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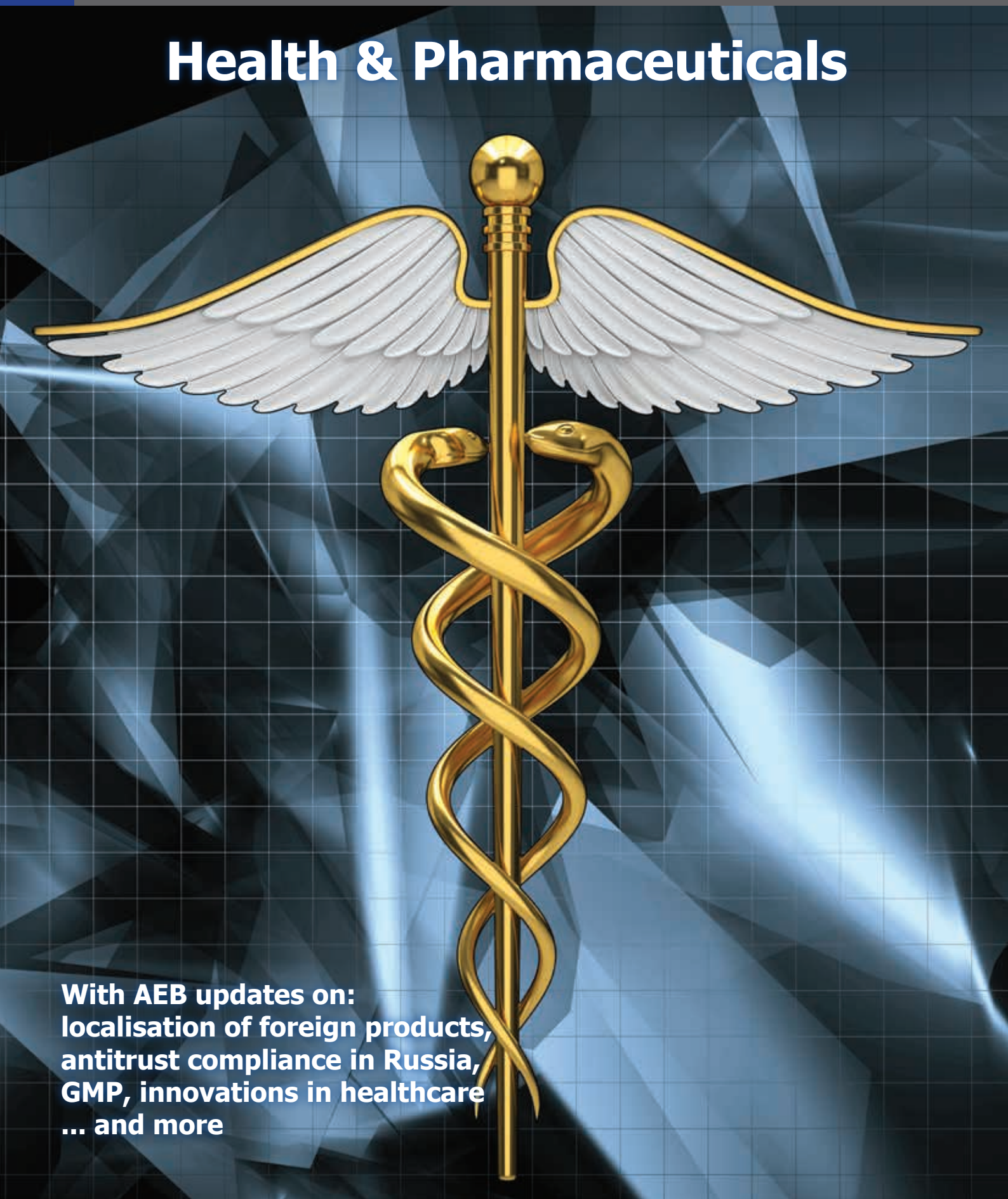

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С ВАМИ С 1917 ГОДА

Dear reader,

I am glad to welcome you to the 3rd issue of the AEB Business Quarterly! This edition is devoted to health and pharmaceuticals.

Today, this industry is of great importance, with the pharmaceutical market making considerable advances, and as a result of the thorough work of experts over many years, patients now have the opportunity to choose from a wide range of drugs.

Only a couple of decades ago scientists could not find the cure to many diseases, but now the situation has changed and the number of incurable diseases keeps on dropping. This shows how big an impact the pharmaceutical industry has had on our standard of living. It is a vital industry and life today would be unimaginable without drugs.

The AEB pharmaceutical member companies participate in government programmes to supply the healthcare system in the Russian Federation with modern affordable and high-quality drugs, including for the treatment of socially significant and the most common diseases. Many of these companies have localised production facilities of essential drugs in Russia or are proceeding with their localisation plans.

In spite of the current regulatory limitations, these European companies can offer European experience and practice in the organisation of the healthcare sector and the transfer of pharmaceutical production and medical equipment know-how. Our companies are keen to build a dialogue with Russian regulators. This dialogue was particularly evident in the creation of the Code of Conduct for pharmaceutical companies, which is being developed under the umbrella of the AEB Health & Pharmaceuticals Committee together with the Federal Antimonopoly Service of the Russian Federation.

This issue of AEB Business Quarterly focuses on the major issues that the pharmaceutical industry faces in its work to improve the lives of patients.

On that note I hope you enjoy reading our publication!

Sincerely yours,

Frank Schauff
Chief Executive Officer
Association of European Businesses

Dear Colleagues,

This year, the Russian antimonopoly authority celebrates its 25th anniversary. Over the past quarter-century, we have passed a long and difficult way to create a market economy and competition regulation in Russia. We have gained a wealth of experience and are not complacent. Currently one of the priorities of the FAS Russia is the development of competition in socially significant sectors, and the pharmaceutical industry is undoubtedly one such sector.

The promotion of competition in the pharmaceutical market is vital to ensure that citizens have access to a wide range of quality drugs at an affordable price. Pharmaceutics is inseparably linked to medical practice, scientific research and clinical studies.

The modern-day Russian pharmaceutical market has plenty of problems: unfair competition between producers, rejection of intraspecific competition, markets division, economically unreasonable pricing, dealer discrimination and finally corruption. All this leads to restricted competition, high prices for medicines, their low affordability and ultimately to causing danger to life and health.

There are two ways of dealing with this situation. The first legislative one is to change current laws, strengthen the level of supervisory authorities' control, apply antimonopoly regulation measures. It is a long process, and not the most attractive in terms of foreign businesses investing in Russia. The other way is to develop self-regulation, and create the conditions under which market participants will themselves determine the rules by which the pharmaceutical industry works.

We understand that Europe has been successful in creating a functional model of the pharmaceutical market, which is based on the quality assurance systems that ensure good practice in drugs circulation (GxP), the practice of respectable relations between market participants. That is why instead of starting to "reinvent the wheel" we find it expedient to try to transfer this practice into Russia.

Together with the Association of European Businesses in Russia, we have developed the Code of Conduct for Car Manufacturers, and the first results of its application are positive. Now we need to do the same with the pharmaceutical market.

Along with all market participants and associations, our goal is to develop a Code of Conduct, that will be the benchmark for Russian and foreign pharmaceutical companies. We are very grateful to the AEB for its efforts in taking on a coordinating role in developing the initial draft and soliciting suggestions from market participants.

What issues the Code should address?

Firstly, we would like each company to have contractor selection rules, the so-called commercial policy, and make them available to the public. These rules should be clear, and published on the official website of the company. This is not new practice in Russia. For example, our largest oil and industrial companies are already doing this. Despite the early fears of some experts, the publication of commercial policy has not caused concerted practices or led to the establishment of equal prices. On the contrary, now we see that this has contributed to the unification of volume discounts and terms of delivery, which is a positive thing for all market participants.

Secondly, the Code shall consolidate a mandatory description of the process of decision-making by companies on conclusion or refusal to conclude a contract, and a relevant notification procedure. The procedure for the selection of contractors and the requirements for them must be made comprehensible by the market participants and supervisory authorities.

And finally, we believe that it is good practice to develop common procedures and requirements for working with distributors. We would like to see the rules themselves to be of a general nature, and not contain provisions of exclusivity and thus promote competition between dealers.

After the development of a common approach to the definition of good practice based on the best European practices, we will propose it to our colleagues of the Eurasian Economic Union, the CIS countries and the BRICS.
Our message is simple: we want pharmaceutical manufacturers to work in the BRICS countries, the CIS and EEU on the same rules and standards to which they have long been working in Europe.

Igor Artemiev
Head of the Federal Antimonopoly Service of the Russian Federation

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Dear Colleagues,

This year is special for the AEB as it is celebrating its 20th anniversary. The Health & Pharmaceuticals Committee was established from the outset and it has been developing together with the AEB.

Today, the Committee has lofty goals. It aims: to develop working relationships with legislative authorities, respective ministries and governmental agencies of the Russian Federation; to promote a constructive dialogue between Russian and foreign pharmaceutical and healthcare companies; to ensure free market access for European pharmaceutical products and medicinal companies operating in the Russian Federation; to enhance cooperation with Russian authorities so as to improve the drugs supply system for patients in Russia; to encourage the improvement of intellectual property rights and effective action against counterfeit and out-of-date medicine; to contribute to the creation of a regulatory environment giving consumers access to high-quality, cost-effective medicines, including innovative medicines. Although our companies differ in terms of size and business models, all of them are European pharmaceutical companies that have gained considerable experience in healthcare procurement and knowledge of the latest technologies and management skills. They have come to Russia with long-term goals and most of them seek to invest and localise their production here.

The Health & Pharmaceuticals Committee believes that it is important to contribute to the development of partnerships between European countries and the Russian Federation. For that purpose, the Committee cooperates closely with the European Union Delegation to Russia and the European Commission Directorate-General for Health and Food Safety (SANTE) in healthcare and the pharmaceutical industry, encouraging the dissemination of European best practices and the extensive experience it has gained. The Committee monitors developments and seeks to hold constructive dialogues with the Eurasian Economic Commission on the general regulatory framework on drug circulation in the Eurasian Economic Union.

The Association of European Business (AEB) represents the interests of over 600 European and Russian companies doing business in the Russian Federation, and it collaborates with the regulatory authorities, including, among other things, via the development of industrial codes of conduct. The Code of Conduct is a remarkable example of industry self-regulation, in which code members develop rules of conduct in addition to existing legislative requirements in order to unify the best business practices on the market and to increase transparency in the relations with all stakeholders.

In September 2014, at the annual briefing of the Head of the Federal Antimonopoly Service of Russia Mr. Artemiev shared his experience in respect of the joint work performed on the development of the automobile manufacturers' Code of Conduct, specifically highlighting the improvements achieved in the business practice of automobile manufacturers and automobile dealers, as well as the significant decrease of antitrust legislation violations. Recognising the social importance of the pharmaceutical industry and the need to introduce due practice into the business activities of drug manufacturers, Mr. Artemiev talked to representatives of the pharmaceutical industry about developing the Code of Conduct. Members of the AEB Health & Pharmaceuticals Committee recognised the rationale of changing certain aspects of existing business practice and supported the initiative to develop the Code of Conduct.

The AEB Health & Pharmaceuticals Committee included a working group consisting of experts and drug manufacturer representatives, which was established to develop the Code of Conduct. From October 2014 to May 2015, the members of the working group held regular meetings that resulted in the draft of the Code of Conduct. It is worthy of note that throughout the whole working process the members of the working group met with representatives of the Federal Antimonopoly Service, including a number of meetings with Mr. Artemiev and the Head of the Department of the control over social sphere and trade Mr. Nizhegorodtsev.

While discussing the Code of Conduct with Federal Antimonopoly Service representatives the decision was made not to limit potential participants by membership in a particular association, but to grant any manufacturer, regardless of the country of origin, the opportunity to join the Code of Conduct, providing they have expressed their interest in good business practice in Russia by signing the declaration.

The Code of Conduct does not include areas covered by other industrial codes (for example, the marketing practices of drug manufacturers). The Code of Conduct is primarily aimed at regulating relations between drug manufacturers and distributors by declaring that parties to the code need to adopt a commercial policy that is publicly available. The commercial policy should contain detailed distributor selection rules, the grounds for denying a direct contract, the commercial drug shipment terms (including payment terms, bonus models, credit limits and minimum shipment orders). Also there are several provisions of the code that cover the direct participation of drug manufacturers in state tenders, drug pricing, the prevention of corrupt and undue practices while working with state customers, the healthcare community, patient organisations and other drug market stakeholders.

During discussions with the Federal Antimonopoly Service the working group was able to find mutually acceptable solutions, with the aim to enable parties to the code to choose their business model (including the right to work through a limited number of partners (provided such partners are selected through a transparent and collective process), the right of the manufacturer to ship products to distributors through company groups, the right to use different incentive models for distributors operating in the commercial and public market segments).

The concept of the Code of Conduct was presented for the first time in March 2015 during the BRICS drug markets round table, and after that the draft document was presented to the wider pharmaceutical community during the Expert Counsel of the Federal Antimonopoly Service meeting in May 2015, which included the state authorities, experts and market participants (manufacturers, distributors, pharmacy chains).

Following the meeting of the Expert Council, the pharmaceutical community expressed significant interest in the Code of Conduct and sent numerous comments to the working group. The working group conducted several meetings with industry associations in order to incorporate to a maximum extent the wishes of all stakeholders into the Code of Conduct.

The final version of the document will be available in autumn 2015, and after that companies will be free to join the Code of Conduct and implement its principles into their business models by 1 January 2016. Work on the Code of Conduct will continue – the working group plans to analyse the effectiveness of the code in through working meetings with the Federal Antimonopoly Service of Russia, to consider the potential widening of the code's provisions to cover the activities of drug manufacturers outside Russia, and to establish a special collective body for disputes resolution between manufacturers and drug buyers.

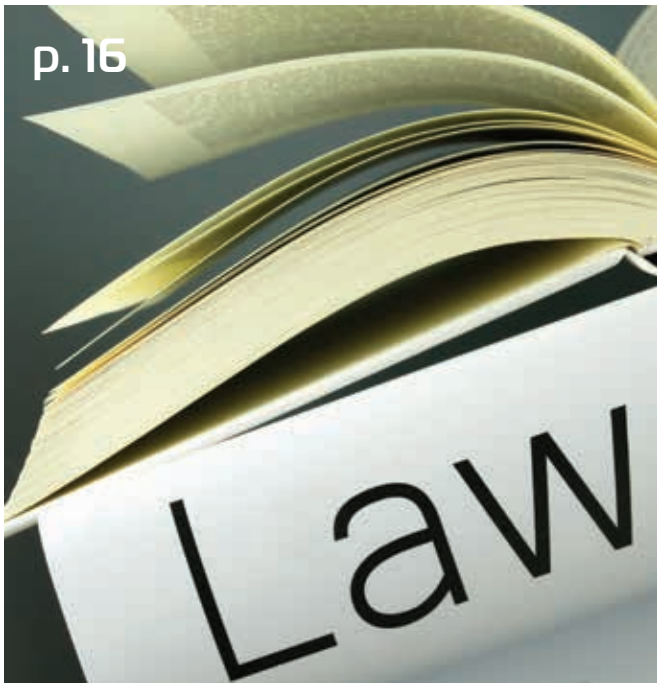
The AEB Health & Pharmaceuticals Committee expresses its hope that the constructive and mutually beneficial dialogue between business and the regulator will be maintained, with the Code of Conduct for drug manufacturers representing one of the forms of dialogue.

Sergey Smirnov
Chairman of the AEB Health & Pharmaceuticals Committee

AEB BUSINESS QUARTERLY, Autumn 2015

Health & Pharmaceuticals

New resolutions of the Russian legislation. What are they?



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Localisation of foreign products in Russia. Who is who? Who is the winner?

YURY LITVISHCHENKO
General Manager,
Chiesi Pharmaceuticals

It is well known that innovative drugs used by Russian patients are manufactured by foreign companies. Manufacturers from the Western Europe dominate this segment. This is about innovative products. The total market has historically been dominated by cheap outdated products, again mainly of foreign origin. For many years since the establishment of the pharmaceutical market in Russia this has been the irreversible trend. The Russian government took the strategic decision to change the situation on the market and developed a strategy for development of the Russian pharmaceutical industry – Pharma-2020, with the ultimate goal to reach a market share of 70% of innovative local products sold in Russia.

In real life the launch of the governmental strategy Pharma-2020 in 2011 with its resulting significant investments in local research and development did not significantly improve the situation with local innovative products. At the same time foreign companies were forced to consider the localisation of their locally important innovative brands, as their business came under threat as a result of several state decrees that developed a different approach to Russian and foreign medicines in the governmental procurement system, with Russian medicines enjoying certain advantages, and a list of 57 strategic products to be localised. 2014 and 2015 are the years of further protectionism of local manufacturers and the substitution of imported products in state procurement, aggravated by the economic crisis and political tension with the West.

> At the same time plenty of other important things are considered by the management when the decision is made to localise.

For a number of major global pharmaceutical companies state orders account for a significant part of their turnover, and this for them was the driving force that led them to setting up local production facilities in Russia.

So, what are the main reasons behind this?

There are several reasons: the wider penetration in the reimbursement segment and the attainment of a higher market share, the possible inclusion in reimbursement; the possibility for price increases at the budgeted inflation rate and the protection of market share against the main competitors.

At the same time, plenty of other important things are considered by the management when the decision is made to localise. The availability of qualified employees, affordability of capital for investment, infrastructure, transparent and stable regulatory and legal environment, modern technologies, availability of raw materials and many others.

In spite of the fairly strong desire of the government to speed up the process of localisation, there are several open issues which are not supporting it. One of them is the absence of clear criteria defining the local manufacturer. Who is local? The criteria by which the manufactured medicines will be recognised as Russian pharmaceuticals have not yet been identified. This issue is very important for the decision-making process at the headquarter level of foreign pharmaceutical companies. Which stages will be considered as a localisation and when? The industry is trying to discuss with the government the possibility of considering primary and secondary packaging as an imminent part of the production of pharmaceuticals and initially of considering this as localisation. In practical terms even the transfer of the packaging of foreign products to Russia may require several months, methodological and physical tests of quality control processes, the transfer of other related technologies etc.

Another question: who is the winner? It is not clear that localised products are preferable in state orders. In actual practice in governmental procurement at a regional level a preference for local and localised products does not work. Time is needed to change the reimbursement lists and the prescription habits of physicians. Physicians are not prescribing because there are no goods in the reimbursement channel, and there are no goods available because physicians are not prescribing…

The geography of the market may change as a result of the localisation of the manufacturing facilities of imported goods and the consequent redistribution of the market share of companies.

Legal aspects of localisation in pharmaceutical industry

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Senior Associate, PwC

KIRA MARKOZUBOVA
Associate, PwC

One of the main strategic goals for the pharmaceutical industry in Russia is the localisation of pharmaceutical production facilities. The strategy for the development of the pharmaceutical industry in Russia by 2020 (Pharma-2020), was adopted in 2009 to support this goal. Following the adoption of Pharma-2020, a number of legal acts and draft regulations addressing this issue have been drawn up. This article provides a brief review of the current preferences stimulating the localisation process and an observation of the typical manufacturing models that may be used by foreign pharmaceutical companies in cooperation with their local partners to establish local manufacturing.

Limitations and preferences for Russian and foreign manufacturers

Under the Pharma-2020 programme, the government plans to increase (in monetary terms) the market share of local pharmaceuticals by 50% by 2020. The government intends to achieve this goal through the application of various preferences for Russian manufacturers, such as:

- Existing pricing preferences in state tenders: in case the winner of a state tender has submitted an application to supply products of a foreign origin, the contract shall be concluded with the winner with the price offered by the latter minus 15%;

- The potential for limiting supplies of foreign pharmaceuticals for state tenders: under a draft governmental decree, the access of foreign pharmaceuticals to public tenders shall be limited, if there are two or more offers to supply local medicines (medicines from the Eurasian Economic Union);

- Potential pricing preferences with respect to vitally important and essential pharmaceuticals (EDL pharmaceuticals): notwithstanding that the new draft regulation entitles a foreign manufacturer to re-register prices on EDL pharmaceuticals, it gives only local manufacturers the possibility to re-register prices at a level above inflation (if certain terms established by the pricing methodology are met);

- Potential provision of grants to Russian manufacturers: a draft governmental decree prescribes the possibility for the provision of grants to Russian legal entities aimed at compensating expenses related to the manufacturing of pharmaceuticals and (or) APIs;

• Potential preferences for parties to a special investment contract: under a draft federal law amending the law on state tenders, public customers have to conclude state contracts with parties to special investment contracts based on the purchasing procedure of the sole supplier.

Typical operational models for the organisation of local manufacturing by foreign pharmaceutical companies in cooperation with local partners

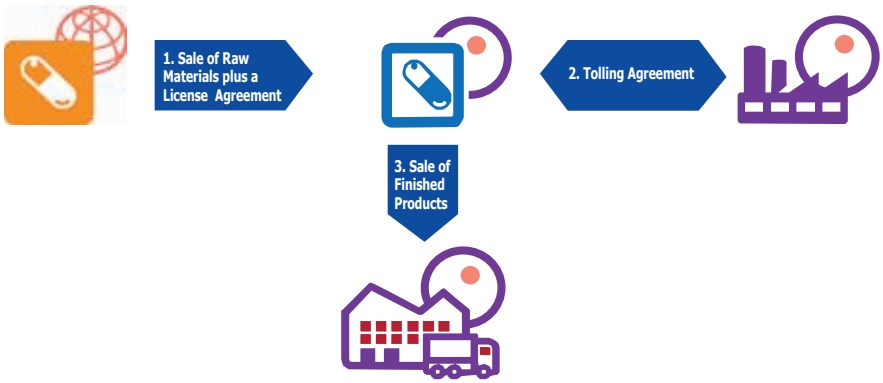
To comply with Pharma-2020 and to be in a position to continue business in Russia many foreign pharmaceutical companies begin local manufacturing. We provide a brief overview of typical business models aimed at localisation, as well as the legal pros and cons associated with each model given. We believe that business model 3 is preferable for a foreign group since it is easy to implement and provides the group with control over the finished products.

1 ▶ OPERATIONAL MODEL 1 – LICENSE AGREEMENT

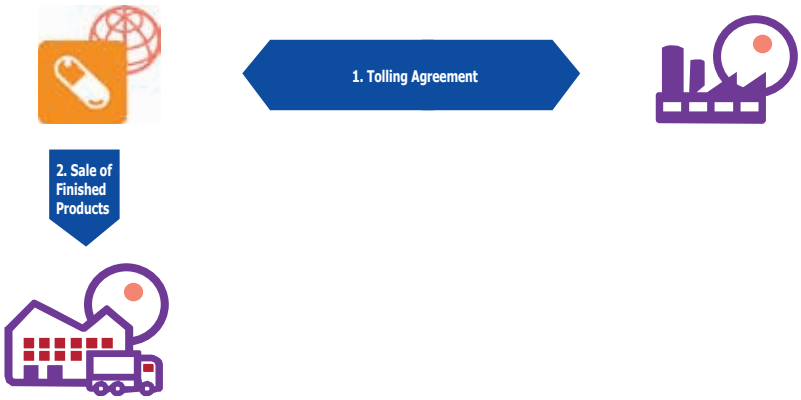
Operational model 1 reflects the relations between a foreign pharmaceutical company and a local partner. This model is clear and generally its implementation is not associated with any particular legal risks. It does not require any additional permits (e.g. manufacturing licenses, pharmaceutical licenses, etc.) from the foreign company, nor does it provide for any ambiguity in price regulations with respect to EDL pharmaceuticals. With that, the disadvantages of this model include the absence of almost any control of the foreign group over the

2 ▶ OPERATIONAL MODEL 2 – SALE OPTION

3 ▶ OPERATIONAL MODEL 3 – TOLLING OPTION



4 ▶ OPERATIONAL MODEL 4 – TOLLING OPTION WITHOUT RUSSIAN SUBSIDIARY



finished products and limited profits of the foreign pharmaceutical company.

Operational model 2 reflects the relations between a foreign pharmaceutical company, its Russian subsidiary and a local partner. It provides limited control of the foreign group (via the Russian subsidiary) over the finished products, since generally the local manufacturing company is free to sell the products to any customer. Furthermore, no manufacturing license is required for the foreign company in Russia, but the Russian subsidiary only has a wholesale pharmaceutical license. However, the limited profits of the foreign pharmaceutical company and limited profits of the Russian subsidiary in case of EDL pharmaceuticals (part of the wholesale chain) are one of the disadvantages of this model.

Operational model 3 reflects the relations between a foreign pharmaceutical company, its Russian subsidiary and a local partner. From a practical viewpoint, this model is easy to implement and frequently used in practice. It provides the foreign group with control (via the Russian subsidiary) over the finished products. Furthermore, no manufacturing license is required for the foreign company or the Russian subsidiary, but the latter only has a wholesale pharmaceutical license. The applicable regulations do not stipulate how the manufacturer's maximum price should be calculated and registered within the tolling model (contractual manufacturing) when a manufacturer of pharmaceuticals is not entitled to introduce them into civil circulation. Still, in practice, it is generally possible for a Russian subsidiary to register the maximum selling price for EDL pharmaceuticals provided it holds a power of attorney from a marketing authorisation holder.

Operational model 4 reflects the relations between a foreign pharmaceutical company and a local partner. From a practical viewpoint, this option is not workable since a foreign legal entity must obtain a pharmaceutical license in order to sell pharmaceuticals in the wholesale market, where in practice the respective license is not issued in Russia to foreign entities. In addition, as regards the price registration of EDL pharmaceuticals, we are not aware of any cases where a customer whose costs would be taken into account for price registration is a foreign legal entity.

Innovations in healthcare for brighter future. Pharmaceutical R&D as driver of growth

GEORGY SOUSTIN
Corporate Affairs & Communications Director, Takeda Russia-CIS

Nowadays it is impossible to overestimate the contribution of pharmaceutics and biopharmaceutics to the development and welfare of modern society. A lot has changed over the past 20 years: due to the achievements of medical science around the world we are now witnessing a significant increase in human life expectancy and living standards. We need to understand that a new product involves years of work of the best scientists and multibillion investments on the part of pharmaceutical companies. According to the European Commission, the pharmaceutical and biotechnology sectors make up 18.1% of total R&D investment in the major economic sectors. Nowadays, the development of a new product costs on average approximately 1.2 billion euros. Out of 10,000 medicines that start to undergo all necessary stages of research, pre-clinical and clinical studies, only one or two become an innovative medicine that reaches patients. In other words, the creation of a new product is not only a capital intensive process, but also a process with a highly unpredictable success rate. Of course, the industry is searching for methods to improve R&D efficiency, but we need to understand that innovation cannot be cheap. Innovation, however, remains vital for the economy and healthcare to move forward.

That is why the future of medical science is closely connected to the establishment of partnerships; the implementation of the "open innovations" principle, which involves academic, public and private entities in the R&D process; the crossing of state boundaries in the search of pharmaceutical companies for prospective ideas and developments. To gain the opportunity to develop most innovative products a company should collaborate or hire the best-in-class scientists and pharmaceutists from all over the world. These are the reasons why the cost of developing innovative drugs is increasing.

Clear example of R&D

Speaking of cooperation, Takeda's strategy in Russia involves not only the development of local sales and production facilities, but also the development of scientific alliances. In February 2014, Takeda entered into a partnership with the Siberian branch of the Russian Academy of Sciences (SB RAS). This collaboration is aimed at joint R&D projects at the early stage of drug discovery. This year we have started 2 projects under this partnership. The first project is with the Institute of Cytology and Genetics to collaborate on bioinformatics. The second project joins the efforts of Takeda's Shonan Research Centre and the Institute of Chemical Biology and Fundamental Medicine in oncology and immunology. We hope that it will help to develop a potentially new therapeutic approach to treat cancer and immunity-related diseases. Several more projects are in the advanced stages of consideration by the Steering Committee.

We are also looking to contribute to the development of Russian medical science by supporting talented young people in their desire to win international acknowledgement for their new developments both in the fundamental and applied sciences. Thus, together with our partners – Skolkovo and the Centre for Health Technology Assessment at the Russian Presidential Academy of National Economy and Public Administration – we have recently announced the launch of the project "International Recognition of Russian Research". It is aimed at supporting young scientists so that their scientific research meets the highest global standards, as well as their publications were designed in the manner acknowledged by international scientific journals and commercialisation. And we hope that this integration of young Russian scientists into the global pharmaceutical environment will have a large impact not only on the national level, but also worldwide.

Restrictions on state procurement of foreign medical devices: practice and implications for other sectors

MARIA BORZOVA
Senior Associate, Manager of life sciences projects, VEGAS LEX law firm

Background

On 5 February 2015, the Russian Government adopted Resolution No. 102 "On Restricting the Access of Certain Types of Medical Devices Originating from Foreign Countries for the Purpose of Procurement for State and Municipal Needs" (Resolution No. 102). Resolution No. 102 contains a closed list of medical devices to which its provisions apply (the "List").

Resolution No. 102 became the formal implementation of the so called "three's a crowd approach". A similar approach is being discussed for implementation in the pharmaceutical sector.[1] Therefore, it is useful to look into the theory and practice of the application of relevant approaches based on the experience gained in the MDs sector.

Practical implications

Paragraph 2 of Resolution No. 102 states that the state purchaser must reject the tender offers of medical devices which are both included in the List and originate from foreign countries (except for Armenia, Belorussia and Kazakhstan) if at least two other bids are submitted, and the two or more tender bids meet the following conditions:

(a) the products offered in the bids satisfy the requirements of the tender documentation;

(b) the country of origin of the products is Russia, Belarus, Kazakhstan or Armenia; and

(c) the bids do not offer one and the same type of medical device from one manufacturer.

Current practice[2] states that the list of relevant preconditions for the application of Resolution No. 102 is closed. Therefore, if during the tender, a state purchaser needs to acquire medical devices which are not manufactured in the countries listed in paragraph (b) above, then the state purchaser has no grounds to apply the relevant restrictions. Please note, however, that it is necessary to monitor how this principle will be further applied towards expendable materials, reagents etc., which due to objective circumstances may not have any equivalent (in order to identify the practical guidelines determining the unique status of the product excluding the application of Resolution No.102).

The state purchaser may not include products subject to the above restrictions, and products that are not in the List into one tender procedure, as it may breach the imperative requirements of the procurement regulations and the principles of competition protection.[3]

Furthermore, according to current practice, the state purchaser may apply

[1] Go to: http://regulation.gov.ru/project/18147.html?point=view_project&stage=2&stage_id=12383.

[2] E.g. see the Decision of the FAS Kemerovo Region Department dated 26 May 2015, case No. 159/3-2015.

[3] E.g. see the Decision of the FAS Tula Region Department dated 3 June 2015, case No. 04-07/72-2015.

Resolution No. 102 and the Order of the Ministry of Economic Development dated 25 March 2014 No. 155 "On the conditions for releasing goods originating from foreign countries for the purpose of purchasing goods, work and services to meet state and municipal needs" simultaneously in the same tender procedure.[4]

At the same time, if the state purchaser applies the restrictions set forth in Resolution No. 102, the bidding company must provide a certificate confirming the product's country of origin. Otherwise, the state purchaser may reject the bid on formal grounds.[5]

Conclusions

We believe that the above regulatory trends will continue to develop (including the possibility of opposing practical interpretations). Moreover, some of the above approaches may have the same implications for other economic sectors where the "three's a crowd approach" is applied.

If we try to speculate on the possible implications for the pharmaceutical sector, we can identify the subsequent risks. For instance, the provision of a certificate of origin of a drug may be regarded as an excessive requirement, as information on the production stages and the manufacturer's origin is given in the registration certificate. If adopted, such an approach may create significant difficulties for tender participants.

Furthermore, many issues may potentially arise while determining the requirements for tender documentation and when taking decisions on product equivalence. Therefore, until the interchangeability regulations start working, it will be difficult to assess whether the state purchaser should actually apply the "three's a crowd approach", even if it believes that only one medical option is possible for patients (for instance, for those already established on certain medicines).

[4] E.g. see the Decision of the FAS Bryansk Region Department dated 8 June 2015, No. 60.

[5] E.g. see the Decision of the FAS Primorsk Territory Department dated 10 April 2015, case No. 123/04-2015; Decision of the FAS Murmansk Department dated 7 May 2015, case No. 06-10/15-112; Decision of the FAS Kemerovo Region Department dated 18 June 2015, case No. 223/3-2015 etc.

Future of antitrust compliance in Russia. Do we need legislative change?

PAUL MELLING
Baker & McKenzie – CIS, Limited

ANTON SUBBOT
Baker & McKenzie – CIS, Limited

A company that violates antitrust law can suffer a variety of negative consequences, from public sanctions to private claims. The main financial sanction that is imposed by the public authorities is an administrative fine. The fine can range from 1 to 15% of a company's annual turnover in the affected market (0.3 to 3% for price-regulated markets and the so-called mono-product companies) and, in case of collusion relating to public tenders, from 10 to 50% of the starting price of the affected tender. One common feature of all such fines is that they are issued pursuant to the Code of Administrative Offences, and the Code expressly provides that administrative liability is fault-based. This means that a company may be held administratively liable – and be ordered to pay a fine – only if the unlawful conduct (anticompetitive behaviour in this instance) was the fault of the company. Simply put, without fault there is no liability for anticompetitive behaviour.

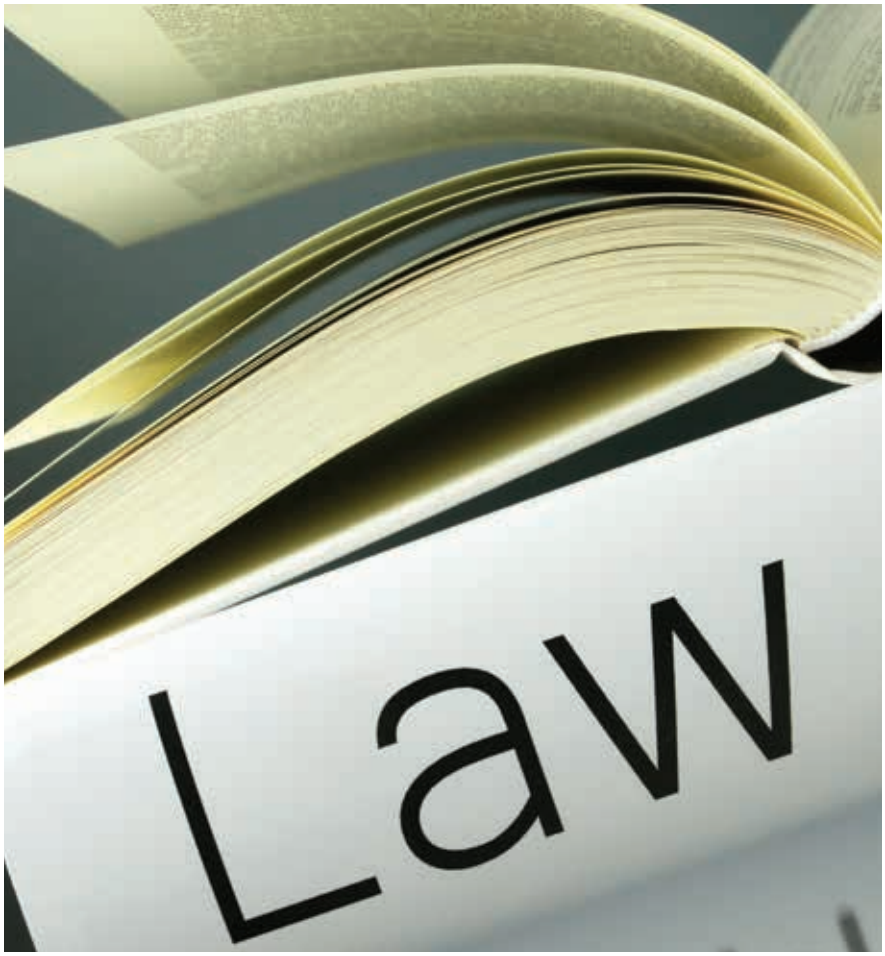
So when is a company deemed to be at fault? The answer to this question can also be found in the Code which stipulates that a company is considered to be at fault if it fails to take all measures within its powers to prevent unlawful conduct. In other words, a company is held administratively liable not because unlawful conduct has occurred – this would be the outcome under a strict liability regime – but because a company did not do enough to prevent its occurrence. By establishing this principle the legislator recognises that there is a limit to what a company can do to ensure compliant behaviour and that it is unjust to hold a company liable for things that it could not prevent despite its best efforts. As a result, the existence of appropriate compliance measures operates as a complete substantive defence that relieves a company from any administrative liability.

But the Code goes even further by adding important procedural safeguards. It specifically requires the authorities to identify the circumstances which, in their view, justify a conclusion that a company was at fault and hence should be held liable. In doing so, the authorities must resolve all reasonable doubts in the company's favour. The Code also requires the authorities to consider all relevant mitigating circumstances when determining the amount of a fine. This means that preventive measures that were taken in good faith but for some reason fell short of a complete defence can be reflected in an appropriate reduction in the fine, to ensure the proportionality of the exacted punishment to the degree that the company is at fault. Lastly, the Code stipulates

that the authorities' failure to observe these principles can be grounds for setting aside their decision as to liability in court.

All these principles have been validated by the highest Russian courts. The Constitutional Court has repeatedly stated that the fault requirement is intended to exclude liability for companies that are not blameworthy, and that it applies to all regulatory areas unless the legislator stipulates a direct and unequivocal exception. Lower courts are beginning to catch on to this, although occasionally they struggle with distinguishing between a "tick-the-box" compliance regime and a legitimate and substantive compliance programme. This, however, seems to be a temporary problem, with the courts' jurisprudence clearly heading toward recognising compliance as a defence, provided companies can demonstrate that their efforts were genuine and commensurate to the risks they were designed to address. A telling illustration of how this works in practice, albeit in another area of law, is a recent case where a compliance defence was successfully pleaded by a company facing charges of corruption, the defence being made on the basis of the company's anti-bribery policies and programmes.

No one would argue that back in 2001, when the legislator included all these principles in the Code of Administrative Offences, it purposely had corporate compliance in mind. However, even though perhaps more by accident than by design, these legal principles codified years ago offer a remarkably suitable foundation for incentivising corporate compliance in 2015 – whether that be antitrust, antibribery or anything else. These principles provide the necessary incentive by means of allowing for complete relief from administrative liability, thus in themselves justifying the management time and costs associated with the development, maintenance and implementation of an effective compliance programme. They also provide the necessary flexibility – a company can devise a compliance programme that best suits its individual business, which can be particularly important for multinational companies striving to ensure that their compliance programmes are manageable across various jurisdictions.



Consequently, the proposal currently under consideration by the Federal Antimonopoly Service to amend the Code of Administrative Offences to make an antitrust compliance programme grounds for a reduction in the fine to the statutory minimum (e.g. 1% of a company's annual turnover in the affected market), is not altogether welcome. Firstly, because it marks a substantial departure from the current regulatory regime which stipulates a complete relief from liability. Secondly, because the FAS takes the decision as to whether the antitrust compliance programme of the company is fit for its purpose and whether the company has done everything possible to implement that programme, threatening the flexibility afforded by current legislation.

As the saying goes "If it ain't broke, don't fix it", and we hope that the FAS comes to the same conclusion in time.

Impact of parallel import liberalisation in pharmaceutical sector

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Introduction: What is parallel importation?

Parallel import liberalisation, or in more scientific terms, the implementation of the international exhaustion of intellectual property rights with regards to trademarks is an important issue in many countries, and it has recently become a major discussion topic in the Russian business community.

Parallel importation means that independent suppliers can import goods with the same trademark to a country without the owner's consent. In the pharmaceutical industry the liberalisation of parallel importation would allow drug X produced in country B to be imported to country A where the same drug X under the same brand is already being distributed either by official distributors or the owner of the intellectual property rights. The chance that drug X can cost much less in country B than in country A makes such business seem very beneficial for parallel importers. As a result, there are more players and competitors in the market of country A.

In the event that parallel importation is liberalised, in the abovementioned hypothetical example Russia would play the role of country A, while country B could be any country in any part of the world (in compliance with the most-favoured-nation principle of the WTO system (article I GATT 1947 (WTO).

Legal aspects of parallel importation: a glance from the global perspective

In May 2014, Russia signed the treaty on the Eurasian Economic Union (EAEU) along with Kazakhstan and Belarus. Armenia and Kyrgyzstan joined the EAEU in 2015. Under the EAEU Treaty, the countries established the regional principle of the exhaustion of intellectual property rights within the EAEU. This means that parallel importation is liberalised within the EAEU, but is prohibited from third countries.

The regional principle is well-known in regional and trade agreements and is regarded by many as a tool to facilitate the free movement of goods within economic unions. A similar approach has being successfully applied in the European Union. The EU also provides the regional principle of the exhaustion of intellectual property rights but at the same time it has established a set of requirements that must be met by parallel importers of, in particular, pharmaceutical products, within the EU, such as: parallel import licensing; no negative impact on the quality of the original drug due to re-packaging; no reputational risks for drug producers; the right for owners of intellectual property rights to inspect samples or drugs and object to any packaging or representation that would either potentially impact the quality of the drug or the reputation of the original manufacturer.

Given that legislation on drug safety and marketing is fully harmonised between the EU members, the parallel importation of drugs within the EU does not seem to be a reason for concern among patients and consumers from a quality point of view if the safeguards provided are complied with. However, there are

still some major points for the EU, e.g., the so-called tamper-evident packaging enforced by the Falsified Medicines Directive (EU Directive 2011/62/EU amending Directive 2001/83/EC on the Community code relating to medicinal products for human use, as regards the prevention of the entry into the legal supply chain of falsified medicinal products). The Falsified Medicine Directive came into force in 2013 but it is still unclear how to implement its provisions to secure the patient's interests in the best possible way.

The EAEU mechanism looks similar to the EU at first glance, as it has a similar idea with regards to the harmonisation of regulatory and registration rules within the EAEU. However, currently in the EAEU the possibility to allow a few exceptions (e.g. pharmaceutical products) from the regional principle of the exhaustion of intellectual property rights is under discussion. It has been proposed to allow the implementation of the international principle of the exhaustion of intellectual property rights for such exceptions.

Besides the existence of regional agreements, there are other countries that have liberalised the parallel importation of drugs, but the effect of this liberalisation is still dubious.

For instance, Georgia allowed parallel imports for pharmaceutical products in 2009 by adopting a new "approval regime", which means that if the drug is registered in a respected international body (such as the EMA), the drug gets approved for sale in Georgia without additional consideration. This means that Georgia automatically adopts the decision of the Health Authority where it has no influence on the decision taken. On the other hand, parallel importation in Georgia has raised some concerns as the main source of parallel imports to Georgia are the Baltic countries, but no one knows how the imported drugs get into these countries and where they have been initially produced (the so-called "lack of traceability of pharmaceutical products"). This lack of traceability is raising the risk of counterfeited goods entering the EU. To address this issue and combat drug counterfeiting, in 2010 the EFPIA launched a traceability pilot program. In 2011, the European Parliament and the Council of the EU adopted the abovementioned Falsified Medicines Directive (Directive 2011/62/EU).

According to the Directive, since the distribution network for medicinal products is increasingly complex and involves many players who are not necessarily wholesale distributors, legislation in relation to medicinal products should address all actors in the supply chain. Another country, Poland, which has allowed parallel importation within the EU, was enjoying the free movement of drugs within the EU, but has recently faced another issue. As the OECD stated in its report on the Global Forum on Competition in 2014, parallel importation liberalisation has driven the price down to such a level that people have started re-exporting drugs out of Poland to make a profit. Consequently, it has resulted in a shortage of drugs and the Ministry of Health of Poland has now had to start thinking about amending the law to secure supplies and "limit uncontrolled parallel imports".

Points of view on parallel importation liberalisation in the Russian pharmaceutical industry

The parallel importation liberalisation of pharmaceutical products has been discussed in Russia since 2014. Currently there are several approaches and positions on this matter:

1. The proponents of its liberalisation refer to (1) the potential price decrease of the drugs and (2) the rise of fair competition due to the increasing number of participants, which would benefit the end customer. They advocate that the parallel importation of drugs will significally expand the access to drugs for patients by lowering prices.

2. On the other hand, opponents of the implementation of the international exhaustion of intellectual property rights are concerned about (1) the quality assurance of such imported drugs, which cannot be controlled and therefore guaranteed; (2) how parallel importation would affect the investment climate in the country; (3) how the international principle would correlate with Russia's international obligations, and (4) the fact that parallel importation legalisation may raise the risk that developing countries will demand that equal prices are set for all countries without regards to their economic situation and developmental level.

The public discussion is still in progress and further analysis is still required on liberalising the parallel importation of drugs in Russia. However, an assessment of all the possible risks and potential benefits for patients seems to be the most important thing. The overall goal should be to ensure the safety, quality, efficacy and affordability of pharmaceutical products for Russian patients. The further development of the Russian pharmaceutical sector is needed to reach this goal.

Era of GMP: long and winding road

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Russia is among TOP-10 pharmaceutical markets in the world with annual growth of about 10% for the past few years. In 2009, the strategy called Pharma-2020 was initiated with aim to build competitive Russian pharmaceutical industry to ensure national drug security and increase export potential of drugs produced in Russia. While entering the world pharmaceutical arena Russia needs to introduce international standards and norms. One of them is GMP.

What is GMP?

Good manufacturing practice (GMP) is a set of minimal requirements related to the manufacturing process of drugs to ensure the quality of products. The purpose of GMP rules enforcement is to possibly avoid errors and deviations in the process of drug manufacturing and also at production stages that may adversely affect the quality of the finished product. If errors are made, compliance with the rules should provide detection and correction of those at earliest possible stages.

The basis of the future GMP rules was developed at the end of the 1940-ies of the last century. Back then the leading global pharmaceutical manufacturers realised the importance of collection and summarising the experience in area of quality control. The GMP concept was established and rapidly developed acquiring wide international recognition as a result of a joint effect of a number of factors.

The key factors include:

"Therapeutic Revolution"

From mid 1960-ies of the XX century, with booming era of finished products production and broadening of the product nomenclature, potentially hazardous for consumers cases of cross-contamination or accidental contamination of drugs and mislabeling became more frequent. These cases could not be effectively controlled by analysing samples of finished products. The quality was not only controlled, but ensured through in-process prevention of errors and deviations.

Evolution of pharmacopeia standards

Pharmacopeia lost its status of the only one or most important quality management tool and turned into a component of the general quality assurance system.

The Thalidomide issue that led to about 10 thousand cases of congenital anomalies and triggered the development of the GMP rules.

The first variant of rules developed by Food & Drug Administration (FDA) inspectors based on the general experience of the industry leaders – manufacturers of branded drugs, appeared in 1963 in the USA as a two-page document containing some pharmaceutical requirements. Subsequently the document was supplemented with new rules (in 1965, 1971, 1978, 1987, 1992). The document was legally based on the so-called Kefauver Law accepted in 1962 as an amendment to the Law

on drug, food and cosmetic products" of 1938. According to the law drugs manufactured without regard to GMP rules were defined as "defective", in other words, they were not released to the market.

The first international document on GMP developed by the World Health Organisation (WHO) specialists appeared in 1968. Somewhat later, in 1969, a WHO resolution prescribing to use GMP rules by all WHO member states was adopted. International symposium on WHO GMP rules promoted further spread of the rules. The symposium was held in 1971 in Geneva by the WHO and the International Federation of Pharmaceutical Industry Associations (IFPMA).

In 1971, the revised text of WHO GMP rules was included as appendix to the International WHO Pharmacopeia (2nd edition). This was the recognition of the status of GMP rules within the overall system of drug quality assurance system. It was the beginning of switching of the world drug industry to GMP standards. Soon after that the WHO rules were accepted as national requirements by dozens of states wishing to take part in the drug quality certification. In 1986–1992, within the European Economic Community (now the European Union) a single document was developed, national requirements of some European countries became invalid. ASEAN and Arab country norms emerged. In total there are over 30 national and multinational versions of GMP rules.

As of 1970-ies of the last century the GMP concept receives wide acceptance in the whole world, except the USSR.

In 1991, an attempt of harmonisation of the Russian guidelines to international practice was made, RD 64-125-91 "Principles of Organisation of Manufacture and Quality Control of Drugs (GMP)" was introduced, having some critical differences versus GMP of the European Union and WHO GMP. And only after collapse of the Soviet Union CIS countries independently began to create the GMP-based regulatory framework.

In 1998, the Government of the Russian Federation adopted a Decree of the RF Government of 24.06.98 No 650. That document regulated gradual switch of the industry to GMP standards and put into operation OCT 42-510-98 "Principles of Organisation of Manufacture and Quality Control of Drugs (GMP)". That was the time when the need of switching the pharma industry to generally accepted global

rules was recognised at the highest national level. The issue of GOST R-52249-2004 "Rules for Manufacture and Quality Control of Drugs" was an important stage in GMP rules approval in Russia. A principal difference of that document against the previous version was that the GMP EC guidelines were translated into Russian and introduced into the national standard of the Russian Federation. In 2009, GOST R was updated with amendments to the European GMP Rules as of 31.01.2009. The standard did not become obligatory for use in the industry and was not a binding condition for issuing a license for production.

On 14 June 2013, by the Order of the Ministry of Industry and Trade of the Russian Federation No. 916 the current "Rules of Organisation of Manufacture and Quality Control of drugs" were introduced. As of 1 January 2014, all Russian pharmaceutical companies should comply with GMP according to the Federal Law #61-FL on Drug Circulation.

Ministry of Industry and Trade consider proactive implementation of GMP standards as one of the most effective tools to increase competitiveness of drugs produced in Russia and to boost import substitution. According to Denis Manturov, Minister of Industry and Trade, "GMP is the fundamental industry standard of quality control."

Introduction of GMP will help to address 3 state priorities: provide Russian patients with high-quality medicines improve import substitution and boost export potential. In the recent interview to Vedomosti Denis Manturov emphasised that "we need to produce products to satisfy the needs of the internal market and open up external markets". And introduction of GMP here plays an important role. According to Sergey Tsyb, Deputy Minister of Industry and Trade, "GMP are not only norms and rules describing different manufacturing stages but first of all mindset of manufacturing. That's why we need to change mentality and approach of the manufactures".

A full cycle manufacturing site Sanofi-Aventis Vostok located in the Orel region, Russia has recently passed a European inspection and was granted a GMP certificate by European Medicines Agency (EMA). European GMP certification gives an opportunity to start export of innovative insulins produced in Orel to the EU countries in 2016.

The certificate was issued by Competent Authority of Germany empowered by EMA. Commission confirmed that manufacturing of all sterile products in Sanofi-Aventis Vostok is compliant with the Good Manufacturing Practice standards. The document cover the whole portfolio of insulins produced in Orel.

The Sanofi-Aventis Vostok plant has been operated in Russia for 5 year already and at the moment is the only full-cycle manufacturing of modern insulins.

Regulations for import and export of ready pharmaceutical products and their components

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Commercial Director, FM VOSTOK, FM Logistic

Pharmaceuticals as socially important products require a special customs clearance procedure observing the storage conditions, certification and quality control. The procedure for the import and export of medicines to and from Russia is guided by chapter 9 of Federal law No. 61-FL "On the circulation of pharmaceuticals" enacted on 12.04.2010, and by regulations on the import of pharmaceuticals to Russia for medical use, adopted by Russian government decree No. 771 on 29.09.2010. It is also necessary to consider the customs legislation of the Eurasian Customs Union and Russian Federation customs legislation (Federal law No. 311 enacted on 27.11.2010). From the beginning of 2016, the Eurasian Economic Union will launch a common market for pharmaceuticals, and the member states will begin to use common documents.

This multilevel structure of pharmaceutical products regulation stipulates obtaining import permits for pharmaceuticals and applies to each separate batch. At the same time, the list of companies and organisations that have the right to obtain such a permit is limited. It includes medicine producers, wholesale medicine companies, scientific, research and other organisations associated with health care, as well as with the research and development of medicines, their safety, quality and efficacy control.

According to the current procedures, it is impossible to import a batch of pharmaceuticals and clear it straight away. It is necessary to unload the goods to a special temporary storage warehouse and to obtain the required documents on non-tariff restrictions. It is worth noting that the number of such warehouses is limited and most of them are located in the Moscow region. This has resulted in an over-concentration of customs clearance companies in one region and low competition on the customs-related services market, which eventually affects tariffs for customs processing services.

The Federal Customs Service statistics show a decline in pharmaceuticals import by 25–30% in the first half of 2015 from 2014. Despite increasing imports of medicines on preferential terms (drugs that are not registered in Russia and are imported on medical grounds for certain patients), companies in the pharmaceutical market are challenged with logistical cost savings and optimisation. For example, some companies have started to perform customs clearance in the regions without unloading goods to temporary storage warehouses. Applying the so called conditional release enables importers to avoid inexpensive customs warehouse services. Processes economics, cost calculation for each operation and each link of the manufacturing chain also come into play in pharmaceuticals logistics. In this regard many companies nowadays prefer to cooperate with 3PL providers, thus receiving not only a complete set of operational logistics services including forwarding, customs clearance, warehousing etc., but also consultation and IT support services.

Advertising non-prescription medications or Biologically Active Supplements (BAS) using prescription medications names and packaging designs declared unlawful by Russian Federal Antimonopoly Service

YANA PYLAEVA
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In March 2015, the Federal Antimonopoly Service Commission delivered two landmark decisions recognising as unacceptable so-called surrogate advertising of prescription medications by promoting non-prescription products under "umbrella" brands.

Background

The relevant decisions were rendered on cases instigated in 2014 on the basis of applications by Roche-Moscow Ltd. claiming that its competitors' promotional activities, although formally legal, gave rise to an abrupt increase in sales of their weight-loss prescription products prohibited from open advertising.

In its applications Roche-Moscow Ltd. referred to actual breach of the advertising legislation in the advertisement for BAS "Reduxin LITE" (distributed by MedPro), in the first case, and in the advertisement for BAS "ORSOSLIM" and non-prescription medicine "ORSOTEN SLIM" (both promoted by KRKA Pharma), in the second case. All the mentioned products were aimed at weight-loss and were actively promoted by their manufacturers in TV commercials and in printed and Internet advertisements under a name and in packaging confusingly similar to those of the prescription medications "Reduxin" and "ORSO-TEN", respectively, the advertising of which is restricted by virtue of part 8, article 24 of the Federal Law "On Advertising".

Arguments put forward by Defendants

In the cases under consideration, the Defendants asserted that the legislation did not prohibit non-prescription medicines or BAS from being registered under names similar to those of prescription products and that their activities were, therefore, compliant. Furthermore, they endeavoured to convince the members of the FAS Commission that the main objective of the advertisement under consideration was to promote the relevant BAS and the non-prescription product actually sold on the market independently of the analogous prescription products.

The FAS position

In both cases considered by the FAS, Roche-Moscow Ltd. managed to prove that, since the sphere of application of the non-prescription and prescription products were identical, advertising of one of these caused consumers to develop a strong association with the other and, consequently, led to unavoidable promotion of the brand that was originally used specifically for prescription medicines. As the Russian FAS notes, this was the result of the names and packaging designs of the prescription and non-prescription products being virtually identical in all aspects (general design solution, identical fonts, coinciding visual elements), this preventing consumers from distinguishing between the two.

It should be noted that, in rendering its decisions, the FAS Commission was guided by the results of sociological surveys conducted by the Russian Public Opinion Research Centre, as well as the position of the Russian FAS's Expert Councils for Applying the Legislation on Advertising and for Developing Social Sphere and Healthcare Competition, which, at their joint session in December 2014, recognised the "Reduxin LITE" and "ORSOTEN SLIM" and "ORSOSLIM" advertisement as running counter to the legislation. It is important to note that representatives of the Federal Service for Supervision of Consumer Rights Protection and Human Welfare, the International Advertising Association, a number of not-for-profit associations of BAS manufacturers and major pharmaceutical companies also participated in the above Expert Councils.

> ... the legislation did not prohibit non-prescription medicines from being registered under names similar to those of prescription products...

Practical implications

Yet, the cases considered by the FAS of the Russian Federation are momentous in nature and have clearly drawn the attention of government authorities to the flaws in the legislation on circulation of medicines and BAS, which is why, in the near future, we are likely to see the Russian FAS becoming more actively involved in regulating the registration and advertising rules for medicines and BAS at the level of new legislative initiatives.

AEB News

The Association of European Businesses is pleased to announce that the AEB Auditing commission on 24 July 2015 elected its new chairman, Gerard Uijtendaal (Amrop KBS International).

Business Mission to Tula

On 26 May 2015, the AEB held a business mission to Tula. Over fifty companies from Germany, Italy, Czech Republic, Sweden, Holland, Luxembourg, China participated in the event. The regional conference "Development of the industry in the Tula region: localisation and import substitution in the new environment" was organised by the Tula Region Development Corporation, with the support of the AEB. The speakers of the highly profiled regional event included the representatives of the RF Ministry of Industry and Trade, the government of the Tula region, local large corporations and SME.

L–R: Participants of the conference

Philippe Pegorier, Chairman of the AEB Board, President and General Director, Alstom (Russia, Ukraine, Belarus)

Forum Strategic Partnership 2015

On 4 June 2015, Philippe Pegorier, Chairman of the AEB Board, participated in the Tenth International Rail Business Forum Strategic Partnership 1520 (SP1520). He spoke about engineering and technology innovations at the round table. The round table concentrated on anti-crisis measures in the rail car manufacturing sector and the agenda of the forthcoming EXPO 1520. The Strategic Partnership 1520 is a bespoke international forum dealing with rail issues and is the largest business meeting of all major stakeholders across the wide gauge area. The SP1520 is about fostering a joined-up approach to the development of the rail sector across the 1520 to ensure that it is on the leading edge of freight and passenger transportation the world over.

Presentation of AEB Annual Survey Results

On 16 June 2015, the Association of European Businesses and the International Institute of Marketing and Social Research "GfK Rus" announced the results of the eighth AEB Annual Survey "Strategies and Prospects for European companies in Russia". The Survey analyses the comfort level for European business in Russia, through an evaluation the country's investment climate.

The opening remarks were delivered by Frank Schauff, AEB CEO, and Stuart Lawson, Chairman of the AEB Finance & Investments Committee, Executive Director, EY. Alexander Demidov, Managing Director, GfK-Rus, presented the results of this year survey. The presentation was followed by a Q&A session.

According to the survey results, European companies doing business in Russia expect an increase in the pay-back period and a further drop of investment in Russia. The integrated AEB-GfK Index has dropped by 9 points from 2014 and now stands at 106 points out of 200 possible, a shift from positive to neutral expectations. However, the decline is not as acute as in 2014 (29 points).

L–R: **Stuart Lawson**, Chairman of the AEB Finance & Investments Committee, Executive Director, EY; **Frank Schauff**, AEB CEO; **Alexander Demidov**, Managing Director, GfK-Rus.

We would like to thank the companies who contributed to the survey with their responses and hope that more of our members will be interested in participating in this project in the future.

St. Petersburg International Economic Forum

On 18–20 June 2015, AEB representatives took part in the St. Petersburg International Economic Forum (SPIEF).

The AEB was deeply involved in the forum. Philippe Pegorier, Chairman of the AEB Board, and Frank Schauff, AEB CEO, were speakers at many round tables about the relations between the EU and the Eurasian Economic Union, immigration, and the partnership between Russia and Greece. Dr. Schauff was invited to the discussion with Igor Shuvalov, Vice Prime Minister, and Mr. Pegorier was invited to the dinner offered by the RF President Vladimir Putin.

At the forum the AEB pushed a conciliatory approach on the integration of the EU and Eurasian Economic Union economies, which is now a reality for the companies investing in the region, asking Brussels to open an official dialogue with the EEU and pushing the Commission to open negotiations for a Free Trade Agreement between the EU and the EEU.

At the forum a very important plenary session entitled "Crisis immigration policies: the need for government reform" was held with AEB participation. Immigration remains one of the hottest topics for foreign businessmen. Even if some problems remain, over the last few years the FMS has improved legislation to make Russia a country more favourable to immigration than it was, making the choice of "chosen immigration" focused on high level specialists. AEB members are often chosen by the FMS as showcases in order to facilitate access to the services it offers.

Russia-Europe Cooperation without Frontiers

On 29 June 2015, Frank Schauff, AEB CEO, and Stewart Lawson, Chairman of the AEB Finance & Investments Committee, took part in the Moscow annual B2B Forum "Russia-Europe: Cooperation without Frontiers". The Forum is one of the tools to support and develop business partnerships between Russian and European SME companies. Among the topics discussed were the current status, trends and prospects of doing business between Russian and foreign companies.

L—R: **Gleb Nikitin**, First deputy Minister of Industry and Trade of the Russian Federation; **Aleksey Komissarov**, Director of the Fund of Industry Development; **Sergey Morozov**, Governor of the Uliyanovsk Region; **Frank Schauff**, AEB CEO; **Ernesto Ferlenghi**, President of Confindustria Russia.

Industrial projects in Russia-2015

On 2–3 July 2015, the AEB supported the 6th International Forum "Industrial projects in Russia-2015". The event was organised by the Association of Iindustrial Parks with the support of Sberbank of Russia and the Ministry of Industry and Trade of the Russian Federation. Frank Schauff, AEB CEO, spoke at the plenary session together with Gleb Nikitin, First Deputy Minister of Industry and Trade of the Russian Federation. Sergey Kachaev, Deputy Minister of the Russian Federation for Development of Russian Far East, Aleksey Komissarov, Director of the Fund of Industry Development, Sergey Morozov, Governor of the Uliyanovsk Region, Rolf Epstein, CEO of Siemens Transport Solutions, Ernesto Ferlenghi, President of Confindustria Russia were among the participants of the discussion.

VI International Industrial Trade Fair INNOPROM 2015

On 8–11 July 2015, a delegation from the Association of European Businesses participated in the VI International Industrial Trade Fair INNOPROM-2015 in Yekaterinburg.

During the forum Philippe Pegorier, Chairman of the AEB Board, and Frank Schauff, AEB CEO, met Denis Manturov, Minister of Industry and Trade of the Russian Federation, and governmental representatives from the Sverdlovsk region.

On 9 July 2015, the AEB organised a round table entitled: "European technologies for productivity gain in industry". The topics included the problem of rapidly growing expenses, labour costs, "Dutch disease" and priorities in selecting technologies that boost labour productivity. Michael Akim, Vice President of ABB Russia, Chairman of the AEB Working Group on Modernisation and Innovations, Member of the AEB Board, moderated the event. Among the speakers were Vasily Osmakov, Director of the Strategic Development Department of the RF Ministry of Industry & Trade, Dietrich Moeller, President of Siemens Russia and Central Asia, Alexey Komissarov, Director of the Industry Development Fund, Julien Thöni, Counsellor and Head of the Economy, Finance and Science Division, Embassy of Switzerland in the RF, and others.

On 10 July 2015, the AEB co-organised a round table "Boosting labour productivity on construction sites and in infrastructure projects: the European business experience". The speakers analysed the possibility of increasing productivity in these sectors and reviewed the application of European technologies and practices in order to achieve the highest global standards for industrial productivity. Michael Akim, Vice President of ABB Russia, Chairman of the AEB Working Group on Modernisation and Innovations, Member of the AEB Board, also moderated the round table. Among the speakers were Sergey Bidonko, Minister of Construction and Infrastructure Development of the Sverdlovsk Region, Natalya Vikhrova, Corporative Director of WordSkills Russia, Agency for Strategic Initiatives, Artak Makaryan, Business Development and Investment Director, YIT and others.

L—R: **Philippe Pegorier**, Chairman of the AEB Board, President and General Director, Alstom (Russia, Ukraine, Belarus); **Frank Schauff**, AEB CEO.

AEB COMMITTEE UPDATES

Insurance & Pensions Committee

On 9 July 2015, the AEB Insurance & Pensions Committee held an open event titled "Electronic insurance in Russia".
The event on electronic insurance was organised by the Committee for the third time. It was opened by Frank Schauff, AEB CEO, and moderated by Alexander Lorenz, Chairman of the AEB Insurance & Pensions Committee. Sergey Babich, Central Bank, and Dmitry Nikulshin, Ministry of Finance, shared with the participants the recent developments in legislative and regulatory framework of electronic insurance in Russia. Maxim Chernin, All-Russian Insurance Association/Sberbank Life Insurance, Andrey Drozdov, Sberbank, Evgeny Ufimtsev, Russian Association of Motor Insurers, Alexey Telyatnikov, Tinkoff Online Insurance, and Alia Valiulina, INTOUCH INSURANCE, spoke about their experience and trends in the electronic insurance market. The third session was devoted to modern IT technologies for insurance business, among the speakers were: Alexander Solomonov, Virtu Systems LLC, and Maxim Pichugin, Cherehapa Insurance.
The participants discussed recent trends and developments in electronic insurance in Russia and exchanged experiences and ideas.

Participants of the AEB open event "Electronic insurance in Russia"

Intellectual Property Committee

L—R: **Darya Ermolona**, IP Counsel, Baker & McKenzie; **Lauma Buka**, Policy Officer, Intellectual Property and Public Procurement, Directorate-General for Trade, European Commission; **Olga Moskvitina**, Deputy Head of the Patent Examination Formalities Section of the Federal Institute of Industrial Property; **Samat Aliev**, Deputy Head of the Entrepreneurship Department, Eurasian Economic Commission; **Sven-Olov Carlsson**, Deputy Head of the Delegation of the European Union in the Russian Federation; **Eugene Arievich**, Chairman of the AEB Intellectual Property Committee, Partner, Baker & McKenzie.

On 5 June 2015, the AEB Intellectual Property Committee held its annual conference "Intellectual Property Rights: recent trends, court practices, problems and solutions" at the premises of the Delegation of the European Union to Russia. The IP annual conference serves as a valuable platform for experts in intellectual property issues. It provides opportunities for its participants to learn about the most important issues in IPR protection through face-to-face interaction with representatives of state bodies, courts and leading legal companies and it provides an important platform for discussion.

The event was moderated by Eugene Arievich, Chairman of the AEB Intellectual Property Committee, Partner, Baker & McKenzie. Sven-Olov Carlsson, Deputy Head of the Delegation of the European Union in the Russian Federation, welcomed the participants. Speakers from Russian state bodies (Federal Antimonopoly Service, ROSPATENT, Court for Intellectual Property Rights), and regional organisations (Eurasian Economic Commission, European Commission) addressed a variety of topics ranging from IPR protection within the Eurasian Economic Union the exhaustion of trademark rights in Europe to the expected intellectual property related changes in antimonopoly legislation. Experts from the AEB Intellectual Property Committee spoke on recent trends in court practice involving the early termination of trademark legal protection; issues related to putting into circulation; commercial concession (franchise) agreements; the problems of intellectual property rights protection in the pharmaceutical industry, and the collision of the means of individualisation in the market.
The AEB thanks the conference sponsor – Baker & McKenzie – CIS Limited.

IT & Telecom Committee

L—R: **Azad Mukhurov**, Cloud Managed Services, Softlayer Leader, IBM Clouds Russia/CIS; **Denis Savkin**, Head of Centre of Excellence, Line of Business Solutions SAP; **Edgars Puzo**, Chairman of the AEB IT & Telecom Committee, Chairman of the Working Group on Personal Data, General Director, Atos; **Mikhail Kader**, Distinguished Systems Engineer, Cisco.

On 25 June 2015, the AEB IT & Telecom Committee and its Working Group on Personal Data held a Round Table: "The Latest Cloud Solutions from the Leading Providers in the Context of the New Personal Data Legislation Requirements" dedicated to the general situation before law 242 enters into force and to cloud solutions in preparation for compliance with FL-242 requirements.

The speakers from important and global companies such as Cisco, SAP CIS, IBM, Oracle, Linxdatacenter, Detecon International GmbH, Orange Business Services, and Oracle focused on concrete steps that give AEB members the opportunity to find appropriate solutions and be ready when the FL-242 enters into force in September 2015.

The meeting was moderated by Edgars Puzo, the AEB IT & Telecom Committee Chairman and Chairman of the WG on Personal Data.

Legal Committee

On 2 June 2015, the AEB Legal Committee held its business meeting "New changes to contract law provisions in the Civil Code: implications for AEB companies".

The event focused on the latest large-scale changes to the Russian Civil Code affecting various aspects of contractual work and claim management. The meeting participants, in-house lawyers and legal experts from consulting companies, discussed practical aspects, challenges and opportunities which lawyers of AEB member companies may face after the amendments come into force. The meeting was moderated by Alexander Kozhukhov, Chairman of the AEB Legal Committee.

L—R: **Tatiana Boyko**, Senior Associate, Egorov, Puginsky, Afanasiev & Partners; **Svetlana Barinova**, Of Counsel, Dentons; **Anna Klimova**, Senior Associate, Beiten Burkhardt; **Leonid Romanov**, Legal Counsel, Thomson Reuters; **Alexander Kozhukhov**, Chairman of the AEB Legal Committee.

Establishment of the Arbitration Body

The AEB is pleased to inform you that in July 2015 the AEB Board decided to establish an Arbitration Body within the Association of European Businesses. The Arbitration Body will serve as a dispute resolution mechanism for both AEB member- and non-member companies willing to use the AEB Arbitration Body as an alternative to conventional litigation. The AEB believes that the Arbitration Body will provide a valuable avenue for companies and will be advantageous in terms of potential time and cost reduction.

The AEB Legal Committee collected nominations from AEB companies to form a pool of arbitrators who possess the appropriate competence, expertise and qualifications. Companies will select individuals who will preside over their dispute and take a decision on it. All nominations are subject to the decision by the AEB Board. Full information on the structure and scope of the Arbitration Body will be made available later.

For more information, please contact Irina Ochirova, AEB Legal Committee coordinator, at: Irina.Ochirova@aebrus.ru

Machine Building & Engineering Committee

L—R: **Igor Titov**, Deputy General Director, "Renault" in Russia; **Andrey Chursin**, General Director, Scania Service, Chairman of the AEB Commercial Vehicles Producers Committee; **Marc-Antoine Juvin**, Director for Operations Control, Transmashholding; **Michael Akim**, Vice President, ABB Russia, Member of the AEB Board, Chairman of the AEB Working Group on Modernisation & Innovations; **Philippe Pegorier**, President, Alstom Russia, Chairman of the AEB Machine Building & Engineering Committee, Chairman of the AEB Board; **Andrey Komov**, General Director, Volvo Construction Equipment, Volvo Vostok, AO (non-public), Chairman of the AEB Construction Equipment Committee.

On 09 June 2015, the AEB Machine Building & Engineering Committee held a Round Table "Machine Building Market trends in Russia (first half of 2015)".

The event proposed to AEB members by the Machine Building & Engineering Committee, in cooperation with the AEB Automobile Manufacturers', Automotive Components, Commercial Vehicle Producers and Construction Equipment Committees, is the continuation of a longstanding tradition and good example of the AEB Committees' joint work.

This unique event gave the participants the rare opportunity to get a comprehensive picture of the machine building sector in Russia in its entirety.

Speakers at the Round Table included representatives of companies such as ABB, Alstom, Transmashholding, Volvo Vostok Construction, Scania Rus LLC, and Renault in Russia, the majority of which are also AEB Committees' chairpersons.

Migration Committee

On 16 July 2015, the AEB Migration Committee and the Federal Migration Service (FMS) of Russia organised an open event "Presentation of Digital one-window approach regarding migration documents for highly-qualified specialists on the web-page of the Federal Migration Service". Konstantin Romodanovsky, Head of the Federal Migration Service, told AEB members about the main ideas of the new digital programme. Moderators of the event were: Philippe Pegorier, Chairman of the AEB Board, Frank Schauff, AEB CEO, Liudmila Shiryaeva, Chairperson of the AEB Migration Committee, GR Director, Tax & Law, Ernst & Young.

The digital one-window approach programme is a special service developed by AEB and FMS which allows employers and representatives of foreign business to submit all related documents in electronic format. Prior to this programme all interaction between business representatives and the FMS was carried out in paper format, which required multiple visits to the Russian Federal Migration Service.

Konstantin Romodanovsky, Head of the Federal Migration Service

North-Western Regional Committee

Alexander Demidov, Managing Director of GfK-Rus

Presentation of the results of the 8th annual AEB-GfK Rus survey "Strategies and Prospects for European companies in Russia"

On 17 June 2015, the Association of European Businesses and the International Institute of Marketing and Social Research "GfK Rus" announced the results of the eighth AEB Annual Survey "Strategies and Prospects for European companies in Russia". The survey analyses the comfort level for European business in Russia, through an evaluation the country's investment climate. The results were presented to the members of the AEB North-Western Regional Committee in St. Peterbsurg.

The event took place at the Consulate General of Sweden in St. Petersburg. The participants were welcomed by Erik Hammarsköld, Consul General of Sweden in St. Petersburg. Further opening remarks were delivered by Andreas Bitzi, Deputy Chairman of the AEB North-Western Regional Committee. Alexander Demidov, Managing Director, GfK-Rus, presented the results of this year's survey. The presentation was followed by a Q&A session.

According to the survey results, European companies doing business in Russia expect an increase in the pay-back period and a further drop of investment in Russia. The integrated AEB-GfK Index has dropped by 9 points from 2014 and now stands at 106 points out of 200 possible, a shift from positive to neutral expectations. However, the decline is not as acute as in 2014 (29 points).

We would like to thank the companies who contributed to the survey with their responses and hope that more of our members will be interested in participating in this project in the future.

AEB North-Western Regional Committee's Steering Group new member and new Deputy Chairman

Recently a few changes have been made to the AEB North-Western Regional Committee Steering Group. Mikko Soderlund has resigned from his position at the AEB member company, SRV. Mikko Söderlund was a member of the AEB North-Western Regional Committee Steering Group, and also the Deputy Chairman of the Committee, and thus he had to vacate both positions. According to the AEB Committee rules, if one of the Steering Group members resigns or is dismissed, "the next candidate for membership of the Steering Group from the reserve list shall replace that member for the remaining term". Resulting from the AEB NWRC AGM meeting 2014 results, the next candidate in the reserve list was Elena Novoselova, Coleman Services. The AEB North-Western Regional Committee welcomes Mrs. Novoselova to her new position.

Also a new Deputy Chairman, Andreas Bitzi, Schneider Group, was elected by the members of the Steering Group. The candidature of Mr. Bitzi was approved by the AEB Board.

Elena Novoselova, Coleman Services

Andreas Bitzi, Schneider Group

Also Lauri Veijalainen, Stockmann ZAO, was promoted to a new position in his company. However, he had to relocate permanently to Finland, which means he cannot be fully involved in the work of the Steering Group. According to the decision taken by the AEB Management, with consultation with the juridical basis of the AEB rules, it was decided that until the next Steering Group member elections are held in 2016, the AEB NWRC's Steering Group may continue functioning with only 8 members.

AEB North-Western Regional Committee's Construction & Real Estate Sub-Committee Chairman

Resigning from his position at the AEB member company, SRV, Mikko Söderlund has also had to vacate the position of the AEB NWRC's Construction & Real Estate Sub-Committee Chairman. According to the AEB Committee rules, the new extraordinary elections have been organised for June 2015. A new Chair was elected Andrey Hitrov, Regional Director, EKE-Group. The candidacy requires approval by the AEB Board at the next meeting.

Andrey Hitrov, Regional Director, EKE-Group

PR & Communications Committee

L–R: **Alexandra Tsygankova**, Digital Manager, Ferrero Russia; **Maria Gorbakon**, PR-specialist, ANCOR; **Olga Pavlikova**, Director, Marketing & PR, Technopolis Moscow; **Igor Reichlin**, Chairman of the AEB PR & Communications Committee, Managing Partner, Reichlin & Partners.

On 26 June 2015, the AEB PR & Communications Committee held its open event "Social Media: Profit, Loss or Necessity". The participants of the event exchanged views on the opportunities that social media can bring business. For example, with the help of social media it is now easier than ever to target customers with direct marketing campaigns, promote new products or services, build brand awareness, interact with existing and potential customers on a personal level, and measure referrals from social media activity to sales. Social media gives you the chance to build brand awareness and customer loyalty. However, there are also inherent dangers in participating in a public conversation forum. In this respect, the approaches that can be applied by companies to handle negative feedback about business, were also discussed at the event. The event was moderated by Igor Reichlin, Chairman of the AEB PR & Communications Committee, Managing Partner, Reichlin & Partners.

Safety, Health, Environment & Security Committee

On 10 June 2015, the AEB Safety, Health, Environment and Security Committee held a round table titled "Best and safety practices in the pharmaceutical industry". The event was moderated by Konstantin von Vietinghoff-Scheel, Chairman of the Health & Safety Sub-Committee. Marina Videau, Corporate Social Responsibility manager, presented Sanofi's new wellness programme for employees. Dr. Konstantin Kokorin, Executive director, private medical practice "Nearmedic Obninsk" gave a presentation: "Integrated Health Services: Three Platforms". The round table brought together professionals from the health and pharmaceutical sector who shared their practical experience and offered a starting point for discussion and the search for common solutions to existing challenges.

L–R: **Dr. Konstantin Kokorin**, Executive director, private medical practice "Nearmedic Obninsk"; **Konstantin von Vietinghoff-Scheel**, Chairman of the Health & Safety Sub-Committee; **Marina Videau**, Corporate Social Responsibility manager, Sanofi; participants of the round table.

Seed Committee

L–R: **Vitaly Voloshchenko**, Chairman of the State Commission on Test and Protection of Selection Achievements; **Ruslan Kokarev**, AEB COO.

On 1–2 July 2015, an AEB delegation consisting of Seed Committee company members (Bayer CropScience, KWS, Limagrain, Monsanto, Pioneer, Syngenta) and chaired by Ruslan Kokarev, AEB COO, and Vladimir Druzhina, Chairman of the Seed Committee, participated in the All-Russian Seed-trial Day in the Tambov region.

The event was organised by the State Commission for Trials and Protection of Selection Achievements for its regional branches, farmers and seed companies. During the first day, the companies demonstrated their best seed varieties and hybrids and gave explanations to the officials.

The second day was dedicated to a dialogue between the authorities and business representatives on key issues related to improving the seed breeding procedure in Russia. The roundtable discussion lasted more than three hours and was highly productive. As a marker of their serious intentions for further co-operation a Memorandum of understanding was signed between the AEB and the State Commission for Variety Trials and Breeding Achievements' Protection.

Southern Regional Committee

On 23 July 2015, a Round Table "Business as a social partner of the regional and local community" took place in the conference hall of hotel Platan Yuzhny.

The event was held in the framework of social investment programme which organisers are the AEB Southern Regional Committee, the Public Chamber of the Krasnodar region, the Russian-English weekly "Yug Times".

The program started in 2014, its main objectives — generalisation and promotion of responsible business practices and, as a consequence, improving the quality of life in the region. The event was attended by heads of major companies of the Krasnodar region, representatives of the Krasnodar region administration and regional legislative Assembly, the head of trade unions of Krasnodar territory, management of the Public chamber of the Krasnodar region and major regional business organisations, representatives of leading Krasnodar universities, expert community, media, non-profit organisations.

The round table participants discussed ways to consolidate the efforts of government, business and society to improve the quality of life and what may encourage businesses to actively participate in social projects.

Business schools of Kuban State Technological University and Kuban State Agrarian University implemented with the support of the AEB Southern Regional Committee member companies called strong interest of participants.

An active discussion of round table experts confirmed the relevance of the topic and helped to outline a few topics in this course that the members of the business and regional community plan to discuss in the future.

Taxation Committee

On 24 June 2015, the AEB Taxation Committee held a business meeting: "Development of the Russian Tax System: results of the first half of 2015 and prospects". The event highlighted recent changes in tax legislation, new taxation initiatives, and the prospects for the next few years. It provided an excellent platform for discussion and exchange of knowledge by professionals. A number of experts shared their expertise and gave recommendations on important tax matters. Sergey Shatalov, Deputy Minister of Finance of the RF, was a distinguished guest and addressed the key aspects of tax policy for 2016 to 2018. The meeting was moderated by Alina Lavrentieva, Chairperson of the AEB Taxation Committee.

L–R: **Nikolay Baranov**, Noerr; **Frank Schauff**, AEB CEO; **Sergey Shatalov**, the RF Deputy Minister of Finance; **Alina Lavrentieva**, Chairperson of the AEB Taxation Committee, PwC; **Marina Belyakova**, E&Y.

MEMBER NEWS

Ararat Park Hyatt Moscow

Newly renovated penthouse. A new level of contemporary luxury in the very heart of Moscow

Ararat Park Hyatt Moscow is pleased to announce the opening of its newly renovated Penthouse by renowned architect Tony Chi. The Penthouse suite was designed to provide the comfort and atmosphere of a private home; a luxury duplex apartment with the means to host an elegant cocktail party. Perched over the Moscow cityscape, guests can enjoy the abundance of natural light with a private dinner prepared by a personal chef in the pantry space.

The living area is infused with a truly unique experience of a grand bar, merging beverages and scent cocktails. This is a cultural space of art and music where guests can host social events or simply relax.

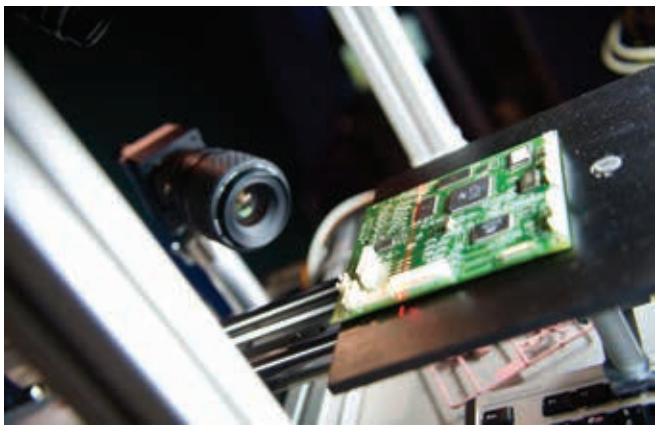
If guests prefer some privacy, the upper floor grandeur suite can function independently with a private living and dining quarter as well as a full service bar.

State-of-the-art room management system, complimentary Internet connection and Geneva iPod docking station make rooms a perfect business or leisure destination. Glittering mirrored glass and lavish white arabescato marble surrounds the bathrooms containing circular jacuzzi tub with a full mirror television entertainment, rainfall shower heads, and exclusive amenities.

Business Media Russia

The future of machine vision industry in Russia was discussed at VISION Russia Pavilion & Conference 2015

On 17–18 June 2015, Expocentre fairgrounds in Moscow hosted VISION Russia Pavilion & Conference which is designed to become the leading market platform and exhibition for showcasing the global machine vision industry developments as well as establishing contacts between Russian and foreign manufacturers and integrators with potential customers. VISION Russia Pavilion & Conference brought together technical experts and guests interested in using machine vision technologies for their business and industrial goals. The show demonstrated that



market interest and business opportunities in Russia remain strong. The list of visitor industries included electronics and electrical engineering, telecommunications, engineering, transport and logistics, security technologies and biometrics, aerospace industry, traffic and intelligent traffic systems, pharmaceuticals and medicine as well as retail and HoReCa segment. According to Victor Egorov, Regional sales manager at Basler AG, 2015's edition of VISION Russia Pavilion & Conference was very successful and managed to exceed the results of the previous year. "It was a pleasure to see many customers at Presentation area, a lot of people by the booths and a real, very high interest of visitors towards the new products. There is no doubt that in the nearest future machine vision technologies will be widely spread in Russia", – said Victor Egorov.

Tilling Peters

Tilling Peters LLC – the law firm which is a synergy of legal practices of two well-regarded Russian lawyers – Ekaterina Tilling and Oxana Peters. They both are recognized in Russia for their high level expertise by leading professional rankings such as Chambers Global and Chambers Europe, The Legal 500 EMEA, Who's Who Legal and others. The core expertise fields of Tilling Peters LLC are arbitration, commercial and tax litigation as well as complex protection of IP rights.
Tilling Peters LLC provides legal counsel to various international companies in Russian, English and German.

TMF Group

TMF Group, a leading global provider of high-value business services has just launched the Russian language version of the website.
"As part of our commitment to truly global reach, we have now launched the TMF Group website in Russian – the fifth language to be produced for our clients in line with their needs. On the Russian language version of our website you will find information on our services, country-specific updates and the latest market developments. We hope this will enhance your TMF Group website experience and provide you with information that will help to better conduct your business operations." Alex Medlock, Managing Director at TMF Group for CIS and Nordics regions said:
"TMF Group in Russia is one of the leading providers of Global Business and Structured Finance services. The local management of our clients and prospective clients are mostly native Russian speakers. Having a Russian version of the website reinforces our positioning as local knowledge experts and enables easier access to our services and technical resources. This should provide a better client experience and facilitate buying decisions."

Vegas LEX

New large-scale research 2015 by VEGAS LEX

We are pleased to present several major studies and reports published by VEGAS LEX since the beginning of 2015:

• **Reference book by VEGAS LEX: Typical commercial disputes 2015.** The reference book introduces the main types of legal precedents related to commercial disputes and methods of efficient protection of entrepreneurs' rights.

• **Research conducted by VEGAS LEX and the PPP Center with support from the Ministry of Economic Development of the Russian Federation – "Private initiative in concessions: International experience and prospects for development in Russia".** The research was aimed at promotion of private initiative in concession agreements.

• The first official **translation of the research published by the Airports Council International Europe (ACI EUROPE) – "Airport competition in Europe"** – completed in cooperation with the Federal Air Transport Agency (Rosaviatsia). The research analyses the experience of the European air services market, which shows the dynamics and prospects of airport development in terms of airport competition.

• **Book "Investment in infrastructure. Money, projects, interests".** Albert Eganyan, Chairman of the Board of Partners of VEGAS LEX, Chairman of the Board of Directors of InfraONE, published his first book in Russia, analysing the current status and opportunities of further growth of the infrastructure business in Russia.

APPOINTMENTS

Accountor Russia

Pavel Antonov is appointed Head of Legal Operations

Starting from August 2015, Pavel Antonov assumes the role of Head of Legal Operations at Accountor Russia. Pavel has worked for more than 10 years as Deputy Director of the Legal Department at Accountor Russia and has proved himself as a top lawyer and director. Pavel will be responsible for all legal operations and client services at Accountor Russia, which include: contracting, labor, and migration law services; litigation and dispute resolution; mergers and acquisitions; restructuring and insolvency; intellectual property; tax law consultation; etc.

Pavel Antonov has two university degrees (legal and linguistic). Besides his native Russian, he is fluent in English and also has a basic level of Spanish and German. As a part of his new role, Pavel Antonov will lead a team of 20 lawyers and focus on further developing the scope of legal operations for Accountor in Russia. Accountor Group is the largest financial and HR management services company in Northern Europe, having more than 100,000 clients that are served by 2300 professionals across 7 countries. Accountor entered the Russian market in 1992 and provides legal and financial administration services to international clients. Accountor Russia employs 200 professionals in Moscow and St. Petersburg, and among them 20 are lawyers.

ALD Automotive

Mārcis Mauriņš is appointed Country Manager

ALD Automotive is pleased to announce that Mārcis Mauriņš is appointed Country Manager of representative office in Kazakhstan. In line with ALD Automotive global strategy the main objectives for Marcis is to accelerate the grow of business and ensure high service quality. Starting from June 2015, Mārcis is working in ALD Automotive Kazakhstan office and already created good local sales and customer support team. Mārcis joined ALD Automotive in 2006 and was one of the two first employees to start up ALD Automotive Latvian entity. Recently, Mārcis has successfully been heading commercial activities in the Baltics (Estonia, Latvia and Lithuania) and from his early career, he has a vast experience in full service leasing and customer service. Mārcis has a Master degree in economics.

Alinga Consulting

Peter Arnett appointed as Partner at Alinga Consulting

Peter Arnett recently joined Alinga and assumed a leading role in our consulting team.

Peter specialises in taxation – both local and international with over twenty five years' experience. He has worked in Russia for sixteen years, solving clients' business issues. Peter also has experience in two other jurisdictions, the UK – where he qualified as an accountant, and Singapore where he spent 3 years as a Tax Director with a "Big 4" accounting firm. Clients trust him because he brings them practical, relevant solutions and high quality advice. During his career he has developed expertise in M&A taxation, international taxation and cross-border structuring, and has served clients in nearly all industry sectors. His experience as a former partner in a "Big 4" firm, has given him strong management skills, particularly in the areas of finance, people development and risk management.

ALPE consulting

Volker Dunst appointed as new General Director at ALPE consulting

Volker Dunst joined ALPE consulting as the new General Director on 1 July 2015. Volker will primarily focus on new SAP practice solutions for international and Russian companies.

Volker has around 30 years of professional experience. Prior to joining ALPE consulting he was Managing Director and Member of the Board at Ciber AG, previously Novasoft AG.

He has worked on the Russian Market for more than 8 years. Volker Dunst holds a MSc. in Mathematics and a MSc. of Education in Pedagogics from the University of Tuebingen.

"I am very proud to join ALPE consulting as the new General Director and I will bring all my experience to keep ALPE consulting as one of the best and most successful partners for SAP implementation projects in Russia. I'll do my best to extend our business based on truthful, sincere and long-term relationships with our clients."

Alexander Schachner, founder and owner of ALPE consulting, who was General Director for almost 10 years, now is heading up the Russian branch of Fischer Sports. However, Mr. Schachner continues to take part in the strategic development of ALPE consulting and will act as the Chairman of the Management Board.

Rödl & Partner

Marina Yankovskaya appointed partner at Rödl & Partner/24 new partners worldwide

Rödl & Partner, a globally operating professional services firm, has appointed Marina Yankovskaya as partner. The Head of Legal Consulting in Russia along with another 23 new partners was honored during the gala event which was part of the annual International Convention arranged by the firm in Nuremberg. The number of partners at the Russian locations of Rödl & Partner in Moscow and St. Petersburg has increased to three; the number of partners worldwide is 207 now.

In spring 2015, colleagues Elena Eremeeva (Tax consulting) and Ekaterina Novikova (BPO) from the branch in St. Petersburg were appointed as associate partners; in autumn 2014 the positions of associate partners were taken by Tatiana Maximova and Denis Zharov (Audit) employed at Moscow's branch. Thus, Rödl & Partner has 12 associate partners in Russia and 312 associate partners are employed at its locations worldwide.

"Our colleagues distinguish themselves through entrepreneurial spirit. The expertise of our lawyers, tax advisors, management consultants and auditors is the key to our success", says Prof. Dr. Christian Rödl, the CEO. "Their appointment as partners motivates all other colleagues to follow their example".

"We offer excellent career opportunities at our locations in Russia", adds Dr. Andreas Knaul, the Managing Partner for the Russian Federation. "We engage qualified specialists, as the international and interdisciplinary approach along with interesting clients is combined with the corporate culture of partnership".

VEGAS LEX

Evgeniy Rodin

VEGAS LEX appoints two new partners

VEGAS LEX officially elected two new partners on 2 July 2015, Manager of Bankruptcy projects Alexander Vyazovik, and Head of the Energy Projects Practice Evgeniy Rodin.

"We are proud to have such top-level experts and experienced practicing lawyers on our team," Managing Partner Alexander Sitnikov said. "They have helped our clients more than once to achieve success in most complicated projects and win disputes. Alexander Vyazovik has been with us for over ten years, a model of stability and integrity and a source of unflagging positive energy. Over the past seven years of working for VEGAS LEX, Evgeniy Rodin has emerged as one of the best known lawyers in the field of energy."

Alexander Vyazovik

Mr. Vyazovik specialises in supporting bankruptcy projects while also supervising the operation of the company's Volga Directorate. He is often involved in interregional land-related projects and has extensive experience in acting in complicated tax disputes. His professional expertise is annually recognized by major international rating agencies, including The Legal 500 EMEA and Best Lawyers.

Evgeniy Rodin is an expert in antimonopoly and tariff regulation in the energy sector; he provides comprehensive legal consultancy on specific industry issues, advises companies on their operation on the wholesale and retail electricity markets and defends their interests in commercial courts.

NEW MEMBERS

Amrop

Amrop

Amrop is a worldwide consulting network operating through 85 offices in 57 countries. Amrop in Russia is an organisation of professionals specialised in Executive Search, HR and Organisational Consulting.

www.amrop.ru

CTN

CTN is a branch of the French company CTN Groupe. Our main field of activity is the delivery of fire-proof european-made materials for exhibitions, presentations, shows and decoration.

Our 1500 m² warehouse in Moscow hosts more than 300 types of products: carpets, vinyl, adhesives, shape-memory fabric and other products. We are able to deliver orders within 24 hours. We also have in Moscow a production unit for ultra-light large mirrors, and are able to manufacture them, for using as interior decoration. We also offer a rental option for all types of events.

www.ctn.fr/en

DELO

The company develops integrated approach to asset management – from providing the comprehensive expert appraisal of investment decisions to professional organisational and legal support in running real estate objects.

Key competences

• Management of industrial complexes

Skilled teams of managers with long experience in running large enterprises of various sectors of economy and implementation of successful investment projects

• Financial and economic analysis, business planning, economic examinations

Successful experience in carrying out the financial analysis, drawing up business plans of investment projects, financial supervision of implementation of projects

• Audit, inventory, accounting

Professionals in assessment of efficiency of companies and business processes; qualified assessment of projects and new activities; assistance in search of reserves in increase of profitability and minimisation of legal, administrative and financial risks

Accuracy and completeness of conducting accounting of the enterprises of any sizes and forms of ownership, timeliness of delivery of all types of the reporting

• Arbitration and civil legal proceedings

Full legal support of investment projects, comprehensive range of legal services for companies of various sectors of economy, long-term arbitration practice in all categories of cases, at all judicial instances, maintenance of enforcement proceedings.

www.ukdelo.com

Drees & Sommer

Drees & Sommer is the worldwide leader in project management headquartered in Stuttgart/Germany. The company has its representative offices in 38 locations around the world, where for 45 years more than 2,000 employees support the developers, investors, managing and operating companies in areas of development consulting, project management, real estate and infrastructure consulting, engineering, applying a wide range of innovative technologies and sustainable ways of cost-optimized construction. The list of successfully completed projects includes more than 8,500 objects around the world.

www.dreso.ru

HDI Strakhovanie

OOO "Strakhovaya kompaniya "HDI Strakhovanie" has been carrying out operations in insurance of financial risks since December 2010, in property insurance from April 2012, and in auto insurance from July 2013. In 2012 the HDI in Russia signed a contract of reinsurance with HDI-Gerling Welt Service AG. The company is part of the German insurance group Talanx AG. With premium income of EUR 29.0 billion (2014) and more than 21,300 employees, Talanx is one of the major European insurance groups. The Hannover-based Group is active in some 150 countries. Talanx operates as a multi-brand provider with a focus on B2B insurance. The Group's brands include HDI, which operates in Germany and abroad, the global industrial insurer HDI-Gerling, Hannover Re, one of the world's leading reinsurers, Targo Versicherungen, PB Versicherungen and Neue Leben, the latter all specialised in bancassurance, the Polish insurer Warta, and the financial services provider Ampega.The rating agency Standard & Poor's has given the Talanx Primary Group a financial strength rating of A+/ stable (strong) and the Hannover Re Group one of AA–/ stable (very strong).

www.civ-life.com

KIAP

KIAP, Attorneys at Law – Russian Law Firm based in Moscow – offers their clients the full range of the legal services most often required by today's businesses: Litigation, International Commercial Arbitration, IP, Antitrust and Competition, Corporate, Real Estate, Tax, Banking and Finance, Investment, Shipping and Transport, Customs, Bankruptcy, Employment and other. KIAP is a shortlisted firm by a major international accolade, Chambers Europe Awards for Excellence 2015 as the Best Law Firm of the Year in Russia. The Law Firm is also recommended by international and Russian legal reference publications as Legal 500 EMEA, Chambers Europe, Chambers Global, Best Lawyers and Pravo.Ru-300. KIAP's client list includes major Russian and foreign companies.

www.kiaplaw.ru

PRYSMIAN GROUP

Prysmian Group is a world leader in the energy (including underground and submarine power transmission) and telecom cables & systems industry. With sales of some €7 billion in 2014, about 19,000 employees across 50 countries, 91 plants and 17 R&D centres, the Group is strongly positioned in high-tech markets and offers the widest range of products and know-how.

After the acquisition in 2009 of Rybinskelectrocabel, a dynamic low voltage cable manufacturer (producing also cables for oil & gas industry, fire performance cables and auto wires), the group decided to launch and completed more than $50ML investment to produce Medium & High Voltage cables. The new facility added 10,000 tons of production capacity bringing the total potential production of Rybinskelectrocabel to 25,000 tons per year.

In recent years the Group has been involved in developing a High Voltage network in St. Petersburg, in upgrading the Moscow transmission grid, in St. Petersburg and Ladoga submarine projects. Prysmian has been deploying its FTTH and OPGW systems in several major cities of Russia.

www.prysmiangroup.com

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Established in 1992 in Moscow, YUST is a successful Russian law firm consisting of over 70 lawyers with offices in Moscow, Novosibirsk, Kiev and Donetsk. YUST professionals provide a full spectrum of legal services and advice to corporate and private clients in Russia, Ukraine and other countries. Advising foreign and Russian clients on a diverse range of corporate, tax and business legal issues is one of the firm's core activities. The Legal 500 has consistently rated YUST as a leading Russian law firm.

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Программа распространяется на новые автомобили Panamera 4S 2015 года производства. Информацию о наличии автомобилей узнавайте в салонах официальных дилеров Porsche. Программа действует до 30 сентября 2015 года. Количество автомобилей, участвующих в программе ограничено.

*Специальная Процентная Ставка представляет собой маркетинговую ставку процентов и используется для уменьшения стоимости приобретаемого автомобиля на разницу между суммой начисленных процентов по стандартной кредитной ставке Банка и суммой процентов, начисленных по Специальной Процентной Ставке. Стандартная ставка банка (при первоначальном взносе от 40%) — 16,5%. Срок кредита 12 месяцев. Обеспечение по кредиту — залог приобретаемого автомобиля. Обязательное оформление полисов КАСКО, ОСАГО. Минимальная сумма кредита 50000 рублей, максимальная — 7,5 млн. рублей, решение о максимальной сумме кредита на автомобили марки Porsche принимается банком индивидуально. В случае несвоевременной уплаты процентов и возврата кредита с заемщика взимается 0,1% от суммы неуплаченных в срок процентов и части непогашенной ссудной задолженности за каждый день просрочки. При погашении кредита через иные кредитные организации, платежные системы, Почту России взимается комиссия за перевод средств. Кредиты по программам Porsche Financial Services (Финансовые услуги Porsche) в России предоставляются банком-партнером ООО «Русфинанс Банк», Генеральная лицензия ЦБ РФ №1792 от 13.02.2013 г. Указанное предложение не является публичной офертой по смыслу Гражданского Кодекса РФ. Информация об условиях кредитования предоставлена ООО «Русфинанс Банк».

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