russian and foreign funds we will create an industry investment programme.

**2. Technological lag.** Every effort should be made to transfer technology, in part through finding mutual interest with Western companies wishing to localise their production facilities in Russia.

**3. Inadequate personnel training.** Despite the overall high-level of education in our country, modern production companies are faced with a deficit of skilled workers and engineers. To solve this problem, we support the holding

in Russia of World Skills – the biggest vocational education and skills excellence event in the world, and plan to conduct special training programmes for young engineers.

**4. Lack of information on the needs of large companies on the one hand, and opportunities for small and medium-sized businesses on the other.** The fund is a developer of a state industry information system, which I am sure will be useful for many foreign manufacturers.

Our goals are to revive Russian industry, increase high-tech exports, and attract the best skills. And we see great potential in mutually beneficial cooperation with European business leaders to realise these goals. |

# Modernisation & innovation – some value chain considerations



## AAGE V. NIELSEN

Deputy Chairman of the Working Group on Modernisation & Innovations, Chairman of the AEB Council of National Representation, Managing Director, Vitus Bering Management Ltd.

I ncreasing innovations and modernisation in the Russian industry and the Russian economy as a whole has been a buzzword for years. The idea and main purpose has been to diversify the economy from its dependence on oil, gas and other raw materials and their often volatile price fluctuations towards an economy with high-value added or at least higher value added activities such as manufacturing and services. This would increase the wealth of Russian industry, business, companies, society and citizens and at the same time make the

economy more stable and more resistant to raw material price shocks.

In recent years we have seen the tendency both in debate and regulatory initiatives to focus on the development of manufacturing and especially the production of so called "high-tech products".

In the following I will argue and where possible illustrate that broader value chain considerations would be useful in order to succeed, and if not many of the initiatives will be a waste of resources and/or even fail.

Initially it is worth keeping in mind:

- The transition towards a more diversified economy is a process, which could start here and now but would and should continue for many years. In other words there are no quick fixes!
- The rouble value is, as we have seen with the big depreciations in 1998, 2009 and the last 2 years, an important factor for driving the diversification of Russian industry and business and its ability to compete with imported goods. It is also an incentive for foreign companies to move services and/or production partly or fully to Russia. However, the part of the value chain varies from industry to industry – R&D and product development, production, sales & distribution, systems integra-

tion and application, logistics, maintenance & after-sales service – that makes economic sense to establish and/or develop as contributing to diversification.

- Improving the productivity of existing production facilities and resources contribute to diversification by improving quality and competitiveness, thus helping to attract the investment and financing for needed new technology and/or know-how. This process can also start here and now. Often we see the tendency to focus on new "toys" instead of improving the productivity of existing facilities and resources, which can bring results from day one. Competition – domestic as well as foreign – is one of the strongest incentives for improving productivity (and quality).

- According to the World Bank roughly 50% of Russia's productivity gap compared to Western Europe is explained by poor infrastructure development. Therefore, infrastructure investment and improvements would be a big contributor to and facilitator for diversifying the Russian economy and industry.

- In most countries you will hear the statement "that we should produce (more) high-tech products". Everybody can agree on that. However, it is often overlooked that the "application" of high technology in manufacturing,

products and services is what really matters if you want to maximise value addition and value creation in industry and services and improve competitiveness and thus wealth in society.

- Since around 2000, the internet has played an important role in connecting Russian industrial enterprises and distributors with each other and with European and other international companies offering technology, production equipment and services. This has led to an increase in diversification and improvement in productivity and the quality of Russian products and services.

In fact, a transition process towards a more diversified Russian industry and economy has been going on for years. As a result, the Russian economy is today much better able to absorb oil-price shock compared to 1998 and 2008–2010 as illustrated in Sberbank CIB, Russia Economic Monthly, January 2016.

During the Gorbachev era the first economic reforms were introduced on 1 October 1987, allowing "Joint Ventures" between Soviet companies and foreign companies. Soon many joint ventures were launched contributing to an increase in diversification and improvement in productivity and the quality of Russian products and services. Initially the very first Soviet-Western joint ventures were typical within IT, telecommunications, programming, steering systems for machines and production lines and system integration. But also other areas were soon covered offering world-class management consulting, training, financial management, technology consulting, such as quality improvement, production efficiency, planned service & maintenance, etc.

to progressive Soviet enterprises determined to improve their results. After the market economy was introduced by the "Big Bang" on 3 January 1992, under President Boris Yeltsin the diversification of the Russian economy accelerated substantially. However, this fact was overshadowed by the suffering of large numbers of people (e.g. pensioners and others depending on public salaries and payments) due to

In recent years we have seen the tendency both in debate and regulatory initiatives to focus on the development of manufacturing and especially the production of so called "high-tech products".

a dramatic drop in real income. Also, many Soviet companies realised their manufacturing and products were not competitive and had to cut or even stop production. In the so-called mono-cities (cities depending on only one big production company) this had particularly severe consequences.

From 1992, whole sectors developed, some almost from scratch, with others

by reinventing themselves, often in a "symbioses" between European and international players (bringing high quality products, new technology and world class production methods and management) and existing and new Russian players as distributors and sales agents (bringing local knowledge of the business environment with unclear laws, the barter trade, etc.).

Big European and other international players entered the Russian market often after market research confirmed Russia as a huge strategic market. In 1992 and the following years, a number of world-class companies established themselves in the Russian market in the telecommunications, soft drinks, tobacco, confectionary, pharmaceutical, packaging, district-heating and energy, building materials, recruitment, and training industries, etc.

Many launched sales, marketing and production facilities. Almost all of them had to set up a bigger part of the value chain than they would do in their existing markets, e.g. local design adaptation, system integration, application support, installation, services & maintenance, distribution, etc. In other markets these functions were often outsourced or taken on by specialised companies. However, in Russia there were almost no industrial support services and infrastructure at that time and therefore European and international companies had to manage and operate these functions themselves.

During the same period new Russian companies started importing and distributing all types of food products, clothes and food wearing, components and equipment for buildings and many other different products. |



# Challenges for the localisation of agricultural machinery



## DIRK SEELIG

Chairman of the AEB Agribusiness Committee, Deputy CEO, CLAAS Vostok LLC

On 5 October 2015, the AEB Agribusiness Committee organised and held the conference "The role of European business in the modernisation and development of the Russian agricultural sectors". During the event it was made evident that Russian farmers have to use Western technologies in broad areas of activities especially regarding seeds, fertilisers and equipment. It is interesting that the latter is used even if a local counterpart exists. The most popular arguments are comfort, productivity, effectiveness and decreased losses. The topic of localisation was also touched on. It is no secret that in a number of Western brands producers are trying to maintain project for building their own production facilities in Russia. And this sounds quite reasonable. The companies are going to enhance their position on the local market, to promote

equipment to end customers, to reduce costs and so on. This kind of approach should be of interest to the public authorities as well. This is the development of local suppliers, additional orders for industries, new jobs and tax incomes and last but not least a competition promotion which was proven to be the best driven vehicle for market development.

Needless to say, rural areas are badly in need of modernisation and power saturation. According to the last data from the Russian Agricultural Ministry, 60 percent of tractors are more than 10 years old of a total fleet of 460 thousand units. In order to saturate rural areas it is necessary to buy 46 thousand tractors per year (for the time being 12 thousand units). The total deficit of equipment is 180 thousand tractors and 80 thousand combine harvesters (last year the market for combine harvesters was above 5 thousand units).

Meanwhile, we only have a few examples of agricultural machinery localisation. In October last year, CLAAS launched the second stage of its plant in Krasnodar that will enable it to increase the level of localisation for combine harvesters dramatically. Three years ago John Deere launched the plant in Orenburg to produce cultivators and seeders. Evrotechnica produces cultivators under the Amazon brand in Samara, Salford produces cultivators and seeders in Omsk, but no other companies are localised in Russia.

What is the reason for this deplorable state of affairs? It is true that companies

wishing to localise face some objective problems, such as low mass production rates (the minimum consignment of suppliers significantly exceeds the requirements), the quality of local raw materials and components does not correspond to corporate standards, and the high cost of energy and resources. But common sense says that the main problem for companies wishing to localise is unfair competition on the market which deteriorated further due to government Decree No. 1432. The decree allows certain producers to sell their machines with a discount of 25 and more percent. Last year saw the introduction of government Decree No. 719 and the new criteria of "Made in Russia" for agricultural machinery, but it has not brought any relief to companies wishing to localise. Both sets of rules for agricultural machinery share the same technological approach and some other features: starting requirements are too tough and they cannot be achieved if you begin a project from scratch. Although government Decree No. 719 does not contain any incentive measures, there are strong signs that it will be used in broad areas such as procurement with state funds and as qualifier for subsidies of any kind.

From the point of view of companies wishing to localise, such an approach de-incentivises them from building new production facilities in Russia. The best option will be to use the approach similar to industrial assembling in the automotive industry. This will boost competition on the market and saturate rural areas with high-quality machines. |



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# Compliance: business effectiveness and fair competition promotion



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Compliance with legislation, state regulations and industry standards is becoming especially important for modern business. It is vitally important in order to ensure fair competition and economic equity for all players – producers, distributors and consumers. All participants of the supply chain, ranging from giant international corporations to their smaller local partners must work, ideally, based on the principles of general business ethics, and be fully compliant with the requirements of the applicable legislation.

The scope of activities aimed at creating a special culture of respect among market players for the rules of business ethics and laws is called compliance. The most common types of compliance in the non-financial sector are anti-

corruption and antitrust compliance. In the financial sector, compliance in the fields of anti-money laundering and financing of terrorism predominates.

By introducing special compliance programmes, European companies operating in Russia ensure the establishment of a corporate culture of honesty and trust, which helps reduce compliance risks and the risks of possible sanctions for anti-corruption, antitrust or other violations imposed by public authorities, including the prosecutor's office, the police, the antitrust authority, and other supervisory and regulatory state bodies.

## Anti-corruption compliance: ABB experience

Leading international corporations have been developing internal corpo-

rate ethics & compliance programmes for a very long time. From a business perspective, effective compliance ensures the reduction and prevention of risks, and hence, the cost. For example, if a company has not implemented an effective system of anti-corruption compliance, it may lead to a drop in the level of transparency, increasing the risk of bribery during the vendor selection process, which may eventually cause reputational problems and the refusal of other companies to do business with such a partner. Therefore, in the end, financial losses are inevitable. Conversely, an implemented compliance system increases the rating of the company; market players believe that participation in projects together with such a partner is more profitable and ensures reduced costs and increased efficiency.

As an example of the successful implementation of an anti-corruption compliance programme, one can refer to the 10-year experience of the ABB group. The ABB has been certified in the last four years as a global "Compliance Leader", whose anti-corruption compliance programme is recognised by independent experts as the industry model.

Of course, corruption risks increase significantly if local companies do not meet the expectations of their European partners and do not pay enough attention to the development and implementation of anti-corruption measures.





"Ethisphere recognises with best-in-industry compliance programmes – those organisations that have made the decision to proactively invest in compliance, thereby sending a clear signal to key stakeholders that their company takes its commitment to compliance and ethics seriously. Verified Compliance Leaders are the companies that use ethical leadership as a profit driver. The compliance programmes of Verified Compliance Leaders are demonstrably superior to industry requirements and standards, putting Ethisphere's credo of 'Good. Smart. Business. Profit.' into real business practice".



Ethisphere recognises organisations that have made the decision to proactively invest in compliance, thereby sending a clear signal to key stakeholders that their company takes its commitment to compliance and ethics seriously. Ethisphere's Anti-Corruption Programme Verification offers objective, independent verification of a company's anti-corruption programme and initiatives, including a comprehensive review of policies, procedures, training, communications, controls and enforcement. Anti-Corruption Programme Verification can only be earned by companies that are able to prove they have designed, implemented and enforced a robust, best-in-class anti-corruption programme that is capable of reasonably detecting and preventing bribery and corruption".

As you know, Article 13.3 of Federal Law No. 273-FL "On Combating Corruption" has been in effect in Russia since 2013. According to the standard, all organisations, including state-owned enterprises and private companies are required to take measures to prevent corruption.

Thus, local companies need to ensure the implementation of compliance programmes not only because their Western partners require it, but also because of the direct instruction of Russian legislation. We believe it will be of benefit for our readers to learn about the ABB Russia Business Ethics & Compliance

programme available to our local partners. For more information please refer to our official website.

This programme includes three main areas:

- 1) Identification of compliance risks and ways to reduce them.
- 2) Partner training through anti-corruption seminars and recommendations.
- 3) Evaluation of anti-corruption measures implemented by partners.

The ABB is ready to support Russian manufacturers and suppliers. We are upgrading our supply chain and integrating Russian partners into it. At the same time, one of the main requirements for our partners is compliance. If a partner is able to meet the

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stringent requirements of ABB compliance, it will be able to comply with the requirements of any other company. We provide all our Russian partners with an ABB Code of Conduct (our suppliers are additionally provided with an ABB Suppliers Code of Conduct). We include an anti-corruption clause in every contract, and inform our partners on the reporting channels in case of any violations or concerns.

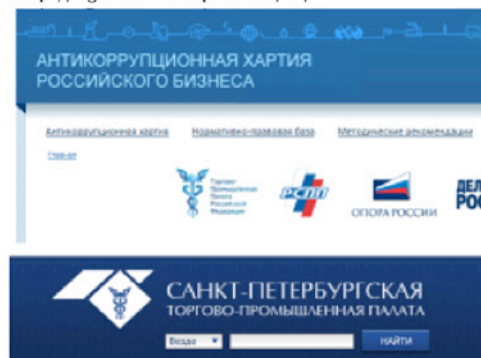
We recommend that our partners utilise the various non-commercial anti-corruption tools:

- **Anti-corruption Charter of Russian Business** [http://ach.tpprf.ru/Anti\\_corruption\\_charter.php](http://ach.tpprf.ru/Anti_corruption_charter.php)
- **Russian Compliance Alliance** <https://www.hse.ru/compliancealliance/>
- **E-learning tool for the private sector on the UN Convention against Corruption** <http://thefightagainstcorruption.org/certificate/>
- **Joint activities with the Saint-Petersburg Chamber of Commerce and Industry** <http://spbtp.ru/ru/protivodeystvie-korrupcii-i-nedobrosovestnomu-pred.html>

## Antitrust compliance in Russia

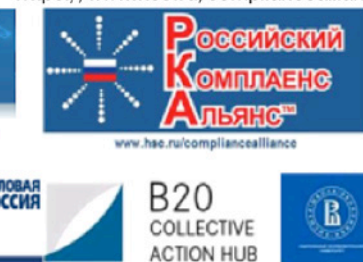
Before discussing the implementation of the institution of antitrust compliance in Russia, let us turn to the experience of antitrust authorities in other countries. Many of them choose the tactic of favouring the implementation of a general corporate "culture of compliance". It is important to note that foreign antitrust authorities provide assistance to and support business with the help of guidelines and recommendations, but do not implement compliance standards at the level of legislation. Competition authorities spend huge resources to clarify the law, work with business, and publicise

<http://against-corruption.ru/ru/>



<http://spbtp.ru/ru/protivodeystvie-korrupcii-i-nedobrosovestnomu-pred.html>

<https://www.hse.ru/compliancealliance/>



<http://thefightagainstcorruption.org/>



guidelines on the best ways to implement compliance programmes. What is also important is that the mere existence of an antitrust programme, even a very effective one, does not always mean that a punishment may be mitigated for a violation of antitrust law. It is usually emphasised that the main goal of compliance is the prevention of violations and the possibility of detecting them at an early stage by the companies themselves, which ultimately is the main advantage for business.

The Federal Antimonopoly Service of Russia (FAS Russia) is currently actively supporting the idea of adopting antitrust compliance that "will encourage healthy competition in Russia." The FAS of Russia is keen to learn from the best practices of foreign antitrust authorities that issue recommendations/guidelines for companies on implementing compliance procedures. Besides, it is highly possible that in the near future competition legislation will be amended with the provisions to reduce the financial penalty imposed for competition law infringement where adequate steps have been taken, with a view to ensuring antitrust compliance. Currently the FAS is highly interested in monitoring

how "antimonopoly compliance works in practice", e.g. it wants to see examples of the implementation of antitrust compliance programmes by companies in Russia. Therefore, the FAS directly invites companies to demonstrate their achievements in this area. Let us think through what would help Russian companies to implement effective antitrust compliance programmes and how such programmes could be of help even now.

Formally, at the moment there is still no antitrust compliance institution in Russia implemented either at the level of legal acts or recommendations/guidelines from the authorities. However, the FAS Russia is considering a proposal to amend the Law on Competition Protection with provisions on compliance (or an internal warning system of antitrust violations). Therefore, it is assumed that this institution shall be consolidated at the regulation level. The FAS Russia supports this initiative and lists the following issues that require a legislative solution:

- defining the concept and specific features of antitrust compliance;
- establishing positive legal consequences of the implementation of antitrust compliance programmes for

legal entities (minimising administrative penalties);

- elaborating core (minimum) requirements for the contents of internal antitrust compliance procedures;
- defining the verification mechanisms (certification) of company antitrust compliance programmes in order to check their conformity with the established requirements (standards).

The initiative is undoubtedly a very important and useful one. However, it is important to ensure that such an approach would not lead to the formalisation of the process of the implementation of antitrust compliance. It is necessary to avoid the narrow understanding by legal entities that their goal is just to prove that their antitrust compliance programmes meet minimum requirements, are certified, and thus allow them to demand "guaranteed" mitigation of any punishment for violations. In addition, it seems practically impossible to establish a unified standard for everybody because depending on the industry and company size the requirements for antitrust compliance can be quite different. There is also the risk that the requirements for certification are formal, without regard to the individual specifics of the environment in which the legal entity operates.

In Russia, companies do have the possibility, at least theoretically, of using an antitrust compliance programme as evidence of the absence of guilt in respect of antitrust violations under the Code of Administrative Offences of the Russian Federation.

Article 2.1 of the Code of Administrative Offences says that a legal entity shall be found guilty of an administrative offence, if it is established that it had the opportunity to observe the

rules and standards whose violation is administratively punishable under the code or under the laws of a subject of the Russian Federation, but it has not taken all the measures that were in its power in order to follow them. Based on this standard, should the company prove that it has implemented an effective working compliance programme, and thus has taken all possible steps to comply with antitrust laws, then, obviously, it could count on exemption from liability.

It should also be borne in mind that although at the moment in Russia there is only an administrative liability of legal persons for antitrust violations, the State Duma of the Russian Federation is considering a bill amending the Criminal Code of the Russian Federation with criminal liability of legal persons. In the event of the adoption of this law, legal entities would potentially be subject not only to administrative but also criminal sanctions for violations of antitrust laws. The bill states that when establishing the type and amount of criminal penalties imposed on a legal entity, the adequacy of the measures taken by the entity for the prevention and suppression of the criminal act shall, *inter alia*, be taken into consideration. Obviously, in this case an effective antitrust compliance programme would also serve as a positive factor when assessing the adequacy of measures taken by a company.

All that remains is to explain in detail to companies how to develop such a programme and how to ensure its effectiveness. In this regard, the practical recommendations of the FAS on the ways to effectively implement the antitrust compliance programmes could be an invaluable source of information for legal entities operating in Russia.

## AEB Compliance & Ethics Committee

The Compliance & Ethics Committee is a place where professionals from the AEB and different external stakeholders (incl. state bodies) can share and promote best practices via informational briefings, seminars, reports, and regular compliance case updates.

The key goals are to assist AEB members i) to comply with their obligations under international and local requirements in respect of compliance; ii) to facilitate, promote, monitor and aim to secure the implementation of the best compliance practices, iii) to foster an international understanding of the applicable laws, including but not limited to laws addressing corruption, bribery, trade controls, and fair competition. Its areas of interest include business ethics, regulatory issues, internal controls, governance and risk assessment and mitigation.

In its first year the committee has shown undoubted practicality and effectiveness. The meetings held covered topics such as conflict of interest, partner due diligence, monitoring of anti-corruption and antitrust legislation and other important issues. The committee serves as the centre of the professional community, a platform for experience exchange, and it is the source of the latest information on core issues for many AEB members.

One of the recent initiatives proposed by the committee and supported by the AEB management is to hold a forum (conference) between international companies and their local partners devoted to the implementation of anti-corruption and antitrust compliance programmes. |

# Six months under the pressure of the new PD legislation: update



## EDGARS PUZO

Chairman of the AEB IT & Telecom Committee, Chairman of the AEB Working Group on Personal Data, General Director, Atos IT Solutions and Services LLC

A law has been in effect for about six months which requires all Personal Data Operators to store and process personal data of RF citizens in the Russian Federation (RF FL No. 242-FL, dated 21.06.2014). Even before its enactment, the said regulatory act was highly publicised, especially in business circles, as the consequences of it, undoubtedly, were to have an organisational and economic impact on the work of all economic entities. Thus, the actual impact of the law is of particular interest at present.

From the date of the first publication of the law that prescribed the storage and processing of the personal data of RF

citizens upon collection, including with the help of the internet information and telecommunication network, in the territory of the Russian Federation, there has been extensive disputes as to the aim of the document and its application.

Lots of viewpoints have been expressed, including by various mass media outlets. Some of them considered the political implications of the law, while others pointed to the logical nature of this law as a consequence of technological globalisation and the imperative to enhance protective measures with regard to the personal data of RF citizens.

Today, just as before, each person finds his or her own answer to the questions above. However, many big companies that may be referred to as super operators of personal data (for instance, Vimpelcom, Samsung Electronics) emphasised in their public statements at the end of 2015 the necessity not only to introduce legislative amendments but also to raise awareness amongst the owners of data – the citizens – in order to raise their legal culture and knowledge about their rights and obligations related to their personal data.

However, at present this form of the law is not aimed at the persons whose data is stored and processed but rather at those who perform operations with information on owners of personal data as part of their economic activi-

ties. So, starting from 01.09.2015 (the date when RF FL No. 242-FL came into effect) Roskomnadzor has performed 302 audits to verify compliance with the laws on personal data protection by companies, but has not found any serious violations. Minor technical violations were found, but according to Alexander Zharov (Head of Roskomnadzor), "...companies are remedying them, and I hope they will do so by the end of the year", he also noted that no administrative sanctions will be imposed on such legal entities.

In turn, the lists of companies expecting scheduled audits in 2016 are mostly published on the territorial websites of the Service's bodies. For instance, the list of organisations in the Central Federal District includes about 50 legal entities. At the same time, it should be noted that the "grace period" for the application of measures in case of the detection of non-compliance with the requirements of RF Federal Law No. 242-FL by economic entities was announced by Roskomnadzor representatives only at the end of 2015.

Open publications on the Service's website state that the audits will focus their attention on online shops and other internet companies (such as Twitter, VKontakte, and so on), but the list of companies scheduled for inspection also include companies from other industries, such as banking organisations, the raw materials sector, and so forth.



Speaking about the requirements to be met by a Personal Data Operator to bring its activities in compliance with the prescriptions of the new law, it should be noted that prior to 01.09.2015, the website of the Ministry of Communications and the dedicated internet resource created by Roskomnadzor, provided answers to frequently asked questions in relation to the application of law No. 242-FL.

A few answers were also provided to the direct questions of companies in the tourist industry and bank sector.

Besides that, the Service's representatives regularly share separate developments regarding action algorithms elaborated by their internal services in the course of the initiation of inspections and their conduct. For example, slides were presented at the 6th international conference on Personal Data Protection held back in November 2015, and also at the start of 2016, on the main page of Roskomnadzor's official website, that schematically describe Roskomnadzor's algorithm upon receipt of information in respect of personal data operators, including those of foreign jurisdictions.

And we can't but notice that the initiative of Roskomnadzor to hold the first open session for all interested persons to discuss personal data protection was timed to coincide with the 35<sup>th</sup> anniversary from the adoption of the "Convention for the Protection of Individuals with regard to the Automatic Processing of Personal Data" by the Council of Europe, and 10 years since the decision by the Council of Europe to celebrate this date.

Thus, the regulatory and law enforcement authorities are willing to cooperate with business, but there are still no



detailed explanations on which technical measures should be realised by Companies to comply with the new regulatory requirements.

The uncertainty that arises brings about panic on the market and results in the withdrawal of foreign investment. According to the calculations of the European Center for International Political Economy, the law that took effect in September will cost Russia RUR 286 billion, or 0.27% of GDP.

At the same time, it should be noted that the legislative initiative introduced on the localisation of personal data has naturally led to an increase in the number of data centres in Russia and as a consequence, the growth of this business. However, the concurrent pressure on the counterpart foreign commercial sector, which is the founder of today's "best practices"

and innovation engine for the entire IT industry, has seen a resulting reduction in growth and this has limited the flow of new technologies into Russia. Obviously, no government wants such an outcome. Moreover, the primary data storage requirements in the Russian Federation are forcing global companies to abandon their more technologically advanced software applications that are typically supported remotely by global data centres. It is cheaper and easier to maintain personal records "on paper". Thus, Russian IT experts are artificially cut off from the knowledge bases of modern trends from the high-tech world. The result is a drop in the level of competence professional skills in Russia.

However, the application of RF Federal Law No. 242-FL is increasing, and business needs to keep tabs on its results and quickly respond to them. |

# Swiss experience of innovation for sustainable development



**JULIEN THOENT**

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**T**he expression “sustainable development” has largely come to be associated with, or even equated to, environmentally sound policies and practices aimed at preserving the livability of a given area, country, region, or the entire planet. However, the environment is but one dimension of the now conventional triad of economic, social and ecological aspects of sound development. Traditionally, government efforts have been focused on the economy, until the conditions and constraints emerged for all three pillars to gain prominence. Many countries have demonstrated that useful action in any of the three areas can and does translate into positive effects within the other two. But practice also shows that while a healthy and sustainable economy can bear the load of social or environmental dislocation for

a very long time, the reverse does not usually apply – a fact we become most aware of in times of economic crisis.

Switzerland’s positive overall reputation has long contained elements of both sustainability and innovation. The two goals have consistently been achieved simultaneously and do not seem to contradict one another; if anything, it is easy to see that in Switzerland sustainability attracts and encourages innovation, and in turn, continuous innovation is a major, if not the decisive, prerequisite for economic, social and environmental sustainability.

Innovation is not just a catchword for Switzerland but for our everyday reality. It works well because everyone is contributing in the most appropriate way. The state is only active in the ar-

reas where it has an explicit constitutional mandate. State institutions at all political levels are there to provide a fertile ground for innovation and R&D. Among other things, they ensure quality education at all levels, make their public facilities available and, last but not least, provide a reliable political and legal environment. In addition, government agencies at various levels invest in research. In Switzerland, basic research mainly takes place at the federal institutes of technology and at universities. Applied research and development and the transformation of knowledge into marketable innovations, however, is primarily the domain of the private sector and universities of applied sciences. Switzerland’s R&D expenditure is among the highest in the world relative to the size of its economy and has exceeded 15 billion USD in recent years, amounting to nearly 3% of its GDP. But it is important to understand that two-thirds of R&D spending is covered by the private sector, whereas public funding covers only one-third.

A good example of innovations fostering the sustainability of economic, social and environmental processes in Switzerland is the technological boom, coupled with important ideological and policy shifts currently happening in the country’s energy and resource management sector. Caring about the environment and searching for alternative sources of energy conducive to sustainable development have been a high priority for generations of Swiss people, having made the country an inter-



national pioneer in environmental protection. Thanks to the political strategy against deforestation adopted in 1876, around 30% of the surface of Switzerland is now covered by forests. Since 1962, the protection of landscapes has been enshrined in the Constitution. Furthermore, concerted anti-pollution and wastewater treatment efforts have enabled Switzerland to achieve excellent air and water quality. But it was not until the unprecedented global environmental degradation and the decision to phase out nuclear power in the country that energy and Cleantech innovation became so central to the sustainable development objective.

To facilitate the exchange of ideas and give an additional boost to innovative activities in the energy domain, the Swiss Federal Office of Energy launched the annual Watt d'Or award, recognising the most outstanding Swiss energy projects that are helping to build

a more sustainable future through new approaches, processes and products in mobility, renewable energy, building and architecture, smart energy technologies, and systems and appliances. The Watt d'Or pursues many goals: to award recipients with a quality label in line with the principle of best practices and best achievements; to encourage and stimulate the development of new projects in the energy industry; and to point to future trends and draw attention to the objectives of Switzerland's energy policy. Here is just one example: a brand-new mobile waste disposal system consisting of electric side-loaders using micro-compacting containers compressing waste directly on the collection spot has helped the famous Alpine resort of Zermatt to considerably reduce its energy consumption, CO<sub>2</sub> emissions, and noise levels. Zermatt's positive experience is now being emulated by other Swiss municipalities, and not only in the mountainous regions.

The Watt d'Or winning projects are displayed in a traveling exhibition that premiered in Boston, Massachusetts in July 2014 and has since been shown throughout the world. In October 2015, it first opened in this country at the Russian Industrialist Forum in St. Petersburg. Later it traveled to Moscow State University's Science Festival, and then on to the Yaroslavl Energy Forum, each time accompanied by pertinent business or academic events with extensive Swiss and Russian participation. In 2016, the Swiss embassy is planning more Watt d'Or displays and related events across Russia. Our purpose remains not only to disseminate information about the specific innovative energy and Cleantech projects but also to foster dialogue and establish partnerships in academia, as well as in the public domain and in private sectors. We believe that new bonds and joint innovation initiatives can and will be established. ■



# Instruments to support cooperation in innovation between the EU and Russia<sup>1</sup>



## **RICHARD BURGER**

Research & Innovation Counsellor,  
Delegation of the European Union to  
Russia

**T**he European Union recognises that innovation is one of the main drivers of economic growth. It is, therefore, one of the major policy areas on the EU's overall agenda. A basic tenet in the EU's policy approach is that successful innovation by companies requires a facilitating environment from a regulatory point of view and a competitive economic context. Efficient integration into global value chains is best achieved through promoting competition based on clear

and stable general rules. Public policies that seek to condition market access for goods and services on the localisation of research and innovative activities are not likely to provide a sound basis for the development of a sustainable, innovative economy.

On this backdrop, a variety of initiatives and instruments have been developed and are being implemented in and by the EU that facilitate the transformation of innovative ideas into products and services, thus helping to create growth and jobs and helping to assure that Europe maintains its place among the world's top innovators.

At the same time, it is recognised that in today's globalised world, in which know-how and creativity can be accessed around the world and around the clock, the ability to effectively work together with international partners in R&D and innovation is gaining increasing importance. To this end, the EU remains keen to facilitate international cooperation in these areas, especially with the world's major scientific powers such as Russia.

EU-Russia cooperation in innovation can build on an excellent record of col-

laboration in science and technology, which covers practically all academic disciplines, includes both basic and applied research, involves universities, scientific laboratories, business and industry, and takes place at the level of the European Union itself, at the level of the EU Member States, as well as at multilateral and international levels.

## **Horizon 2020 – the EU's main instrument for cooperation in innovation**

The main practical instrument for the implementation of the European Union's innovation policy is its Framework Programme for Research and Innovation Horizon 2020. It was launched in 2014 and is the eighth phase of the EU Framework Programmes, preceded by the EU's Seventh Framework Programme for Research and Technological Development (FP7).<sup>2</sup> The subtle change in name reflects an important shift of focus: Horizon 2020 aims to integrate research and innovation by providing seamless and coherent support at every step from idea to market. This means more funding for testing, prototyping, demonstration and pilot type activities; for business-driven R&D; and for promoting entrepreneur-

<sup>1</sup> This contribution builds on and updates a number of articles and reports that have been produced in the context of projects funded under the EU's Seventh Framework Programme for Research and Technological Development: BILAT-RUS and BILAT-RUS-Advanced, ERA.Net RUS and ERA.Net RUS Plus. See also the references below.

<sup>2</sup> More detailed information on the Horizon 2020 programme was covered in the article "Europe and Russia – A long history and strong partnership in science and research" published in the AEB Business Quarterly, Spring 2014.





ship and risk-taking “from research to retail”.

The EU Framework Programmes are also the principal tool for EU international cooperation in research and innovation. Proceeding from the assumption that it should ultimately be up to individual researchers and companies to decide whom they wish to team up with for their projects, the EU has kept its Framework Programmes, including Horizon 2020, fully open for participation by entities from all over the world.

Russia has had a particularly strong track record in the EU Framework Programmes – it has traditionally been one of the most active and successful participants out of all the interna-

tional cooperation partner countries.<sup>3</sup> More than 350 joint projects with the participation of Russian organisations were implemented under FP7. These projects vary significantly in terms of topic, budget, number of partners, etc. One example of a large-scale initiative is the OPENAIR (Optimisation for low Environmental Noise impact AIRcraft) project, which helped develop over 50 new technologies aiming to reduce both engine and airframe noise. Its total budget was over € 30 million, and its consortium included 49 organisations from 14 countries. IRENE (in silico rational engineering of novel enzymes) is an example of a smaller project which successfully developed guidelines and methods for the design of enzymes and protein engineering, bringing with

it a wide variety of benefits for industry; its budget was around € 5 million and the project was implemented by 11 organisations from 6 countries.

With Horizon 2020 being strongly focused on innovation, the expectation is that it will help to facilitate international cooperation not only in traditional areas of R&D, but also in innovation activities, including with Russia.

Another new feature of the Horizon 2020 programme is that it puts cooperation with Brazil, China, India, Mexico and Russia on a “partnership of equals” approach (as has long been the case with the United States, Canada, Japan, and several others). These countries are generally expected to

<sup>3</sup> “International cooperation partner countries” refers to all countries that are not EU Member States or countries associated with the EU’s Horizon 2020 programme (e.g. Norway, etc.)

fund their own participation in projects, unlike in the past when the EU provided funding for their scientists. Taking into account the opportunities which Horizon 2020 offers for carrying out cutting-edge R&D in international teams and for building new innovation-based partnerships with partners around the world, several countries have developed and introduced mechanisms to co-fund their participants in Horizon 2020 projects.

The most advanced such mechanisms have been set up in China and Russia. The co-funding mechanism introduced by the Russian Ministry of Education and Science gives Russian organisations wishing to join international project consortia in Horizon 2020 the opportunity to apply for national funding via the Russian Federal Targeted Programme for R&D.

### **ERA.Net RUS and ERA.Net RUS Plus initiatives**

In 2009, a new European Research Area (ERA)-NET project aiming at coordinating bilateral funding programmes of EU Member States & countries associated with EU FP with Russia was launched under FP7. In this so-called "ERA.Net RUS" initiative, 19 organisations from 12 countries, among them several Russian partners (including the Foundation for Assistance to Small Innovative Enterprises and the Russian Foundation for Basic Research), provided funding for the implementation of a Pilot Joint Call for Research Proposals ("call") with two funding lines, one for R&D and one for innovation projects. Under the innovation call, 11 proposals (out of 68 submitted) were selected for funding, with a total budget of around € 3.5 million.

Each such project had at least one Russian small innovative enterprise as a consortium member. Innovation projects funded under the ERA.Net RUS initiative were diverse in topic and included, for instance, a project aimed at developing a novel diagnostic test system for cardio-metabolic disorders and cancer, based on a new type of biomarker (DTEST-CLP project – joint endeavour of a German university and two SMEs from Russia and Israel). Another example is a project facilitating the practical application of the new opportunities provided by the increasing availability of Earth observation technologies for a wide range of urban applications (GEOURBAN – implemented by research organisations and SMEs from Greece, Russia, Israel, Germany, Turkey and Switzerland).

Motivated by the significant response from the research and innovation communities in Europe and Russia to these Pilot Joint Calls, ERA.Net RUS was continued in a follow-up initiative: ERA-NET Plus with Russia (ERA.Net RUS Plus), which was launched in November 2013. This time, 26 different funding organisations from 16 countries joined together to implement two more calls for R&D and innovation proposals. Importantly, it was the first time that the Russian Ministry of Education and Science joined an ERA-NET as a funding partner. The new innovation call resulted in 18 new joint projects, with the Russian participants funded by the Russian Foundation for Assistance to Small Innovative Enterprises.

In view of the success of the calls launched under the ERA.Net.RUS (Plus) initiatives to date, and taking into account the continuing strong

interest from "user communities" (scientists, research institutes, universities, SMEs), the ERA-Net.RUS Plus consortium is now looking into the possibility of launching another round of R&D and innovation calls later in 2016–2017.

### **EUREKA and Eurostars**

EUREKA is an intergovernmental network launched in 1985 to support market-oriented R&D and innovation projects implemented by industry, research centres and universities across all technological sectors. It is composed of 41 member states as well as the European Union, represented by the European Commission, and three associated states. EUREKA has two main support instruments: individual projects (plus umbrella and cluster projects) based on national funding, and the Eurostars programme.

The Eurostars Programme is a European Joint Programme dedicated to R&D-performing small and medium-sized enterprises (SMEs); it is co-funded by the EU Horizon 2020 programme and 34 EUREKA member countries. Eurostars supports cooperative innovation projects implemented by multinational consortia of SMEs.

Russia has been a member of EUREKA since 1993. Since that time, more than 100 projects with Russian participation have been supported, mainly in respect of lasers, the environment, materials and information society technologies. While there has been a drop in new EUREKA projects with Russian partners in recent years, the potential to build new partnerships between European and Russian SMEs through EUREKA remains high.

Russia is not a member of Eurostars (but would be welcome to join the scheme); however, Russian SMEs may participate in Eurostars projects, provided they can secure funding domestically.

### Enterprise Europe Network – Russia (EEN-RUSSIA)

EEN-RUSSIA is the official partner of the EU's Enterprise Europe Network (set up in 2008 by the European Commission to provide assistance to small and medium-sized enterprises through a network of 600 member organisations, including chambers of commerce and industry, technology centres, universities and development agencies). Since 2015, the EEN-RUSSIA initiative is being implemented by a consortium of three Russian network organisations: the Foundation for Assistance to Small Innovative Enterprises (coordinator), the Russian Union of Innovation & Technology Centres, and the Russian Agency for Small & Medium Business Support. The EEN-RUSSIA project builds on the successful work of its predecessor, the Gate2RuBIN project, which ran from 2008 until 2014. EEN-RUSSIA is supported and funded by the Russian Ministry of Economic Development.

Through its network of so-called Regional Integrated Centres, the EEN-RUSSIA project provides a range of services aimed at promoting the development of cooperation between SMEs and research organisations in Russia and the European Union. These include:

- Technology, innovation and knowledge transfer.
- Information exchange, support for business cooperation, international cooperation (services aimed at establishing business-to-business (B2B)

cooperation between European and Russian SMEs).

- Support for the participation of Russian SMEs and research organisations in EU and Russian R&D programmes (such as Horizon 2020), through consulting, partner search and assistance with proposal preparation.

### Conclusion

It should be underlined that the above description only includes EU-wide or pan-European programmes and organisations, to which of course the instruments and programmes that are available at the level of individual EU Member States and, equally importantly, in the Russian Federation must be added. All of these deserve separate attention.

So there is a wide range of instruments and programmes to support joint R&D and innovation oriented projects implemented by European and Russian organisations and companies. Our EU-based enterprises, universities, researchers and innovators as well as their counterparts in Russian are strongly encouraged to take advantage of the opportunities open to them to build new partnerships for mutual benefit.

*Prepared by the Science & Technology and other EU Policies Section of the Delegation of the European Union to the Russian Federation.*

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# How technology drove the shale oil industry and what it means to Russia



**ART FRANCZEK**

President, American Institute of Business and Economics in Moscow

Nothing is more central to the Russian economy as the global price of oil. A recent economic report indicates that a 1 dollar decline in the price of oil entails an annual loss to the Russian budget of about USD 2 billion, so in recent weeks with oil dropping from USD 43 to USD 31 per barrel the budget has lost about USD 24 billion and the dollar exchange rate went up from USD 65 to USD 77, demonstrating the link between the price of oil and the rouble. Macroeconomic factors can influence the price of oil, for example when the IMF lowered the world GDP forecast by 3% for 2015 the price of oil declined. When China lowered its 2015 GDP from 8% to 6.8% this also had a negative impact on the price of oil, and the 2016 decline in the price of oil was attributed to economic uncertainty in

China. Between 2003 and 2013 China accounted for 45% of the increase in world oil demand. Supply and demand are the main drivers of the price of oil. World oil demand in 2015 was 94.6 million barrels a day while supply was 96.9 million barrels causing a downward pressure on the price of oil. 3 billion barrels of worldwide oil inventory drives the price downward as it contributes to the glut in oil. The recent increase in US interest rates by the US Federal Reserve Bank created some downward pressure on the price of oil as the dollar strengthened.

The most unpredictable driver of the price of oil is geopolitical events. In the past 60 years oil spiked during the 1956 Suez crisis, the 1973 Yom Kippur war, the 1979 Iranian Revolution and most recently the war between Saudi Arabia and Yemen in April of 2015 caused the price of oil to increase to USD 65/b from USD 50. During the worldwide financial market meltdown in 2008 oil plummeted from USD 147 to USD 35 per barrel. The effect on Russia was devastating, with a decline in GDP of 8%.

After the first global oil shock during the 1970s, nations were forced to consider what a future with dwindling fossil fuel supplies might look like. One response was to look for new types of fossil fuel reserves and develop ways to reach them. Over forty years later, these efforts are finally beginning to pay off. Horizontal drilling and hydraulic fractur-

ing, the technologies for reaching "unconventional" reserves such as natural gas and light tight oil (LTO) trapped in rock formations (often shale) are now widely being used. These extraction techniques have the ability to unlock both newly discovered reserves and previously known deposits that could not be economically extracted using conventional methods.

Unconventional oil and gas reserves are defined as reserves that cannot be extracted by conventional drilling methods. In these reserves, oil or gas is trapped in natural fractures in rock or absorbed by organic material. Besides shale gas and LTO, unconventional fossil fuel deposits include coalbed methane, tight sandstone and methane clathrates.

Declining natural gas reserves during the 1970s prompted the United States to fund research into the extraction of shale gas, leading to many technological advances including microseismic imaging. The government encouraged drilling for shale gas through tax credits, research dissemination, and industry support. In 1991, it supported the first horizontal drilling project, and in 1998, the first commercial shale fracture in the Barnett Shale basin in the state of Texas. The first combination of hydraulic fracturing and horizontal drilling followed in the Barnett basin in 2005.

The use of the latest drilling technologies generated productivity growth, as



measured by initial production per rig of over 30% per year between 2007 and 2014. The “walking rig” or pad drilling is one technological advance that has contributed greatly to gains in rig productivity. Rather than a single well from a well-pad, a walking rig can move around the pad, drilling multiple wells (sometimes dozens). Since 2006, the use of pad drilling has grown dramatically from a few percent to over 50 percent of new wells, with the potential to rise higher. This partially explains the disparity between the recent closing of 60 percent of rigs and the decline in production of only 3%. The older less efficient rigs have been closed while the newer pad drilling rigs with multiple wells have remained active. Another innovation used extensively is 3D seismology that supports hydraulic fracturing by giving developers a better understanding of the geology of the reservoir and how best to stimulate it.

The single biggest advancement now coming to the shale industry is the use of big data for radically better asset optimisation and operations. In every sector of the US economy, the availability and collection of data from machines, services and business operations is growing at an astonishing rate. Still, a large amount of data remains disparate and disordered. The use of big-data analytics offers nearly all industries the potential for unprecedented insight, efficiency and economic value. Big-data analytics can already optimise the surface mapping of the best drilling locations; indicate how and where to steer the drill bit; determine, section by section, the best way to stimulate the shale; and ensure precise truck and rail operations. Mobile computing using app-centric analytics can increase uptime, reduce maintenance, improve workforce pro-

ductivity, reduce errors and rework, and enable low-cost compliance. Halliburton reports that its analytic tools have achieved a 40 percent reduction in the cost of delivering a barrel of oil. Baker Hughes says that analytics have helped it double output in older wells. Schlumberger announced a 50% gain in productivity thanks to the use of analytics. Conoco Phillips combined the latest sensors (which extract data by the minute rather than daily), wireless networks and big-data analytics to boost output by 30% in existing wells.

A key point is that fracking is more like a standardised, repeated manufacturing process, rather than the one-off, large scale engineering projects that characterise many conventional oil projects. While conventional projects might take 7 years to produce oil, tight oil projects can achieve production in 2 or 3 months. The US has become the world leader in shale oil production because it has a long history of wildcat oil entrepreneurs and capital markets in addition to a legal system that allows any landowner to sell their mineral rights without government approval. Although Russia and China have huge shale deposits, they lack a supportive environment to encourage the development of their shale resources.

Although US shale production accounts for less than 5% of the global market, the rapid growth in US shale oil was the key factor driving the collapse in the price of oil in 2014. Since 2008, the US has increased its shale production to 4.5 million barrels per day, and this oil was previously imported from Saudi Arabia, Nigeria and other oil exporters. In November 2014, OPEC led by Saudi Arabia maintained a production level of 30 m b/d, a strategy primarily aimed at maintaining its market share by driving

US shale producers out of the market while also hurting Russia and Iran.

For the time being OPEC’s strategy seems to be working, as US oil production is expected to decline by around 1 million b/d in 2016 from its 2015 peak of 9.6 million b/d. Many high cost shale producers are going bankrupt and “zombies” (companies that can afford only to pay interest and other expenses and cannot afford to drill for oil) are becoming more common. This strategy has some risks for Saudi Arabia. For example, if the price of oil remains at USD 40 a barrel it has to use up USD 10 billion a month from its currency reserves to maintain current budget spending levels. This is important because a significant portion of its budget goes to social spending that is needed to maintain political stability. Although the US shale companies have significantly cut production, they can quickly re-start production when the price of oil recovers in 2017 as Daniel Yergin and other analysts are forecasting.

As long as Russia is dependent on oil for 70% of its exports, Russia’s economy will be intrinsically linked to the fluctuation of the global price of oil. The main driver of the price of oil is the Saudi/US shale conflict that was a direct result of the advancement of shale extraction technologies employed in the United States. The current crisis has created an opportunity for Russia to provide tax and financial incentives to encourage technological innovations such as big data analytics. These innovations can be applied not only to the development of Russia’s massive shale reserves but also to the enhancement of productivity in other areas such as logistics and the localisation of manufacturing. An improvement in these areas will help Russia to be competitive in a dynamic global environment. ■

# A new economy for Russia



**JEAN-EMMANUEL AFOTA**

Chief Executive Officer, A+ Associates

**E**very time Russia has really wanted to achieve something, it has succeeded in doing so. So the question is, what does Russia want to achieve now?

During the latest Gaidar Forum held in January 2016, the economic leader German Gref, former Minister of Economic Development of Russia and current President of Sberbank, stated that the era of the oil economy was over. This is not under doubt, what with all the commitments taken on by practically every country in the world, including China, at the sustainability and climate change conference held in Paris last November. Investment is now focused on countries engaged in

sustainable development. In reality, the oil industry is not finished, but it is declining. And by 2030, who else will continue to purchase oil?

So what is the plan now? What do we say to our kids? That we are powerless and hopeless? No, no, no, no. There is a positive way forward. Russia can take responsibility for its economy, create and innovate, and even export – a few entrepreneurs have already succeeded in doing so.

So what do we do now? The sustainable economy will shape the XXI century, and sustainable industries are experiencing the fastest growth in the world. I am referring to the economy that cares about the environment and people: recycling, low energy manufacturing and building, social business, bio-food. However, whereas this economy accounts for 10% of global GDP, it accounts for a mere 2% of GDP in Russia.

On the plus side, there are thousands of successful entrepreneurs in Russia, and some Russian large corporations are already deeply involved in sustainability.

So what is the problem? Despite progressive regulations in respect of sustainability, in particular in recycling

and carbon emissions, there is still a large gap. In June 2015, 1,000 people including 100 experts from Russia and Europe came together to draft a list of 60 measures to implement in Russia within a year. So we can see that civil society and experts are ready and committed to developing the sustainable economy in Russia. However, it is still not a priority for the country.

Last year, the Agency for Strategic Initiatives set up the ease of doing business and regional attractiveness index. This is a good initiative. But there are no criteria related to involvement in the sustainable economy. Why have no major cities in Russia decided to go zero waste within ten years? It is possible – San Francisco has done it, and the technology exists that can be transferred to Russia. In these days when it is difficult to attract investment, it would put such a city in the spotlight, attract investors, and create jobs and wealth.

I have also met many young, talented Russians willing to innovate and modernise their country. Many of them would be interested in creating a social business. Late last year, the powerful Social Business association in France proposed to take young Russians on internships to learn new



skills, which they could apply back in Russia. Several letters were sent to qualified organisations in Russia but remain unanswered.

Russia can be a mega-player in the sustainable economy, since this economic sector is network based; collaborative more than vertical. And it works. The success of crowd funding platforms, of the French car sharing platform Bla Bla Car in Russia, shows that it works. Russians are ready for it.

When European experts met their Russian counterparts at the Positive Economy Forum in Rostov, they were amazed by the outstanding level of knowledge of their Russian counterparts. Upon leaving, they said that they did not know that Russia had

such quality professionals, and that they had learned from them.

Since the sustainable economy is tightly correlated to culture, it is an economy where it is not possible to copy and paste, but rather where everybody can inspire others. Russia has its place in this economy and it can be a great place. Not forgetting that social business is a major part, the answer for social services the State or Region can merely not supply any more. And it works. There are already thousands of examples around the world and in Russia.

So the important thing now is awareness, communication and tools. Russians should know about it and be given the collaborative tools to be part of it, as entrepreneurs, as consumers, and as stakeholders.

Russia can achieve it, and can achieve it fast.

It is a matter of taking the decision and focusing on it. If Russia decides to do it, I am sure that within a few years Russia will be a major player in the economy of the XXI century.

When Russia decides to do it, it will succeed, as it has always done.

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Jean-Emmanuel Afota is a manager and an entrepreneur. After a career working in multinationals, he turned to enhancing cooperation between Europe and Russia to favour new economic sectors. He is French, has worked eight years in Russia and has three children. ■

# AEB News

Dear AEB members,

The AEB is pleased to inform you that following the resignation of the representative in the AEB Council of National Representation (CNR) **Jiri Sterba** (Czech Republic), **Daniel Ruzicka**, Mikenopa, was nominated as his successor.

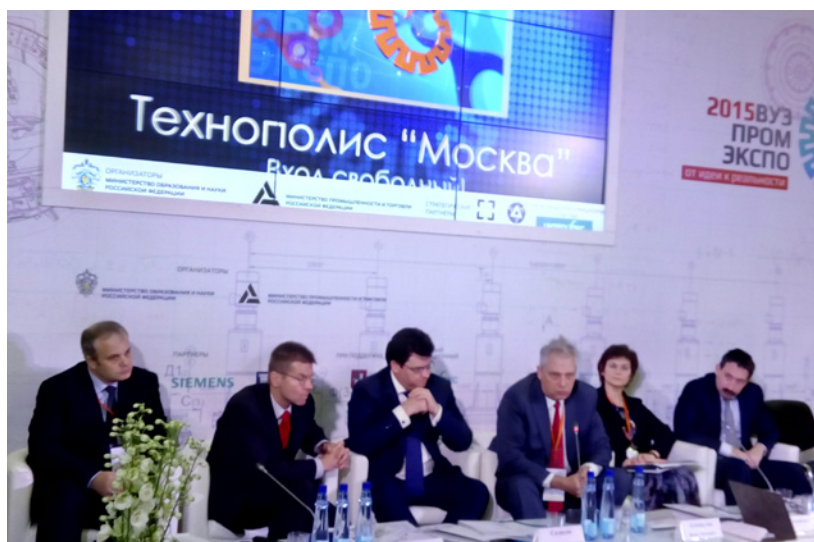
## How to continue EU-Russia innovative cooperation in view of the current challenges and priorities

On 2 December 2015, the AEB held a round table "How to continue EU-Russia innovative cooperation in view of the current challenges and priorities" at the III national exhibition-forum VUZPROMEXPO 2015.

The session was aimed at identifying key opportunities and mechanisms for expanding the number of ways in which Russia and Europe can cooperate in science, education and industry. The round table was organised by the AEB Working Group on Modernisation & Innovations. The round table was moderated by Michael Akim, Chairman of the AEB Working Group on Modernisation & Innovations.

Ruslan Kokarev, AEB COO, delivered a welcome speech to the participants. Pierre Helg, H.E. Ambassador of Switzerland, shared the Swiss experience of conducting joint science and technology programmes. The speakers were: Sergey Salikhov, Director of the Department for Science and Technology of the RF Ministry of Education and Science, Artem Shadrin, Director of the Department of Social Development and Innovations of the RF Ministry of Economic Development, Richard Burger, Research & Innovation Counsellor, Head – Science & Technology and Other EU Policies Section of the Delegation of the European Union to the Russian Federation, Igor Agamirzyan, General Director of Russian Venture Company, and Tatiana Sazonova, Head of Intellectual Property & Standards, PHILIPS LLC (Russia, Ukraine, Belarus, Caucasus and Central Asia).

The VUZPROMEXPO forum was organised by the RF Ministry of Education and Science jointly with the RF Ministry of Industry and Trade. The event was aimed at demonstrating modern and scientific projects in order to modernise Russian industry, and successful examples of close cooperation between European businesses and Russian universities. The main topics that were covered at the more than 100 events at VUZPROMEXPO 2015 were Russian import substitution policies and innovative development programmes, engineering work and industrial design, advanced production technologies, technology platforms, technological forecasting, the public-private partnership model for implementing major projects. A special focal point in the programme was on innovative cooperation between universities and companies. Following its motto "From idea – to reality", the forum served as a link between science and industry, developers and investors.



L-R: **Ruslan Kokarev**, AEB COO; **Richard Burger**, Research & Innovation Counsellor, Head – Science & Technology and Other EU Policies Section of the Delegation of the EU to the RF; **Sergey Salikhov**, Director of the Department for Science and Technology of the RF Ministry of Education and Science; **Igor Agamirzyan**, Director-General of Russian Venture Company; **Tatiana Sazonova**, Head of Intellectual Property & Standards, PHILIPS LLC; **Artem Shadrin**, Director of the Department of Social Development and Innovations of the RF Ministry of Economic Development.



## Breakfast for new AEB members

On 18 December 2015, the Association of European Businesses held its Breakfast for New Members, which takes place every few months at the AEB premises. On this day, the companies who recently joined the AEB were given the opportunity to get a first-hand look at the work of the most active business association in Russia and to meet representatives of other companies. The session was opened with welcome speeches by Philippe Pegorier, Chairman of the AEB Board, Gerald Sakuler, Member of the AEB Board, Frank Schauff, AEB CEO, and Ruslan Kokarev, AEB COO. Over the course of the event, the AEB member companies asked questions and raised major issues of concern before representatives of the AEB Membership Department (Svetlana Tolmacheva, Natalia Palagina, Vera Prokopenko); the External Affairs and Committees Department (Svetlana Lomidze); the Marketing, PR & Communications Department (Anastasia Kondratieva). During the networking session,



Participants of the meeting

the companies used the opportunity to explore potential avenues for cooperation.

Philippe Pegorier described the main function of the AEB as a "voice of member companies", and Frank Schauff stressed how important it is for companies to stick together and "join the strong community in challenging times".



## AEB Strategy Meeting

On 21 January 2016, the Association of European Businesses held its Strategy Meeting 2016 where Board members, CNR representatives, the Committee Chairpersons, guests of honour, AEB CEO and the staff met at the AEB premises to discuss the results of 2015 and define the committee's main targets and initiatives for 2016.

Participants of the meeting

## Briefing by Peter Tabak

On 25 January 2016, the AEB hosted a briefing by Peter Tabak, Associate Director, Lead Regional Economist, European Bank for Reconstruction and Development, devoted to discussion of further Russian economic development in the environment of low oil prices. The event was co-chaired by Igor Bulantsev, Chairman of the AEB Banking Committee, Chairman of the Board, Nordea Bank, and Frank Schauff, AEB CEO, and was followed by a Q&A session.

L-R: **Igor Bulantsev**, Chairman of the AEB Banking Committee, Chairman of the Board, Nordea Bank; **Peter Tabak**, Associate Director, Lead Regional Economist, European Bank for Reconstruction and Development; **Frank Schauff**, AEB CEO.





**Robert Schulze**, AAC President (Chairman), Schulze, Brutyan and Partners LLC, Majority Shareholder

## Presentation of the AEB Arbitration Court

On 26 January 2016, the Association of European Businesses (AEB) presented the AEB Arbitration Court (AAC). Frank Schauff, AEB CEO, made opening remarks. Robert Schulze, President (Chairman) of the AAC, made a presentation on the rules and proceedings of the AEB Arbitration Court and introduced the Presidium. More details and the presentation can be found at <http://www.aeb.ru/en/about-the-aeb/arbitration-court.php>.

Contact: [arbitration@aebrus.ru](mailto:arbitration@aebrus.ru).

## Briefing by Alexey Ulyukaev

On 01 February 2016, the Association of European Businesses held a briefing by Alexey Ulyukaev, Minister of Economic Development of the Russian Federation. Philippe Pegorier, Chairman of the AEB Board, and Frank Schauff, AEB CEO, moderated the event. AEB representatives expressed their most sincere gratitude to the Minister for this highly valued and fruitful cooperation, which the AEB maintains with the Ministry of Economic Development for many years. Alexey Ulyukaev told about Russian economic situation and made his own prognoses. At the end of the event AEB member companies representatives got a chance to ask questions on current economic situation and possible future prospects. Please see the post-release on the website.



L-R: **Philippe Pegorier**, Chairman of the AEB Board; **Alexey Ulyukaev**, the RF Minister of Economic Development; **Frank Schauff**, AEB CEO.



At the opening ceremony

## TIAF 2016 supported by Automechanika

On 3–5 February 2016, the Association of European Businesses (AEB), in cooperation with international exhibition operators Messe Frankfurt and Kazanskaya Yarmarka and supported by the Ministry of Industry and Trade of the Republic of Tatarstan organised the II International Automotive Forum

“TIAF 2016 supported by Automechanika” in Kazan.

The forum was opened with a ribbon-cutting ceremony and the participation of Rustam Minnikhanov, President of the Republic of Tatarstan. He welcomed the participants and offered his wishes for a productive week of business meetings.

This year's plenary session, which took place on 3 February, was devoted to the automotive industry in Russia, its trends, forecasts and prospects. Frank Schauff, AEB CEO, also contributed opening remarks. He noted that in spite of deterioration in the auto market AEB is not duly concerned about the prospects for the coming year: “2016 appears to be a difficult but very interesting year. AEB members forecast the total automotive market to reach 1.53 million units in 2016, assuming no major changes in government support to the sector. Under this situation, it appears possible to limit further volume erosion to a less than 5% contraction year-on-year. However, the Russian market – even with such a significant fall – remains important and interesting over the longer run”.

Please see the post-release on the website.

## Briefing by Maxim Topilin

On 9 February 2016, member companies of the Association of European Businesses (AEB) had an opportunity to participate in briefing by Maxim Topilin, the RF Minister of Labour and Social Protection.

The event was co-chaired by Philippe Pegorier, Chairman of the AEB Board, Olga Bantsekina, First Deputy Chairperson of the AEB Board, and Frank Schauff, AEB CEO.

Mr. Pegorier delivered welcome remarks. He praised the long-term cooperation between the Ministry of Labour and Social Protection and the AEB. Olga Bantsekina talked about the main difficulties regarding labour rights facing European companies operating in the Russian market.

Maxim Topilin talked about the coming changes in the Labour Code of the Russian Federation, including the labour legislation for foreign nationals that will come into force this year. Also, he touched on the following topics: raising the retirement age, quotas to attract highly skilled employees, flexible work schedules. Please see the post-release on the website.

At the end of the speech Maxim Topilin responded to the concerns of the representatives of AEB member companies.



**Maxim Topilin**, the RF Minister of Labour and Social Protection

## Presentation of the Krasnodar region

On 10 February 2016, member companies of the Association of European Businesses (AEB) met representatives of the administration of the Krasnodar region. The meeting was headed by Frank Schauff, AEB CEO. He thanked the administration of the Krasnodar region: the AEB has long worked with the region, and a number of AEB member companies have opened production facilities there.

"Many of AEB companies-members are running successful businesses in the Krasnodar region such as Bonduelle, Cargill, Claas, Danone, Knauf, Nestle, Philip Morris and others. And I hope that European companies and the authorities of the Krasnodar region will continue to work together for their mutual benefit", concluded Frank Schauff.

Sergey Altukhov, Deputy Head of Administration (Governor) of the Krasnodar region, spoke about the region's long-term cooperation with the Association of European Businesses. He noted that the Krasnodar region is considered the safest region for investing. The regional administration, in turn, is willing to provide tax incentives for European companies.

According to him, around 300 companies have been established in the province with foreign capital from more than 50 countries.

"The region's investment legislation protects the rights of investors and gives them a wide range of privileges and preferences. The most popular forms are property and income tax

breaks, subsidies from the regional authorities, and comprehensive information support", said Sergey Altukhov.

In the second part of the meeting, Oleg Zharko, Chairman of the AEB Southern Regional Committee, Regional Director of Corporate Affairs and Government Relations, Danone, Ralf Bendisch, Deputy Chairman of the AEB Southern Regional Committee, General Director, CLAAS, and Bertrand Bonvin, President for Philip Morris International's affiliates in Russia and Belarus, talked about their experience of doing business in the Krasnodar region.



**Sergey Altukhov**, Deputy Head of Administration of the Krasnodar region





Oleg Belozarov, President of Russian Railways

## Meeting with Oleg Belozarov

On 11 February 2016, member companies of the Association of European Businesses (AEB) met Oleg Belozarov, President of Russian Railways. The meeting was headed by Philippe Pegorier, Chairman of the AEB Board.

Philippe Pegorier made a welcoming speech. He said that many AEB member companies are already Russian Railways partners, such as Alstom, Siemens, Vossloh, VR, Deutsche Bank, and NA-TEXIS.

Successful commercial projects include Sapsan, Allegro, Strizh and others.

"We want to further continue our cooperation and implement projects such as the Moscow to Kazan highway. We are also ready to increase the degree of localisation if there is product demand and sufficient production volume", said Philippe Pegorier. Oleg Belozarov presented the work of the "RZD" company to participants. Among the promising areas of cooperation, he mentioned the development of innovative techniques and technologies for rail transport, the creation of joint projects for the exchange of experience and training of experts, the development of international transport corridors, as well as the introduction of international railway standards.

## The AEB participates in the Council on Intellectual Property in the Federation Council

On 26 February 2016, the Association of European Businesses represented by Frank Schauff, AEB CEO, Eugene Arievidh, Chairman of the AEB Intellectual Property Committee, Principal, Baker & McKenzie, Ekaterina Tilling, Senior Partner, Tilling and Peters, and Maya Limonnikova, AEB Legal Advisor, participated in the Council on Intellectual Property (IP), which was chaired by Valentina Matvienko, Chairperson of the Federation Council. The IP Council was devoted to improving the quality and accessibility of IP services.

Frank Schauff presented the AEB position on key IP issues such as parallel imports, counterfeiting in the crop protection



industry, forced licensing and data exclusivity in the pharmaceutical industry.



L-R: **Frank Schauff**, AEB CEO; **Johan Rosenberg**, Senior Vice President & Head of CIS and Latin America for Oriflame; **Teemu Helppolainen**, Deputy Chairman of the AEB Board, Head of Housing Russia Segment, YIT; **Mogens Laursen**, General Director, LEGO; **H.E. Ambassador Thomas Winkler**.

## Nordic Breakfast

On 3 March 2016, the Association of European Businesses represented by Frank Schauff, AEB CEO, in cooperation with the AEB Council of National Representation represented by Aage V. Nielsen, CNR Chairman & Member representing Denmark, Jari

Jumpponen, Head of Representative office of Finnish industries, CNR Member representing Finland, and Fredrik Svensson Partner, Mannheimer Swartling, CNR Member representing Sweden organised the first AEB Nordic Breakfast Meeting.

The event was hosted by the Embassy of Denmark which was represented by HE Ambassador Thomas Winkler and supported by the Embassies of Finland, Norway and Sweden.

Frank Schauff moderated the round table discussion on Russia's non-food consumer market with the participation of Mogens Laursen, General Director, LEGO, Teemu Helppolainen, Head of Housing Russia Segment, YIT, and Johan Rosenberg, Senior Vice President & Head of CIS and Latin America for Oriflame.

The event was attended by over 60 top level representatives of Nordic companies.

The breakfast was followed by a networking session.



## Meeting with Nikolay Nikiforov

On 10 March 2016, Frank Schauff, AEB CEO, and representatives of the AEB IT & Telecom Committee met Nikolay Nikiforov, Minister of Telecom and Mass Communications of the Russian Federation. During the meeting, among others, the following issues were discussed: localisation of the software

production, the existent and prospective cooperation between European and Russian companies in this sphere.

The Minister answered the questions of the participants; both parties agreed on the necessity and benefits to continue the contacts of cooperation between the Ministry and the AEB.

# AEB COMMITTEE UPDATES

## Automobile Manufacturers Committee

On 14 January 2016, the Automobile Manufacturers' Committee of the Association of European Businesses held its IX Annual Press Conference "REVIEW 2015". The event took place at Hotel Intercontinental Moscow Tverskaya.

Main speakers at the Conference were Frank Schauff, AEB CEO, and Joerg Schreiber, AEB AMC Chairman (Mazda Motor Rus LLC). At the Press Conference, the sales results of the Russian automotive market in 2015 and prospects for 2016 were presented. Sales of new passenger cars and LCVs in Russia in December 2015 decreased by 45.7% as compared to the results of December 2014. Annual sales of new passenger cars and LCVs in Russia in December decreased by 35.7% as compared with the year 2014.

The AMC Chairman, Joerg Schreiber announced market results in 2015 and AMC forecast for 2016:

"December sales of 147 thousand units represent the best monthly result achieved in 2015, at the same staying far below prior year's all-time record of 270 thousand units. With this, annual sales of PC and LCV in 2015 reached 1.60 million units, 890 thousand units or 35.7% below 2014 level of 2.49 million units.

Expectations for the new year are muted. AEB members forecast for the total market in 2016 is to reach 1.53 million units, assuming no major change in government support to the automotive sector. Under this condition, it appears possible to limit further volume



**Joerg Schreiber**, Chairman of the AEB Automobile Manufacturers Committee, President & General Director, Mazda Motor Rus OOO

erosion to a level of under 5% year-on-year. This would be some progress in view of the dramatic losses in the recent past, bearing in mind however that it remains uncertain when the market will finally stabilise and return to much needed growth."

At the Press Conference the main issues on the AMC Agenda were featured. CEOs and representatives of major automotive companies participated at the Press Conference. The representatives of leading mass media were present and showed huge interest in the event. A series of individual interviews with the speakers and individual brands' representatives were organised after the event.

**The AEB would like to express sincere gratitude to the sponsors of the Annual AMC Press Conference for their invaluable support for organising the event:**

Platinum Sponsor:



Silver Sponsors:



## Compliance & Ethics Committee



**Ilsur Akhmetshin**, Chairman of the AEB Compliance & Ethics Committee, Country Integrity Officer, ABB Russia

On 18 February 2016, Ilsur Akhmetshin, Chairman of the AEB Compliance & Ethics Committee, Country Integrity Officer, ABB Russia, took part in the V Annual ICA (International Compliance Association) conference "Compliance: Optimisation and effectiveness". This year the AEB was an informational partner of the Conference which aimed at discussing the unification of approaches of international organisations and government agencies to compliance regulation and supervision, and ranking the liability subject to presence or absence of compliance management systems. In the address Mr. Akhmetshin presented the AEB Compliance & Ethics Committee, its goals, activities and plans.

## Crop Protection Committee

On 24 November 2015, a joint presentation on the evaluation of the products of international companies and agrotechnologies in plant growing and plant protection was made by Russian farmers at the Plenary session of the International Agrarian Exhibition YU-GAGRO held in Krasnodar.

It was made on behalf of the Seed and Crop Protection Committees by Vladimir Druzhina, Chairman of the Seed Committee, KWS. His speech generated significant interest among the participants. The key messages about the considerable input of international companies in the Russian agricultural sector will be reported by the authorities and the mass media.

Crop Protection Committee (CPC) is continuing to concentrate its efforts on combatting counterfeit pesticides. At the Third International Forum "Anticounterfeit" held in Minsk on 16–17 December 2015, Tatiana Belousovich, GR Manager of the Crop Protection Committee, on behalf of CPC made a presentation on the current

results and plans of the anti-counterfeiting activities on the Russian Crop Protection market. During two days the participants took part in 9 sessions on the different anti-counterfeiting issues. Forum became an important basis for joining efforts in combatting counterfeit goods in the framework of the Eurasian Economic Union.

The Crop Protection and Seed Committees of the Association of European Businesses announced the results of the Market Survey "Input of the international R&D companies into the Russian agriculture" made by Agrostat. On the basis of this survey the Committees initiated the Position Paper by the same name.

The Position Paper also shows the deep analysis of companies' activities, including financial support and investments as well as the considerable contribution to the educational and service programs for farmers.

We would like to thank the experts and farmers who contributed to the survey with their responses.

On 20 January 2016, a meeting between the AEB and the State Commission for Selection Achievements Test and Protection took place. The meeting was held to discuss the prospects for further cooperation in 2016. Both sides confirmed their interests in and intention to developing cooperation further and in particular to hold meetings at least twice a year at the All-Russian Seed Trial Day

and at the Russian Agricultural exhibition Golden Autumn. The AEB was represented by Ruslan Kokarev, AEB COO, Vladimir Druzhina, Chairperson of the AEB Seed Committee, and Tatiana Belousovich, AEB GR Manager for Crop Protection and Seeds. The State Commission was represented by the Chairman Vitaly Voloshchenko and his two deputies, Yuri Goncharov and Viktor Startsev.

## Customs & Transport Committee

On 10 March 2016, the Association of European businesses organised AEB 12<sup>th</sup> Annual Customs Conference. Tatiana Golendeeva, State Secretary – Deputy Head of the Federal Customs Service of the Russian Federation, Olga Philippova, Deputy Director of the Department for strategic development and project management, Ministry of Industry and Trade of the Russian Federation, Alexander Stupnikov, Deputy Chief of processing and closing customs regimes unit, General Department of organisation of customs processing and customs control, FCS, and Tatyana Zybleva, Deputy Chief of General Department of customs control after release of goods, FCS, were the special guests of the event.

The conference focused on current customs legislation and practice topics. A number of well-known experts shared their expertise and offered a starting point for discussion and finding common solutions to existing challenges such as import substitution customs issues, customs control on post released goods, authorised economic operator, latest trends of customs classification of goods law enforcement practice and others.



**Tatiana Golendeeva**, State Secretary – Deputy Head of the Federal Customs Service of the Russian Federation.

Frank Schauff, AEB CEO, delivered a welcome speech. Dmitry Cheltsov, Chairman of the AEB Customs & Transport Committee, General Delegate to the IRU Permanent Delegation to Eurasia, and Wilhelmina Shavshina, Deputy Chairperson of AEB Customs & Transport Committee, Legal Director, Head of Foreign Trade Regulation Practice, PhD, DLA Piper, moderated the conference.

## HR Committee



L-R: **Olga Korchemkina**, Deputy Head of the Legal Department, Rostrud; **Roman Strakhov**, Head of the Legal Department, Rostrud; **Olga Bantsekina**, First Deputy Chairperson of the AEB Board, Chief Representative, Coleman Services UK.

On 8 December 2015, the AEB HR Committee held an open event, "Application of Federal Law No. 116-FL on the Ban on 'Zayomny Trud' and Rules for the Accreditation of Employment Agencies for the Right to Engage in Labour Leasing Activities: Expected Consequences for Employees and

Employers after 1 January 2016", organised by the AEB Labour Law Subcommittee. The event was moderated by Olga Bantsekina, First Deputy Chairperson of the AEB Board, Chief Representative, Coleman Services UK.

In the first part of the event, Rostrud representatives briefed the audience on the rules for the accreditation of private employment agencies for the right to engage in labour leasing activities. Rostrud reiterated that to ensure uninterrupted work as required by Law, employment agencies must submit the necessary documentation before 31 December, otherwise they will not be permitted to engage in the aforementioned activities.

The second part of event was conducted along the lines of a panel discussion with the participation of Olga Bantsekina, First Deputy Chairperson of the AEB Board, Chief Representative, Coleman Services UK, Liudmila Shiryaeva, Chairperson of the AEB Migration Committee, Government Relations Director, Tax & Law, Julia Borozdna, Chairperson of the AEB Labour Law Subcommittee, Partner, Pepeliaev Group, Evgeny Reyzman, Deputy Chairperson of the AEB Labour Law Subcommittee, Counsel, Baker & McKenzie.

## Insurance & Pensions Committee



L-R: **Alexander Lorenz**, Chairman of the AEB Insurance & Pensions Committee, AO NPF SAFMAR; **Ivan Sokolov**, AO NPF SAFMAR; **Arkady Nedbai**, NPF "Alliance"; **Frank Schauff**, AEB CEO.

On 22 December 2015, the AEB Insurance & Pensions Committee held a business meeting titled "Corporate pension plans: how to act in the new reality".

The event on pensions was organised by the Committee for the third time. It was opened by Frank Schauff, AEB CEO, and moderated by Alexander Lorenz, Chairman of the AEB Insurance & Pensions Committee, AO NPF SAFMAR. The event gave the audience an update on the pension reform and market, as well as overview of corporate pension programmes and solutions. It also provided a platform for exchange of ideas and experiences and for networking.

The AEB kindly thanks AO NPF SAFMAR, the platinum sponsor of the event, for its support.

## Intellectual Property Committee + IT & Telecom Committee

On 2 March 2016, the AEB Intellectual Property and IT & Telecom Committees jointly held a round table "IT within the aspect of intellectual property rights". The event was co-chaired by Eugene Arievidh, Chairman of the AEB Intellectual Property Committee, Partner, Baker & McKenzie CIS – Russia, and Edgars Puzo, Chairman of the AEB IT & Telecom Committee, CEO, Atos IT Solutions and Services.

The event was organised to inform AEB members of the latest legislative changes in the spheres of IT and Intellectual Property Rights as well as current law enforcement practices. Topics included the use of trade marks in keyword advertising; the draft law on Internet aggregators for goods and its impact on businesses and consumers; legislative pros and cons relating to the use of social networks; an update on import substitution of PO and data localisation requirements as well as current practice and anticipated changes regarding contractual models for software distribution over the Internet.



L-R: **Taras Derkatsch**, PhD, Senior Associate, BEITEN BURKHARDT; **Edgars Puzo**, Chairman of the AEB IT & Telecom Committee, CEO, Atos IT Solutions and Services; **Eugene Arievidh**, Chairman of the AEB Intellectual Property Committee, Partner, Baker & McKenzie CIS – Russia; **Irina Stepanova**, Head of IP Practice (Moscow), Baker Botts.

## Machine Building & Engineering Committee

On 1 December 2015, the AEB Machine Building & Engineering Committee organised an open event "Industrial Engineering: Import Substitution by Localised Production". The event was moderated by Michael Akim, Chairman of the AEB Working Group on Modernisation & Innovations, Vice President, ABB Russia, and Ilya Oshkin, Deputy Chairman of the AEB Machine Building & Engineering Committee, Business Development Di-

rector, Dow Corning. Among the speakers were Vladimir Knyagin, President, Centre of Strategic Studies, Yuri Mikheev, General Director, Povoljskaya Engineering Academy, Mikhail Senichev, Regional Director, Tebodin Eastern Europe B.V., Andrey Sosnovsky, Deputy General Director, VP Solutions Execution Centre, Schneider Electric, Sergey Mishin, Solutions & Lifecycle Services Department Director, Emerson LLC, and Tatiana Guil-





L-R: **Ilya Oshkin**, Deputy Chairman of the AEB Machine Building & Engineering Committee, Business Development Director, Dow Corning; **Michael Akim**, Chairman of the AEB Working Group on Modernisation & Innovations, Vice President, ABB Russia; **Vladimir Knyagin**, President, Centre of Strategic Studies.

lemette, Sourcing Director Russia & CIS, Alstom Transport RUS. The meeting was devoted to discussion of the topics as following:

- Modern Engineering Methods in Import Substitution Based on the World Best Practices of Cross-Disciplinary Designing & Conception of Digital Production.
- Project & Construction Management in Industrial Plant Creation.
- Integrated Solutions from Design & Supply up to Turnkey Capabilities with Localised Technologies – Schneider Electric for Russia & CIS.
- Localisation in Russia as Emerson Long-term Strategy since 2004.
- Example of Localisation Approach & Opportunities to Use Components Produced by Russian Manufacturers for the Projects on the Global Market.

## Migration Committee

On 18 February 2016, the AEB Migration Committee held its annual conference dedicated to the application of migration legislation in the Russian Federation.

The event highlighted a whole range of issues: the latest developments in migration legislation, the work of patent-holders in Russia, contradictions between migration legislation and the Labour Code, allocation of quotas for the employment of young people and people with disabilities, obtaining Russian residence and citizenship, and existing court practice. Experts from leading companies such as EY, KPMG, BEITEN BURKHADT, Mercedes Benz Russia, Visa Delight and Orrick spoke at the event. Dmitry Demidenko, Head of the Department for the organisation of visas and permits, FMS Russia, and Igor Dudnik, Head of the Department for labour migration, UFMS Russia, Moscow, were distinguished guests of the event. They answered audience questions and provided recommendations.



L-R: **Maxim Novikov**, Senior Manager, KPMG; **Ekaterina Matveeva**, Manager, People Advisory Services, EY; **Liudmila Shiryaeva**, Chairperson of the AEB Migration Committee, GR Director, EY; **Dmitry Demidenko**, Head of the Department for the organisation of visa and permits, FMS Russia.

## North-Western Regional Committee



**Dmitry Nikiforov**, Deputy Head of the FMS in St. Petersburg and the Leningrad region

Keeping with good tradition, on 8 December 2015, HR & Migration Subcommittee of the AEB North-Western Regional Committee organised an open event in St. Petersburg, "Latest changes in migration legislation and procedure of application of migration rules in St. Petersburg and the Leningrad region". During the event participants received the opportunity to get first-hand information from high-level representatives of the Federal Migration Services in St. Petersburg and the Leningrad region who fielded answers to their questions. The event included Dmitry Nikiforov, Deputy Head of the FMS in St. Petersburg and the Leningrad region; Daria Lazutkina, Head of Department on work related to highly qualified labour, Department on Labour Migration Issues, FMS in St. Petersburg and the Leningrad region; Olga Zubrilova, Deputy Head of Legal Support and Public Relations, FMS in St. Petersburg and the Leningrad region; Daria Kazankova, Head of Public Relations Department, FMS in St. Petersburg and the Leningrad region.

The event was kindly hosted by the Consulate General of the Netherlands in St. Petersburg.



L-R: **Stanislav Shklensky**, Head of customs control advanced technology introduction service department of NWCA; **Mikhail Serebrennikov**, Head of customs transit service control department of NWCA; Alexander Getman, Head of the NWCA; **Wilhelmina Shavshina**, Deputy Chairperson of the AEB Customs & Transport Committee (Moscow); **Mikhail Saushkin**, Head of customs payments department of NWCA.

On 4 February 2016, the Customs, Transport & Logistics Subcommittee of the AEB North-Western Regional Committee organised a round table with representatives of the North-Western Customs Administration (NWCA) on "News of the customs legislation and practice".

The event focused on the following issues:

- The situation with TIR: law enforcement practice of the SZTU customs authorities.
- The use of information technology for customs declaration – current status and prospects.
- The practice of working with authorised economic operators in the North-West: main achievements and difficulties.

- The practice of the SZTU provision of preliminary decisions on the classification of goods under HS EAEC: results, and basic recommendations for application package.

Sergey Vasiliev, Chairman of the Subcommittee, and Wilhelmina Shavshina, Deputy Chairperson of the AEB Customs & Transport Committee (Moscow), moderated the event. Alexander Getman, Head of the NWCA, welcomed the participants, highlighted the importance of collaboration with European business in terms of customs regulations and practice and briefed on the main topics to be discussed at the meeting. He presented his colleagues: Mikhail Serebrennikov, Head of the NWCA customs transit service control department, Stanislav Shklensky, Head of the NWCA customs control advanced technology service department, Elena Perova, Head of the NWCA customs procedures and customs control department, and Maria Shakhina, Head of department for preliminary decisions on the classification of goods and country of origin, Federal Customs Revenues Service of the NWCA, who further clarified the above-mentioned topics and answered participant questions. Dmitry Cheltsov, Chairman of the AEB Customs & Transport Committee in Moscow, also took part in the meeting. He briefly elaborated on the current issues that the committee is working on and the achievements of the past year in customs regulations. After that, the participants were given the opportunity to ask the speakers questions.

The event was kindly hosted by DLA Piper in St. Petersburg.

On 12 February 2016, the AEB North-Western Regional Committee held a briefing headed by Gabriel Di Bella, Resident Representative of the International Monetary Fund in the Russian Federation, entitled "Russia: Recent Economic Development & Challenges". The event was kindly hosted by the Consulate General of Lithuania in St. Petersburg.

Meetings with highly rated experts from international financial organisations are a long and well established AEB tradition. The event was opened by Dainius Numgaudis, Consulate General of the Republic of Lithuania, and was moderated by Andreas Bitzi, Deputy Chairman of the AEB North-Western Regional Committee. The IMF Resident Representative in Russia talked about the shocks affecting Russia's economy and the political reaction: monetary and fiscal policy responses, the current economic situation, medium-term challenges, risks and mitigating factors as well as structural reforms needed in Russia. The briefing was followed by a questions-and-answers session. The presentation is available on the IMF official website.



**Gabriel Di Bella**, Resident Representative of the International Monetary Fund in the Russian Federation

## PR & Communications Committee



On 12 February 2016, the AEB PR & Communications Committee organised the open event "Meet the Media" with Mikhail Fishman, Editor-in-Chief, The Moscow Times newspaper.

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

Mikhail Fishman, media's new editor-in-chief discussed with the audience the new format of The Moscow Times, including its online edition [themoscowtimes.com](http://themoscowtimes.com), and the relations between business and mass media.

## Safety, Health, Environment & Security Committee

On 4 December 2015, the Environmental Subcommittee held a meeting with Amirkhan Amirkhanov, Deputy Head of Rosprirodnadzor (The Federal Supervisory Natural Resources Management Service) to discuss recent changes in environmental regulations and its practical application.

L-R: **Amirkhan Amirkhanov**, Deputy Head of Rosprirodnadzor; **Mikhail Divovich**, Deputy Chairman of the AEB Health, Safety, Environment & Security Committee, Chairman of the Environmental Subcommittee, General Director, ECOTEAM.



## Small & Medium-Sized Enterprises Committee



Participants of the event

On 10 December 2015, the AEB Small & Medium-Sized Enterprises Committee held its open event "AEB Business Dating". The event was aimed at facilitating efforts by small and medium-sized companies to establish contacts with the international companies operating in Russia. The participants had an opportunity to engage in face to face meetings and introduce their solutions and services to the following companies: ALD Automotive Russia/Rosbank, Allianz, CEB SHL Talent Measurement Solutions (Business Psychologists Ltd), ENGIE (known as GDF SUEZ), Fenice Rus LLC, FLSmidth Rus, Messe Frankfurt RUS, METRO GROUP, ROCA, TMF Group, and YIT. The international companies were represented by executives responsible for management, HR, procurement, communications, logistics, event organisation, etc.

## Southern Regional Committee

On 9 December 2015, the conference "Corporate social partnership: business, society, authorities" took place in Krasnodar.

The conference was organised by the AEB Southern Regional Committee, which has been implementing corporate social responsibility programmes for several years. The conference was held as part of the programme "Time for social investments", implemented jointly by the Civic Chamber of the Krasnodar region, the AEB Southern Regional Committee and the newspaper Yug-Times.

Heads and representatives of Russian and foreign businesses, non-profit organisations, leading universities of the Krasnodar region, experts, and the media attended the event. The conference participants discussed the formation of principles and the current approaches to cooperation between business and the non-profit sector; the role of social partnerships in the sustainable development of business and society; key areas, trends and prospects for the development of corporate social partnerships. The conference was followed by an award ceremony held at the Civic Chamber of the Krasnodar region – "Public recognition" for the implementation of the best social partnership projects.



**Oleg Zharko**, Chairman of the AEB Southern Regional Committee, Danone Russia.



## Taxation Committee



L-R: **Alexandra Kadet**, Deputy Head of the Unit of information exchange with foreign countries, Department of standards and international relations, Federal Tax Service of the Russian Federation; **Alina Lavrentieva**, Chairperson of the AEB Taxation Committee, PwC; **Sergey Shatalov**, Deputy Minister of Finance of the RF; **Frank Schauff**, AEB CEO.

On 16 December 2015, the AEB Taxation Committee held an Open Business Meeting "Is the Russian Tax Reform at an end?". The traditional end-of-the-year event covered recent legislative developments in taxation, new taxation initiatives introduced

by the Russian Government, and practical taxation matters, such as BEPS reports, transfer pricing, the beneficial ownership concept, the environmental levy, court practice on taxation matters, etc.

Dr. Alina Lavrentieva, Chairperson of the Taxation Committee, PwC, and Vadim Zaripov, Deputy Chairperson of the Taxation Committee, Pepeliaev Group, moderated the event.

Frank Schauff, AEB CEO, made the opening remarks. Sergey Shatalov, Deputy Minister of Finance of the Russian Federation, and Alexandra Kadet, Deputy Head of the Unit of information exchange with foreign countries, Federal Tax Service, were the event's distinguished guests. Mr. Shatalov made a key note speech about the Russian tax system, and its current goals and challenges. Taxation Committee experts: Arseny Seidov, Baker & McKenzie, Nina Gulis, KPMG, Anton Nikiforov, Pepeliaev Group, Evgenya Veter, EY, Vladimir Konstantinov, PwC, Andrey Bashkirov, Procter & Gamble, Alexander Erasov, Goltsblat BLP and Kirill Roubalskiy, Dentons highlighted the most important taxation topics of 2015.

## Working Group on Modernisation & Innovations



**Richard Burger**, Counsellor for Research and Innovation at the Permanent Representation of the EU, and meeting participants.

On 16 December 2015, the AEB Working Group on Modernisation & Innovations co-organised the 2<sup>nd</sup> meeting of the R&D Club of the French Embassy in Russia. The meeting

took place in the AEB Conference Room. Aage V. Nielsen, Deputy Chairman of the Working Group on Modernisation & Innovations, made a welcome speech and introduced the work of the AEB Working Group on Modernisation & Innovations.

The keynote speaker was Richard Burger, Counsellor for Research and Innovation at the Permanent Representation of the EU in Russia, who spoke on "Horizon 2020: opportunities for cooperation with Russia". The other speakers were Thierry Cellerin, President of French Tech Russia – a governmental initiative for innovative French start-ups and companies abroad, Sergey Krzhanovsky, Technopark Skolkovo.

The R&D Club was set up on the initiative of the French Embassy in Russia for French companies and groups in Russia working in R&D and innovation. The club's objectives are to share best practices, increase synergy between groups, and to help French companies and groups working in R&D and innovation.



# MEMBER NEWS

Any AEB member company using login and password can upload its news or press releases on our website in Member News section absolutely free of charge.

## ALD Automotive

ALD Automotive Russia is pleased to announce the end of New Year & Christmas Charity Marathon 2015. The previous year ALD Automotive as well as employees took part in 3 social charity events. Together with fund "Volunteers to help orphans" ALD Automotive sponsored New Year presents for Egorievsky Children's house. Gifts were selected in accordance with children's letters to Father Frost. Also ALD employees took part in New Year activities in this Children's



house. ALD Automotive always supports activities of Societe Generale Group in Russia. And in winter 2015 we took part in joined SG workshop with creation of New Year Cards, which were sold on Charity Fair to gather donation for people diagnosed with ALS and fund "Live now". As well ALD supported joined activity of SG Group in Russia by taking part in action of fund DownSide Up. On digital New Year tree on the web-site of the fund employees could purchase digital NY balls – gifts. Among these gifts were sessions with a logopedist, trainings, preparation for school and many other important things for children with Down syndrome. We believe that our contribution during New Year & Christmas Charity Marathon have made someone happier and have allowed someone to believe in Christmas miracle.

## Alinga Consulting

On 1 December 2015, Alinga Consulting continued in St. Petersburg its free seminar series on the most recent topics on business specifics in Russia. Our leading specialists at Alinga and invited experts



covered a variety of topics, including: Protecting Personal Data: Where and how to store it? The legal issues of out-staffing services in 2016. Changes to Tax Legislation. Recognition of Interest for Tax Purposes in 2015. The audience included not only chief accountants and finance directors, but also business owners and just business people who are interested.

## Alinga's webinar "Effective Accounting"

Alinga's webinar "Effective Accounting" was led by Yulia Mazur, Partner of "Alinga Consulting" in January and repeated in February. Yulia shared her experience on business process optimisation and Alinga's approach on building the information flows between accounting team and business units with the webinar participants. For those who were interested to learn more about "The Law on Personal Data Storage" Alinga conducted a webinar "Compliance with the Law on Personal Data" in February. What restrictions does the law impose on the existing procedures for companies working with personal data? Where and how can this data may be stored? Denis Vasiliev, Partner of Podolsky and Klein, presented on these questions and discussed them with the webinar participants – HR managers, IT specialists and Heads of the Rep offices of the foreign companies accredited in Russia. Both webinars were available in Russian as well as in English.

## ALPE consulting

### Successful SAP project completion with SIKA AG

Following the successful go live on 1 January 2015 and EHP upgrade in Q3 2015, ALPE consulting and SIKA AG have now successfully completed the Business Function Activation project. This project was focused on minimising SIKA specific

developments in the Russian system and using the maximum amount of SAP standard functionality. After 4 months the project was successfully completed in time and budget in November 2015. Currently ALPE consulting is engaged in supporting business users with ordinary every day questions and the year end closing of 2015.

### Successful SAP project implementation with Arla Foods

ALPE consulting announces the successful completion of a SAP Implementation project based on SAP ECC 6.0 EHP7 with Arla Foods' Russian branch. The project was launched in February 2015 and by 1 October 2015 the SAP ERP system was put into pilot operation. Key users were supported until early December 2015. The scope of the project envisaged deployment of standard modules such as Finance, Controlling, and Logistics. A unique feature of this project is that a Russian branch of a western company decided to introduce an independent SAP system based on SAP Best Practice®, instead of rolling out a prototype. Now Arla is glad to have ALPE consulting as a provider of support services.

### Gestamp

#### Gestamp opens its fourth plant in Russia

It will be operated by the Group company Edscha in Togliatti, located about 1,000 km southeast of Moscow. The first plant of Edscha in Russia will now supply door hinges, liftgate hinges and rear door hinges. "Our entry into the Russian market is another milestone in our globalisation strategy," says Torsten Greiner, CEO, Edscha. "Although the situation in Russia is difficult at present, we



are confident that we have made the right long-term decision. We'll be able to meet the needs of our Russian customers right from the market and increase our local content." This year some 50 employees have started assembling and manufacturing door hinges, liftgate hinges and rear door hinges for the Russian market, with an expected total production of some 2.5 million hinges for 2016. In the medium term Edscha plans to employ more than 150 employees in Togliatti. The production area comes to approximately 5,000 square meters. An additional area of almost 6,000 square meters is available for later expansion.

Gestamp started operating in Russia in 2008. Including Edscha Togliatti the Company today has four plants in the country where more than 650 people are employed. In 2014, Russia was the 11<sup>th</sup> market for Gestamp.

### VEGAS LEX

#### Administrative and judicial control of heat and power prices: first results of the federal antimonopoly service's handling of such disputes

On 11 February 2016, VEGAS LEX held a workshop on Administrative and judicial control of heat and power prices; representatives of the FAS Department for Regional Tariff Regulation spoke at the event.



**Alexander Sitnikov**, VEGAS LEX Managing Partner, addressed the participants with opening remarks, identifying the problems and issues that companies in the energy industry have in connection with the transfer of the Federal Tariff Service's powers to regulate electricity and heat prices to the Russian Antimonopoly Service.

**Yulia Popkova**, Head of the FAS Department for Regional Tariff Regulation, presented the first results of the Federal Antimonopoly Service's handling of such disputes and disagreements.

**Ivan Stepanenko**, Deputy Head of the FAS Department for Regional Tariff Regulation, explained the procedure for exercising the FAS powers to arrange out-of-court settlement of disputes, and to consider disagreements arising from state regulation of prices (tariffs) and other supervisory powers.

**Andrey Gromov**, Head of the out-of-court settlements and tariff disagreements office at the FAS Department for Regional Tariff Regulation, drew the audience's attention to the problems of developing a system-wide approach to determining the size of economically reasonable costs taken into account when calculating prices on the retail market for electricity, heat and water supplies.

**Evgeniy Rodin**, Partner, Head of Energy practice, focused on the issue of challenging regulated prices.

# APPOINTMENTS

## BEITEN BURKHARDT



### Alexander Bezborodov has been appointed Senior Salary Partner at BEITEN BURKHARDT

Alexander Bezborodov, Head of the Dispute Resolution Practice Group Moscow office, has been appointed Senior Salary

Partner at the international law firm BEITEN BURKHARDT.

Alexander Bezborodov is a member of the Bar Chamber of Moscow Region and specialises in advising clients in the fields of dispute resolution and litigation in state and arbitration courts, in particular regarding disputes arising from foreign economic activities and investments.

In addition to Alexander, BEITEN BURKHARDT has announced the appointment of 14 Partners at different offices of the law firm globally.

"These promotions reflect the excellent work of all appointees and are an important step with a view to securing our firm's future. We are looking forward to further advance and develop our law firm with the new partners", comments Frank Obermann, Managing Partner of BEITEN BURKHARDT.

## DHL



DHL is pleased to announce the appointment of Sergey Stefanishin as the Head of Legal for the CIS & South East Europe and a member of the Board of Directors. Sergey's area of responsibility covers all DHL business in the region.

At his new role Sergey is responsible for the comprehensive legal support of the business activities, risk management, as well as for execution and management of the compliance activities in the region. Sergey has joined DHL bringing almost two decades of professional experience, including senior management in multinational companies, where he showed himself as a motivated and goal-oriented professional driven to achieve excellent results.

## Legalife

### Legalife Strengthens Corporate and Commercial Law Practice with Anna Ryabtseva



As a part of its expanding representation of leading international and Russian clients, the law firm Legalife is pleased to announce the strengthening of its legal practice with Anna Ryabtseva who has joined the firm as Senior Associate. She brings to the firm in-depth expertise on corporate and commercial law as well as on international trade matters.

Her broad knowledge is the outcome of over thirteen years of previous professional experience at the Moscow offices of international law firms such as Haynes and Boone International and K&L Gates as well as the Ministry of Economic Development and Trade. Anna graduated in Law from the Moscow University of Finance and Law.

## ManpowerGroup



ManpowerGroup Russia, the leading innovative workforce solutions company, is pleased to announce the appointment of Hugh Piper as the Country Manager of ManpowerGroup Russia & CIS. In his new role, Hugh will be responsible for the ManpowerGroup operations in Russia, Belarus, Kazakhstan and Ukraine.

Hugh joined ManpowerGroup (in the United Kingdom) in 2000 and was invited to become a member of the Board as an Operations Director in 2005. He was responsible for the day-to-day operational delivery of innovative, effective and sustainable resourcing solutions for ManpowerGroup's strategic clients in the UK. Before joining ManpowerGroup UK Hugh made a successful career in National Westminster Bank – the largest retail and commercial bank in the UK, part of The Royal Bank of Scotland Group, where he has become the Head of HR Operations for 65,000+ employees. Hugh has the know-how on shaping successful client service programmes, which helped reduce costs and improve productivity for clients. A member of the Chartered Institute of Professional Development, Hugh is continuously monitoring industry trends, be it new ways to recruit people, different ways to organise teams or more effective ways to achieve return on investment.



# NEW MEMBERS



## AD Plastik

AD Plastik is the largest Croatian manufacturer of plastic components for automotive industry. Due to the long experience and successful compliance with all the requirements of customers, we became a preferred partner of the world's biggest car manufacturers (Renault, Nissan, PSA, Dacia, Daimler, VAZ, Ford, Opel, VW, Daewoo, Fiat, Mitsubishi...).

The Headquarter of the AD Plastik Group is located in Solin, Croatia, and production takes place at two locations in Croatia (Solin and Zagreb), three plants in Russia (Vintai – Samara, Kaluga and one Joint Venture Company in Luga) one in Serbia, and one Joint Venture Company in Romania.

We cooperate with our customers from an early stage of product development, doing so we use the modern tools and techniques (Catia, Enovia PDM/PLM, Abaqus/CAE, Moldflow...), apply the specific professional knowledge, and previously acquired experience.

Our main technologies are injection moulding (IMM 50 to 3200 tons), thermoforming, painting (fully automated paint shop for painting different parts of exterior and interior of vehicles), blow moulding, extrusion, nonwoven textile...

AD Plastics main products are:

- Interiors (instrument panels, door panels, sun visors, grab handles, pillar trims, floor carpet, luggage side trims and trunk carpet, rear door trim)
- Exteriors (bumpers body and components, hoods, fenders, side trims).

[www.adplastik.hr](http://www.adplastik.hr)



## Deta Elis

DEHolding is an international company producing wellness devices for more than 20 years. The patented DeVita technology is based on years of experience in the sphere of bio-resonance therapy. The DeVita devices aim to revitalise all body organs and systems. DEHolding technologies are recognised by organisations connected with the issues of improvement of quality of life. The company cooperates with Academy of medical and technical sciences, Russian association of gerontology and geriatrics, Moscow regional clinical Institution of science and research (MONIKI). DeVita devices underwent SGS Certification and participate in the international medical and wellness congresses. At present DEHolding is presenting its technologies on European and Central Asian markets. The DeVita technologies are unmatched worldwide and have no analogues that can compare in quality of application.

Another business area of the company is promotion of the unique anti-problem Del'or cosmetics. The Del'or technologies are based on the law of molecular attraction. The cosmetics fight against aging process as well as other skin imperfections: acne, cuperosis and pigmentary spots. Del'or does not contain any hormones or harmful chemicals. The operating principle of Del'or is based on nanotechnology. The cosmetics are used by professional salons in Moscow as well as at home.

[www.partners.deholding.org](http://www.partners.deholding.org)



Korea Trade-Investment  
Promotion Agency

## KOTRA

KOTRA (Korea Trade-Investment Promotion Agency) is a state-funded trade and investment promotion organization operated by the Government of South Korea. KOTRA was established in 1962 as a national trade promotion organization. Since then, it has facilitated Korea's rapid export-led economic development through various trade promotion activities such as overseas market surveys, SME export promotion, trade info services, government-to-government export, foreign direct investment in Korea (FDI) promotion and business matchmaking. With 123 offices in 83 countries, KOTRA became a global business platform, contributing to the economic growth not only of Korea, but also of developing countries through sharing about our development experiences and being a socially responsible corporation. The first KOTRA office in Russia was established in Moscow in 1989, now KOTRA is represented by four offices in Moscow, Saint Petersburg, Novosibirsk, and Vladivostok.

[www.kotra.or.kr](http://www.kotra.or.kr); [www.russia.kotra.or.kr](http://www.russia.kotra.or.kr)



1C subsidiary company

## WiseAdvice

For over 10 years 1C-WiseAdvice provides accounting services (accounting outsourcing; payroll; tax planning) to over 250 companies, 52% of which are foreign businesses.

1C-WiseAdvice is a part of WiseAdvice Consulting Group. At the beginning of 2015, 1C company (the largest developer and producer of accounting software in Russia and the CIS) becomes the majority shareholder of the company.

Investment from 1C goes to achieving an ambitious goal – to become the most technologically advanced company on the market providing convenient and innovative solutions in the field of accounting outsourcing.

AEB Members are welcome to enjoy the exclusive advantage program with our VIP-Card.

[www.1c-wiseadvice.ru](http://www.1c-wiseadvice.ru)



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## 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** /

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**Calendar year / Календарный год: 2016** ☐ (Please check the appropriate box/boxes / Укажите соответствующий год/года)

**Name of your AEB Contact / Ваше контактное лицо в АЕБ:** \_\_\_\_\_

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**Company Name in full, according to company charter. (Individual applicants: please indicate the company for which you work /**  
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**Legal Address (and Postal Address, if different from Legal Address) /**

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**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
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<input type="checkbox"/>	<b>CATEGORY D / Категория Д</b>	<b>&lt;1 million/миллионов</b>	<b>800 euro/евро</b>
<input type="checkbox"/>	<b>INDIVIDUAL (EU/EFTA citizens only)/ Индивидуальное (только для граждан Евросоюза/ЕАСТ)</b>	–	<b>800 euro/евро</b>

**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/**

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**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

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**Title, First Name, Surname / Ф.И.О.:**

**Position in Company / Должность:**

**E-mail Address / Адрес эл. почты:**

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

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

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

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

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