



## IN THIS ISSUE:

**RUSCHAM CHANGES IT'S NAME TO RUSSIAN-EUROPEAN CHAMBER OF COMMERCE**

REVIEW: RUSSIAN FOOD AND DRINKS MARKET \* RUSSIAN REAL ESTATE APPRAISAL \* RUSSIAN STANDARD CERTIFICATION \* BALTICBUILD EXHIBITION \* BUSINESS NEWS

## REVIEW: RUSSIAN FOOD AND DRINKS MARKET

The company "AC Nielsen" is the leading provider of global consumer food and drinks market intelligence. The research executed in the period from the middle of 2005 till the middle 2006 in 60 countries of the world analyzed retail sales dynamics in more than 100 categories of food market united into 12 large product groups.



veloping countries EEMEA which included Russia, Europe, South America and North America. The markets of the said countries cover more than 90% of global gross product output and more than 75% of Earth's population.

During the review period the value of global food and drinks market grew by 4%. This dynamics was determined by three lasting trends of consumer demand - interest to fresh food, health/wellness and convenient consumption.

According to experts of "AC Nielsen" changes in global demography directly influence food and drinks market. Current developing markets will be tomorrow's key markets for international manufacturers. Population of developed countries decreases and ages rapidly, consumers get more concerned with health-care, weight and cholesterol control. This is why product categories responding to new consumer demands had the best dynamics during the review period everywhere including Russia.

"Healthy" food and drinks reign in the global list of the categories

with the highest growth rates - for instance, categories "dairy products", "salads", and "fish and seafood" have double-digit growth rate indices and global trade value in each of the said groups exceeds US\$ 1 billion.

In the period from middle 2005 to middle 2006 value of Russian food market grew by 11%. Reflecting world trends the best dynamics in Russia was displayed by "convenient" and "healthy" products: ready meals, infant juice and juice containing beverages, drinking yoghurts.

### FASTEST GROWING CATEGORIES

Global list of food categories with highest growth rates was headed by drinking yoghurts - during the review period category's value increased by 18%. Such a boom was determined by growing sales of one-serving formats and consumers choice of probiotic-enriched products.

Other fast-growing categories of the world food market were: ready soups - growth by 18%, fresh green

To analyze Russian food and drinks market the panel "Urban Russia" was used - it included the cities with population over 10 thousand people (this didn't concern the category "infant food"). Review of Russian market was based on data of retail sales in outlets of various formats excluding such distribution channels as open markets, kiosks and vending machines. When comparing dynamics of Russian food market and markets of other countries one should consider that list of categories audited in Russia differs from the global list.

The countries were classified into 5 groups: Pacific Asia, region of de-

goods – by 17%, fresh fish – by 12%, cider – by 11%, ready salads, infant formula (substitutes of breast milk), and dairy beverages – by 10% in each category.

In Russia the best dynamics was displayed by ready meals – growth by 41%, infant juice and juice containing beverages – by 33%, cookies/crisps – by 27%, drinking yoghurt – by 25%, infant food – by 19%, and carbonated drinks – by 18%.

If we compare the lists of top-ten product categories in each of the review regions there would hardly be too many overlaps. Yet in some cases the only difference is product's storage type. For instance, meat products are in top-ten of fastest-growing categories in Latin America and EEMEA: in Latin America it sounds as "fresh/chilled meat" and in EEMEA – as "deep frozen meat".

Interesting enough, top-ten of fast-growing food categories in different regions include fresh/chilled fish, salads and vegetables, meat substitutes. Consumers all over the world are choosing healthy nutrition yet understanding of this trend may significantly vary from country to country.

### DYNAMICS BY REGIONS

Western Europe remains the largest food and drinks market in value – 43% of global trade – yet the most sluggishly developing. Its annual accretion in value constituted 3% which was below the average international index. The best growth here was displayed by such categories as fruit/vegetables, fish and seafood, and relatively new category of the market of alcoholic drinks – cider, which demonstrated highly positive dynamics mainly thank to increased sales in Great Britain and Ireland. Growth of the category "edible vegetable oils" in Europe was determined by increased number of private label products as well as upward drift in prices for olives.

Second large food market is North America – countries of this region provide 30% of world food trade in value terms. Retail sales of food and drinks there also grew in accord to global rates – by 4% in value. Meat and dairy products were increasing at the lowest rates. At the same time sales of fish and seafood displayed positive dynamics.

Analysts of "AC Nielsen" say that one of factors conditioning increasing sales of fish in developed countries might be loss of interest to low-carbohydrate diets formerly popular in Europe and the USA. Besides, reduction of meat and poultry sales could have been influenced by uncertainty of consumers in health safety of these products due to threat of bird flu and mad cow disease. Thus refusing meat and poultry people most often switch exactly to seafood.

In North America food and drinks market was growing on frozen snacks – increased by 95%, sport/energetic drinks – by 51%, fresh soups and bouillons – by 45%.

In the period from middle 2005 to middle 2006 development of Pacific Asia market was following the global trends. The fastest growing categories there were frozen snacks – by 48%, fresh green goods and spices – by 47%, drinking yoghurt – by 28%. Significant growth rate – 24% – was also observed for infant formula due to boom sales of it in China, Sri Lanka and Taiwan – the category increased there respectively by 50, 42 and 22%.

The most dynamical food markets were in EEMEA region (including Russia) and in Latin America – in a year they increased respectively by 13 and 10%. Distribution chains of food retail are being actively built in these regions. Products with long shelf life are gradually and consistently getting to the top lines on these markets; growing demand for up-to-date healthy in-

fant food and infant formula evidences for their evolution to maturity.

Interesting enough, alcoholic mixed beverages experienced serious downswing in the world yet in the said regions they displayed significant growth – respectively by 40 and 34%. In Latin America impressive dynamics was registered for soy products (frozen meat substitutes) and beverages based on milk substitutes – growth of these product categories constituted respectively 66 and 40%.

In EEMEA region fast-growing product groups were infant juice/juice containing beverages and mineral food additives.

### DYNAMICS BY MARKET SEGMENTS

Growth of confectionery, cookies/crisps and snacks in the world constituted 5%. Most significant contribution to increased value of this group was made by chocolate. Highest growth was demonstrated by snack/chips – higher than the average rate in the group. This accretion became possible mainly due to boom of this market in China – positive dynamics constituted 28%.

Increase of main product groups in Russia was determined by such key factors as development of retail and growing sales of products in large-size package.

During the review period in Russia sales of confectionery products and snacks increased by 11% in value terms. The fastest growth was observed in salted crisps – by 27%. In Russia and generally in the world chocolate increased respectively by 12 and 5%. This was conditioned by general price increase and also by growing popularity of chocolate due to its healthy properties.

Desserts, cakes/patisserie and baked products grew in the world



by 2%, the growth being provided by EEMEA markets. Cakes/muffins on developing markets also demonstrated higher growth rates as compared to the average global group rate. Cakes/muffins with long shelf life became more popular in South America while frozen cakes/muffins had the best dynamics on such developing markets as Egypt, Turkey, UAE and Saudi Arabia.

In Russia desserts, cakes/patisserie and baked products grew by 7% mainly on mini-cakes which increased by 58%. Mini-cakes constitute a small yet well-growing segment, a part of the category "sweet bakery" - it is presented by mini-cakes of 40-60 grams selling both in single-serving and family-size package and not requiring refrigerating.

Dairy products displayed positive dynamics - 12% in Russia and 2% in the world. Global growth of this group is not too impressive yet it is very capacious and yields in volume only to hard and soft drinks. Inside the group of dairy products pasty yoghurt repeats dynamics of drinking yoghurt - its growth rate outpaced group's rate by two times. Pasty yoghurt grew best of all in South America and EEMEA region despite small volumes of these markets. In Russia dairy products increased on enriched kefir and soft cheese - respectively by 27% and 25%.

In general Russian dairy market experienced healthy performance yet it slowed down a little. In 2006 lion's share of the market - 83% in volume terms - was constituted by traditional dairy products like milk, kefir, ryazhenka, sour cream and others. And 49% of market's volume fell on sterilized and pasteurized milk. It should be mentioned that in value terms share of traditional dairy products constituted only 65% of dairy market.

As compared to 2005 the most dynamic category was drinking yo-

ghurt - it increased by 12% in volume and by 25% in value. The growth was mainly provided by development of bio-products: drinking bio-yoghurts increased by 23% in volume.

Russian dairy market is spotty - this especially concerns traditional dairy products. The reasons are country's spacious territory and short shelf life of dairy products.

Infant food was fast-growing everywhere in the world - during the review period it increased by 8% in value. The category grew mainly on infant formula increasing most intensively in Pacific Asia, South America and EEMEA region - respectively by 24, 21 and 20%.

In Russia infant food comprises three large products groups: infant food, infant juice/juice containing beverages and substitutes of breast milk. During the review period the segment increased by 20% in value due to impressive dynamics of infant juice/juice containing beverages - it grew by 33%. Infant food increased by 19% and substitutes of breast milk - by 5% during the same period.



Basic cooking products demonstrated moderate dynamics - they grew mainly on food oil and frying oil. Partially this growth was determined by increased sales of premium product, for instance olive oil, and also by enlarged offer of oil types - like grape seed oil, soybean oil, or flax seed oil. In the world basic cooking products increased by 3%; this group comprised vegetable

oils, spices, dressings, salt and some other products. In Russia the group grew by 13% - mainly on glutamate (MSG) containing additives.

One of the largest product groups both in the world and in Russia was constituted by alcoholic drinks. On global market it increased by 4% in value. This group still dominates both in volume and growth rates in value terms - mainly due to beer boom. Growth of the group on global market was stimulated by several factors including price increase and consumer switch to premium and craft-beer on some markets.

Growth of cider impresses - its dynamics was enough to put the product into the group of fastest-growing ones. Such growth rate was provided by Great Britain, Ireland, and Scandinavian countries including Finland and Norway, and their neighbors - Latvia and Lithuania.

Unlike cider alcoholic mixed beverages witnessed global downswing. And though this category was considered to be more trendy and premium than beer it was impressively growing only in EEMEA region and in South America. On other markets this category mostly demonstrated negative dynamics

In Russia the group of alcoholic beverages increased by 9% - mainly thank to beer growth (by 14%).

Soft drinks was one of the most interesting segments due to numerous growing categories. Leading positions in the world belong here to dairy beverages and drinking yoghurts. Both were in the world list of top-nine of most fast-growing categories.

In Russia soft drinks increased by 16%; for comparison - world index constituted 6%. Practically all categories of this group had high growth rates. For instance, dairy beverages increased by 15%, juice - by 16%, tea

- by 12%, and natural coffee - by 14%. The highest growth rates were demonstrated by drinking yoghurts and carbonated drinks; the latter increased by 18% due to large-size containers and growth of kvass, and drinking yoghurts grew by 25% thank to spreading popularity of probiotics and consequent growth of demand for products containing them. At the same time soy-based drinks went down by 21%.

### PRIVATE LABELS

This year "AC Nielsen" included private label products into review of

food market. The goal was to investigate contribution of such products into general market dynamics.

In 2006 in 11 of 12 audited segments private labels were growing faster than regular products. Only in the group of alcoholic drinks regular products displayed better dynamics than private labels.

In the middle of 2006 the largest shares of private label products were registered in such segments of global food market as dairy products - 27%, meat/substitutes/fish/eggs - 26%, fruit/vegetables - 24%,

desserts/cakes/patisserie/baked products - 23%.

Development trends of private labels in the world followed general trends of the market - fresh and healthy food leaded.

In Russia share of private labels on food market was significantly smaller - no more than 1%. The largest shares of private labels were registered in desserts/cakes/patisserie/baked products and dairy products - respectively 6 and 3%. ■

## RUSSIAN REAL ESTATE APPRAISAL

After more than 15 years of real estate market development in Russia's economy, transitioning from the planned Soviet system to the current market-driven environment, there is still an impression of mystery for those outside the country. Starting with the strange ruble currency, to the rapidly changing tax laws and legal system, and fed by the sensational news bits that appear in their markets, investors develop a feeling of mystery and uncertainty that causes pause. A look-see visit to observe real estate market conditions directly is met with surprisingly high prices, a completely different set of property types than expected, and market forces that are different than customarily encountered in other markets.



The mystery of valuing the rights to these properties becomes even more intimidating. This article attempts to put some of this in perspective - blending the experience common in Western markets with our long experience solving the real estate riddles in Russia. Although what is needed to appraise commercial real estate in Russia may appear much different than in more developed or conventional real estate markets, still the three basic elements to define the

subject of an appraisal apply in Russia: the definition of 1) physical characteristics, 2) legal factors and, 3) the definition of value. The bedrock valuation approaches of assessing cost, sale comparisons and capitalizing income for appraising commercial properties are also very applicable in this market.

### PHYSICAL

The need for a complete and accurate understanding of the physical characteristics of the subject property for an appraisal is fundamental and obvious. But the value of the property does not lie in these physical elements; value is based in the rights of use for the property.

The bricks, concrete, steel, glass, metal and wood, assembled into a building, have no value by them-

selves. It is the right to use them in their assembled condition and location - and to receive the benefits they may generate - that provides the value. The benefits may be in the form of direct use (occupancy), or in the form of income (rent or sale price) from the property. This makes the legal rights to a property of primary importance, even before the physical aspects - and is a special exercise in Russia where property rights are relatively new and not necessarily similar to those of other countries. The combination of land rights and building rights, whether ownership or lease, is likely to be much different than those in the home markets of foreign investors.



In Russia, rights determination has developed along with the legal basis

for property rights that began in 1999 and continues to progress. Now there is a complete set of laws related to the establishment and transfer of rights related to real property. The trend to rejoin the rights to land (formerly exclusively owned by the state) to the occupying buildings is being firmly implemented by the land code passed in 2001.

Along with this, the registration system for property rights continues to mature, a mortgage law is in place and supporting an increasing flow of liquidity into the market, and municipalities across Russia are set-up to facilitate and recognize property rights transfers. This has made the rights involved in transactions much more transparent and comparable, and significantly increased the reliability of property value estimates.

### VALUE MEASUREMENT RIDDLE

Having confirmed that real estate rights in Russia do support value, we need to unravel the mystery of measuring it. Most valuation exercises in Western markets focus on market value. In Russia, active investors have cared less about comparing to what others (the market) are doing – and have focused more on what they want. In other words, what are the rights to the subject property worth to me – the appraisal client; not what it might be worth to some theoretical “market.” This concept is called “investment value” and involves valuing the property in line with criteria or resources specific to the client.

Contributing to the idea of measuring the value the property has for a specific investor, is the Russian market characteristic of hidden or distorted pricing information. This lack of available market information is the bane of appraisers in Russia and limits the reliability of appraisal analysis today, and will be so for some time to come. The solution will come in two forms: (1) acceptance of a more rational market and the benefit to all of

sharing reliable value information; and (2) the formation of private data collectors and publishers that will serve the market with collections of data important to market players. As the Russian real estate market continues to progress, these developments will occur naturally. But for now, it is up to the experienced and knowledgeable appraisers to solve the value riddle property by property and client by client.

### RIDDLE SOLUTIONS

The fact that we are using parameters specified by the client for investment value estimates for commercial property helps as part of the solution. Such parameters may include discount rates, property management expenses and financing costs. That leaves appraisers extracting only the remaining information from the market like rent levels, vacancy rates, and operating expenses.

Other solutions for appraisers to gather data are the usual good contacts and relationships that provide a pipeline of inside information bits, and common sharing between professionals. These sources are not unlike what exists in Western markets – the difference is that there, they are just supplemental information to broadly available data; in Russia they can be the only data.

But the real solution to the riddle of value estimates for commercial property in Russia is experience and flexibility. Too often in the more established markets appraisers become rigid and habitual in their application of approaches to value certain types of property. This is understandable since the transactions in these markets are often repetitions of the same variant. In this market, every transaction can be a groundbreaker, and an appraiser needs to use his whole bag of tricks. Appraisal techniques rarely used in the West may become first priority for an appraisal solution in Russia.

One example is the land residual technique for valuing a land parcel. Although in some markets (like Moscow) there can be numerous transactions for comparison, the differences in property rights and the rapidly changing infrastructure and market conditions make comparisons less valid. On the other hand, the estimation of a future property's performance can be relatively reliable, along with the costs necessary to get there. In fact, potential buyers (and sellers) more often regard their property value as a function of what can be placed on it, than as an alternative to competing properties. And this brings us to the final key for solving the value riddle in Russia: Do like the buyers and sellers do.



In the developed and conventional Western markets, appraisers and buyers and sellers tend to operate on the same level of sophistication – and follow ways of valuing properties that become generally accepted through slow evolution with technology and market changes. In Russia, foreign appraisal professionals come here with fairly high levels of sophistication and ideas of accepted approaches – while local appraisers read books to acquire generally accepted practices. Real estate market players (both Russian and foreign) see the market with conditions of perceived risk and rapid change unlike anywhere in the world. They quickly react and adopt a way of looking at things that does not match the generally accepted formats in the heads of appraisers.



This different perspective causes a conflict when the appraisers try to apply their customary and fancy analysis to the data and information being produced by market players thinking in the short term and dealing with less sophisticated analysis methods. An example is the appraiser who applies a five- or 10-year discounted cash flow process – representing the best accepted methodology, while real buyers and sellers use multiples

of annual rent to determine value. The right answer for appraisal estimates is to do as the market players do – if they use multiples, the appraiser should to.

**CONCLUSION**

As rapidly as things are changing economically and legally in Russia, both appraisers and the users of appraisal services must strive to be

aware of how the changes will affect not just the value of properties, but the way they are valued. In more mature and stable real estate markets, it is a challenge to keep up with the changing balance of supply and demand and how they affect value. In the Russian market, we have the additional challenge of keeping up with the new perspectives of market players. ■

**RUSCHAM NEWS**



From June 1, 2007 Russian Chamber of Commerce in EU has changed its name to

**Russian - European Chamber of Commerce**

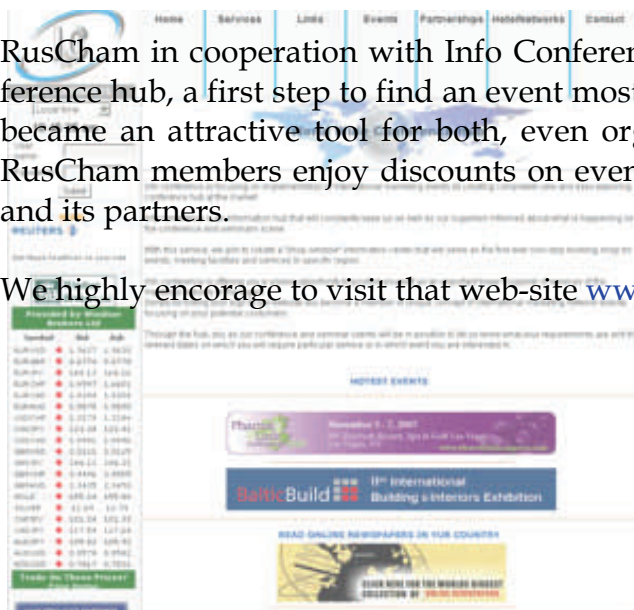
This decision has been made based on growing number of members from European countries which are not members of European Union as well as to establish a unique name of the chamber which reflects the geographical area of RusCham’s operations. RusCham will continue improving its services to members and also developing cooperation with other chambers and organizations worldwide.



**New Worldwide Conference Hub**

RusCham in cooperation with Info Conferences have developed a new worldwide conference hub, a first step to find an event most businessmen would like to attend. The hub became an attractive tool for both, even organizers and event participants. As always RusCham members enjoy discounts on event fees at the events organized by RusCham and its partners.

We highly encourage to visit that web-site [www.infoconferences.com](http://www.infoconferences.com)



# RUSSIAN STANDARD

CERTIFICATION SERVICE

## Certification Center "RUSSIAN STANDARD"

Certification Center "RUSSIAN STANDARD" is duly authorized to conduct certification in accordance with the Russian Technical Regulations (GOST-R Certification) and Russian safety Regulations (Hygienic Certification). Our main offices in the USA and Europe service exporters to Russia. We provide all types of Russian mandatory and voluntary certification for most products, ranging from foods to oil equipment.

The list of products and services that are subject to mandatory certification is huge. The odds are that you will have to obtain an official Russian certificate confirming the compliance of your merchandise with the requirements of safety of consumers and the environment in the Russian Federation. It is called "GOST-R Certificate". They Russian customs regulation are frequently changing and customs clearings may become and huge problem for the exporter. But do not despair: we shall navigate you through all the formalities and procedures for fastest and least costly results.

We are here to advance your product in the Russian market!

## Translation Services

All documents submitted in the course of certification are filed and archived by Russian Certification Authorities. Therefore, by regulations all documents have to be submitted in Russian, or with the Russian translation. Moreover, the translation must be authenticated by either a Russian notary, or a company specifically authorized to approve the translation of certification documents.

Russian Certification Center "RUSSIAN STANDARD" is duly authorized to perform such authorization. Moreover, we have a team of professional translators who are reliable, fast and knowledgeable in the subject matter.

We shall gladly help you with the translation of your paperwork thus saving you time and money. The current rates are \$0.12 per word of the resulting text, including the translation and authentication.

Express translation may be arranged upon request.

Europe:

Russian Chamber of Commerce in EU c/o Russian Standard, Ltd

P.O.Box 58, 830 08 Bratislava 38, Slovakia

E-mail: [certification@ruscham.com](mailto:certification@ruscham.com)

Tel/Fax: +421(0)2 44250132

Mobil: +421 (0) 907 167 714



## Business News Ticker

Russia has raised its oil export duty by more than \$40 from \$156.4 to \$200.6 per tonne from 1 June 2007, according to a decree signed by Prime Minister Mikhail Fradkov last month. The decision to raise the export duty was made by the interdepartmental commission for protective measures in foreign trade and the customs and tariff policy. The export duty on oil products was raised from \$117.7 to \$147.5 per tonne of light products and from \$63.4 to \$79.4 per tonne of dark products.

...



By adopting an ambitious policy programme for the next seven years (2007-2013), especially in the field of regional policy, the European Commission has set high standards for itself and for those working on European projects. Managing EU Projects is an advanced graduate programme that gives its participants the opportunity to study the theory and practice of EU policy making and project management. Following an in depth theoretical module the participants receive first hand insights from leading consultants and experts in Brussels with a direct experience in managing EU projects.

...

The Bank of Cyprus had been granted a license to start operating in Russia, becoming the first lender in Greece or Cyprus to enter that market." A major pillar of the group's strategy is its expansion to new dynamic markets with excellent prospects to increase size and profitability," a bank statement said. The bank said its strategy for penetrating the Russian market was to develop initially a loan portfolio and provide services such as loan guarantees, letters of credit, foreign exchange ser-

vices and payment orders to existing corporate clients. Under Russian regulations, the bank cannot take deposits for the first two years of operation there. Last month, Bank of Cyprus said it was completing the establishment of operations in the country. The bank, which is the first Cypriot bank to set up in Russia, said it had leased office space and was employing a staff of 30 people.

...

Russian Prime Minister Mikhail Fradkov has signed a ruling to begin trading in oil and oil products on a commodity exchange August 1, the government's press service said. The commodity exchange will be chosen by the Economic Development and Trade Ministry at a tender, according to the ruling. Also, the government recommended that state-owned companies starting October 1 buy at least 15% of their annual demand for oil and oil products on the oil and oil product exchange.



...

Moldova's President Vladimir Voronin has ruled to resume wine supplies to Russia, Valeriu Mironescu, general director of Moldova Vin, the country's alcoholic beverage watchdog, said. Russia's Federal Service for Oversight of Consumer Rights Protection and Human Welfare, or Rospotrebnadzor, completed an inspection of Moldovan wine plants in

March and decided which of the companies met the standards for wine imports to Russia, Moldova Vin official Yury Mudrya said. Russian authorities banned Moldovan wine imports in March 2006, citing health and quality concerns. Moldova's wine exports almost halved on the year in 2006, to U.S. \$173 million.

...

Warplane maker MiG said Monday it planned to sell 350 of its new generation fighters for about \$10-12 billion by 2020 as it breaks into new markets, Russian news agencies said. Aircraft make up almost half the country's arms exports, with MiG and Sukhoi taking the lion's share of those sales. The modernized MiG-29, based on a classic Soviet design, has new navigation systems and new generation weapon systems. MiG is vying for a giant order from India, which wants to buy 126 combat aircraft to replace ageing MiGs and British Jaguar planes. Russia, which has close trade ties with New Delhi, is pushing its cutting-edge MiG-35. Boeing's F/A-18 Super Hornet and Lockheed Martin's F-16 are also competing for the contract.

...

The Russian telecommunications company Mobile TeleSystems (MTS) forecasts that Russia's mobile services market will grow 2.3 times to \$34.1bn by 2012 compared to 2006. President of MTS Leonid Melamed said at the 11th annual investor conference held by the Russian investment company Renaissance Capital. Melamed added that mobile voice services would continue to have the largest share of the mobile market and would grow from the current \$12.5bn to \$26.5bn by 2012. Meanwhile, mobile broadband services market will expand to \$3.4bn by 2012. MTS's chief also pointed out that Russian telecommunication companies would have to invest some

\$14bn-\$15bn in the market to achieve a 15-percent annual growth.

•••



Ukraine and Russia have reached an agreement on an economic cooperation program and action plan for 2008-2010. The Ukrainian Economy Ministry's press office reported following the Ukrainian-Russian inter-governmental commission's economic cooperation committee secre-

tariat meeting. Preliminary agreements provide for resolving issues with supplies of Ukraine's cold-rolled flat products to Russia's customs territory, as well as enhancing and furthering interstate industrial cooperation. The sides noted mutual constructiveness, understanding and readiness for continued efficient cooperation.

•••

Russia has imposed temporary import restrictions on live poultry, hatching eggs, poultry meat, food-stuffs and feed supplements for birds from the Czech Republic. The press office of the Russian Federal Veterinary and Phytosanitary Supervision Service reported. The ban is being introduced due to an outbreak of a highly pathogenic form of bird flu of the H5N1 type. Restrictions will also apply to poultry keeping and killing

equipment.

•••

Russian President Vladimir Putin urged energy companies to invest in alternative energy. Some countries failed to invest in alternative energy sources and, as a result, faced unemployment and other problems when their coal industry declined. Putin said in a veiled reference to the U.K. He added that that could happen to Russia's oil industry. Putin also commented on a bill, sponsored by State Duma deputies Sergei Baburin and Viktor Alksnis, seeking to redistribute some of the revenues of privatized companies to every Russian citizen. Putin said that the bill was "good" but added that the government did not have enough money for that. Instead of redistribution, the government should create opportunities for development, he said.

## BALTICBUILD EXHIBITION

Russia, St. Petersburg  
12-15 September 2007



BalticBuild exhibition, famous earlier as Baltic Building Week and Batimat St.Petersburg, - is the second largest building & construction exhibition in Russia. The new title provides consistency with the other building exhibitions of the ITE Group in Moscow and CIS (MosBuild, KazBuild, Ba-kuBuild etc.).

The event has attracted much praise in recent years: it was twice the winner of the "Best International Project of the Year" (2001, 2002) contest as "The Best St. Petersburg Exhibition with most effective foreign participation".

In 2005 the exhibition was granted the RUEF (Russian Union of Exhibitions and Fairs) and UFI logos, which are the signs of an

exhibition high quality.

BalticBuild is the only exhibition in Russia to promote innovations within the field of building and construction. The 10th edition of the show was marked by a change in focus. Emphasis was placed firmly on the promotion of innovations amongst exhibitors. This new concept not only allows exhibitors to demonstrate recent developments within the field, monitor and analyse the market, but also encourages further development by stimulating companies to discover new creative solutions.

"This large forum has become a great tradition. We are aiming at making this specialized construction exhibition reflect the development of new technologies, facili-

tate the establishment and maintenance of the international cooperation and support the advance of the professional level of the construction field workers. The BalticBuild is the great mean to present the trends named."

V.I.Matvienko, the Governor of St.Petersburg:

Dates: 12-15 September 2007

The venue: Exhibition Center Lenexpo, St.Petersburg, Russia (V.O. Bolshoy pr., 103, metro Primorskaya)

Pavilions: 3, 4, 6, 7 and Outdoor space



**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, 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](mailto:membership@ruscham.com) or contact us at +421 0907 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](mailto: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 0907 767 714.

**CONTACT US**

With any questions concerning membership feel free to contact us on [membership@ruscham.com](mailto:membership@ruscham.com). Please send any comments on RusCham Newsletter to [ad@ruscham.com](mailto:ad@ruscham.com)



<p><b>Head Office in EU:</b> Russian-European Chamber of Commerce P.O.Box 58, 830 08 Bratislava 38, Slovakia E-mail: <a href="mailto:mail@ruscham.com">mail@ruscham.com</a> Tel/Fax: +421(0)2 44250132 Mobil: +421 (0) 907 167 714</p>	<p><b>Russia:</b> 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><b>Austria</b> 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><b>Russia:</b> 117335 Moscow, ul. Vavilova 81 Telephone: +7 495 132 7522 Fax: +7 495 132 7526 Head Representative Dr. Sergey Abramov</p>
<p><b>Bulgaria</b> 25 Yakubitza, A, 12, 1164 Sofia, Bulgaria Telephone: +359 885 707 008 Fax: +359 2 962 7692 Head Representative Mr. Andrey Bachvarov</p>	<p><b>Russia</b> 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><b>France</b> Telephone: +33 6 60 56 31 57 Head representative Ms. Anna Koulinky</p>	<p><b>Serbia and Montenegro</b> Kraljice Katarine 49 11000 Belgrade Telephone: +381 11 305 9612 Fax: +381 11 3551 706 Head Representative Mr. Alexander Perishic</p>
<p><b>Hungary:</b> 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><b>UK</b> 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><b>Latvia:</b> 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><b>Ukraine:</b> 01032 Kiev, ul. Zhilyanskaya 110 Telephone: +380 44 234 2725 Fax: +380 44 240 9200 Head Representative Mr. Igor Ort</p>
<p><b>Republic San Marino / Italy</b> 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><b>USA:</b> 115 Mendham Ave, Suite 1A, Hastings-on-Hudson NY 10706 Telephone (914) 478 7557 Fax (309) 276-0783 Head Representative Mr. Gregory Temkin</p>

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