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Small & Medium-Sized Enterprises



With AEB updates on:
#corporate culture, #foreign trade
activities, #tax benefits, #AEB-GfK survey,
#AEB news, #committee activities,
#member news, #appointments and #new
members.

Time to reduce costs



Olga Rulkova,
Founder of 1C-WiseAdvice
Summer is the best period for
cost optimisation.
**Get the best offer by
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CEO of 1C-WiseAdvice
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350
clients

More than half of our
clients are foreign
companies

**Dear readers,**

Welcome to the 2nd issue of the AEB Business Quarterly in 2016 that is devoted to Small & Medium-Sized Enterprises! The AEB Small & Medium-Sized Enterprises (SME) Committee was founded in 2011. It primarily aims to identify the specific needs of small and medium-sized European businesses operating in the Russian market and promoting fair business rules by leveraging ethical and efficient inter-company cooperation and information exchange. Also, it is focused on improving conditions for SMEs in Russia so they can act as a driving force for modernisation.

The weakness of Russian small and medium-sized businesses cannot be explained by the small quantity of such companies; the stumbling block is in the low efficiency of SMEs in the country. One of the main issues today is to ease the access of small businesses to government contracts. On 1 July 2015, a law came into force that states that 18% of government contracts will be awarded to SMEs. In 2015, the Russian State Duma adopted a law on the formation of the Federal Corporation for Small and Medium Enterprises, created through the merger of the Credit Guarantee Agency and the Russian Bank of Small and Medium-Sized Enterprises Support. The main objectives of the new body are to provide financial, infrastructure, property, legal and methodological assistance, and to issue warranties and guarantees to SMEs. We hope that the new single window, the Federal Corporation for Small and Medium-Sized Enterprises, will be more efficient in allocating financial and other assistance to SMEs.

As always, the magazine will update you on the latest developments in the SME sector as well as on past AEB events and committee activities.

Enjoy the reading!

Sincerely yours,

Frank Schauff

Chief Executive Officer,
Association of European Businesses

**Dear readers,**

Our Small & Medium-Sized Enterprises (SME) Committee, in line with the AEB mission, is striving to create a better business climate in Russia. We do our very best to contribute to the strengthening of our company members by developing relations between them and by informing them on relevant, important topics. We believe that working together and sharing valuable information is vital for companies.

In the uncertain times we live in, with its economical and political turbulence, we work to offer you a wide range of articles such as governmental support initiatives, foreign trade activities, and the basics of starting a business in Russia, in which we clarify some important points when locating your company here. We believe that our magazine can help you, or at least, give you some pointers on how to become more effective when conducting business in Russia today.

If you have additional questions or any of the topics require further discussion, we invite you to send us your questions in our Linked group or write to us at our "Help Desk": tatiana.morozova@aebrus.ru

You are also highly welcome to participate in our SME committee meetings.

Let me assure you that this edition of the Business Quarterly magazine will not only provide you with useful information, but will be a pleasure to read.

Orlin Efremov

Chairman of the AEB Small & Medium-Sized Enterprises Committee

AEB BUSINESS QUARTERLY, Summer 2016

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Annual General Meeting 2016



AEB delegation visits European Institutions in Brussels



13th AEB Flagship Conference



VII Northern Dimension Forum



Presentation of the AEB survey results

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Corporate culture in difficult economic times (focus on SME's)

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Introduction

Every economic downturn produces winners and losers. The culture within an organisation can have an impact on performance which determines which companies do better and which do not. Particularly in difficult economic times, the leadership of a company can use and adapt corporate culture to "strengthen" processes, motivate employees and take advantage of op-

portunities to enhance the chances of future success.

This article looks at certain aspects of corporate culture in Russia, with a focus on smaller and medium enterprises (SME's). In particular, in the current economic climate, we examine how owners and managers can organise and adapt the factors that influence culture within an organisa-

tion to offset the effects of difficult economic times.

Challenges for company leadership

The corporate culture that develops within a smaller company can be net negative or positive. The impact of each individual is greater. The establishment of time-honoured cultural "traditions" is less likely in an SME, as even a small turnover of individuals will change the internal dynamics of the organisation. In difficult economic times, the nimbleness and flexibility of small organisations can be a definite advantage in helping to weather tough times and emerge stronger. The challenge for the leadership of a company is to create and manage a culture within a smaller organisation that will have a positive impact on employee motivation and performance, enhancing overall results. One of the goals is to create what we would call "a culture of winners".

Defining corporate culture

So, where to start for the leader/manager embarking on the process of adapting a company's culture to



meet the challenges of the current economic slump? Firstly, it is necessary to step outside the organisation and to look in and define the culture that is embedded there. This analysis can lead to the definition of a company's culture as bureaucratic, entrepreneurial, team-based, or more family-style in nature (which would be typical for many smaller companies). Many organisations are a combination of various types of corporate culture.

Defining a company's culture and how it can be adapted does not imply that there is a "right" or "ideal" corporate culture for any particular company. The issue is not so much to define successful corporate culture

but to define the corporate culture for success that will work for a particular organisation. As described by Edgar Schein, culture can be seen as an explanatory concept for organisational success or failure. What happens within an organisation is easy to observe (leadership failures, marketing myopia etc.). Why things happen is more important. We should look to an organisation's culture to help explain this.

Considerations for creating and managing corporate culture for success

We move on now to more practical steps. The following considerations address some of the issues relating

to what we believe leaders/managers of small businesses should be doing to help create a culture for success in the current economic crisis.

Creating a positive corporate culture

While there is no "right" or "ideal" corporate culture, the key to success can be clearly determined. Overall, leaders need to reinforce a positive, inclusive, and results oriented culture. This should be a defining characteristic of the internal processes, which produce happy, motivated, productive and effective employees. Positive employee attitudes, in turn, impact clients who will be more satisfied, and more likely to make recommendations to other potential customers.

To quote from Simon Sinek, **"Customers will never love a company until the employees love it first"**.

Internal and external cultural considerations

In the context of leaders creating and managing a positive corporate culture, there are a number of things to consider. Managers need to lead by example in order to embed positive values within a company's culture. This is not a question of process as much as one of attitude and approach.

At AB Services, we decided that it would be useful to involve the entire team in defining and documenting the key aspects of a positive internal corporate culture for our company. We also involved the team in determining an appropriate outward facing corporate culture for our clients and customers. This exercise proved to be quite helpful, and had the added benefit of reinforcing one of our key values, which is inclusiveness.

With the hope that some of these points will be useful for the readers of this article, the key aspects of corporate culture as identified by our team are listed below.

Positive Internal Corporate Culture

- Teamwork – working toward shared goals.
- Respect and value all employees.
- Everyone has a voice and should be encouraged to contribute ideas, suggestions, etc.
- Exceptional performance publicly acknowledged.
- Exceptional performance financially rewarded.
- Energy, enthusiasm, and, yes, fun.
- Optimism – see opportunities where others see problems.

Positive outward facing corporate culture

A strong customer service focused outward facing culture is a key component of your company's success.

- Value and appreciate each client. Each client receives our very best service.
- View our clients as people, not companies.
- LISTEN to our clients (understand their priorities, and how we can best be of service).
- Build long-term relations based on trust that is earned.
- Stay alert for opportunities to provide additional services balanced by our client's best interests.
- Do not "oversell". NEVER sell the client something they do not need.
- BE GRATEFUL. This is our attitude (we know clients have other options).

Cross-cultural considerations

So far in this article, we have not addressed the issue of cultural differences within foreign organisations operating in Russia which "import" aspects of corporate culture from their home base to another country. A discussion of the cultural differences, which can arise from diverse national practices and operating preferences, is outside the scope of this article. It is worth saying that Russian corporate culture is also quite specific and often strictly hierarchical in terms of defining roles and authority. Most foreign companies in Russia will thus have a hybrid culture with elements both of the parent company and Russian norms. For corporate leaders who want to adapt and reinforce changes to their corporate culture, this presents a choice of which direction to take – a choice, perhaps steered by the maxim: **think globally, act locally**.

Some areas of focus in the economic crisis

For small and medium-sized enterprises looking to survive and thrive, it is helpful to define corporate culture as a set of values that can be the basis for a company's processes, employee relationships and attitude to customer service. Some of the values (and actions) that are especially important during "tough times" would include:

- Continuous improvement. Challenge each employee on the team to constantly look for ways to improve performance.
- Strengthen internal relationships. Create a real team spirit.
- Visit your clients. Strengthen relationships with face-to-face contact.
- Deliver exceptional service.
- Embrace and drive change.
- Pursue growth and be passionate about success.
- When necessary, show flexibility on pricing – to keep clients who are under cost pressures.
- Do more with less. Cost control and careful use of resources.

Wrap-up and parting thoughts

In this time of economic crisis in Russia, the challenge is to create a culture of success. This involves developing a positive culture, both internal in terms of how employees act and interact, and also external in terms of market facing and attitudes towards customer service. Lead by example, and also set high expectations for your team. We would like to close with the following thoughts: the higher your expectations and opinion of your employees, the better they will perform. If you expect them only to be average, they will meet your expectations. If you treat your team as champions, they will likely perform like champions! |

FTA (foreign trade activities) and transport links from/to Iran



ANNA KUZNETSOVA

Operations Director,
Moscow branch, Arivist

With the accord between Iran and the P5+1 now reached, the lifting of sanctions will affect the global economy and domestic economy of Iran in four principal ways:

1. Iran's frozen funds abroad will be released.
2. Sanctions against Iranian oil exports will be removed.
3. Foreign firms will be able to invest in Iran's oil and gas, automobile, hotel, and other sectors.
4. Iran will be able to trade with the

rest of the world and use global banking systems such as SWIFT.

In respect of this, the Russian business community has expressed great interest in potential cooperation opportunities.

It is important to note that the Russian Federation did not formally suspend trading relations with Iran. However, restrictions on the global banking system (SWIFT) complicated the process to a large degree. International barter schemes were considered, such as the Oil-For-Food Programme.

A detailed analysis of this issue shows that there are stiff restrictions which international forwarders must adhere to. The list of restrictions on import and export operations is given below.

Nevertheless, an analysis of Iran's customs statistics which are published on www.iranpartner.com shows that the country needs and imports a wide variety of different consumer goods, commodities and equipment from the Russian Federation. In fact, Iran imported timber, spare parts for machinery, passenger cars, compressed

steel, industrial machinery, and others from Russia in the beginning of 2016.

Tehran is particularly interested in increasing food imports from Russia. For example, corn imports from Russia account for 15 to 20% of Iran's total imports, with 6–7 million tons of Russian corn delivered to Iran per year. There is an opinion that steel and aluminium producers have the greatest potential, and the export of these products to Iran can grow by 60–70%. Overall, the lifting of the sanctions can have a positive influence on trade volumes.

Iran has a long paved road system linking most of its towns and all of its cities. In 2011, the country had 173,000 kilometres of roads, 73% of which were paved.

Dozens of cities have airports that serve passenger and cargo planes. Iran Air, the national airline, was founded in 1962 and operates domestic and international flights.

Trains operate on 11,106 km (6,942 miles) of railroad track. The coun-



try's major port of entry is Bandar-Abbas on the Strait of Hormuz. After arriving in Iran, imported goods are distributed throughout the country by trucks and freight trains. The Tehran-Bandar-Abbas railroad, opened in 1995, connects Bandar-Abbas to the railroad system of Central Asia via Tehran and Mashhad. Other major ports include Bandar e-Anzali and Bandar e-Torkeman on the Caspian Sea and Khorramshahr and Bandar-e Emam Khomeyni on the Persian Gulf.

More than 90 per cent of the country's imports and exports, particularly in the fisheries and oil sectors, are shipped by sea. Iran is the only country which borders both the Caspian Sea and the Indian Ocean.

The country's central location in Eurasia and Western Asia and its proximity to the Strait of Hormuz make it of great geostrategic importance. Iran lies on the crossroads of this emerging transportation route, offering unique

maritime and land corridors for the transit of goods.

In 2014, Bandar Abbas was the country's most active border in terms of transit (37%), followed by Parvizkhan (17%), Bazargan (9%) and Bashmaq (7%).

There is no direct connection between Russia's Baltic and Black ports and Iran's ports located on the Indian Ocean coastline. The route from

Saint Petersburg port to the southern ports of Iran takes approximately 60 days and has 3 transshipment points. The shipping time from Novorossiysk takes 45 days with 2 transshipment points. Nowadays, the Caspian Sea ports provide the fastest service for shipping between Russia and Iran. The Caspian Sea, the largest lake in the world, is bordered to the south by Iran, to the northeast by Kazakhstan, to the northwest by Russia, to the

west by Azerbaijan, and to the south-east by Turkmenistan.

The Caspian service has several benefits, which include:

1. Delivery of an empty container to any point on the Russian Railways network.
2. Door-to-door service in export and import operations.
3. Loading weight of up to 26.5 tonnes for 40' containers and up to 28

tonnes for 20' containers. Trucks are not available for such heavy cargo.

4. Transit time from Saint Petersburg region to Noshahr port takes nearly 20 days.

5. No risk of any delay of the cargo by the authorities of third countries during reloading at transshipment points. The service runs from the Caspian Sea port Olya to Bandar e-Anzali and Noshahr (Nowshahr/Noushahr), and the vessel can stop at Amirabad on request. |

IMPORTS TO IRAN	
COMMODITIES ALLOWED	COMMODITIES EXCLUDED
Agricultural commodities Definitions: <ul style="list-style-type: none"> • agricultural commodity, food for humans (including raw, processed, and packaged food, live animals, vitamins and minerals, food additives and supplements, seed, bottled drinking water), and for animals (including animal feed); • seeds that germinate into items that are intended to be consumed by and provide nutrition to humans or animals; • feed; • fibre; • livestock. 	Alcoholic beverages, cigarettes, gum. Castor beans, castor bean seeds, live animals (excluding live cattle), rosary/jequirity peas, non-food grade gelatin powder, peptones and their derivatives, super absorbent polymers, western red cedar, all fertilisers. Furniture made from wood, clothing manufactured from plant or animal materials, agricultural equipment (hand tools or motorised equipment), pesticides, insecticides, herbicides, cosmetics (unless derived entirely from plant materials).
Medicines and basic medical supplies Definitions: <ul style="list-style-type: none"> • general medical supplies, instruments, equipment; • prescription and over the counter medicines for humans and animals. Please check and ensure that your item is on one of the following lists to confirm that it is authorised: OFAC's List of "Basic Medical Supplies". Comprehensive List of BIS EAR99 Medical Items.	Non-NSAID analgesics, cholinergics, anticholinergics, opioids, narcotics, benzodiazepenes, and bioactive peptides, cosmetics, vaccines, immunotoxins, certain toxin containing medical products, diagnostic and food testing kits.
EXPORTS FROM IRAN	
COMMODITIES ALLOWED	COMMODITIES EXCLUDED
Foodstuffs Definition: Food intended for human consumption, including raw, processed, and packaged food, live animals, vitamins and minerals, food additives and supplements, seeds, bottled drinking water, caviar and pistachios.	Alcoholic beverages, cigarettes, gum. Castor beans, castor bean seeds, live animals (excluding live cattle), rosary/jequirity peas, non-food grade gelatin powder, peptones and their derivatives, super absorbent polymers, western red cedar, all fertilisers. If an item is not included in Chapters 2–23 of the Harmonised Tariff Schedule then it is excluded and not allowed. Please check here: https://hts.usitc.gov/current .
Carpets Definition: floor coverings in which the exposed surface of the product is made of textile materials when in use, and includes products that have the characteristics of textile floor coverings but are intended for other purposes (such as wall hangings).	Floor covering underlays.

Chet Bowling's five simple rules for client growth and retention



CHET BOWLING

Managing Partner, Alinga Consulting

One of the key goals for a company CEO is to ensure maximum growth of the business using the least amount of resources. In searching for a solution to this challenge, I have come to the following conclusion: everything will turn out fine if business is built around clients. I have put together a few simple rules for client growth and retention whereby 20% of your effort brings 80% of the results. I have five such rules that I can speak about using the example of my company, Alinga Consulting. I am certain that these rules can be applied in any other service sector business.

Rule No. 1: meet without having a reason to

There is a belief that a meeting with a client should have a defined agenda: extending or modifying a contract or resolving a dispute. Try changing this attitude. Meet at least once a month with key customers and new ones to simply talk about their goals and plans for the future. This is especially valuable if a client cannot influence the process by which you provide services and sees only the result in which nothing can be changed. Such meetings have repeatedly helped us learn about planned business transactions and thereby provide advice to clients in a timely manner, thus helping them to avoid mistakes.

It is difficult to meet regularly with everyone individually, so take every opportunity to make contact during business meetings and roundtable meetings. Hold business breakfasts. Proactivity and the involvement of service providers is highly valued by clients and serves to increase their loyalty.

Rule No. 2: more networking means more opportunities

The numerous business events that I mentioned above serve not only to maintain relations with existing clients, but also to help us find new ones.

To this end, in business communication it is important to "turn off" the seller and "turn on" the listener in oneself. All you need is to evoke a feeling of goodwill, and be a tactful, considerate and helpful conversation partner. For example, you can share your experience in solving challenging issues.

Networking takes about 60% of my time. I attend a variety of business meetings every week, which I find to be useful, partly in order to understand the situation on the market and its needs as a whole.

Rule No. 3: analyse your contacts

There is no point in wasting time establishing new business contacts if you do not organise and use them. We have more than 8,000 contacts in our client database, which we maintain using a CRM system that contains all the important information. It is constantly being updated, and serves as a source of data for the monthly client outreach report.

After analysing this report, a working group consisting of the CEO and department heads gains a better understanding of the options for further cooperation and outreach planning.



There is no doubt that repeated contact helps transform simple familiarity into actual cooperation.

Rule No. 4: do not depend on your sales staff

It sounds provocative, but it works well. Do you want to know why? Most often, searching for clients and providing them services are functions that are performed by different people in companies. A downside of this model is the high likelihood of there being a mismatch between a client's expectations that are formed when communicating with the sales person and the actual services delivered by the project manager. When you sell a service, especially a "complex" one, it is important to convey to the client as accurately as possible all the details of its delivery and the expected results.

Combining the functions of landing clients and providing them services reduces this risk and adds the following benefits:

- helps you to select an optimal service model;
- demonstrates your professionalism;
- improves the quality of services provided (the person delivering the service feels personally responsible for fulfilling the promises made to the client);
- simplifies and accelerates communication and the resolution of any disputes;
- increases client satisfaction with the quality of services provided.

This approach works well for companies with a well-developed practice of delegating authority and a well-functioning training system.

In our case, project managers mostly perform the sales work. Each month they receive an analytical report on our database of business contacts; this report indicates potential clients and potential areas of work with each of them. Our managers then prepare their own proposals, conduct negotiations and sign contracts. They regularly undergo

internal and external training in skills such as networking, sales, and business communication, among others.

Rule No. 5: share

After a potential client becomes a real one, your objective is to ensure the added value of cooperation with you. Hold regular meetings (see Rule No. 1), identify additional needs, demonstrate your professionalism, as well as your ability to foresee and prevent possible risks, and promptly respond to all requests.

Do not forget to share knowledge; this turns a standalone expert into a centre of expertise within the community. Any convenient means of communication can be used for this purpose. We have selected a few: webinars for professionals, business breakfasts for CEOs and a business journal for a wide range of Russian and foreign business leaders.

Webinars aimed at our clients' employees are held by our department heads and invited experts. Our journal, which is devoted to practical issues related to doing business in Russia – our primary specialisation – is published six times a year in both Russian and English. Every quarter we invite the heads of foreign companies, including but not exclusively our clients, to private business breakfasts where we share our opinions and experience.

By regularly using the tools above you will be able to form a community of leaders and professionals with an interest and confidence in your professionalism. In my experience, the final decision in favour of a given service provider is based on a good feeling about the provider's knowledge and experience. |

General director – number one salesperson of an SME



LÉO VIDAL-GIRAUD

Business Development Director,
CTN Group

Founding and directing a company means coming up with a business plan, finding investors, but also and most importantly, selling! And as surprising as this may sound, new entrepreneurs often forget about this due to lack of time, or experience, and also partly because of digital technologies and social networks, giving us the illusion that as soon as the company website and Facebook page is up, clients will be lining up.

Starting a business also means choosing to become a salesperson.

This is the most important job of an entrepreneur. There are many business founders with an interesting and original product, who firmly believe that sales will just happen, usually via a business development manager they will pay commission to. This is not a sales plan. Up until a turnover of about EUR 300,000 is achieved, the founder is the only salesperson in the company. And until about EUR 700,000, he or she will remain the most important person, and with much better conversion rates.

Only when the business has truly kicked off and the first employees have been recruited will the director be able to delegate some of the sales duties to someone else, but not before drawing up a sales plan and detailed guidelines for his or her new sales force.

The right mindset

After months spent drawing up a business project, finding clients may not be easy. In this time, when your best business card is your experience and your personal network, it might be a real challenge. The first clients are the toughest to find, be-

cause you have few or no references. Your product should be carefully calibrated. In B2B, you rarely get a second chance at converting clients.

The best approach is to let your potential client do the talking, listen to him or her carefully and then make a tailored offer. And keep in mind that this potential client should not know that he or she is the first one! If asked for references you can quote something related to your previous experience, or invoke confidentiality – which your potential client may very well appreciate! And you should always thoroughly analyse every rejection.

Making a sale is not a test – it is a competition. And being the best is above all a matter of your mindset. In a small business, this is only up to the founder and director.

The difficulty of finding good sales people

It is very difficult for small companies to find good junior sales people. Salesmen are not valued from the beginning. Business schools teach accounting, marketing, PR, strategy, law... sales as such does not hold an



important position. It is perceived as low-value and low-skill, although it actually demands excellent listening, comprehension and interpersonal skills. The typically low salaries and unstable schedule and work hours are further reasons for the low level of interest in sales positions.

The key skills of a salesperson have changed, but remain fundamentally the same: everything changes and nothing changes. B2B processes have seen the arrival of B2C skills. Agility, multi-channel, understanding the needs of both the client and the company, but also scouting for new needs and passing that information up; ensuring the long-term growth of the company.

The times when a salesperson could start from their sales proposition and deliver a speech are over. Most

of the time, the client already has the information he or she needs; he or she has visited your website and knows who you are. The true goal is to understand how he or she reached you – to understand his or her needs, and offer him or her the best product. A salesperson who does not know how to qualify and highlight the needs of a client has no added value.

Decision making has also become more complex. In software sales, for example, the decision is increasingly made by users rather than by purchasers (the financial division rather than the purchasing manager, for accounting software). This lengthens the decision making process. A salesperson must understand how and by whom the choices are made. He or she must understand and account for counter-powers to the

purchasing department inside his or her client company. Therefore, he or she needs to be able to figure out the company's structure, to get his counterparts to talk, to get to know them and understand the internal power games within the client's company. This requires an analytic mind, listening skills and, of course, lots of resilience in order to manage all those challenges.

In an SME, you cannot afford to lose clients. Your relationship with them must be long-term. Your client needs to trust you, he or she must want to work with you. In that sense, a good salesperson must understand the entirety of the client's problem, he or she must also be a project manager, and know intimately how his or her own company works... and delivers. What better person is there to do all that than the general director? |

International investors are more optimistic about doing business on the Russian market



ALEXANDER DEMIDOV

Managing Director, GfK Rus

The AEB presents the results of its annual survey "Strategies and Prospects for European Companies in Russia". One in three European companies expects their investments in Russia to grow in the next 2–3 years.

With Russia's economic slump showing signs of easing and the news about the forthcoming new national economic strategy, European companies doing business in Russia have more reasons to be positive about their prospects in the Russian market. In 2016, the

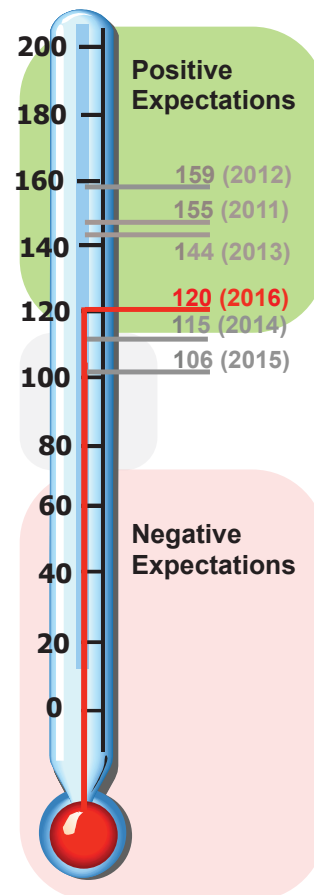
integrated AEB-GfK Index grew by 14 points from 2015 and now stands at 120 points out of 200 possible, which is a shift to positive expectations. In 2015 the index stood at 106 points, in 2014 at 115, and in 2013 at 144.

"International investors are more optimistic about doing business on the Russian market", said Alexander Demidov, Managing Director of GfK Rus, which conducted the survey at the request of the Association of European Business.

What is driving the positive trends in business confidence and what is hindering the growth of European investment in Russia?

The integrated AEB-GfK Index, which reflects the mood and expectations of European entrepreneurs in respect of doing business in Russia, is measured by the Association of European Businesses annual survey "Strategies and Prospects for European Companies in Russia". The survey gives an analysis of the attractiveness of the investment climate in Russia and provides insights into the main problems and strategies of European companies in Russia. The current survey was con-

AEB-GfK Index, 2016



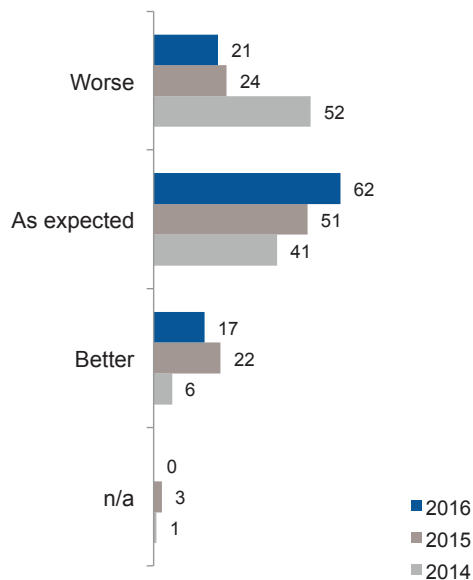
ducted in April 2016 and gauged the attitudes of 89 AEB member companies.

2015 was not an easy year for European companies in Russia: in 2016,

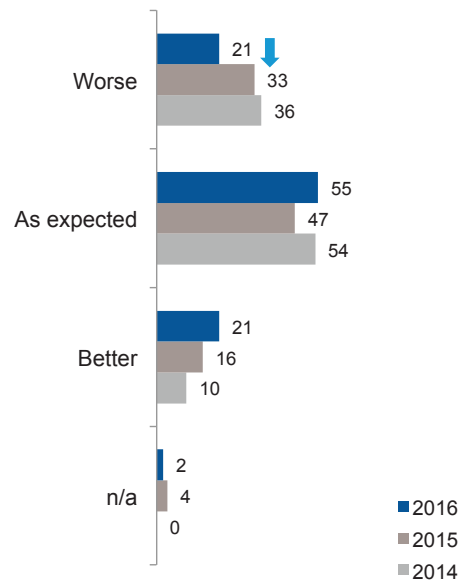
Expectations regarding the development of Russia's economy and companies' performance in Q1'2016, %



Fulfillment of expectations regarding the state of economy



Fulfillment of expectations regarding company's performance



↑ Noticeable change vs. 2015

Base = 89 AEB members (2016)
108 AEB members (2015)
98 AEB members (2014)

36% of surveyed AEB companies reported a decrease in turnover in 2015 compared to 2014, when this indicator comprised 28%. Only 43% of European companies reported that turnover grew in Russia in 2015, which was a drop from the previous survey; in 2014 turnover growth was reported by 55% of European business in Russia.

At the same time, notwithstanding the rather pessimistic prognosis regarding the majority of Russia's macro-economic indicators, the economic slump has shown signs of easing, and according to the AEB survey, European business was able to obtain its forecasted results in Q1 2016 in Russia.

Compared to the previous year, the survey found a drop in the number of businessmen reporting that their business results were worse than expected in the first three months of the year.

There has been another noticeable change from 2015; in 2016 European companies seem to have adapted to the new economic conditions in Russia and are now able to act within wider planning horizons.

The 2016 AEB survey found a drop in the number of companies expecting investment in Russia to decline in the current year, and half (49%) expect investment to equal that of last

year. One in three companies says they plan to increase their investments in Russia. And while regarding 2016, European business on the whole demonstrated only cautious optimism, for the next 2–3 years, we see that only 35% of companies which participated in the AEB survey expects a drop in investment in their sector. In 2015, expectations of European business were gloomier: with 50% of respondents expecting a further decrease of investments in their sector. Also, the AEB survey found that in 2016 the number of European companies which expect a further drop in foreign investment in Russia has considerably decreased (2016 – 33%, 2015 – 54%).



Due to the improvement of short and middle-term expectations, the top managers of European companies reported more optimism regarding their company performance in 2016 in Russia. 70% expect turnover to grow this year; this indicator is much higher than in 2015 (55%), and marks a return to the pre-sanctions level of Q1 2014 (72%). In 2016, 52% companies expect profits to grow in Russia in the next three years (40% in 2015, and 52% in 2014).

What is hindering the growth of investment in Russia?

Notwithstanding the cautious optimism, the economic climate in Russia remains difficult. According to the respondents of the AEB survey, the key negative fac-

tors that are impacting the country's economic development are as follows: low oil prices (87%), US and EU sanctions against Russia (87%), and Russian counter-sanctions (67%). The factors which have had the most negative impact on European companies are the devaluation of the rouble, mutual sanctions and low oil prices:

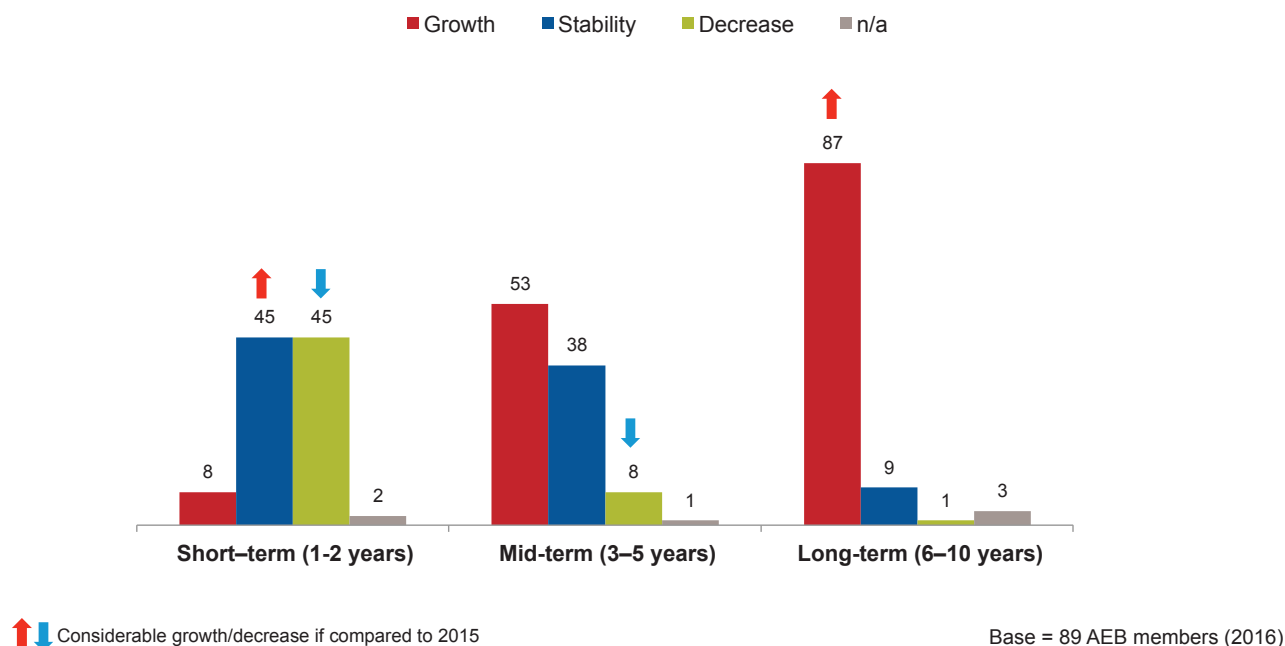
- 74% of the companies in the AEB survey reported that the rouble devaluation has had a negative impact on their business;
- 69% said that sanctions against Russia have had a negative impact on their business;
- 63% said that oil prices have had a negative impact on their business in Russia;

- high interest rates were reported as a major problem for financial development by 62% of the companies in the AEB survey. Also, 35% reported the limited access to bank loans and 29% reported the shortage of cash flow;
- only 27% reported that import substitution in Russia has had a negative impact on their business.

The majority of European companies in the survey reported that very modest progress has been made in the development of the business environment and business culture in Russia. Experience of liaison with the legal, customs and taxation authorities was assessed mainly in



Russia's economic outlook for the next 10 years, %



negative terms. Institutional constraints and legal limitations were named as the main hindrance to developing business in Russia by 55% of the companies. Most of the respondents of the AEB survey do not expect an improvement in the situation with red-tape and corruption or in the taxation regime in the next two years (67%, 64% and 56% of companies correspondingly).

European companies doing business in Russia expect moderate improvements in areas such as infrastructure, costs of human resources, and partner reliability.

On the whole the results of the AEB survey demonstrate that European business is rather optimistic about

the middle (3–5 years) and long-term (6–10 years) prospects for the Russian economy. Companies consider that Russia is an important market due to its significant potential, large size and positive development (93%, 91% and 86% correspondingly mention these reasons for entering the Russian market).

The AEB survey also studied the opinion of European business regarding the impact of Russia's membership in the World Trade Organisation (WTO) on their business. While before Russia entered the WTO in 2012 the majority of companies forecasted that WTO membership would have a positive effect on the Russian economy (75%) and for their business (59%), most AEB members reported that they have not felt a

positive effect on their business from Russia's membership in the WTO.

About the AEB survey

The survey "Strategies and Prospects for European Companies in Russia" was conducted by the Association of European Businesses (AEB) for the 9th time (and for the 6th time in cooperation with GfK Rus). The current survey was conducted in April 2016. 98 top managers from AEB member companies took part in face-to-face and on-line interviews.

The objective of the survey is to gauge the confidence level of European companies doing business in Russia, and study their intentions regarding business growth and their perception of the local investment climate. |

Tax benefits for SMEs depending on their activity



ANNA RYABTSEVA

Senior Associate, Legalife



MARINA ZINOVIEVA

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Small and medium-sized enterprises and individual entrepreneurs (together referred to as "SMEs") are considered to be an essential component of economic development worldwide. This is mainly due to the fact that SMEs quickly respond to changing market conditions and have a rapid turnover of capital which leads to the growth of the national economy and the formation of a stable taxable base.

Russia is not an exception from this global economic trend. In recent years the Russian government has been continuously introducing measures to improve the taxation system for SMEs. One of the important advantages of the Russian taxation system is the possibility for SMEs to choose a taxation regime which creates the most affordable and

comfortable conditions for their business and provides small companies with less administrative barriers.

In this article we would like to focus on the various taxation regimes and tax benefits available to SMEs.

The Russian tax system in a "nutshell"

The taxation system in Russia is divided into a general taxation system and several so-called special taxation systems. By default, if a newly established legal entity or individual entrepreneur does not notify the tax authorities on the choice of one of (or several) special taxation systems to be applied, then the general taxation regime shall apply. The general taxation regime does not provide any specific features for SMEs,

i.e. SMEs shall pay all federal taxes, regional and local taxes. The main ones include Corporate Income Tax (general rate – 20%), Personal Income Tax (PIT) (general rate – 13%), VAT (general rate – 18%, for some types of goods or services it can be 0% or 10%), also companies have to pay insurance contributions on employee salaries (general rate – 30%).

Moreover, under the general tax treatment SMEs are obliged to maintain bookkeeping and accounting in accordance with the general requirements of the law.

It goes without saying that under the general tax scheme the tax burden of SMEs may be unsustainable. Therefore, in order to support SMEs the Russian taxation system provides, in particular, special tax regimes that exempt small business from some taxes, such as corporate income tax, property tax and VAT, "tax holidays", and the easing of some tax accounting and reporting requirements.

Special taxation systems: general overview

Currently, the Russian Tax Code provides five special tax systems: the simplified taxation system (STS); the unified tax on imputed income for particular types of activity (UTPA); the taxation system for agricultural producers (a unified agricultural tax), the patent taxation system (PTS), and the taxation system for production sharing agreements.

An SME may use the STS if its annual revenue does not exceed RUB 60,000,000.00 (approx. EUR 820,000); the average number of employees is not more than 100. Under the STS an SME pays the following tax rates depending on the subject for taxation and the location the SME is carrying out its activities (see the table). Another popular spe-

be reduced to 0% – in 2015–2016, and 4% – in 2017–2021; and subjects of the Russian Federation may establish a 0% tax rate for newly established individual entrepreneurs for a period of two years. The cost of the patent varies mainly from RUB 6,000–60,000 per year. This tax scheme may be more attractive for those who expect to gain

- medical or educational activities included in the list are approved by the government;
- social services are provided only if registered with the respective register of social service providers;
- there are more than 15 employees; additional requirements for medical activities – more than 50% of the person-

	SUBJECT FOR TAXATION	
	ALL REVENUES	REVENUES REDUCED BY THE AMOUNT OF EXPENDITURE
general rates under the STS	6% tax	15% tax
subjects of the Russian Federation may establish lower tax rates for SMEs depending on the taxpayer type	not lower than 1%	
for SMEs working in the Republic of Crimea and Sevastopol tax rates may be reduced to:	0% – in 2015–2016	3% – in 2017–2021 (depending on the taxpayer type)

cial tax scheme is the UTPA, which is intended for SMEs working in business areas specified in the law (such as retail and consumer services). Under UTPA businesses pay 15% tax on the imputed income. The law states that municipal and urban districts, and cities such as Moscow, St. Petersburg and Sevastopol may establish a lower UTPA tax rate of up to 7.5%, depending on the taxpayer and business activity categories in respect of which the UTPA is applied. Imputed income is calculated in accordance with the established formula which includes special coefficients of the specific business activity.

The PTS may be used exclusively by individual entrepreneurs engaged in business activities specified by the law (increased from 47 to 63 from 1 January 2016) with the average number of employees not exceeding 15. Under the PTS individual entrepreneurs pay 6% tax on potentially expected income that is set by the subject of the RF; for those who work in the Republic of Crimea and Sevastopol tax rates may

an income that is much higher than the one set for a patent in a particular region.

A unified agricultural tax may be used by companies (including SMEs) producing agricultural goods, whose revenue derived from the respective production and processing of agricultural goods is not less than 70%. Under this special taxation system companies pay only a unified agricultural tax of 6%, for the Republic of Crimea and Sevastopol tax rates may be reduced to 0% – in 2015–2016, and 4% – in 2017–2021, and are exempt (with few exceptions) from profit tax, property tax, VAT.

Tax benefits for SMEs depending on specific business activities and projects

Medical and Educational Business Activities, Social Service Activities – may enjoy a 0% profit tax rate, subject to the following requirements:

- a respective license is obtained (except for social services);

nel are medical specialists;

- not less than 90% of the income is received from medical or educational or social services;
- no promissory note transactions or financial futures deals are made.

Producers of Agricultural Goods – producers who do not apply for the unified agricultural tax may enjoy a 0% profit tax rate, subject to the condition that such producers receive not less than 70% of their income from the production and processing of agricultural goods. Other taxes are paid by such taxpayers according to the general tax regime.

Production Companies – certain SMEs using the STS and engaged in the types of economic activity specified by the law (in particular, various production activities) may get reduced rates for insurance contributions paid to the social fund (20%). An important requirement is that the income from the stated activity type should not be less than 70%. Research & Development – SMEs working in the R&D and innovation technol-

ogy sector may apply for the following benefits:

- VAT exemption for some certain R&D activities;
- eligible R&D activities, as listed by the government, may use a 1.5 coefficient deduction for qualifying costs to reduce profit tax;
- fixed assets used in science and technology may be depreciated with an accelerated coefficient of up to 3;
- reduced rates for insurance contributions paid to the social fund (20%).

Information Technology – SMEs engaged in the IT business may enjoy reduced rates for insurance contributions paid to the social fund (on aggregate 14%).

Special Economic Zones (SEZ) – currently there are 25 SEZs in Russia. SEZ residents, i.e. entities and individual entrepreneurs (in particular, SMEs) established within the territory of the SEZ and entered into an agreement with the local authorities on a specific activity, depending on the category of SEZ (manufacturing; technology implementation; tourism & recreation; port zones), may enjoy certain tax benefits, such as reduced profit tax rates (up to 0% depending on the type of SEZ), property tax exemption for up to 10 years; VAT exemptions (for example for port SEZs), lower rates for transport and land taxes for a period of up to 10 years, a reduced insurance contribution rate for technology implementation SEZs and tourism & recreation SEZs.

Regional Invest Projects – SMEs participating in investment projects in the Russian regions may enjoy a 0% profit tax rate paid to the federal budget for a period of 10 years from the time the first profit is made, and a lower profit tax rate (no more than 10%) paid to



the budget of the respective subjects of the Russian Federation. Such incentives are subject to the following conditions:

- the SME must be registered with the Register of Regional Invest Project Participants; and
- receive no less than 90% of its income from the sale of goods within the respective investment project.

Skolkovo Residents – for the first 10 years may enjoy a 0% rate on profit tax, VAT, property tax; and a reduced insurance contribution rate of 14% (instead of general 30%). These benefits apply strictly to Skolkovo residents, i.e. the Russian engineering companies established solely for the purpose of R&D activities at the Skolkovo Innovation Centre in the following industry clusters: energy efficient technologies, nuclear technologies, medical technologies, space technologies and telecommunications, IT, biotechnology in agriculture and industry.

The status of a Skolkovo resident is granted from the day of registration of a company in the Register of Skolkovo Project Participants for a period of 10 years. A company can lose the right to the abovementioned benefits, when both of the two conditions below are met:

- the annual revenue exceeds RUR 1 billion (approx. EUR 13.7 million);
- the aggregate profit accumulated since the beginning of the year in which revenues reached the above threshold exceeds RUR 300 million (approx. EUR 4.1 million).

The law may provide other benefits for SMEs depending on the type of activity (for example: various tax exemptions for companies engaged in the preparation of FIFA World Cup 2018), therefore, when setting up an SME and drafting a business plan, it is highly important to consult with legal and tax advisors in order to obtain the most beneficial tax arrangement for your business. |

The concept of beneficial ownership in the context of dividend payments



ULYANA HOLOVENKO

Managing Director, TMF Russia

Many international companies operating in Russia distribute dividends from the previous year's activities and ideally – if eligible – at a reduced rate of withholding income tax (WHT) on dividends under double tax treaties (DTT).

Previously in the course of distributing dividend income to foreign shareholders, Russian entities received a certificate proving tax residence of their foreign shareholders. This was sufficient to support the application for a reduced rate of WHT on dividends under DTT. However companies are now required to take into account new beneficial ownership rules (introduced on 1 January 2015), when distributing the divi-

dend income abroad and applying reduced WHT under DDT.

The Russian Tax Code's new beneficial ownership rules provide DTT benefits to beneficial owner of income residing in the respective DTT country. The Russian Tax Code (article 7, item 2 and article 312, item 3 of the Tax Code) defines that a beneficial owner has a right to independently use or dispose of the income (e.g. factually receives dividend income and determines further "economic destiny" of such income). In the course of defining a person, having factual rights to receive dividend income, whether the beneficial owner exercises respective functions and assumes risks with respect to this income is taken into account.

In particular, the rules state that the DTT reduced rate applies when the beneficial owner of the dividends resides in a country with the respective DTT. At first glance, the specification is nothing to worry about however, companies with sophisticated holding structures which include several levels of entities should clearly identify who the beneficial owner of the dividend income is. This is especially important as often direct shareholders of Russian entities act as intermediaries/conduit companies to dividend income received from the entity.

The Russian Tax Code (article 7, item 3 of the Tax Code) states that an entity shall not be recognised as a beneficial owner if (1) the entity has limited authority to use the income; (2) the entity performs intermediary functions for the benefit of another party (acts as a conduit); (3) performs no other functions; (4) assumes no risks with respect to the income, but merely repays this income in full or in part, to another party which would not enjoy the DTT benefits if it received the payment directly.

The updated concept of a beneficial owner aims to combat abuse of privileges and preferences provided by the DTT, by way of using so called intermediary or conduit companies.

The new provisions of the tax law are general in nature and do not specify clear criteria of the beneficial ownership. A Russian company should decide on the application of the reduced tax rate. As explained by the Ministry of Finance of the Russian Federation in response to TMF Russia's inquiry: "according to article 312, item 1 of the Tax Code when applying the DTT Russian entity – the tax agent is entitled to ask the recipient of the dividend income to provide a confirmation proving that this recipient has the right to obtain dividend income paid by this Russian entity. The obligation of the Russian entity – tax agent to assume

any measures for determining of foreign recipient as factual receiver of the dividend income shall be considered fulfilled if at the moment of dividends payment the Russian company – tax agent possesses documents confirming that the receiver of such dividend income has the right to use and dispose such income. Such a document, among others, can be a letter issued by the shareholder stating that a recipient of the dividend income has no contractual or other legal obligations in front of third parties and is not limited in its rights when disposing dividend income received from the Russian entity. It should be also confirmed that the recipient of the dividend income can use and dispose the dividend income independently. At the same time the Russian Tax Code does not provide for the list of documents confirming the factual right of the receiver to obtain dividend income”.

Therefore, according to the new Russian beneficial ownership rules, to be able to apply the reduced tax rate based on the DTT exemption, a Russian company should obtain from a foreign company the confirmation of the latter’s beneficial ownership of dividend income (article 312, item 1 and article 310, item 2.4 of the Tax Code). Such a confirmation should be provided before the income payment. To apply the reduced WHT rate to dividends under DTT, the Russian entity should obtain a written letter of confirmation of the beneficial ownership of the dividends from respective foreign group of companies. However, the tax law does not prescribe the format of such a document and which party should issue the confirmation. It is also uncertain whether any supporting documents are required by the tax authorities to confirm the statement made in the formal letter of confirmation.

As pointed out by the Ministry of Finance, the letter should mention some important aspects of the beneficial ownership. Mainly they are set by law and practice. In my opinion it is important to mention in such a letter that (1) a foreign company is a beneficial owner within the meaning of the respective DTT; (2) it does not have any legal limitations of rights to use the dividend income at its own discretion; (3) the dividend receiver does not act as intermediary/conduit with respect to dividend income received from the Russian entity; (4) a foreign company has the ability to use income and it executes functions and assumes risks with respect to the dividend income received from the Russian entity, etc. As previously mentioned, it is important to receive the confirmation before the payment of the dividend income.

Another important consideration is whether any supporting documents are needed to be collected to support the statement made by the foreign company in the formal letter. Unfortunately the law is silent and each Russian company may decide on its own what documents may serve as proof. I believe it would be worthwhile to have financial statements of the foreign company confirming its income and expenses, bank statements on funds movement and so on. Essentially, documents confirming substance behind the foreign entity activities, and that such company is not a pure conduit company. It is likely that the confirmation letter as well as any supporting document should be duly translated into Russian.

Field experts say that beneficial ownership has become an area of interest for the tax authorities. They actively check the beneficial ownership status of the recipients of income, and may potentially scrutinise this issue for the dividends payable by a Russian entity. It is crucial

to be able to prove that the beneficial owners of the dividends are tax residents of the states with a DTT protection to prove the right for the use of a reduced withholding tax rate.

The Russian Tax Code poses that the failure by a tax agent to fulfil its obligations to withhold and (or) remit taxes in full leads to administrative liability in the form of a fine in the amount of 20% of the amount of taxes required to be withheld, and (or) remitted and late payment interest.

While the Russian Tax Code is silent on whether the amount of tax underpayment may be claimed from the tax agent, 2013 Resolution No. 57 of the Russian Supreme Arbitration Court Plenum stated that a tax agent may be imposed with the amount of tax not withheld as well. The tax authorities always use the opportunity to assess a tax agent with the amount of tax which was failed to be withheld. Thus, if the tax authorities challenge the application of the reduced WHT on dividends on the basis that the recipients of income are not beneficial owners, they might charge the Russian entity (tax agent) with the amount of tax underpaid, penalties in the amount of 20% of tax underpaid and late payment interest. Administrative and criminal liability may also potentially be applied to a responsible person(s) if this/these person(s) committed or participated in tax evasion.

Given the complexity of the practical application of the beneficial ownership concept and the high interest of the tax authorities in this area it is recommended to check all risks factors and verify carefully, your company structure. It is always good practice to consult specialists in the field to eliminate risks related to distribution of dividend income. |

AEB News

AEB Board elects new chairman and his deputies



Thomas Staertzel,
Chairman of the AEB Board

On 11 May 2016, the Board of the Association of European Businesses (AEB) elected Thomas Staertzel, Managing Director, Porsche Russland Moscow, as Chairman of the Board.

Alexander Liberov, CFO, Siemens LLC, was elected as First Deputy Chairman. Olga Bantsekina, Chief Representative, Coleman Services UK Ltd., and Teemu Helppolainen, Head of Segment, Housing Russia, YIT, were elected as Deputy Chairpersons. Gerald Sakuler, Individual member, was elected as AEB Treasurer.

The members of the AEB Board are:

1. Filippo Baldisserotto – Managing Partner, Italcantieri LLC;
2. Olga Bantsekina – Chief Representative, Coleman Services UK Ltd;
3. Cesare Biggiogera – CEO, Prysmian Group Russia;
4. Paul Bruck – Main shareholder, OOO Most Service;
5. Teemu Helppolainen – Head of Segment, Housing Russia, YIT;
6. Alexander Liberov – CFO, Siemens LLC;
7. Philippe Pegorier – President, Alstom Russia;
8. Gerald Sakuler – Individual member;
9. Thomas Staertzel – Managing Director, PORSCHE RUSSLAND/Porsche Centre Moscow.

The AEB expresses its gratitude to Philippe Pegorier for his strong engagement during the past two years in his capacity as Chairman of the Board.



AEB members elected the Chief Executive Officer

On 21 April 2016, during the Annual General Meeting of the Association of European Businesses, AEB members elected Frank Schauff as the new Chief Executive Officer.

Frank Schauff, AEB CEO

AEB Council of National Representation (CNR) elected its Chairman and his Deputies



Lodewijk Schlingemann,
Juralink Legal Consultancy

The Association of European Businesses is pleased to announce that on 12 May 2016, the CNR elected Lodewijk Schlingemann, Juralink Legal Consultancy (the Netherlands), as CNR Chairman at its first meeting after the AEB Annual General Meeting.

Daniel Ruzicka, Mikenopa (Czech Republic), Fredrik Svensson, Mannheimer Swartling (Sweden), Alan Thompson, Russo-British

Chamber of Commerce (the United Kingdom) were elected CNR Deputy Chairpersons.

The current members of the CNR are:

- Dietmar Fellner (Austria) — Austrian Trade Commissioner;
- Johan Vanderplaetse (Belgium) — Schneider Electric;

- Daniel Ruzicka (Czech Republic) — Mikenopa;
- Aage V. Nielsen (Denmark) — Vitus Bering Management;
- Matthias Schepp (Germany) — AHK
- Meelis Milder (Estonia) — Baltika Group;
- Jari Jumpponen (Finland) — East office of Finnish industries;
- David Lasfargue (France) — Jeantet AARPI;
- Sandor Rethi (Hungary) — OTP Bank;
- Ingolfur Skulason (Iceland) — Kleros LLC;
- Charles Mahon (Ireland) — PM Group;
- Brenno Todero (Italy) — OOO Pizzarotti IE;
- Tomas Vaisvila (Lithuania) — OAO Ramport Aero;
- Patrick Catania (Malta) — International Hotel Investments (Benelux) B.V. in St. Petersburg;
- Luka Nikcevic (Montenegro) — Chamber of Economy of Montenegro in Moscow;

- Luka Nikcevic (Montenegro) — Chamber of Economy of Montenegro in Moscow;
- Lodewijk Schlingemann (the Netherlands) — Juralink Legal Consultancy;
- Alexander Janeczek (Poland) — Work Service;
- Jakov Despot (Republic of Croatia) — Croatian Chamber of Economy Representation to Russia;
- Sveta Vasiljevich (Serbia) — Chamber of Economy of Serbia in Russia;

- Peter Sulek (Slovakia) — Europeum;
- Fredrik Svensson (Sweden) — Mannheimer Swartling;
- Bertrand Bonvin (Switzerland) — Philip Morris International;
- Zafer Ustuner (Turkey) — BEKO;
- Alan Thompson (the United Kingdom) — Russo-British Chamber of Commerce (RBCC).

The AEB Auditing commission (AC) elected its Chairman



Gerard Uijtendaal,
Amrop KBS International

The AEB Auditing Commission (AC) elected Gerard Uijtendaal (Amrop KBS International) as its Chairman.

The other members of AC are:

1. Gaël Dumetier – Regional President, Russia & CIS, Vossloh AG;
2. Irina Gridneva – Regional Head of accounting and controlling, Nokia Solutions and Networks;
3. Lorenz McDougall – Finance Director, AB Services;
4. Rene Pischel – European Space Agency.

VII International Moscow Automotive Forum (IMAF–2016)

IMAF

The Association of European Businesses (AEB) is pleased to remind you of IMAF–2016 (7th International Moscow Automotive Forum), organised by the AEB and ITEMF Expo.

The Forum will take place on 23 August 2016, during the international exhibition MIMS Automechanika Moscow, which will bring together key professionals from the automotive industry at the Expocentre, Moscow.

We thank our partners for their invaluable support of IMAF-2016:

Business partner



Partners



Registration area partner



Coffee zone partner



Information partners



Please be aware about a special offer for IMAF and TIAF participants.

The review of IMAF-2015 can be found on the official website <http://www.imaf-forum.ru/>. You are also welcome to the official Facebook and LinkedIn pages to check for the updates.

Contact persons on the Forum's programme and sponsorship:

Asker Nakhushev, asker.nakhushev@aebrus.ru, + 7 (495) 234 27 64, ext. 116;

Anastasia Kondratieva, anastasia.kondratieva@aebrus.ru, + 7 (495) 234 27 64, ext. 126.

Registration

Anna Berezyuk, a.berezyuk@itemf.ru +7 (499) 750 08 18, ext. 4902

New service launched!

The AEB is glad to announce the launch of the beta version of its new web service that has been created to promote the services of its member companies to internet users who require various types of services — **BSP (Business Services Platform)**.

What is the BSP?

BSP is a webpage where a potential client can request a quotation for different types of services (legal, consulting, auditing, etc.) from AEB member companies by filling in a short request form.

How it works

The request is automatically forwarded to a number of companies from the pool of service providers. Then it is

processed by the BSP participating companies, they contact the sender for details, and the potential client receives a number of offers and chooses the one that best meets his or her requirements.

NB: Only AEB members are able to take part in the BSP-pool. Visitors to the webpage and potential clients do not necessarily belong to the AEB.

To join the BSP-pool please fill in the application form (on the website) and send it to Anastasia Kondratieva, Marketing, PR and Communications Director at bsp@aebrus.ru (+7 495 234 27 64, ext. 126).

GET MORE DIGITAL WITH THE AEB — GENERATE MORE LEADS AND GET TAILOR-MADE OFFERS!



L-R: **Philippe Pegorier**, Chairman of the AEB Board, Country President and General Director, Alstom Russia Ltd.; **Mikhail Akim**, Member of the AEB Board, Vice President, ABB Russia; **Gerald Sakuler**, Member of the AEB Board; **David Gray**, Member of the AEB Board, Managing Partner, PwC Russia; **Jerzy Buzek**, European Parliament, Chairman of the Committee on Industry, Research and Energy; **Teemu Helppolainen**, Deputy Chairman of the AEB Board, YIT; **Frank Schauf**, AEB CEO; **Olga Bantsekina**, First Deputy Chairperson of the AEB Board, Chief Representative, Coleman Services Ltd.; **Luis Portero**, Head of Economic and Trade Section Delegation of the European Union to the Russian Federation.

AEB delegation visits European Institutions in Brussels

On 16–18 March 2016, the AEB Board led by Philippe Pegorier, Chairman of the Board, and Frank Schauf, AEB CEO, visited Brussels.

During this annual trip, the board members voiced to the European authorities the concerns of European business

with regard to the current EU-Russia relations, Ukraine related sanctions and other issues at stake such as import substitution, parallel imports, waste management and the Russian Federal Law on personal data protection. They advocated for the removal of both the economic and financial sanctions and stressed the need for a renewed EU strategy towards Russia.

The delegation met with Jyrki Katainen, European Commission, Vice President, Jobs, Growth, Investment and Competitiveness; Rainer Wieland, Vice President, European Parliament, and Jerzy Buzek, European Parliament, Chairman of the Committee on Industry, Research and Energy, and others.



L-R: **Jérôme Clausen**, Business France Russia; **Avetis Hovhanissyan**, DFA; **Stuart Lawson**, Chairman of the AEB Finance & Investments Committee, Executive Director, EY; **Arman Khachatryan**, DFA; **Philippe Pegorier**, Chairman of the AEB Board.

Presentation of the investment potential of Armenia

On 23 March 2016, member companies of the Association of European Businesses (AEB) met representatives from the Development Foundation of Armenia (DFA).

Philippe Pegorier, Chairman of the AEB Board, made a welcome speech. He acknowledged the strong French-Armenian cooperation and expressed his hope that a large number of new business projects will be implemented. Stuart Lawson, Chairman of the AEB Finance & Investments Committee, Executive Director, EY, moderated the event. Arman Khachatryan, CEO, Development Foundation of Armenia (DFA), made a presentation of the investment potential of Armenia and main sectors for investment. After the presentation he answered questions on the benefits of investing in Armenia, the specifics of the telecommunication and recruitment markets of Armenia and more.



VII Northern Dimension Forum

The VII Northern Dimension Forum was held on 7 April 2016 in Saint Petersburg. More than 200 delegates attended the event.

The aim of the forum was to boost cooperation between the authorities, business and civil society in the participating countries of the Northern Dimension.

This year the Northern Dimension Business Council (NDBC) and the Association of European Businesses (AEB), who organised the forum, chose the theme of the Arctic as an area of joint development. During the forum, participants discussed new challenges and opportunities for the development of the Arctic region.

At the forum presentations were made by senior representatives of European and Russian ministries and departments,

L-R: **Andrey Kelin**, Director, Department of European Cooperation, RF Ministry of Foreign Affairs; **Sergey Zimin**, Assistant of the Plenipotentiary Presidential Representative in the North-Western Federal District; **Frank Schauff**, AEB CEO; **Tapio Kuula**, Member of the Board, Fortum Corporation; Co-chairman of the Northern Dimension Business Council (NDBC); **Philippe Pegorier**, Chairman of the AEB Board; **Sven-Olov Carlsson**, Deputy Head, EU Delegation to the RF.

and company executives. They included Sergey Zimin, Assistant of the Plenipotentiary Presidential Representative in the North-Western Federal District, Andrey Kelin, Director, Department of European Cooperation, RF Ministry of Foreign Affairs, Sven-Olov Carlsson, Deputy Head, EU Delegation to the RF, Paavo Lipponen, Prime Minister of Finland (1995–2003), Esko Aho, Chairman, Business Team for Russia, Prime Minister of Finland (1991–1995), Kirill Komarov, First Deputy CEO for Corporate Development and International Business of ROSATOM, Frank Schauff, AEB CEO, Philippe Pegorier, Chairman of the AEB Board, and others.

The vice chairmen of the Arctic Economic Council – Tero Vauraste and Evgeny Ambrosov – were special guests at the event.

At the forum roundtable meetings were held regarding: energy, the quality of life in the Arctic: ecology and nature conservation, transport and logistics, medicine and pharmaceuticals, creative industries (including tourism).

SAVE THE DATE: The 8th Northern Dimension Forum will be held on 6 April 2017.

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L-R: **Ullrich Umann**, Correspondent, Germany Trade and Investment Moscow; **Joerg Bongartz**, Head of Eastern Europe, Deutsche Bank Frankfurt; **Monika Bind**, moderator, VDMA; **Reinhold Festge**, President, VDMA; **Frank Schauff**, AEB CEO; **Nikolay von Seela**, Managing Director, Liebherr Russland; **Sven Flasshoff**, Managing Director, VDMA Russia.



AEB Participates in BAUMA 2016 (Munich)

On 12 April 2016, a "Country Special Russia" session was organised in cooperation with VDMA (German Engineering

Federation) in the framework of the BAUMA 2016 exhibition in Munich. Frank Schauff, AEB CEO, participated in this session and made a presentation of the AEB and the Construction Equipment Committee.



L-R: **Ian Proud**, Economic Counsellor, British Embassy Moscow; **Ruslan Kokarev**, AEB COO; **Birgit Hansl**, Lead Economist, Country Sector Coordinator for the Russian Federation.

World Bank Briefing

On 12 April 2016, the Association of European Businesses (AEB) organised the World Bank briefing based on the World Bank Russia economic report #35. The event was kindly hosted by the British Embassy at the residence of the UK Ambassador in

Moscow. The event was chaired by Ruslan Kokarev, AEB COO, and Ian Proud, Economic Counsellor, British Embassy Moscow. Birgit Hansl, Lead Economist, Country Sector Coordinator for the Russian Federation, was a keynote speaker.



L-R: **Yuri Litvishchenko**, Chairman of the AEB Health & Pharmaceuticals Committee; **Igor Artemiev**, Head of the Federal Antimonopoly Service; **Frank Schauff**, AEB CEO.

AEB and FAS joint press conference on the Code of Good Practice

On 19 April 2016, the Association of European Businesses (AEB) and the Federal Antimonopoly Service (FAS) held a joint press conference to present the Code of Good Practice in the pharmaceutical industry.

The main objective of the Code is the self-regulation of the pharmaceutical industry in the Russian Federation, as well as the establishment of fair, open and honest rules of competition in the pharmaceutical industry. Frank Schauff, AEB CEO, made a welcome speech. He thanked all the experts who worked on the Code of Good Practice. Igor Artemiev, Head of the Federal Antimonopoly Service, talked about the main objectives of the Code and its impact on the pharmaceutical market.

Yuri Litvishchenko, Chairman of the AEB Health & Pharmaceuticals Committee, CEO, Chiesi Pharmaceuticals, gave a presentation on the main provisions of the new Code (available on the AEB website).

Meeting with the Minister of Foreign Affairs and International Development of France

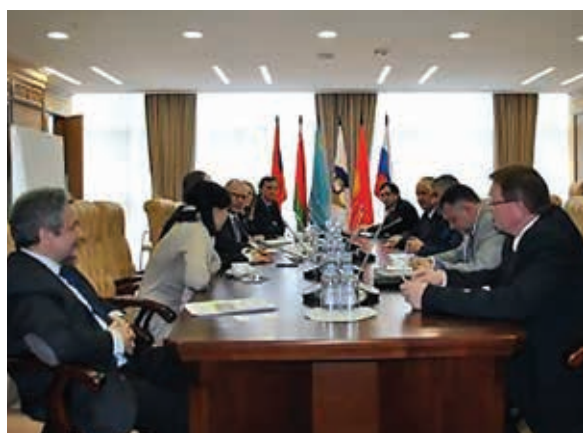
On 19 April 2016, Philippe Pegorier, Chairman of the AEB Board, participated in the business breakfast organised in honour of Jean Marc Ayrault, Minister of Foreign Affairs and International Development of France. The event took place in the Embassy of France in Moscow. During the meeting, the Minister met businessmen and discussed the current economical and geopolitical situation.

Participants of the event



Meeting with the Minister for Customs Cooperation of the Eurasian Economic Commission

On 20 April 2016, Frank Schauff, AEB CEO, and the representatives of AEB Customs & Transport Committee – Dmitry Cheltsov, Chairman of the Committee, Julia Hertel (IKEA), Alexander Perrote (Leroy Merlin), Alexander Kosov (Pepeliaev Group) – met Mukay Kadyrkulov, Minister for Customs Cooperation of the Eurasian Economic Commission. The meeting was also attended by Dmitry Nekrasov, Director of Customs Regulations and Law Enforcement Practice Department, Vladimir Skiba, Director of Customs Infrastructure Department, Vadim Kozaev, Head of Risk Analysis and Post-Control Section, Alexander Nistuk, Head of Customs Operations and Customs Control Section, Oleg Bortsov, Executive Assistant to the Minister.



Participants of the event

A presentation on a newly established Arbitration Court at the Russian-Turkish Businessmen Association RTİB

On 25 April 2016, the AEB held a presentation on its newly established Arbitration Court (ACC) at the Russian-Turkish Businessmen Association "RTİB". Robert Schulze, President of the AEB Arbitration Court, informed on the benefits of international commercial arbitration, the new Russian legislation on arbitration as well as on the structure and rules of the ACC. Meeting participants were representatives of the biggest Turkish investors in the Russian Federation. The meeting was organised with the help of the Embassy of Turkey in Russia.



Participants of the event



L-R: **Gerald Sakuler**, Individual member; **Antonito Linares**, ROCA; **Gerard Uijtendaal**, Leadership and Human Capital Consulting AMROP KBS International; **Tobias Luepke**, EY; **Frank Schauff**, AEB CEO; **Philippe Pegorier**, Chairman of the Board, Alstom Russia; **Aage V. Nielsen**, Vitus Bering Management; **Mikhail Fishman**, Editor-in-Chief, The Moscow Times; **Olga Bantsekina**, Coleman Services UK Ltd.; **Teemu Helppolainen**, YIT; **Arkady Kerner**, IBFS United; **Mikhail Akim**, ABB.

Annual General Meeting 2016

On 21 April 2016, the Annual General Meeting of the Association of European Businesses was held in the Conference Centre of Swissôtel Krasnye Holmy, Moscow.

The meeting was chaired by Aage V. Nielsen, Chairman of the Council of National Representation (CNR), who made a welcoming speech. Mikhail Fishman, Editor-in-Chief, The Moscow Times, moderated the panel discussions during the meeting.

At the AGM were presented reports on:

- AEB activities (by Philippe Pegorier, Chairman of the AEB Board);
- AEB operations (by Frank Schauff, AEB CEO);
- Council of National Representation (by Aage V. Nielsen, CNR Chairman);
- Auditing Commission (by Gerard Uijtendaal, Chairman of the Auditing Commission).

By open voting the members approved AEB Annual and Financial Reports 2015, Budget 2017 as well as the new composition of the CNR.

Also, through the secret voting AEB members elected the new AEB Board, Auditing Commission and AEB CEO (please see p. 24).

The new AEB Board members are:

- Filippo Baldisserotto, Managing Partner, Italcantieri LLC;

- Olga Bantsekina, Chief Representative, Coleman Services UK;
- Cesaro Biggiogera, CEO, Prysmian Group Russia;
- Paul Bruck, Main shareholder, OOO Most Service;
- Teemu Helppolainen, Head of Segment, Housing Russia, YIT;
- Alexander Liberov, CFO, Siemens LLC;
- Philippe Pegorier, President, Alstom Russia Ltd.;
- Gerald Sakuler, Individual member;
- Thomas Staertzel, Managing Director/CEO, Porsche Russland Porsche Centre Moscow.

Frank Schauff has been elected as AEB Chief Executive Officer.

The new members of the Auditing Commission are:

- Gaël Dumetier, Regional President, Russia & CIS, Vossloh AG;
- Irina Gridneva, Regional Head of accounting and controlling, Nokia Solutions and Networks;
- Lorenz McDougall, Finance Director, AB Services;
- Gerard Uijtendaal, Partner, Leadership and Human Capital Consulting AMROP KBS International.

The AGM was addressed by:

- Alexander Shokhin, President, Russian Union of Industrialists and Entrepreneurs (RSPP);
- H.E. Vygaudas Ušackas, Head of the Delegation of the European Union to the Russian Federation.

The Annual General Meeting was followed by a Reception.

Big Moscow – Big Paris

On 3 June 2016, Philippe Pegorier, Chairman of the AEB Machine Building & Engineering Committee, member of the AEB Board, participated in the plenary session of the Businesses Forum "Big Moscow – Big Paris" during the Cultural Festival "Moscow days in France" in Paris.

Sergey Sobyenin, Mayor of Moscow, and Anne Hidalgo, Mayor of Paris, signed a programme of cooperation between the two cities. In his welcoming speech Mr. Sobyenin noticed that Moscow government is interested in working with French and European businesses. "Moscow has become more profitable for foreign business", — he said.

Philippe Pegorier shared with the participants of the forum his experience about the successful work with Moscow administration and expressed his hope that businessmen can develop their relations in spite of political crisis.



Participants of the forum

Among the speakers were: Jean-Paul Vermes, Chairman of the Paris Ile-de-France Regional Chamber of Commerce and Industry; Alexander Orlov, Russian Ambassador to the French Republic; Maurice Leroy, Delegate of the French National Assembly, President of Conseil Général of Loir-et-Cher and others.

13th AEB Flagship Conference



Participants of the first panel discussion

On 25 May 2016, the Association of European businesses held its 13th Flagship Conference "Russian regions and foreign investors". During the Conference the participants discussed the current state and prospects of the Russian economy and the role the Russian regions in this process. The first session was moderated by Natalia Zubarevich, Director of Regional Programme, Independent Institute of Social Policy. Dr. Thomas Staertzel, Chairman of the AEB Board, made the opening remarks. Among keynote speakers of the first panel discussion were: Maksim Reshetnikov, Minister of Economic Policy and Development, Moscow City Government, Vera Adaeva, Head of Department for Investment Climate Development, Agency of Strategic Initiatives, Vladimir Andrienko, Managing Partner, Russia Partners, Antonio Linares, General Director, ROCA Russia & CIS, and Stuart Lawson, Executive Director, EY. The second session was devoted to special economic zones and territories of accelerated development. Frank Schauff, AEB CEO, moderated the panel discussion. Igor Marchev, JSC "Special Economic Zones", Sergey Vologodsky, Deputy Director, Industrial Development Fund, Ekaterina Evdokimova, Managing Partner, GDP Quadrat, SEZ "Stupino Quadrat", Alexey Cherkasov, SEZ "Lipetsk", Alexander Potapenko,

General Director, Bekaert Wire, Aydar Murtazin, Head of investor relations division, SEZ "Alabuga", Timur Andreev, CEO, Moscow Region Development Corporation, Vladimir Pechurchik, First Deputy General Director, Far East Development Corporation, were among the speakers.

The panelists of the third session discussed the integration of Russian production into the international supply chain. Michael Akim, Vice President, ABB, moderated the panel discussion. Marcus Osegowitsch, General Director, Volkswagen Group Rus, Ivan Bortnik, Advisor to the Chairman of the Supervisory Board, Foundation for Assistance to Small Innovative Enterprises in Science and Technology, Alexander Filatov, Advisor to the President, Strategy Partners Group, Marina Lipetskaya, Director, Centre for Strategic Research "North-West" Foundation, participated in the panel.

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

Presentation of the AEB survey results

On 14 June 2016, the Association of European Businesses and the International Institute of Marketing and Social Research "GfK Rus" announced the results of the 9th AEB Annual Survey

"Strategies and Prospects for European companies in Russia" in the ITAR-TASS News Agency. The Survey analyses the comfort level for European business in Russia, through an evaluation of 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 business expects investments in Russia to grow in the next 2–3 years. In 2016, the integrated AEB-GfK Index barometer grew by 14 points from 2015 and now stands at 120 points out of 200 possible, which is a shift to positive expectations.

We would like to thank the companies which 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.

Meeting with Jean-Claude Juncker, President of the European Commission

On 16 June 2016, in the framework of the Saint Petersburg International Economic Forum, the Association of European Businesses met Jean-Claude Juncker, President of the European Commission, and Kristalina Georgieva, Vice President of the European Commission. Dr. Thomas Staertzel, Chairman of the AEB Board, Cesare Biggiogera and Philippe Pegorier, Members of the AEB Board, as well as Dr. Frank Schauff, AEB Chief Executive Officer, welcomed Mr. Juncker's initiative to visit the Forum and his readiness to build a bridge between the European Union and Russia.



L-R: **Philippe Pegorier**, Member of the AEB Board; H.E. **Vygaudas Usačkas**, EU Ambassador to the Russian Federation; **Dr. Frank Schauff**, AEB Chief Executive Officer; **Jean-Claude Juncker**, President of the European Commission; **Dr. Thomas Staertzel**, Chairman of the AEB Board; **Kristalina Georgieva**, Vice President of the European Commission; **Cesare Biggiogera**, Member of the AEB Board.



Meeting with Günther Oettinger, EU Commissioner for Digital Economy and Society

On 17 June 2016, in the framework of the Saint Petersburg International Economic Forum, the Association of European Businesses met Günther Oettinger, EU Commissioner for Digital Economy and Society. At the meeting, members of the AEB Board and AEB IT & Telecom Committee had an opportunity to discuss with the Commissioner the current economic conditions in the Russian Federation and its implications for the European businesses as well as issues at stake in the IT & Telecommunications sector.

L-R: **Clemens Blum**, Executive Vice President Industry Business, ExComm, Schneider Electric Industries SAS; **Markus Borchert**, Senior Vice President, Head of Market Europe, Nokia; **Dr. Frank Schauf**, AEB CEO; **Günther Oettinger**, EU Commissioner for Digital Economy and Society; **Dr. Thomas Staertzel**, Chairman of the AEB Board, Managing Director/CEO Porsche Russland, Porsche Centre Moscow; **Stefan Hoechbauer**, President for Middle and Eastern Europe, SAP SE; **Philippe Pegorier**, Member of the AEB Board, Chairman of the AEB Machine Building & Engineering Committee, President, Alstom Russia; **Pavel Gontarev**, CEO, SAP Russia.

AEB takes part in the Annual Meeting of European Business Organisations (EBO) Worldwide Network

On 20–22 June 2016, the AEB took part in the Annual Meeting of European Business Organisations (EBO) Worldwide Network in Brussels. The AEB has been a member of the EBOWWN from 2011.

The EBOWWN is a common platform for European Business Organisations to share information and best practices throughout the network and its stakeholders in order to provide first-rate services to European businesses on non-EU markets.

Presently, EBOWWN has 32 member countries from all over the world.

It operates under the auspices of DG GROW. The annual meeting provides its members the opportunity to exchange experience and identify difficulties which European businesses face on the markets of the third countries.

Under the agenda, meetings with DG Trade and the EU Parliament are also typically organised. This is a good opportunity to bring common issues to the attention of the European Commission and the EU Parliament.

The main topic of this year's meeting was European Economic Diplomacy.

AEB and EEC meet the customs authorities in Italy

On 22–24 June 2016, a joint delegation of the Eurasian Economic Commission (EEC) and the Association of European Businesses (AEB) visited Italy to get acquainted with the customs administration procedure to simplify the activities of authorised economic operators (AEO).

The delegation met representatives of the Italian Customs Agency and representatives of the customs authorities of the Emilia-Romagna and Liguria regions. The participants got acquainted with the "fast corridor" customs clearance procedure in the port of Genoa. This procedure provides customs clearance of goods shipped by maritime transport even when they are at sea, and can significantly reduce the delivery time of goods.

Frank Schauf, AEB CEO, accompanied the delegation as far as Mukaj Kadyrkulov, EEC Board (Minister) in charge of customs cooperation, Nurlan Tutaev, Head of the Secretariat for the Customs Cooperation, EEC, Dmitry Nekrasov, Director of the Department of the Eurasian Economic Commis-



L-R: **Dmitry Cheltsov**, Chairman of the AEB Customs & Transport Committee; **Mukaj Kadyrkulov**, EEC Board (Minister) in charge of customs cooperation; **Franco Letrari**, Head of Interregional Customs Directorate for Liguria, Piemonte and Valle d'Aosta; **Frank Schauf**, AEB CEO.

sion, Vadim Kozaev, Head of Risk Analysis Division, EEC, Dmitry Cheltsov, Chairman of the AEB Customs & Transport Committee, Julia Hertel, Head of the customs department, IKEA, Olga Silnitskaya, Coordinator of the AEB Customs & Transport Committee.

AEB COMMITTEE UPDATES

Compliance & Ethics + HR Committees



L-R: **Ivan Berdinskikh**, Legal & Compliance Director, ManpowerGroup Russia; **Elena Zheltovskaya**, Compliance Director, Astra Zeneca; **Orlin Efremov**, Chairman of the AEB Small & Medium-Sized Enterprises Committee, Managing Partner, Performance Partners; **Michael Germershausen**, Chairman of the AEB HR Committee, General Manager, Antal Russia; **Ilsur Akhmetshin**, Acting Chairman of the AEB Compliance & Ethics Committee, Country Integrity Officer, ABB Russia.

On 29 March 2016, the AEB Compliance & Ethics Committee and AEB HR Committees held the joint event "Compliance and HR: cross-functional collaboration in a company". The event was aimed at discussing ways and methods of cross-functional collaboration between HR and Compliance functions in a com-

pany as well as sharing practices and exchange opinions. It was co-moderated by Ilsur Akhmetshin, Acting Chairman of the AEB Compliance & Ethics Committee, Country Integrity Officer, ABB Russia, and Michael Germershausen, Chairman of the AEB HR Committee, General Manager, Antal Russia.

Crop Protection Committee

On 26 May 2016, Syngenta inaugurated a new Laboratory of Seed Quality in the Stavropol region. Tatiana Belousovich, AEB GR Manager for Crop Protection and Seeds, participated in the opening ceremony and the press conference on behalf of the AEB Crop Protection and Seed Committees.

The establishment of this laboratory is one of the necessary conditions for further localisation of seed production in Russia.

L-R: **Anton Pushkarev**, Head of Communications and External Partners, Syngenta; **Andrey Murga**, Deputy Governor & Minister of Economic Development of the Stavropol region; **Jonathan Brown**, Director of Syngenta in Russia; **Tatiana Belousovich**, AEB GR Manager for Crop Protection and Seeds.



Finance & Investments Committee

On 31 May 2016, Alexey Komissarov, Director of Industrial Development Fund, briefed AEB members. The event was hosted by the AEB Finance & Investments Committee and moderated by Stuart Lawson, Chairman of the AEB Finance & Investments Committee, Executive Director, EY. The welcoming speech was made by Frank Schauff, AEB CEO.

During the event, Alexey Komissarov spoke about the Industrial Development Fund, its key directions and measures of support, special investment contracts (SPICs) and its benefits, etc. He also enthusiastically answered numerous questions with regards to various aspects of SPICs, status "local producer", liability of investors, differences in comparison to other programmes of state support, adaptation of legislation and others.



L-R: **Stuart Lawson**, Chairman of the AEB Finance & Investments Committee, Executive Director, EY; **Frank Schauff**, AEB CEO; **Alexey Komissarov**, Director of Industrial Development Fund.

HR Committee



L-R: **Juergen Haase**, HR Director, Volkswagen Group Russia (conference's keynote speaker); **Michael Germershausen**, Chairman of the AEB HR Committee, General Manager, Antal Russia; **Ruslan Kokarev**, AEB COO.

On 22 March 2016, the AEB HR Conference held its 13th annual conference "Russia and the New Reality for HR" focused on the practices applied by leading companies under the shift of economy in the following sectors: compensations & benefits, recruitment, assessment, training & development, and labour

law. The discussions in parallel sessions were focused on the following topics: effectiveness and efficiency – how to achieve both under the new reality; recruitment, developing talents – investing in assets under the new reality; the most topical labour law issues under the new reality.

The panel discussion by the companies' CEOs "Strategic Business/HR Partnering Under the New Reality" was a special separate session, closing the conference. The panelists shared with the audience their vision on management and HR function in current economic circumstances.

Insurance & Pensions + HR Committee

On 19 May 2016, the AEB Insurance & Pensions and HR Committees met representatives of the Ministry of Labour and Social Protection, to discuss the issue of combating in-

surance fraud in part of establishment of disability of ineligible persons based fictitious medical records and possible actions in this regard.

IT & Telecom Committee



L-R: **Konstantin Bochkarev**, Director of IP/IT practice for Russia and the CIS, PwC Legal; **Vadim Kalukhov**, First Deputy CIO, Bank of Russia; **Edgars Puzo**, Chairman of the AEB IT & Telecom Committee, General Director, Atos; **Valery Khrabrov**, General Manager, Amadeus IT Technologies LLC.

On 31 March 2016, the AEB IT & Telecom Committee held the Round Table "Blockchain Technology: How in the Present to be Ready for the Future?" which aimed to look from different angles at the prospects of using the Blockchain technology – a technology of reliable distributed storage of trusted data.

Among the speakers were: Georgy Tchesakov, Vice President for new channels development, Tinkoff bank; Sergey Lonshakov, Group lead of Blockchain developers; Sergey Stroganov, Sergey Smirnov, CIO, Neftegazindustriya; Viktor Lysenko, Vice President (Blockchain), Acronis.

Legal Committee



On 19 May 2016, the AEB held a roundtable meeting on the Legal and Practical Aspects of the Localisation of Production in Russia at the St. Petersburg International Legal Forum.

The participants discussed issues such as ways to localise in Russia, the criteria for goods to be considered as locally made (e.g. Decree 719), the obstacles that companies face when implementating localisation projects, and many others.

The participants, consisting of AEB members and the state authorities, held a lively discussion on different aspects of special investment contracts (e.g. the exact preferences investors may receive, liability in the event of the violation of obligations, and others).

The roundtable meeting was organised by the AEB Legal Committee.

L-R: **Inna Panteleeva**, Head of Legal & Compliance Department, Roche-Moscow; **Maksim Zavirushchev**, Head of Legal Department, LLC "Novartis Neva"; **Irina Ivanishcheva**, Government Affairs & Legal Director, Russia & Eurasia, AstraZeneca Pharmaceuticals LLC; **Natalia Maslennikova**, Senior Legal Advisor, JSC Schneider Electric; **Frank Schauff**, AEB CEO; **Aleksey Trusov**, Partner, Baker & McKenzie (moderator); **Victor Evtukhov**, State Secretary-Deputy Minister, Ministry of Industry and Trade of the Russian Federation; **Sergey Puzyrevsky**, Deputy Head, Federal Antimonopoly Service of the Russian Federation; **Svetlana Gerbel**, General Counsel, Siemens LLC; **Vera Kolesnik**, Legal Department Director, Nestle Rossiya LLC.

On the same day, Frank Schauff, AEB CEO, and Dmitry Kurdyukov, Director Legal & External Affairs, "PORSCHE RUSSLAND" OOO, also presented the codes of conduct for the pharmaceutical and automotive industries respectively at the roundtable meeting organised by the Federal Antimonopoly Service.

Members of the AEB Health & Pharmaceuticals Committee were also present at the event.

Machine Building & Engineering Committee

On 9 June 2016, the traditional Round Table "Machine Building Market Trends in Russia (first half of 2016)" was held by the AEB Machine Building & Engineering Committee.

The event was organised in cooperation with the AEB Automobile Manufacturers and Agricultural Committees as a continuation of a longstanding tradition and fine example of AEB inter-committee cooperation. The meeting was a great opportunity for the participants to gain a comprehensive view of the machine building sector in Russia.

Philippe Pegorier, Chairman of the AEB Machine Building & Engineering Committee, Member of the AEB Board, moderated the event.

Vsevolod Babushkin, Acting Director, Department of Transport & Special Machine Building, RF Ministry of Industry & Trade, who opened the event talked to the audience about governmental policy in this crucial sector for the Russian economy. Alexey Gorlatov, Associate Director, Head of Commercial Practice/projects, Goltsblat BLP LLP, gave a general overview of the machine building market. Martin Vaujour, Senior Vice President Business Development, Transmashholding, talked about the key trends in rolling stock production. The presentation by Andrey Pankov, General



L-R: **Andrey Scherbina**, Advisor to the General Director, Claas Vostok; **Alexey Gorlatov**, Associate Director, Head of Commercial Practice/projects, Goltsblat BLP LLP; **Andrey Pankov**, General Director, Renault in Russia; **Martin Vaujour**, Senior Vice President Business Development, Transmashholding; **Vsevolod Babushkin**, Acting Director, Department of Transport & Special Machine Building, RF Ministry of Industry & Trade; **Philippe Pegorier**, Chairman of the AEB Machine Building & Engineering Committee, Member of the AEB Board, Alstom Russia.

Director, Renault in Russia, gave a presentation on automobile construction and the current market climate. The latest issues affecting agricultural machine building were covered by Andrey Scherbina, Advisor to the General Director, Claas Vostok.

The event was also attended by representatives of leading business mass media outlets and received wide press coverage.

North-Western Regional Committee

On 31 March 2016, the Construction and Real Estate Subcommittee of the AEB North-Western Regional Committee organised an open event "Market of Building Materials in the North-Western Federal District: tendencies and forecasts" in St. Petersburg.

The event was devoted to the general situation in the market of building materials in Russia, in particular, in the North-Western region, to the experience of the European companies in Russia and to practices and opportunities of localisation of building materials' production. Such well-known companies as YIT, EKE Group, HeidelbergCement, Oras, Rudus, ROCA, and others were invited to share their views and experience. Also, Maxim Kiselnikov, Deputy Head of the Committee on Economic Development and Investments of the Leningrad region, shared the experience and future programmes of the Leningrad region with regards to import substitution, new opportunities for local production and the government support measures. The event provided a lively platform for discussion and exchange of practical experience, concerns and proposals. Andrey Hitrov, Chairman of the Construction and Real Estate Subcommittee of the AEB North-Western



L-R: **Ksenia Zemskova**, HeidelbergCement; **Timo Mikkonen**, Oras/Vostok Consulting, Chairman of the AEB North-Western Regional Committee; **Maxim Kiselnikov**, Deputy Head of the Committee on Economic Development and Investments of the Leningrad region; **Andrey Hitrov**, Chairman of the Construction and Real Estate Subcommittee of the AEB North-Western Regional Committee, EKE Group.

Regional Committee, EKE Group, moderated the event. The event was kindly hosted by the Consulate General of Finland in St. Petersburg.

We kindly acknowledge the Gold sponsors of the event:





L-R: **Andreas Bitzi**, Chairman of the AEB North-Western Regional Committee, Schneider Group; **Anton Poddubny**, Dentons; **Henry Riihimäki**, OOO Scaala; **Wilhelmina Shavshina**, DLA Piper; **Elena Novoselova**, Coleman Services UK; **Torsten Erdmann**, Commerzbank (Eurasija) ZAO; **Anton Rassadin**, BCH Group; **Patrick Catania**, International Hotel Investments (Benelux) B.V.

- Andreas Bitzi, SCHNEIDER GROUP;
- Patrick Catania, International Hotel Investments (Benelux) B.V.;
- Torsten Erdmann, Commerzbank (Eurasija) ZAO;
- Juuso Hietanen, NCC;
- Elena Novoselova, Coleman Services UK;
- Anton Poddubny, Dentons;
- Anton Rassadin, BSH Group;
- Henri Riihimäki, OOO Skaala;
- Wilhelmina Shavshina, DLA Piper.

After the annual meeting the newly elected AEB NWRC Steering Group held its first meeting, where Bitzi Andreas was elected by open vote to the position of Chairman of the AEB NWRC.

The vice-chairpersons were elected in accordance with the proposal of the new chairman.

Anton Rassadin was elected to the post of First Deputy Chairman, and Elena Novoselova was elected Second Deputy Chairperson.

The event took place at Sokos Hotel Olympia Garden.

On 6 April 2016, the AEB North-Western Regional Committee (NWRC) held its Annual General Meeting in St. Petersburg.

The AGM was attended by Philippe Pegorier, Chairman of the AEB Board, Olga Bantsekina, First Deputy Chairperson of the AEB Board, Frank Schauff, AEB CEO, Ruslan Kokarev, AEB COO, Olga Pavlyuk, AEB Regional Development Director.

At the meeting a report was presented on the work of the AEB NWRC Steering Group in 2015, and elections of the Steering Group and its leadership were held. Based on the results of the secret voting, the following persons were elected to the Steering Group:

On 14 April 2016, the AEB North-Western Regional Committee (AEB NWRC) organised the World Bank briefing based on the World Bank Russia economic report #35.

The event was kindly hosted by the Consulate general of Finland in St. Petersburg and was chaired by Andreas Bitzi, Chairman of the AEB NWRC. Birgit Hansl, Lead Economist, Country Sector Coordinator for the Russian Federation, was a keynote speaker. About 50 participants from AEB member companies, as well as diplomatic representatives visited the event.



Birgit Hansl, Lead Economist, Country Sector Coordinator for the Russian Federation

On 31 May 2016, the HR & Migration Subcommittee of the AEB North-Western Regional Committee (NWRC) held a Round Table on "Dialogue between European business and education in the North-Western Region: expectations, opportunities and potential cooperation".

The participants were welcomed by Elena Novoselova, Chairperson of the HR & Migration Subcommittee.

The event aimed at bringing together the representatives of European companies and those of St. Petersburg State University (SPSU) to discuss the existing needs, programmes with high-grade students and graduates, requirements to professional qualification and skills necessary for young specialists who are applying to the companies.

Ekaterina Babelyuk, First Deputy Rector of SPSU for academic, extracurricular and educational-methodical work, presented SPSU programmes for inclusion of the professional community in the evaluation and improvement of the quality of education to meet the needs of companies. 30 representatives from AEB member companies including Drees & Sommer, DLA Piper, Baker & McKenzie, Allianz IC

OJSC, Coleman Services UK Ltd., ManpowerGroup Russia &



L-R: **Fatima Nogaylieva**, Deputy Head of the Department of Educational Programs, SPSU; **Anna Kruglova**, Baker & McKenzie; **Elena Novoselova**, Coleman Services UK Ltd.; **Wilhelmina Shavshina**, DLA Piper; **Ekaterina Novikova**, DLA Piper.

CIS, were able to present, discuss and exchange practical experience, concerns and proposals with SPSU representatives and each other.

The event took place at the premises of the Legal Faculty of St. Petersburg State University.



Participants of the event

On 3 June 2016, the AEB North-Western Regional Committee held an open event on "The localisation of production in Russia: trends, opportunities and challenges".

The event was devoted to general issues related to the localisation of production in Russia, including regulatory, tax, financial, HR, and organisational aspects, as well as to building relations with local suppliers.

The meeting brought together AEB member companies as well as commercial representatives of the consulates in St. Petersburg, chambers of commerce and their counterparts. The invited companies included DLA Piper, YIT, Coleman Services, Commerzbank, BSH Group, Dentons, SCHNEIDER GROUP, and they were able to share their experience, concerns and solutions regarding the subject of the meeting, and outline the main areas of focus for further discussions and work in the AEB North-Western Regional Committee. Also, a representative of the Russian Agency for Export Credit and Investment Insurance (EXIAR) was invited to elaborate on Russian export promotion insurance programmes, which are one of the key components of a successful business climate. Some practical cases of companies who have already started the localisation process were presented and discussed.

The event is set to be a starting point for a series of meetings devoted to the abovementioned issue in various industries.

The participants of the open event were welcomed by Andreas Bitzi, SCHNEIDER GROUP, Chairman of the AEB North-Western Regional Committee. He also gave a short introduction on decentralisation issues in the Russian economy.

The event was kindly hosted and supported by the Consulate General of Lithuania in St. Petersburg.



Alexander Demidov, Managing Director, GfK Rus

On 15 June 2016, the AEB North-Western Regional Committee and the International Institute of Marketing and Social Research "GfK-Rus" announced in St. Petersburg the results of the 9th AEB Annual Survey "Strategies and Prospects for European companies in Russia", which was conducted in March–April 2016.

This annual Survey is aimed at evaluating the country's investment climate and analysing the current position and the comfort level of European business on the Russian market. It became a good tradition to annually present the results of the survey both in Moscow and in St. Petersburg.

The participants were welcomed by Hugo Brouwer, Deputy Consul of the General Consulate of the Netherlands in St. Petersburg. The opening remarks were delivered by Andreas Bitzi, Chairman of the AEB North-Western Regional Committee. Alexander Demidov, Managing Director, GfK Rus, presented the results of this year survey. Although most of the macroeconomic indicators in Russia are expected to get worse, the negative growth rate is falling. Companies this year seem more optimistic about expected turnover and profits. In the medium (3–5 years) and long (6–10 years) term companies expect sustainable economic growth in Russia. The main factors that are adversely affecting the Russian economy are oil prices, sanctions towards Russia, and Russian sanctions towards the EU, U.S. and Turkey.

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

For further details, please refer to the press-release in English and Russian on the website in the Press Room section.

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.

PR & Communications Committee

On 16 May 2016, the AEB PR & Communications Committee held its open meeting with the Pushkin State Museum of Fine Arts. Its representatives, Dmitry Yusov, Strategic Projects Director, and Natalia Zaboltnina, Strategic Projects Manager, briefed the audience on the Museum's history, its new activities & projects, opportunities for cooperation and partnership, benefits of cooperation with the Museum.

L-R: **Natalia Zaboltnina**, Strategic Projects Manager, The Pushkin State Museum of Fine Arts; **Dmitry Yusov**, Strategic Projects Director, The Pushkin State Museum of Fine Arts; **Igor Reichlin**, Chairman of the AEB PR & Communications Committee, Managing Partner, Reichlin & Partners LLC.



Real Estate Committee



On 28 April 2016, the AEB Real Estate Committee held its open event titled "Foreign Currency Lease".

During the event speakers shared their views on the legal instruments, which could be applied by tenants under foreign-currency-denominated leases in order to protect their rights and interests in the current volatile market circumstances. The event was chaired by Filippo Baldisserotto, Chairman of the AEB Real Estate Committee, Member of the AEB Board, Managing Partner, Italcantieri.

L-R: **Eugene Korotkikh**, Senior Manager of Tax and Legal Department, Mazars; **Ruslan Kokarev**, AEB COO; **Filippo Baldisserotto**, Chairman of the AEB Real Estate Committee, Member of the AEB Board, Managing Partner, Italcantieri; **Artashes Oganov**, Senior Associate, Head of Russian Lease Practice, Dentons.

The AEB kindly thanks the Silver sponsor of the event for its support:

大成 DENTONS



Participants of the event

On 26 May 2016, the AEB Real Estate Committee held its networking event with participation of real estate and construction experts. This free event, held twice a year from 19:00 till 22:00 allows business representatives to network with others in a relaxed and informal atmosphere.

The AEB expresses its sincere gratitude to Mazars for hosting and sponsoring the event.

For information on the next date and venue, please contact, Saida Makhmudova, Coordinator of the AEB Real Estate Committee, at sm@aebrus.ru.

The AEB expresses its sincere gratitude for hosting and sponsoring the event to:



Safety, Health, Environment & Security + Energy Efficiency Committees



L-R: **Dominic Fean**, PBN Hill+Knowlton Strategies; **Lilia Ponomareva**, Schneider Electric; **Max Gutbrod**, Baker & McKenzie; **Larisa Korepanova**, Deputy Director, Department for State Policy and Regulation of Water Resources and Hydrometeorology, RF Ministry of Natural Resources & Ecology; **Vincent de Rul**, Chairman of the Energy Efficiency Committee; **Valery Kucherov**, Chairman of the Safety, Health, Environment & Security Committee.

On 5 April 2016, the AEB Safety, Health, Environment & Security and Energy Efficiency Committees held the Round Table "Russian Climate Policy: Developments & Prospects".

Larisa Korepanova, Deputy Director, Department for State Policy and Regulation of Water Resources and Hydrometeor-

ology, RF Ministry of Natural Resources & Ecology, and Igor Bashmakov, Executive Director, Centre for Energy Efficiency, were the event speakers and its distinguished guests.

The representatives of AEB member companies, Max Gutbrod, Baker & McKenzie, Lilia Ponomareva, Schneider Electric, Dominic Fean, PBN Hill+Knowlton Strategies, Mikhail Matyoushin, EDF Fenice Rus, and Anton Galenovich, ECOCOM, showed that the connection between high level decisions taken in the climate changes field and the business should be more evident and more "down-to-earth". The business was rather split after Kyoto which was a great disappointment. In new situation Russia may make big benefits by overcomplying with the requirements.

The event was chaired by Valery Kucherov, Chairman of the Safety, Health, Environment & Security Committee, and Vincent de Rul, Chairman of the Energy Efficiency Committee.

Safety, Health, Environment & Security Committee

On 22 March 2016, the AEB Safety, Health, Environment & Security Committee held a round table titled "Best practices in health and safety sphere in Russia". The event was moderated by Konstantin von Vietinghoff-Scheel, Chairman of the Health & Safety Subcommittee. Sergey Dayman, EY, presented company-wide quantitative risk assessment: approach and IT solution; Viktoria Shevchenko, ManpowerGroup Russia, gave a presentation on increasing loyalty and involvement of the employees and the health and safety week in the company; Konstantin Kokorin, Nearmedic Obninsk, and Maria Z asim, L'Oreal, reported on health and risk assessment at L'Oreal Vorsino plant.



Participants of the event



L-R: **Dmitry Budanov**, Chairman of the Security Subcommittee, CEO, Elite Security Holding Company; **Sergey Urusov**, Regional Security Director, Russia & CIS, JTI; **Tim Bobak**, Senior Investigator & Analyst, IRIS.

On 18 May 2016, the AEB Safety, Health, Environment & Security Committee held an open event "Corporate investigations: how to avoid mistakes".

Corporate fraud has always and will always be an issue for companies regardless of their size, activity, history, corporate culture, internal controls or location. During recessions this fraud often evolves faster than companies can adapt to new business conditions. At this stage, fraud often becomes obvious, and management asks itself – what to do next? Unfortunately, decisions are often made on an uninformed or emotional basis, which does not solve the problem, but rather, makes it worse for the business.

At the event, anti-fraud specialists explained in practical terms what to do in the early stages of a fraud, which mistakes to avoid, how to correctly organise an internal investigation, how to collect and store evidence materials, how to evaluate legal outcomes and cases, how to interview staff involved in an in-

stance of fraud and what instruments were available during investigations and finally how to prioritise ongoing tasks and business continuity during an investigation. The event was moderated by Dmitry Budanov, Chairman of the Security Subcommittee, CEO, Elite Security Holding Company.



Dr. Evgeny Lubalin, Medical Director, International SOS

On 1 June 2016, the AEB Safety, Health, Environment & Security Committee held the round table titled "Best practices in health and safety: ergonomic assessment in the workplace".

The event was moderated by Konstantin von Vietinghoff-Scheel, Chairman of the Health & Safety Subcommittee. Dr. Evgeny Lubalin, Medical Director, International SOS, presented his view on ergonomic assessment in the workplace. Ekaterina Pilipenko, HSE Manager, BP, gave a presentation on ergonomic risk assessment tools; Konstantin von Vietinghoff-Scheel reported on measuring occupational health risk factors at the workplace.

On 6 July 2016, the AEB Climate Policy Working Group held a round table titled "Carbon pricing: models, issues and proposals".

The participants of the event discussed the current plans of carbon emissions regulation in Russia, implications and opportunities for business with regard to climate policy developments, and recent Russian business proposals and initiatives, including proposal on global universal carbon pricing, establishment of Russian Climate Partnership, launch of Integrated Programme for Climate Initiatives-based Carbon Registry. Anton Galenovich, Chairman the Climate Policy Working Group, moderated the event. Irina Shiryayeva, Head of Environmental Policy Division, Moscow City Environment Protection Department, Vladimir Lukin, KPMG, Aleksey Shadrin, "Russian Carbon" Fund, Sergey Sitnikov, Causa Privata, Pyotr Bubley, MosEnergo, and Ruslan Dzhumagaliev, Fortum, presented their positions on different climate policy related issues.



R-L: **Irina Shiryayeva**, Head of Environmental Policy Division, Moscow City Environment Protection Department; **Anton Galenovich**, Chairman the Climate Policy Working Group, ECOCOM; **Aleksey Shadrin**, "Russian Carbon" Fund.

Seed Committee



L-R: **Viktor Startsev**, Deputy Chairman of the State Commission for Selection Achievements Test and Protection; **Tatiana Belousovich**, AEB GR Manager for Crop Protection and Seeds; **Alexey Cherny**, Head of Administration Department, Organisation and Information Support; **Peter Button**, UPOV Vice Secretary-General; **Vitaly Voloshchenko**, Chairman of the State Commission for Selection Achievements Test and Protection; **Ruslan Kokarev**, AEB COO; **Ismail Merzhoev**, Deputy Chairman of the State Commission for Selection Achievements Test and Protection.

On 24 May 2016, the 15th session of the International Union for the Protection of New Varieties of Plants (UPOV) Working Group on Biochemical and Molecular Techniques, and DNA-Profiling in particular was opened in Moscow. Represented by Ruslan Kokarev, AEB Chief Operating Officer, and Tatiana Belousovich, Government Relations Manager for Crop Protection and Seeds, the Association of European Businesses participated in the event.

This meeting is an important step in improving cooperation between government bodies and business and harmonising the legislation on granting breeders' rights.

On 22 June 2016, the “Days of European Agrotechnologies 2016” started at its trial station in the Lipetsk region. It is organised on an annual basis by KWS, and this year the company is celebrating its 160th anniversary. The Association of European Businesses took part in the event, and was represented by Ruslan Kokarev, AEB COO, and Tatiana Belousovich, AEB GR Manager for Seeds and Crop Protection. Vladimir Druzhina, Chairman of the AEB Seed Committee, made a presentation on: “World innovative agrotechnologies as an inherent factor for sustainable agricultural development” at a roundtable discussion dedicated to key issues related to the seed and crop



Vladimir Druzhina giving the presentation

protection industries. On behalf of the AEB, Ruslan Kokarev congratulated KWS on its 160th anniversary.

Small & Medium-Sized Enterprises Committee



On 15 March 2016, the AEB Small & Medium-Sized Enterprises Committee held its open event “AEB Business Dating”. The event was aimed at facilitating the efforts by small and medium-sized companies in establishing contacts with the Russia operating international companies. The participants had a chance to have individual eye-to-eye meetings to introduce their solutions and services.

Participants of the event

On 19 May 2016, the AEB Small & Medium-Sized Enterprises (SME) Committee held its open event, – a business breakfast “Corporate Culture As a Context For Employees’ and Clients’ Loyalty”. The participants of the event exchanged views and best practices applied by the companies in the field of corporate culture and discussed the following aspects of the topic: corporate culture as a resource, interconnection of corporate culture and values and client’s loyalty, perspectives on corporate culture in a difficult market.



L-R: **Mikhail Belov**, Head of Fleet Sales, LLC “Volvo Cars”; **Uwe Kunz**, General Manager, DoubleTree by Hilton Moscow – Marina Hotel; **Orlin Efremov**, Chairman of the AEB SME Committee, Managing Partner, Performance Partners LLC; **Daniel Hill**, Founder and Managing Director, AB Services.

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Southern Regional Committee

On 24 March 2016, the Annual General Meeting of the AEB Southern Regional Committee (SRC) was held in Krasnodar. The AGM was attended by Olga Bantsekina, First Deputy Chairperson of the AEB Board, Ruslan Kokarev, AEB Chief Executive Officer, and Olga Pavlyuk, AEB Regional Development Director. At the meeting a report was presented on the work of the AEB SRC Steering group in 2014–2015 and elections of the Committee steering group and its leadership were held. Based on the results of the secret voting the following persons were elected to the Steering group:

- Yeranui Abazyan, ITE LLC Moscow;
- Alisa Andreeva, Philip Morris Kuban LLC;
- Ralf Bendisch, Claas;
- Igor Brener, Cargill LLC;
- Anna Kalmykova, EY;
- Lyubov Popova, Gubskiy kirpich;
- Yuri Pustovit, Advocates bureau Yug;
- Oleg Zharko, Danone Russia.

After the annual meeting the newly elected AEB SRC Steering group held its first meeting, where Oleg Zharko was elected by an open vote to the position of Chairman of the AEB SRC. The



L-R: **Oleg Zharko**, Chairman of the Southern Regional Committee; **Ruslan Kokarev**, AEB COO; **Olga Bantsekina**, First Deputy Chairperson of the AEB Board.

vice chairs were elected in accordance with the proposal of the new chairman.

Ralf Bendisch became the Deputy Chairman on investment issues, Igor Brener, Deputy Chairman on HR issues, Liubov Popova, Deputy Chairperson on regional government relations.



Participants of the event

On 24 May 2015, the AEB Southern Regional Committee held its 8th annual HR conference "HR Value proposition for business in new realities" in the conference hall of Kuban State Agrarian University.

The conference brought together the heads of HR departments of leading Russian and foreign companies to discuss the current situation on the labour market and the actual role of HR in business processes.

The conference participants were welcomed by Oleg Zharko, Chairman of the AEB Southern Regional Committee, Regional

Corporate Affairs Director, Danone Russia; Tatiana Polutina, Vice Rector for International and Youth Policy of Kuban State Agrarian University; and Igor Brener, Deputy Chairman of the AEB Southern Regional Committee on HR Issues, HR Business Partner, European Office of Grains and Oilseeds Cargill, Russia. Michael Germershausen, Chairperson of the AEB Human Resources Committee, Managing Director, Antal Russia, was the key speaker at the event.

Management representatives of AEB member companies, including Ralf Bendisch, CLAAS, Oleg Zharko, Danone Russia, Alisa Andreeva, Philip Morris Kuban, shared business strategies in the modern realities of the labour market.

In the second part of the conference, Anna Babakina, Syngenta, Anatoly Laryuhin, Nestle Russia, Ella Detkova, CLAAS, talked about the results of their projects in attracting and developing personnel and improving labour efficiency. Tatiana Sidorenkova, Ancor, introduced the results of the regional labour market analysis and reflection of nationwide trends.

The lively discussion among the conference participants confirmed the importance of the topics raised at the event as well as the necessity of attracting experts and the exchange of opinion among regional HR community specialists through such events.

On 27 May 2016, the conference hall of the Chamber of Commerce and Industry of the Krasnodar region hosted a business breakfast with foreign investors working in the Krasnodar region. The participants discussed attracting foreign capital to the region and the influence of foreign investors on this process. The event was organised by the Chamber of Commerce and Industry of the Krasnodar region and the AEB Southern Regional Committee. The meeting was attended by representatives of the Krasnodar regional administration, the office of the Ministry of Foreign Affairs in Krasnodar, heads of the AEB Southern Regional Committee, the Chamber of Commerce and Industry of the Krasnodar region, and representatives of foreign companies operating in the Krasnodar region, almost all of whom are members of the AEB Southern Regional Committee.

The moderators of the event were Oleg Zharko, Chairman of the AEB Southern Regional Committee, Regional Corporate Affairs Director, Danone Russia, and Yuri Tkachenko, Chairman of the Council of the Chamber of Commerce and Industry of the Krasnodar region, General Director of Krasnodar World Trade Centre. The investors included Ralph Bendisch, CLAAS, Igor Brener, Cargill, Alisa Andreeva, Philip Morris Kuban, Dmitry Polyakov, UniCredit Bank, and they praised the investment attractiveness of the region and the efficiency of the regional authorities. Business representatives proposed to attract investment to the region using the experience of investors already working there, and to intensify the work of the Consultative Council on Foreign



L-R: **Sergey Manko**, MFA in Krasnodar; **Oleg Zharko**, Chairman of the AEB Southern Regional Committee, Danone Russia; **Yuri Tkachenko**, Chamber of Commerce and Industry; **Ivan Peronko**, Administration of the Krasnodar region.

Investments under the Governor of the Krasnodar region.

Vasily Shvets, Head of the Investments and Development Department, and Ivan Peronko, Advisor to the Governor of the Krasnodar region, supported the development of the work of the Consultative Council on Foreign Investments and the formation of working groups within the Consultative Council on Legal Affairs, HR, Localisation and Promotion of the image of the region.

The Consultative Council, according to the representatives of the Krasnodar regional administration, would be an integral part of the regional investment development programme, which also includes the construction of industrial parks and development of a system of cooperation between business and the scientific community. On behalf of the investors, Oleg Zharko supported the expansion of the work of the Consultative Council and expressed the opinion shared by the participants of the event about the need to hold such strategic meetings with business in the future.



Participants of the meeting

On 30 June 2016, the meeting of the Regional Foreign Investment Advisory Council (RFIAC) under the Governor of the Krasnodar region took place.

Vasily Shvets, Head of Investment Department of Krasnodar region Administration conducted the meeting. Most RFIAC participants are AEB member companies. The event was attended by representatives of Advocates Bureau Yug, Banca Intesa, Bank Center-Invest, Cargill, CLAAS, Danone, Gubskiy kirpich, Knauf, Nestle Kuban, Philip Morris Kuban, PwC, Syngenta.

Mr. Shvets accentuated that the purpose of the RFIAC is the creation of effective system of interaction between the Administration and business representatives. Feedback and competent expert opinion of investors operating in the territory are needed to improve the investment climate in the region.

Oleg Zharko, Chairman of the AEB Southern Regional Committee, Regional Director on Corporate Affairs and Relations with Public Authorities, Danone Russia, confirmed that the work with foreign investors is very important and necessary for the region and for the investors themselves.

The participants of the meeting noted, that RFIAC exists only in a few regions of the Russian Federation, including the Krasnodar region and St. Petersburg, because many foreign investors are interested in these regions. From the point of view of foreign investors, the Krasnodar region remains one of the most attractive regions for investments. Numerous foreign companies have been successfully operating in the region for decades, and continue expansion of their business. During this time vast and rich experience has been gained.

A new concept of work of the RFIAC, will strengthen and consolidate the efforts of the Administration and investors in two important ways: creation of conditions for existing investors and the development of mechanisms for attraction of new investors to the region.

The participants discussed the format of future work of the RFIAC and determined the main objectives for the attention of investors and regional authorities. Thus, in the framework of the Council will be established working groups for the formation and promotion of positive investment image of the region, legal issues and regulation, localisation, infrastructure affairs and relations with natural monopolies, staffing for foreign investment. Working groups will attract a broader level of professional expertise to intensify investment processes in the region.

Each of the working groups should hold meetings during the next month and submit their proposals for inclusion into the General activity plan of the RFIAC for the current year.

Taxation Committee

On 16 March 2016, the AEB Taxation Committee held a Business Meeting "Crisis and Taxes: Realities and Prospects". Dr. Alina Lavrentieva, Chairperson of the AEB Taxation Committee, PwC, and Vadim Zaripov, Deputy Chairperson of the AEB Taxation Committee, Pepeliaev Group, moderated the event.

The event covered taxation issues driven by the current economic situation: recent legislative developments in tax sphere, new taxation initiatives introduced by the Rus-



L-R: **Vadim Zaripov**, Deputy Chairperson of the AEB Taxation Committee, Pepeliaev Group; **Alina Lavrentieva**, Chairperson of the AEB Taxation Committee, PwC.



L-R: **Arseny Seidov**, Baker & McKenzie; **Andrey Bashkirov**, P&G; **Nina Gulis**, KPMG; **Svetlana Stroykova**, PwC; **Andrey Kizimov**, Deputy Director of the Department of tax and customs tariff policy, Ministry of Finance of the Russian Federation.

sian Government, as well as practical tax matters, such as changing financing structure in times of crisis, loss-making companies, top managers liability for tax debts etc. A special speaker at the event was Andrey Kizimov, Deputy Director of the Department of tax and customs tariff policy, Ministry of Finance of the Russian Federation. Among the experts were: Arseny Seidov, Baker & McKenzie, Nina Gulis, KPMG; Svetlana Stroykova, PwC; Andrey Bashkirov, P&G; Anna Zvereva, Dentons; Alexey Malenkin, EY; Yulia Litovtseva, Pepeliaev Group; Alexander Erasov, Goltsblat BLP.

On 29 June 2016, the AEB Taxation Committee held its semi-annual Conference: "Development of the Russian Tax System: results of the first half of 2016 and perspectives".

The event highlighted recent changes in tax legislation, new taxation initiatives and prospects for the next few years and provided an excellent platform for discussion and exchange of knowledge by professionals. Svetlana Stroykova, PwC, Arseny Seidov, Baker & McKenzie, Nina Gulis, KPMG, Anna Borisova, Deloitte & Touche, Ksenia Litvinova, Pepeliaev Group, Elena Fetisova, PG, Alexander Erasov, Goltsblat BLP, Dzhangar Dzhachinov, Dentons, shared their expertise and gave recommenda-



R-L: **Alina Lavrentieva**, Chairperson of the AEB Taxation Committee, PwC; **Nadezhda Kuzmina**, Ministry of Finance; **Svetlana Stroykova**, PwC; **Arseny Seidov**, Baker & McKenzie; **Nina Gulis**, KPMG.



L-R: **Dzhangar Dzhachinov**, Dentons; **Alexander Erasov**, Goltsblat BLP; **Elena Fetisova**, PG; **Ksenia Litvinova**, Pepeliaev Group; **Vadim Zaripov**, Deputy Chairperson of the AEB Taxation Committee, Pepeliaev Group.

tions on important tax matters. Nadezhda Kuzmina, Head of Consolidated Analysis Unit, Ministry of Finance and Alexandra Kadet, Deputy Head of the Unit of Information Exchange with Foreign Countries, Federal Tax Service, were the event distinguished guests. The Conference was chaired by Alina Lavrentieva, Chairperson of the AEB Taxation Committee, PwC and Vadim Zaripov, Deputy Chairman of the AEB Taxation Committee, Pepeliaev Group.

MEMBER NEWS

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

Alinga Consulting



Alinga Consulting participated in pro bono round table discussion on "Audit for NGOs". The event was held by the United Way Russia. The leaders and chief accountants of more than 20 NGO took part in the discussion. Leading the discussion, Alexander Kulikov, Senior Manager of the Audit Department, talked about different aspects of the NGO audit, including the criteria of the mandatory audit, main goals of the audit and its procedures. A separate discussion was dedicated to analysis of the complicated cases and consideration of the issues not regulated by the current legislation. Over many years of practice Alinga Consulting has become experts in the audit of NGOs and has accumulated a lot of practical experience in this area.

ALPE consulting

ALPE consulting started a roll-out project at Siegwark

Siegwerk, an international market leading manufacturer of printing inks for packaging of any kind as well as newspapers, magazines and catalogs is rolling out SAP to Russia using a traditional roll-out template starting from the middle of March, 2016. The scope of the project envisages deployment of standard modules such as FI/CO/SD/MM and PP. For Moscow the project will also involve Warehouse Management.

ALPE consulting has been nominated as the local SAP expert partner to handle all Russian localisation topics including legal requirements, Russian specifics, local forms and reports, key user trainings. The go-live is planned for 1 January 2017.

Successful completion of a roll-out project with Vaillant Group

Moscow 2016, ALPE consulting, one of the leading companies on SAP implementations in Russia & CIS and Vaillant Group, a global market and technology leader in the fields of heating, ventilation and air-conditioning technology, announced successful implementation of an SAP ERP project for "Vaillant Group Rus", the Russian branch of Vaillant Group.

The project was kicked off in the end of April 2015 and 11 January 2016, the production SAP ERP system was launched. The scope of the project envisaged deployment of standard modules: Finance, Controlling and Logistics.

"This system fully complies with the requirements of our organization and meets our business expectations", – said Maxim Shakhov, General Manager, Vaillant Group Rus. "We appreciate the professionalism and high level of expertise of the ALPE consulting team".

"The production system was launched according to agreed schedule, which is a result of truly effective collaboration between the parties", – pointed out Volker Dunst, General Director, ALPE consulting.

"In May the central implementation team successfully completed the migration to the new HANA database", – explained Dmitry Vishnevetsky, Deputy General Director, ALPE consulting and Project Manager. "Vaillant Group was implementing this project at the global level across all its branches. Afterwards ALPE consulting team together with the Vaillant Group's central implementation team and Vaillant Group Rus performed additional testing of the business processes".

Currently, ALPE consulting is engaged in supporting business users with ordinary every day questions.

Tebodin

Business breakfast in Russia focused on permitting

Tebodin organised a business breakfast about "Initial permits: handling procedures and risk analysis", aimed to share our experience in project permitting expediting with the clients. Though hardly unique at a glance, the subject turned out to be of keen interest for the guests who daily face the regulatory challenges



in Russia. The consulting and engineering company gathered its best cases and presented the list of initial permit documentation as well as stages of its execution and ways of errors prevention when developing and collecting the initial permit documentation. Ruslana Turkenova, Permitting engineer at Tebodin: "In accordance with the Russian legislation, there is a defined approach to obtaining Initial permitting documentation during the whole project life cycle. Based on our long-term experience we support the client in organising the process of the permits obtaining with minimal possible risks, as well as help to optimise this process in the most effective way".

The culmination point of the breakfast was an interactive discussion and networking with clients. Olga Belova, Tebodin's Head of Consultancy: "We tried to explain what risks can be and must be mitigated far before the construction stage. This time we invited local clients. However, in the near future, it is our intention to welcome English-speaking clients to help them take a deeper look at the Russian permitting procedures, which are so ambiguous to these clients".

VEGAS LEX

InfraONE, VEGAS LEX to advise Moscow Region's high-speed off-street light rail transport project

On 7 April 2016, the pre-roadshow of a project to create the Moscow Region's first system of high-speed off-street light rail transport (LRT) (the first phase of the "orbital" network connecting Podolsk, Domodedovo and Ramenskoye) took place in Moscow, with InfraONE company acting as the project's investment advisor and VEGAS LEX, as the legal advisor.

LRT system's project involves the development of a completely new type of public transport system, linking large municipalities, urban districts in the Moscow Region and several airports of the Moscow air hub. This type of system is fast, quiet, comfortable, safe and environmentally friendly. The project is to be implemented in four phases as a PPP with the involvement of a private investor (a consortium) to build the LRT lines, supply rolling stock and transportation systems, and operate the system.

The consortium of consultants (InfraONE, VEGAS LEX, SETEC group of companies and NIiPI Urban Development of the Moscow Region and the project customer, the Moscow Transport Hub Directorate) presented to the potential investors the goals, investment objectives and phases of the project, elaborated on the financial and investment, organisational and legal components of the project, as well as the technical and economic parameters of the LRT system and rolling stock, and expected passenger flow statistics.

APPOINTMENTS

VEGAS LEX



On 3 June 2016, VEGAS LEX Board of Partners elected Head of Technology and Investment group Alexandra Vasyukhnova and Head of Southern directorate Maxim Grigoryev as the law firm's new partners.

"Alexandra Vasyukhnova and I have been developing the intellectual property practice for more than ten years. We supported IP and TMT projects quite successfully," Managing Partner Alexander Sitnikov commented on the new appointments. Maxim confirms its high level of professionalism daily, performing tasks of varying complexity. We are confident that their leadership potential will help them contribute to the company's further growth and strengthen its positions on the market," he added.



Alexandra Vasyukhnova specialises in legal support of investment projects, M&A deals, commercial contracts, antitrust litigation and IT projects. She provides legal support to start-up projects, advises them on intellectual property issues, and represents their interests in litigation relating to intellectual property. Maxim Grigoryev is an expert in the structuring of contractual relationships between companies and authorities. He advises projects that involve government support and stimulation of business development; accompanies investment transactions and joint ventures; advises and represents companies in commercial disputes, including disputes of international nature that involve recovery of damages for technological violations and environmental abuses, in corporate disputes and other types of litigation.

NEW MEMBERS



ACCA

ACCA (Association of Chartered Certified Accountants) is the global body for professional accountants. Founded in 1904, ACCA aims to offer business-relevant qualifications to people of application, ability and ambition around the world who seek a rewarding career in accountancy, finance and management. ACCA has been operating in Russia for over 15 years, offering the comprehensive ACCA qualification as well as Russian language diplomas in IFRS and taxation. Our values are aligned to the needs of companies in all sectors and we ensure that through our qualifications, we prepare true finance professionals for business. Globally, the association unites over 630,000 members and students in 180 countries, helping them to develop successful careers in accounting and finance, with the skills required by employers. We work through a network of 92 offices and centres and more than 7,000 ACCA Approved Employers worldwide, who provide high standards of employee learning and development.

www.accaglobal.com



EUROSOTRA s.r.o.

"EUROSOTRA s.r.o." is a Prague-based company. Founded in 1999 in Prague, Czech Republic, "EUROSOTRA s.r.o." as a primarily transportation company our business evolved into several segments and currently our company provides range of services to Czech and international customers in the following sectors:

- International transportation and warehousing;
- Consulting in international trade, customs clearance and tariff regulations,
- Investment and technology transfer.

Target markets: Czech Republic, EU and Russia. In 2007, "EUROSOTRA" established Moscow representative office to support operations in Russian market.

www.eurosotra.eu



Incadea

Incadea is a leading provider of enterprise software solutions and services to the global automotive retail and wholesale market. With a proven industry focus and expertise, incadea is the vendor of choice for car manufacturers and their dealer networks around the world. Headquartered

in Munich, Germany, and with a presence in 90+ countries, incadea serves a growing community of approximately 92,000 end users across the globe, and supports more than 3,500 dealerships of market-leading car manufacturers. incadea's recognised automotive industry expertise is embedded in proprietary software which drives a suite of solutions, available in 21 languages and fully localised to the specific needs of individual markets, including:

- incadea.engine (Dealer Management System);
- incadea.myengine (The Next Generation DMS);
- incadea.cvrn (Customer and Vehicle Relationship Management);
- incadea.bi (Business Intelligence Solution);
- incadea mobile applications (incadea.mysales, incadea.myservice);
- incadea.fastfit (Tire Solution).

Our Vision

Deliver the market leading suite of integrated solutions capable of transforming auto retailing globally.

Our Mission

Collaborate to develop innovative solutions that drive efficiency and profitability for our clients.

Why incadea?

Global experience with local market insight

Deep Technology Expertise combined with automotive business knowledge

Microsoft's strategic partner in the area of automotive retail solutions

Clearly defined one-industry focus

Long term strategic relationships with key industry players.

www.incadea.com



ITEMF

At the beginning of 2015 ITE Group and Messe Frankfurt international exhibition companies made the decision to establish as joint venture ITEMF Expo aimed the development of automobile sector exhibitions. Currently the company's portfolio includes international trade shows MIMS Automechanika Moscow, COMTRANS and Busworld Russia powered by Autotrans. The cooperation between ITE and Messe Frankfurt was established in 2010 when the companies consolidated MIMS and Automechanika Moscow shows. ITEMF Expo exhibitions and business events are supported by Ministries and Agencies, the Federation Council and the State Duma, Moscow City Government and by the leading industry associations."

www.itemfexpo.ru

Association of European Businesses (AEB)

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

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Company Name in full, according to company charter. (Individual applicants: please indicate the company for which you work /
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Fax Number / Номер факса:

Website Address / Страница в интернете:

2. CATEGORY / КАТЕГОРИЯ:

THE CATEGORY IS DETERMINED ACCORDING TO THE COMPANY'S WORLD TURNOVER

Please indicate your AEB Category / Отметьте категорию		Company's world-wide turnover (euro per annum) / Мировой оборот компании (евро в год)	AEB Membership Fee / Членский взнос в АЕБ
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<input type="checkbox"/>	CATEGORY C / Категория С	1–49 million/миллионов	2,200 euro/евро
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Title, First Name, Surname / Ф.И.О.:

Position in Company / Должность:

E-mail Address / Адрес эл. почты:

4. COUNTRY OF ORIGIN / СТРАНА ПРОИСХОЖДЕНИЯ	
A. For a company / Компаниям: Please specify COMPANY'S country of origin / Указать страну происхождения компании ¹	
or B. For an individual applicant / Индивидуальным заявителям: Please specify the country, of which you hold CITIZENSHIP / Указать гражданство	
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5. COMPANY DETAILS / ИНФОРМАЦИЯ О КОМПАНИИ			
Company present in Russia since: _____ / Компания присутствует на российском рынке с: _____ г.			
Company activities/ Деятельность компании	Primary / Основная:		Secondary / Второстепенная:
Company turnover (euro)/ Оборот компании (в Евро)	In Russia / в России:	Worldwide / в мире:	<input type="checkbox"/> Please do not include this in the AEB Member Database/ Не включайте это в справочник АЕБ
Number of employees/ Количество сотрудников	In Russia / в России:	Worldwide / в мире:	<input type="checkbox"/> Please do not include this in the AEB Member Database/ Не включайте это в справочник АЕБ
<p>Please briefly describe your company's activities (for inclusion in the AEB Database and in the AEB Newsletter) / Краткое описание деятельности Вашей компании (для включения в базу данных АЕБ и публикаций АЕБ)</p>			

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<input type="checkbox"/> Media / СМИ	<input type="checkbox"/> Event / Мероприятие

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

Date/Дата:

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

Date/Дата:

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

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