

November 2017

Newsletter #9

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,

We are right in the busy autumn with a lot of events, as you probably have noticed also from all invitations sent to you from our Chamber. It is indeed a pleasure to see that many of you take your time to attend these events – many times arranged in cooperation with our member companies, like recently at Advokatfirman Lindahl or soon by Raiffeisen Bank International.

It is also a pleasure to see that we continue to receive new members – more and more also from abroad, from companies in the region having interests to get in closer contacts with Swedish companies and businessmen. We also see more interactions and contacts with embassies and various organizations. Thus the foundation for our Chamber to act as a platform for networking, for business contacts, and for spreading information, ideas and even concrete business proposals grows stronger.

Heinz Sjögren, CEO

Ukrainian music festival in Sweden

October 23-24 a Ukrainian Music Festival was organized in Stockholm. The internationally well-known Swedish-Ukrainian pianist, Natalya Pasichnyk, and The Ukrainian Institute of Sweden (www.ukrainskainstitutet.se), brought close to 90 young talented musicians and singers to Sweden. Besides the highly appreciated music performances a lot of contacts with Swedish artists and singers were established since the Ukrainian guests were accommodated in Swedish host families.



Seminar: Russia 2018 – Common Ground for Europe and Asia

Lunch seminar in the beautiful premises of Tändstickspalatset. Listen to well informed speakers and panelists from Ferronordic, Lantmännen, Aeroflot and Raiffeisen Russia. After the lunch break, have the pleasure to listen to Dag Sebastian Ahlander who published the critically highly acclaimed book Gustaf Mannerheim last year. Limited number of seats. RSVP to:

Jessica.voggenberger@se.rbinternational.com

Date and Time: **November 15th 11:00-14:00**

Venue: **Tändstickspalatset, Västra Trädgårdsgatan 15, Stockholm**





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Aeroflot – Russian Airlines is a new Chamber member



We welcome our new member Aeroflot - Russia's flagship carrier and a member of the SkyTeam global airline alliance. The airline and its partners serve 1,074 destinations in 177 countries worldwide. Aeroflot operates the youngest aircraft fleet in the world with 210 aircraft. In 2017, Aeroflot was named the World's strongest airline brand by leading valuation and strategy consultancy Brand Finance, U.K. Aeroflot was also named Best Major Airline in Europe by TripAdvisor travellers and recognised as the Favourite International Airline in China at the Flyer Award Ceremony 2017. Aeroflot is the Official Airline of Manchester United Football Club. Follow the [Link](#) for more information.

Ukraine International Airlines (UIA) is a new Chamber member



We welcome our new member UIA - Ukraine's leading airline. UIA is a low-fare network carrier. The primary business is to provide safe and reliable passenger and cargo transportation. UIA offers a vast selection of point-to-point and transit travel opportunities. The airline connects Ukraine with 38 countries in Europe, Asia, America, Africa, and the Middle East. The carrier operates 1100 international and domestic flights weekly and provides connections with partner airlines' services to over 3000 destinations worldwide. The UIA fleet currently comprises about 40 aircraft. Follow the [Link](#) for more information.

GTR Global
Trade
Review

T B I L I S I
B E L T & R O A D
F O R U M

Calendar

- **November 16th** – GTR Nordic Region Trade & Export Finance Conference. Stockholm
- **November 16th** - SITE Event "The Political Situation in Russia" by former Prime Minister of Russia and opposition figure Mikhail Kasyanov. Stockholm School of Economics, The Aula
- **November 23rd** – VII Russian-Swedish Economic Forum at the Russian Trade Representation, Lidingö. For more info please see <http://rysslandshandel.se/en/>
- **November 23-24th** - Ukrainian Food Expo. KyivExpoPlaza, 2-B, Salyutna st., Kyiv, Ukraine
- **November 27-29th** - Tbilisi Belt and Road Forum. [Register](#) before 15/11. Tbilisi, Georgia
- **December 4th** - Breakfast seminar: Swedish Foreign Trade after GDPR. Time and place: 09:00-11:00, Norra Latin, Drottninggatan 71b, Stockholm, Sweden. [Register](#)



ECONOMY & POLITICS

Russia

Annual inflation slows to 3%

In September, Russia registered a deflation rate of 0.1% (price decrease). In annual terms, the growth of consumer prices has slowed to 3%. Decrease in prices for food products was 0.7%, non-food products increased by 0.3%, and services - by 0.1%. (Vedomosti.ru, 05.10)

IMF upgrades GDP growth outlook

The IMF has upgraded its 2017 GDP growth outlook for Russia to 1.8% (1.4%), and to 1.6% (1.4%) for 2018. Inflation is expected at 4.2% in 2017, and 3.9% in 2018, according to the revised outlook. (Tass.com, 10.10)

Growing import from non-CIS countries

In January-September, Russia's import of goods from non-CIS countries grew by 24.7%, y-o-y, to USD 144bln, according to the Federal Customs Service. (Tass.com, 12.10)

Industrial production up by 0.9%

In January-September, Russia's industrial production increased by 1.8%, y-o-y, according to the Federal State Statistics Service. (Finam.ru, 16.10)

Labor productivity to grow in 2018-2020

Russia's labor productivity is expected to annually grow by 2.3-2.6% in the period 2018-2020, according to the Economic Development Ministry. (Tass.com, 17.10)

Wage arrears up in September

As of October 1, 2017 Russian wage arrears amounted to RUB 3.4bln, an y-o-y increase by 33%, according to Rosstat. In 99.3% of the cases, wage arrears were due to lack of funds. (Tass.com, 17.10)

Retail trade accelerates

In September, the retail trade turnover grew by 3.1%, y-o-y. Although in comparison with August it decreased by 0.5%, annualized growth was the highest since December 2014 (5.1%). (RBC.ru, 18.10)

Central Bank cuts key rate to 8.25%

The Central Bank of Russia decided to reduce the key rate by 25 bp. to 8.25% p.a. This is the fifth rate cut since the beginning of the year. (Vedomosti.ru, 27.10)

Belarus

S&P raises Belarus I-t credit ratings

S&P has raised Belarus' long-term local/FC sovereign credit ratings to 'B' from 'B-'. The outlook on the long-term ratings is stable. Moreover, S&P expects Belarus' GDP growth to average close to 2% annually in 2017-2020. (Belta.by, 09.10)

Belarus' GDP grows 1.7%, YTD

The GDP growth rate for the first 9 months of 2017 was 1.7%. (News.tut.by, 17.10)

External public debt grows

As of October 1, 2017 Belarus' external public debt amounted to USD 16.3bln, increasing since the beginning of the year by 19.5%, taking into account exchange rate differences. (News.tut.by, 31.10)

Ukraine

IMF expects Ukraine's GDP to grow 2%

The IMF expects Ukraine's real GDP to grow by 2.0% in 2017 and by 3.2% in 2018. The forecast has not changed since last outlook in April. Real GDP of Ukraine in 2016 hit 2.3%. (Ukainform.net, 10.10)

Deficit in foreign trade

Ukraine's deficit in the foreign trade of goods has grown y-o-y by more than twice in the period January-August, amounting to USD 3.3bln (USD 1.5bln), according to the Ukrainian State Statistics Service. (Unian.info, 18.10)

Industrial output drops in September

In September, Ukraine's industrial output fell by 0.3% in annual terms, without taking into account the calendar effect (adjusted for calendar effects: 0.1%), according to the State Statistics Service. In the month earlier, industrial output rose by 1.2%. The biggest drop in annual terms was recorded in the production of computers, electronic and optical products (34.5%). (Unian.info, 23.10)



Kazakhstan

Inflation accelerates

In September, the monthly inflation rate in Kazakhstan accelerated to 0.3% from 0.1% in August, according to the National Economy Ministry. The inflation rate for the YTD 2017 (January-September), amounted to 4.2%. YTD prices for food products increased by 3.1%, while prices for non-food products and paid services jumped by 5.5% and 4.3%, respectively. (Today.az, 02.10)

Armenia

IMF forecasts 3.5% economic growth

The IMF has updated its GDP growth forecast for Armenia in FY2017, from 2.9% to 3.5%. Moreover, IMF predicts Armenia to hit 1.9% inflation rate in 2017. The inflation forecast for 2018 is 3.5%. (Panorama.am, 10.11)

Azerbaijan

Economy to grow in 2017-2018

Azerbaijan's real GDP growth will reach 0.3% in 2017 and 1.5% in 2018, according to the Azerbaijan government estimates. In 2016, Azerbaijan's GDP decreased by 3.1%. (azernews.az, 20.10)

Kyrgyzstan

Presidential elections

Former Prime Minister of Kyrgyzstan, Sooronbai Jeenbekov, won the presidential election receiving 54% of the votes. His main opponent, Omurbek Babanov, received 33% of the votes. In total there were 12 candidates participating in the elections. Sooronbai Jeenbekov represents the ruling Social Democratic Party. (Trend.az, 16.10)

Uzbekistan

Macroeconomic indicators

Uzbekistan's annual economic growth will reach 6% in the period 2017-2018, according to the IMF. At the same time, Uzbekistan's inflation will grow from 8% in 2016 up to 13% in 2017. The inflation growth rate is forecasted to reach 12.7% in 2018. . On September 5, the Central Bank devalued the national currency (UZS) by almost two times. (Today.az, 12.10)



BUSINESS & FINANCE

Russia

British drugs to be produced in Pskov

The British company, KGP Laboratories (UK) Limited, plans to establish a drug production facility for cancer treatments, located in the Pskov region. The facility will be located in the Moglino special economic zone. The plant will be constructed in three phases. Investments in the first phase are estimated at RUB 600mln, in the second - about RUB 1.2bln, and in the third - about RUB 900mln. (Kommersant.ru, 05.10)

BMW builds full-cycle car plant

BMW intends to establish a full-cycle car assembly plant in Russia. The key option under consideration is the special economic zone of Kaliningrad region. The German automotive group will invest several hundred million euro in the project realization. (Vedomosti.ru, 06.10)

Chinese to construct washing machines in Tatarstan

The Chinese company, Haier, plans to produce washing machines in Naberezhnye Chelny, Tatarstan. The volume of investments will amount to USD 50mln, and the estimated annual production capacity is 500,000 units. (RBC.ru, 09.10)

Japanese small truck production in Moscow

The Japanese corporation, Hino Motors Ltd., will launch a production site for small and medium-sized trucks in Khimki, Moscow region. The construction will begin in 2Q 2018. It is planned to produce up to 3,000 trucks a year. (Rg.ru, 09.10)

Chinese bus plant in Tatarstan

The Hong Kong based company, LibraAM, will build a bus plant in the special economic zone, Alabuga, Tatarstan. The company also intends to develop infrastructure in Tatarstan, and establish petrol stations and service equipment. The volume of investments is estimated at RUB 24bln. (Info.tatcenter.ru, 10.10)

Chinese to expand sawmill production

In 2019, RosKitInvest, intends to expand existing production by a new sawmill line in the city of Asino, Tomsk region, increasing current annual capacity threefold - up to 300 000 cubic meters. According to the company's CEO, Yao Jingsong, the investment will amount to RUB 25bln. (TV2.today, 10.10)

Japanese incineration plant in Ulan-Ude

The Japanese company, Mitsubishi Heavy Industries, has agreed to build an incineration plant in Ulan-Ude. The approximate investment amounts to RUB 6.5bln. The Japanese company is ready to provide a non-refundable grant of 30% of that value. (Tayga.info, 12.10)

Nestle to expand production in Vologda

The Swiss company Nestle will build a plant to produce infant formula by expanding the existing production capacity to 24 000 tons p.a. The plant will be located in Vologda. The amount of investments will amount to RUB 1.8bln. (Rcmm.ru, 12.10)

Zeelandia invests in Moscow factory

The Holland based Zeelandia, will set up a production facility in the Moscow region. The new enterprise starts operating already at the end of 2019. The estimated investment amounts to RUB 500mln. Zeelandia produces ingredients for the confectionery and bakery industries. (Stroy.expert, 18.10)

Korean flour mill in Stavropol

In the Stavropol Krai, the Korean company Samyang Food considers to build a flour mill with an annual production capacity of up to 100,000 tons. In addition, Samyang also plans to produce instant noodles at the site. (Kommersant.ru, 19.10)

BASF to produce building materials

The German group, BASF, plans to build a plant in Siberia to produce dry construction mixtures and additives to concrete. Investments in the project will amount to no less than EUR 5mln, and production is expected to be launched in 2020. (Kommersant.ru, 31.10)



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Belarus

Garbage processing plant in Minsk

Fortum, the Finland based energy company, wants to construct a garbage processing plant in Minsk with an annual capacity of 600,000 tons. The amount of investment in the project will be up to EUR 400mln. (News.tut.by, 30.10)

Ukraine

EBRD loan to ArcelorMittal

EBRD is organizing a long-term loan for ArcelorMittal Group in the amount of up to EUR 350mln to finance capital investments in ArcelorMittal Kryvyi Rih. (Ukrainianjournal.com, 04.10)

German seed plant in Cherkassy

Strube, a German breeding company, will build a seed plant in the Cherkassy region. The amount of the investment is not disclosed. The company was founded in 1877 and is headquartered in Söllingen, Germany. (Proagro.com.ua, 4.10)

US, Singapore investments in Odessa

The Singapore based company, Delta Wilmar, and the American based company, Grain Agro Invest, will build two new oil extraction plants, as well as a complex for storage and transshipment of grain. The investment will take place in the Odessa region. The total investment is estimated at USD 300mln. (Biz.liga.net, 11.10)

Kazakhstan

Meat processing plant in Almaty

The German company BaumanGmbH & CO KG will build a large meat processing complex in the Almaty region. The total amount of the investment project is KZT 7.1bln. In the first stage, the annual production capacity is 15,000 tons of meat, in the second – 30,000 tons. (Trend.az, 24.10)

Armenia

Spanish wind power investment

Acciona, a Spanish company, will put up wind power stations in Armenia. According to earlier reports, the company is also ready to invest EUR 200mln in solar power plants in Armenia. (Finport.am, 20.10)

Georgia

US company acquires timberland

The Atlanta (USA) based, CatchMark Timber Trust, Inc. will acquire 14,923 acres of prime timberlands near the southeast coast of Georgia for USD 43.3mln. The acquisition will increase ChatchMark's regional holdings by 36%. (Lesprom.com, 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.



Swedish Chamber of Commerce for Russia & CIS Contacts

Secretariat contacts:

Kristine Gasparyan

Tel: (+46)-70-7251670

info@swedishrussian.com

www.swedishrussian.com

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www.ibic.se

info@ibic.se

