

September
2017

Newsletter #7

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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MEMBER INFO

Dear Members,

Welcome back! Hopefully you have had a chance to enjoy some relaxing summer vacations. We are looking forward to an exciting autumn with many interesting events – both in Sweden and in our region – some of which are highlighted in the Calendar below. We are presently discussing our Chamber’s participation in upcoming seminars covering *Arbitration procedures*, *Corruption* and also this year we will be one of the partners in GTR’s upcoming *Nordic Trade Finance Forum*. So hopefully we will meet at some of these, or other, events. If you are interested in any of the highlighted events – please contact us for further information!

Heinz Sjögren, CEO

The 6th “Swedish-Ukrainian Business Forum in Kyiv, Thursday June 15th



Margot Wallström, the Minister of Foreign Affairs of Sweden held the inauguration speech at this well-attended event in Kiev.

A large number of Ukrainian companies both had the opportunity to listen to the experiences from many Swedish companies entering into the Ukrainian market, as well as to learn more about the possibilities to get access to the Swedish and EU markets, by very hands-on presentations from – among others – representatives from The National Board of Trade of Sweden.

Parallel to the full day seminar program at the Hyatt Regency Hotel, there was also an exhibition with about 15 Swedish companies presenting their activities & products, and next to the main entrance of the hotel both Scania and Volvo displayed some of their products.

More about the event and many more photos, can be viewed in <http://www.subf.com.ua/>





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Conference about the Russian Economy at the Swedish Institute of International Affairs (UI) June 13th



Close to 15 well-known and highly regarded scholars and researchers from all over the world – including from Russia -gathered for a full day conference covering the topic “The Russian Economy – Stagnation or Modernization?”

Joint organizers were the Swedish Institute of Foreign Affairs (UI), the Stockholm Institute of Transition Economics (SITE) and the Swedish Defence Research Agency (FOI).

Not one single answer was given to the headline, but many very interesting aspects of the economy, at central and at regional/local level were given, as well as implications of demographic changes, labour market, fiscal discipline, military expenditures, impact of sanctions etc.

Ukrainian music festival in Sweden – Rethinking Europe: Ukraine

Lviv Philharmonic Orchestra, Ukrainian Children´s Choir Schedryk, Natalya Pasichnyk, Andrea Tarodi, Jacob Koranyi, Adolf Fredriks Muiskklasser m.fl. SUPPORT A GOOD THING!

On October 23th there will be a concert at Eric Ericsonhallen and on October 24th at Musikaliska. Tickets can be bought on: tickster.se and musikaliska.se



Calendar

- **September 13-15th** - Caspindexpo, International industry exhibition, ITF Group (organizer). Baku, Azerbaijan
- **September 15th** - Global Business Forum “XXI Century Challenges in Business” in Georgia. Biltmore Hotel Tbilisi, Georgia
- **September 26th** - Update of the situation in Russia, Ukraine and Moldova by Ministry of Foreign Affairs of Sweden. Rosenbad’s conference center, Drottninggatan 5, Stockholm
- **September 29-30th** - 10th International Investment Forum - Tavrian Horizons. Nova Kakhovka, Kherson region, Ukraine
- **October 2-6th** - Moldova Business Week 2017. Chisinau, Moldova
- **October 16-18th** - Open Innovations Forum 2017 – Skolkovo, Russia. “Tempted with innovations”. Skolkovo Technopark, Moscow region
- **November 28-29th** - Tbilisi Belt and Road Forum. Tbilisi, Georgia



ECONOMY & POLITICS

Russia

YTD inflation hits 2.6%

In the month of July, the consumer price growth hit 0.3%. Measured since the beginning of 2017, the inflation reached 2.6%. (Vedomosti.ru, 02.08)

US sanctions don't affect S&P ratings

The new economic sanctions imposed by the USA against Russia have not had a direct impact on Russia's sovereign ratings, says S&P Global Ratings. Russia's long-term foreign currency rating is at the level of "BB+" with a positive outlook. In the national currency, Russia is rated at "BBB-", also with a positive outlook. (Interfax.ru, 03.08)

Boom for Russia's agriculture

As Russia imposed counter-sanctions on imported food stuff in 2014, about 60% of the country's total meat and fish imports were banned, as well as 50% of dairy, vegetable and fruit imports. Total food imports from the EU fell 40% between 2013 and 2016. According to VTB Capital, in Russia 2016, food and agriculture companies spent USD 5bn in capex. PhosAgro, whose shareholders include Fidelity and BlackRock, placed a USD 500m bond at 3.95% in April, while Spanish agriculture company Grupo Fuertes last month increased its shareholding in Cherkizovo to 8%. (Ft.com, 03.09)

Trade with China up 26%

In January-July, the trade turnover between Russia and China increased by 26% in annual terms to USD 46.8bln. In the reporting period, the volume of exports from China to Russia increased by 22% and amounted to USD 23.4bln. At the same time, the volume of imports of Russian goods to China increased by 30% to USD 23.4bln. (Tass.ru, 08.08)

Average check decreases in most regions

In the month of July, the average check (purchase amount) was RUB 503, which is a m-o-m decrease by 3%, and 1.4% lower compared to July 2016. The average check in July showed a negative trend in most regions,

as well as major cities and megacities. (Vedomosti.ru, 10.08)

Rosstat: GDP growth accelerates in Q2

In 2Q of 2017, Russia's GDP grew by an annual 2.5%. In 1Q, economic growth was estimated at 0.5%, and in 4Q 2016 - at 0.3%, according to preliminary estimates of Rosstat, (Finmarket.ru, 11.08)

Wages arrear grows 8% in July

As of August 1, 2017, overdue arrears in wages amounted to RUB 3.5bln, having increased by RUB 248mln in July. (Interfax.ru, 15.08)

Industrial production grows in July

In July 2017, industrial production increased by 1.1%, y-o-y. In January-July 2017, the industrial production growth hit 1.9%. (Interfax.ru, 15.08)

Bank of Russia: Economy in rebound

Russia's economy is enjoying a rebound and may even exceed the official FY-forecast of 2%, according to The Bank of Russia. The bank may also raise its 2017 growth projection, while lifting investment forecast to 4-5% for 3Q. In 2Q, fixed-capital investment grew by an annual 6.3%, the most since 2012. The jump was driven by two massive infrastructure projects; purchases of equipment fueled by a stronger RUB, as well as a law pushing retailers to invest in new cash registers – all of which are temporary. (Bloomberg.com, 30.08)

Belarus

Belarus' GDP up in January-July

In the first half of 2017, Belarus' GDP totaled BYN 56.7bln, an increase by 1.1% y-o-y in comparable prices, according to the National Statistics Committee of Belarus. Moreover, The Eurasian Development Bank has revised upward the Belarus GDP growth forecast for FY2017, due to global recovery of commodity prices. The new GDP projection for the period is 1.4% (0.1 %-point more than previously). Belta.by, 10.08 16.08)

Retail trade up 1% in January-July

In January-July 2017, the Belarus retail trade grew by 1%, totaling BYN 21.6bln according to The National Statistics Committee. (Belta.by, 18.08)



Central Bank reduces refinancing rate

Starting from September 13, the refinancing rate will be reduced from 12% to 11.5% p.a. according to a decision taken by The Board of the National Bank of the Republic of Belarus (NBRB). The decision was taken on the back of a stable price increase. In August the consumer price growth is projected to stay below 6% in annual terms. (Belta.by, 23.08)

Ukraine

Economic growth slows down in 2Q

In April-June 2017, the GDP growth of Ukraine hit 2.4%, y-o-y. The GDP growth in 1Q equaled to 2.5%, the Stats Statistics Service says. (Ukrainianjournal.com, 14.08)

Industrial production falls by 2.6%

In July, Ukraine's industrial production fell by 2.6% in annual terms as compared to July 2016. In January-July, industrial production decreased by 0.7%, y-o-y. (Economics.unian.net, 22.08)

Retail trade grows YTD 2017

In January-July 2017, the retail trade turnover increased by 8% compared to the same period in 2016, up to UAH 444bln. Retail trade turnover in July 2017 compared to June increased by 6.7% and to July 2016 - by 6.8%. (Economics.unian.net, 23.08)

Armenia

CPI-inflation in 2Q

In 2Q, the Consumer Price Index (CPI) stood at 101.3%, compared to 98.3% the same period of 2016, according to the National Statistical Service (NSS). The registered inflation stems from a 105.5% rise in prices of food products. However, the prices of non-food products and services went down to 97.3% and 98.2% respectively. (Panorama.am, 19.08)

Azerbaijan

The external debt exceeds USD 7bln

Azerbaijan's external sovereign debt stood at USD 7.2bln as of July 1, 2017, which accounts for 19% of the country's GDP, according to the Ministry of Finance. The statistics on borrowings include direct liabilities of the Azerbaijani government and contingent liabilities for loans provided under state guarantee. Azerbaijan's

external debt consists mainly of funds raised from international financial institutions within credit programs and infrastructure projects, as well as securities placed in international financial markets. (Trend.az, 24.08)

Kazakhstan

New investment strategy for 2018-2022

The Government of Kazakhstan will launch a national investment strategy for the period, 2018-2022, with the aim to increase inflow of foreign investments by 26% in that period. According to the strategy, Kazakhstan is also to create more favorable investment climate and effectively cooperate with 36 countries, which are important investors. (Akipress.com, 16.08)

National Bank cuts policy rate to 10.25%

Kazakhstan's central bank has cut its policy rate to 10.25% (down from 10.50%), based on declining inflation expectations and stable situation in the commodity market. However, the bank warns that uncertain and volatile external conditions make further cuts less likely in the near term. (Akipress.com, 22.08)

Export grows by 38% in 1H 2017

In January-June 2017, the Kazakh export volume of goods amounted to USD 23.2bln, an increase by 38% y-o-y. (Kapital.kz, 21.08)

Kazakh GDP up 4%

The Ministry of National Economy of Kazakhstan has increased its forecast for GDP growth in FY 2017 to hit 3.4%. For the first 7 months of 2017, gross domestic product grew by 4%, the Ministry reports. (Kapital.kz, 29.08)

Turkmenistan

YTD GDP growth hits 6.4%

In January-July 2017, the Turkmen GDP grew by 6.4%, according to The Government of Turkmenistan. The industrial production grew by 3.4%, construction by 3.9%, transportation and communications sector by 10.9%, retail trade by 9.2%, agriculture by 4.6%, and service sector by 10%. (Trend.az, 05.08)



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Uzbekistan

GDP grows by 7% in 1H 2017

In January-June 2017, Uzbekistan's GDP grew by 7% y-o-y, according to the country's State Statistics Committee. Meanwhile, the volume of production of industrial goods went up by 7.6%, agriculture by 5.8%, construction by 8.7%, retail trade turnover by 11.1%, services 11.6%, and fixed capital investments rose by 8.3%. (Trend.az, 04.08)



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BUSINESS & FINANCE

Russia

Iran and Russia in joint train production

The Iranian Organization for Industrial Development and Reconstruction has signed a contract worth EUR 2.5bln with the Russian company Transmashholding to create a joint venture for the production of subway cars in Russia. (Iran.ru, 01.08)

Chinese to produce yeast near Lipetsk

In October 2017, the Chinese company, Angel Yeast, will open a plant to produce yeast in the special economic zone "Dankov" in the Lipetsk region. The investment amounts to RUB 5.7bln. The site will be the largest producer of dry yeast in Russia, with a total volume of 20,000 tons per year. (Tass.ru, 02.08)

YIT builds residential complex in St. Petersburg

The Finnish construction company YIT will build a residential complex on Student Street in St. Petersburg. The project includes five 11-storey buildings including 827 apartments. The project is scheduled to be implemented in five phases. (Ktostroit.ru, 07.08)

Adidas closes 150 stores in Russia

The German sportswear retailer Adidas plans to close around 150 outlets in Russia this year due to falling sales revenues. According to the chief executive, Kasper Rorsted, the Russian market is expected to continue shrink due to Western sanctions imposed on Russia, as well as low prices on oil. (The Moscow Times, 09.08)

Americans build farm in Ulyanovsk

The American agricultural company, Bondar, will set up an animal farm in the Ulyanovsk region. The amount of investments is estimated at RUB 1.5bln. Bondar already owns agriculture assets in the Penza and Tambov regions. (Tass.ru, 17.08)

Swiss industrial park in Krasnodar

The Swiss company, Dega Group, plans to build an industrial park, "Dega-Krasnodar", in Krasnodar. At the

first stage, the amount of investment in the project is estimated at RUB 50-60mln. The first stage of the industrial park will occupy an area of 66.4 hectares. (Rcmm.ru, 21.08)

Smurfit Kappa acquires Moscow company

Ireland's Smurfit Kappa has acquired the Moscow based corrugated packaging company, Soyuz. The purchase amount is not revealed. Smurfit Kappa already has three plants in Saint Petersburg, producing paper-based and bag-in-box products. (Lesprom.com, 22.08)

Turkish wood-working facility in Vladimir

The Turkish holding company, Yildizlar, plans to build a wood-working complex in the Vladimir region. The implementation of this project will take five years and cost RUB 25bln. (E-vesti.ru, 23.08)

Japanese medical centre in Vladivostok

Two Japanese companies, JGC Corporation and Hokuto Social Medical Corporation, intend to build a medical rehabilitation center in Vladivostok. Investors will allocate more than RUB 150mln in the project. The opening of the medical center is scheduled at the first quarter of 2018. (Rcmm.ru, 28.08)

CastorX invests in housing project

The Swedish investment company CastorX Capital will invest in the construction of a resort village in Gatchina, Leningrad region. Total investment in the first stage amounts to RUB 35bln. The Swedes plan to set up one million square meters of low-rise housing. (Asninfo.ru, 31.08)

Ukraine

Americans invest in gold mine

The American company, Avellana Gold, has launched a project to extract polymetals in the Transcarpathian region. The planned investment amounts to USD 100mln. (Vsekommentarii.com, 05.08)

Chinese to manufacture cars in Ukraine

The Chinese company, Henan Shaolin Bus Co. LTD, is ready to establish a large-scale assembly plant for Shaolin buses in Sumy, in the northern part of Ukraine. (Xboxnews.ru, 11.08)



Bunge invests in Nikolaev seaport

The US based company, Bunge, intends to start a third stage of investments in the production-transshipment complex at the Nikolaevsky seaport. Before the end of 2018, Bunge will invest USD 30mln in the project. (Interfax.com.ua, 28.08)

Azerbaijan

Hungary invests in agriculture

A joint Azerbaijani-Hungarian agricultural project is being launched in Azerbaijan. The greenhouse complex will be located on a 210,000m² territory and cost EUR 17.2mln. (Trend.az, 14.08)

Kazakhstan

EBRD finances municipal heating

The EBRD increases its support for municipalities in Kazakhstan with a new investment in the east of Kazakhstan; modernisation of the district heating system in the city of Ust-Kamenogorsk. EBRD will provide a senior loan, equivalent to EUR 9.1mlj for the project. (Akipress.com, 03.08)

Israeli fund invests in agribusiness

The Israeli investment company, Polevoi Group, is ready to allocate up to USD 1bln to finance Kazakhstan's agribusiness. Investments will go to projects for processing meat and dairy, fruit and vegetable products, creating greenhouses, building modern storage facilities and cooling systems. (Kapital.kz, 10.08)

Germans to produce wind generators

United Energies will build an innovative plant for the production of wind generators in Aktobe, Kazakhstan. The project investment equals to EUR 84mln. The project will be financed by attracting foreign investments from Germany together with state financial institutions in Kazakhstan. (Sputniknews.kz, 21.08)

Papa John's enters Kazakhstan

PJ Western (owner of the master franchise of Papa John's brand in Russia and Belarus) will develop a chain of pizza restaurants in three more countries - Kazakhstan, Kyrgyzstan and Poland. According to preliminary data, the first Papa John's pizzeria will be opened in Almaty this fall. PJ Western plans to open 16 restaurants in Kazakhstan until 2022. (Kapital.kz, 25.08)

Uzbekistan

Poles to produce textiles

The Polish company, Polcotton, plans to put up a large-scale complex to process cotton fiber and yarn production in Uzbekistan. The company plans for an annual capacity to produce 10,000 tons of finished products. Investments amount to USD 60mln. (Kommersant.uz, 29.08)



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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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