



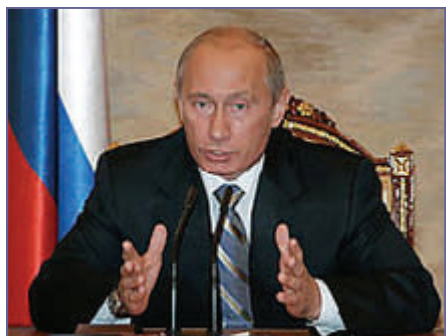
<http://www.ruscham.com>

IN THIS ISSUE:

PREMIER AND PRESIDENT: PUTIN-MEDVEDEV DUO * JOINT STATEMENT OF THE EU-RUSSIA PERMANENT PARTNERSHIP COUNCIL ON FREEDOM, SECURITY AND JUSTICE * CLUSTERS OF ENTREPRENEURSHIP * EU-RUSSIA RELATIONS: OPINIONS AND ANALYSES * RUSSIAN STANDARD * BUSINESS NEWS

PREMIER AND PRESIDENT: PUTIN – MEDVEDEV DUO

President Vladimir Putin said Monday, 17 December, that he would accept the post of prime minister if Dmitry Medvedev becomes president, and he promised not to divert any presidential authority to the prime minister's office.



Putin spoke at a United Russia congress that almost unanimously elected Medvedev as the party's candidate for the presidential election. In a rare show of disunity in the pro-Putin party, a single delegate opposed Medvedev in the 478-1 vote. The identity of the dissenter was unknown because the vote was by secret ballot.

"If Russian citizens express their confidence in Dmitry Medvedev and elect him president of the country, then I will be ready to head the government," Putin told United Russia delegates gathered for the congress at a hall in the Gostiny Dvor shopping center, near the Kremlin.

Putin waited a full six days to reply to Medvedev's offer to appoint

him as prime minister. Medvedev made the offer last Tuesday, a day after Putin backed him as the next president.

On Monday, Putin again praised Medvedev, a first deputy prime minister and Gazprom chairman, as an apt administrator and urged voters to elect him as president.

"We should not be ashamed or afraid of transferring key powers of the country, the destiny of Russia, into the hands of such a man," Putin said from the podium.

Opinion polls consistently show that about 40 percent of Russians are ready to vote for anyone backed by Putin. Given that Medvedev has long led an informal race to succeed Putin, the president's blessing appears to have effectively handed him victory in the March 2 election.

Putin, 55, said he would not change the balance of power between the president and prime minister. Under the Constitution, the powers are strongly tilted to favor the president.

Medvedev, 42, sat stone-faced in the first row as Putin spoke about him. The two had entered the hall together, walking side by side past some 3,000 party officials and journalists.

Medvedev, who took the floor after Putin, pledged to continue Putin's policies, saying they would advance Russia on the international stage.

By agreeing to become prime minister in a Medvedev administration, Putin appears to have found a way to delay a decision on whether to keep power in his own hands or pass it over, political analysts said. Putin's second and constitutionally last consecutive term ends in May. Until last week, he had kept tight-lipped about the identity of his preferred successor and his post-presidency plans.

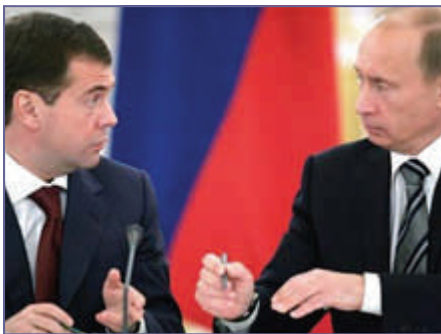
By becoming prime minister under Medvedev, Putin would secure for himself the role of his guardian during the transition period, protecting Medvedev from the political risks that might be posed by rival Kremlin groups, such as the siloviki,"

said Tatyana Stanovaya, an analyst with the Center for Political Technologies. The siloviki are a loose grouping of hawkish security and military officials in Putin's administration.

Medvedev, a lawyer with a strong academic background, has no history in the security services and is seen as the most liberal of the possible successors preferred by Putin.

"If Putin sees that Medvedev matures as a president, he will likely gradually transfer more power over to him, Stanovaya said. "If Medvedev fails, Putin could easily come back as the president," she said.

If the president resigns, the prime minister becomes acting president



and organizes early elections, in which Putin could legally run. Putin served as prime minister under Boris Yeltsin in 1999, a post he held for six months until Yeltsin resigned and handed him the presidency.

Given a Russian tradition of blaming the Cabinet, not the president, for social problems, Putin's choice of Medvedev indicates that he feels comfortable with the younger ally, said Dmitry Badovsky, an analyst with the Institute for Social Systems. Putin and Medvedev have a father-son relationship, say people who know them personally.

Chechen President Ramzan Kadyrov, who attended the congress, told journalists that "99.9 percent of North Caucasus residents will support Dmitry Medvedev for the post of the president and Vladimir Putin

for the post of Russia's prime minister." Chechnya reported a jaw-dropping turnout of 99.5 percent in the Duma elections on Dec. 2 -- the highest of any region. It said 99.36 percent of the voters chose United Russia.

Across town, Rosneft president Sergei Bogdanchikov said Putin becoming prime minister under Medvedev would "bring stability, plus a need for the rule of law."

"This is good and is a guarantee for business," Bogdanchikov said on the sidelines of a Rosneft reception Monday evening.

When asked whether he would consider taking up a post in the government, Bogdanchikov said: "I haven't been asked, and I haven't thought about it. I'm happy where I am."

In addition to United Russia, Medvedev's presidential bid has been supported by A Just Russia, a pro-Putin party that won State Duma seats in the recent elections, and two parties that did not win seats, Civil Force and the Agrarian Party. Medvedev is not a member of any party.

Vedomosti, citing an unidentified United Russia official, reported Monday that Kremlin chief of staff Sergei Sobyenin would serve as Medvedev's campaign manager. The Kremlin's press service would not confirm the report.

Also at the United Russia congress, delegates unanimously voted to confirm Boris Gryzlov as speaker in the next Duma and leader of the party's Duma faction. Gryzlov held both posts in the previous Duma. Deputies meet for their first session on Jan. 24.

United Russia won 315 of 450 seats in the Duma. Putin said at a United Russia congress on Oct. 1 that he would consider becoming prime minister if United Russia won a landslide victory and if it chose a

"worthy" person to become the next president. ■

WHO DOES WHAT

President:

- Head of state
- Office in the Kremlin
- Commander in chief of armed forces; in charge of nuclear weapons
- Sets direction of both foreign and domestic policies
- Guarantor of the Constitution, citizens' rights
- Prime minister reports directly to the president. President appoints and fires prime minister and other federal ministers, subject to parliamentary approval
- Foreign Intelligence Service, Federal Security Service, Foreign Ministry, Defense Ministry, Interior Ministry, Emergency Situations Ministry and Justice Ministry all report directly to president
- Controls and appoints the Security Council, which oversees defense and security policies
- Appoints Central Bank head
- Nominates and fires regional governors and presidents
- Controls the presidential administration, based in the Kremlin
- Has right to chair Cabinet meetings, but usually leaves this to the prime minister
- Can call a state of emergency or impose military law if he believes there is a threat to national security

Prime Minister:

- Heads Cabinet of ministers
- Office located in Moscow's White House
- Becomes acting president if the president "is not in a condition to fulfill his responsibilities," according to the Constitution.
- Civilian ministries such as education and health report to the prime minister
- Implements domestic and foreign policy as well as presidential decrees, laws and international agreements
- Coordinates economic and fiscal policy, manages federal property
- Sets prices for gas, electricity and domestic transportation
- Controls social policy, labor policy, migration and family policies ■



JOINT STATEMENT OF THE EU-RUSSIA PERMANENT PARTNERSHIP COUNCIL ON FREEDOM, SECURITY AND JUSTICE



The Portuguese presidency of the European Union and the Russian Federation held the 7th Justice and Home Affairs meeting (JHA) on 23 November 2007, in Brussels. The themes that were debated, under home affairs, were visa policy, documents security, fight against illegal immigration, border management, terrorism prevention and fight against human trafficking.

The minister for home affairs, Rui Pereira, the head of the presidential administration, Viktor Ivanov, the minister of the interior from the Russian Federation, Rashid Nurgaliev, the vice-president of the European Commission, Franco Frattini, the Slovenian minister of the interior, Dragutin Mate, and the Portuguese, Russian and Slovenian ministers of justice were all present in this meeting.

The delegations welcomed the entry into force of the Agreement between the European Union and Russia on visa facilitation and readmission. They also stressed the importance of giving the agreement full execution.

During the meeting they decided to reinforce the cooperation in the fight against illegal immigration and human trafficking, and the collaboration in the management of joint borders, by strengthening relations between the Frontex Agency and the recently created Federal Russian Agency for the Development of State Borders. In fact, an Action Plan 2007-2010 for cooperation in this area was agreed upon. They also decided that an experts' meeting should be held, to deal with the simplification of foreign citizens' registers. ■

CLUSTERS OF ENTREPRENEURSHIP

By Kendrick D. White

It is becoming more competitive in Russia's regions, which is prompting and pushing Russian entrepreneurs to improve their performance and seek out new financial and strategic partners, which can help them to expand.

Speaking or even thinking about Nizhny Novgorod as a new "Bangaluru" or "Russian Silicon Valley" seemed strange just a few years ago. Today the situation has changed

dramatically, and the idea of "clusters of entrepreneurship", particularly in hi-tech sectors of the local economy, has caught people's imagination. Moreover, to make this vision

reality, we can see concrete political steps being taken and investments made.

Cluster theory suggests there



should be a critical mass of specialists, such as consultants, corporate finance specialists and venture capital (VC) and angel investors, surrounding key university towns. If such a "cluster" of active market participants is located close to a local university this can help stimulate new hi-tech innovations and promote the commercialization of technologies and other businesses being developed through that university system. This winning combination of highly educated scientists together with venture capital funding, introducing into the market innovative new commercial ideas, can easily be found in the United States in such clusters as Silicon Valley and Silicon Alley formed around key universities.



In Russia such clusters have developed slowly. One reason has been the lack of local investment liquidity, another the lack of local business training programs to train middle and top level managers needed for business development. As the previous Director of the European Bank for Reconstruction and Development's Central Russian Regional Venture Fund I led early efforts to invest US\$10 million into local pharmaceuticals producer Nizhpharm. We had difficulty enticing Moscow managers to move from Russia's capital to Nizhny, so we focused instead on in-house training. Since the mid 1990s our fund had received technical assistance financing from the German development bank KfW, which paid for management training for our investee companies. That was useful, but it could only be targeted

to one investment project at a time. Since then we have seen a growing number of regional companies moving from trading to local production. They face increasing competition and have realized that, to develop the accounting and quality control systems necessary, they must invest in developing a strong management team.

One of the principal needs of these clusters is a supporting infrastructure of educational and training programs and specialists, and this is now finally falling into place. If we add increased activity by domestic angel investors, micro and small business lending programs and venture capital financing, development in regional capitals and their surrounding regions will really take off.

I know of several MBA programs, one such being run by the South Urals University in Chelyabinsk where I have been invited as a guest lecturer. The university helped set up the two-and-a-half year program but the students or their companies pay for it. These are not young students but rather professional finance and strategic planning managers, HR directors and business proprietors. The program focused on sophisticated topics like understanding asset pricing models and how best to establish a company's capital structure. Myself and many other guest lecturers are often amazed by the advanced questions students ask. I know of several new executive MBA programs being established in Nizhny, including one planned for next year through the local branch of the School of Higher Economics and another manned by the Green City executive education institute, all intended to prepare students for management careers with local or international enterprises.

As competition increases it is logical and necessary for such programs to develop countrywide in order to meet the increasing needs of entrepreneurs to improve their compa-

nies' competitiveness. This is all part of making Russia increasingly plugged into the global economy. Russia's economic environment - particularly regionally - is becoming more competitive, forcing entrepreneurs to improve performance and competitiveness in order to survive and grow. The rapid development of MBA programs, consultancies and support networks, together with angel investor clubs and venture capitalists, has only positive effects on local entrepreneurs. It gives them access to expertise and new capital, two factors to help them integrate further into the global economy. These are all positive trends I'm taking advantage of in building an investment advisory firm focused on linking global private equity investors with progressive regional enterprises. These are trends I intend to build on with companies that not only need expansion financing, but are also ready to embrace international business practices and transparency in order to attain success.

START-UP AND VENTURE CAPITAL IS NEEDED HERE!

To start up and expand, entrepreneurs really need capital financing, they need venture capital and increasing working capital liquidity. These are sentiments often heard in the corridors of business. Some years ago I intended to invest into an attractive company in Nizhny, which was reluctant to sell shares to a foreign venture fund. They were willing to sell only a small minority of shares to foreign investors, even then at an outrageous valuation price, and eventually we had to walk away. Today, companies' attitudes are different; barriers have been dismantled which protected regional business elites and natural competitive forces are changing entrepreneurs' attitudes towards private equity investors.

Increasing competitiveness is forcing regional companies to expand or die. You also see a strong trend in consolidation within many



sectors such as the retail and service industries, as companies are pushed together to stay competitive. Many set themselves up ten years ago and succeeded quite profitably until now, but today face macroeconomic pressures emanating from Moscow and beyond, pressures largely responsible for today's era of increased transparency and competition. Take pharmacies; each city had its own home grown pharmaceuticals retailers which are now trying to compete against rapidly expanding national chains. There are economies of scale in this which can successfully solve a number of issues which independent operators couldn't solve alone. This is being replicated across many sectors in Russia, and is pushing regional companies to seek strategic and financial partners.

GOING EAST AND SOUTH

There's an understanding in Russia that 80 percent of the country's financial resources are controlled by Moscow. If true – there exists plenty of evidence that it is – it is a serious weakness for the country's long term development. For example, there are a number of western investment funds in Moscow. They have generally been successful, but the entry valuations on new projects coming from Moscow and St. Petersburg are steadily rising. Also, there are many financial intermediaries in these cities, consultants and advisors helping their clients develop successful business plans. These plans are often promoted via sophisticated tenders to those in the investment community anxiously seeking qualified projects. Often, they compete against each other in the same limited number of tenders for the opportunity to invest, resulting in high entry valuations on these projects.

Another problem is that many regional companies have up until recently been reluctant to pay for high level consultants to help prepare business plans. This widens the gap between Moscow investors seek-

ing projects and regional entrepreneurs who are often unprepared to provide realistic business plans expected by investors. These two groups often miss each other as they have no common language or understanding on how to further develop a business. It's much easier for a Moscow investor to review a ready business plan than travel back and forth to a provincial city trying to build the plan himself with the entrepreneurs.



The problem for investors now is that the time of finding easy post-privatization and restructuring deals, "low hanging fruit", is ending, and the hard work of true venture capital investing is beginning. Competition is fierce in Moscow and St. Petersburg and simultaneously there are fewer deals spread more thinly in Russia's vast regions, but these projects, in our opinion, offer significantly better valuations in the long run. Regional companies need corporate finance advisory services, to work on the ground to help them develop their business plans such that they will be fully screened and qualified to secure private equity investment capital. We consider the macroeconomic shift towards investment in the regions inevitable, which in coming years will surely put regional capitals in the spotlight as attractive investment destinations. This will make Russia a significantly more diversified economy, with stronger ties nationwide with the global economy.



AMBITION & FIRE IN THEIR EYES

If you travel into Russia's regions you will often meet a certain type of self-made entrepreneur who talks with genuine ambition and hunger about his business and its growth potential. The leading entrepreneurs have often lived or traveled abroad and accept the world as an open market. They are ready for western partners to help them grow their business, but at the same time need advice and coaching on how to present their business plans and ideas in a professional format and then negotiate win-win partnerships.

Russian regional companies are becoming more and more sophisticated today and are competing more intensively than ever before, as the fight between different brands seeking market share heats up. Successful domestic producers, selling their own indigenous brands see this market as growing rapidly and are gearing up to expand production and distribution nationally. Added into the mix are western multi-nationals, who view all of Russia as their market and want to dominate within it. There is some pressure on them to develop green-field operations, but they also see incentives in buying local, established brands and the teams behind them. Eventually I believe that much of Russia's markets will be divided up and dominated by a handful of local brand producers fighting against multi-national brands – which is ultimately good for Russian consumers. ■



EU-RUSSIA RELATIONS: OPINIONS AND ANALYSES

PUTIN STRENGTHENED BY PARTY WIN IN RUSSIAN ELECTIONS

Despite accusations of electoral fraud by opposition parties, Russian President Vladimir Putin scored a personal victory over the weekend (1-2 December) as more than 63% of voters backed his United Russia party in parliamentary elections. With 85.1% of votes counted, Russia's Central Election Commission (CEC) announced that the ruling United Russia party had received 63.2% of the vote, with just three of the ten other candidate parties garnering sufficient support to overtake the new 7% threshold necessary to be represented in the State Duma.

While the Kremlin hailed the outcome as a strong victory for President Putin, opposition parties have threatened to challenge the results, citing "violations exceeding all acceptable norms".

The Communist Party, which came second in the poll with 11.7% of the vote, accused the elections of being rigged in favour of United Russia's "direct helpers and sidekicks", including the Liberal Democratic Party, which gathered 8.4% of the ballot, and the Fair Russia party, which is made up of Kremlin loyalists and won 8% of the vote.

"This is not a parliament, but a branch of the Kremlin, a department of the government," said Communist Party leader Gennady Zyuganov, adding that his party was gathering the necessary evidence for a lawsuit to challenge the election results in the Supreme Court.

Former chess world champion Gary Kasparov, who was jailed for five days last week after his opposition coalition Other Russia organised an unauthorised march in protest against Putin's clampdown on opposition groups ahead of the elections, said: "The fact is they're not just rigging the vote. They're raping the democratic system."

Russia's only independent election observation body Golos agreed that fraud had been systematic. "These are not isolated incidents. The complaints are from every corner of Russia," said Deputy Head Grigory Melkonyans.

The election monitoring arm of the Organisation for Security and Cooperation in Europe (OSCE), the ODIHR, which is the West's main election observation body, had refused to monitor the poll after a row with Moscow over delays in issuing visas for observers. Germany's Angela Merkel had criticised the lack of foreign observers authorised to monitor the elections.

While declining to comment on accusations of fraud, United Russia chief Boris Gryzlov said any violations would "in no way put in doubt" the final result.

The poll could give Vladimir Putin's party alone as many as 348 out of the 450 seats in the Duma – far more than the 301 needed in order to amend the country's constitution – a move which, if desired, could secure Putin with a third straight term as president.

While Putin has repeatedly said he would not attempt to do this, he had also said that a big win in the parliamentary elections would give him a "moral" mandate to continue playing a major role when his second presidential term – the maximum currently allowed by the constitution – comes to an end in May 2008.

Some observers believe he may seek to retain power as prime minister through the creation of a new post or by pulling the strings behind the scenes as a loyalist takes over. United Russia has so far kept quiet about its candidate for the March presidential elections, but an official nomination is expected at a congress later this month.



EU TO FOCUS ON 'SHAPING GLOBALISATION' AFTER TREATY

A declaration to be endorsed by European leaders at a summit on Friday seeks to shift the debate away from institutional matters to focus the EU on 'shaping globalisation in the interest of all citizens and business'.

While it has brought increased prosperity worldwide, "globalisation also confronts us with new economic, social, environmental, energy and security challenges," says the draft declaration, posted on the Blogactiv website.

The text was negotiated word-for-word by diplomats from the 27 EU member states at the Committee of Permanent Representatives (COREPER) last week and approved by foreign ministers on Monday, according to François Head, press officer at the Council of Ministers. But EU leaders will still have a chance to amend the text on Friday, Head said.

The declaration's main objective is to "turn the page" after the new EU Treaty is signed in Lisbon this week and "look to the future," according to a source familiar with the matter.

"The Lisbon Treaty, in setting a reformed and lasting institutional framework, improves our capacity to fulfil our responsibilities," says the draft. "We aim at shaping globalisation in the interests of all our citizens based on our common values and principles."

To respond to those challenges, it says the Union should promote free trade and continue to develop its own internal market to deliver more jobs and growth "while ensuring a strong social dimension and respect for the environment".

"The European Union will press for increasingly open markets which should lead to reciprocal benefits" provided that competition is "fair" and respects "intellectual property rights". On the internal front, it says "investment in research, innovation

and education should be strengthened as a central driver for growth and jobs and to ensure that all will benefit from the opportunities of globalisation."

On climate change and energy, the draft says the EU "will deliver" on its "very ambitious commitments" adopted in March this year to boost renewables and slash greenhouse gas emissions. "The Union insists on the need for a global and comprehensive post-2012 [global climate change] agreement involving most notably the US, Russia, China, India and Brazil."

The EU's role in "managing legal migration and combating illegal immigration" is also underlined, along with its "responsibility for global security and stability". "By this, we should be able to meet the challenges and reap the benefits that well-managed migration can bring for the EU and also for third countries," says the draft.

"Together, we will ensure that globalisation is a source of opportunity rather than a threat. For this, we will continue building a stronger Union for a better world." ■



EU EYES COMMON ENERGY MARKET WITH MEDITERRANEAN

Ministers from Europe, North Africa and the Middle East agreed, on 17 December, to a six-year Action Plan which ultimately aims to create "a common Euro-Mediterranean energy market" based on free competition and reciprocal access to energy markets.

Meeting for the 5th Euro-Mediterranean Ministerial Conference on Energy in Cyprus, the 37 countries pledged to gradually harmonise their energy legislation and policies, and improve gas and electricity interconnections among themselves. The joint declaration also foresees the integration, in the longer term, of other countries, including Libya and sub-Saharan nations, into the Euro-

Mediterranean energy market.

Ministers further agreed to work together to diversify energy sources, including through the development of low-carbon sources and renewables, and support the deployment of energy-efficient technologies.

The EU and Mediterranean countries have been involved in a dialogue on energy issues since the launch, in 1995, of the "Barcelona Process", aimed notably at creating a Free Trade Area by 2010. However, progress has been slow due to low ambitions from the EU's side and a lack of willingness from the Union's southern partners, which include Palestine and Israel, to co-operate with each other.

However, amid growing concerns over security of energy supply and continued failure to reach agreement with Russia over a new Co-operation and Partnership Agreement that would formalise often fraught energy relations between the two, the EU is intent on developing closer ties with other energy-rich countries in its neighbourhood.

The bloc already imports almost 15% of its oil and gas from Africa and it is believed that this figure could be substantially increased by investing more in infrastructure, such as offshore pipelines to Spain and Italy.

As part of the Action Plan, the EU has said it will spend more than €3.2 billion on infrastructure projects of common interest over the next four years. Some notable projects include the establishment of a Maghreb-Europe pipeline and of a trans-Saharan pipeline that would allow Europe to import Nigerian gas via Algeria. Setting up electricity interconnections between Algeria, Tunisia, Morocco, Turkey and their EU neighbours Spain, Italy and Greece will also be a key focus.

Earlier this year, French President Nicolas Sarkozy proposed beefing up the Euro-Mediterranean partnership by creating a "Mediterranean Union", which would also include Turkey.

Sarkozy is expected to push forward with the plan when his country takes over the EU Presidency in July 2008, but it has been strongly criticised by Ankara, which sees the move as an attempt to back out from offering Turkey full EU membership. ■



RUSSIA LIFTS EMBARGO ON POLISH MEAT

Moscow and Warsaw have put an end to a long-standing dispute surrounding imports of Polish meat which had blocked EU attempts to broker a key trade and energy deal with Russia for more than two years.

The deal to lift the import ban was announced by a Russian farm ministry spokesperson on Wednesday (19 December). "The memorandum has been signed as planned," the spokesman said according to Reuters.

The end to the Polish meat embargo opens the way for negotiations on a new, wide-ranging EU-Russia partnership and co-operation agreement (PCA), which have been blocked for more than two years.

Russia has blocked imports of Polish meat since November 2005, citing health concerns, but Warsaw claimed the ban was politically motivated and retaliated by placing a veto on trade negotiations between Russia and the EU.

The PCA, which includes an important chapter on energy, is seen as essential to EU-Russia relations. ■





REPRESENTATIVE OFFICE IN EUROPE

RUSSIAN STANDARD
 CERTIFICATION AND STATE PRODUCT REGISTRATION CENTER


WWW.ROSSTANDARD-EUROPE.COM

Russian Standard is an authorized Comprehensive Certification Center based in the USA and Europe and specializing in all types of mandatory and voluntary Russian certification and state product registration, ranging from nutritional supplements and foods to medical and oil equipment.

We are here to help you with all your needs, and we do it in conformity to the US / EU legislation and business practices. We always scramble to decreasing the costs and process time to minimum.

RUSSIAN / CIS CERTIFICATION & LICENSING

According to Russian Law, more than 60% of all products to be sold and/or used in the country require mandatory certification/licensing, i.e. they should be approved by relevant Russian authorities in terms of compliance to national standards. This concerns both locally produced and imported goods. Moreover, prior to construction of an industrial or civil site in the Russian territory, a number of approvals are required to undertake engineering, construction and other technical activities.

Below you will find the list of product and activity categories subject to mandatory Russian approval:

- Products, services and tools assuring safety for life and health of consumers (e.g. foodstuff, drugs, textiles, electrical appliances, related equipment etc);
- Alcoholic products and equipment for their production;
- Production sites;
- Technical installations at dangerous production sites (e.g. pressure vessels, lifting and hoisting machines, pumps, equipment for mining, petrochemical, oil & gas, metallurgical and other industries);
- Fire-related products;
- Livestock;
- Products assuring safety for life and health of animals (feed, vaccines etc);
- Pesticides and agrochemicals;
- Products and services containing results of genetic engineering activity;
- Energy-consuming products and energy resources;
- Telecommunication equipment, tools and services;
- Information systems, databases and tools to protect them;
- Transportation units, products and services;
- Aerospace machinery;
- Geodesic, cartographical and topographical products;
- Forestry raw materials;
- Gas and coal;
- Nuclear industry products and technologies;
- Arms.



Russian Standard will help you to obtain on of the following certificates:

- **Sanitary-Epidemiological Conclusion Certificate** (formerly known as Hygienic Certificate) for products in contact with human body;
- **GOST R Declaration of Conformity** for some consumer goods and industrial instrumentation;
- **Certificate of State Product Registration** for new foodstuff and some other goods presenting a potential danger for human beings;



- **GOST R Pattern Approval Certificate** for measuring instruments;
- **GOST R Ex-Proof Certificate** for explosion-proof equipment and materials;
- **Fire Safety Certificate** for flammable or fire extinguishing products;
- **Design Registration at Rostekhnadzor** for hazardous industrial sites
- **VNIIS Exemption Letter** for products that are not subject to mandatory GOST R certification. **Telecom Type Approval Certificate** for telecommunications equipment.

Registration and Certification of medical equipment, devices and materials

As in most countries, in Russia a medical product can be admitted to the domestic market only when and if it has been found in conformity with technical and medical safety regulations pertaining to this particular product.

Assessment of conformity of medical equipment and products to existing safety standards is carried out by the Russian Health Ministry and Federal State Scientific Certification Center for Medical Products. If found in conformity, the product gets entered in the Federal Registry, and the applicant receives the "Registration" license.

Russian Standard Ltd. handles all interaction with the Russian authorities on behalf of the exporter/manufacturer of medical products, makes sure that the submitted dossiers are complete, and the processing is done without delays.

For medical devices and materials, along with the registration, Russian regulations require both GOST-R and Hygienic certification.

We also will help you with NUTRACEUTICALS, when in accordance with the Russian legislation, all food (nutritional, dietary) supplements, also known as biologically active supplements, are subject to mandatory State Registration by the Russian Ministry of Health.

We invite you visit our web site www.rosstandard.com for more information or contact us directly:

Russian Standard Ltd c/o RECC
P.O. Box 58, 83008 Bratislava 38, Slovakia
Telephone: +421 (0) 907 167 714

mail@rosstandard-europe.com

•••

CERTIFICATION F.A.Q.:

What is the Certificate of Fire Safety (SFC)?



Certification of products and services for fire safety acerts the conformity of products to the requirements of the Russian fire safety codes. In many cases, SFC is an obligatory component of the GOST-R Certification. The procedures for obtaining the SFC are determined by the Russian State Fire Service and the Committee of the Russian Federation on Standardization, Metrology and Certification (GOSTANDART).

Products which are subject to mandatory certification are specified in the constantly renewed Official List; fire safety certification procedures are based on the current Russian fire safety regulations and testing methodologies.

For more information please visit www.rosstandard.com



BUSINESS NEWS TICKER

Gazprom, the world's biggest natural gas exporter, plans to build Europe's largest storage facility for the fuel to supply a new pipeline under the Baltic Sea. The facility in Hinrichshagen, northeastern Germany, will hold as much as 5 billion cubic meters of natural gas. Construction will start in 2009 and cost 420 million euros (\$620 million). Gazprom's Nord Stream pipeline is scheduled to start carrying natural gas 1,200 kilometers under the Baltic to Germany in 2010 as the Russian exporter seeks to avoid transit countries like Belarus and Ukraine. Gazprom, which feeds one-quarter of Europe's gas demand, wants to plug directly into markets in northwestern Europe and raise export capacity by one-third. The Wingas storage facility in Rehden, northern Germany, can hold 4.2 billion cubic meters of gas.

...

Turkmenistan will start building a new gas pipeline to Russia as soon as this year after Moscow agreed to pay more for exports through an existing route. The agreement on the Russia-backed Caspian Gas Pipeline linking Turkmen gas with global markets via Russian territory has been delayed because of a pricing dispute since September. Gazprom agreed to raise the price it pays for Turkmen gas to \$130 per 1,000 cubic meters from \$100 in the first half of 2008. The Russia-proposed pipeline would have a capacity of 10 billion to 20 billion cubic meters per year. It rivals an alternative route to Europe across the Caspian Sea that bypasses Russia. Turkmenistan, which currently exports most of its gas through Russia, is also working on a separate pipeline to China. Some analysts have questioned the country's ability to go ahead with so many projects at once. However,

Turkmenistan has countered by saying that it has enough gas reserves for everyone.

...

The government has designated 31 natural gas deposits as "strategic" for ensuring fuel deliveries to domestic consumers, including a field ExxonMobil had sought off Sakhalin. Licenses to the deposits have not yet been awarded, according to an order signed by Prime Minister Viktor Zubkov. The Natural Resources Ministry is seeking to limit control of so-called strategic fields to Russian companies. State-controlled Gazprom plans to develop major new fields as three of its largest producing fields, Urengoi, Yamburg, and Medvezhye, are in decline. The deposits, in the Yamal-Nenets autonomous district, the Sakha republic and offshore zones in the Arctic and near Sakhalin, were chosen to "ensure Russia's energy security," according to the government's web site.

...



RENAULT

Renault has emerged the winner to buy a 25 percent stake in AvtoVAZ as the French carmaker looks to reinforce its position in what will soon become Europe's largest car market and help the Russian giant resuscitate its troubled Lada brand. Renault president and CEO Carlos Ghosn and Sergei Chemezov, head of new state holding Russian Technologies, which includes AvtoVAZ, signed a memorandum of understanding in Tolyatti,

agreeing to help revive the Lada brand and share technological expertise. Renault beat out a number of competitors, and the move came as a surprise as many analysts expected companies like Italy's Fiat or Canadian car parts giant Magna to be the front-runners.

...

Russia's natural gas monopoly Gazprom has signed gas supply contracts for 2008 with all the countries of the Commonwealth of Independent States (CIS). Sergei Kupriyanov, spokesman for Gazprom, said that the only potential problem he saw with any of the contracts was Ukraine, where the yet-to-be approved new government might try to change the contracts. Belarus will pay \$119 per 1,000 cubic meters of Russian gas in January-March 2008, Kupriyanov said. Belarus currently pays \$100 per 1,000 cubic meters of Russian gas. Ukraine will pay \$179.5 per 1,000 cubic meters of Russian gas in 2008, up from \$130 in 2007, under an agreement reached by Gazprom's CEO Alexei Miller and Ukrainian Fuel and Energy Minister Yuri Boiko.

...

Russian Railways, or RZD, the country's state-owned rail monopoly, expects to raise more than 150 billion rubles (\$6 billion) from share sales in the next three years to help finance expansion. RZD plans to sell part of cargo carrier Transcontainer to a strategic investor this year or next and hold an initial public offering of First Freight in 2009 or 2010. RZD plans



to spend more than 13 trillion rubles (\$520 billion) upgrading and expanding its network and rolling stock by 2030, more than one-third of which will come from the state. As much as 10 trillion rubles of contracts will be awarded to metal, construction and timber companies for the expansion, RZD said in October. The rail company carried 1.23 billion tons of cargo in the first 11 months of 2007, 2.4 percent more than in the same period a year earlier, RZD said. The number of passengers carried may reach 1.27 billion this year.

...

The Russian government may raise the import duty on rolled stock made from stainless steel to 1,200-1,300 euros per tonne from the current 840 euros per tonne. The raised duty may also be imposed on stainless steel rolled stock from China, he said, adding that at present, the import duty is not imposed on Southeast Asian countries.

...

PSA PEUGEOT CITROËN

French carmaker PSA Peugeot Citroen said that it had selected Kaluga, 180 kilometers southwest of Moscow, as the site for its Russian plant to spearhead its drive into one of the world's fastest growing car markets. PSA said it chose Kaluga over Nizhny Novgorod, some 400 kilometers east of Moscow, because of logistics and its proximity to the capital's market. It gave no financial details. While PSA had been open to a cooperation deal over Russian manufacturing facilities with sport utility vehicle partner Mitsubishi Motors, in the end it decided to go it alone. From 2010, the new factory will produce vehicles in the midsize segment, which represents nearly 60 percent of all sales in the country's fast expanding market, the company said in a statement.

...

The Russian Ministry of Economic Development and Trade hopes that the government will make a decision on the creation of an international oil exchange in January, Denis Askinadze, director of the ministry's department for state tariff regulation and infrastructure reforms said at a news conference. International oil trade will be developing, he said. A package of constituent documents has already been drafted. The exchange's business plan has already been developed, too. A relevant joint venture will be registered, most probably, in January-March 2008, economic news agency said, adding that in April-June, the exchange will receive a license and form a chartered capital. The government can make a decision on the participation of public companies in the exchange's charter capital and send related directives to its representatives in the Board of Directors of those companies. ■

*To all our readers, partners and friends **RusCham** wishes...*

A Happy And Successful New Year!





**BECOME A MEMBER
OF RUSSIAN – EUROPEAN
CHAMBER OF COMMERCE**

In support of the RusCham's core activities, which actively work to improve the business environment for businesses in Russia and Europe, the Russian–European Chamber of Commerce also provides valuable business networking opportunities for members.

Russian–European Chamber of Commerce serves as a center for assistance and information, keeps members apprised of rapidly evolving government laws and regulations, and organizes meetings for representatives of member businesses.

RusCham is an information center that gives much-needed information and contacts to visiting delegations, fosters co-operation between potential investors and established businesses, and encourages businesses to take advantage of business opportunities in the Russian Federation or Europe.

Also RusCham is enabling business representatives to air their grievances and create a common agenda of needs and concerns, to act as one voice in presenting that agenda to the governments and local business communities enable member businesses to collectively lobby for legislative and regulatory changes.

The Chamber's most important assets are its members. They are our clients, our workforce and our strength. Our mission is to promote the development of commercial relations between the Russian Federation, EU and the international community.

RusCham membership is made up of enterprises and entrepreneurs from the member states of the European Union (EU) and the Russian Federation, which have business activities with and in the Russian Federation, CIS and Europe. These members determine the overall strategy and policies of the organization.

To become a member of RusCham please send an e-mail to membership@ruscham.com or contact us at +421 907 167 714.

ADVERTISE WITH RUSCHAM NEWSLETTER!

We send our RusCham Newsletter every month directly to over then 50,000 businesses, government and professional organizations in Europe, Russia, CIS and other countries.

Advertisers are responsible for design of banners, which must be submitted in electronic form to ad@ruscham.com in GIF format.

For prices for advertisement please visit <http://www.ruscham.com>. To reserve your space or ask questions please contact us at +421 907 167 714.

CONTACT US

With any questions concerning membership feel free to contact us on membership@ruscham.com. Please send any comments on RusCham Newsletter to ad@ruscham.com

<p>Head Office in EU: Russian-European Chamber of Commerce P.O.Box 58, 830 08 Bratislava 38, Slovakia E-mail: mail@ruscham.com Tel: +421 907 167 714</p>	<p>Russia: 101000, Moscow Chistoprudny blvd. Bld. 5/10, Suite 214 Telephone: +7 495 980 8440 Fax: +7 495 980 8441 Head Representative Mr. Mikhail Kolesnichenko</p>
<p>Austria A-8010 Graz Langegasse 19 Telephone.: +43 316 68 9556 Fax: +43 316 68 5487 Head Representative Dipl.-Ing. Mr. Peter K. Erlach</p>	<p>Russia: 117335 Moscow, ul. Vavilova 81 Telephone: +7 495 132 7522 Fax: +7 495 132 7526 Head Representative Dr. Sergey Abramov</p>
<p>Bulgaria 25 Yakubitzta, A, 12, 1164 Sofia, Bulgaria Telephone: +359 885 707 008 Fax: +359 2 962 7692 Head Representative Mr. Andrey Bachvarov</p>	<p>Russia Hall 5-a, LENEXPO, VO, Bolsoy pr.103, St.Petersburg, 199106, Russia Telephone: +7812 3212676 Fax. +7812 3212677 Head Representative Mr. Alexander N.Tikhomirov</p>
<p>France Telephone: +33 6 60 56 31 57 Head representative Ms. Anna Koulinsky</p>	<p>Serbia and Montenegro Kraljice Katarine 49 11000 Belgrade Telephone: +381 11 305 9612 Fax: +381 11 3551 706 Head Representative Mr. Alexander Perishic</p>
<p>Hungary: Fulemule U. 12-18 2/B EP. 1121 Budapest Telephone.: +36 30 255 6130 Fax +36 1 395 6613 Head Representative Mr. George M. Palasthy, MSc</p>	<p>UK Olympic Office Centre, 8 Fulton Road Wembley, Middlesex, HA9 0NU Telephone +44 7976 364 727 Fax: +44 20 8795 2977 Head Representative Mr. Mark Proskourine</p>
<p>Latvia: Mukusalas 42, Riga, LV-1004 Telephone: +371 7 625 733, +371 7 625 612 Fax +371 7 625 612 Head Representative Mr. Sergey N. Alexeev</p>	<p>Ukraine: 01032 Kiev, ul. Zhilyanskaya 110 Telephone: +380 44 234 2725 Fax: +380 44 240 9200 Head Representative Mr. Igor Ort</p>
<p>Republic San Marino / Italy Via 3 Settembre 128/1 Dogava Repubblica di San Marino Telephone: +378 901 924 Fax. +378 908 143 Head Representative Mrs. Galia Checcoli</p>	<p>USA: 115 Mendham Ave, Suite 1A, Hastings-on-Hudson NY 10706 Telephone (914) 478 7557 Fax (309) 276-0783 Head Representative Mr. Gregory Temkin</p>
<p>China Room 614, NO. 218, Hengfeng Road, Shanghai, P.R., China 200070 Telephone: +0086-21-51088618, Fax: +0086-21-51801920 , Head Representative Mr. Kelvin Gao</p>	

THIS PUBLICATION CAN BE DOWNLOADED FROM WWW.RUSCHAM.COM. PLEASE DO NOT SELL IT.