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Merger Control in Russia

On Oct. 26, 2006 a new antimonopoly law – Federal Law No. 135-FZ of 26 July 2006 “On Protection of Competition” – came into force in Russia. The law that it replaces was enacted more than 15 years ago and, despite numerous amendments, was hardly able to continue regulating the actively emerging Russian market.



The new law establishes procedures for notification and prior clearance with antimonopoly authorities for corporate reorganizations and transactions aimed at acquiring major blocks of shares or ownership interest in business entities or significant portions of their assets. Some aspects of merger control are also covered by other federal laws, international treaties, regulatory acts and other subordinate legislation.

The Russian Federation’s main merger control authority is the Federal Antimonopoly Service (FAS), with the Central Bank also acting as a merger control authority in transactions involving banks.

Transactions subject to merger control regulation may require either preliminary consent of the FAS or its subsequent notification.

Types of Transactions Falling Under Merger Control Legislation

Russian legislation lists certain types of transactions for which compliance with merger control legislation is required, and specifies the subject matter of such transactions.

Transactions falling within the scope of antimonopoly regulation include:

1. Corporate reorganization of for-profit organizations through consolidations and mergers
2. For-profit organizations set up by means of contributing over 25 percent, 50 percent and 75 percent of voting shares, one-third, one-half or two-thirds of ownership interest in another organization or a considerable part of fixed assets and intangible assets to its charter (authorized) capital
3. An entity (or group of entities)

acquiring more than 25 percent, 50 percent or 75 percent of voting shares in a joint-stock company.

4. An entity (or group of entities) acquiring more than one-third, one-half or two-thirds of ownership interest in the charter (authorized) capital of a limited liability company.

5. An entity (or group of entities) acquiring rights allowing it to determine the conditions on which business may be transacted by another business or enabling the entity to exercise functions of an executive body.

6. An entity (or group of entities) acquiring rights to over 20 percent of fixed assets or intangible assets (hereinafter referred to as “assets”)

(NOTE: In this article we do not cover specifics of applicable financial, banking, insurance and related services antimonopoly legislation)

The transactions referred to above may differ in their legal nature. The key criterion is the legal consequences of the transaction – acquisition of a certain block of shares/

ownership interest in the charter (authorized) capital or a certain amount of assets.

Thresholds for Application of Merger Control

1. Corporate reorganization of for-profit organizations through consolidations and mergers is subject to prior clearance with the FAS provided one of the following conditions is observed:

- the total value of assets of the reorganized companies (or their group) on balance sheets as listed at their most recent reporting date exceeds RUR 3 billion (approximately \$115 million)
- total revenues of reorganized companies (or their group) for the previous calendar year exceed RUR 6 billion (approximately \$230 million)
- one of the companies participating in the reorganization is included in the register of business entities with a market share of over 35 percent on a certain product market

2. Setting up for-profit organizations (see Clause 2 above) is subject to preliminary merger control under the following conditions:

- the total value of assets of the founders (their group) and the entity (its group), the shares or assets of which are contributed to the charter (authorized) capital of a for-profit organization, exceeds RUR 3 billion (\$115 million) according to balance at the most recent reporting date
- total revenues of the above-mentioned entities for the previous calendar year exceed RUR 6 billion (\$230 million)

- one of the above-mentioned entities is included into the register of business entities with a market share of over 35 percent for a certain product market.

3. Acquisitions of shares, assets and rights allowing an entity or group of entities to determine the conditions on which business may be transacted by another business or enabling the entity to exercise functions of an executive body (see Clauses 3-6 above) require prior clearance with the FAS under the following conditions:

- the total value of assets of the buyer (or its group) and the entity (or group of entities), the shares and assets of which and the rights in respect of which are acquired, exceeds RUR 3 billion (approximately \$115 million) and the total value of assets of the entity (or group of entities), the shares (ownership interest) and assets of which or the rights in respect of which are acquired, exceeds RUR 150 million (approximately \$5.7 million) according to balance sheets at the most recent reporting date
- total revenues of the above-mentioned entities for the previous calendar year exceed RUR 6 billion (approximately \$230 million) and the total value of assets according to the most recent balance sheet of the entity (or group of entities), the shares (ownership interest) and assets of which or the rights in respect of which are acquired, exceeds RUR 150 million (approximately \$5.7 million)
- one of the above-mentioned companies is included in the register of business entities with a market share of over 35 percent for a certain product market

Transactions and other actions that do not meet the aforementioned criteria require post-transaction notification of the Federal Antimonopoly Service in the following cases:

1. About corporate reorganizations described above – if, according to the most recent balance sheets, the total value of assets of reorganized companies, including the ones that terminated their activities as a result of reorganization or their total revenues for the calendar year preceding the consolidation year exceeded RUR 200 million rubles (approximately \$7.5 million).

2. About acquisition of shares, ownership interest, assets or rights relating to for-profit organizations if:

- total value of assets of the buyer (its group) or the for-profit organization founders and the entity (its group), the shares, assets of which or rights in respect of which are acquired, exceeds RUR 200 million (approximately \$7.5 million) and total value of assets of the entity (its group), the shares and assets of which or rights in respect of which are acquired, exceeds RUR 30 million rubles (approximately \$1 million) according to balance sheets at the most recent reporting date
- total revenues of the above-mentioned organizations for the previous calendar year exceed RUR 200 million (approximately \$7.5 million) and total value of assets of the entity (its group), the shares and assets of which or rights in respect of which are acquired, exceeds RUR 30 million rubles (approximately \$1 million) according to balance sheets at the most recent reporting date
- one of the above-mentioned entities is included in the regis-



ter of business entities with a market share of over 35 percent on a certain product market

The law indicates that being listed as a business entity with a 35 percent or more market share is an additional condition supplementary to two major ones. The provision is quite ambiguous and the antimonopoly authority treats this criteria as a self-sufficient one. Based on past legislation, we would still recommend applying for consent if a respective transaction involves a business entity listed as a market player

with a 35 percent or more share, irrespective of applicability of other conditions.

The timeframe set by the law for applications to be scrutinized by the FAS is 30 days. The period for considering an application may be prolonged by two months.

If an application for consent to reorganize business entities in the form of consolidation and merger or set up a business entity is filed, the FAS is entitled to prolong the period for considering the application to enable the applicant to meet the con-

ditions under which the application will be satisfied. The term to fulfill the above-mentioned conditions may not exceed nine months.

The key criterion for the consent of the FAS to a transaction or any other action subject to control is their impact on competition, including as a result of a stronger dominant position of an entity (group of entities). Unfortunately, the legislation does not provide a clear system of criteria, which would allow the identification of these transactions and actions with sufficient certainty. ■

Import of Technological Equipment: Optimizing Customs Procedures and Payments

Many Russian and foreign analysts predict a further increase in the investment attractiveness of the Russian economy. Protectionist policies, imposed by the Russian government, regarding imports of finished goods into the Russian market create economic conditions under which it becomes more profitable to manufacture such finished goods within Russia.

It seems that there are two options for organizing such production: either to use existing Russian plants to produce the relevant goods, or to set up new greenfield manufacturing facilities.

When considering the first option, it is worth mentioning that one of the major problems facing the Russian economy is the obsolescence of fixed assets at most Russian enterprises. In connection with this, the possibility of upgrading manufacturing facilities is of particular relevance, specifically, through importation of new technological equipment. This issue also applies to the second option, i.e. the creation of new facilities.

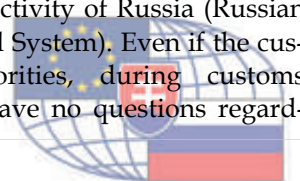
It should be mentioned that Russian President Vladimir Putin announced in September 2005 that import customs duties on high-tech equipment that is not manufactured in Russia should be reduced to zero.



In March 2006, the government issued a resolution that reduced the import customs duty rates to zero for approximately 800 commodity items, representing different types of technological equipment not manufactured in the Russian Federation. The resolution concerns primarily innovative equipment and systems for the

agricultural, oil, gas, food, light, aviation, shipbuilding, printing and electronics sectors of industry.

Based on the above, it can be seen that the liberalization of the import customs tariff is of a selective, rather than of systematic nature, i.e. zero rates apply to separate types of technological equipment rather than to this commodity group as a whole. In some instances, zero rates apply to certain types of equipment that are not explicitly referred to under other commodity items, i.e. with respect to the commodity group "other." Therefore, when considering the possibilities of a zero import customs rate application, special attention should be given to the classification of equipment in accordance with the Commodity Classification of the Foreign Economic Activity of Russia (Russian Harmonized System). Even if the customs authorities, during customs clearance, have no questions regard-



ing the appropriate classification of equipment and, consequently, regarding lawfulness application of a zero rate, it should be kept in mind that they are entitled to verify compliance with the customs rules upon release of the goods. To completely eliminate any potential risks in this regard, the importer can obtain a preliminary classification decision.

If the equipment intended for import is still subject to import customs duties, it is useful to consider the following ways to optimize the customs procedures and payments:

1. Application of VAT and customs duty concessions for the goods imported as in-kind charter capital contribution

2. Application of a "temporary import" customs regime under which customs duties and VAT is paid in installments within a period of 34 months

3. Declaration of equipment supplied non-assembled in several consignments

1. Application of the import customs duty and VAT concessions for the goods imported as in-kind charter capital contributions

Russian legislation stipulates different conditions for VAT and customs duty concessions applicable to the goods imported as in-kind charter capital contribution.

Customs duty concession

To be able to make use of the above customs duty concession, it is necessary to meet the following conditions:

1) The imported equipment is a contribution made by a foreign legal entity

2) The equipment is not subject to any excise taxes

The list of goods subject to excise taxes is stipulated by the Russian Tax Code (for example, light cars are covered by excise taxes).

3) The equipment refers to main production assets

In accordance with the Russian Classification of Main Assets, main assets include goods that are used repeatedly or continuously over a period of no less than one year, to produce goods and/or render market and non-market services.

4) The equipment is imported within the deadlines applicable to the capital formation set forth in the incorporation documents.

It should be mentioned that this condition for the use of the specified concession does not fully correspond to Russian civil legislation that regulates the rules for the formation and increase of the charter capital of legal entities. As a result, in practice, Russian legal entities claiming the application of the concession should twice make amendments to their incorporation documents. First, they must stipulate their intention to increase charter capital and second, they must quantify the actual intended increase of charter capital.



Also, special attention should be paid to information on the goods contributed to the charter capital that is inserted into the incorporation documents. Should such information be insufficient or contradictory (with regards to the information contained in the transportation documents presented to customs authorities during customs clearance of the imported equipment), it may result in the re-

fusal of the application of this concession.

Import VAT Concession

In accordance with Russian tax legislation, VAT concessions are applied if the equipment, imported as a contribution to the charter capital of a Russian legal entity, is of a technological nature. This concession also extends to components and spare parts for this equipment.

In this connection, a question may be raised about the classification of imported equipment for tax-avoidance purposes. Russian legislation has not currently released a list of technological equipment eligible for this concession. In practice, customs authorities rely on a non-exhaustive list of technological equipment approved by the Federal Customs Service. However, if the imported technological equipment is not included into this list, the VAT concession may be applied based on the respective professional opinions obtained from the relevant federal ministries.

It should be noted that when applying VAT and customs duty concessions, customs authorities may demand a security of payment of customs duties and VAT that may be levied in case of a violation of conditions for the use of concessions. Such security deposits can be provided, in particular, in the form of a bank guarantee or an insurance agreement. Moreover, customs authorities accept only bank guarantees issued by banks included in the Customs register.

When making a decision on the use of these concessions it should also be kept in mind that:

- The equipment will be released by customs authorities conditionally and cannot be sold to third parties without preliminary payment of respective customs charges
- Customs authorities are entitled

to verify, at any time, the availability of such equipment

- In case of any violation of the above limitations on the disposal of conditionally released equipment, in addition to the obligation to pay customs duties and VAT, the company will be obliged to pay penalties assessed from the time of the violation. Administrative fines may also be imposed on the company

2. Customs Regime for Temporary Imports

Under the general rules of temporary import customs regulations, goods imported into the Russian Federation on a temporary basis are granted full or partial exemption from customs payments.



Cases of full exemption from customs payments are determined by the RF government. In other cases, a partial exemption is applied which provides for the payment of periodical charges in the amount of 3 percent of the aggregate amount of import customs payments for each whole month or fraction thereof during which the goods are located in the territory of the Russian Federation. The total period of temporary import is up to two years, upon expiration thereof the goods should be taken out of Russia.

However, temporary import may be followed not only by the removal of the goods, but also by their release for free circulation. In this case, under the general rule, in addition to the remaining amount of customs

charges (100% - [3% * 24 months = 72%] = 28%), the importer should also pay interest for payment by installments at the Central Bank of Russia refinancing rate.

At the same time, customs legislation provides the possibility to apply a longer temporary import period of 34 months. The conditions for its application are as follows:

- The goods should correspond to main production assets (criteria allowing goods to correspond to main production assets are considered above)
- During a temporary import period, the goods should not be transferred into the ownership of a Russian legal entity using them within the customs territory of the RF

Under the general rule, application of the temporary import customs regime does not depend on the type of agreement under which the goods were imported into Russia. However, under this condition, the imported equipment should be subject to a rent or lease agreement in accordance with which, the title thereto will not pass to the Russian lessee within the 34-month period of temporary import of equipment.

Application for a longer period of temporary import makes it possible for the importer to pay the full amount of import customs charges within 34 months, which entails the release of the goods for free circulation without an obligation to pay interest for payment in installments.

Thus, if the above conditions are met, the application of the temporary import regulations gives the importer an opportunity to pay customs payments in installments without any additional costs. It should be also mentioned that the application of a leasing scheme for equipment supplies may be beneficial for a Russian company in terms of payment of

property tax, if the accelerated depreciation is applied to this equipment.

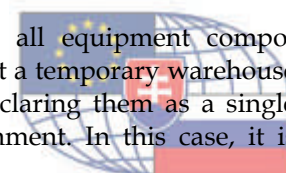
However, when taking a decision on the application of the customs regulations regarding temporary imports the following issues should be considered:

- The possibility of determining the customs value of equipment using the "transaction value" method as well as the possibility of deducting, from the customs value, interest on loans in the case of importation of equipment under a lease arrangement
- The limitations on operations that may be performed with temporary imported goods. If there is a need to perform operations that are outside allowed framework, possible suspension of the customs regime of temporary import may be considered and such suspension may be achieved, for example, by redeclaring the goods under the customs regime of inward processing
- Temporarily imported goods may not be leased or sold to third parties without preliminary permission from customs authorities

3. Supplying Non-assembled Equipment in Multiple Consignments

If equipment will be delivered to Russia non-assembled in several consignments and to simplify customs clearance (i.e., declaring non-assembled equipment under a single classification code rather than declaring separate components under several classification codes), it is possible to use the following scenarios:

- Storing all equipment components at a temporary warehouse and declaring them as a single consignment. In this case, it is



not obligatory to obtain a preliminary classification decision of the Federal Customs Service of Russia with respect to the imported equipment. However, taking into account that the equipment is expected to be supplied non-assembled, which may significantly complicate the classification of equipment, it may be recommended to obtain such a decision

- Applying special procedures for

declaring machinery, equipment, mechanisms, installations, devices or appliances classified under groups 84, 85 and 90 of the Russian Harmonized System if the period of time within which it is stipulated to perform customs clearance of all components is not more than 6 months after the commencement of the customs clearance of the first consignment. One of the conditions for the application of these proce-

dures is the receipt of a preliminary classification decision from the Federal Customs Services of Russia in respect of the imported equipment.

It should be mentioned that the above described ways of optimizing customs clearance procedures may be also used if the imported equipment is subject to zero import customs duty. ■

Interview with Javier Solana: Russia, EU key international players

Many international problems cannot be resolved without interaction between the European Union and Russia, EU High Representative for the Common Foreign and Security Policy Javier Solana told Interfax in Brussels.



Russia and the EU are key players on the international arena, and there are many problems that cannot be solved without their interaction, he said.

Solana noted that the European Union is fully aware of Russia's important role in solving today's most pressing issues: Kosovo, the Middle East, Iran, Iraq, North Korea, and Sudan. We are closely cooperating with Russia on these issues, he said.

According to Solana, Russia is the biggest and most important neighbor of the European Union, and the EU and Russia have good relations in terms of their strategic partnership. Certainly, there are always issues on which we differ, and this manifests itself now, he said.

As for the upcoming EU-Russia summit in Samara, Solana said that the meeting will focus on the current state of European-Russian relations, as well as on issues such as Polish meat and vegetable exports to Russia, Russian oil supplies to Lithuania and the recent events in Estonia.

Solana said he regretted the presence of tensions in Estonian-Russian relations. He said that the situation

around the Estonian embassy in Moscow caused serious concern in the EU and that he was glad that the situation was settled recently. It will be easier to build EU-Russian relations with Russia having good bilateral relations with EU members, he added.

When asked about Brussels' role in the settlement of "frozen conflicts", he said the EU will be ready to assist if the parties to these conflicts want it. The EU is already involved in the Transnistrian conflict resolution and is negotiating such a possibility with Georgia, he said.

Asked whether Brussels agrees that Russia may have its interests in the post-Soviet space, Solana said that Russia of course has its legitimate interests, as the European Union does. But the decisions and wishes of those countries' elected representatives must be respected in the first place, he said.

Solana said that Russia-EU cooperation in the energy sector is an important component of partnership.

Energy is indeed an important component of the partnership between the European Union and Russia, he said. We depend on each other in the en-

ergy sector and we are aware that this dependence will last. Russia is and will be the main foreign supplier of energy resources to the EU countries and it currently accounts for 25% of the oil and gas consumed in the European Union, he said.

Regarding the role of the European Union, it will remain a key buyer of Russian energy resources and investor in the Russian energy sector. Diversification of supplies is a normal policy for any country. At the same time the European Union and Russia share a powerful mutual interest in a joint search for ways to put relationships in the energy sector on a stronger and more transparent footing," Solana said.

Asked what the EU and Russia must do together to overcome mutual misunderstanding and mistrust, he said, no mistrust exists between the EU and Russia in his opinion. As in any relations, there are differing opinions on and differing approaches to individual issues. But the EU and Russia know each other so well and their strategic partnership has reached such a level of maturity that these problems can be discussed openly and constructively, Solana said. ■

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.

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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.

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Business News Ticker

President Vladimir Putin signed a decree approving the merger of five air carriers, amid government efforts to boost the country's struggling aviation industry. The new airline, AirUnion, is not expected to start competing against flagship airline Aeroflot for at least a couple years. The state will retain a stake of no less than 45 percent in AirUnion, which will include the airlines KrasAir, Domodedovo Airlines, Omskavia, Samara and Sibaviatrans, as well as a company called AirUnion RRJ, the Kremlin said in a statement. The state currently holds a controlling 51 percent stake in KrasAir, 50 percent in Domodedovo Airlines, and 46.5 percent in Samara airlines. The two other carriers are privately owned.

...

RG Leasing, subsidiary of Sberbank, is opening an office in Novosibirsk. The office will cover Novosibirsk, Tomsk, and Kemerovo regions. The company plans to offer a wide range of services, including leasing of cars, equipment, real estate, etc. The company plans to have portfolio of leasing deals in the amount of US\$10-15 million by end of the year.

...

Seagate company, worldwide leader in hard drive market, plans to open an office in May 2007. The office will cover entire Siberia.



In addition, the company plans to open offices in 11 cities of NIS. In Q1 2007, the company sold 1.3 million hard drives in Russia, and plans to sell 6 million hard drives by end of the year.

...

Caterpillar Company (USA) intends

to set up production of its equipment on the base of Novosibirsk enterprises. Delegation of the US enterprise, one of the world's leaders in machine building, headed by Director on Production Planning Joseph Rice arrived in Novosibirsk to conduct negotiations on the opportunity of setting up production on the base of Novosibirsk enterprises.

...

Over RUR300 million (approx. US\$11.5 million) of loans were attracted for agribusiness development in Novosibirsk region since the beginning of 2007. In particular, over RUR 42 million (approx. US\$1.6 million) of loans were attracted on construction and renovation of cattle-breeding enterprises. Farmers obtained loans in the total amount of over RUR 240 million (US\$9.2 million).

...

Construction of glass production plant will be launched this summer in Omsk region. Investments into the project are estimated EURO 53 million. The plant will be producing up to 700 million bottles annually.

...

The Governor of Altai region, Alexander Karlin, met with the president of DeLaval company (Sweden) in Russia, Nikolai Timoshenko to discuss potential of cooperation between the company and regional agribusinesses within the framework of the 'Agribusiness Development' national project. The company has been working in the region since 2001, and promotes milking equipment used in cattle-breeding farms.

...

Slovakian Prime Minister Robert Fico on Friday asked senior Russian offi-

cial for help in resolving the fate of Yukos' 49 percent stake in Slovakian pipeline operator Transpetrol. The sale of the stake to Transpetrol is the subject of legal wrangling among Yukos creditors, including those linked to the Russian state and to Yukos' former majority shareholder, GML. "We have asked Russia for comprehensive support to the elimination of all barriers in the transfer of Yukos property and shares to Transpetrol," Fico said after holding meetings with President Vladimir Putin and Prime Minister Mikhail Fradkov. Russian officials on Friday offered to modernize Slovakia's nuclear power plants, as the two countries vowed to expand their cooperation in the energy sector. Slovakia's natural gas supplies from Russia fell 30 percent during a gas price dispute between Russia and Ukraine in January 2006, when Gazprom temporarily switched off supplies to Ukraine, which lies between Russia and Slovakia.



...

Poland expects Russia to negotiate with the European Union regarding an ongoing ban on Polish meat exports and will not hold bilateral talks on this and related issues, Foreign Minister Anna Fotyga told on a press conference. Her comments follow an Interfax report detailing how Fotyga failed to react to a March invitation by her Russian counterpart, Sergei Lavrov, for a working visit to Moscow. While stressing the lack of reaction did not equal to a refusal of the

invitation, Fotyga said she would not accept the invitation - unless Russia lifts its ban on Polish meat exports. Moscow banned Polish meat and other food exports in November 2005 citing violations of veterinary standards, a charge Poland denies. A year later, Poland retaliated by lodging a veto to the European Commission's negotiating mandate for a new partnership and cooperation agreement with Moscow, thus dragging Brussels into the conflict. The EC has said Poland had adequately addressed Russia's concerns and called for an immediate lifting of the ban.

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Russia plans to complete bilateral negotiations on its accession to the World Trade Organization within three weeks, and all multilateral talks by the end of July. Moscow has signed bilateral protocols with all but two WTO members, and has yet to complete multilateral talks with its trade partners within the 150-member organization. After joining the WTO, Russia will gain the right to defend its interests and participate in all talks on trade regulations planned for the next decade, although the country will start gradual transition to an open market



economy only after a year of its accession, the official added.

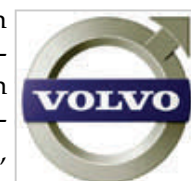
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Contrasting views about the direction of the Russian economy and its future relations with trading partners emerged at the EBRD Business Forum on Monday 21 May in an Economics Panel discussion entitled "Russia in the world". Russia's rapid growth owes much to oil and gas exports and in recent years the Russian state has played an increasingly important part in this sector. Although panelists agreed on the need for the economy to diversify and involve more private capital, they were at odds over the extent to which this is happening in reality. "The oil revenue that we receive has already spilled over to other sectors," said Arkady Dvorkovich, Head of Russia's Presidential Experts Directorate. "We are open to capital flows, to economic integration. We are taking advantage of opportunities for domestic growth and investing abroad." Sergei Guriev, head of the New Economic School in Moscow, agreed that sectors beyond oil and gas had enjoyed growth in Russia in parallel with the energy boom. In particular, he highlighted progress in manufacturing and services, which has been facilitated by developments in the financial sector. "Enterprises no longer see

credit as a constraint and it's less of a constraint for households," he said. "This explains why growth remains high even though oil output and prices are not growing. This would not have been predicted 10 years ago." Debate about Russia's trade relations centered on its bid to join the World Trade Organization and its commercial ties with the European Union, which, as Mr Dvorkovich acknowledged, have experienced "frictions" in recent months.

•••

A delegation from the Swedish automotive corporation Volvo visited the Russian region of Kaluga, south-west of Moscow, to study the local business environment in the run-up to the projected construction of a truck plant there. Around 20 executives from Swedish car-component producing companies spent two days in Kaluga along with Volvo Vostok director general Lars Corneliusson. It was their first trip to Kaluga since Volvo announced it had chosen the area to build the plant. The Swedish businessmen came to study the local production and business environment before signing an agreement with the Kaluga government on the construction of the truck plant. ■



Upcoming Events

- Jun 4-5: Power Generation in Russia conference in Zurich, Switzerland
- Jun 4-5: 2nd Annual Emerging Markets Private Equity Conference to be held in Moscow
- Jun 6-8: President Vladimir Putin to visit G8 summit in German resort of Heiligendamm
- Jun 8-10: St Petersburg International Economic Forum
- Jun 10: Meeting of CIS countries' leaders in St Petersburg
- Jun 14-15: Trade & Commodity Finance in Russia & CIS conference in Vienna



Power Generation in Russia 2007

Zurich, Switzerland
4-5 June 2007



Key Topics

- Update on the reform process and RAO dissolution procedure
- Power Grid asset consolidation
- System of pricing manipulation in the wholesale market
- RAO 5-year investment programme and its impact on power deficit solution
- Investors' panel discussion; Bankers' and Financiers' Round Table; Fuel Supply Panel Discussion
- Event Summary

This Annual International Conference once again will bring together the most significant market players in Russian Power Generation sector, covering all relevant issues related to the current status and plans for the strategic development of the industry. This conference will examine how different segments of the energy community evolve under major reform of the sector, how the infrastructure and technology could be improved, implementing a variety of financial tools depending on specific projects. Participants will benefit from expert insight on attractive investment opportunities available in the market. ■

VII annual

Eurasian Business Summit

Monte Carlo, Monaco
3-9 June 2007



Leading Ventures Associates announces the opening of the registration for VIII annual Eurasian Business Summit which will be held in Monte Carlo, Monaco, 3 - 9 June 2007.

The aim of the Eurasian Business Summit is to showcase the enormous investment opportunities present across Eurasia to the corporate world. Key decision makers, experts, dignitaries, and ambassadors, along with senior government officials of various countries will converge at the Summit to explore optimal opportunities and current threats, to find ways of overcoming difficulties in development and realization of investment projects.

Concept – Summit provides a significant platform for international dialogue between business people and politicians of Eurasian region (CIS, Eastern Europe, Asia)

on the one hand and EU countries and North America on the other hand. The Summit promotes political dialogue, economic, financial and technological cooperation and helps make new business contacts. The Summit focuses on the areas of finance and investment, metallurgy, oil & gas sector, transport, international trade, agriculture, telecommunications, energy and engineering. Delegates will be able to share their experience and develop schemes and programmes of partnership and cooperation.

Within the framework of the Summit:

- Investors Forum
- Industry and regional sections
- Banking and financial section

Participation in the Summit will

help you boost your business development, widen the scope of your international contacts and promote your investment projects. You will join an elite circle of politicians, business people, analysts, investors, fund managers, bankers, industrialists and entrepreneurs. The event will be supported by media partners, journalists and the steering committee (Leading Ventures Associates). You will be able to create a platform for the future growth of your business and establish fruitful relationships and business contacts. To participate in the Summit as a delegate, sponsor or a media partner please fill in the registration form.

For more information, programme and registration please visit

<http://www.lvauk.com/summit/en/index.htm> ■



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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.

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 or contact us at +421 0907 767 714

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