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In A Global Context



ПРОМЫШЛЕННЫЙ
ЕЖЕНЕДЕЛЬНИК

Reasons for Optimism Russian Economy Recovery

THE "FINAM" INVESTMENT HOLDING CONDUCTED AN INTERNET CONFERENCE "RUSSIAN ECONOMY RECOVERY: IS THE OPTIMISM JUSTIFIED?" ITS PARTICIPANTS NOTED SOME IMPROVEMENT IN THE RUSSIAN ECONOMY. AT THE SAME TIME, THE ANALYSTS NOTE THAT A RANGE OF SIGNIFICANT RISKS PREVENT THE DEVELOPMENT OF POSITIVE TRENDS, WHICH IS WHY IT IS EARLY TO MENTION STABILIZATION YET.



The normalization of the macroeconomic environment in the Russian Federation which has been recently observed, is due to external factors, and especially, favorable prices on raw materials, as Evgeniy Shago, the Head of the analytical department of the "Ingosstrakh-Investment", believes: "High oil prices and other commodities allow the Russian economy to show some increase, but it will be possible to speak about the recovery only when the domestic demand will be restored. Not everything is so smooth here: the unem-

ployment rate remains high (8.6% in February), salaries do not increase (the increase by 2.9% in February, by 1.2% in January), banks do not provide loans (credit portfolios of major banks are decreasing, at best, they do not increase in case of arrears, even despite a

tough posture of the government on this issue). However, Aleksandr Osin, the Chief Economist of the "Finam Management", is certain that in case of decrease of the demand, the general situation in the Russian economy appears as quite favorable: "If the oil prices increase up to

\$85 as of the end of the year, the annual growth of the Russian Federation GDP by around 2% will lead to net exports, by 1% more to increase of pensions by 46%, by 2% more to government investments, among them 1175 bln. rub in defense contracts. Private demand,

even if it decreases, will not affect the overall positive outlook in this case. However, it does not mean that the crisis is overcome. We managed to get out of the recession due to decrease of the budget statistics and government investment funds".

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Nord Stream in Europe: Post-crisis Development

THE OFFICIAL BEGINNING OF CONSTRUCTION OF NORD STREAM GAS PIPELINE (NORD STREAM AG IS EFFECTING CONSTRUCTION WORKS) HAS STRIKINGLY CONFIRMED THAT THE GLOBAL CRISIS IS OVER AND A NEW PAGE OF ENERGY COOPERATION BETWEEN RUSSIA AND EUROPE HAS COME. EUROPE WILL GET ADDITIONAL DOZENS OF BILLION CUBIC METERS OF GAS THROUGH NEW GAS PIPELINE AT A REASONABLE PRICE. WHILE OPENING THE CEREMONY OF THE BEGINNING OF CONSTRUCTION, PRESIDENT OF RUSSIA DMITRY MEDVEDEV SAID THAT THE GAS PIPELINE "WILL ENSURE DIRECT SUPPLY OF RUSSIAN GAS INTO WESTERN EUROPE BY LEAVING ASIDE TRANSIT TERRITORIES".



"The construction of Nord Stream is not only a large transnational commercial project but it is also our contribution to the general solution of environmental and climate problems, not only at a regional scale but at a

global one as well. Everything that should be done has been done in order to secure reliability and safety of the project for the environment", — President of Russian Federation Dmitry Medvedev said at the opening

ceremony. He also marked that Nord Stream gas pipeline will become another connecting-link between Russia and Europe:

"This construction answers our long-term purposes as well as purposes for developing our national economies. And, of course, this is our contribution to securing energy safety".

President of the Russian Federation said: "Our country has been cooperating with European neighbours in the gas field for about over 40 years. This cooperation has stood the test by time. I am sure that it brings very good mutual results, and nowadays it provides over one forth of the overall gas consumption of the European Union. It is about 140 billion cubic meters annually".

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China's "Favorites"

Russian air defense missile system was brought into the Celestial Empire

RUSSIA HAS FULFILLED THE CONTRACT OF DELIVERY OF 15 BATTALIONS OF S-300PMU-2 "FAVORITE" AIR DEFENSE MISSILE SYSTEM.

Altogether, during the period from August 2007 to November 2009, 15 battalions of S-300PMU-2 air defense missile system and 4 SU 83M6E2 control systems were delivered to the People's Republic of China. All of them were admitted on the first pass and today they serve to protect the major Chinese cities: Beijing, Shanghai and other industrial centres of the country. According to Ashurbeyli, this contract is unprecedented both by the volumes of sales and by the mass production intensity. "In the modern history of Russian military-industrial complex there are not many examples of such an ambitious task that the industry sets and fulfils it on time", he says.

According to the information from the Head System Design Bureau of the Concern PVO "Almaz-Antey" press service, preparatory fire on



various and unusual for S-300 foreign-manufactured targets was successfully held in March of the current year, receiving excellent marks.

According to the information from the Iranian mass media, a few years ago Moscow and Teheran signed a contract for delivery of five S-300 air defense missile systems amounting to \$800 mln., however, the delivery was suspended. "As for S-300 deliveries to Iran, they have been suspended for technical, not for political reasons. All

other explanations are speculation", declared Aleksandr Fomin, first deputy director of the FSMTC of Russia.

In response to the question what the statement "for technical reasons" means when applied to the S-300 deliveries to Iran, A. Fomin answered: "There may have been technical deficiencies discovered during the manufacture, in the process of equipment preparation. In this case it concerns the radio frequencies. The elimination of deficiencies is underway".

Foreign Investments

THE PARTICIPANTS OF THE "FOREIGN INVESTMENTS IN RUSSIA: PROBLEMS AND SOLUTIONS" RESEARCH HAVE NOTED THAT DESPITE THE INVESTMENT ATTRACTIVENESS OF THE RUSSIAN MARKET, THERE ARE STILL MANY RISKS CONNECTED BOTH TO THE PECULIARITIES OF THE RUSSIAN LEGISLATION AS WELL AS TO THE PROBLEMS OF CORRUPTION, BUREAUCRACY AND OVERREGULATION...

The head of the corporate finance management department of the "Finam" Investment Company Aleksey Kurasov noted the infrastructure — roads (auto-, railway, airports, sea ports etc.), heat, water, and electrical utilities supply and generation as well as the oil and gas sector — extraction, processing of natural resources among the areas which are in the most need of foreign investments and are attractive for foreign investors. The experts have noted the imperfections of the legislation and bureaucratic requirements for investors among the negative factors. "The requirement to do the charity work, not to reduce investments, to share the goals of the 2020 strategy — all these are examples of bureaucratic pretentious nonsense. Naturally, this harms the investment climate as well as any other unreasonable statements, to put it mildly", says Sergey Pyatenko, the Director General of the FBK Economic and Law School. "The mechanism is clear and simple: the investor should be subject to laws which will not be regularly amended. Case in point: the Tax Code has experienced more than 200 amendments during ten years of its existence,

and many of those amendments affected a significant number of articles simultaneously. The Customs Code has experienced around 30 amendments during its six years in force. The already complicated norms of the Civil Code and Labor Code are further developed by orders issued by respective authorities, which can oftentimes be deciphered only by experts", adds Semyon Epshtein, the managing partner of the "Padva and Epshtein" law firm. Aleksey Kurasov has noted regarding the investment risks and their changes for the past few years: "The political risks have decreased — the stability of the government is not doubted by the foreigners. The legal risks have increased — the arbitrary exceptions to the rules for some companies cause concern among the foreigners. The economic risks have decreased — the raw material prices have increased during the last 9 years". The participants of the conference found corruption to be a negative factor affecting the investment attractiveness of Russia. According to Aleksey Kurasov, the corruption component of the foreign investment projects implemented in Russia is estimated at 10-30%. At the same time, a part of corruption problems arises from the legal incompetence of the investor, according to Semyon Epshtein — "If the investor is not able to defend his interests legally, he will do so through bribes. Is there an opportunity to get rid of this component? Yes, of course, there is. Therefore, the investor should involve qualified consultants, lawyers who will eliminate all weaknesses so that it will be impossible to find any fault with the investor".

The Grid Objectives

The 10th Saint-Petersburg International Forum

MORE THAN 500 OFFICIALS OF ENERGY AND PETROCHEMICAL COMPANIES, REPRESENTATIVES OF INDUSTRY MINISTRIES AND AGENCIES, INVESTMENT AND CONSULTING FIRMS FROM RUSSIA, NORWAY, SLOVENIA, TURKEY, FINLAND, UKRAINE AND OTHER COUNTRIES DISCUSSED THE PERSPECTIVES OF THE ENERGY INDUSTRY DEVELOPMENT AT THE 10TH INTERNATIONAL FORUM ON FUEL AND ENERGY COMPLEX IN SAINT-PETERSBURG.

Among others, the united delegation of the Holding IDGC led by the deputy Director General, Technical Director Pavel Okley was present at the Forum on Fuel and Energy Complex. The "Holding IDGC" OJSC representatives highly appreciated the importance to the electrical distribution companies of the Saint Petersburg International Forum on Fuel and Energy Complex organized with the support of the Ministry of Energy of the Russian Federation, the Administration of the Plenipotentiary Representative of the President of the Russian Federation in the Northwestern Federal District, the Government of Saint Petersburg and Leningrad region, the Chamber of Commerce and Industry of the Russian Federation, and the Committee on Natural Resources and Environmental Protection of the Federal Council of the Federal Assembly of the Russian Federation. According to Pavel Okley, the Forum on Fuel and Energy Complex is

aspiring to become a business platform where it will be possible to not only discuss the state and the perspectives of development of the Russian distribution grid complex, but also to showcase the samples of modern high technology energy industrial equipment. One of the strategic priorities of the Holding IDGC is the decrease of the equipment wear and tear level, which at present reaches 69%. New technical solutions are needed in order to reduce the high degree of losses in the networks, estimated at around 8.7% of the total volume of transported electrical energy in 2009. The speakers noted that it is necessary to increase the volume of investments into the development in order to implement the immense tasks which the distribution network complex of Russia is facing. One of the main tools for the attraction of investments is the transition to the tariff regulation method based on economically justified return on investment (RAB).

IN BRIEF

The Holding IDGC is one of the largest infrastructure organizations in Russia. The Holding's companies transmit around 600 bln. kWh of electrical energy annually, the grid spans more than 2 mln. km., the facilities include more than 456 thousand substations with the total transformer capacity of 362 gigavolt-amperes. The IDGC is the sole provider of technological connections and electrical power transmission through mid- and low-voltage grids in 69 subjects of the Russian Federation.

The Murmansk Project

"Norilsk Nickel" is building its own terminal



"MMC "NORILSK NICKEL" OJSC IS IMPLEMENTING THE FIRST STAGE OF THE CONSTRUCTION OF ITS OWN TRANSFER TERMINAL IN THE MURMANSK PORT.

Around 580 thousand (metric) tons of company's cargo including nickel matte which is transferred from the Company's Polar Division for processing at the "Kola Mining

and Metallurgical Company" OJSC, other cargo of the Polar Division, as well as nonferrous metal produced by "Kola MMC" and dispatched by sea for export to European ports are transferred through the Murmansk port annually. Taking into account that the main production of the "Kola MMC" is located in Monchegorsk, Murmansk is the closest and actually the only possible transfer point for this cargo

so far. Arranging for scheduled transfer of cargo from Murmansk to Dudinka as well as by own sea craft also contributed to the growth in transfer volume of cargo belonging to other organizations supplying Norilsk industrial district, through Murmansk. The transfer of scrap metals collected at the "Kola MMC" OJSC enterprises at the own terminal is also considered as a prospective cargo. Thus, the total volume of cargo throughput of the company's own Murmansk transfer terminal will amount to 755 thousand (metric) tons. As of today, the only stevedoring company handling the general cargo at the Murmansk commercial sea port is the "Murmansk Commercial Sea Port" OJSC, which increases its service fees annually. The average cost of the Company's cargo transfer at the "Murmansk Commercial Sea Port" OJSC has increased by almost one and a half times during the past three years.

April 2010

AEB: Contributing to Business Development

Frank Schauff: "In the European Union they understand how important it is to have constructive relations with Russia".



FOR RUSSIA THE RELATIONS WITH THE EUROPEAN BUSINESS IS A HISTORICALLY IMPORTANT COMPONENT OF THE FOREIGN ECONOMIC ACTIVITY. THE STATISTICS OF THE TSARIST RUSSIA, THE SOVIET PERIOD, AND THE MODERN TIMES CONFIRM THIS OBVIOUS UNEQUIVOCAL TRUTH. THE EUROPEAN COMPANIES BRING INTO OUR EVERYDAY ECONOMY NOT ONLY INVESTMENTS AND TECHNOLOGIES, BUT ALSO THE HIGH EUROPEAN BUSINESS CULTURE. IT IS FOR 15 YEARS THAT THE ASSOCIATION OF EUROPEAN BUSINESSES (AEB) PLAYS A LEADING ROLE IN THE DEVELOPMENT OF DIRECT BUSINESS RELATIONS WITH THE EUROPEAN UNION BUSINESSES IN RUSSIA. THE DIRECTOR GENERAL OF THE AEB DR. FRANK SCHAUFF TELLS THE "INDUSTRIAL WEEKLY" ABOUT THE NUANCES OF THE AEB OPERATION.

— Mr. Schauff, as far as I know, the Association of European Businesses was created, as we say, "at the initiative from below"?

— Yes, that is so. Nobody created us "from above". According to Russian standards, the AEB is a rather "old" structure: it was created in 1995 and was initially called the European Business Club. This Business Club was founded at the initiative of a group of foreign businessmen who came here, to Russia, in order to implement long-term large scale business projects. As it is evident from the name, it was a club, that is, a less formal structure than an association. At that time I had not yet started working here, but I know it very well from my colleagues' stories. In short, initially it was an expert platform for meetings and communication for foreign entrepreneurs. However, the created structure was developing very quickly, the objectives and capabilities were expanding. It became necessary to change the name, which would reflect the change in the status of the organization. I think that it would be sufficient to pro-

vide one illustrative fact: as of today, there are around 30 various special-purpose committees within the association. Today the AEB is an influential representative of the foreign business in Russia.

We organize meetings with both the officials as well as with the representatives of the management of various European companies, as a rule, from among the leaders in their business segments. Both representatives of the AEB member companies and the representatives of Russian enterprises take part in these meetings. This, certainly, is beneficial for everybody, including the Russian business and for attracting significant investments into Russian economy. We provide the foreign businessmen and financiers with detailed direct information on what is happening in Russia. And this is different from anything they can read in the European media. I believe that this is beneficial because it changes the perceptions about Russia, usually, in a positive way.

Besides that, due to the fact that there is a lot of work being done at the AEB in specific areas, such as the automotive industry, the banking system, pharmaceutical industry etc., we know the situation in detail and can assure our members that the Russian market is developing mostly in the right direction, which is also confirmed by meetings conducted at the AEB with reputable representatives of the Russian business. Top tier businessmen such as Mr. Medvedev ("Gazprom"), Mr. Mordashev ("Severstal") and others are among our speakers.

At the same time, we are proud of the fact that we are completely independent of government financing. We do not receive any subsidies either from the Russian budget or from the budget of the European Union. Our activities are funded exclusively by membership fees and the money we earn from the paid AEB events, publications and other auxiliary services provided by the AEB.

— Mr. Schauff, you speak Russian very well...

— I have only been working for a little more than two years in Russia now. However, I have a rather serious "relationship" with your country. Back in the Soviet times, I was a student in Volgograd, and in the mid-1990s I worked in Moscow on my dissertation on Soviet foreign policy.

— How long have you been in charge of the AEB?

— I have been here since 2007, that is, I am still rather "new" in this position. The matter is that the change of the economic situation and

the increase of the AEB importance required significant internal changes.

— Are there any analogous structures anywhere in the world?

— Yes, there are, and not too few, for example, in China, in Thailand, in Brasil, in South Africa, in India. Basically, such organizations are now developing throughout the world. And it all began in the mid-1980s, when the European businessmen in various countries of the world started creating public associations with the concrete practical objectives. And although, certainly, the organizations created in various countries of the world have not only different names, but also signifi-



THE ASSOCIATION HAS ALREADY EXISTED FOR 15 YEARS, BUT IT IS THE PAST TWO YEARS THAT BECAME THE MOST ACTIVE FACE OF ITS DEVELOPMENT. THE AEB IS EMPHATICALLY MOVING TOWARDS CONFIRMING ITS POSITION AS SUCH A UNIVERSAL INSTRUMENT OF BUSINESS COMMUNICATION BETWEEN RUSSIA AND THE EU.

cantly differ in internal structure, the particularities of operation and so on... — actually, they are very similar and united in essence.

— Has the crisis affected the work of the Association?

— I am very happy that we are very stable as a structure. And basically, the AEB itself has not introduced any changes into its activities because of the crisis. However, the crisis has a significant effect on what we are really doing, because, among other things, both the crisis itself and the anti-crisis measures to a certain degree create problems for our member companies. For example, the increase of import tariffs. There are difficulties, and this means that we as an association, and within the committees, are actively and intensively working on all of this. The crisis is forcing us to work more, to search for new solutions, new ways of supporting our members business.

— Both during the crisis, what is the main positive role of the Association of European Businesses for its members? What does it help with most of all?

— I think that first of all, we can mention the exchange of information. The Russian market is a very difficult one also because it is not so easy to obtain valid information from the source. And it is very important for our companies to maintain continuous exchange of information through the work of special-purpose committees.

One more aspect is communications. Businessmen and top-managers are not experts on Russia, they do not speak Russian, and sometimes they are not very well informed on the best course of action. A part of our work is to facilitate their access to Russian functionaries. The third important component is

is a significant number. And that is why when we invite high-ranking Russian officials, Russian government ministers to give a speech for the European businessmen, they do not refuse a dialogue with us.

— What are the obstacles to the development of direct business relations between the companies in Russia and Europe?

— There are problems. One of them is the difference in expectations, the difference in understanding of some issues. If, for example, the European and Russian businessmen meet and agree on something, then it turns out that the parties have different assessments of the outcome of this meeting. The Russian businessmen often-times expect unrealistically quick success and are not inclined to long-term planning of their activities. For many of Russian businessmen a three-year contract is already long-term. And, for example, in Germany, a long-term contract is for 10, 15, or 20 years. It is clear that the causes are in the historical instability of the business conditions. But it is bad that due to differences in understanding there sometimes arise conflicts, and partnership relations break down. We try to facilitate the growth of mutual understanding between the businessmen.

As for politics, it should be noted that during the past 10 years, the politicians from Russia and Europe have accomplished a lot in this area. Of course, there are still many problems, uncertainties and so on... But we can see, so to speak, the political will of the country's leadership in solutions of many issues related, in particular, to bureaucracy, corruption, and so on. And this is good. Although in Russia, it should be noted, the laws are usually not so bad, but it is not so easy to implement them.

— What can you say about the dynamic of the economic activity of European business in Russia?

— Beginning from 1998 and until the crisis 2008, the economic relations between the European Union and Russia were developing very actively, showing an average annual increase in commercial exchange of 10-20%. During the crisis the trade has declined by approximately 40%. However, the quality of presence of European business in Russia has changed; the situation is very different from that of 1998, when many European companies closed their offices in Russia. Now it is not possible any more. The companies have invested much in their own

production in Russia, in creation of dealership and service networks and so on, and can no longer "close up shop" and leave in order to come back when the situation improves.

— Which of the more pervasive stereotypes regarding the Russian economy do you have to contend with?

— If we speak not only about business, but about the overall perception of Russia in Europe, it is not very clear. There are very few people who have ever visited Moscow or Saint Petersburg and that is why they do not even have the slightest idea about what is going on in Russia. It has to be noted that those who come here for the first time, get a very positive impression. The matter is that the media often highlight the bad news which mostly form a rather negative perception of what is going on in Russia.

— When you became the head of the Association...

— Firstly, it was necessary to build a more clear organizational structure of the Association. I believe that during these two years we have partially succeeded at that. Secondly, together with my colleagues and members I wanted to increase AEB's recognition both in Russia and in the West. We are doing much to achieve that.

IN BRIEF

Association of European Businesses in the Russian Federation

Established in 1995, the AEB is an independent non-commercial association uniting more than 600 companies from the European Union and Russia.

Our membership is made up of multinational corporations as well as of small and mid-range business enterprises. They are all united by the aim of strengthening the economic ties between the EU and Russia, as well as the desire to improve the business conditions in the Russian Federation.

The AEB includes more than 30 committees and working groups which engage in lobbying on a wide range of issues in various business areas including the power industry, the customs and transportation areas, air transportation, legislation, taxation, and the banking sector. This is by far not a complete list.

These committees work closely with the European and Russian authorities at open and closed meetings, and offer their comments and amendments to the draft bills. The Association of European Businesses also provides informational support to its members through its web site, the printed publications, and media campaigns; it distributes themed overviews and releases on the events in the legislative and business areas.

www.aebus.ru

Win-Win Cooperation

Irina Weisshaar: «Russian participation in HANNOVER MESSE is increasing»



SINCE NINETIES OF THE LAST CENTURY, RUSSIA HAS BEEN A PERMANENT PARTICIPANT OF HANNOVER MESSE. THE EXPOSITIONS ARE BEING CHANGED BUT RUSSIAN COMPANIES IN HANNOVER PAVILIONS HAVE BECOME AN INTEGRAL PART OF THE EXHIBITION. RUSSIAN COMPANIES MANAGED TO DISCOVER HANNOVER MESSE FOR THEMSELVES THANKS TO IRINA WEISSHAAR — HEAD OF THE REPRESENTATIVE OFFICE DEUTSCHE MESSE AG FOR RUSSIA AND CIS COUNTRIES, — WHO HAS BEEN ACTIVELY INVOLVED IN ESTABLISHING DIRECT PARTNERSHIP RELATIONS BETWEEN THE EAST AND THE WEST FOR OVER TWENTY YEARS; AND SHE HAS SUCCEEDED A LOT IN IT...

— Miss Weisshaar, how much did the world crisis affect HANNOVER MESSE?

— The exhibition-2009 showed that the crisis has increased a real value of HANNOVER MESSE for the world industry. HANNOVER MESSE has strengthened its status as a unique world platform for optimal technological solutions. During the crisis everyone realised that we should be looking for new business instruments directing our attention toward the best world technologies and developments by tracking latest industry achievements. The governments of European countries (and not only European, in fact) count on hi-tech technologies in their strategic plans for economic development, and in spite of uneasy post-crisis environment the countries spend considerable amount of their budgets on developing hi-tech industry technologies. In this situation HANNOVER MESSE turns out to be in even more demand: nowhere in the world you may see so many latest innovation developments in various industry and energy sectors at the same time.

— Does that mean that the crisis is not a hindrance for industrial exhibitions?

— Industrial exhibitions and forums existed, exist, and

will exist, and in the near future no Internet can substitute them. Since only at the exhibition we may look in each other's eyes, see with our own eyes and touch with our own fingers real production. No one ever orders complex manufacturing equipment through Internet.

The exhibition is an active means of communication via exhibitors, manufacturers and buyers. The more complex the exhibition and technologies are — nowadays all technologies are really complex — the more weighty the exhibitions are in terms of being a platform for meetings and communication. Life changes, of course. But nothing can ever substitute a real personal communication.

THERE IS ONE MORE IMPORTANT POINT: THE PUBLIC OPINION AND THE ATTITUDE TOWARD COUNTRIES' ECONOMIES ARE BEING FORMED AT HANNOVER MESSE, IT DEMONSTRATES HOW STRONG THEY ARE.

— Is the number of Russian participants increased or decreased due to crisis?

— The actual number of Russian participants in HANNOVER MESSE is increasing. It is mainly due to business visitors, who come to Hannover to see the best world innovations and technologies. The decreased number of exhibitors from Russia can be explained by impartial



economic reasons. Everyone understands that in order to overcome a post-crisis negative influence, you should rely on most advanced, best, and new things that are presented collectively in Hannover.

Quite a number of Russian companies come to Hannover every year to get useful information and to show themselves. New participants are constantly joining to see around, and try on their chances. I believe that this year HANNOVER MESSE will be very helpful for Russian participants and their foreign partners. I am sure that since

2011 there will be more Russian exhibitors in HANNOVER MESSE as they will successfully overcome all negative consequences generated by the global crisis. Thereupon new business contacts and relations established in Hannover will help a lot.

— *Deutsche Messe and you personally have been assisting Russian enterprises to enter Europe for many years...*

— We have always wanted to explain the meaning and the essence of leading world exhibitions in terms of business development and business growth. We have been arranging seminars, meetings, conferences around all Russia... We have been communicating with directors of enterprises, politicians, regional leaders...

We felt the changes for the best: Russia gained an economic weight, new international business contacts were established. But the crisis of 1998 came and it threw the economy backwards.

Then another raising came. In 2005 Russia became a partner country for HANNOVER MESSE, and in 2007 it became a partner country for CeBIT. Then a new crisis happened, and this time it was a world one, it hit the Russian business most heavily.

I think that not everything is lost so far. Quite the contrary: everything is ahead. The crisis made the world understand what a real economy is, and how important it is to direct oneself for the best

and the most advanced. We should be constantly looking for new technologies, partners, cooperation relations, markets, etc.

Russia is a rich and smart country, obtaining enormous resources of talented people and technologies.

We should find ways to use this wealth, find investments, partners, and fit our potential into the world innovative process... Where can all these be found? HANNOVER MESSE is the most representative platform of innovations, technologies, and potential investors in the world.

Nord Stream in Europe Post-crisis Development

(Continued from Page 1)

According to President "Nord Stream" will allow transporting additional 55 billion cubic meters of Russian gas to Germany, Great Britain, France, the Netherlands, Denmark, Czechia, Belgium annually. The Russian leader also mentioned that the gas will be supplied at reasonable prices.

President of Russia underlined that the new project gives an opportunity for developing transnational energy infrastructure for joint gas engineering, "it means that it will be able to allow keeping production facilities at a full capacity, and what's more important, creating new jobs in Russia, EU countries, and Europe".

German Chancellor Angela Merkel in her video-address mentioned that the project has a huge economic potential for the cooperation of two countries. "I hope that soon we will celebrate the fact of putting the gas pipeline into operation. I want to underline that it is not a political but economic project", — Angela Merkel said and promised to give a support to the project.

The managing Director of Nord Stream AG Matthias Warnig announced a start for welding first pipes as a beginning of construction.

Upon finishing welding, a master of the ceremony said: "This welding joint symbolises a complete safety for the environment of the Baltic sea. The welding of junction is over!"

The flags of every member-country were put on the gas pipeline. Dmitry Medvedev put his signature on the pipeline.

Nord Stream is a fundamentally new route for Russian gas export to Europe. The target markets for gas supply through the gas pipeline are Germany, Great Britain, the Netherlands, France, and Denmark. The

Nord Stream gas pipeline stretching for approximately 1,200 km will go from the Portovaya Bay through the waters of the Gulf of Finland and the Baltic sea to the German coast (Greifswald).

The planned throughput capacity of the gas pipeline is 55 billion cubic meters, i.e. two lines of 27,5 billion cubic meters annually. Gazprom holds 51% of Nord Stream capital, BASF/Wintershall and E.ON Ruhrgas hold equal shares of 20%, and N.V. Nederlandse Gasunie holds a share of 9%.

In the middle of March the shareholders of Nord Stream

Gazprom Alexey Miller demonstrated the portrait of Empress Ekaterina I to President of Russia, which was bought out by the company from the private art collector.

"I want to present to your attention a picture — the portrait of Ekaterina I who became the first Russian empress. This portrait has a symbolic meaning. It was painted in Greifswald, a German city to which Nord Stream will be stretched to, — said A. Miller to D. Medvedev who was present at the solemn ceremony in Vyborg.

Head of Gazprom added that "this portrait was painted



signed an agreement for borrowing a loan of 3,9 billion euros to finance the construction of the first line of the pipeline. 26 banks are involved in lending. The loan will cover 70% of the construction of the first line, and the remaining 30% will be covered by shareholders according to their shares, namely Gazprom — 51%, BASF/Wintershall GmbH — 20%, E.ON Ruhrgas AG — 20%, and N.V. Nederlandse Gasunie — 9%.

The importance of the event was marked with one more aspect. Head of

in 1712 and in 300 years sharp, in 2012 the second line of the Nord Stream will come into Germany, and the gas pipeline will be operating at a full capacity".

This portrait is the first portrait of Ekaterina I as a Russian empress, it was painted within a year after her wedding with Peter I. The portrait was painted by a Dutch artist Andreas Müller who worked at Saxon and Brunswick's courts, as well as in London. "Gazprom Germania", a Gazprom's branch company, bought this picture at Sotheby's in 2006.

Reasons for Optimism: Russian Economy Recovery

(Continued from Page 1)

Despite the positive dynamics of the raw material prices, the remaining risks related to the international markets problems may impede the recovery of the Russian economy, as Veronika Chekina, the macroeconomy and bank sector analyst of the "Infina" Funds Centre, supposes: "In case of a significant aggravation of the situation concerning the budget deficit of the European Union countries which are

the main importers of Russian raw materials, the prices may decrease which will naturally reduce all the attempts of economic growth to zero".

DESPITE THE POSITIVE DYNAMICS OF THE RAW MATERIAL PRICES, THE REMAINING RISKS RELATED TO THE INTERNATIONAL MARKETS PROBLEMS MAY IMPEDE THE RECOVERY OF THE RUSSIAN ECONOMY.

Dmitriy Polevoy, the macroeconomy analyst of the "KIT Finance" Investment

Bank, emphasized several possible risks which may affect the dynamics of the Russian economy recovery. "The risks remain the same — decrease in oil prices,

aggravation of the situation on international markets and capital out flow, definitive

"exhaustion" of national funds and the necessity to limit budget expenses (there will not be any increase in state employees' salaries and additional government investments, it will be necessary to somehow obtain funding in order to pay the pensions which were increased at the end of 2009 — beginning of 2010 etc.), the expert emphasizes.

A range of significant risks prevent the development of positive trends.

April 2010

Fair play of the Pramac Company

One of the best producers of energy-generating equipment in the world

PRAMAC IS A WELL-KNOWN ITALIAN COMPANY, ONE OF THE LEADING PLAYERS ON THE INTERNATIONAL MARKET OF MANUFACTURING, SALES AND SERVICE OF THE PROFESSIONAL ENERGY-GENERATING EQUIPMENT. DURING THE FEW LAST YEARS IT HAS BEEN HIGHLY COMMENDED AS A PRODUCER OF THE HIGH-TECHNOLOGY EQUIPMENT IN THE ALTERNATIVE ENERGY. THE PRAMAC BRAND IS A FLOURISHING FAMILY BUSINESS. THE COMPANY'S PRESIDENT P. CAMPINOTTI COMES TO RUSSIA SEVERAL TIMES A YEAR IN ORDER TO STRENGTHEN THE FOUNDATION OF THE COMPANY. PABLO GOMEZ, ONE OF THE COMPANY'S MANAGERS, TELLS ABOUT THE COMPANY.

components. The GSA generators (their slogan is "Constant power supply") guarantee peace-of-mind: a greatly extended running time makes them a reliable resource in case of power failures. They will assure uninterrupted power supply.

We can also mention various additional options such as, for example, individual sensitive auto start when the station turns on and off automatically depending on the external load.

— *How is the connection between the research and manufacture organized at your company?*

— The interaction of research and production is implemented in many areas; it is a rather complicated, but very efficient process. At the core of these processes is the laboratory, our

— *In what sectors would you like to expand your sales?*

— In the past we mainly operated in the personal use generator segment. Now we place an emphasis on generators for major industrial enterprises. We have started several projects in this sector, and, as far as we can tell, they are quite successful. This is, for example, oil and gas recovery and other industrial areas and enterprises which due to their specifics operate around the clock. There are many such areas, for example, metallurgy, where the furnaces must not be stopped.

— *It is known that at present Europe is experiencing a revolution in the solar panel manufacture technology. In your opinion, how important is it to develop*

time, the Pramac company has started an active development in this field. A bit later, around two years ago, we decided to try wind energy, because we believe that this area is also very promising as an alternative source of power generation. As a matter of fact, wind turbines are technically much simpler structures than solar panels, that is why we started working on them a bit later, having done some work in a more complicated area.

— *As far as it is known, you have quickly moved on to mass production...*

— Yes, that is so. We built a very large plant equipped at the highest technological level in the south of Switzerland, near the town of Lugano. The plant manufactures solar panels which are the state-of-the-art at the present time; these are the latest generation panels which include all the newest scientific and technical developments in this area. The plant has been operating for a bit more than half a year, not under a full load yet, but this is normal for the first stage of such a technologically complicated production. However, as early as the end of this year we are planning to reach the full operating capacity of the plant. One of the markets where we are planning to supply our products in large volumes is the CIS countries, especially the southern republics of the former USSR, in particular, Kazakhstan.

— *Which technological principles of the new power industry does the Pramac company use in its work?*

— So far the main business of the company is built on regular generators which operate on diesel fuel and on petrol. However, when we visit our partners, we always try to turn their attention to the possibility of producing electricity by other means — by means of renewable sources of electrical power. In some cases our clients listen to our suggestions and try, in others — they do not.

— *What kind of alternative power engineering products does Pramac offer today?*

— We offer solar panels which are in high esteem among professionals. This is not our exclusive product from the technological standpoint, but there are only few manufacturers which could in good sense boast the same quality products. These are facing panels, it means that these panels can be used for fitting out a facade; moreover, they can be used as regular window openings. They transmit light and produce electrical power at the same time. Today it is our key product, our foremost field of development. At present we are also developing more powerful wind-driven generators, trying to combine technological and aesthetic principles as we have done so far. If you have been paying attention, our wind-driven generators have an unusual shape.

— *They are very refined...*

— We are sure that technology and aesthetics should match. What is useful may and should be beautiful.

— *What are the main competitive advantages of the Pramac products in this area?*

— The main competitive advantage of our wind-driven generators

is, first of all, the price, and of solar panels — the implemented innovative technologies.

— *If we move from the alternative power engineering to the company as a whole... It is known that Pramac is a family business. What are its advantages?*

— There are quite a lot of advantages to a real family business. The essence is in the principles. These are, first of all, moral, ethic, ideological traditions and principles which are the basis of Pramac as a company. In particular, I would emphasize the "fair play" principle. Besides that, we try to have a close-knit team — we count on it as a united productive body, and not separate individuals. In this regard, when we hire a specialist, we take into account his/her education, experience, but also how this person is able to work in a team. All this has a positive effect on the company operations.

— *You have mentioned the fair play principle. What does it mean?*

— It means that there are no stupid customers. Consequently, sooner or later, people understand which suppliers aim to work for the customers' benefit and which not. When we enter a new country, we never make any short-term plans — only mid-term or long-term ones. We try to wait until the moment when the customer experiences our real philosophy not as a theory, but in terms of company's actions and equipment quality. This is the fair play principle which has a significant impact on the success of our company.

IN BRIEF



The Pramac company was founded through the merger of different enterprises — its history starts in 1966, when the Campinotti family founded L'Europea, a building supplies company for the local market. The word "Pramac" appeared in the name in 1994 when the L'Europea and Lifter companies merged into the Pramac Industriale S.p.A. company. Since then Pramac not only gained a great deal of experience but also created an extensive and versatile product range to satisfy the needs of its customers throughout the world. Among all this variety there are three main groups: warehouse machinery for materials handling, electrical generators, and photovoltaic and wind turbine systems. Pramac is a young and dynamic company with a long history, but also versatile and flexible, innovative and competitive at the same time. The main values at the foundation of this dynamic enterprise are the constant drive for growth and renewal, the culture of quality and respect for the environment, attention to its customers and their needs.



— *The Pramac company has several branches in various countries of the world...*

— Our company's philosophy consists in adapting to the conditions and customs of other nations in a relatively short time while discovering markets in other countries.

— *How is it that your company's products — especially Pramac power generators — keep their competitive position on such a saturated and complicated market as the Russian one, for example?*

— With regard to development in this business area the Pramac company places the main emphasis on an active and constant improvement of generators. As a matter of fact, the operating principles of these products were discovered a long time ago and they are quite standard. However, there is enough room for work on the configuration of the cover itself, on various kinds of enhanced insulation, on the simplicity of construction. We also have a lot of work being done in the field of functional features of our generators. If we analyze the global generator business, it will become clear that it is, first of all, an assembly business. The majority of world producers assemble their products from practically the same parts. The matter is only in the quality of the components, the originality of construction, functional reliability and individual details.

— *What makes the Pramac generators distinctive?*

— We have quite a wide range of products. For example, the GBA generators (their slogan is "Energy for any of your needs") allow satisfying particular needs in electrical power. These generators are very reliable and simple in use due to high quality

own research centre where various we conduct various research projects in order to improve our products.

The Pramac laboratory cooperates with other development centres and Universities, stimulating young engineers to cooperate in realistic projects. We believe in the value of human resources and our company is a driving force behind many activities aimed at the growth of young technical specialists in the research and development sector.

Besides that, we thoroughly examine all the scientific and technical breakthroughs in these areas.

— *What are the competitive advantages of the Pramac products?*

— The main competitive advantage is, of course, our pricing policy. The end user is always offered a choice, including a choice between quality Chinese and European manufacturing. Our European competitors are not able to offer this. As for our Chinese competitors, who are also present on the market, they, naturally, cannot offer products of comparable quality.

— *What can you say about delivery times? Are there any disruptions?*

— When we set delivery deadlines for our customers on a contract, we include additional time to allow for possible force majeure, objective difficulties, unforeseen circumstances etc. We are extremely responsible when it comes to delivery deadlines; we provide additional guarantees of adherence to schedules. Until present time we have not had any cases of delivery disruptions. Besides that, we have a rather wide network which allows us to promptly respond to clients' needs and to always be within their reach.

— *alternative sources of energy production?*

— I would like to answer this question not only as a person who manufactures power equipment and for whom alternative energy is an additional promising business area, but also as a person who is living on this planet and wants to leave something positive for the future generations including his son. Because alternative energy is that real chance (God willing, not the last one!) to improve the overall ecological situation which we have created on the planet, in particular, due to hydrocarbon fuel energy production technologies. I believe that we should together apply as much effort as possible to develop this area, because this is not only current business. This is the assurance of a safer future for all of us.

— *When and how has Pramac started to develop in this area? And why?*

— The Pramac company has started to develop in this area relatively recently, around five years ago. It was the idea of our company's President of the Board of Directors. Why did he decide to take this up? Because he is also concerned with the problem of clean sources of electrical power. To burn petrol, diesel fuel, coal etc. is easy, everybody knows how to do this. It is, of course, possible to make money on this, but this is not the technology of tomorrow and definitely not of the day after tomorrow. That is why he has decided to start in this area.

How did everything start? We signed a contract on joint development with several Italian universities in the area of applying various technologies of solar energy transformation known at that time. Since that

Russia plus Switzerland

Viktor Nelyubin: "Renova" is opening a path to the Swiss market for the Russian business"



IT HAPPENED THAT THE COMMON RUSSIAN PERCEPTIONS ABOUT THE SWISS BUSINESS ARE PERHAPS NOT ANY LESS SUBJECT TO STEREOTYPES THAN THE SWISS PERCEPTIONS ABOUT THE RUSSIAN BUSINESS. ACTUALLY, SWITZERLAND IS ONE OF THE LEADING INNOVATIVE AND ENGINEERING COUNTRIES IN EUROPE. THE BUSINESS RELATIONS BETWEEN OUR COUNTRIES HAVE SERIOUS REAL PERSPECTIVES. THE DEVELOPMENT OF THESE RELATIONS IS THE TASK OF THE RUSSIAN-SWISS BUSINESS COUNCIL CREATED JUST LAST YEAR. WE ARE DISCUSSING THE DETAILS OF THE NEW BUSINESS COUNCIL'S OPERATIONS WITH ONE OF ITS LEADERS — THE DIRECTOR OF INTERNATIONAL RELATIONS OF THE "RENOVA" GROUP OF COMPANIES VIKTOR NELYUBIN.

— Viktor Vladimirovich, please introduce the new Business Council...

— Created under the auspices of the Chamber of Commerce and Industry of the Russian Federation, the Russian-Swiss Business Council is the 53rd business council which was created in Russia. That is, the majority of the countries which Russia has business relations with are already covered by such public organizations, there is experience of such work, and the Business Councils have already proven their effectiveness — they really help in establishing bilateral or multilateral business.

Switzerland accounts for approximately 3.3% of Russia's foreign trade. This is not so little, but it turned out that there were not any public institutions which would help to conduct business between our countries. That is why through the joint efforts of the "Renova" Group of Companies and the President of the Chamber of Commerce and Industry of the Russian Federation Evgeniy Maksimovich Primakov such a council was created in July of last year. Its creation was timed to coincide with the first official visit of the President of the Russian Federation Dmitriy Anatolyevich Medvedev to Switzer-

land. Within the framework of the visit in September of last year, the official announcement of the creation of the Russian-Swiss Business Council was made. At the same time we have received official assurances of the Swiss side that they will create a similar, "mirror", organization.

— How would you state the main objective of your Business Council?

— The nature of the Business Council activity consists of searching for Swiss partners for the representatives of our, mainly, small and mid-range businesses. Accordingly, the Swiss Council provides the similar assistance to its companies. Together we are doing one important common job. Today the development of business relations between Russia and Switzerland is especially relevant.

— What is this related to?

— This is related to the fact that the commerce exchange between Russia and Switzerland has started to decline because of the crisis. During the last year it decreased by approximately 30%. The second negative fact consists of the following: out of the four billion commercial exchange the import from Switzerland accounts for approximately \$ 3 bln., and our export to Switzerland accounts for less than \$1 bln. Such an imbalance, of course, has to be corrected. We mostly purchase mechanical engineering products from Switzerland, and the Swiss purchase, mostly, the raw materials: precious metals, stones etc. from us.

— But do we have to offer anything besides the raw materials to the Swiss?

— Of course! We have offers that are quite interesting, not only from large, but from small companies as well. It is our task to find such a platform, to show the Russian products at their best, to gain the Swiss partners' interest.

THERE ARE POSSIBILITIES FOR IMPORTANT CONTRACTS FOR PROVIDING PUMPING EQUIPMENT TO OIL AND GAS PIPE LINES WHICH WILL ATTRACT TO THE RUSSIAN MARKET BOTH THE SWISS INVESTMENTS.

At the same time, the bilateral economic relations are not limited solely to trade. It is no less important to us, and our President and Prime Minister mention this all the time, to develop the investment cooperation. And there is also a lot to be done in this area.

— How interested are the Swiss businessmen in working with us?

— They really want to work with us. And not only

the Swiss. Many Western businessmen understand that it is possible to conduct business efficiently in Russia. The profits here are incomparably higher than in the affluent Switzerland. That is why there is, of course, an interest on their side. And we try to increase their interest, to provide a platform for our companies as well. The Business Council can assume the functions of assistance in finding partners and investments... This is our main objective, to find partners for Russian companies in Switzerland, and vice versa.

— What can you say about the structure of mutual investments?

— The Russian investments into Switzerland amount to rather large volumes, and the



"Renova" Group of Companies is a leader in this area. "Renova" has purchased the controlling interest in two of Switzerland's largest mechanical engineering corporate groups, "Oerlikon" and "Sulzer", and is actively developing production at these companies' enterprises both in Switzerland and in third countries. And what is the most important: as a result of this investment deal, "Renova" is bringing the Swiss high technologies to Russia. And this gets a real implementation: at the end of last year "Renova" and ROSNANO created a joint enterprise, and now in Novocheboksarsk (Chuvashia) a plant which will produce thin-layer solar panels which transform the solar energy into electrical, is under construction. The project is estimated to take two years to complete; its cost is around \$800 mln. In two years the enterprise will supply around 15% of its production to Russia and will export around 85%. These technologies are unique, there practically are not any counterparts in the world. That is, our work and our investments into Switzerland have a real implementation in the Russian industry.

— And are the Swiss investments into the Russian economy, let's say, behind?

— Alas, that is so... There are, perhaps, around fifteen Swiss companies which are operating on the Russian market, and out of those only two or three may be classified as large. It can be stated that the Swiss are not bringing their money to us, and they do not offer their technologies to us "on a platter". That is why, one of the foremost objectives of our Business Council is not only to find partners for the representatives of our small and mid-range businesses, but to try to stimulate the influx of Swiss investments into the Russian economy, and to attract those high technologies which the Swiss possess.

and in August-September of this year a month of the Ticino canton will take place. The goal is obvious: we are looking for Russian regional partners in order to establish interregional contact between a region or a republic of the Russian Federation and a certain Swiss canton. We also have plans to bring a sizable Swiss delegation to the Saint Petersburg International Economic Forum where we will, possibly, organize a "round table" dedicated to some of the aspects of developing business relations between Russia and Switzerland. Besides that, a range of events is also being planned, including the participation in the International Exhibition of Inventions of Geneva.

ments and high technology equipment affording us the opportunity to use it and later to produce it here as well.

— And can you provide any examples in the small and mid-range business areas?

— Yes, I can. For example, one of the companies, a member of our Business Council, has developed medical equipment for mobile diagnostics and treatment (the laboratory can be installed on a KAMAZ or a URAL). And since Switzerland is located in the Alps where many areas are hard to access, such equipment is interesting to them. With the aid of the Business Council we are working on promoting this equipment in Switzerland with the possible manufacture there.

— What is the political basis for the development of business relations?

— First of all, I should mention two main agreements. The first is an agreement on protection of investments which was signed back in the Soviet times; it is more often called "the agreement on capital investments". And the second document is the agreement on Russia's possible entry into the European free trade zone. The second one is yet to be signed. And the first one is outdated.

— Does it mean that the Business Council also engages in legal issues?

— Yes, on its own initiative. The functions of the Business Council, strictly speaking, do not include this. However, since we see that business needs it, we aim to help. We work also with government bodies — Ministry of Economic Development of the Russian Federation, Ministry of Industry and Trade of the Russian Federation, Ministry of Foreign Affairs of the Russian Federation... And of course, we cooperate very closely with the Russian Union of Industrialists and Entrepreneurs, with the Chamber of Industry and Commerce of the Russian Federation, and with other organizations.

— What can you say about the guarantees provided for investors?

— This is a very important topic. We practically do not have a system of government guarantees for the Russian private companies' investments abroad. Active discussions have been held for quite a long time about the necessity for creating such a system of guarantees. It appears that such a structure will be created, for example, as a Federal Agency providing guarantees for the Russian investments abroad. In any case, the "Renova" Group of Companies is extremely interested in this, and, I believe, so are other representatives of the Russian business.

— Is it already possible to mention any success in this area?

— It is, perhaps, too early for that. We are at the very beginning of the journey, because the Council has been functioning for little over half a year, that is, we are only just expanding our activity. But the beginning has been very active. We have around 60 members from Russia who are represented on a very wide scale, geographically — from the Far East to Kaliningrad, and by areas — engineering, finance, information technologies etc. We expect that the Swiss will also be active, including on the regional level.

— Could you tell us a little bit more about that?

— As it is known, Switzerland is a confederacy, there is no vertical power structure as in Russia. That is why cantons which enjoy a high degree of autonomy, have such a significant role in the public and economic activity of the country. That is why we, as the Business Council, consider it one of our objectives to establish interregional partnership as well. Thus, there is a month dedicated annually to one of the Swiss cantons in Russia. Last year a month was dedicated to the canton of Vaud,

— Does it mean that "Renova", figuratively speaking, acts as a "patron" of Switzerland?

— We are conducting such work not only in Switzerland, but also in a range of other countries, because geographically "Renova" is represented rather widely. But as for Switzerland, "Renova" is an absolute leader in all fields.

— In what way can Russia be most interesting for the Swiss investments?

— The Swiss are very active on the Russian food market. The second area which is potentially very interesting to the Swiss business is engineering. The third area is construction. It is known that the Swiss produce the best lifts famous throughout the world. And they are not against participating in the Russian government programme "Accessible Housing". They have many leading technological developments in the power industry (e.g. the solar energy area) which they can enter the Russian market with. There are possibilities for important contracts for providing pumping equipment to oil and gas pipe lines which will attract to the Russian market both the Swiss invest-

Russian-African Business Review

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Russian Exhibitions in Africa and Europe

“KAD-M Association” develops new export opportunities

IN RECENT YEARS UPON THE INITIATIVE OF THE RUSSIAN ASSOCIATION “KAD-M” A GRAND EXTERNAL ECONOMIC PROJECT HAS BEEN LAUNCHED, NAMELY AN ESTABLISHMENT OF PERMANENT EXHIBITIONS OF LEADING RUSSIAN COMMODITY PRO-

ducers. The first exhibition is opened, and has been successfully operating in the capital of the Kingdom of Morocco. The second exhibition will be opened this spring in the capital of Egypt — Cairo. Similar exhibition centers are planned to be established in other countries of Europe and Africa, including Congo, Portugal, Tunisia, Tanzania, Mali, and others...

sibirsk region, Republic of Tatarstan, Republic of Chuvash, and many others. About 80 companies — from young and initiative to widely-known industrial giants — took part in the exhibition.

The success and the scale of the event demonstrated once again that the Russian enterprises participating in the exhibition”.

Andrey Podenok, the President of inter-regional non-government organization “Moscow Association of Entrepreneurs” said: “It is very nice that Russian entrepreneurs begin to return to the market of Africa. Soviet

Being an ideologist, initiator, and organizer of this much promising and urgent project, he received a full support on behalf of both parties — Egyptian and Russian. All companies, that have participated in the presentation, understand the prospects for moving into the African continent, as, if companies are present only in Russia, they can neither have a good understanding of the current situation in the world market, nor expand their markets. A visit to Egypt and participation in such an event became the first step for expanding their opportunities.

“KAD-M Association”, an organizer of the event, is making and has made a lot of efforts for developing business relations and strengthening mutual understanding with the countries of the African continent. The gained experience, established ties and reputation give all grounds to say that this project is able to solve various tasks. The Association has an official representative office in the Kingdom of Morocco and representatives in Egypt, Tunisia, Mali, Eritrea, Guinea.

Besides that, “KAD-M Association” is a Russian lead-

and strengthening of their positions). It has been operating in the market of Russia and CIS countries for 15 years, and it has been implementing the programme for helping to develop economic and cultural relations between Russia and Arabic countries for about 10 years. Under the project of developing business relations with Russia, and thanks to the efforts made by the Association in Morocco, a permanent exhibition of Russian products has been opened and supported; it is similar to the one that took place in Cairo (and its success favoured a lot for the opening of the exhibition in Cairo). The presentation of the exhibition in Morocco dated for the meeting of the President of the Russian Federation Vladimir Putin and the King of Morocco Mohammed VI, took place on September 7th, 2006 upon the support of the Russian Embassy in the Kingdom of Morocco, the Embassy of the Kingdom of Morocco in Russia, and others. The first permanent exhibition started to operate on a regular basis on December 26th, same year. There were exhibited the products made by dozens of Russian enterprises from

in Cairo, which will start operating on a regular basis in May 2010) is a base for entering the market of African and Arabic countries, and moreover, it helps these countries to enter the Russian market.

The exhibition draws attention and is regularly visited not only by representatives of Moroccan business but those from Algeria, Turkey, Libya, Tunisia, Spain, France, and others — in a word, by everyone who is interested in cooperation with Russia. Much attention is also given to the exposition of the Russian History Museum, which shows a vast historic and culture heritage of the Russian state. The museum operates on a regular basis in the frame of the exhibition.

The interest in the exhibition has a positive impact on other projects of “KAD-M Association”: the newspaper financed by the Association which has been issued in the Russian language since August 2008 for the Russian-speaking population of Morocco, became bilingual (Russian and French) for French-speaking people of the North Africa last autumn.

“KAD-M Association” also holds charitable sports and culture events. As an example, concerts of a folk group “Ivan and Maria” from Magnitogorsk city for the International Day of autism for invalid kids from rehabilitation center named after Mohammed VI (Rabat city), and this appeared to become the first step for developing the cultural relations. With the purpose of strengthening the cultural and sports ties the agreements were signed with the Federation of Boxing of Morocco and AMLUIS Association, as well as a three-lateral agreement between “KAD-M association”, FUS sports club, and the Foundation of A. Karpov. The Association organizes New Year’s and Christmas celebrations for children, and the negotiations are being held in the cinematography field for joint work of Moroccan director Abderahman Mulin and Egor Konchalovsky.

“KAD-M Association” is actively cooperating with different organizations. In October 2009 a society of “Russia and Morocco Friendship” was established. In honor of 30th anniversary of AMLUIS (Association Marocaine des Laureats des Universites et Instituts ex-Sovietiques) the Association of Moroccan “KAD-M Association” arranged festive events in which a jazz trio directed by Igor Butman, Anatoly Karpov, a famous Russian director Mikhail Kalatozishvili, and others took part.



ducers. The first exhibition is opened, and has been successfully operating in the capital of the Kingdom of Morocco. The second exhibition will be opened this spring in the capital of Egypt — Cairo. Similar exhibition centers are planned to be established in other countries of Europe and Africa, including Congo, Portugal, Tunisia, Tanzania, Mali, and others...

The implementation of the project for establishing permanent exhibitions of Russian manufactures is an achievement made by a private Russian commercial initiative. The initiator is “KAD-M Association”.

The presentation in Cairo took place in the congress-hall of Fairmont Hotel which is comfortably located halfway between the capital and the international airport. The range of commodities presented to the African public was quite wide — starting from traditional popular tradings and finishing with up-to-date innovation solutions in various fields. The exposition included products of different regions of the Russian Federation, including Moscow and Moscow Region, Novo-

business is not only looking for new development trends, but it also wants to restore its previous positions, including

SIMILAR EXHIBITION CENTERS ARE PLANNED TO BE ESTABLISHED IN OTHER COUNTRIES OF EUROPE AND AFRICA, INCLUDING CONGO, PORTUGAL, TUNIS, TANZANIA, MALI, AND OTHERS...

trading in the market of African countries which were lost in the post-Soviet period. The presence of such leaders as Anatoly Karpov, Andrey Podenok, and Sergey Vasiliev made it clear that this project was launched not for sensational PR but solely for foreign trade purposes. Anatoly Karpov, ex-world chess champion, confirmed an importance and a need for opening a permanent exhibition in Egypt, according to him “historically Russia has had tight and fruitful economic ties with Egypt, and we should restore the lost commodity circulation. Egypt is a key country of the Arabic world, and other Arabic countries are looking closely at it and direct themselves towards it, so that if it goes well with Egypt a bridge can be thrown further across. Meanwhile the government does not have time or resources for developing the Egyptian sector, it is really good that such an outstanding private initiative in the name of “KAD-M Association” has appeared, and it has combined the energy of dozens of

butts, locks, spades, etc. — a wide range of consumer commodities not only military equipment, — used to be sold here. The main problem is a lack of specific information, as a result we know little of each other. And it is very important for entrepreneurs to see everything with their own eyes, talk to each other directly... The new exhibition gives an opportunity for this”. Sergey Vasiliev, Director for International cooperation of the Russian Chamber of Commerce, is sure that “the new exhibition fully complies with all tasks set forth for us by our government, and the life itself. It shows the whole range of products produced in Russia, and it offers a wide range of opportunities for cooperation. Taking into account the recent rapid development of the Egyptian economy and the growth of life level, we may assume that Russian commodities for daily needs will be in great demand, including those that are fighting their way through international market such as cosmetics and pharmaceuticals. The Russian products are of a rather good quality, they are reliable and affordable, therefore, they will be very competitive in this region. The exhibited products please the eyes and warm the heart. They give a hope for good commercial prospects”. Such was a high appreciation of the event in terms of further development of relations between Russia and Morocco.

The host of the presentation was Amur Kanchaveli, the head of “KAD-M Association”.



“KAD-M ASSOCIATION” HAS MADE A LOT OF EFFORTS FOR DEVELOPING BUSINESS RELATIONS AND STRENGTHENING MUTUAL UNDERSTANDING WITH THE COUNTRIES OF THE AFRICAN CONTINENT. THE ASSOCIATION HAS AN OFFICIAL REPRESENTATIVE OFFICE IN THE KINGDOM OF MOROCCO AND REPRESENTATIVES IN EGYPT, TUNIS, MALI, ERITREA, GUINEA.

ing independent business-structure in this field of foreign economy activity (it means it can foster further promotion of Russian products into the African market

18 regions of the Russian Federation, including automobiles “Lada Kalina”, VAZ 21041, and others. For the Russian manufactures this exhibition (as well as the one

2010 год

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