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Russian Chamber of Commerce in Europe

RUSCHAM NEWSLETTER

DECEMBER 2005



FROM RUSCHAM PRESIDENT



FOCUS

Dear Colleagues!

This issue of the RusCham Newsletter wraps up the year of 2005. As the new 2006 year begins, it is time to look back on the success of 2005. The accomplishments made during this past year have provided a strong foundation for more Chamber development for years to come. The RusCham success in the year 2005 is due to the hard work and dedication of all of our members, staff, partners and colleagues.



RusCham Newsletters, distributed to about 50,000 addresses in different countries, has become a popular information source for businessmen, government officials and researchers. This upcoming year we will begin a quarterly issue of RusCham Newsletter in Russian language. The RusCham website has also been altered to be more helpful and interactive, causing it to become more widely used by the business community around the world.

During 2005, RusCham made considerable progress by forming partnerships with Russian Union of Jurists, Russian Union of Producers, All-Russian public organization of the small and medium businesses "Opora of Russia", Business Development Fund, national chambers as well as many other international organizations. These partnerships have improved our networking and helped make RusCham a more influential organization. The partnerships are also very important in coordinating and defining common policies for the relationships between public organizations and businesses in the European Union and countries of the former Soviet Union.

Many of our members benefited through participation in the international conferences and seminars sponsored, organized or supported by RusCham. The success of the Chamber is always based on the success of our members and supporters.

I wish all of RusCham's members, supporters and RusCham Newsletter readers the best of luck with the new year. I also hope that 2006 will bring about much success and opportunities.

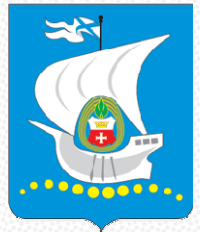
Sincerely,

Dr. Sergey Shuklin, CCA

KALININGRAD REGION: A WELL-KNOWN NAME

WHY IT IS WORTH MAKING INVESTMENTS IN KALININGRAD

The Kaliningrad region is the most western region, separated from the mainland of the Russian Federation. Due to its geographical and political location, especially after Poland's and Lithuania's joining the EU, the Kaliningrad region is gaining a new challenge of extending and developing co-operation with the European countries in various fields, first and foremost, in economics. The following special features of this region can help implement these plans:



- The unique geographical position
- The only enclave region of Russia located in the centre of Europe
- Vast ramified transportation network
- The only all-the-year-round navigable Russian sea port on the Baltic Sea coast
- Highly qualified cheap labor force
- Special Economic Zone
- Taxation privileges
- Flexibility and transparency of the local authorities, their adherence to the course of reforms
- Advantages of the local legislation
- Constant strivings on the part of the local authorities to improve the investment climate
- Experience of cooperating with European countries
- The springboard for cooperation with the whole of Russia
- Fusion of the European and Russian cultures
- Lower level of criminality as compared to the other Russian regions

- Fairly high social stability



All the territory of Kaliningrad and the major part of the region belong to the Special Economic Zone (SEZ). On the 22nd of January 1996, the Federal Law of Russia was adopted, namely "On the Special Economic Zone in the Kaliningrad region". Its creation was aimed at providing most favorable conditions in order to accelerate the social and economic development of the region, to raise the living standard of the population on the basis of economic, trading, scientific, technical collaboration with foreign countries, as well as on the basis of foreign investment encouragement, overseas technologies involvement and their management experience adoption. For years running, after the SEZ creation, sustainable development tendencies were witnessed in terms of promoting compatibility and economic activities of the city. The economic take-off of the region is connected with attracting large overseas and domestic investments into the Kaliningrad region economy. At present the Russian government is engaged in the discussion of the new updated version of the Federal law "On the Special Economic Zone in the Kaliningrad Region", which is aimed at the increase of investment activity in the region.

The Special Economic Zone enjoys the special advantageous regime established for investment and entrepreneurship activities on account of its specific geographic position and the national concerns and preferences of the Russian Federation. The SEZ mechanism, which comprises the peculiarities of using the system of privileges, creates the conditions for doing away with internal and external obstacles and snags on the way of foreign investments into the regional economy and has certain edges as to imposing Customs duties to be paid while going through the Customs and clearing the commodities being imported or exported.

INVESTMENT CONDITIONS IN THE REGION

Economy. The socio-economic situation in the Kaliningrad region is characterized by dynamical development. The basis of the regional economy is formed by the industry. The main industrial branches are fisheries, mechanical engineering, fuel industry, pulp-and-paper pro-

duction, and food industry.

Population. The population of the Kaliningrad region is estimated at 946.8 thousand persons (2000), 23 % of the number living in rural areas. During recent years, the economically active population in the region was growing and, in 2003, it reached 470 thousand persons.

Labor resources. The labor in the Kaliningrad region is distinguished with a high professional level and competitiveness, primarily, in terms of the labor cost. 24.8 % of the employed people have tertiary education, 39.4 % vocational technical training.

Investments. The establishment of the Special Economic Zone in the Kaliningrad region has allowed creating favorable conditions for implementation 20 large investment projects during the last 5 years. In 2004 alone, foreign investments made over 60 million dollars.

Taxes. The general tax legislation of the Russian Federation is effective on the territory of the Kaliningrad region.

At the same time, the Federal law "About the Special Economic Zone in the Kaliningrad region" stipulates privileges in terms of payment of the VAT and of the profit tax.

Legal framework. Special legal acts are effective in the Kaliningrad region, focused on support of to business and investment activities.

Industry. The major industries in the Kaliningrad region are mechanical engineering and metalworking, food industry, including fish production, as well as the fuel and energy complex. The weight of the upstream sector of the industry exceeds 70 %. About 80% of the output of Kaliningrad enterprises is delivered to the mainland territory of Russia. In 2004, the volume of production in the SEZ of the Kaliningrad region was 3-fold of the level of the year 2001.

Education. Over 40 institutions of vocational and secondary specialist training are working in the region. Tertiary education is represented by six public higher-education institutions.

Transport. The geographical position of the Kaliningrad region has led to advanced development of the transport infrastructure. The largest transport hub is Kaliningrad, where communication routes of different modes of transport cross. Seven directions of railways, federal and local motorways, sea and river routes converge here.

Telecommunications. There is one stationary communications provider, three mobile communication operators, and six postal services.

Quality of life. The Kaliningrad region is a comfortable place to live and work in. The region is a nook of Europe with soft climate, health resorts on the Baltic sea-

shore with white-golden sand beaches, and fantastic sand dunes in the Curonian Spit.nature reserve. The region possesses the necessary infrastructure providing for high quality of life.

Authorities. The executive authority in the region is headed by the Governor of the Kaliningrad region Mr. Georgi Boos. The next elections of deputies to the legislature (Regional Duma) of the Kaliningrad region will take place in 2006.

INTERNATIONAL PROJECTS

The City Hall of Kaliningrad is involved in the international Project "NEW EPOC" (reNEWing Economic Prosperity for pOrt Cities).

The Project goal is to undertake research on the matters of social and economic development of port cities and to elaborate the strategy for developing the European ports on the basis of advanced technologies, with this strategy implying the reduction of impact on the environment.

The Project leader is the city of Southampton. The project participants are the cities of Kaliningrad, Bremen (Germany), Cherbourg (France), Bilbao, Gijon (Spain), Taranto, Trieste (Italy), Patras (Greece).



From the 14th till the 16th of December 2005, under the auspices of the Project, the representatives from the Kaliningrad City Hall and the Federal State Unitary Enterprise "RosMorPort" took part in the regular workshop in the port city of Taranto, that was also attended by the reps from Greece, the United Kingdom and Spain. The workshop program envisaged the presentations of the port economy, the forthcoming expansion and promotion of the port operation, the activities aimed at environment protection, as well as the Taranto municipality plans for the sake of the city infrastructure development in the vicinity of the port complex.

The involvement in the workshop gave the opportunity for the participants from Kaliningrad to get to know

one of the largest ports of Europe on the Mediterranean sea coast (the second largest port of Italy in terms of the freight turnover), to share views and opinions on the advanced techniques for scheduling the promotion of port cities, as well as to voice their proposals about establishing co-operation within the Project.

The international Project "NEW EPOC" is financed by the Programme "INTERREG III C" and will finish in June, 2006.

On the 18th – 20th of November the Kaliningrad City Hall and the city of Turku (Finland) arranged a visit of the group of entrepreneurs from Kaliningrad to the city of Turku. One of the visit findings is the mutual decision to launch and implement a project in the year of 2006, with this project being aimed at backing up and rendering assistance to the entrepreneurs from the south-west of Finland and from our city in terms of setting up the Russian-Finnish joint ventures. The municipalities of Kaliningrad and Turku have reached an agreement on supporting the project implementation. Within its framework it has been envisaged to help businessmen solve juridical issues, render them consultancy services on various relevant topics and matters dealing with the registration and functioning of the joint ventures, licensing, financial accounts and reporting, etc. The enterprises of Rostok (Germany) will also be involved in the project. The city authorities from the three cities have helped pinpoint the range of potential partners. The very first meeting of the entrepreneurs, who will become the project participants, will take place on the 9th of December this year.

During their two-days' stay in Turku, the Kaliningrad businessmen, the representatives of the ship-repair branch of industry, the port logistics enterprises, furniture manufacturing companies, held negotiations with the heads of 18 Finnish firms, made visits to their factories, plants and mills, took part in the international workshop. Also they attended the Loimaa region development centre, where they had a chance to pick up some experience gained by the Finns in the field of creating and implementing the economic models, which can also work under unfavorable conjuncture periods, under the conditions of recession.

The representatives from Kaliningrad made their presentations about the taxation and customs legislation, the existing opportunities for entering the Russian market, about our city and region potential in terms of business and economy promotion within the framework of the current and new laws on the SEZ (special economic zone). Besides the presentations of the Kaliningrad enterprises, the Finnish colleagues were offered the publicity materials of the enterprises manufacturing amber articles, fish processing equipment and others, which were concerned about the future co-operation.

The City Halls of both the cities have agreed about holding the presentation of the city of Turku in Kaliningrad in

April 2006. Simultaneously there will be the visit of Finnish entrepreneurs to Kaliningrad.

TACIS Project "Support of the Kaliningrad Authorities in SME Development, Including the Strengthening of the Kaliningrad Business Centre" ("KALISME")

The Kaliningrad City Hall pays great attention to the support of small and medium sized enterprises. The Kaliningrad City Council approved the program on SME support elaborated by the Committee on the city economic development and the Foreign Relations Department of the City Hall. This program comprises some measures of practical and legislative character.

As the whole of Russia, Kaliningrad experienced economic recession, when large enterprises were being closed down and then slowly reorganized. Now the economy of the region is slowly recovering with positive growth of gross domestic product resulting from the developing SME sector.

Within the framework of the SME business support program, the Municipal Business-Centre was established in Kaliningrad with the aim to support the development of this perspective sector by providing necessary information, consultancy services as well as training courses for pre-starters, starters and entrepreneurs, willing to set up their own enterprises and companies.

In order to strengthen the Business-Centre, the Kaliningrad City Hall has proposed a collaboration project to the County of Funen (Denmark). The latter backed up the idea of the project and Tacis program allocated the appropriate funds.

The activities of the project will consist of the two main trends:

- The elaboration of the SME development strategy and its implementation.
- The strengthening of the Business-Centre through the training of trainers, pilot seminars and consultancy programs and by establishing a proper organizational framework for the Business-Centre and related activities.

Expected results:

- the well-organized co-operation between the parties interested in SME development.
- the well-functioning Business-Centre, being able to give professional advice to entrepreneurs and SMEs. This includes assistance in establishing contacts with public authorities and arranging workshops involving educational institutions.

- the well-prepared SME development strategy for Kaliningrad supported and followed by all relevant parties.

The results of the project will be presented at a conference next year. This final phase of the project will be focused on establishing international co-operation and business contacts between Kaliningrad and Denmark.

A STEP INTO HISTORY

The Kaliningrad region is situated on the territory of the former Eastern Prussia.



In 1255 the main castle of Königsberg was founded on the bank of the Pregel river. Since the beginning of its history, Königsberg actively participated in trade activities as a member of the Hansa Union. The University of Albertina was the main spiritual and cultural centre of the city, which gave many impulses to the life in the city as well as to neighbors from the Baltic region.

Since World War II, the political map of Europe changed indeed and the former capital of Eastern Prussia, Königsberg became a Russian city.

The borders of the region were determined according to the Potsdam Conference of the Allies in 1945. One third of Eastern Prussia with the capital of Königsberg was allocated to the former USSR and two thirds of it were attributed to Poland. The main part of the German population abandoned the territory together with the withdrawing army.

In 1946, Königsberg was renamed "Kaliningrad" and became an administrative centre of the most western territory of Russia

During the last years, Kaliningrad acquired new features. From the central square of the city one can see a panorama of ongoing construction of new housing facilities. Only the silhouette of the main cathedral built in the 14-th century reminds us of a real age of the city.

Up to 1991 the city had lost its traditional role of bridging East and West because of the closed and limited entrance regime and the absence of international contacts. Nowadays, the unique geographical position of the city has become important again. ■



NATIONAL CENTER FOR HEALTH INFORMATION

NCHI

National Center for Health Information of Bulgaria provides information in the field of medicine and healthcare. NCHI creates and maintains information databases about the health-demographic status of the population, the resources and activities of healthcare; surveys the information needs of medical practice and provides for their documentary insurance; provides medicostatistic information to state bodies; prepares specialized healthcare analyses by request from the relevant organizations.

CVS CONSULTING

CVS Consulting is an information technology consulting firm providing IT services and solutions that help clients compete in their markets and improve their operations. We offer application development and integration, business and network strategies, and strategic IT staffing solutions. Flexible delivery of IT services and solutions is an integral part of CVS' client-first approach to technology consulting. As well CVS provide a huge range of consultancy in internet advertisement and internet solutions investments.

CARSII OF CIS



CARSII is a Central Agency of Development of Systematic Integration Initiatives of CIS Committee.



RUSSIAN IMPORTED NATURAL COFFEE MARKET

It is well known that tea has been long since considered a traditional drink in Russia. But despite all traditions last year according to experts' estimations Russia has made the world's leader in consumption of instant coffee;

in last 6 years the volume of coffee import has grown two times and has exceeded 111 thousand tones, meanwhile the rate of growth of instant coffee influx remained unchanged, hence no sensation happened. The volume of coffee purchases in 2004 has grown only by 9% compared to indices of 2003. The other fact is strange. While all civilized world has gone over to natural coffee consumption there is no dramatic growth of its popularity in Russia contrary to experts' estimations.



However, with still insignificant decrease of volume of coffee influx the structure of its import has undergone noticeable changes: in 2003 unroasted coffee made 83.3% of all natural coffee imported to Russia and roast coffee - only 16.2%; in 2004 this ratio has changed in favor of roast coffee's share growth and has made 80 to 20%. So, the volume of green coffee import in 2004 has fallen more than by 10% in terms of goods in comparison to the previous year level, and the volume of roast coffee influx on the contrary has grown significantly - by 17.5% during the period.

Thus, natural coffee bulk purchase has decreased exclusively by reducing volume of raw materials imported for Russian coffee companies. This occurrence cannot be considered typical because after the dramatic rise of import in 2000 the volume of imported green coffee was steadily growing by 16% a year on average.

Obviously one should look for the reasons of these changes in the fact that Russian coffee producers still cannot compete with foreign companies. That is why at present the amounts of raw coffee purchased by Russia are reducing with simultaneous growth of ready to use foreign product - both natural and instant coffee and concentrates.

It also didn't go without changes for the priorities and headships in the group of coffee-supplying countries. In 2004 India has become a leader by confident elevating the trade volume during the recent three years. Last year the volume of delivery from this country has grown by 31.7% compared to the level of 2003 and its share in raw coffee imports to Russia has reached 27%. At the same time the volume of green coffee delivered from plantations of Vietnam - the main Russia's partner on this market in 2003 - has dramatically fallen from 6.4 to 3.9 thousand tones. Coffee purchase from Indonesia - another histori-

cally important Russia's supplier - has reduced more than twice.

Last year Tanzania has unexpectedly and successfully become a foreign trade partner of Russia in green coffee supply; it has turned from outsider's position to the fourth place among countries-producers and gained 7% of raw coffee import. Trade relations between Russia and Brasilia solely avoided serious changes: one can notice not quite significant but steady growth in coffee purchases from this country.

Concerning the quality (kinds) of imported to Russia raw coffee, we should note positive changes: in 2003 the tendency of Robusta coffee use (coffee possessing low taste quality) in Russian production of raw materials was affirmed; and in 2004 use of Arabica (traditionally used for producing of high-quality coffee) began to pick up speed. Thus, in 2004 Arabica had 43.8% in the volume of green coffee import, and Robusta - 56.2% correspondingly. For comparison: in 2003 this ratio was 33.3 to 65.5%.

So, in general reduction of green coffee supplies' volume came on account by means of lowering Robusta import share, especially grown in Vietnam and Indonesia.

In 2003 the greatest volume of green coffee was imported to Moscow and Moscow oblast: 59% of all imported raw materials were delivered there, and in 2004 - to St. Petersburg and Leningrad oblast, where 60% of all green coffee were imported. In 2004 as well as the previous year the main importers of raw coffee to Russia were "Caravan" LLC (St. Petersburg), "CLD-Coffee" LLC (Kaliningrad oblast), "Orimi Trade" CJSC (St. Petersburg), and "Russian Product" OJSC (Moscow).

At the same time the permanent leaders of ready to cook natural coffee sales in Russia in 2004 remain the international concern "Gustav Paulig Ltd." and its agency - the company "Paulig Export Ltd." (Finland), both are undoubtedly making successful sales and marketing of their production on the territory of Russia and Baltic countries. Last year the volume of coffee imported by them to Russia has grown by 11.8% and has exceeded 1.2 thousand tones that made 21.3% of all roast coffee delivered to Russia during the period.

The second place in respect of volume of natural coffee import is occupied by the company "Tchibo": in 2004 its sales has grown by 47% compared to the previous year level and has made 13%.

The concern "Kraft Foods" with its brands "Kronung", "Carte Noire" and "Maxwell House" has reduced natural coffee delivery by 19% for the period in focus.

American corporation "Sara Lee Coffee and Tea", one of the leaders of 2003 year has significantly reduced the volume of sales of natural coffee: the delivery of coffee brands "Moccona" and "Piazza D'oro" have fallen almost two times compared to the level of 2003. At the same time

coffee sales of the popular Italian producer "Luigi Lavazza S.p.a." has grown 2.5 times.

In conclusion we should note that the total volume of natural coffee consumption in Russia is extremely far from its substitutes' consumption volume. The leading position in instant coffee import to Russia belongs to the Swiss concern "Nestle" and its brand "Nescafe". This brand of coffee is still the most popular in our country.

However the experts are unanimous in the opinion that still there will be displace of accents towards the increase of natural coffee consumption as it is happening in First World countries. Now the very few Russian gourmets have more confidence in well-known brands of foreign companies than in local ones. Coffee from abroad is in greater demand than that produced domestically.

In the field of protection of interests of Russian producers there is still no serious progress. Undoubtedly the new system of coffee registration adopted by the State Custom Committee has made the market more transparent, but the situation will hardly turn to the best without the long-expected rise of import duties on the packed product. Still the Russian producers go on with hope and work to improve the today's situation. ■

RUSSIAN MARKET OF GLASS CONTAINERS FOR FOOD PRODUCTS

CONSUMPTION VOLUME

Over the recent years Russia has witnessed a steady growth of the market of glass food containers. In the period from 2001 to 2004 the average annual growth rate of this market amounted to 17.4%. In absolute terms the growth amounted to about 3.6 bln pieces in 0.5-liter equivalent. As a result of this growth the consumption volume of glass food containers in Russia is estimated at 9.3 bln items in 0.5-liter equivalent as of 2004.

The growth of the demand for glass food containers is stimulated by the increased production of beer, wine and other low-alcohol and alcohol-free drinks, which in its turn is conditioned by the growing income of the population. The increase of the share of glass packages and lower use of utilizable containers crate an additional demand for glass food containers.

The basic consumption volume of glass containers accounts for food bottles, their share being over 87% of the overall consumption volume. In 2004 the brewing, alcoholic beverage, wine-making and other industries purchased about 8.1 bln bottles of 0.5 liter capacity.

The consumption volume of food jars is estimated at about 1.2 bln pieces in 0.5-liter equivalent, this kind of containers accounting for about 13% of the market. Jars are mostly used in production of canned fruits, vegetables, fish and meat as well as for packaging instant coffee and mayonnaise.

In the period under research the dynamics of the market of glass food containers was determined by the growth rate of food bottles consumption. Over the recent three years the consumption of these containers increased by 3.5 bln in 0.5-liter equivalent. Thus, the average annual growth rate amounted to about 20.4%. The major factor of the growing demand for glass bottles was the increased beer consumption by Russian citizens. However, over four years the consumption of glass jars rose only 9% or by 0.1 bln pieces in terms of 0.5-liter volume. Thus, the average annual growth rate of consumption of this kind of containers amounted to 2.2%. Glass containers belong to the category of high-quality packages, its consumption increasing with the growth of the real earnings of the population. Therefore, one can assert that the food jars market has a high growth potential that has not been realized to the full extent over the recent years.

CONSUMPTION STRUCTURE

By the results of 2004 about 80% of the overall consumption of glass containers in Russia accounts for bottles for beer, strong alcoholic drinks/liqueurs, champagne/wine. The dynamics of these segments of the Russian market of glass containers determines the dynamics of the market of glass food containers in general.

There occurred considerable changes in the structure of consumption of glass food containers in 2001–2004. The overall volume of beer bottles consumption increased from 30 to 53%. As a result, beer bottles currently dominate in the structure of consumption of glass food containers. This growth was accompanied by a considerable reduction of the shares of glass containers for alcoholic beverages, wine and champagne bottles as well as glass food jars. While in 2001 one third of the glass food containers consumed in the country accounted for containers for strong alcoholic beverages and liqueurs, in 2004 the share of this kind of products dropped down to 19%. The share of wine and champagne bottles decreased from 10 to 7% accordingly over the same period.

One can also observe a considerable reduction of the share of food jars in the general consumption structure. Over three years the share of this kind of glass food containers dropped from 19.6 to 13.3%.

The changes in the structure of consumption of glass food containers result from the different dynamics of consumption in the industries using glass packages. The impetuous growth of the brewing industry in 2001–2004 resulted in the increase of beer bottles consumption by 3.2 bln pieces in 0.5-liter equivalent or by 189%. At that there was a moderate growth of wine and champagne production while in the production of alcoholic beverages there was a stagnation that results in decreasing of shares of the corresponding kinds of glass containers in the general pattern of consumption.

We expect the consumption of glass food containers to increase in the coming years; besides, the share of beer glass containers in the general structure of the demand will keep growing. This increase will be accompanied by

reduction of the share of consumption of bottles for strong alcoholic beverages, wine and champagne. There are also forecasts for a certain reduction of the share of consumption of glass food jars as well as bottles for low-alcohol and alcohol-free beverages.

PRODUCTION, IMPORT AND EXPORT

Over the recent years Russia has witnessed high growth rates of production of glass food containers. In the period being researched the production grew by 4 bln pieces of 0.5-liter capacity or by 84%. Thus, in 2004 the production volume amounted to over 8.8 bln pieces of 0.5-liter capacity. The major factor of the growing output of food bottles and jars was expansion of the production facilities of glass enterprises: they increased by 4.4 bln pieces of 0.5-liter capacity per year or 83% in the period from 2003 to 2004.



It should be noted that the expansion of the production facilities and the growth of the output of glass food containers result in their turn from the increased demand for glass packages.

The average utilization rate of the capacities was over 85%. The indicators of the production capacity load shows that the dynamic production did not result in the market glut and there is still a potential for further expansion of the capacities with adequate growth of the demand for glass food containers.

There are several largest producers of glass food containers on the Russian market. One of them – “RKM” holding – comprises three plants: “Sitall” opened joint-stock company (Smolensk region), “Kavminsteklo” closed joint-stock company (Stavropol territory) and “Kamyshin plant of glass containers” closed joint-stock company (Volgograd region). Three plants located on the territory of Russia are also owned by “Russian-American glass company” limited liability company, it owns “Anopino glass-works” CJSC (Vladimir region), “Voronezh glass-works” OJSC and “Moscow “Chromatron” plant” OJSC. Among these enterprises it is also necessary to note the Turkish transnational glass corporation “Sisecam Fabrikalari A.S.”, the owner of the enterprises located in Vladimir region – “Pokrov glass-works” OJSC and “Rusdzhm” LLC.

Other large Russian producers of glass food containers are "Stekloholding" OJSC ("Krasnoye echo (Red Echo)" plant OJSC, Vladimir region), "Mitara" OJSC (Misheronsky glass-works, Moscow region), "Chagodoshensky glass-works" LLC (Vologda region), "Svet (Light)" OJSC (Republic of Udmurtia), "Aktis" Firm" OJSC (Rostov region), "YugRosProduct" OJSC ("Novoaleksandrovsk glass-container works" OJSC, Stavropol territory), "Veda-PAK" CJSC (Leningrad region).

In the next few years additional production capacities are expected to be put into operation in Russia. This will go parallel with the increase of the load ratio of the existing facilities that will reach 95%. However, the plans to expand the existing facilities and introduce additional glass container production facilities announced by the market participants will not cover the products deficit on the market.

The needs of the food processing industry that are not met by Russian production and secondary glass containers are satisfied through import that exceeds the volume of glass containers export several times. The considerable prevalence of import over export is accounted for by the narrow assortment of domestic glass container products and their quality that often fails to meet the world standards.

In 2004 import of glass containers came to 659 mln pieces of 0.5-liter capacity while export came to 184 mln pieces. Ukraine, Poland, Finland and Czech Republic are the first-rate suppliers of glass containers for the Russian market. Totally these countries provide approximately 70% of import.

The structure of Russian export of glass containers by the directions of deliveries is characterized by the traditional orientation for CIS countries. The main share of export falls to Ukraine – about 70% of total export – as well as to Kazakhstan and Azerbaijan – more than 20% in total.

Import of glass food containers mostly satisfies the demand for high-quality glass containers. The dominant position in the product import structure is taken by bottles made glass, their major consumers being the breweries and producers of alcoholic beverages.

However, although Russia has recently witnessed considerable decrease of total amount of imported production, in the near future the level of glass containers import will exceed export. This situation will be the same until the quality of foreign products is higher than that of Russian analogues. ■



Memorandum of cooperation was signed between Russian Chamber of Commerce in EU and ICIE Business Development Fund. The Business Development Fund was

established by the International Congress of Industrialists and Entrepreneurs as a non-profit organization, called to provide all possible support of industrialists and entrepreneurs' interests, including scientific research and practical business programs and project elaboration and realization. The purpose of signed Memorandum was to establish a practical framework for the development of stronger business relations between RusCham and Business Development Fund.

Inaugural Transport Conference for Central and South-East Europe took place in Vienna, Austria from 16 till 16 of December 2005. The conference was organized by EastEuro Link with participation of Russian Chamber of Commerce in EU (RusCham). New Business Opportunities in Road and Rail Transport infrastructure were discussed and covered strategic, operational and technical topics in the road and rail industries. Mr. Peter Erlach, a RusCham representative in Austria and owner of ECE, was one of the speakers at the conference and presented successful PPP projects in Austria and prospective transport logistics projects in Slovakia. RusCham president Dr. Shuklin was also attending that conference together with Ing. Konstantin Lipatov, RusCham Program Director.



As a next step to improve services to its members, Russian Chamber of Commerce in EU established a new representative office in Serbia and Montenegro. The appointed head representative is Mr. Alex Perry at:

Dobracina 19/3
11000 Belgrade,
Serbia and Montenegro
Telephone: +381 11 2026 105
Fax: +381 11 2026 115

Due to increasing number of UK-based companies establishing business relations with Russian Federation, Russian Chamber of Commerce in EU has opened a new representative office in UK. The appointed head represen-

tative, Mr. Mark Proskourine can be contacted at:

Olympic Office Centre, 8 Fulton Road
 Wembley, Middlesex, HA9 0NU
 Telephone +44 (0) 7976 364 727
 Fax: +44 (0) 20 8795 2977



New Russian telephone codes came into effect on December 1, 2005.

In all cases, the digit 0 will be replaced by the digit 4.

From December 1, 2005 through January 31, 2006, both the old and new codes can be used. After January 31, 2006, only the new codes will be acceptable.

Attached is the complete list of all the Russian area codes that will be changed effective December 1, 2005.

Please note that Kaliningrad will change from 011 to 401 (not 411).

OLD NEW

| | | |
|-----|-----|-----------------------|
| 011 | 401 | Kaliningrad |
| 071 | 471 | Kursk |
| 072 | 472 | Belgorod |
| 073 | 473 | Voronezh |
| 074 | 474 | Lipetsk |
| 075 | 475 | Tambov |
| 081 | 481 | Smolensk |
| 082 | 482 | Tver |
| 083 | 483 | Bryansk |
| 084 | 484 | Kaluga |
| 085 | 485 | Yaroslavl |
| 086 | 486 | Orel (Oryol, Orlovsk) |
| 087 | 487 | Tula (Tulsk) |
| 091 | 491 | Ryazan |
| 092 | 492 | Vladimir |
| 093 | 493 | Ivanovo |
| 094 | 494 | Kostroma |
| 095 | 495 | Moscow |
| 096 | 496 | Moscow region |

- The European Union agreed to recognize Ukraine as a free market economy, a status the country sought to give it an economic and political foothold in the EU. The prized status, which still must be formalized, presents a major victory for Ukraine's pro-western President Viktor Yushchenko, but also for Ukrainian businesses seeking to trade with Western Europe, who have been hampered by anti-dumping rules. Among other benefits from market economy status, the decision allows Ukraine to defend itself against European accusations of illegally dumping products cheaply on the EU markets, which can result in costly punitive duties. The EU-Ukraine summit also resulted in ac-

cords on cooperation in the fields of energy, aviation and satellite technology.

- Norway expressed concern over a partial ban on its farmed salmon to Russia, its largest market for seafood, saying its fish were tested to meet stringent European Union standards. Levels of lead in the fish were 10 to 18 times higher than Russian safety standards, and cadmium almost four times higher. The country's chief food safety inspector said a blanket ban on all Norwegian fish imports could not be ruled out. Russia and Norway faced off in October when Russian fisherman clashed with Norway's coast guard over charges that they had been fishing illegally in the Barents Sea.
- Russia's Baltic-region exclave of Kaliningrad seeks cooperation with the European Union in a number of spheres, Governor Georgy Boos told EU ambassadors. "We hope foreign and Russian capitals will merge in five directions: agriculture, exports, tourism, logistics and technology parks like Silicone Valley," Boos told the diplomats, who arrived from the neighboring republic for a meeting with him. The governor said investors would enjoy extremely beneficial preferences, including tax holidays, in the region, which had been declared a special economic zone.
- The Kaliningrad Region, a Russian enclave on the Baltic Sea, could boost trade with Belarus to \$200 million, said the region's governor. Speaking at a meeting of the Russia-Belarus Council on long-term bilateral cooperation, Georgy Boos said, "We must reach the figure of \$200 million and then outperform this plan." The volume of trade between Kaliningrad and Belarus does not currently exceed \$145 million a year. The enclave largely supplies fish, pulp and paper, and cranes to Belarus. "Cooperation with Belarus is a priority for the Kaliningrad Region. This cooperation is inevitable because it is based on mutual interest," Boos said. The Kaliningrad governor added that cooperation should also focus on construction.
- The World Bank has ranked the Russian Customs Development Project as highly satisfactory. It has been called one of the best projects in Russia and one of the World Bank's most difficult projects. Contracts for \$32 million out of \$140 million allocated by the World Bank had already been drafted or signed, contracts worth \$40 million would be signed next year. The project included the formation of a single customs information system involving seven departments that control border crossings of people, goods and vehicles.
- Russia is imposing restrictions on poultry imports from Ukraine due to the bird flu threat. Temporary restrictions were introduced December 5 on poultry imports from Ukraine, including live poultry, eggs, chicken meat and all other poultry products, foodstuffs and poultry processing equipment. Ukraine's Emergency Situations Ministry said that a highly pathogenic strain of the bird flu virus had been discovered

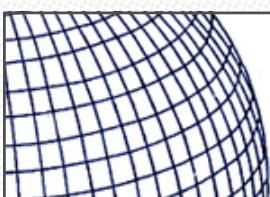
in three regions in the Crimea, a peninsula in the Black Sea region of the country.

- Oil producer LUKoil will ensure that there is no longer an excess supply of the country's oil in Europe, chief executive Vagit Alekperov was quoted as saying. "We will ensure that Europe is no longer oversupplied with Russian oil," Alekperov told German business daily Handelsblatt. "Russian Urals crude oil ought to be significantly more expensive than it is now. New pipelines to China will take Russian, Kazakh and Azeri oil away from Europe," he said, adding that the price of oil in Europe would rise. Alekperov said LUKoil planned to become one of the world's three biggest listed oil firms, and that it had a strategy until 2014 and the necessary oil and gas reserves to achieve this. "We want our oil drilling to reach 780 million barrels per year and to attain an annual gas production of 50 billion cubic meters a year," he added, without specifying a time frame. The government will raise the oil price forecast it factors into its mid-term budget strategy to \$45 per barrel in 2006 and \$40 in 2007-08, Finance Minister Alexei Kudrin said on Tuesday. The previous oil price forecast was \$40 per barrel for 2006, while officials had seen oil prices at \$35 to \$36 in 2007-08. But, with Russia's Urals export blend crude oil fetching nearly \$54 per barrel, Kudrin saw room for the higher projection.
- An important step towards establishing a more open and integrated market between the EU and Russia, known as the Common Economic Space (CES), was taken. European Commission Vice President, Gunter Verheugen, and the Russian Minister of Industry and Energy, Viktor Khristenko, signed documents which establish two permanent frameworks for dialogue between the European Commission and the Russian authorities. The aim is to improve the administrative, regulatory and investment environment for businesses operating in Russia by closer co-operation, exchange of information and by working towards the harmonization of technical legislation and standards relating to industrial products. Working groups will cover a number of industrial sectors, including telecommunications and information technologies, automobiles, textiles, chemicals and pharmaceuticals. The two dialogues, already announced by Mr Verheugen in October, are key elements of the roadmap to create a Common Economic Space. The regulatory dialogue will promote the harmonization of technical regulations on industrial



products. Across many industry sectors, the differences between EU and Russian standards and technical regulations are a trade barrier. The dialogue on industrial and enterprise policy aims to improve the administrative, regulatory and investment environment for companies operating in Russia. Support and advice from both EU and Russian industry in the projects will be vital to their success. The first meetings under the dialogues are planned for early 2006.

- Additional annual budget revenue from improvements in customs administration will amount to \$5 billion, Economic Development and Trade Minister German Gref said at a government meeting. He said that the improvements in administration include setting up infrastructure and equipping border crossings. According to minister's words, the equipping of customs points with inspection complexes will require a once-off payment of 8.5 billion rubles and the total expenditure on improving the quality of administration will amount to \$500 million, from which the budget will be able to receive an additional \$5 billion annually.
- Deutsche Bank said it was making a long-term investment in Russia's huge growth potential and booming markets by taking over investment bank United Financial Group.
- Russia boosted unprocessed aluminum exports 17.1% year-on-year in January-October to 3.473 million tonnes, the Federal Customs Service said. Unprocessed nickel exports grew 5% to 214,600 tonnes but refined copper exports fell 11.4% to 239,800 tonnes. Aluminum exports in value came to \$4.55 billion, nickel \$3.107 billion and copper \$792.9 million. Nearly all the nonferrous exports were to non-CIS countries.
- International rating agency Standard & Poor's has assigned an ruAA+ rating to the upcoming bond issue by Russia's railroad monopoly Russian Railways (RZD). The 10-billion-ruble (\$300 million) senior unsecured bonds, to mature in 2007, will be issued December 15. The coupon payment rate will be determined at the placement auction. The Russia national scale rating on the bonds is the same as that on RZD, the statement said. The ratings on RZD reflect the company's position as a 100% state-owned, vertically integrated railroad infrastructure monopoly, and its dominant role in rail freight operations. RZD's credit quality also benefits from the strong competitive position of its operations; its pivotal role in the transportation of most of Russia's key natural resources and commodities; and its strong financial profile, based on a com-



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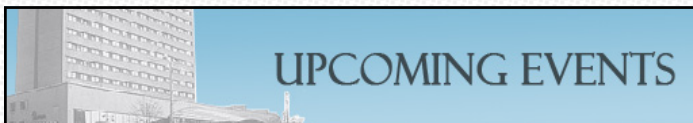
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mitment to a moderate financial policy. The agency said RZD's credit status had been held back by growing competition in the sector, government interference in pricing, and a lack of transparency.

- Former German Chancellor Gerhard Schroder on Friday was named to a key post on the \$4.75 billion North European Gas Pipeline, the project he and President Vladimir Putin signed off on shortly before he left office. The pipeline will give Gazprom direct access under the Baltic Sea to some of Europe's richest gas consumers, and has left transit countries Ukraine and Poland fearful of losing access to Russian gas.
- The Russian government supports state-owned oil major Rusneft's bid for a stake in Slovakian national oil pipeline operator Transpetrol. The Slovakian government is planning to hold a tender for the 49% stake that is currently held by embattled Russian oil major Yukos. Russian Economic Development and Trade Minister German Gref has forwarded the relevant document to the Slovakian government. Although Yukos currently owns Transpetrol, the Slovakian government maintains the right to approve or select a new owner. Major foreign companies were planning to bid for the Transpetrol stake, including Italy's ENEL. Rusneft was the only Russian company.
- DaimlerChrysler has put its plan to make cars in Russia on hold, a potential blow to St. Petersburg, which had hoped to secure hundreds of jobs at a new assembly plant in the region. The world's fifth-largest carmaker said that setting up production in Russia was not currently viable given the conditions Russia was willing to offer.
- Russian President Vladimir Putin supported the banking community's desire to restrict the activities of foreign bank branches in the country at a meeting with Russian bankers in Novosibirsk. He publicly endorsed the stance adopted by many bankers and experts who had repeatedly spoken against admitting them into the country. The problem of admitting foreigners to Russian financial markets appeared as the country began integrating in the global economy. It remains one of the main obstacles in Russia's WTO accession talks. Foreign partners demand that Russia allow branches to work in the country, but the position of Russian negotiators is firm. The country cannot afford it, because such changes may cause severe problems for its underdeveloped banking system. At present, Russian legislation prohibits foreign banks to open branches in the country. But they may set up subsidiaries, for example, a joint-stock company set up under Russian law with a certain share of foreign capital. This is the plan used by such international giants as Citibank, Raiffeisen Bank and others. A subsidiary functions in compliance with Russian legislation as a separate legal entity and must abide by the Russian Central Bank's instructions. Its operations are included in Russia's balance of payments. The Central Bank can supervise its activities and impose sanctions in case of violations.
- European aircraft manufacturer Airbus has placed extra orders with two Russian manufacturers, Irkut and the Voronezh Aircraft Building Association. The Russian aviation companies will provide components for A-320, A-330/A-340 and A-380 airliners. The orders will be worth \$200 million over a 10-year period, implying a doubling of the current rate of orders with the Russian companies. According to the contracts, the first Russian-made components will be delivered from late 2006 to early 2007. Axel Krein, Airbus senior vice president for industrial cooperation with Russia, said the new orders were part of a comprehensive program of cooperation with the Russian industry under a partnership agreement signed between the European Aeronautic Defense and Space Company (EADS), a major shareholder of Airbus, and the Russian Aerospace Agency. The official said the program would cost over \$800 million over the next 10 years.
- The law on Special Economic Zones will go into effect January 1, 2006. Under law, the Russian government can establish two types of SEZs, industrial production and technical innovation zones, for a period no longer than 20 years. In SEZ territories, foreign-manufactured goods will be subject to a free customs zone, which means they can be imported and used without customs duties or VAT and without the typical economic restrictions imposed by the Russian Federation. Russian-manufactured goods in the SEZs will be subject to an export regime that includes excise taxes but no export customs duties. There are also certain benefits under the tax code, the customs code, the land code and other legislative acts.
- Russian energy giant Gazprom said it would step up cooperation with Gaz de France on potentially supplying natural gas to France and neighboring countries through the North European Gas Pipeline (NEGP). The agreement to build the 4.7 billion euro 1200-km NEGP was signed September 8 by Russian energy giant Gazprom and Germany's BASF AG and E.ON AG. The project will ensure the direct supplies of Russian natural gas to Germany and other West European countries and make Russia less dependent on the transit countries, which include Lithuania, Moldova, Poland and Ukraine. The first leg of the pipeline, connecting the Baltic seashore near the Russian city of Vyborg with Germany's Greifswald region, is set to come on-stream in 2010. Offshoots may then be built to link it with the Kaliningrad Region (Russia's exclave surrounded by the EU), Scandinavia, the UK, and other countries. Estonian Foreign Minister Urmas Paet said that Estonia could eventually join the NEGP project through a pipeline between Estonia and Finland, which were debating the wisdom of its construction.



- Russian Prime Minister Mikhail Fradkov signed a resolution levying import duties on Ukrainian reinforcing strips for ferroconcrete construction at 21% of their customs value. The resolution stipulates that the new compensatory duty on the reinforcing strips imported from Ukraine will be introduced to protect domestic producers and will be in effect until August 14, 2007. The resolution will come into effect one month after its official publishing. Russia introduced a 21% compensatory import duty on Ukrainian steel strips in August 2002 for 3 years because Ukraine subsidized its metals plants, creating unfair competition on the Russian market.



Jan 1-9: Russian markets closed for New Year, Orthodox Christmas holidays

Jan 14: 2nd Annual Russian Winter Festival in London

<http://www.eventica.co.uk/events/rwf/2006/>

Jan 16: President Vladimir Putin to meet with Germany's Chancellor Angela Merkel in Moscow

Jan 19-20: Achieving Efficiency in CEE Mortgage Business Conference in Budapest

http://www.jacobfleming.com/buxus/generate_page.php?page_id=179

Jan 23-24: The War for Talent in Russia & CIS: Recruitment and Retention Strategies for Top Management Conference in Moscow

<http://www.marcusevans.com/events/CFEventinfo.asp?EventID=10151>

Jan 30-31: Finance and Banking Modernization in Central and Southeast Europe Conference in Sofia

<http://www.finance.easteurolink.co.uk/>

LVA (UK) Ltd. (Leading Ventures Associates) has organized over 100 forums, training seminars and briefings, covering industry sectors from accountancy and agriculture to telecommunications and transport. The goal of LVA events is to facilitate business links and the sharing of market knowledge and expertise between Eastern European countries and international business community.



As a partner and one of the co-organizers of LVA events, RusCham would like to focus your attention on some of the programmes, that will take place in a first half of 2006.

PRACTICAL ASPECTS OF TRANSITION INTO IFRS AND GAAP

12-19 February 2006, London, UK

This programme allows participants to receive all necessary practical knowledge and skills related to the transition to the International Financial Reporting System and GAAP. It also offers an opportunity to receive practical recommendations on financial planning and company's development. Leading specialists in the field of accounting, financial planning and international audit from the major multinational organizations offer their expertise and experience in the course of this seminar. These include individual and corporate developers of IFRS standards.

CONSTRUCTION PROJECTS MANAGEMENT

19-26 February 2006, London, UK

The seminar explores methodology of implementing a single project management technology in the capital construction projects, which includes using international project management standards, introduction of a full scale management accounting and control.

Apart from the presentations participants will have an exclusive opportunity to network with the colleagues and visit construction sites.

OIL AND GAS SECTOR OF WESTERN EUROPE: PRESENT-DAY ISSUES OF REGULATION AND MARKET INTERRELATIONS

March 2006

The programme includes round table discussions, presentations, case studies, individual and specialised consultations and field visits relevant to oil & gas companies. Expert regulators and representatives of the major Western European gas companies take part in this programme, including Ofgem – UK gas and energy market regulator, National Grid Transco – gas transportation, BP – oil and petrochemicals production and transportation, British Gas – extraction and import of natural gas in the UK, Royal Dutch Shell - extraction, supply and trade of the natural gas and oil and also financial, audit and legal companies of the oil & gas sector.

COMPANY'S FINANCIAL-INVESTMENT STRATEGY RISK MANAGEMENT

23-30 April 2006, London, UK

Financial-investment strategy of a company is based on a clear understanding of the potential and possibilities of company's economic growth, risk assessment, following current trends of the industry in the world, analysis of competitors and the knowledge and skills to face the challenges.

Discussions on IPO – risk mitigation using markets mechanisms. Commercial and market risks and their minimization with the help of market tools. Integrated

risk management – latest trends.

This is a practical programme which consists of a series of consultations, presentations, round table discussions and networking sessions. Participation of international financial organizations and experts from the Western European companies allows delegates receive maximum skill and knowledge to optimize their company's financial functioning and investment potential.

PRICE FORMATION AND GAS ACCOUNTING SYSTEMS IN EUROPE

May 2006

Regulator experts and major Western European gas companies' representatives participate in this programme including Ofgem, National Grid Transco, BP, British Gas and also other gas distribution organizations and their major financial, audit and legal partners.

Major discussion topics: Gas industry management using Information Technology. Principles of natural gas distribution network management in the UK. Methodology aspects of tariff policy to support the development of natural gas networks. Regional companies' experience of system installation and support. IT systems in collecting payments from the end consumers. Methodology of the system support. Corporate system of collecting and processing the incoming information. Integrated automation of accounting of natural gas distribution companies. Development prospects.

VII EURASIAN BUSINESS SUMMIT

5-11 June 2006, Evian, France

Summit is one of the most significant platforms for international dialogue between business people and government officials of Eurasia (CIS, Eastern Europe, Asia) on the one hand and the EU and North America on the other hand. The programme of the event includes press-conferences organized with support and participation of the Swiss Press-Club and round table discussions which are a perfect platform for active discussions of the region's most relevant issues.

The idea of the Business Summit and its concept found support and approval of Eurasian Economic Community EvrAzES, British-Russian Inter-Parliament Committee, British-Kazakh Inter-Parliament committee, American-Russian Trade Chamber, US-Russia Business Council, American Chamber of Commerce in Russia, EMA Fund, ministries, government administrations, experts, politicians and analysts and also leading institutions, organizations and companies of Russia, Kazakhstan, Ukraine, Switzerland etc.

Within the framework of the SUMMIT: Investment projects FAIR ЯРМАРКА and industry sections – Transport, Telecommunications, Energy, Metallurgy, Engineering, Building, Agriculture, Chemical and Petrochemical

industry, Banking etc. ■

2ND ANNUAL RUSSIAN WINTER FESTIVAL

14 January 2006, Trafalgar Square, London
11am - 6.30pm

Thanks to the astounding success of the Russian Winter Festival 2005, we



are pleased to announce the second annual Russian Winter Festival 2006, with the participation of Ken Livingstone, the Mayor of London and Yuri Luzhkov, the Mayor of Moscow!

The Festival, to be held on Saturday 14th January, falls exactly on Russian Old New Year's Day - a celebration that dates back to the use of the pre-revolutionary calendar. It will host a new and majestic programme of stunning performers little known outside of the Russian Federation. With their sabre twirling and costume swirling, these artists represent the very best of Russian culture old and new and will bring a taste of what this multifaceted country has to offer.

On a stage specially erected around Nelson's Column, various Russian artists will flavor the day, taking us through history as much as geographic location. A highlight of the Festival will undoubtedly be the military precision and prowess of the Kremlin Guards – President Putin's very own equivalent of the Household Guards, who will be making their exciting international debut at the Russian Winter Festival as part of the "climactic moment" complete with the peal of traditional Kremlin bells and stunning choreographed creative effects. The day will begin with the kaleidoscopic extravaganza that is Russian folk, including the world famous Golden Ring with Nadezhda Kadyesheva, a memorable performance of the children's Malenkiy Jigit ensemble from Beslan, the eminently watchable Badma Tsesege - Buryatia Folk Theatre, Ergyron Eskimos from the far reaches of Chukotka, Yarmarka from Moscow and others. The Festival will end on a more contemporary note from the world of pop music, with an exciting line-up including the rock legend DDT, eye-catching Blestyashiye and the popular twins, Brothers Grim.

Throughout the day and evening Trafalgar Square will boast a full array of traditional Russian food and drink, from a little something to whet the palate and set one's foot a tapping, to mouth-watering delicacies specially produced to tantalize the taste buds of the unsuspecting British public. London's children will be offered the chance to clown around (literally!) in their very own children's area - talk to Russian Santa, play games and enjoy the magic of the Moscow State Children's Theatre, whilst parents collect all the information they need to plan the trip of a lifetime to Russia, buy souvenirs and memorabilia and much more!

The Russian Winter Festival 2006 is delighted to support Russia's Year of Philanthropy by teaming up with the Charities Aid Foundation to support Life Line, a project that enables sick children of the Russian Federation to have the operations (in Russia) that they so desperately need yet cannot be financed by the State. The Festival is also collaborating with the charity organization Northern Crown that provides practical, medical, psychological and educational aid for orphaned children of the Russian Federation.

2ND ANNUAL RUSSIAN 'OLD NEW YEAR' GALA DINNER

13 January 2006, The Brewery, London

No Festival would be complete without an occasion to don one's glad rags and mingle with the people who really make things happen in British-Russian relations in this unique city venue, designed by famous architects, built by craftsmen and visited by royalty.

The Gala Dinner will be held on Friday 13 January 2006 at one of London's most historic venues, The Brewery, right in the heart of the City of London.

The Gala Dinner will act as an exclusive curtain-raiser for the Russian Winter Festival, a free family event on Trafalgar Square on Saturday 14 January.

For more information on this event please visit <http://www.eventica.co.uk/events/rwf/2006/> ■

ENERGY AND COAL OF RUSSIA: TENDENCIES, FORECASTS & INTERNATIONAL CO-OPERATION

6 - 7 February 2006, Renaissance Hotel, Moscow Russia

We are pleased to announce "Energy and Coal of Russia: tendencies, forecasts and international cooperation" conference, to be held on the 6-7 February 2006, in the Renaissance Hotel, Moscow.



The forum is organised by coal industry experts from Russia and Great Britain and is supported, scheduled and approved by the Ministry of Industry and Energy of Russia, Rosenergo and Ministry of Foreign Affairs.

The event will be an ideal place for meeting State Authorities, leading international and Russian energy coal producers, consumers, utilities, coal and energy traders, mining equipment manufacturers, railway and port facilities' operators. It will look into current issues facing the Russian energy and coal markets. Attendance is expected to have a strongly Russian flavour while including repre-

sentatives from the CIS, Great Britain, USA, South Africa and other European, American and Asian countries.

- Explore leadership issues with industry experts
- Network with Russian and international energy and coal professionals
- Join the networking round table discussions
- Attend the pre-conference social programme
- Join the Gala Awards Reception

A panel of distinguished Russian and international speakers includes:

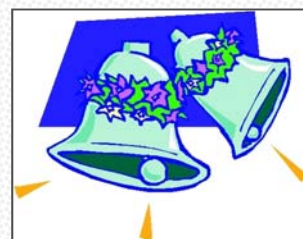
the State Duma, Russian Union of Producers and Entrepreneurs, The St.Petersburg and Moscow State Mining Institutes, The World Coal Institute, Federal Energy Agency, PricewaterhouseCoopers, Energy Edge, International Energy Agency, Delegation of the European Commission, INCRU, Comexport, SUEK, RAO UES of Russia, e.on Kraftwerker, Ukrenergy, Rosenergo, WYG International, Helsinki Energy, Norwest Corporation, E.ON UK, Zarubezhugol, Razrez Bain Zurcha, Joy Mining Machinery, Oldenburg Group Incorporated, Voest-Alpine Bergtechnik, Yuzhkuzbassugol, Dongiprouglesh, ICF Consulting, 4C Holding, Sasol Technology, Ecopromsystems, SSY, Russian Railways*, Morcenter-TEC, Association of Russian Rolling, Stock Owners, Port "Vanino", Ros-terminalugol, Ust-Luga Port, The Murmansk Commercial Sea Port, Vysotok Port, ROSA Holding, Arkhangelsk Commercial Sea Port, Pepelyaev, Goltsblat and Partners.

For further information on how to participate at this event, and a copy of the programme, please contact the organiser:

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Also visit <http://www.begroupuk.com> for information on BeGroup current and past events. ■

Merry Christmas and Happy New Year!



**RusCham wishes you a successful and prosperous
year 2006!**



BECOME A MEMBER OF RUSSIAN CHAMBER OF COMMERCE IN EUROPE

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

Russian Chamber of Commerce in EU 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. 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, NIS 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 55 728-967

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