



1995-2010

15 years

Association of European Businesses

ANNUAL REPORT 2009

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Dear AEB Members,

Today, the Association of European Businesses (AEB) is a natural link between the Russian Federation and the European Union on trade issues, as well as investment and economic development and is considered to be the strongest foreign business association in Russia in terms of its lobbying power. In addition to playing an active role in EU-Russia economic relations, the Association works closely with both the European Union and the European Parliament, simultaneously developing constructive relations with other business associations in Russia and Europe. In May 2009, the AEB was granted observer member status in the EU-Russia Industrialists Roundtable, allowing the AEB's voice be heard at subsequent EU-Russia summits. A productive cooperation with the EU delegation in Moscow led to several meetings with various prominent political figures, such as the EU Commissioner for Trade, Catherine Ashton; EU Commissioner for Energy, Andris Piebalgs; EU Commissioner for Enterprise and Industry, Günter Verheugen and the Lord Mayor of the City of London, Ian Luder, to mention but a few. The AEB also participated in meetings with the International Council on Cooperation and Investment (ICCI) and the Foreign Investment Advisory Council (FIAC).

The Association's lobbying activities have also not gone unnoticed. Today, the AEB plays an increasingly active role in the Russian legislation's drafting process. In 2009, this included lobbying for certain considerations to be included in the anti-crisis measures taken by the government, so as to promote a favourable business environment for foreign companies operating in Russia.

To ignore the work of the AEB committees would be unwise as they are, in fact, the backbone of the Association, whose driving force and determination has to a very large extent made the AEB, the Association that it is today. Last year saw the creation of several new committees – the AEB Migration and Commercial Vehicles Committees, as well as sub committees and working groups – the AEB Working Groups on Energy Efficiency, Home Appliances, Hotels and Tourism and Mergers and Acquisitions. There was also an increase in the AEB's lobbying activities in the crop protection sector, as a result of the addition of two new staff members to the crop protection sub committee. One can also highlight the fantastic work of our Banking Committee, which hand in hand with the Central Bank of Russia very successfully monitored the financial situation in the country during the crisis and our Energy Committee, which was also very active during the gas crisis and did a great job in coordinating the position of the European energy companies at that time. The work of the Automotive Manufacturers and Construction Equipment committees in 2009 will see the AEB take an active part in several exhibitions, such as the Moscow Automobile Salon, Conexpo Russia at CTT, Comtrans, Moscow International Motor Show powered by Automechnika Moscow in 2010. The successful partnership of some of the committees also led to several very successful events, such as the ones held by the SHES committee and the Energy Efficiency Working group (Conference – "Kyoto Protocol implementation") and the HR and Legal Committees (Conference – "Legal and HR Issues in the Downturn").

The AEB Events department saw to the improvement in the quality and quantity of events held last year. Several first-class events, with major Russian and European political figures were held last year, of these, the Briefings by Lord Malloch-Brown, Minister for Foreign Affairs and the UK Prime Minister's Special Representative for the London G20 Summit and Thomas Mirow, the President of the EBRD, as well as the open meeting with Igor Shegolev, the RF Minister of Telecom and Mass Communications are just a few that come to mind. Regular meetings were also held with governors of several Russian regions. In addition to the aforementioned events, several conferences, reflecting various sectors of the Russian economy were held. These include the annual migration conference, bi-annual HR conferences and annual customs conference, with two flag ship conferences held in May (the Anti-crisis Forum) and November (Conference – "Modernisation of the Russian Economy").

The AEB has also taken very significant steps towards regional development. Once the AEB regional policy was developed and approved, the Association wasted no time in organizing several meetings in Saint Petersburg. The first of these meetings was held on the 19th of November, 2009, with subsequent meetings being held on a quarterly basis – a tradition that will most definitely continue, especially now that the North-Western Regional Committee has been officially established, with a seven member Steering Group. The AEB also participated in the Europe Day celebration that took place on the 26th of September, 2009, in Saint Petersburg. In 2009, the Association organised several Regional Forums held in Moscow: the Ulyanovsk and Volgograd regions and the Republic of Tatarstan were the first to participate in these events. Business Missions were also carried out to the Chelyabinsk and Volgograd regions. The year 2009 was also an active one for the AEB South Regional Committee, which organised and supported business events in Krasnodar and Rostov-on-Don.

The AEB Communications and Publications department has also made significant achievements in 2009. The Association now has a completely redesigned, user friendly website. The AEB's efforts to bring its activities to the attention of the media resulted in an astounding increase in the number of press contacts, with the Association being quoted in major, world renowned newspapers such as The Financial Times. AEB publications now distributed in major airports, EU embassies, five star hotels, DHL offices in Moscow and St. Petersburg and in some of the Russian regions, continue to gain popularity, receiving great reviews. In 2009, the AEB released a new publication – "Step by Step: Living in Russia", a publication put together by the AEB Sub-committee on Relocation.

Like other countries, Russia did not escape the effects of the global economic crisis; however, as a result of the efforts of the AEB membership department, there were 594 AEB member companies, with 42 AEB Sponsor companies in 2009.

As European business interests in Russia continue to grow and mutually beneficial cooperation between Russia and Europe increases, the AEB has never been more crucial than it is today. Founded in 1995, the AEB's evolution to the organisation that it is today has been as a result of the commitment and vision of many people: the Executive Board, Council of National Representatives, AEB management, staff and last but not most definitely not the least – the AEB member companies.

Yours sincerely,

Reiner Hartmann
Chairman of the Executive Board

Frank Schauff
Chief Executive Officer

Association of European Businesses

AEB OPEN MEETINGS 2009 JANUARY-DECEMBER 2009

1. Briefing by Miroslav Kostelka, Ambassador of the Czech republic to the RF

Topic: Priorities of the Czech EU Presidency

Date: February 3rd, 2009

2. Briefing by Alexey Arbatov, Corresponding member of RAS, Head of International Security Center, Institute of World Economy & International Relations

Topic: "Press the Reset Button?" Russian-American Relations under the Obama Administration

Date: March 4th, 2009

3. Presentations by Frank Schauff, CEO, AEB and Art Franczek, President, AIBEC

Topic: "Doing Business in Russia" for 60 MBAs, University of Texas

Date: March 10th, 2009

4. Briefing by Lord Malloch-Brown, the UK Prime Minister's Special Representative for the London G20 Summit on Growth, Stability and Jobs

Date: March 12th, 2009

5. Briefing by Klaus Rohland, World Bank Country Director and Resident Representative in the RF

Topic: "Current Trends in Russia's Economic Development" (World Bank's Russia Economic Report № 18)

Date: April 2nd, 2009

6. Briefing by Thierry de Montbrial, Member, "Institute de France"; President, French Institute of International Relations (IFRI)

Topic: State of the World in Spring 2009

Date: April 24th, 2009

7. AEB Anti-Crisis Forum

Topics:

- *Global Crisis – a Flower of Evil or a Regular Phenomenon?*
- *Doing Business in Russia under Crisis*
- *Where to Go and What to Do?*

Date: May 27th, 2009

8. Briefing by Igor Shegolev, RF Minister of Telecom & Mass Communications

Topic: IT-Telecom in Russia: Development Trends

Date: June 23rd, 2009

9. Briefing by Klaus Rohland, World Bank Country Director and Resident Representative in the RF

Topic: "Current Trends in Russia's Economic

Development" (World Bank's Russia Economic Report № 19)

Date: June 26th, 2009

10. Briefing by HE Tomas Bertelman, Ambassador of Sweden to the RF

Topic: Priorities of the Swedish EU Presidency

Date: July 7th, 2009

11. Briefing by Odd Per Brekk, Senior Resident Representative in the RF, International Monetary Fund

Topic: Russia: the Way Out of the Economic Downturn

Date: September 22nd, 2009

12. Presentation by Sergey Dubinin, Member of the Board of Directors, VTB Capital

Topic: Presentation of his book "Russia against the Crisis: Who Will Win? The Game Will Take Place in Any Weather"

Date: October 23rd, 2009

13. Briefing by Thomas Mirow, President, European Bank for Reconstruction and Development

Topic: EBRD: Strategic Priorities for the RF

Date: November 10th, 2009

14. Briefing by Klaus Rohland, World Bank Country Director and Resident Representative in the RF

Topic: "Current Trends in Russia's Economic Development" (World Bank's Russia Economic Report № 20)

Date: November 12th, 2009

15. Conference – "Modernization of the Russian Economy: Input of European & Russian Businesses (in partnership with the Institute of Contemporary Development)

Topic:

- *Legislative Regulation of the Innovating Activities*
- *Financing of Innovating Projects*
- *Energy Efficiency as the Transition Way to the Innovative Economy*

Date: November 24th, 2009

EURORECEPTIONS

EU/EFTA Member	Date
Belgian Embassy	January 28 th , 2009
Polish Embassy	February 9 th , 2009
Czech Embassy	April 15 th , 2009
Irish Embassy	May 20 th , 2009
Swedish Embassy	October 8 th , 2009
British Embassy	December 7 th , 2009

OPEN EVENTS: JANUARY–DECEMBER 2009

Briefing by Miroslav Kostelka, Ambassador of the Czech republic to the RF
Priorities of the Czech EU Presidency. February 3rd, 2009



Briefing by Alexey Arbatov, Corresponding member of Russian Academy of Sciences, Head of International Security Center, Institute of World Economy & International Relations
“Press the Reset Button?” Russian-American Relations under the Obama Administration. March 4th, 2009



OPEN EVENTS: JANUARY–DECEMBER 2009

Briefing by Lord Malloch-Brown, the UK Prime Minister's Special Representative for the London G20 Summit on Growth, Stability and Jobs. March 12th, 2009



Briefing by Klaus Rohland, World Bank Country Director and Resident Representative in the RF World Bank's Russia Economic Report № 18. April 2nd, 2009



OPEN EVENTS: JANUARY–DECEMBER 2009

Briefing by Thierry de Montbrial, Member of the “Institute de France”, President IFRI
State of the World in Spring 2009. April 24th, 2009



AEB Anti-Crisis Forum
May 27th, 2009



OPEN EVENTS: JANUARY–DECEMBER 2009

Briefing by Igor Shegolev, RF Minister of Telecom & Mass Communications IT-Telecom in Russia: Development Trends. June 23rd, 2009



Briefing by HE Tomas Bertelman, Ambassador of Sweden to the RF Priorities of the Swedish EU Presidency. July 7th, 2009



OPEN EVENTS: JANUARY–DECEMBER 2009

Briefing by Odd Per Brekk, Senior Resident Representative in the RF, International Monetary Fund
Russia: the Way Out of the Economic Downturn. September 22nd, 2009



Presentation by Sergey Dubinin, Member of the Board of Directors, VTB Capital
October 23rd, 2009



OPEN EVENTS: JANUARY–DECEMBER 2009

Briefing by Thomas Mirow, President, European Bank for Reconstruction and Development

EBRD: Strategic Priorities for the RF. November 10th, 2009



Briefing by Klaus Rohland, World Bank Country Director and Resident Representative in the RF

World Bank's Russia Economic Report № 20. November 12th, 2009



OPEN EVENTS: JANUARY–DECEMBER 2009

Conference – “Modernization of the Russian Economy: Input of European & Russian Businesses (in partnership with the Institute of Contemporary Development). November 24th, 2009



AEB SPONSORS DINNER. November 30th, 2009



EURORECEPTIONS: JANUARY–DECEMBER 2009

EURORECEPTIONS

Belgian Embassy, January 28th, 2009



EURORECEPTIONS

Polish Embassy, February 9th, 2009



EURORECEPTIONS: JANUARY–DECEMBER 2009

EURORECEPTIONS

Czech Embassy, April 15th, 2009



EURORECEPTIONS

Irish Embassy, May 20th, 2009



EURORECEPTIONS: JANUARY–DECEMBER 2009

EURORECEPTIONS

Swedish Embassy, October 8th, 2009



EURORECEPTIONS

British Embassy, December 7th, 2009



COMMUNICATIONS & PUBLICATIONS

Director of Communications – Svetlana Guzeeva (Svetlana.Guzeeva@aebrus.ru)

WEBSITE

- Over the course of 2008-2009, the **Content management system for the AEB website** was completely redesigned. Content management has been made much more efficient and easy to control and update.
- A **daily news section in English, from RIA Novosti** is now available on the main page of the AEB website.
- An **online registration form for Committee meetings** (similar to registration for AEB Events) was developed and introduced to be used by AEB committees. The form is available at <http://www.aebrus.ru/committees/registration/>.
- The **online events photo report section** was redesigned and available at http://www.aebrus.ru/events/photo_reports/.
- A **New Legal Updates section** from the AEB Legal Committee members is now regularly updated, with contributions from AEB member-companies on recent changes in Russian law and available at <http://www.aebrus.ru/committees/sectoral/legal/>.
- **Two new general sections were added to the AEB website: AEB Partners** (<http://www.aebrus.ru/aebpartners/>) and **AEB services** (<http://www.aebrus.ru/AEBServices/>).
- The Information Services section of the AEB website was updated with an additional page – **AEB Analytical Tools** (<http://www.aebrus.ru/services/at/>), offering AEB members the Russian Economy Monitor.
- Membership section of AEB website was updated with additional page on a newly introduced **AEB Loyalty Programme** (<http://www.aebrus.ru/membership/Loyalty/>).
- In 2009, the AEB registered a **Cyrillic domain name** for its website – aeб.рф.

MEDIA RELATIONS

- Over the past year AEB has increased its activities with the Media, reaching **291 AEB quotes in various media in 2009** (including the main Russian media: Vesti TV channel, Rossiyskaya gazeta, Vedomosti, Kommersant, Russia Today TV and major Foreign media: Financial Times, BBC, Handelsblatt, and others).



- **Major AEB press-clippings** are available at http://www.aebrus.ru/media/aeb_press/.
- **2 press-conferences** were organised for the media in Moscow in 2009: Annual Press-conference of the Automobile Manufacturers Committee and Press-conference on Parallel Import.



- **14 press-releases** were sent out to the Media in 2009.
- The AEB organised its **annual Press Party** for its media contacts in January 2009 and its third annual Press Party in January 2010, attracting a growing number of press-contacts.
- In 2009, the AEB continued to develop its **regional Media connections** by inviting the press to cover the Annual AEB briefing in Saint-Petersburg on the eve of Europe's day in September and by inviting Media representatives to participate in the open events organised during AEB Regional missions.

PUBLICATIONS

Publications manager – Nina Anigbogu (Nina.Anigbogu@aebus.ru)

- The AEB continues to release its **Position Paper** twice a year. As of Autumn 2009, AEB Position Paper **CDs**, containing the electronic version of the publication, have been made available, in addition to the printed publication.
- The AEB continues to publish its **Business Quarterly magazine**, now, due to a growing demand, with an increased circulation of **16,000 copies**. In 2009, the AEB reached a special agreement with DHL Russia; now, the AEB Business Quarterly can be found in all DHL offices in Moscow and St. Petersburg. One thousand five hundred copies of the publication are distributed in the business and first class lounges of the Sheremetyevo International airport on a quarterly basis, as well as Airlines' lounges (Lufthansa, Swiss and Austrian) at the Moscow Domodedovo airport.
- The AEB continues to publish its annual guide **How to Invest in Russia**. As of 2009, in addition to the English version, a German version of the publication has been made available, thanks to a special agreement with OWC Publishing house in Germany.
- In 2009, the AEB launched a NEW publication: **"Step by Step: living in Russia"**, which was a smashing success, received with great enthusiasm by all AEB members and other members of the foreign community in Russia.
- In 2009, the AEB also released the printed version of the **Membership Directory**. This is an annual publication that was previously available in electronic format only. The AEB Membership Directory contains names and contact details of all AEB member companies for the year in question.
- Throughout 2009, the AEB continued to distribute its electronic publications, which included the **AEB newsletter** and a regular **Real Estate Monitor** – sent out to all AEB members by e-mail.



AEB EVENTS: JANUARY–DECEMBER 2009

AEB Press Reception. January 29th, 2009.



AEB Annual General Meeting. April 23rd, 2009



AEB Cocktail – “Opening of the Business Season”. September 10th, 2009.



AEB Event: St Petersburg cocktail. September 25th, 2009.



AGRIBUSINESS COMMITTEE

AIM	<ul style="list-style-type: none"> ➤ To promote the activities of the European food sector and related industries in the RF. ➤ To provide the members with updated information from competent sources on a wide range of issues of prime importance to the industry. 	
CHAIRMAN	Philippe Cohen, General Director, Bonduelle	
AEB MEMBER COMPANIES	BASF; Bayer CropScience; Bonduelle; Cargill; Claas; Dow AgroSciences; DuPont; Drum Resources; John Deere; Kverneland; JCB; Lantmannen; Nestle Food; Rhodia; Syngenta; Smithbridge; Unilever	
NUMBER OF COMMITTEE MEETINGS	4	
AEB OPEN EVENTS ORGANISED	Event Title	Event Date
	Participation in the Adam Smith Conference – International Agrifood Forum	November 17-19, 2009

In the course of 2009, the Committee worked on various issues related to agribusiness companies' activities on the Russian market. Among the topics discussed were animal breeding and milk production, quality of agricultural machinery, land ownership, land transactions, technical regulation, tax and customs issues.

A special Crop protection subcommittee exists within the framework of the committee. Agribusiness machinery companies have also proposed to arrange statistical data exchange on the sale of new equipment. In 2010, the committee also plans to develop relations with VDMA, Agricultural Machinery Association, and via them, with the Association of Agricultural Machinery Dealers.

It has been proposed that representatives from AEB member companies be included in the expert commissions (initiated by the Ministry of Industry and Trade) in charge of developing new Technical Regulations related to the food industry.

The Committee is in the process of synergizing its actions with EU authorities to counter trade restrictions practiced by a neighboring state, which seriously affects not only the local Russian producers but also EU companies with localized production in Russia.

CROP PROTECTION SUB-COMMITTEE

AIM	<ul style="list-style-type: none"> ➤ To present on a unified platform the interest of the Sub-Committee members to the authorities and the Crop Protection industry; ➤ To create a constructive dialogue with the authorities that are in charge of drafting state policies in the sphere of Crop Protection; ➤ To form productive relations with the appropriate professional associations and unions on the basis of common interests. 	
CHAIRMAN	Pierre Cohadon, Director General, Syngenta	
DEPUTY CHAIRMAN	Alexander Merzlyakov, Sales Manager Russia & Belorussia, DuPont	
AEB MEMBER COMPANIES	BASF Agro, Bayer CropScience, Dow AgroSciences, DuPont, Syngenta	
NUMBER OF COMMITTEE MEETINGS	5	

All CPS activities are based on a constructive interaction with authorities, professional associations and unions and NGOs. The sub-committee is split into **3 working groups**, according to priority areas; these groups work regularly throughout the year:

- Registration and Data Protection;

- Agro – Packaging, Destruction and Recycling;
- Anti-Counterfeiting Activity: Strategy and Means.

One of the main results of the year 2009 was the development of a **common strategy on the key issues** in the Crop Protection Industry. The CPS presented **proposals for principal, current legislative documents**:

- The draft of the Federal Law, “Introduction of amendments to the Federal Law “On safe handling of pesticides and agrochemicals”;
- The draft of the joint order of the Ministry of Agriculture and the Federal Customs Service of Russia, “On establishing the order of entry to the Russian Federation and export from the Russian Federation of pesticides and agrochemicals”;
- The Annex to the order of the Ministry of Agriculture of Russia from 24.08.2009 № 386, “Changes in the order of state registration of pesticides and agrochemicals, approved by Order of the Ministry of Agriculture of Russia from July 10, 2007. №357”.

The sub-committee also made efforts to maintain a constructive dialogue with relevant authorities. The CPS actively lobbied against a possible increase in customs tariffs on pesticides. An official letter to the First Deputy Chairman of the RF Government and Commission’s Head of the RF Government on protective measures in foreign trade and customs tariff policy, Mr. Zubkov was prepared on behalf of the AEB in October. The letter was followed by a series of negotiations with officials. This issue shall continue to be addressed in 2010.

There were some important official meetings in 2009:

- 22 December – with the **Head of the Land Control Directorate of Rosselkhoz nadzor, Mr. Popovich**. The main topic – training for Russian specialists in European laboratories of CPS member companies in order to study innovative technologies that increase the efficiency of anti-counterfeiting activities.
- 24 December – with the **Director of Plant Growing, Chemicalization and Plant Protection Department of the Ministry of Agriculture of Russia, Mr. Chekmarev**. The main topic – the draft of the Federal Law, “Introduction of amendments to the Federal Law, “On safe handling of pesticides and agrochemicals”.

CPS members participated in the annual Intellectual Property (IP) Dialogue on 27 November, which draws high level Russian politicians and European Commission officials. One of the main goals of the dialogue is to establish the appropriate legislative base for CPP data protection

Cooperation and collaboration with the European Crop Protection Association (ECPA) continued throughout 2009. CPS members regularly took part in different meetings, working groups and conferences. On 25 November, 2009, according to the decision of the ECPA General Assembly, the AEB became its associate member. This is a significant step as it provides the AEB with an opportunity to build closer relations with European institutions and increase the effect of their lobbying activities in Russia.

AIRLINE COMMITTEE

AIM	To represent and lobby the interests of its members on all levels before the relevant Government bodies and the public in general	
CHAIRMAN	Leonid Tarasov, General Manager, Delta AirLines	
DEPUTY CHAIRMAN	Martin Sprongl, General Manager, Qatar Airways	
AEB MEMBER COMPANIES	Air France; Alitalia; Austrian Airlines; Czech Airlines; Delta Air Lines, Inc.; Emirates; Iberia; Finnair; KLM; Korean Air; LOT Polish Airlines; Lufthansa; Japan Airlines; SAS; Swiss International Air Lines; Qatar Airlines	
NUMBER OF COMMITTEE MEETINGS	10	
AEB OPEN EVENTS ORGANISED	Event Title	Event Date
	➤ Overview of the Air Transportation Market	February 3, 2009

The airline committee is an industry committee, which deals with a number of sensitive issues relevant to the foreign national carriers operating on the Russian market, within the framework of the Russian legislation and in accordance with international rules. The issues considered during the year included air service agreements,

tax, customs and VAT questions, over-flight rights, BSP and e-ticketing implementation and development of a working relationship with three Moscow airports: Domodedovo, Sheremetyevo and Vnukovo.

In February, 2009, the Committee organised a conference where Dimitry Shamraev, Regional representative of the international Air Transportation Association and Leonid Tarasov, Chairman of the Airline committee, General representative of Delta Airlines gave presentations.

AUTOMOBILE MANUFACTURERS COMMITTEE (AMC)

AIM	<ul style="list-style-type: none"> ➤ To unite and represent the common interests of its members – automobile importers of global automobile producers, which guide business activities in the Russian Federation (producing in and/or importing). ➤ To create conditions for the development of a civilized automotive market; set and observe common and fair business rules for automotive companies officially operating in Russia and leverage inter-company co-operation and constructive partnership. ➤ The AMC concentrates on the most important and urgent issues of the automotive business, which affect its members, developing appropriate responses, lobbying to ensure that member interests are represented and dealing with the Russian governmental authorities, public institutions, local and international automotive associations and the mass media. 	
CHAIRMAN	David Thomas, President, Volvo Cars, LLC	
DEPUTY CHAIRMAN	Martin Jahn, Vice President Sales and Marketing, Volkswagen Group Rus, OOO	
AEB MEMBER COMPANIES	<p>BMW Russland Trading OOO; Chrysler Russia ZAO; Ford Motor Company ZAO; Geely/Red Dragon LLC; General Motors CIS LLC; Honda Motor RUS LLC; Hyundai Motor CIS OOO; Jaguar Land Rover LLC; Kia Motors Rus LLC; Mazda Motor Rus LLC; Mercedes-Benz Rus SAO; Mitsubishi/Rolf Import OOO; Nissan Manufacturing Rus LLC; Nissan Motor Rus OOO; Peugeot Citroen Rus OOO; Porsche Russland OOO; Renault/Avtoframos OAO; Sollers OAO; Subaru Motor LLC; Suzuki/ITC Auto Rus LLC; Toyota Motor OOO; Volkswagen Group Rus OOO (Audi of Russia / Skoda Auto Russia / Volkswagen Russia); Volvo Cars LLC</p> <p>New members 2009: Jaguar Land Rover LLC; Kia Motors Rus LLC</p> <p>New members 2010: Volvo Cars LLC, Suzuki/ITC Auto Rus LLC, Nissan Manufacturing Rus LLC; Geely/Red Dragon LLC.</p> <p>Members as legal entities: 23 members</p> <p>Number of brands represented: 38</p>	
NUMBER OF COMMITTEE MEETINGS	<p>Board meetings: 5</p> <p>Meetings of the working groups: 22</p> <p>Meetings with the Ministry of Industry: 3</p>	
AEB OPEN EVENTS ORGANISED	Event Title	Event Date
	➤ AMC press-conference, "REVIEW 2008"	January 15, 2009
	➤ Round table organized jointly with the Vehicle Risk Prevention Association	October 28, 2009

The year 2009, was the **12th year of AMC operations** within the AEB and the Committee got 2 new members in 2009 members.

Open events of the AMC included:

- AMC press conference. Present were CEOs of automotive companies. This provided the media with an opportunity to interact with the heads of the automotive companies, with regard to very important issues related to the automotive industry;
- Round table organized jointly with Vehicles Risk Prevention Association.

In 2009, for the 4th year, the AMC ran the **on-line sales data exchange system** for its members (the most up-to-date source on car and LCV sales statistics in Russia).

The national motor show, **Moscow International Automobile Salon 2010** (MIAS) – a main automotive event for car companies, which takes place biannually and on a national level and is a priority AMC event was on the Agenda of the Committee throughout 2009, to ensure the interests of its members continue to be represented in the preparation and planning of this biggest and most important motor show in Russia.

The **elimination of double VAT at trade in operations**, an issue that was brought up in 2006, was successfully resolved, with the appropriate legislation updated as of January 2009.

Throughout the year, the AMC was busy lobbying against **changes in customs tariffs on new cars**; even though the import duties were raised for a period of 9 months and later prolonged for another 9 months, the committee will follow up on this issue and monitor the situation through summer 2010.

Other issues on the 2009 agenda, with the actions and developments to follow up in 2010 were:

- Targeted new **Commercial Vehicles** division was started and a new Commercial Vehicles Committee within the AEB was formed with a similar structure as the AMC;
- **Homologation norms** and their conformity to European levels (apart from regular meetings of the working group on this issue, a presentation was made to the EC officials in October 2009; the group is in constant contact with the appropriate local authorities sharing the views and position of the international car companies in terms of certification); this discussion was intensified due to the introduction of the new Technical Regulation on Vehicles Safety;
- **ELV legislation** (results of the study conducted in 2008/2009 and further lobbying steps to be taken were presented;); new focus: monitoring and participating in the discussion of the scrappage incentive project of the RF Government (representative of the AMC is part of the inter ministerial group);
- **PR** representatives of the AMC companies met quarterly to discuss and coordinate press activities on the national level, as well as jointly coordinate the media monitoring project with the external provider;
- New working group started: **After-sales** – the exchange of data and discussion of companies' best practices.

External contacts and communication:

Throughout the year, the AMC produced monthly press-releases on car sales statistics (starting from 2009) on all cars sold in Russia, not just foreign cars that are widely used by all automotive and business media in Russia and outside the country. Press coverage of issues addressed by the AMC and its activities in general, further increased in 2009.

Throughout 2009, the Committee focused on strengthening its contacts with the national and international automotive associations: Association of Russian Automakers (OAR), Russian Dealer Association (ROAD), German Association of the Automotive Industry (VDA), Europe Japan Automobile Manufacturers Association (JAMA), Turkish Automotive Exporters Union, European Automobile Manufacturers Association (ACEA), International Organization of Motor Vehicle Manufacturers (OICA), as well as with the local authorities and industry officials.

Apart from being in close contact with the Ministry of Industry and Trade on the scrappage incentive and having regular meetings with the Department of Automotive Industry of the MOIT, AMC members, operating under the "industrial assembly" regime had a chance to speak at Parliamentary hearings in December 2009, which were devoted to the development of the automotive industry in Russia. Several meetings focused on briefing EC representatives on the industry's developments within the country.

AMC representatives spoke at several conferences on behalf of the Committee in 2009.

AUTOMOTIVE COMPONENTS COMMITTEE

AIM	To unite and lobby for the joint interests of AEB members in the automotive supplier sector, facilitating meetings with officials, industrial associations and OEMs, supporting networking and exchange of contacts within the industry and helping companies establish working contacts with car plants.
CHAIRMAN	Ivan Bonchev, Associate Director, CIS Automotive Head, Ernst & Young (CIS) B.V.
AEB MEMBER COMPANIES	AGC Flat Glass Europe; Air Liquide OOO; Akzo Nobel N.V.; Atlas Copco ZAO; BASF; Continental Tires Rus LLC; Delphi Russia; Dow AgroSciences VmbH; Dow Corning; DSM; DuPont; Eberspaecher; Ernst & Young (CIS) B.V.; Federal-Mogul; GKN Automotive International GmbH; Goodyear Russia LLC; Johnson Controls; Johnson Matthey PLC; Magna International; Michelin;

AEB MEMBER COMPANIES	PricewaterhouseCoopers; Rhodia Rus/Sertow; RusAutoComponents; Saint-Gobain CIS; Sandvik LLC; ThyssenKrupp AG; ZF Friedrichshafen AG
NUMBER OF COMMITTEE MEETINGS	3

The Committee held several meetings with invited speakers from OEMs.

March 6th: OEM presentation: OPPORTUNITIES FOR COMPONENT PRODUCERS (SOLLERS)
Meeting with Mr. Alex Zaguskin, Sollers Purchasing Director.

May 14th: OEM presentation: OPPORTUNITIES FOR COMPONENT PRODUCERS (AVTOTOR)
Meeting with Mr. Alexander E. Sorokin, Avtotor Technology and Development General Director.

September 29th: Closed AEB inter-Committee meeting on localization issues in cooperation with Automobile Manufacturers, Commercial Vehicles and Construction Equipment Committees.

In 2009, tire producers intensified efforts in coordinating their activities under the auspices of the Association of European Businesses: representatives of companies (current AEB members – Continental, Goodyear and Michelin) held an initial meeting in autumn.

In 2009, a number of automotive components producers faced problems in the area of intellectual property rights (IPR), in particular, with patents for utility models. The Russian legislation in place does not account for compulsory examination of the utility model's patentability, which creates a lot of disputes. The Committee lobbied for relevant amendments to the legislation and introduced this issue to the agenda of the 8th EU/Russia IP Dialogue that took place on November 27th, 2009.

At the end of the year, the Association of European Businesses agreed on a strategic partnership with the organizers of the international trade fair Moscow International Motor Show (MIMS) powered by Automechaika Moscow, which will allow Committee members to participate in MIMS, powered by Automechanika Moscow, on privileged conditions in the future. A major challenge to the industry remains obtaining sufficient Government support to attract foreign investors; the localization of car manufacturing; and the application of competitive, efficient and environmentally friendly technologies and knowhow. It is in addressing these issues by means of active lobbying that the Automotive Components Committee intends to play a crucial role in improving the investment climate in Russia.

BANKING COMMITTEE

AIM	The Banking Committee is made up of International banks who combine their efforts in order to effectively represent their interests while working on the Russian Market <ul style="list-style-type: none"> ➤ To provide a level playing field between local and foreign operators. ➤ To provide direct technical policy advice to European and Russian government officials.
CHAIRMAN	Joerg Bongartz, Chairman of the Board, Deutsche Bank Ltd.
AEB MEMBER COMPANIES	Bank WestLB Vostok; Banque Société Générale Vostok; BNP Paribas ZAO; BNP Paribas Vostok; Calyon Rusbank; Citibank ZAO; Credit Europe Bank Ltd.; Credit Suisse Bank; DeltaCredit Bank; Deutsche Bank Ltd.; European Bank of Reconstruction and Development; Federal Bank of the Middle East Ltd.; HSBC; ING Bank (Eurasia) ZAO; KfW; Nomura; OTP Bank; Raiffeisenbank Austria; Royal Bank of Scotland; RN Finance Rus (RCI Banque); Rusfinance; Standard Bank ZAO; Svenska Handelsbanken S.A.; Swedbank OAO; UBS Investment Bank; UniCredit Bank ZAO; YAPI Kredi Bank; Visa
NUMBER OF COMMITTEE MEETINGS	8

AEB OPEN EVENTS ORGANISED	Event Title	Event Date
	<ul style="list-style-type: none"> ➤ AEB Banking Committee Seminar: “SME Banking in CEE – Surfing the Tides”. ➤ “Practice of virtual money transactions: case studies and government regulations in RF”. 	<p>October 28, 2009 December 16, 2009</p>

4 General Committee meetings:

- 20th January 2009 – meeting during which the committee built a program for H1 2009;
- 19th March 2009 – meeting with Mr. Dmitry Ananyev, Head of Financial Markets and monetary circulation Committee of the Federation Council;
- 16th July 2009 – meeting with Mr. Gennady Melikyan, First Deputy followed by the General Committee meeting;
- 10th December 2009 – season closing meeting of the Banking committee combined with a meeting with Mr. Andrey Klepach, Deputy minister of Economic Development in RF.

4 Steering Committee meetings:

- 10th February 2009 – Meeting with Mr. Arkady Dvorkovich, Presidential Aide for Economic Questions;
 - 16th March 2009 – Meeting with VEB representatives;
 - 20th March 2009 – Meeting with Mr. Sergey M. Ignatiev, Chairman of the Bank of Russia;
 - 15th April 2009 – Meeting with Mr. Ilkka Seppo Salonen, Deputy Chairman of the Board, Sberbank.
- Also, in 2009, members of the AEB Banking Steering Committee held 11 internal meetings where they discussed the main problems in Russia’s banking sector and the economy in general.
- Another very significant achievement of the AEB Banking committee relates to the work of the Personal Data protection Working group. This group has prepared comments on the bill on Personal Data protection and carried out a number of meetings with representatives of the Central Bank of Russia, State Duma and members of other Associations. Based on the outcomes of its work the Group prepared a joint letter signed by the Association of Regional Banks (ARB) and AEB addressed to the State Duma with suggestions regarding possible improvements in the Personal Data Protection bill and related regulations;
 - The Banking committee has another Working Group that focuses on RTGS issues. The group held a seminar themed, “Practice of virtual money transactions: case studies and government regulations in the Russian Federation” that took place on December 16th, 2009 at Deutsche Bank office. At the seminar, main problems and future trends of RTGS system development in RF were discussed.

COMMERCIAL VEHICLES

AIM	To support the joint interests of Committee members and increase the influence of its members above the sum of their individual abilities by lobbying for active involvement in all decision making processes affecting the commercial vehicles industry, promote free trade and support a fair and reliable business environment and contribute to a prosperous and sustainable growth of the Russian economy
CHAIRMAN	Boris Billich, Vice President, Sales & Marketing Commercial Vehicles, Mercedes-Benz Russia, SAO
DEPUTY CHAIRMAN	Andrey Chursin, Sales Director, Scania-Rus LLC
AEB MEMBER COMPANIES	Ford Motor Company ZAO; Iveco Russia LLC; MAN Avtomobili Rossiya OOO; Mercedes-Benz Russia SAO (Commercial Vehicles); Nissan Motor Rus OOO (Light Commercial Vehicles); Renault Trucks Vostok; Scania-Rus LLC; Sollers OAO (Fiat Professional & Isuzu); Volkswagen Group Rus OOO; Volvo Vostok ZAO
NUMBER OF COMMITTEE MEETINGS	8

The Commercial Vehicles Committee (CVC) was founded at the end of 2008 as an offshoot of the Automobile Manufacturers Committee (AMC), in order to focus on the specific needs of the commercial vehicles manufacturers in the Russian Federation.

In 2009, the Committee held 8 meetings. This year the Committee set up two working groups: Statistics & Marketing Forecast and Marketing & Exhibition. Statistics is one of the priorities for the Committee. The CVC decided to launch a web-portal in order to facilitate the exchange of statistical data.

Exhibitions are another key area for the Committee. Taking into account difficulties of the current economic situation, the Committee decided not to participate in Moscow Specialized International Exhibition "Commercial AutoTransport" (COMTRANS) in 2009. Afterwards, CVC members, through a series of held discussions, were engaged in identifying interests common to all manufacturers in order to hold quality fairs and exhibitions in the future, to develop a fair calendar each participant feels comfortable with and to influence the services rendered.

Other issues on the 2009 agenda with actions and developments were:

- Industrial assembly issues: on the 29th of September, the Committee held a closed AEB inter-Committee meeting on localization issues in cooperation with the Automobile Manufacturers, Automotive Components and Construction Equipment Committees.
- Technical regulation: in 2009, two crucial technical regulations for the commercial vehicles industry were adopted – on safety of wheeled vehicles and gas emissions.
- In 2009, the Committee considered possibilities for cooperation with national and international industry associations: Association of Russian Automakers (OAR), International Organization of Motor Vehicle Manufacturers (OICA) and others.

CONSTRUCTION EQUIPMENT COMMITTEE

AIM	To unite and lobby for the joint interests of AEB members in the construction equipment sector by facilitating meetings with officials, cooperating with other industrial associations, supporting networking and industry contacts exchange, and giving a floor for discussions of the industry issues
CHAIRMAN	David Hill, General Director, JCB Russia
DEPUTY CHAIRMAN	Andrey Komov, Sales & Marketing Director, Volvo Vostok (Construction Equipment)
AEB MEMBER COMPANIES	Caterpillar CIS; Hitachi Construction Machinery (Europe) N.V.; JCB Russia; John Deere (Construction & Forestry); Komatsu CIS; Liebherr-Russland OOO; Volvo Vostok (Construction Equipment); Wirtgen International
NUMBER OF COMMITTEE MEETINGS	12

The Construction Equipment Committee (CEC) was formally established in February 2008. In 2009, the Committee welcomed two new members – John Deere (Construction & Forestry) and Wirtgen International.

In 2009, the AEB CEC officially became a member of the Committee for European Construction Equipment (CECE); currently, it represents the construction equipment industry in Russia, liaising with other national construction equipment associations at an international level. Representatives of the CEC participated in the CECE Summit 2009 held in Brussels on October 15th and 16th and the CECE Steering Group meeting in London on December 8th.

The year 2009, the CEC had 12 Committee meetings including three meetings of the CEC Statistics working group. Statistics remains one of the priorities for the Committee. In October 2008, the CEC Statistics program was launched. Increasing the number of participants was on the 2009 agenda: three new companies joined the system (Amkodor, John Deere and Wirtgen).

The Committee members had three meetings with Mr. Alexey L. Rakhmanov, Director of Department for Car Industry and Agricultural Machine-Building from the Ministry of Industry and Trade of the Russian Federation. During these meetings several issues were addressed: development of the Russian construction equipment industry; organization of industrial assembly by foreign producers in Russia.

In 2009, the Committee was engaged in several lobbying activities. In order to protect Russian producers during the economic crisis, the Russian Government raised import duty rates for a number of vehicles, including rigid and articulated dump trucks (from 5% to 25%). However, the latter have never been produced in Russia; therefore, the Committee lobbied actively to defend the interests of foreign producers. As a result, the Single Customs Tariff of the Customs Union that came into force on the 1st of January 2010 introduced a 5% rate for articulated dump trucks (ADT) from 45t to 50t and 0% – for ADT over 50t. However, the Single Customs Tariff leaves the 25% rate for rigid dump trucks (RDT) unchanged; this was done in order to protect the interests of Belarusian producers of RDT.

On behalf of the Committee, the CEC Chairman participated in the research conducted by the Nomura Research Institute (Japan's first non-governmental think-tank). The aim of the research was to analyze the post-crisis business development of the Russian market so as to develop appropriate post-crisis business strategies.

In 2009, Association of Equipment Manufacturers (AEM), an organizer of the CONEXPO, decided to hold a joint exhibition with the organizers of the Construction Equipment and Technologies (CTT) fair in Russia. The Committee supported this decision and held a number of meetings with the AEM with regard to the participation of Committee members in the joint exhibition in 2010.

ENERGY COMMITTEE

AIM	<ul style="list-style-type: none"> ➤ To support EU-RF cooperation in the energy sector, in particular through the activities undertaken by the EU-RF Energy Dialogue and the EU-RF Industrialists' Round Table. ➤ To provide a forum for European AEB companies involved in the Russian energy sector to discuss and address matters of common interest. ➤ To maintain relations with the parties directly involved in the Russian energy sector. 	
CHAIRMAN	Reiner Hartmann, Managing Director, E.ON Russia	
AEB MEMBER COMPANIES	Areva; BP; Electricite de France; Enel Russia; Eni S.p.A.; E.ON Russia; Fortum; Gasunie; GDF SUEZ; MOL Plc; Statoil ASA; Shell E & P; Total E&P; Verbundnetz Gas AG; Wingas GmbH	
NUMBER OF COMMITTEE MEETINGS	14	
AEB OPEN EVENTS ORGANISED	Event Title	Event Date
	➤ Open session: briefing by Leonid Grigoriev, President, Institute for Energy & Finance	February 18, 2009
	➤ Open session: Strategic Exploration and Production (E&P): Overview of Latest Developments in Russian Subsoil Legislation, by N.Kozyrenko, Partner, CMS	March 13, 2009
	➤ Open session: RF Energy Strategy 2020-2030, by Sergey Mikhailov, Head of the Department of State Energy Policy, RF Ministry of Energy	May 29, 2009
	➤ Open session: Perspectives of the Geology Development in the RF, by Denis Khramov, Director of the Department of the State Policy & Regulation in the Geology & Subsoil Use, RF Ministry of Natural Resources & Environment; Latest Developments in Russian Offshore Legislation, by Natalya Kozyrenko, Partner, CMS	September 24, 2009
	➤ Open AEB meeting: Round Table "Russian Energy Sector & European Investors"	October 28, 2009

The AEB Energy Committee stands as an interface on business opportunities and issues of concern to European energy companies operating in the Russian Federation. The Committee is part of the EU-Russia Energy Dialogue and other bilateral and multilateral entities such as the EU – Russia Industrialists Roundtable (IRT), European Business Congress (EBC), Petroleum Advisory Forum (PAF), Foreign Investment Advisory Council (FIAC), promoting active interaction on business-to-business and business-to-government levels. The Committee's activities are focused on strategic policy issues, investment climate, energy market conditions, energy efficiency and environmental protection issues including global climate changes.

One of the important sources of information and influence tools for the Committee is its regular Position Paper, which is a highly professional status document reflecting the views and approaches of the European companies and proposing real solutions. The Position Paper is widely distributed among petroleum and energy sector stakeholders both in Russia and abroad.

The agreements signed and supported on a high political level on both sides show the willingness of Russian and European state-controlled and private companies to co-operate on mutually beneficial terms through execution of joint projects. The Committee advocates that EU – Russia relations on energy matters should be non-politicized, and based on mutual advantage and delivery of commitments. Such relations must include a balanced and transparent approach to the security and diversity of energy supply and demand, commercial attractiveness and reciprocity.

HEALTH & PHARMACEUTICALS COMMITTEE

AIM	To consolidate, coordinate and protect the interests of AEB Member companies working in the health and pharmaceuticals industry
CHAIRMAN	Sergey Smirnov, General Manager, Novo Nordisk
AEB MEMBER COMPANIES	AstraZeneca Ltd.; Bayer Schering Pharma; Boiron; Orion Corporation; Boehringer Ingelheim; Chiesi; Egis; FIC Medical; Hexal; Herbs Trading / Richard Bittner; Ipsen; Novo Nordisk; Novartis; Polpharma; Sanofi-Aventis; Servier; UCB (Union Chimique Belge); Zentiva
NUMBER OF COMMITTEE MEETINGS	6

Like in the previous years, the Health and Pharmaceuticals committee has been fully involved in an ongoing dialogue with the Russian authorities, Ministry of Health and Roszdravnadzor, (RZN). The AEB Pharmaceuticals committee has made its input to the Draft law on medicines, through its involvement in the working groups set up by the Ministry of Health.

A very close partnership with the EC Delegation, in particular, with the DG Enterprise "EU – Russia subgroup on pharmaceuticals" has materialized in the course of several working meetings, which preceded negotiations with the Russian side. Some of the issues discussed included those related to IPR. A continued constructive dialogue and productive partnership have been maintained with the three other major pharmaceutical associations – the Association of International Pharmaceutical Manufacturers; Union of Professional Pharmaceutical Organizations and the Association of Russian Pharmaceutical Manufacturers.

INSURANCE & PENSIONS COMMITTEE

AIM	To provide a level-playing field between local and foreign operators in these sectors and direct technical policy advice to European and Russian government officials.
CHAIRMAN	Chris Barrett, Partner, Financial Services, Advisory, PricewaterhouseCoopers

AEB MEMBER COMPANIES	ACE Insurance Company CJSC; ACE Life Russia; ALICO Insurance Company/ former AIG Life Insurance Company; Allianz Insurance JSC; Aviva Insurance Company; Cardif Insurance Company; Chartis Insurance Company CJSC / former AIG Insurance and Reinsurance Company; CMS; ERGO Insurance Group; Euler Hermes Kreditversicherungs-AG; Fortis Life Insurance; Gen Re (Kölnische Rückversicherungs-Gesellschaft AG); Generali PPF Life Insurance / former Czech Insurance Company; If Insurance Russia; Ingosstrakh Life; Insurance Company "Credit Europe Life"; Munich Reinsurance Life Company Eastern Europe/Central Asia; PricewaterhouseCoopers; Raiffeisen Non-State Pension Fund; Renaissance Life Insurance Company L.T.D.; Rosgosstrakh; Russian Reinsurance Company; Russian Standard Insurance; SCOR Global Life; Sogaz Life; Sogecap Life Insurance; Swiss Reinsurance Company	
NUMBER OF COMMITTEE MEETINGS	10	
AEB OPEN EVENTS ORGANISED	Event Title	Event Date
	➤ Long Term savings and Private pension provisions	December 12, 2009

In addition to its regular meetings with Insurance market regulating authorities, the AEB Insurance and Pensions committee held a series of practical seminars devoted to actuarial questions and the use of Unit Linked products in the Russian insurance market.

IT & TELECOM COMMITTEE

AIM	<ul style="list-style-type: none"> ➤ To promote the interests of AEB member companies in Telecom & IT through governmental liaison and information exchange. ➤ To assist AEB members on changes, best practices, legal and regulatory issues in IT and Telecom. 	
CHAIRMAN	Natalia Schneider, Corporate Affairs Director, Telenor	
AEB MEMBER COMPANIES	Antor Business Solutions; Basware; Beiten Burkhardt; CMS; Gieseke & Devrient Technology Ltd; Google Russia; IBS; IT Express; Luxoft; Magisters; KPMG; Nokia-Siemens; PricewaterhouseCoopers; Russia Consulting; Software AG; Stafwell; Tele 2; Telenor; Xeratech	
NUMBER OF COMMITTEE MEETINGS	12	
AEB OPEN EVENTS ORGANISED	Event Title	Event Date
	➤ Round Table, "Do the Western Technologies of the Financial Management Take Root under the Crisis"	January 27, 2009
	➤ Round Table, "IT & Energy Sector: Optimization & Management of the Energy Market"	February 25, 2009
	➤ Round Table, "How to Put Down IT Costs under the Current Situation"	April 14, 2009
	➤ AEB Open Event: Briefing by Igor Shegolev, RF Minister of Telecom & Mass Communications	June 23, 2009
	➤ Round Table, "Information Society Strategy in the RF: Quality & Efficiency of State Services Business"	October 21, 2009
	➤ Round Table, "Problems in developing an E-marketplace in Russia"	December 2, 2009

In six well attended public discussions, the IT & Telecom Committee covered a wide range of topics, from pure enterprise-level issues like IT cost control to issues of interest to the society, for example, the development of a Russian E-Marketplace. Issues of national interest, such as strategies for the creation of an Information Society and E-Government were also addressed. A number of highly qualified speakers from various international companies and RF ministries contributed their unique experience and insight, and the committee is especially proud that the RF Minister of Telecom and Mass Media Communication, Mr. Igor Shegolev, was one of them.

MACHINE BUILDING & ENGINEERING

AIM	<ul style="list-style-type: none"> ➤ To take part in governmental policy making, in the areas related to the power and machine building industries, in an attempt to create clear rules to promote the development of a market where all participants have equal rights. ➤ To initiate changes in environmental legislation, taking into account the stringent environmental requirements of consumers, resulting in a better performance of power stations and implementation of new technologies. ➤ To render support to the Committee member-companies operating in Russia. ➤ To monitor the development of the machine building market in Russia. ➤ To facilitate the exchange of information and international experience in the field of machine building, which can subsequently be applied to the Russian environment. ➤ To unite representatives of different industries with vested interest in the Machine Building Sector. 	
CHAIRMAN	Peter Kraemer, Vice-President, EMAlliance	
DEPUTY CHAIRMAN	Dmitry Sharovатов, Consultant, Simon-Kucher & Partners	
AEB MEMBER COMPANIES	Alstom; Caterpillar; Deloitte; Dow Corning; EMAlliance; John Deere; Magna Steyr; MEP Engineering LLC; Metso; Poyry Energy Oy; Siemens; PricewaterhouseCoopers; Schneider Electric; Simon-Kucher & Partners; STS Logistics; ThyssenKrupp AG	
NUMBER OF COMMITTEE MEETINGS	8	
AEB OPEN EVENTS ORGANISED	Event Title	Event Date
	➤ Round Table, "Incineration? Landfill? Or to be Buried under Waste"	April 3, 2009
	➤ Round Table, "Machine Building Market Trends in Russia (first half of 2009)	September 15, 2009

The AEB Machine Building and Engineering Committee is one of the newly created committees in the AEB in the past two years. In its activities, the Committee tries to keep a delicate balance between topics and issues common to representatives of other "neighbor" branches, such as automobile construction, autocomponents, construction equipment, technical regulation and standardization, etc, trying to act in synergy with other AEB Committees. The MBE Committee invites the AEB members to join it in order to increase the positive impact on both the image and visibility of the AEB.

FINANCE & INVESTMENTS COMMITTEE

AIM	The Finance and Investment committee's mission is to provide assistance and take an active part in improving the investment climate in the Russian Federation for European businesses, through discussions and the development of recommendations, to address outstanding problems in the area of investment and finance.	
CHAIRMAN	Christian Zhigler, Partner, Rödl & Partners	
DEPUTY CHAIRMAN	Vladimir Ismailov, CFO, Moscow school of management Skolkovo	
AEB MEMBER COMPANIES	Allen&Overy; Alrud; Alinga Consulting; Alfa Capital; BDO Unicon Business Service; Beiten Burkhardt; BNP Paribas; Capital Legal Services; Deloitte; DSM Group; IC Russ-Invest; ING Lease; Interexpertiza; Ernst & Young (CIS) B.V.; Goltsblat BLP; Institute of Business & Economics; Moscow School of Management SKOLKOVO; KPMG; NOERR; PBN Company; SGS Vostok Limited; SG Corporate Finance Advisory; Pepeliaev Group LLC; Praedium; PricewaterhouseCoopers; Rödl & Partner; Strategy Partners; Wermuth Asset Management GmbH	
NUMBER OF COMMITTEE MEETINGS	FIC – 6 meetings Leasing WG – 5 meetings M&A WG – 6 meetings	
AEB OPEN EVENTS ORGANISED	Event Title	Event Date
	➤ Russian Financial Markets 2009: Past Performance and Future Trends	April 2, 2009
	➤ AEB FIC Survey on Impact of the financial crisis on the business of European companies in Russia	April 2, 2009
	➤ AEB FIC Survey on Strategies and Prospects of European Companies in Russia	May 27, 2009
	➤ Presentation of the Survey results at the AEB Anti-crisis Forum	May 27, 2009
	➤ Roundtable Discussion: "Leasing during the crisis: Problems, Outlook and Solutions based on practical experience"	May 29, 2009
	➤ Open Event: Recent Trends in Russian M&A	September 17, 2009
	➤ Briefing by Mr. Artemiev, Head of the Federal Antimonopoly service	October 27, 2009
	➤ Round table for chief accountants of leasing companies	November 13, 2009
	➤ Leasing WG had a series of meetings with the RF Ministry of economic development	November-December 2009
	➤ Open Event: Meeting with Mr. Artemiev Head of the Federal Antimonopoly Service (FAS) and Deputy Heads of FAS	December 2, 2009
	➤ M&A WG met with Vesti – TV channel re the of the M&A WG projects on TV	December 2009
	➤ M&A WG released its first M&A Newsletter together with MergerMarket	December 18, 2009
	➤ A&A organized its first Open Event on IFRS update	December 17, 2009

Even with the looming crisis in 2009, the AEB Finance & Investments committee (AEB FIC) was very active and productive.

For a better performance, the committee set up working groups (WG), with specific areas of focus:

- Leasing WG (Arkady Gerasenko, General Director of ING lease);
- Mergers & Acquisitions (M&A) WG (Joel Lautier, Director of International Development);
- Capital Markets WG (Vladimir Ismailov, CFO, Moscow School of Management Skolkovo);
- Audit & Accounting (A&A) WG (Thilo Kausch, Partner, Ernst & Young (CIS) B.V.).

The AEB FIC leads a lot of projects and actively participates in several projects, organised by the RF Authorities.

The FIC was involved in working on the concept of developing Moscow as an international financial centre.

Among the most important FIC projects for 2009 were:

Two surveys:

“Impact of the financial crisis on the business of European companies in Russia”; the results of the survey were presented at the Open Event on “Russian Capital Markets 2009: Past Performance and Future Trends”, April 2nd, 2009;

“Second Annual Survey – Strategies and Prospects of European Companies in Russia (Investment climate in Russia)”. The results of surveys were made available to representatives of AEB companies at the AEB Anti-Crisis Forum, May 27, 2009.

Publications/Informational Material:

The AEB Annual Investment Guide “**How to invest in Russia**” was again made available in 2009, with up-to-date information for companies with plans of investing in Russia. In 2009, in cooperation with the OWC Foreign Trade Publishing House, the Guide was for the first time published in German language and made available to all interested German speaking investors.

The AEB M&A Newsletter, prepared by the M&AWG and MergerMarket, with the latest information on changes and trends in the M&A Russian Market and abroad was made available in December 2009. It was distributed among AEB members and MergerMarket clients, with an electronic version placed on the AEB website.

The working group on Leasing proposed several amendments to the RF Federal Law on Financial Lease and discussed them at joint meetings with other Lease Associations, subsequently presenting them to the Ministry of Economic Development. Also, the Leasing WG established a working group on new accounting standards for leasing companies. This working group prepared proposals on recommended changes to the Russian accounting system, with a focus on new accounting standards to be implemented so that leasing companies can operate more efficiently in the Russian market. The proposals will be presented to the RF Ministry of Finance for consideration in 2010.

HUMAN RESOURCES COMMITTEE

AIM	The Committee was established to provide a platform for discussion, exchange of information and lobbying initiatives for human resource decision makers in Russia.	
CHAIRMAN	Tim Carty, Partner, Ernst & Young (CIS) B.V.	
DEPUTY CHAIRMAN	Olga Bantsekina, Head of rep office, Coleman Services	
AEB MEMBER COMPANIES	Antal International; CBSD; Coleman Services; Ernst & Young (CIS) B.V.; Ecopsy Consulting; Elan Languages; Exect Group; Hay Group; Henkel; HSBC; Human Capital Solutions; IN2Matrix; IntermarkSavills; Kelly Services; KPMG; Manpower; Mayfair Properties; PricewaterhouseCoopers; SHL; Salans; Troika Relocations	
NUMBER OF COMMITTEE MEETINGS	6 HR Core Group meetings, plus subcommittees meetings	
AEB OPEN EVENTS ORGANISED	Event Title	Event Date
	➤ Intangibles during the crisis	January 30, 2009

AEB OPEN EVENTS ORGANISED	Event Title	Event Date
	➤ How to capitalize on human potential during recession	March 5, 2009
	➤ Meeting with the Labour Inspection	March 18, 2009
	➤ Corporate standards of English	March 27, 2009
	➤ HR and Legal Issues conference	April 1, 2009
	➤ Personnel outsourcing in Russia	April 10, 2009
	➤ Annual HR conference	May 20, 2009
	➤ Recruiter's Day	September 18, 2009
	➤ Bringing family to Russia	September 8, 2009
	➤ Salary Survey overview	November 7, 2009
	➤ Sharpening your sales focus conference	November 10, 2009
	➤ Practical and Legal issues of relocation	November 17, 2009
	➤ Career Day in MGIMO	November 19, 2009
	➤ HR Christmas Party	December 10, 2009

Currently, the committee is split into four subcommittees:

- Compensation and benefits subcommittee (chaired in 2009 by Anne Ramsay, Cushman & Wakefield, Stiles & Ryabokobylko);
- Recruitment subcommittee (chaired by Olga Bantsekina, Head of Rep office, Coleman Services UK);
- Assessment, training and development subcommittee (chaired by Mirka Straathof, Hay Group, Senior consultant, later followed by Tatyana Khvatinina from SHL);
- Relocation subcommittee (chaired by David Gilmartin, General Director, Troika Relocations).

The committee arranges various types of events – conferences, open events, breakfast meetings, a Christmas party, Recruiter's Day events, etc. A new type of activity, started in 2007, was the Career Day, organized in MGIMO.

In the course of 2009, the HR committee arranged a number of very well attended events. At the moment, committee activities include the organisation of three major, annual conferences. The May 20th conference has become a tradition and was organised for the seventh time in 2009. Approximately 150 people participated in the conference in 2009, making it one of the largest HR forums not only in Moscow, but Russia in general. Another conference – HR and Legal issues, which deals with the legal aspect of HR department activities, attracted over 100 participants.

In December 2009, the relocation subcommittee prepared a highly successful booklet, "Step by Step: Living in Russia", devoted to Relocation issues.

According to the feedback received from participants of the AEB HR events, the quality and diversity of events makes the AEB HR committee one of the best HR forums on the market.

LEGAL COMMITTEE

AIM	
	<ul style="list-style-type: none"> ➤ To provide legal support services (informational briefings and seminars, regular legislation updates) to AEB Members. ➤ To participate in the Russian legislation proceedings in the interest of the AEB members. ➤ To promote the exchange of companies' practical experience related to the different legal aspects; legislation development in the RF and EU countries. ➤ To provide a forum for the exchange of information, analysis, and views between AEB Members on new developments in Russian law and legal practice. ➤ To prepare recommendations to the Russian legislation, i.e. motivate implementation and application of existing international standards. ➤ To participate in the Russian legislation procedure presenting the international experiences and lobbying the AEB members' interests and hold open discussions, share AEB members' practices with the Russian Authorities.

CHAIRMAN	Sergey Stefanishin, Partner, Tax & Legal Department, Ernst & Young (CIS) B.V. branch in Moscow	
DEPUTY CHAIRMAN	Alex Stolijarskij, Laywer, Beiten Burkhardt Maria Shangina, Head of corporate department, Alfa Bank	
AEB MEMBER COMPANIES	Allen & Overy; Baker & McKenzie CIS Ltd.; Baker Botts L.L.P.; Beiten Burkhardt; BBH Legal; CMS; Clifford Chance; Deloitte; Dewey & LeBoeuf; Denton Wilde Sapte; DLA Piper; Ernst & Young (CIS) B.V.; Gide Loyrette Nouel; Goltsblat BLP; KPMG; Macleod Dixon LLP; Magisters; Marks & Sokolov, LLC; Mazars; Noerr Stiefenhofer Lutz; Pepeliaev Group LLC; Porsche Russland; PricewaterhouseCoopers; Rödl & Partner; Salans; Secretan Troyanov Scher; Smithbridge Advisory Services Ltd.; Vinson & Elkins L.L.P.	
NUMBER OF COMMITTEE MEETINGS	9 – Legal Committee 3 – IP sub-committee	
AEB OPEN EVENTS ORGANISED	Event Title	Event Date
	➤ Meeting with Ms. Levchenko, Head of Foreign Investments Control Department of the Federal Antimonopoly service regarding FL 57 implementation	February 11, 2009
	➤ Legal and HR Issues in the Downturn	April 1, 2009
	➤ Legal Committee in cooperation with the AEB Energy Committee had a meeting with the participation of the representatives from the RF Ministry of Natural Resources (MNR)	May 14, 2009
	➤ IP Conference – Recent developments in the sphere of intellectual property: court practice, problems and solutions	June 5, 2009
	➤ Meeting with the Russian Notary Chamber regarding the new notary’s functions and registration procedures in light of the recent changes to the LLC Law	August 25, 2009
	➤ Open Event: Recent trends in the Russian antimonopoly legislation	October 8, 2009
	➤ Discussion on bankruptcy procedure in Russia: court practice in participation of Mr. Andrey Egorov, Deputy Head of the RF Supreme Arbitration Court (SAC) Administration	October 15, 2009
	➤ Open Event – Navigating through the downturn restructuring and bankruptcy procedures	October 13, 2009
	➤ Series of meetings with Federal Antimonopoly Service regarding Federal Law implementation of №57 “investments into Strategic Sectors of RF”	September/ December 2009
	➤ Meetings with Deputy Head of the Federal Antimonopoly Service regarding Federal Law №135 “on Competition Protection” implementation	December 16, 2009
	➤ Joint meeting with between the Federal Antimonopoly Service (FAS), Noncommercial partnership “Competition support” and Association of European businesses regarding Federal Law №135 “on Competition Protection” development	December 24, 2009

Experts within the Legal Committee (LC) have been actively collaborating with the RF State Duma, Federal Anti-monopoly Service (FAS) and the RF Ministry of economic development in their work on the FL 57 Strategic Sector Law, FL “On subsoil” and №58-FL of April 29, 2008 – “On amending certain legislative acts of the Russian Federation and declaring invalid certain provisions of legislative acts of the Russian Federation pursuant

to the adoption of Federal Law №57, “On procedures for implementation of foreign investment into business entities having strategic significance for national defense and state security”. To discuss the proposed amendments by the Legal Committee to the RF federal laws mentioned above, a series of meetings with FAS were organized. The amendments prepared by the LC to the FL 57 were submitted to FAS in April, 2009 and LC amendments to FL “On subsoil” were submitted to the RF Ministry of natural resources.

Enormous work was done by LC to improve the RF corporate legislation. LC members were involved in the drafting of the amendments to the Russian Corporate legislation, in particular, improvement of FL 312 on “Legal Liability Companies” and FL 115, “Joint Stock Companies”. The LC organized a series of meetings with the RF Ministry of Economic Development (MED) to discuss the adoption of the AEB LC amendments. The LC participated in the Annual Corporate legislation Conference organized by MED.

AEB LC participated in the roundtable – “Criminal takeover of the Russian companies and gaps in the Russian legislation against Raiders”, organized by the RF State Duma.

The Federal Law, “On Protection of Competition” was a priority on the LC Agenda.

On December 16, 2009 the AEB Legal Committee met with Andrey Tsyganov, Deputy Head of the Federal Antimonopoly Service.

The aim of the meeting was to discuss Federal Law №135, “On the competition protection” and its practical implementation. In particular, vertical and permissible agreements, Economic concentration control (M&A), problems of determining a dominant position, economic activities coordination, abuse of dominant position in the market and others.

MIGRATION COMMITTEE

AIM	<ul style="list-style-type: none"> ➤ To contribute to the establishment of a long term EU–Russia visa free regime. ➤ To monitor legal developments in the Russian market in the field of migration. ➤ To promote the exchange of companies’ practical experience related to migration issues in the RF and EU member countries. ➤ To build a strong relationship with various immigration and labor authorities so as to lobby immigration related issues and hold open discussions and share information when needed. ➤ To keep AEB member companies updated on migration issues, in order to avoid possible immigration related risks and promote effective business planning. ➤ To encourage companies’ representatives to participate in the migration Committee’s regular meetings, to ensure awareness on all important issues and the possibility for follow-up. ➤ To organize meetings/round tables/ joint events, involving the participation of the Russian Migration Authorities.
CHAIRMAN	Ludmila Shiryayeva, Senior Manager, Human Capital Department, Ernst & Young (CIS) B.V.
DEPUTY CHAIRMAN	Alexey Filipenkov, Partner, Visa-delight Timur Beslangurov, Partner, VFBS
AEB MEMBER COMPANIES	Alinga Consulting Group, LLC; Alitalia; AirFrance; Alrud; Baker&McKenzie; Beiten Burkhardt; BNP Paribas; Consulting and Visa Service; CMS; Deloitte; Deutsche Bank; DLA Piper; Ernst & Young (CIS) B.V.; Goltsblat BLP; LegaLife; KPMG; Mazars; Noerr Stiefenhofer Lutz; Norman DL; Pavia & Ansaldo; Pepeliaev Group LLC; PricewaterhouseCoopers; Rödl & Partner; Siemens; Smithbridge Advisory Services Ltd.; Vinson & Elkins; Visa Delight; VISTA Foreign Business Support; Volkswagen; UniCredit Bank
NUMBER OF COMMITTEE MEETINGS	5

AEB OPEN EVENTS ORGANISED	Event Title	Event Date
	➤ Meeting with Head of Federal Migration Service	February 2009
	➤ Round table discussion between AEB members and the Federal Migration Service; Labour Migration and Employment Department of Moscow Government; the RF Ministry of Health and Social Development	June 17, 2009
	➤ AEB Annual Migration Conference	December 8, 2009
	➤ MC prepared a series of request letters addressed to the FMS and Minzdrav	Throughout 2009

The AEB Migration Committee organized a series of meetings with the RF Authorities, regarding issues in the area of migration that AEB member companies face in their activities in Russia. The Committee prepared several letters to the RF Ministry of Health and Social development, where it raised the most problematic issue – the development of a quota system in Russia amongst others. The Committee also prepared several request letters to the Federal Migration Service asking for a clarification of the Work Permit Application Process.

On 17th of June, 2009, the AEB Migration committee held a very important round table in cooperation with representatives of Minzdrav, the Federal Migration Service (FMS) and Moscow Government (Department on Labor and Employment – DLE).

The meeting was aimed at discussing the most important migration problems: quota decrease and current situation with quotas' rejections, regional allocation of quotas, and state quota establishment for work permits; work permit application process, notifications, business trips within Russia and other immigration requirements, which obviously constitute serious barriers to foreign investment into the Russian economy.

The Committee organised an AEB Annual Migration Conference, with the participation of representatives from the RF Ministry of Health and Social Development, the Federal Migration Service and the RF State Duma. Issues concerning migration are very important to AEB members and are a priority for those interested in investing in Russia. The most burning issues from the foreign investors' point of view in particular, were presented by representatives of several major companies operating in Russia:

- Mrs. Liudmila Trukhmanova, Head of Expatriate Services department, IKEA;
- Mrs. Svetlana Bushmarinova, HR & Administrative Director, TOTAL;
- Alyona Koutcherouk, Administration and Finance Manager for Russia, Allitalia.

Following the very informative presentations given by foreign investors, Mrs. Ekaterina Egorova, Deputy Head of the Federal Migration Services, Maksim Zuikov, Ministry of Health and Social Development and Kira Lukyanova, Deputy of the RF State Duma talked about the recent trends in the Russian immigration system and its further development.

The Committee also interacts successfully with the Federal Migration Service on the “one window approach” system, which was established in 2008.

PR & COMMUNICATIONS COMMITTEE

AIM	To provide for a level-playing field between Communications and PR experts from European and Russian businesses, and experienced consultancy representatives, to discuss and exchange information and advice on the best practices in Russia.
ACTING CHAIRMAN	Igor Reichlin, Associate Partner, OOO “CNC Communications and Network Consulting RUS”
DEPUTY CHAIRMAN	Anna Georgieva, Head of Marketing Communications, BNP Paribas Group
AEB MEMBER COMPANIES	Banque Société Générale Vostok; Bank WestLB Vostok; BNP Paribas Retail Banking; Cetelem in Russia; CNC Communication & Network Consulting; Cushman&Wakefield Stiles & Riabokobytko; Deloitte; Deutsche Bank; DuPont Science & Technologies; Eurocopter Vostok; FE Communications; ING Wholesale Banking; International Road Transport Union; IPF Bank; KPMG; Mannheimer Swartling; Manpower CIS; Mazars; Media Consulta;

AEB MEMBER COMPANIES	Mmd Corporate; Public Affairs & Public Relations Consultants; Nestlé; PBN Company; PricewaterhouseCoopers; Ruperti Project Services International Ltd.; Sheremetyevo International Airport; Standard Bank; Tenneco Automotive Europe	
NUMBER OF COMMITTEE MEETINGS	8	
AEB OPEN EVENTS ORGANISED	Event Title	Event Date
	➤ Everything you wanted to know about the Social Media but were afraid to ask	February 13, 2009
	➤ Crisis Communications: A Business Game	June 19, 2009

The AEB PR and Communications committee started its activities in 2008. Since then, the committee has become a valid platform for European businesses and experienced consultancy representatives to discuss and exchange information and advice on the best PR and Communications practices in Russia.

The Committee started its activities in a global economic crisis environment that created serious challenges for business across many industries. Therefore, one of the primary goals was contributing to the effective management of AEB enterprises' reputational risk, by providing advice and information regarding crisis communication techniques.

REAL ESTATE COMMITTEE

AIM	To facilitate the distribution of industry experts experience among the member companies whose business is connected with the Real Estate sector and support them in applying this new knowledge to achieve a higher standard of service.	
CHAIRMAN	Adrian Salter, General Director, MEP Engineering	
DEPUTY CHAIRMAN	Richard Gregson, Partner, PricewaterhouseCoopers Michael Byrne, Project Development Director, RFT Project Management	
AEB MEMBER COMPANIES	A&D Premier architectural bureau; BEITEN BURKHARDT; Bene Office Furniture; Black Stone Keeping Company; BSN-Real Ltd; Burobject; Clearlink; Contract Interiors; Cushman & Wakefield Stiles & Riabokobylo; Deloitte & Touche; DTZ; Ghelamco LLC; Goltzblat & Partners; IntermarkSavills; Jones Lang LaSalle; Kinnarps; Knight Frank LLC; KPMG; Lindner; Mannheimer Swartling Russland Advokataktiebolag; Mayfair Properties LLC; MEP Engineering; Pepeliaev Group LLC; Praedium; PricewaterhouseCoopers; Rhine Capital; RE Project Development; RFT Project Management; Rödl & Partners; Ruperti Project Services International Ltd; SIS International; Solo Office Interiors; Spectrum; Staffwell; Sunbury Heights; Terrakultur; Troyika Relocation; Turner&Townsend	
NUMBER OF COMMITTEE MEETINGS	6	
AEB OPEN EVENTS ORGANISED	Event Title	Event Date
	➤ Operational Costs Optimization	February 12, 2009
	➤ Real Estate acquisitions in a crisis	March 25, 2009
	➤ Current cost of an office fit-out in a downturn	May 28, 2009

In 2009, the Real Estate committee formed a Steering Committee consisting of high-level representatives from various companies within the RE sector. The aim of the steering committee is to speed up decision-making processes, develop strategies that facilitate immediate adaption to the changing market environment and find ways to promote the committee – attract new members and organize events of interest to companies operating in the real estate sector.

SAFETY, HEALTH, ENVIROMENT AND SECURITY

AIM	<ul style="list-style-type: none"> ➤ To contribute to the creation of state policy in the health and safety, environment and security sectors, creating transparent and clear rules, which should stimulate the development of the market and guarantee equal access to it for all participants. ➤ To adapt businesses of European companies in Russia by minimizing operational and investment risks, administration barriers in conditions of modern Russia, to contribute to the elimination of these risks. ➤ To promote sustained, effective environmental, health and security standards and practices within the companies, operating in Russia. ➤ To advocate the Committee's position on HSES regulations and legislation. ➤ To promote the adoption of a clear system of regulations and non-overlapping roles and responsibilities on the part of the relevant authorities. ➤ To promote performance-based regulations, which provide standards and guidelines for achieving desired HSES results as opposed to prescriptive 'how to' regulations. ➤ To promote the practice of consulting and engaging industry representatives in legislative and regulatory process since it is industry that has the responsibility for implementing these proposals. ➤ To improve industry security (license, registration, identification, unsafe industrial objects' insurance and etc.). ➤ To promote the international in-house management system of labor protection and safety (management system ISO, OHSAS), exchange the experience and interact with the Russian Authorities (RostechNadzor, Rospotrebnadzor) on these issues. ➤ To monitor legal developments in the Russian market in the field of safety, health, environment and security. ➤ To promote information exchange on different international practices/policies and their relevance to Russia. ➤ To advise the AEB members on counter-terror measures, anti-counterfeiting operations, insurance fraud, features of anti-fraud measures in conditions of modern Russia. ➤ To gather, encourage and participate in the development of the body of knowledge relevant to the profession. 	
CHAIRMAN	Mikhail Balev, MIG Security Services	
AEB MEMBER COMPANIES	BASF; Branan; British-American Tobacco; Control Risks; E.ON Russia; Enel OGK – 5; IKEA; International SOS; ERM; DHL; Komatsu CIS; MIG Security Services; Noerr Stiefenhofen Lutz; Mannheimer Swartling; British Petroleum; Oskord Security Group; Shell; Siemens; SGS; Lafarge; Rhodia; PricewaterhouseCoopers; Risk Advisory Group; TNT Express; Toyota Motor; StatoilHydro ASA; Upravlenie Delami – M	
NUMBER OF COMMITTEE MEETINGS	11	
AEB OPEN EVENTS ORGANISED	Event Title	Event Date
	➤ HSE educational programs and your staff efficiency: issues and solutions	June 23, 2009
	➤ Business Travel Safety in Russia & CIS	October 7, 2009
	➤ Implementation of Kyoto Protocol in Russia: Business Approaches	September 29, 2009

The committee was launched in April 2008. The Event "HSE educational programs and your staff efficiency: issues and solutions", was organized in participation with RF Rostrud. The Event was aimed at providing partici-

pants with examples of practical experience in the risk management system of labor safety and recommendations and on how to effectively implement educational programs in the companies, while avoiding an increase in cost, especially in the face of the crisis.

On initiative of the Safety, Health, Environment & Security Committee (SHESC) and supported by the Energy Committee and Energy Efficiency WG, a one day conference on the implementation of the Kyoto Protocol was held in September, 2009. The event was very well attended with participants not only from AEB companies, but from non-member companies as well. Another interesting Event organized by the committee was held in October – “Business Travel Safety in Russia & CIS”; experts from Shell, Siemens, International SOS, and MIG Security Services shared their experience on how to better prevent and rate risks for national and international travelers and advised on best practices for developing a corporate travel safety.

TAX COMMITTEE

AIM	<ul style="list-style-type: none"> ➤ To monitor tax legislation developments, subordinate acts and court practices; ➤ To monitor envisaged changes to the tax code, with respect to transfer pricing; ➤ To inform AEB Members on important changes to the tax legislation and tax reforms; ➤ To cooperate with the relevant ministries – The Ministry of Finance (MinFin) and the Russian government – on tax issues; ➤ To organize regular meetings, open events and conferences for AEB members; ➤ To present the AEB’s position on tax matters, before the Russian government and ministries. 	
CHAIRMAN	Alina Lavrentieva, Partner, PricewaterhouseCoopers	
DEPUTY CHAIRMAN	Vadim Zaripov, Head of Analytical Department, Pepeliaev Group LLC; Tatiana Kirgetova, Senior Lawyer, Gide Loyrette Nouel	
AEB MEMBER COMPANIES	Akzo Nobel N.V.; Alderley NefteGaz; Alinga Consulting Group; Alrud; AstraZeneca; Baker Botts L.L.P.; Baker&McKenzie; Bauke van der Meer; BBH Legal; Beiten Burkhardt; Boiron; CMS; Continental Tires RUS; Deloitte; Denton Wilde Sapte; Dewey&LeBoeuf; DLA; Ernst & Young (CIS) B.V.; Gide Loyrette Nouel; Goltsblat BLP; Grant Thornton Trid ZAO; IKEA; KempHoogstad CIS B.V.; KPMG; Metro Cash&Carry; Mazars; Noerr Stiefenhofer Lutz; Pavia & Ansaldo; Pepeliaev Group LLC; PricewaterhouseCoopers; Procter & Gamble; Rödl & Partner; Russia Consulting; Sanofi Aventis; Salans; Shell	
NUMBER OF COMMITTEE MEETINGS	10	
AEB OPEN EVENTS ORGANISED	Event Title	Event Date
	➤ Tax Directors Forum Navigating through the financial crisis – Tax issues	May 14, 2009
	➤ Tax Directors Forum – Retail and Consumer Sector	October 14, 2009
	➤ Development of the Russian tax system in 2009, prospects for 2010	December 3, 2009

In 2009, the Tax committee carried out three very successful and well attended open events (including two Tax Forums), with the participation of the Ministry of Finance, State Duma and Ministry of Economic Development.

The Tax committee also worked on further developing good, long-term business relations with different ministries and governmental authorities, to ensure that AEB members get the recent updates and comments on the existing legislation.

In line with a request made by several AEB member companies, the AEB Tax committee prepared and submitted a query to the RF Ministry of Finance, asking the Ministry to clarify the tax treatment of insurance expen-

ses relating to commercial activities of Russian legal entities – subsidiaries of French companies or permanent establishments of French companies in Russia – in the light of the current tax legislation and Russia-France Double Tax Treaty.

The RF Ministry of Finance replied saying that based on the Protocol to the Double Tax Treaty signed between Russia and France, any expenses carried out by the above legal entities, while running a commercial activity in Russia are tax deductible, provided they are justified, incurred in relation to income-generating activity and properly documented. Both the query and the response can be found on the AEB web-site.

Another very important achievement relates to the profound work undertaken by the Committee's Working Groups, which were established to address important tax matters, prepare documents stating the Committee's official stand on these matters and propose amendments to tax laws that are relevant to the Committee's member companies. The Working Groups were established in 2009 and have been working on the following topics:

- Criminal responsibilities of taxpayers;
- Improvements in tax treatment of infrastructure expenses;
- Inventory losses in retail and consumer businesses.

The official stand and proposals on areas of the tax legislation regarding criminal responsibility of taxpayers that should be subject to amendment were submitted to the RF Ministry of Finance in December, 2009. The Working Groups have also documents stating the Committee's official stand and proposed amendments on the last two issues stated above.

TRANSPORT AND CUSTOMS COMMITTEE

AIM	<ul style="list-style-type: none"> ➤ To lobby on the concerns of member companies through dialogue with the Federal Customs Service and other governmental bodies of the Russian Federation and to promote the application of industry standards in accordance with the best international business practices and trade facilitation principles. ➤ To provide AEB members with quality information on developments in customs regulations and facilitate focused business networking. 	
CHAIRMAN	Dmitry Cheltsov, Adviser, Customs Affairs, Michelin	
DEPUTY CHAIRMAN	Galina Dontsova, Senior Manager, Customs Support, Ernst & Young (CIS) B.V. Dmitry Larionov, Senior Officer, International Road Transport Union	
AEB MEMBER COMPANIES	BLG Logistics Solutions; BLG; DHL; Deloitte; DLA Piper; Ernst & Young (CIS) B.V.; GM CIS; Itella; Ferrero; IKEA; International Road Transport Union; ILTS; National Customs Broker; PricewaterhouseCoopers; Pepelyaev, Goltsblat and Partners; Shell; TNT; Toyota; Zentis	
NUMBER OF COMMITTEE MEETINGS	11	
AEB OPEN EVENTS ORGANISED	Event Title	Event Date
	➤ Customs Conference	February 29, 2009
	➤ Round tables on Road Transportation Development (EU-Russia transport dialogue, transport corridor East-West), arranged at the Swedish Embassy by the IRU	November 20, 2009
	➤ Meeting with Konstantin Chaika, Deputy Head of Federal Customs Service at FCS office	October 16, 2009
	➤ Road Transport Round Table at the Swedish Embassy in Moscow jointly with IRU	December 1, 2009

The Committee mainly focuses on closed discussions on sensitive issues in the customs clearance sphere that AEB member companies face in Russia. For six consecutive years the committee has organized an annual Customs conference with the support of the Federal Customs Service (FCS).

The Committee holds annual meetings with the participation of the AEB's CEO, the Transport and Customs core group and a Deputy Head of the Federal Transport Service (FTS). In 2009, Mr. Chaika confirmed participation in quarterly FCS meetings with AEB members in 2010. Also, a direct communication line with the FCS Directorate has been established; this is perceived as a substantial achievement of the Transport and Customs committee.

Jointly with the International Road Union (IRU), committee members have actively participated in the EU-Russian transport dialogue which has been developing for the last five years. Round table discussions on road transport issues are organized twice a year at the embassy of the country holding the EU presidency. They are organized in cooperation with the European Union Delegation in Moscow and cover important issues of common interest to European and Russian businesses.

The AEB Customs Conference has become a major annual event attended by important persons both from the private sector and the Russian government.

WORKING GROUPS

CORPORATE GOVERNANCE WORKING GROUP

AIM	<ul style="list-style-type: none"> ➤ To lobby for AEB recommendations on the improvement of Corporate Governance in Russia to be implemented by the RF Government through the Federal Commission on the Securities Market. ➤ To disseminate this information, in order to help Russians build an objective view of the main problems in this area.
CHAIRMAN	Svetlana Borodina, Director, Standard and Poor's
AEB MEMBER COMPANIES	Alex Terp LLC; Alrud; AstraZeneca Ltd.; Baker Botts L.L.P.; BP Russia; Branar; Calyon Rusbank; Credit Agricole Indosuez; Cushman & Wakefield Stiles & Riabokobylko; Eckstein & Partners; Ernst & Young (CIS) B.V.; Gide Loyrette Nouel; Hannes Snellman Attorneys at Law LTD; HSBC Bank; IKB Leasing; IT-express; KMB-Bank; Levant & Partners Law Firm; Magisters; Mannheimer Swartling Ryssland Advokataktiebolag; Messe Frankfurt Rus; Noerr Stiefenhofer Lutz; Porsche Russland; PricewaterhouseCoopers; Renaissance Capital; Risk Advisory Group Plc.; Schneider Electric; Sercons; Siemens; Standard & Poor's; UBS AG Moscow Representative Office; Unilever RUS; Wolters Kluwer
NUMBER OF COMMITTEE MEETINGS	3

The reenergized AEB Corporate Governance Working Group held its first event in 2008 jointly, with the Association of Independent Directors. The event was an open session, which focused on criteria, expectations and risks, when choosing independent directors in governmental companies. AEB members were briefed on:

- The mechanism for nominating and choosing independent directors to the Board of governmental companies;
- Drawing contracts with Independent directors;
- The remuneration system for members of the board of directors in governmental companies.

ENERGY EFFICIENCY WORKING GROUP

AIM	To increase Energy Efficiency (EE) business opportunities for AEB members; thereby contributing to a sustainable EE development in Russia ➤ To formulate and promote the AEB's position on EE in Russia. ➤ To inform and educate AEB members about EE developments in Russia. ➤ To identify EE business opportunities for AEB members.
CHAIRMAN	Anton Mifsud-Bonnici, Communications & External Affairs, BP
DEPUTY CHAIRMAN	Jeroen Ketting, Managing Director, Lighthouse Group; Ekaterina Kravetskaya, Chief Financial Officer, Gasunie
AEB MEMBER COMPANIES	Alstom; AV Consulting; Baker & McKenzie; BP; CMS; Deloitte; Daikin Europe NV; DuPont Science & Technologies; Electricite de France; E.ON Russia; Ernst & Young (CIS) B.V.; Gasunie; GDF SUEZ; Konsu Oy; Legrand; Lighthouse Group; LLC Logstor; Philips; Poyry Energy; SGS; Siemens; Statoil ASA
NUMBER OF COMMITTEE MEETINGS	9

The Energy Efficiency Working Group was established in 2009 and became operational in March 2009. From the very beginning, it was a success – sixty companies signed up, from the industry, services and energy sectors. Representatives of the WG took an active part in drafting the new legislation on energy efficiency and energy saving. Moreover, throughout 2009, WG members received regular updates on the general situation in energy efficiency in Russia; technological EE capacities of AEB members and strategies for capitalizing on the business opportunities in energy efficiency in Russia.

In 2010, the Energy Efficiency Working Group will position itself as one of the authoritative bodies to which the AEB members can turn to get information on the general energy efficiency environment and business opportunities in Russia.

HOTELS & TOURISM WORKING GROUP

AIM	To consolidate, coordinate and protect the interests of AEB Member companies working in the tourism and hotel industries
CHAIRMAN	Gianni van Daalen, Baltshug Kempinski Hotel Moscow
DEPUTY CHAIRMAN	Peter Roth, Grand Hyatt Moscow Louie Beck, Korston Hotel
AEB MEMBER COMPANIES	Ararat Park Hyatt Moscow; Baltshug Kempinski Hotel Moscow; Grand Hyatt Moscow; Holiday Inn Lesnaya & Sushevsky; Korston Hotel; Marriott Grand Hotel; Moscow Marriott Royal Aurora Hotel; Moscow Marriott Tverskaya Hotel; Novotel Moscow Center; Radisson Slavyanskaya; Renaissance Moscow Hotels; Sheraton Palace Hotel; Swissôtel Krasnye Holmy Moscow

TECHNICAL REGULATION AND STANDARDISATION TASK FORCE (TRS TF)

AIM	To identify and act on major problems in the field of technical regulation and standardisation, especially in the framework of the technical regulation reform in Russia	
CHAIRMAN	Vladimir Ovcharov, Product Certification Department Manager, SGS Vostok Limited	
AEB MEMBER COMPANIES	ABB, Advocate bureau Vegas Lex, Air Liquide OOO, Alpha Cement, Atlas Copco ZAO, BASF, Bayer, Branan, Candy Elettrodomestici, Caterpillar CIS, Citroen Russia, Continental Tires Rus LLC, DuPont, Ernst & Young (CIS) B.V., Honda Motor Rus LLC, Komatsu CIS, Legrand, Mazda Motor Rus OOO, Michelin, Mercedes-Benz Russia SAO, Nestle, Noerr Stiefenhofer Lutz, Nokia-Siemens Networks, Philips, Renault, Royal Haskoning, Saint-Gobain CIS, Schneider Electric, SGS, Siemens, ThyssenKrupp AG, Turner & Townsend GmbH	
NUMBER OF COMMITTEE MEETINGS	4	
AEB OPEN EVENTS ORGANISED	Event Title	Event Date
	➤ "Current Status on the Development and Implementation of New Technical Regulations in Russia"	February 5, 2009
	➤ "Implementation of the new Fire Safety Technical Regulation Requirements in Russia"	June 25, 2009

The Technical Regulation and Standardisation Task Force (TRS TF) was founded in 2006, upon the initiative of AEB members who were interested in technical regulation and standardisation procedures. The Task Force works in close cooperation with the Committee for technical regulation, standardisation and conformity assessment of the Russian Union of Industrialists and Entrepreneurs (RSPP) and with the support of the European Union Delegation in Russia and DG Enterprise and Industry in the EU.

In 2009, Task Force members were engaged in analyzing and submitting their comments on technical regulations that were worked out in the framework of the technical regulation reform in Russia, with a focus on those that must be adopted before January 1, 2010, according to Order of the Government of the Russian Federation No. 1222-p of August 20, 2009. Based on recommendations from the RSPP, many AEB experts were involved in expert groups working on the development of new technical requirements.

In 2009, the TRS TF members participated in several conferences and seminars organized by the RSPP Committee for technical regulation, standardisation and conformity assessment.

The Task Force established contacts with a consortium, headed by Association Française de Normalisation (AFNOR) and involving the German Institute for Standardization (DIN), British Standard Institution (BSI) and the Swedish Board for Accreditation and Conformity Assessment (Swedac) that won the tender for EU funding of a project aimed at promoting and supporting the rapprochement and harmonization of EU and Russia technical regulations, standardisation and certification systems.

The AEB Task Force allocates high priority to its role as the bridge between Russian officials and representatives of the European Union responsible for the Regulatory Dialogue between Russia and the EU and will continue sending its representatives to current and future subgroups, within the Regulatory Dialogue.

Association of European Businesses and its subsidiary
Statement of financial position as at 31st December, 2009

	31 December 2009 (in EUR'000)	31 December 2008 (in EUR'000)
ASSETS		
Non-Current Assets		
Intangible assets	5	8
Property and equipment	82	110
Deferred tax assets	2	5
Total non-current assets	89	123
Current Assets		
Inventories	5	12
Deferred expenses	15	20
Accounts receivable	76	53
Advances paid	104	138
Other debtors	7	10
Cash and cash equivalents	1,362	761
Total current assets	1,569	994
Total assets	1,658	1,117
UNRESERVED FUND BALANCE AND LIABILITIES		
Unreserved Fund Balance	371	199
Current Liabilities		
Prepaid memberships	1,131	750
Deferred tax liabilities	–	11
Accounts and notes payable	38	19
Payroll accruals	16	20
Social funds and taxes	26	32
Advances received	63	66
Provisions	12	14
Other payables	1	6
Total current liabilities	1,287	918
Total unreserved fund balance and liabilities	1,658	1,117

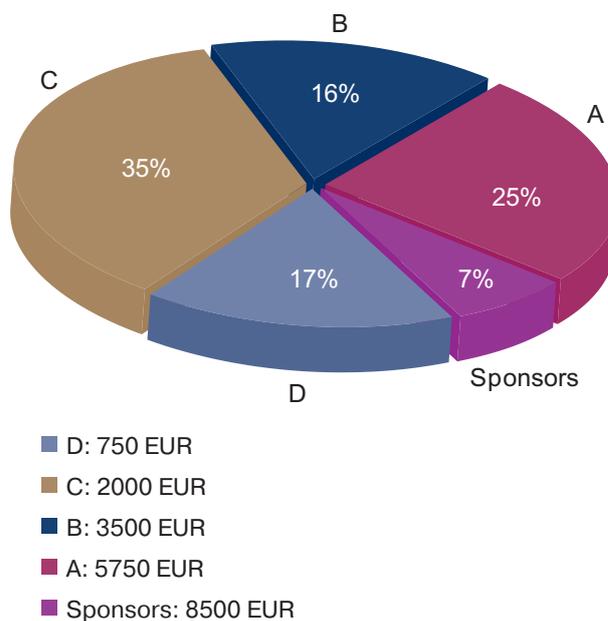
Association of European Businesses and its subsidiary
Statement of revenues and expenditures for the year ended 31st December, 2009

	2009 (in EUR'000)	2008 (in EUR'000)
Membership fees	1,706	1,894
Events	349	349
Publications	75	103
Projects	92	–
Other revenues	34	103
Total revenues	2,256	2,449
Total expenditures, net	(2,073)	(2,115)
Excess of revenues over expenditures before tax	183	334
Income tax expense	(17)	(30)
Deferred tax recovery	8	(5)
Net excess of revenues over expenditures, after tax	174	299

MEMBERS BY COUNTRY

COUNTRY	Number of AEB members representing country
EU-EFTA COUNTRIES	468
Austria	19
Belgium	10
Bulgaria	1
Cyprus	12
Czech Republic	7
Denmark	17
Finland	36
France	64
Germany	91
Hungary	5
Iceland	1
Ireland	8
Italy	14
Latvia	1
Lithuania	1
Luxemburg	3
Netherlands	36
Norway	6
Poland	1
Spain	4
Sweden	20
Switzerland	28
UK	83
NON EU-EFTA COUNTRIES	126
Canada	1
Japan	7
Qatar	1
Republic of Korea	3
Russia	80
South Africa	1
Turkey	4
United Arab Emirates	1
USA	28
Total	594

MEMBERS BY CATEGORY



MEMBERSHIP FEES

CATEGORY	ANNUAL FEE (Euro)	NUMBER OF MEMBER COMPANIES
SPONSORSHIP	8,500	40
CATEGORY A	5,750	137
CATEGORY B	3,500	87
CATEGORY C	2,000	202
CATEGORY D	750	98

