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SWEDISH CHAMBER OF COMMERCE FOR RUSSIA & CIS





# Swedish Chamber of Commerce for Russia & CIS

Promote trade between Sweden, Russia and CIS

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## Swedish Chamber of Commerce for Russia & CIS

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### MEMBER INFO

Dear Members,

A hectic period is ahead of us, with many upcoming events – some of which are described below. I hope we will meet at some of these.

Let me also remind you to use the different channels of our Chamber, including this Member info section of the Newsletter, to inform about your news, events or maybe some offers to fellow-members.

Heinz Sjögren, Chairman

#### New member – Infosphere

Infosphere is a boutique intelligence and advisory group. The company's goal is to enable clients to make decisions with greater certainty and precision as well as solve problems that fall outside of normal management- and organizational resources.

**INFOSPHERE**  
Knowledge making sense

Infosphere Executive Services AB provides tailor-made support and services for organizations active in markets outside of Western Europe, specializing in Eastern Europe/the CIS and the Middle East/North Africa.

[www.infosphere.se](http://www.infosphere.se)

#### We are on LinkedIn

Make sure to follow Swedish Chamber of Commerce for Russia & CIS on LinkedIn. We will regularly post updates about events, new members, seminars and workshops the Chamber participates in. If you would like us to post news about your company or convey an invitation through our LinkedIn-page, please feel free to email the suggestion to us.

[info@swedishrussian.com](mailto:info@swedishrussian.com)



#### Nordic Region Trade & Export Finance Conference, November 29, 2016

**GTR** Global  
Trade  
Review

The Nordic Region Trade & Export Finance Conference features as the only event of its kind in the Nordics, attracting a vast cross section of delegates and providing unrivalled networking opportunities for domestic, regional and international financial institutions, SMEs and MNCs, policy makers and trade finance specialists. The event will see high level delegates from across the trade finance community gather to discuss numerous external risks and opportunities faced by Nordic exporters in light of their activities across the globe.

There will be a 15 % discount, more information will be sent to your email.

<http://www.gtreview.com/events/europe/nordic-region-trade-export-finance-conference-2016/>



## Swedish Chamber of Commerce for Russia & CIS

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### Save the dates – events hosted by the Swedish Institute of International Affairs

|                    |   |
|--------------------|---|
| <b>November 8</b>  | 25 years after the fall of the USSR: Developments in the Eastern Partnership Countries.                   |
| <b>November 29</b> | 25 years after the fall of the USSR: Political and Economic Trends in Russia.                             |
| <b>December 13</b> | 25 years after the fall of the USSR: Historical Legacies and Perspectives for the Future in Central Asia. |

Please, visit <http://www.ui.se/eng/> for more information.

### Swedish Institute

|                   |  |
|-------------------|--|
| <b>December 2</b> | Business relationship with Russia.<br>At the Royal Armoury (Livrustkammaren) at 10:00. Invitations will be sent out. |
|-------------------|--|

Please, visit <https://eng.si.se/> for more information.

### Information meeting – Russia, Ukraine and Central Asia

On November 10, the Swedish Ministry for Foreign Affairs will host an information meeting with updates about situation and business opportunities in Russia, Ukraine and Central Asia. This time the emphasis will be on Kazakhstan and some of the other countries in Central Asia. Formal invitation has been sent out. Make sure to register.

### Articles in Swedish from Swedish Institute of Foreign Affairs

– Hans Blix "Säkerhetspolitiska debatten är för närsynt"

<http://www.utrikesmagasinet.se/kronikor/2016/oktober/blix-sakerhetspolitiska-debatten-ar-for-narsynt/>

– Stig Fredrikson "Nu kan Putin ta sikte på nästa presidentval"

<http://www.utrikesmagasinet.se/analyser/2016/september/nu-kan-putin-ta-sikte-pa-nasta-presidentval/>



## ECONOMY & POLITICS

### Russia

#### Spending increases, income falls

The Russian real spending increased in September for the first time since 2013. The highest growth in spending was observed in cities with population over 500,000 inhabitants (+8.2%, y-o-y). At the same time, real incomes continue falling. By the end of the year they will fall by 4.7-4.9%, according to the Ministry of Economic Development. (RBC.ru, 06.10)

#### Fitch improves credit rating forecast

The rating agency, Fitch, has improved Russia's credit outlook from "negative" to "stable". Meantime the credit rating is left at "BBB-". Fitch forecast for Brent price in 2017 – USD 45 per barrel and for 2018 – USD 55. By 2018, Russia's sovereign net debt will amount to only 9.4% of the GDP, despite the increase in borrowing to finance the budget deficit, predicts Fitch. (RBC.ru, 14.10)

#### Budget deficit for the first 9 months

In January-September, Russia's budget deficit amounted to RUB 1.5tln or 2.6% of GDP. During the first 9 months of this year, the federal budget received RUB 9.3tln in revenues, which is 67.6% of the annual plan. Expenditure for the period amounted to RUB 10.0tln or 67.5% of the target budget. (Tass.ru, 17.10)

#### Industrial production in increase

In January-September 2016, Russia's industrial production increased by 0.3%, y-o-y. However, from September 2015 to September 2016, the industrial production decreased by 0.8%. (Tass.ru, 17.10)

#### Fitch forecast on Russia's economy

Fitch Ratings expect Russia's inflation in 2017 to hit 6%, and in 2018 - 5.5%. The average exchange rate in 2017 will amount to RUB 65 per USD 1, and in 2018 – RUB 60, expects Fitch. According to the forecast, Russia's GDP will grow by 1.3% in 2017, and 2% in 2018. The growth in consumer spending will be 2% in 2017 and 2.5% in 2018. (Tass.ru, 18.10)

#### Economy Ministry on living standards

Russia's Economic Development Ministry has predicted that there will be no positive change in Russian living

standards before 2035. Growth in wages is expected to be "modest," with the sharpest increase being 2.1% in 2025. According to the ministry, the problem with economic growth is connected to demographic problems. By 2025 the economically active segment of the population is expected to shrink from 72 million to 69 million, and to 68 million in 2035. (The Moscow Times, 20.10)

#### Growth in bank profits

In January-September 2016, Russian banks registered profits in the amount of RUB 635bln, which is five times more than over the same period last year. Loans to non-financial organizations decreased by 2.2% in the period, while loans to individuals were reduced by 0.3%. (Tass.ru, 17.10)

### Belarus

#### IMF forecasts economic outlook

The IMF reports that Belarus will exit the economic recession in 2016 and start recovery in 2017. The growth will mainly be driven by improved outlook in Russia. (Reuters.com, 02.11, Global Times, 04.10)

#### S&P affirms long-term ratings at "B-"

The rating agency Standard & Poor's affirms Belarus' long-term rating in foreign and local currency at "B-" with a "stable" outlook. The short-term rating in foreign and local currency is affirmed at "B". (News.tut.by, 07.10)

#### The economy shrinks

According to the first estimate for the period January-September 2016, the GDP at current prices amounted to BYR 69.3 billion, or 97.1% of comparable prices y-o-y. During the first 9 months, the volume of industrial output in current prices was BYR 58.1 billion, which is 1.7% less than in the same period of 2015. (News.tut.by, 17.10)

### Ukraine

#### Industrial production in Ukraine

In the month of September 2016, the annualized (y-o-y) growth of industrial production, slowed to 2% from 3.4% a month earlier. In the period January-September 2016, the industrial production increased by 2% compared to the same period of the last year. The



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highest growth was recorded in manufacture of computer, electronic and optical products - by almost 4 times. (economics.unian.net, 21.10)

### **IMF's macro economic forecast**

IMF's latest macro economic forecast for Ukraine is left unchanged since earlier in this spring. IMF predicts that the GDP will grow by 1.5% in FY2016, and by 2.5% in 2017. Inflation will hit 13% in this year and decrease to 8.5% in 2017. (Interfax.com.ua, 02.11)

### **Armenia**

#### **IMF upgrades economic outlook**

According to IMF's upgraded Armenian economic outlook, growth will reach 3.2% in 2016 and 3.4% in 2017. The IMF also forecasts 0.5% deflation in 2016 and 2.5% inflation in 2017. However, other organisations have a more conservative view on the economic outlook. The World Bank expects a 1.9% economic growth and EBRD forecast a 2.6% growth in Armenia. (Arka.am, 05.10)

### **Kazakhstan**

#### **Inflation hits 5.6% since early 2016**

In January-September, the Kazakhstan inflation rate hit 5.6%, according Ministry of National Economy. Food prices have increased by 4.9%, non-food items' prices have grown by 6.8%, and paid services have increased by 5.3% in the same period. (Trend.az, 05.10)

#### **Kazakhstan's trade turnover**

In January-July, Kazakhstan's foreign trade turnover amounted to USD 33.1bln, minus 29.6% y-o-y. The exports fell by 30%, to USD 20bln, and import - by 28.8%, to USD 13.1bln. The largest trading partners are Russia (19.5%), China (13%), and Italy (12%). (Kapital.kz, 04.10)

#### **On consumer behaviour**

According to the American consultancy company, Nielsen, Kazakh consumers are increasingly saving their disposable income, available after non-discretionary expenses. 54% of consumers are cutting back on clothing, shoes, and fashion accessories; 43% save on holidays; 39% - on technique, 34% - on food; and 29% have postponed replacement of household items. The

consumer confidence index in Kazakhstan is currently at 77 points. (Kapital.kz, 04.10)

### **IMF cuts GDP growth forecast**

According to IMF's latest forecast for Kazakhstan's GDP growth in 2016 and 2017, the economy will contract by 0.8% in 2016 due to lower export revenues. In 2017, the growth will reach 0.6%. At the same time, inflation is projected to reach 13.1% in 2016 and 9.3% in 2017. (Today.az, 05.10)

### **Kyrgyzstan**

#### **GDP for three quarters of 2016**

According to preliminary estimates from the National Statistics Committee, GDP in January-September 2016 increased by 2% (y-o-y) reaching KGS 310bln. The industrial production amounted to more than KGS 135bln, which is a decrease by 4.7%. (KG.24, 11.10).

### **Tajikistan**

#### **IMF upgrades GDP growth forecast**

The IMF has upgraded its 2016 GDP growth forecast for Tajikistan to 6.0% (previously: 3.4%). In 2017, Tajikistan's GDP growth rate may slow down to 4.5 percent, according to the IMF. (News.tj, 06.10)

#### **Inflation for January-September**

Over the first nine months of 2016, inflation in Tajikistan stood at 5.0%, according to the National Bank of Tajikistan. In September, inflation reportedly stood at 0.4%, which is a 0.4% m-o-m drop. The FY2016 inflation rate will stand at 7.5%, according to the Government prediction. (News.tj, 11.10)

### **Turkmenistan**

#### **Turkmenistan ratifies deal with Germany**

Turkmenistan and Germany have ratified an agreement on the avoidance of double taxation of income and property taxes. The trade volume between the two countries amounted to USD 306mln in 2015. German companies present in Turkmenistan are e.g. Siemens, Daimler, Claas, Rohde & Schwarz, and Dresser-Rand. (Today.az, 18.10)



## **BUSINESS & FINANCE**

### *Russia*

#### **Leroy Merlin builds mall in Krasnodar**

The French do-it-yourself retailer, Leroy Merlin, plans to build a second shopping center in Krasnodar. Investment in the project is estimated at RUB 1.5-1.8bln. The retail center will be put into commission in 2018. (Interfax-russia.ru, 01.10)

#### **French Legran invests in Ulyanovsk**

The French company Legran will build a second plant for low-voltage switching equipment in the Ulyanovsk region. The investment will amount to RUB 1bln. According to the plans, the factory will be put into operation before the end of 2018. (Bnkirov.ru, 03.10)

#### **Chinese manufacturer to Novosibirsk**

The Chinese company, Zhejiang LEO Co., Ltd., intends to start manufacturing pumping equipment in Novosibirsk. Investments can range from USD 5-10mln. (Infopro54.ru, 06.10)

#### **BMW to invest in Moscow warehouse**

BMW will invest in a new warehouse near Naro-Fominsk in the Moscow region. The construction will be carried out by the contractor PIK Group and will be completed in the spring-summer of 2017. The total investments amount to approximately RUB 1.4bln. (Riarealty.ru, 06.10)

#### **Japanese hotel chain enters Vladivostok**

The large Japanese hotel operator, Hotel Okura, considers constructing a hotel in Vladivostok. Hotel Okura manages 80 hotels, from 4 to 6 stars, worldwide. (Riarealty.ru, 12.10)

#### **Chinese wood processing in Leningrad**

The Chinese company Trastforest plans to establish a birch veneer production site near Luga, in the Leningrad region. The amount of investments at the first stage will approximate RUB 500mln. The estimated production volume can exceed 100,000 m<sup>3</sup> per annum. (dp.ru, 13.10)

#### **Iranians invest in Astrakhan**

The Iranian company Peyvand Group is implementing a major agricultural project in Astrakhan. The total investment is estimated at RUB 850mln. The project includes establishing a feed plant for livestock and poultry with a capacity to produce 5 tons per hour. (Agro2b.ru, 14.10)

#### **French Total produces oil in Kaluga**

By mid-2018, the French oil company Total will start producing motor oil in the Kaluga region. The investment is estimated at RUB 2.4bln. (Ogirussia.com, 18.10)

#### **Europe's largest logistics centre**

The French food retailer Auchan plans to establish Europe's largest warehouse and logistics center in Domodedovo, outside Moscow. The logistic center is commissioned till 2018 and will be worth USD 95mln. The plan is to establish a modern, energy-efficient and environment-friendly facility. The final project will have the capacity to handle the loading and unloading of more than 230 trailers simultaneously and will serve more than 50 regional Auchan stores. (CPexecutive.com, 19.10, Utro.ru, 24.10)

### *Belarus*

#### **Slovak wood processing in Belarus**

A Slovakian company is interested in establishing a waste-free wood-processing facility. The company will use laser technologies in order to significantly increase the resource efficiency. The cost of equipment is estimated at EUR 2-2.5mln. (Lesonline.ru, 10.10)

#### **Japanese payment system in Belarus**

The payment system provider, Japanese "JCB International Co., Ltd" will enter the Belarus market. The Japanese will partner with the local Belinvestbank, giving JCB cardmembers the ability to pay for goods and services with their cards in Belarus and to withdraw the local currency from ATMs. (News.21.by, 10.10, ACN Newswire, 14.10)

#### **Leroy Merlin enters Belarus**

Leroy Merlin is going to go establish a subsidiary in Belarus. The first step will be to establish a construction and materials shop in Minsk. (News.21.by, 14.10)



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### **Danish JYSK establishes in Belarus**

The Danish retailer JYSK has announced its intention to enter the Belarus market through a Baltic franchise holder. JYSK eyes at Minsk as location to accommodate 2-3 stores, at a first stage. (Probusiness.by, 24.10)

### **Polish investments**

Polish enterprises are considering launching several large business projects in Belarus. Among them, the creation of a wind farm in the Grodno region of western Belarus, worth around USD 3mln; the creation of a tennis center in Minsk worth USD 30mln; and the construction of a shopping center in Grodno worth more than USD 60mln. (Belta.by, 24.10)

### **Ukraine**

#### **Japanese automotive production**

The Japanese automotive producer, Fujikura, plans to establish four new car parts factories in Ukraine. The first phase of the investment will amount to EUR 60mln. Fujikura already operates a factory in Lviv, in the western Ukraine. (Financial Times, 17.10, replyua.net, 3.10)

#### **Chinese solar parks in Chernobyl**

Two Chinese investment companies, CCEC and GCL, consider building solar energy parks in the Chernobyl nuclear zone. The companies are ready to invest more than USD 1bln in the project. (Finance.bigmir.net, 25.10)

### **Armenia**

#### **French infrastructure investments**

The French Development Agency will carry out approximately USD 40mln worth projects in Armenia in order to improve local infrastructure. (Arka.am, 18.10)

### **Azerbaijan**

#### **Germans to construct new plant**

The German company, HORN Glass Industries AG, together with Azerbaijan's AzerFloat, will build a manufacturing factory for sheet glass in Azerbaijan. HORN Glass Industries AG will design the enterprise, and equip it with modern equipment and technology. The total amount of investments is EUR 89mln. (Tybet.ru, 17.10)

### **Georgia**

#### **EBRD supports first wind farm**

EBRD together with the government of Georgia have inaugurated a first wind power plant in Georgia. The wind farm is located in the Gori region and has a capacity of 20.7 MW. EBRD has arranged a USD 22mln syndicated construction loan to the wind farm operator, Qartli Windfarm LLC. EBRD provides a USD 10mln tranche, and the remaining USD 12mln is shared by a troika of two Dutch and one Luxemburg investors.

#### **Canada invests in Georgian projects**

Export Development Canada is ready to allocate long-term funding in the amount of USD 120-150mln to Georgia in order to finance large investment projects. (Ekhokavkaza.com, 07.10)

### **Kazakhstan**

#### **Saudis invest in mine exploration**

The Saudi Arabian company, Metals Corners Holding Co, will allocate USD 50mln for exploration of base metals, gold, copper and silver in Kazakhstan. (Inform.kz, 24.10)

### **Kyrgyzstan**

#### **Chinese to produce aluminium radiators**

The Chinese company Tmai Investment Holding plans to build an aluminum production facility for radiators in Kyrgyzstan. The amount of investment is estimated at USD 40mln. (Vb.kg, 01.10)

### **Tajikistan**

#### **EBRD, EU to offer lending to farmers**

EBRD and the EU have launched a new EUR 42mln program to support farmers in Tajikistan. The first tranche has been provided to a leading microfinance deposit-taking organization, Arvand. The aim is to help micro, small and medium-sized enterprises in primary agriculture to upgrade and replace machinery and equipment that are unproductive. In Tajikistan, agriculture accounts for the majority of employment but suffers from very low productivity. (News.tj, 18.10)





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### *Swedish Chamber of Commerce for Russia & CIS*

The Swedish Chamber of Commerce for Russia & CIS is an information, contact and service organisation. The mission of the Chamber is to promote trade between Sweden - Russia and the CIS, as well as to work as a forum for new ideas and exchanging of experiences.

To order subscription of this newsletter, please contact Swedish Chamber of Commerce for Russia & CIS. See contact information below.



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