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# East Inform

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Upon the arrival of the new school year, the Chamber of Commerce has decided to organize three conferences for over the next months and two business missions in a near future.

The first conference will focus on the world of steel and Corporate Governance in Russia, as well as the management of those in charge of decisions over equipment maintenance; the second will have a strong focus on ENERGY (scheduled for the end of November); and the third will deal with the Belgian strategy policy in investing in SOCHI 2014 (scheduled for January 2008).

One business mission will take place in Sochi in May 2008 and another will eventually be scheduled in Penza.

We would like to remind you that between the 12<sup>th</sup> and 16<sup>th</sup> of September, the Chamber will organize "The Days of Belgium" in Nizhny-Novgorod. The Belgian delegation will be present along with 64 individuals under the leadership of Mr. Karel De Gucht, the Minister of Foreign Affairs.

Also in September (between the 20<sup>th</sup> and 23<sup>th</sup>), our Chamber, which participated in the organization of the "Haven van brussel - Port de Bruxelles" mission in St-Petersburg, will welcome 45 people from the Belgian delegation - with the representatives of the three regions - to St-Petersburg. The mission will be conducted by the State Secretary for the Region of Brussels, Mrs. Brigitte Grouwels.

## Experts promise Russia an economic miracle

The Russian economy has been growing steadily in the 21<sup>st</sup> century. Yet experts have warned of an impending crisis, or at least stagnation. Even the pro-Kremlin United Russia party has made such forecasts.

However, the latest calculations by professional economists from government and research agencies have refuted these gloomy forecasts.

According to the Ministry of Economic Development and Trade, Russia's GDP can continue to grow at a high pace, by 6.5%-7% annually until 2020.

Economists from the Russian Academy of Sciences who were critical of the government's economic policy have published an even more optimistic report about Russia's future. They predict an annual growth of 8% until 2030.

The Institute of Economic Forecasting of the Russian Academy of Sciences has provided solid facts to back their optimism, saying that Russia's GDP has been growing faster than predicted in the last few years.

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What are the reasons behind this growth? Why is the Russian economy developing faster than predicted? The answer is simple: experts have been relying on obsolete development models for their forecasts, whereas the world has changed beyond their wildest dreams.

Viktor Ivanter, director of the Institute of Economic Forecasting, said there are three main reasons for the rapid growth of Russia's GDP.

First, Russia has overcome the negative consequences of the severance of economic relations with former Soviet republics in 1992 following the collapse of the Soviet Union. It has turned from an administrative and territorial part of the U.S.S.R. into an independent country with a comprehensive economy that is integrated into the global economy.

Second, the transition period has ended, and Russia now has an efficient market economy.

And third, the transition to market relations has triggered adjustment mechanisms, which are helping the Russian economy overcome many problems and obstacles.

It is thanks to these mechanisms that the myth of an imminent economic crisis has been dispelled. A relevant example is the electoral platform of United Russia, which in 2003 scared the people with warnings of a forthcoming technological, food and financial collapse. It turned out to be wrong.

Andrei Illarionov, a prominent liberal economist and former economic adviser to President Vladimir Putin, recently said that an economic miracle was impossible in Russia. He said the country was incapable of catching up with the industrialized countries, and its achievements were due solely to high oil prices.

But the myth of oil prices as the only foundation for Russia's economic growth is no longer valid. When oil prices seemingly reached their ceiling and stagnation set in on the oil market, Russia's mechanical engineering and manufacturing unexpectedly surged ahead, surprising the majority of experts.

There are quite a few problems that complicate Russia's economy, as well as many obstacles hindering its advance to new summits. The economists at the Academy of Sciences say the country still does not have an effective mechanism for the movement of capital, which is vital for financing manufacturing.

Most rich Russians transfer their money abroad, later to be reinvested in Russia when and if necessary. According to the Academy's experts, the government should rectify this problem by investing surplus funds through the Russian Development Bank and other specialized financial institutions.

Low wages and skills are another reason for the inefficient operation of the manufacturing sector, and they also hinder innovation, a topic which has been widely discussed recently by the government.

*"The modern economy has put new demands on the workforce,"* Ivanter said. *"Innovation will remain nothing but fine talk unless the government begins to pay high salaries to qualified workers."*

Apart from the growth of investment, the economy also needs a growth of consumption. Experts believe that wages in the knowledge-based economic sectors should be at least doubled in the next two or three years.

*"We must go over from the minimum wage to the standard wage, adjusted not to the subsistence level, but to social standards,"* they say in their report.

One more major obstacle to Russia's economic growth is its technological lag provoked by the stagnation of the scientific sector in the 1990s. This sector can be revitalized with government support, thus propelling the national economy towards an investment-fuelled annual average growth of 8%.

The authors of the report write that their conclusions differ from those of the Economics Ministry's only "in their degree of optimism."

The ministry projected 7% annual growth and proposed three development scenarios: one with sluggish growth and two positive scenarios, a commodities-based and an innovation-fuelled. It is not clear which of the latter two the ministry prefers, although the innovation-fuelled scenario appears to be the better choice.

The experts showed in their report how investment can be channeled into innovation. The Academy of Sciences and the Economics Ministry do not want Russia to develop according to the sluggish scenario. *"Nobody wants to be poor any longer,"* Ivanter said.

Economic commentator **Oleg Mityayev**

*The opinions expressed in this article are the author's and do not necessarily represent those of CCBLR.*



## NEWS FROM RUSSIA

### \* MAKS-2007: OAK décroche pour 1,5 milliard de dollars de contrats

Le géant aéronautique OAK, qui regroupe les principaux actifs de construction militaires et civils russes, a annoncé dimanche avoir signé des contrats pour 1,5 milliard de dollars dans le cadre du salon aérospatial MAKS-2007 qui s'est déroulé du 21 au 26 août près de Moscou.

"*Au total, OAK a signé pour 1,5 milliard de dollars de contrats*", s'est félicité le directeur de l'Agence fédérale de l'industrie, Boris Aliochine.

L'exportateur officiel d'armement russe, Rosoboronexport, a pour sa part annoncé avoir signé un protocole marquant l'entrée en vigueur d'un contrat sur la livraison à l'Indonésie de trois avions Su-27SKM et de trois Su-30MK2 pour un montant global de 330 millions de dollars. Il a également conclu avec le Chili un protocole d'intentions sur la coopération militaire et technique.

Par ailleurs, le constructeur aéronautique MiG a signé une série d'accords avec l'Inde, la Pologne et le Kazakhstan en matière d'entretien des chasseurs MiG qui équipent les armées de ces pays.

L'agence RIA Novosti a été le principal partenaire média du salon aérospatial MAKS-2007 Joukovski dans la banlieue de Moscou.

### \* GLAVERBEL extends its investments in Russia

**In order to meet the high demand for glass due to the sustained growth in Russia, Glaverbel is to build a second production line for float glass at its Klin plant in the Moscow region.**

#### Sustained demand

This new float plant has a production capacity of 1,000 tonnes of clear float glass per day, the largest in the world, and represents an investment of around € 135 million. It will enable Glaverbel to meet the sustained demand for high-quality float glass and processed glass products with high added value, thus further reinforcing the leadership position that it has held in this vast market since 1998. In addition to supplying the group's national distribution network it will feed the mirror and superinsulating glass production units at Glaverbel Klin. The state-of-the-art float glass line will be Glaverbel's fourth in Russia, generating more than 100 jobs.

#### Speed of getting into production

The choice of Klin as the site for the investment is based on the speed with which the new line can be up and running while keeping costs under control. Jean-François Heris, President AGC Flat Glass Europe - Glaverbel, explains: "*At Klin we have existing facilities into which the new production line can be easily slotted, together with the necessary trained personnel to operate it.*" The construction work will start during the second quarter of 2007, and the new production line is scheduled to be operational by the beginning of 2009.

#### Glaverbel, the first flat glass producer in Russia

The Glaverbel flat glass operations are run through:

Glaverbel Klin. Located 100 km to the North-West of Moscow, Glaverbel Klin has a unique industrial configuration in Russia, comprising a float glass line together with two downstream processing units for producing mirrors and coated superinsulated glass in large dimensions.

Bor Glassworks. Based in the Nizhny Novgorod region, Bor Glassworks has two state-of-the-art float lines together with facilities for producing automotive glass.

Glaverbel Vostok. Based in Moscow, Glaverbel Vostok markets the entire Glaverbel range of products in Russia and the CIS (Commonwealth of Independent States) manufactured locally and abroad. It manages a distribution network throughout the country and offers a consultancy service for all major architectural projects.

### \* Foreigners given green light to buy into Russian banks

The Central Bank has allowed a number of foreign banks to buy stakes of more than 20 percent in Russian banks, Gennady Melikyan, Senior Deputy Chairman of the Central Bank of Russia, told reporters on Friday.

Melikyan said that several western banks were planning to enter the Russian market by acquiring stakes in Russian banks. "*A few days ago, I signed several letters allowing foreign banks to buy stakes in Russian banks,*" he said.

According to Melikyan, these foreign banks are major players, but they do not yet have business in Russia. Russian banks, in which they want to take stakes, operate in Moscow and are among Russia's top hundred banks.

The acquisition of stakes exceeding 20 percent in Russian banks requires approval by the Central Bank. The permits are valid for one year.



The Central Bank welcomes foreigners to the Russian banking system, Melikyan said, noting that there are currently 188 banks with foreign capital in Russia.

Under Russian law, foreign banks are not allowed to open branches in Russia, but can open subsidiaries, and the Central Bank is not likely to stand in their way.

### \* Russian roads need more investment



Фото: ИТАР-ТАСС

First Deputy Prime Minister Sergei Ivanov called for investing in road infrastructure, using advanced investment management methods. Some road infrastructure projects would be co-financed by the government through the Investment Fund, Ivanov said at the meeting of the government's Commission for the Development of Industry, Technology and Transport on Friday. *"Life itself requires that we use the mechanism of partnership between the public and private sectors,"* he noted.

Concessioners could be offered government guarantees of demand for road use, Ivanov said, noting that the issue was being considered by the government. For projects implemented by federal authorities, together with St. Petersburg's administration, the issue had already been settled, Ivanov noted. *"Our legislation allows us to provide long-term guarantees and protect the rights of both the government and investors, as well as the interests of road users,"* the First Deputy PM stressed.

Russian authorities have been particularly concerned about the poor quality of roads in the country. Viktor Maslyakov, the Mayor of Petrozavodsk, was called to account for the poor conditions of roads in the city and eventually was made to pay an administrative fine.

The issue of poor road infrastructure had been neglected by federal and regional authorities for a long time. According to the Transport Ministry, only 37 percent of federal motorways and 20 percent of regional motorways are currently in satisfactory condition. In addition, the percentage of satisfactory federal roads is expected to drop to 15 percent by 2010, while municipal roads are already in critical condition.

The condition is worsening despite the fact that federal spending in roads has been growing every year (RUR 150bn in 2007 against RUR 116bn in 2006, or approx. \$5.8bn against \$4.5bn). But this is not enough, experts say, pointing to the critical condition of Russian roads and calling for urgent measures to be taken in order to resolve the problem.

As the number of cars in Russia continues to climb, the capacity of Russian roads shrinks from year to year. According to official statistics, losses from a lack of satisfactory roads top RUR 500bn (approx. \$19.4bn) a year, as poor roads impede the development of almost all industries. So, transport costs account for 40 percent in agricultural products, against 12 percent in Germany.

The total length of motorways in Russia currently stands at 899,000km, while 1.5m km is needed. There are 5.3km of motorways per 1,000 people in Russia, against 15km in France and 22km in the United States. Roughly a third of all settlements in Russia lack hard-surfaced roads. **RBC**

### \* Belgium against Gazprom investment in gas depot

Belgium's energy regulator, CREG, is opposed to plans by national company Fluxys and the Russian energy giant Gazprom to build a gas storage facility in the country, local media reported Tuesday.

In April, Gazprom announced plans to build a 0.5 billion cubic meter underground gas storage facility in the Campine area, near the Belgian port of Antwerp.

The announcement came after the plans were approved at talks between Russian President Vladimir Putin and Belgian Prime Minister Guy Verhofstadt in Moscow March 2, at which time the premier also visited Gazprom's headquarters.

*"While CREG welcomes the emergence of additional gas storage capacities in the country, it opposes the Russian company's proposal to provide 100% funding for the project,"* the media said.

The facility was designed to ensure Russian gas deliveries to Western Europe, and was to be wholly owned by Gazprom.

CREG already informed Belgium's energy minister, Marc Verwilghen, of its opposition to Gazprom's plans in April, but made its assessment public Tuesday.

Gazprom first entered the Belgian market in 2006 with exports of 300 million cubic meters of natural gas.

Belgium does not have proven natural gas reserves and is strongly dependent on energy imports.

### \* India to set up Asia's largest telescope in Himalayas in 2012

A vast telescope to be made by **Russian and Belgian** firms will be installed in India's Himalayas in 2012, the director of an Indian research institute said Monday.

Asia's largest telescope *"will enable us to see four to five times deeper into space than before, and receive high-quality images,"* said Professor Ram Sagal of the Aryabhata Research Institute of Observational Sciences.



An optical glass plant in Lytkarino, near Moscow, will make a mirror for the telescope 3.6 meters wide, and Belgian partners will assemble the unit and test it before sending it to India.

The Belgium government has allocated 2 million euros (\$2.7 million) for project, about 10% of the telescope's total cost, and Russia is also considering contributing one million euros.

Sagar said the participants in the project would be given access to space research in proportion to their contributions.

The institute's director said India's favorable geographical position made it possible to observe a substantial portion of space, and cited the low cost of taking images from telescopes in India as an advantage.

### \* Anti-Monopoly Service allows Mordashov to buy Power Machines – 2

Russia's Anti-Monopoly Service said it had allowed Cyprus-based Highstat Ltd., controlled by steel tycoon Alexei Mordashov, to buy up to 100% in heavy machinery manufacturer Power Machines [RTS: SILM].

The service also allowed billionaire Oleg Deripaska, owner of industrial holding Basic Element, to bid for up to 82% of the company's voting shares.

*"The Russian Federal Anti-Monopoly Service decided to grant the petitions of Highstat Ltd. and Stephens Capital Ventures S.A. [Deripaska's offshore holding] and to issue instructions on holding actions to ensure competition until one of the companies owns 50% plus one share of Power Machines,"* the service said.

Deripaska and Mordashov are listed 40th and 54th respectively in Forbes Magazine's global ranking of billionaires. Deripaska, who controls aluminum giant UC Rusal, has estimated wealth of \$13.3 billion, while Mordashov, owner of Severstal, is worth around \$11.2 billion.

Power Machines accounts for 37% of the country's turbines, turbogenerators, hydrogenerators and electric equipment market. The company provides engineering services, and produces, assembles, services and modernizes equipment for hydro, thermal, gas and nuclear power plants and the transportation industry. It has clients in 87 countries.

Power Machines' largest shareholders are Russian electricity giant Unified Energy System and Germany's Siemens, which hold 25% plus one share each, and Interros, the holding company for the world's largest nickel producer Norilsk Nickel, which owns 30.4%. In July, Interros and UES [RTS: EESR] said they intended to sell their stakes.

The head of UES, Anatoly Chubais, said that the deal to sell the UES stake in Power Machines should be completed soon.

The UES press service said the company would not buy 30.4% of Power Machines stock from Burbot Limited, affiliated with Interros, because the acquisition would *"require UES to spend considerable financial resources over a long period."*

In line with an agreement concluded by major Power Machines shareholders, key stakeholders have right of first refusal on buying each others' shares.

UES decided to sell its Power Machines stake at 5.4 rubles (\$0.22) per ordinary share.

### \* Societe Generale buys Rosbank for a mind-boggling premium

The French financial group Societe Generale has shocked the Russian banking community by acquiring a controlling stake in Rosbank.

Societe Generale (SG) is one of the largest banks in the euro zone, while Rosbank is one of the largest privately owned banks in Russia, operating about 650 outlets, including 67 branches, in the majority of the country's regions.

The deal entailed a record-high premium, with a price-to-equity ratio of 5.9. Market analysts do not think SG paid too much, as retail banking in Russia is a veritable pot of gold.

It was not the acquisition itself that was surprising, because SG announced its intention to buy a controlling stake in Rosbank in 2006, and later that year bought two 10% stakes minus one share and an option to buy another 30% plus two shares by the end of 2008.

The surprising fact is that SG has decided to go through with the transaction ahead of the deadline and paid \$2.33 billion for a controlling stake, the highest premium on the Russian market so far.

Very few banks in the Commonwealth of Independent States have been sold at such a high premium, but never before in Russia. The biggest deals on the Russian market had been the acquisition of Orgresbank by Finland's **Nordea** in November last year (an 85.7% stake for \$313.7 million, ratio 3.8) and **of Absolut Bank by Belgium's KBC Group** in April 2007 (a 95% stake for \$983 million, ratio 3.7).

Russian banks were not sold at a high premium for understandable reasons, as ratios of 5 or 6 are granted only for the acquisition of banks that control at least 5%-10% of the local banking services market. There were many such banks in Eastern Europe, but very few in Russia.

Moreover, the banks which foreign financial and credit groups would pay dearly for are not for sale. State-run savings bank Sberbank, which controls about 50% of the retail banking services market, feels quite well under the government's wing, and the same is true about VTB and Gazprombank.

Several private banks (Alfa and MDM) are considering holding an IPO, rather than a sale of assets to a major strategic investor.



This, and the rapid development of the banking services market in Russia, explains the generous offer of Societe Generale, which has decided to spend part of its funds (its net profit in 2006 was 5.2 billion euros and the assets it is managing are worth 422 billion euros) on the acquisition of Rosbank. Although the latter controls a much smaller part of the Russian retail market than Sberbank, it has a number of other advantages.

First, it has a large network of outlets (650), which foreign strategic partners value above everything else. Second, Rosbank posted record-high growth in the lending and private-deposits segment in the past two or three years. And lastly, SG probably wanted to push ahead of its main rival on the French market, BNP Paribas.

In 2004, **BNP Paribas** almost bought the Russian Standard bank in a deal that would have set a new record in Russian banking history. The French group offered a price that was seven times greater than the bank's capital. But the parties failed to agree, and BNP Paribas opted for another way to get a foothold on the Russian market, through its 100% retail subsidiary Cetelem.

Societe Generale has several Russian assets. One of them is Rusfinance Bank, set up through a merger of Capital Credit Partnership bank, the Rusfinance company and Rusfinance Bank (earlier Promek Bank, Samara). The other is Rosbank, in which the French group will soon acquire a controlling stake, given the approval of the Federal Anti-Monopoly Service.

There are no grounds to assume that the anti-monopoly watchdog will stop the deal.

(**Anatoly Gorev**, financial analyst, for RIA Novosti)

*The opinions expressed in this article are the author's and do not necessarily represent ours*



## Penza Region

Situated in the European part of Russia, 650 km to the south-east of Moscow.

### Industry

Industry is the leading branch in the economic structure of the Penza Region. It influences its social and economic status. Industry gives about a quarter of the volume of its gross product.

Many Penza enterprises are the leaders in modern branches of the Russian economy. They have international quality standard certificates.

The most important kinds of mechanical engineering production are: equipment for chemical, oil and gas industries, diesels, compressors, special automobiles, gas filling stations, agricultural machines. Instrument making enterprises design and produce items for radio electronics, communication devices, computers, automated control systems and other high tech devices.

The biggest Russian manufacturers of medicaments, high quality technical fabrics, and wood processing products are in the Penza Region.

### Raw Materials

Limestone and dolomites – are extracted in places of their exposure: the Issa and Lunino districts. They are used for production of crushed stone, lime, dolomite powder. Chalk is extracted in Nikolsk. It is used as a writing chalk and in production of ground limestone. Sandstone deposits are in the Penza, Kuznetsk and other districts. Sands for production of concrete, silicate bricks and for road paving are extracted in the Kuznetsk, Bessonovka, Penza districts. High-silica sand used for glass manufacturing is extracted in the Gorodishche district. Molding sand deposits are in the same place. They are used in the foundry. Brick and tile earth is widely spread (50 deposits). It is the main raw material for brickworks. It is used in the production of facing bricks, faience, pottery. Mineral paints are represented by ochre sand and clay. Haydite (gravel-like granular mass) is used as a light concrete aggregate. There are phosphorites deposits in the Zemetchino, Vadinsk, Spassk districts, but they are limited.

Peat and oil represent the fuel raw materials. Peat is spread in the north-west and north-east of the region. Peat development was finished because of the depleted fields in the middle of the 1980s. Insignificant deposits are used for local needs.

Oil is prospected in the Kuznetsk, Kameshkyr and Serdobsk districts. A limited amount of oil is pumped there.

### Foreign Economic Activities

According to the customs statistics of foreign trade the external trade turnover of the Penza Region grew in 2006 in comparison with 2005 up to 56.2 million USD and made 195.6 million USD (40.6% rise).

The cost volume of export in 2006 was 111.7 million USD, and that of import – 83.9 million USD, due to which the foreign trade balance's Saldo of the region became positive and made 27.8 million USD.

Up to 66 countries were the trade partners of the region in 2006, export shipments were executed to 56 states, and import purchases were performed in 41 country. According to Penza Customs' information in January-June 2007 the external trade turnover of the Penza Region grew by 104.1% in comparison with the same period in 2006 and reached 135.0 million USD. The volume of export has exceeded 65.6 million USD (83.1% rise), the volume of import is about 69.4 million USD. The foreign trade balance's Saldo of the region became negative and made (-) 3.8 million USD.

### International Investment Projects

Such projects are carried out now in the following branches:

- forestry-industrial complex;
- cellulose-paper industry;
- radio-electronic industry;
- tool machine-building;
- chemical & pharmaceutical industries;
- some branches of agriculture (cattle- & pig-farming, growing grain-crops, etc.)

### Biggest Investors in the Region

"Euro-Service" International Trust Co., "Sucden" Group(France), "PRODIMPEX" State Co., "Invest-MV" (the Netherlands), "Trei GmbH" (Germany), "Techno-Cell Décor" Co. (Germany), "Heartland Farms Ltd." (the UK).

### List of Investment Offers (Projects) of the Penza Region (As per March 1, 2007)

#### No. Names of Projects and their Initiators

1. Modernization of the acting manufacture of steel conic valves DU200-1200 ("Penztyazhpromarmatura" J.-S. Co.)
2. Technological re-equipment of the production process for manufacturing competitive products ("RADIOZAVOD" J.-S. Co.)
3. Organizing massive production of 11B41 ball faucets of six types – from 15 to 50 mm ("Penza Fixture Plant" J.-S. Co.)
4. Expansion of production volumes by means of technological reconstruction ("Penttextilmash" Ltd.)
5. Substituting equipment, old technologies, capital repairing of production spaces ("Toy factory" J.-S. Co.)
6. Purchasing equipment for producing confectionaries on grillage basis ("Penza Confectionary" J.-S. Co.)



7. Purchasing new equipment for brewing, subsequent technological reconstruction ("SAMKO Brewery" Ltd.)
8. Expansion of the production process of decorative paper's basis, technological re-equipment ("MAYAK" J.-S. Co.)
9. Complex reconstruction of the production process by means of technological re-equipment ("Penzdieselmash" J.-S. Co.)
10. Designing, manufacturing and selling diesel turbo-igniters aggregates with 400 h/p and above ("Special Bureau of Turbo-Igniters" J.-S. Co.)
11. Building the plant on producing non-alcoholic & weak alcoholic beverages, kvass, mineral water, other soft drinks & beer (Affiliate of "Ochakovo" J.-S. Co. in Penza)
12. Creating & developing prototype production of 4-5 preciseness degree printing boards ("Rubin" Scientific-Production Enterprise J.-S. Co.)
13. Design & manufacture of compressor aggregates for railroad brake systems ("Penzcompressormash" J.-S. Co.)
14. Expansion of the production process through purchasing a galvanic line ("Electropribor" FGUP PO)
15. Mantling the line for go fro-carton production, technological re-equipment ("Package Factory" Ltd.)
16. Manufacture of semi-trails cisterns with thermal isolation and airdrome fuel tank-fillers of 60 cub. m volume ("GRAZ" Plant J.-S. Co.)
17. Organizing massive production of coronary stand shipment systems ("MEDINZH" J.-S. Co.)
18. Increase of assortment, perfection of ready made products' quality ("METAPLAST" J.-S. Co.)
19. Reconstruction of the production equipment in the branch of bottling beer ("Visit" J.-S. Co.)
20. Production of diesel cars "Knight" AP-30 for 1.5, 3.5 & 5.0 tons capacity ("Serdobsk Machine-Building Plant" J.-S. Co.)
21. Building 24 block-houses for growing broilers with on-the-floor keeping ("Vasilyevskaya" Poultry Factory J.-S. Co.)
22. Building the cattle-farm with non-tie livestock keeping for 960 cows & bulls equipped with "Fir-Tree" milking-hall ("UCHKHOZ" Ltd.)
23. Dairy Complex's construction for 1067 heads of livestock, incl. 520 milk cows ("Suburban" Ltd.)
24. Manufacturing studying equipment and blackboards on the basis of enamel sheets ("Electromechanical Plant No. 9" J.-S. Co.)
25. Development of agricultural priority directions on the territory of Chirchim Village Council ("Priority-AGRO" Ltd.)
26. Technological re-equipment of powder production for making injection solutions ("Biosynthesis" J.-S. Co.)
27. Organizing production of pork in Sintsevo Village, Mokshan District (private entrepreneur Chapanov I.V.)
28. Construction of the road service object - at 612 km point of Moscow- Chelyabinsk (FAD "Urals M-5") Federal Highway (private entrepreneur Lunyashin V.V.)
29. Manufacturing construction completes of 1-apartment living house ("Narovchat Wood-Processing Complex DARRUS" Ltd.)
30. Organizing wood-processing production of average (medium) capacity ("Alpha-TRUST" Ltd.)
31. Organizing industrial big volume fishery with all necessary equipment applied ("VOLNA" Ltd.)
32. Project of creating a complex on processing wheat, rye and other graincrops ("RUS" farmstead)
33. Organizing the production of skimmed-milk with all necessary equipment applied ("Biotechnology" Ltd.)
- 34.\* Modernization and reconstruction of Penza Airport – the project of the Penza Region's Government
- 35.\* Construction of the terminal logistic center in the Penza Region – the project of the Penza Region's Government.

**All exhaustive information on the biggest Penza industrial enterprises, establishments of culture & rest, and the higher educational establishments can be found at: [www.obl.penza.net](http://www.obl.penza.net) – the official site of the Government of the Penza Region.**

**All inquiries by phones: (+7 8412) 595-789, 56-03-92 (English, Russian)**

**Fax: (+7 8412) 52-10-23 E-mail: [forof@obl.penza.net](mailto:forof@obl.penza.net)**

**If your company is interested in this Penza Region, our Chamber (CCBLR) can organize a business mission for you.**



## NEWS FROM BELARUS

### \* In 2008 Belarus plans to abolish one of turnover taxes and increase VAT to 20%

In 2008 Belarus plans to abolish one of the turnover taxes (1% tax collected from the users of motor roads) and to increase VAT from 18% to 20%. Economy Minister of Belarus Nikolai Zaichenko has said today at a session of the Presidium of the Council of Ministers which considered most important parameters of the forecast of socio-economic development of the country and a draft law on the 2008 budget.

According to Nikolai Zaichenko, next year Belarus will continue optimizing the tax system and reducing its load upon the economy. For example, in 2008 the tax burden on the economy will be eased by 0.1 percentage point.

### \* Belarusian Government approves programs and projects of International Technical Aid

The Government approved the following programs and projects – the 2006 TACIS Regional Actions Program “Assistance in Implementation of Kyoto Protocol in Republic of Belarus”, “Information-Methodical Center for Family Issues”, “Reduction of Radio-Ecological Threat of Radioactive Waste Disposal Centers in Places of Former Dislocation of Military Units”, “Improvement of Warning and Response System to Nuclear Accidents”, “Restoration of Territories Suffered from Chernobyl Accident Using New Ecological Technologies”, “Healthy Family”, “Setting Up Belarusian-Latvian Cooperation in Sector of Children’s Palliative Aid”, “Art Without Borders – Popularization of Border Cultural Industry through Marc Chagall and Mark Rotko’s Art”.

The Economy Ministry was charged to coordinate the activity of the republican bodies of state administration and other organizations concerned to implement the 2006 TACIS Regional Actions Program.

The Ministry of Labor and Social Protection, the Education Ministry should coordinate and control the implementation of the project of international technical aid “Information-Methodical Center of Family Issues”, the Minsk Oblast Executive Committee and the Health Ministry – the project “Setting Up Belarusian-Latvian Cooperation in Sector of Children’s Palliative Aid”, the Vitebsk Oblast Executive Committee – the project “Art Without Borders – Popularization of Border Cultural Industry through Marc Chagall and Mark Rotko’s Art”.

The Emergencies Ministry should coordinate and control the implementation of the projects

“Reduction of Radio-Ecological Threat of Radioactive Waste Disposal Centers in Places of Former Dislocation of Military Units”, “Improvement of Warning and Response System to Nuclear Accidents”, “Restoration of Territories Suffered from Chernobyl Accident Using New Ecological Technologies”, “Healthy Family”.

### \* Belarus Government adopts plan to implement 2007-2010 National Innovation Development Programme

The Justice Ministry, the State Science and Technology Committee, the Education Ministry, the Industry Ministry, the Agriculture and Food Ministry in association with the National Academy of Sciences of Belarus, oblast administrations and the Minsk City Hall have been instructed to develop the necessary legal acts for establishing a national innovation system and implementing the country’s innovation development strategy.

The Economy Ministry, the Finance Ministry, oblast administrations and the Minsk City Hall are supposed to map out financial resources taking into account money of the national and local state budgets, loans, domestic and foreign investments for implementing the national, industrial and regional innovation development programmes and control their utilisation.

Apart from that, the Ministry of Statistics and Analysis, the State Standardisation Committee, the State Science and Technology Committee, the Economy Ministry and the National Academy of Sciences of Belarus have been instructed to work out and start monitoring the innovation development of all industries and regions of the country using a computerised record-keeping system and statistic data by September 1, 2007.

In Belarus the 2007-2010 National Innovation Development Programme was approved by presidential decree No. 136 of March 29, 2007. The Programme is supposed to create 100 new companies, 386 modern production facilities, to modernise 609 companies by introducing 888 high technologies.

Till 2010 Belarus’ research and development will focus on resource and energy-saving technologies, production of competitive products — new materials, energy sources, information and telecommunication technologies. Apart from that, much attention will be paid to issues relating to ecology and rational nature management as well as the creation of new technologies for processing and storing agricultural products.

The Programme’s implementation is supposed to increase the share of new products in the overall industry up to 19% by 2010 (10.4% as of early 2006), the share of innovative companies — up to 25% (14.1% as of early 2006). The share of certified products will be largely boosted. To reach the goal, over 2,000 enterprises will undergo certification for compliance with international standards.



### \* **Belarusian Government regulates reimbursement of costs of customs-seized goods storage**

Commenting on the document, representatives of the State Customs Committee told , if seized commodities are kept at storage facilities run by customs authorities, natural persons have to reimburse €1 for personal-use commodities stored for 24 hours or less. Natural and juridical persons have to pay €4 for one hour or less of storage of non-personal-use goods.

The money can be transferred in a payment processing centre as a cashless or cash payment in Belarusian rubles according to the official exchange rate set by the National Bank of Belarus. Foreign currency is accepted as reimbursement for goods seized from non-residents of Belarus.

The cost of the storage of goods kept at temporary storage facilities, customs warehouses and other premises is reimbursed by the customs authorities on the basis of the actual storage cost report provided by the owner of the warehouse. The money paid by the customs has to be reimbursed to the national budget by the owner of the customs-seized goods, noted the SCC press service.

The resolution comes into force in ten days after the official publication.

\* **Belarus Prime Minister Sergei Sidorsky** recommends approving the next year's major social and economic development targets of Belarus. The document was approved at today's session of the Council of Ministers and the head of Government recommended forwarding the document to the President for signing.

In 2008 Belarus' GDP may grow by 7.5-8.5% in comparison with 2007.

The industrial output is expected to grow by 7-8% next year, agricultural production — 6.5-8%, fixed-capital investments — 15-17%. The return on sales is supposed to make 12% while the GDP energy consumption may go down by 6-7%.

Real population income is expected to swell by 8-9%.

Next year's state budget deficit is expected to total Br2.2 trillion, 2% of the GDP. In 2008 revenues of the national budget are estimated at Br38.7 trillion, expenses — around Br41 trillion.

In 2008 inflation is supposed to total 6-8%. In late 2008 the refinancing rate will make 7-9%.

### \* **Belarus' state budget deficit as large as Br2.2 trillion in 2008**

In 2008 Belarus' state budget deficit will make 2% of the GDP (more than Br2 trillion). External resources will be the main source for financing the budget deficit, Belarus Finance Minister Nikolai Korbut said as he presented the next year's state budget bill at a session of the Council of Ministers.

In his opinion, the figure corresponds to international requirements and is much lower than that in other countries.

In 2008 revenues of Belarus' consolidated budget taking into account funds are estimated to total Br50.5 trillion, 13.9% up on 2007. Without the funds the figure is supposed to total Br38.5 trillion. Expenses of the consolidated budget without the funds are supposed to make Br40.8 trillion, 15.3% up on 2007.

According to the official, the consolidated budget will allocate Br12.2 trillion for financing the real economy. There are plans to spend Br29.9 trillion (59.3% up on 2007) on salaries of state budget companies, pensions, benefits, scholarships, the development of healthcare, education, culture, housing construction and other socially important goals.

The budget bill provides for about Br570 billion in direct state support to companies. Apart from that, a similar sum will be appropriated to grant preferential taxes to a large number of companies.

Preferential housing construction loans in the state budget are supposed to amount to Br346 billion in 2008.

Social policy expenses of the consolidated budget stand at Br14.9 trillion.

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### **Possible cooperation with Belgian partners**

Our Chamber of Commerce has received two requests from Russian companies of Kazan ("Grafskii les" LTD) and Nizhny Novgorod (JSC "DPO Plastik") about the possible cooperation with Belgian partners. Please, find below the information about these companies, their products and contacts in English.

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*Sales department:*

Tel.: ( 8313 ) 27-27-31, ( 8313 ) 27-27-32 Fax: (8313) 27-27-11 e-mail: opQdplas.ru

ZAO AIK "Nizhegorodpromstroybank", Dzerzhinsk branch

#### **Grafskii Less LTD.**



**Building constructions** in Wood Chistopolskava street, 28, Kazan, Republik of Tatarstan.

Gen. Director Evgrafov M.A.

tel. +79053143217

## **JOBS :**

### **DAVYDOVA Natalia**

searching for a job in a company involved in Russian business and located in the Brussels region. I'm 23 years old, master of arts with work experience at television (TV channel "Kultura") as a specialist of the department of regional development. Obtained know how in managing databases, have a good knowledge of Windows, experienced in analyzing and solving regional problems, organizing seminars and meetings; an enthusiastic team-player: implementing strategies and project support; have an active daily practice in English, French; passive German and Dutch; good communication skills, responsible, flexible, very patient, polite. I'm strongly motivated to work and eager to learn. I would be an excellent personal assistant and representative of your company (ready for work missions).

e-mail: [natalja.d@gmail.com](mailto:natalja.d@gmail.com) mobile: 04-98505870 (Brussels 1000)

### **OLGA MOISEVA**

International oriented, trilingual Russian – French – English, I am looking for a job in Marketing / Trade / Communication/ Export. My degrees in Trade and languages, associated to my professional experiences make me immediately efficient. I am interested in all opportunities, missions or market development at the export. Feel free to contact me:

GSM: 0032/495/12/74/73 , e-mail: [olgamoiseva@hotmail.fr](mailto:olgamoiseva@hotmail.fr)

### **VISEE Aurore**

Graduate in Translation & Interpretation (Russian, German).

Fluent in French, Russian, English and German, good knowledge of Spanish and Dutch.

One-year stay in Kyrgyztan and Uzbekistan, OSCE mission in Ukraine.

I am currently working in the sales department at Sony.

I would like to offer my services to a company /organisation working closely with Russian-speaking countries. I am also available as a freelance translator/interpreter.

[aurorevisee@yahoo.fr](mailto:aurorevisee@yahoo.fr), Tel. 0486/63 04 00



### Shevchenko Valeria

education: American Bussines College  
skill: manager import-export  
Languages: english, french, polish, ukrainian, russian  
Married with a belgian citizen.  
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### KULIK Anna

Masters in European Law (R.Schuman University) and in Comparative Law (Institute of Higher European Studies of Strasbourg) ;  
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Experience : Research Assistant at the EPP-ED Group of the European Parliament (Brussels), legal service of ONILait (Paris) ;  
Legal consultant in business, foreign investments and customs law at Businessconsult Ltd (Minsk, Belarus). Perfect knowledge of Eastern European markets. Bilingual French-Russian. Fluent in English and Belarusian. Looking for an appropriate position. For futher informations: [anna\\_kulik@hotmail.fr](mailto:anna_kulik@hotmail.fr) ; + 32 473.72.34.64.

### van SCHEEPEN Valentijn

Education: Business Administration, Medicine (basis)  
Work experience: Sales&Marketing, Import/Export, Business Development, Consultancy  
Medical & Pharmaceutical sector; Western, Central and Eastern Europe and central Africa  
Multilingual: Dutch, French, English, German, Russian; 5 years permanent stay in Russia and Ukraine  
Seeking Management position in a company dealing with Russia or CIS countries  
Contact: [valvs@skynet.be](mailto:valvs@skynet.be) ; +32-473-652748

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### AGADZHANYAN Arena

born 1966 Stepanokert (Nagorno-Karabach), Pedagogische State University of Rjazan ,Russia, (History& English); former journalist, Courses of Dutch in LBC, VDAB, VUB in Brussels . Sworn interpreter. president of the Flemish Association of Russian-speaking people. Many contacts, ability to work with Russian businessmen, knowledge of the Russian system, well organised and adaptable. I enjoy working with people.  
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