

April 2018

Newsletter #4

SWEDISH CHAMBER OF COMMERCE FOR RUSSIA & CIS



*Celebrating*

**50**

Years

1968-2018

**With report from 2018 AGM & Seminar**



# 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,

Let me start by expressing my gratitude that so many of you attended our AGM and the following seminar on April 4<sup>th</sup>. More details about these two events you can find in separate articles below.

As was informed then, our Chamber will launch two scholarships – one for younger students (14-18 y.) to attend a summer school in Russia in order to get some interest in the Russian language and culture, and one for a university thesis focusing on aspects of Swedish business relations with Russia and/or the CIS region. We will in different ways inform more about these scholarships, and you are also always welcome to contact us.

A hot event, partly covered at our AGM seminar the previous week, is the upcoming World Cup in football this summer. Through members, travel agencies in Russia and some other organizations we might be able to find safe and affordable accommodation in Russia, in connection to the upcoming games – not least in Nizhny Novgorod, Sochi and Yekaterinburg where Sweden will be playing. Please contact us for intermediation of useful contacts.

*Heinz Sjögren, CEO*

### Annual General Meeting (AGM) and Seminar, 4<sup>th</sup> of April 2018

At the Annual General Meeting on April 4<sup>th</sup>, held at Mannheimer Swartling, four new board members were elected. We are glad to welcome Margot Jacobs from East Capital, Anastasia Larsson from Edward Lynx, Andrei Ovchinkin from Scania and Martin Thuresson from Oriflame. We thanked Louise Hedberg and the long serving Yngve Redling, now leaving the board. Anastasia is presented in this issue and the other new members will be presented in upcoming Newsletters.





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### Appreciated seminar

In connection with the AGM about 80 participants with high interest took part in a seminar with varied presentations. After some short welcome words from the Chamber's CEO, Heinz Sjögren and our host, Fredrik Svensson, Mannheimer Swartling, the Head Coach of the Swedish National Team in football, Janne Andersson, seconded by the colleague Göran Havik, made a personal reflection of the national team's way to the World Cup this summer in Russia. Some of the thoughts about creating a winning team and a successful team spirit are indeed applicable also in business.

Christofer Salsing, CEO of Terrakultur in Russia, gave us many insightful thoughts about differences between Swedish and Russian business cultures and management styles. Christina Johannesson, the fairly newly appointed Swedish Ambassador in Belarus, gave a good description of the present situation in Belarus, where the IT sector is booming and there is high interest in environmental technology and waste handling. EU citizens can enter and stay in Belarus for five days without visa. Why not do exactly that in connection with the upcoming *Sweden Day in Minsk* 2<sup>nd</sup> of June?

Ingrid Tersman, the Swedish Ambassador to Azerbaijan, Tajikistan, Turkmenistan and Uzbekistan gave a very good update of current changes in the region. Not least in Uzbekistan, with its 32 million population, a lot of real and genuine reforms are under way, following the death of the former president, Islam Karimov, one and a half years ago.



The seminar was ended with a buffet lunch where most of the participants joined. We in the Chamber are very grateful for the speakers taking their time, as well as to the host of the event – Mannheimer & Swartling. THANK YOU! And we wish Janne and the Swedish National Team in football ALL SUCCESS IN THE WORLD CUP!

### Calendar 2018 FIFA World Cup Russia™ Sweden's match schedule in Group F

#### Sweden – South Korea

18 JUN 2018 - 15:00 Local time, Nizhny Novgorod Stadium, Nizhny Novgorod

#### Germany – Sweden

23 JUN 2018 - 21:00 Local time, Fisht Stadium, Sochi

#### Mexico – Sweden

27 JUN 2018 - 19:00 Local time, Ekaterinburg Arena, Ekaterinburg





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### New Board Member – Anastasia Larsson

Anastasia Larsson joined the management consulting firm Edward Lynx in 2016, where she has a role of Account Manager and delivering projects all over the world.

Born and raised in Republic of Moldova, she has also lived in USA 1996-1997 and St. Petersburg 2005-2015 before moving to Sweden in February 2015. In Russia Anastasia graduated from Herzen State Pedagogical University, and holds a Masters degree in Organisational Psychology. In 2011 Anastasia joined Educational Center United-English, where she first worked with project management and sales, and ended up managing the company.

Her expertise lies within recruitment, assessment, as well as leadership and sales trainings. Anastasia is fluent in Russian, English, Swedish and Romanian.



### Nordic Business Facilitators - a new Chamber Member

Nordic Business Facilitators AB is a company that is specialized on emerging markets with focus on the Russia and Asia supporting private offices or corporate clients in various directions. They have managed to obtain a strong position with some of the leading European, Chinese and Russian industry groups providing professional strategy and other specialized support and advisory services for the clients' global business operations. The company is family owned and its owner has more than 30 years of professional experience handling markets full of challenges combined with great opportunities.



### Business Sweden - Russia Seminar: summarizing result of Business Climate Survey

How is business going for the Swedish companies in Russia, what is happening behind the scenes, and what can we expect about the future? Business Sweden presents the latest survey of Swedish companies in Russia. Do not miss this opportunity to take part of unique data from the most relevant actors in Russia, the management of the Swedish subsidiaries in Russia.

Andreas Giallourakis, Market Area Director Eurasia, Trade Secretary in Russia, will share his insights, recommendations and discuss strategies to succeed on the Russian market.



Lena Sellgren, Chef Economist at Business Sweden, will give the bigger perspective on Swedish trade and global trends.

**Time and Place:** 19<sup>th</sup> of April, 9:00-11:00, Conference hall Atlanta, World Trade Center, Stockholm

**Register:** [Link](#). The seminar is free of charge.



## Swedish Chamber of Commerce for Russia & CIS

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### Scholarship for Intercultural Summer Studies in Russia 2018

The Chamber in collaboration with AFS welcomes all students, aged 14-18, to have a fantastic intercultural adventure this summer!

AFS is a well established organisation with a long history of sending students for intercultural travel to many destinations around the world. For more information about AFS visit their site: [Link](#).

The area of stay is in Klimovsk, a town near Moscow which has hosted many previous students. The student will take part in formal language classes as well as excursions, cultural and sports activities with Russian peers. The student will live with a Russian family, which will be carefully selected by AFS. Students are not required to know Russian language before travel.

Working for intercultural development the Chamber will subsidize half of the cost for the program and flight tickets for one very lucky candidate. Cost for 4 weeks is 25 800 SEK, excluding flight cost. Humanitarian visa will be arranged and AFS will organize transfer. For more information visit: [Link](#).

Make use of this opportunity to give your child an excellent intercultural experience to remember!

Applications are accepted by **1<sup>st</sup> of May**. Departure date is **1<sup>st</sup> of July**, return is **29<sup>th</sup> of July** 2018.

To apply, email: [liv.bolmgren@afs.org](mailto:liv.bolmgren@afs.org)

Please also see the Chamber's website – [www.swedishrussian.com](http://www.swedishrussian.com) – for more information!

### Calendar

- **May 17-18<sup>th</sup>** - Forum "NEW TRENDS IN FINANCIAL TECHNOLOGIES: BLOCKCHAIN, CRYPTOCURRENCIES AND SECURITY". Azerbaijan Banks Association. Baku, Azerbaijan
- **April 18-20<sup>th</sup>** - Forum: Confectionery industry - 2018. [Link](#). Gostiny Dvor, Moscow, Russia
- **April 26-27<sup>th</sup>** - BREST 2018 III INTERNATIONAL B2B CONTACT FAIR. [Link](#). Brest, Belarus
- **May 30<sup>th</sup>** - Information Seminar at the Swedish Ministry for Foreign Affairs. Stockholm
- **October 3-5<sup>th</sup>** - UITM-2018 "24th Ukraine International Travel Market". [Link](#). Kyiv, Ukraine



## ECONOMY & POLITICS

### *Russia*

#### **GDP growth in 2017 hits 1.5%**

In 4Q 2017, the Russian economy grew by 0.9%, y-o-y. At the same time, Rosstat has increased its estimate of the GDP growth in the 3Q, to hit 2.2% (previously: 1.8%). Moreover, Rosstat confirms the FY2017 GDP growth at 1.5%. (Rosbalt.ru, 02.04)

#### **Increasing fixed asset investments**

In 4Q of 2017, investments in fixed assets increased by 6.4%, y-o-y. For FY 2017, investments grew by 4.4%, according to Rosstat. The growth of investments in 2017 was preceded by three consecutive years of decline. According to experts, the growth is largely related to the construction of large facilities and the defense sector. (RBC.ru, 05.03)

#### **Inflation in February remains low**

In February, consumer prices increased by 0.2%, y-o-y. In January prices increased by 0.3%. From the beginning of the year, the accumulated inflation hit 0.8%. (Vedomosti.ru, 06.03)

#### **Foreign trade turnover with EU increases**

In the month of January, the foreign trade turnover with the EU reached 21.5bln (+22%), while exports of goods and services totaled USD 16.1bln (+21%), and imports - USD 5.4bln (+25%), according to data from the Federal Customs Service. (Kommersant.ru, 16.03)

#### **Industrial production grows by 1.5%**

In February, Russia's growth of industrial production declined in annual terms to 1.5% after 2.9% in January. In January-February 2018, the industrial production increased by 2.2%, y-o-y. (Vedomosti.ru, 19.03)

#### **S&P predicts growth in lending portfolios**

S&P predicts that the retail credit segment could grow by 13-15% in 2018. The rating agency also predicts growth in corporate lending, by 4-6%, fueled by relatively low interest rates. In general, the assets of the Russian banking sector will grow by 7-10%, according to the S&P forecast. (Tass.com, 20.03)

#### **Retail trade turnover in Jan-Feb**

In February, Russia's turnover of retail trade increased by 1.8%, y-o-y, and reached RUB 2.3tln. For the period January-February, the retail trade turnover increased by 2.3%, y-o-y, to RUB 4.6tln. (Rosbalt.ru, 21.03)

#### **Real disposable income grows**

In February 2018, the real disposable income increased by 4.4%, y-o-y. Measured in nominal terms, the real disposable incomes amounted to RUB 31,472. (RBC.ru, 21.03)

#### **Central Bank cuts key rate**

The Central Bank of Russia (CBR) has lowered the key rate to 7.25% p.a. (from 7.5%), one and a half months after the previous cut. CBR forecasts annual inflation to reach 3-4% in late 2018 and remain close to 4% in 2019. In this environment the CBR will continue to reduce the key rate and will complete the transition to neutral monetary policy in 2018, according to the regulator. (Vedomosti.ru, 23.03)

### *Belarus*

#### **Consumer price inflation in February**

In February 2018 the index of consumer prices for goods and services totaled 100.9% as against January and 101.7% as against December 2017, according to the National Statistics Committee of Belarus. (Belta.by, 12.03)

#### **GDP grows by 5.6% in January-February**

In the period January-February, Belarus' GDP rose by 5.6% (measured in local currency, BYN), according to the National Statistics Committee. In January-February 2018 the GDP deflator index totaled 110.2% as against the same period of 2017. (Belta.by, 16.03)

### *Ukraine*

#### **Inflation slows down in February**

In February, Ukraine's growth of consumer prices reached 0.9%, compared to 1.5% in January, according to the State Statistics Service. In annual terms, the growth of consumer prices slowed down to 14% (from 14.1%). (Interfax.com, 07.03)



### **Fitch expects GDP growth in 2018-2019**

Fitch Ratings predicts the growth of Ukraine's GDP to reach 3.2-3.7% in 2018-2019. Fitch added that the Government is under pressure due to a complex reform program, a condition for further external financing from IMF. (Korrespondent.net, 26.03)

### **Budget deficit in February**

In the month of February, the deficit of Ukraine's national budget is estimated at UAH 9.5bln (USD 361mln), according to the National Bank. The FY2017 deficit of Ukraine's national budget is estimated at UAH 42.7bln (USD 1.6bln). (Economics.unian.info, 02.04)

### **FDI amounts to USD 2.3bln in 2017**

In 2017, Ukraine attracted USD 1.9-2.3bln in Foreign Direct Investments, according to the World Investment Report 2017, published by the United Nations Conference on Trade and Development. However, the domestic investments amounted to USD 16bln. (Kyivpost.com, 16.03)

## **Armenia**

### **Moody's improve credit outlook**

Moody's has changed the outlook on Armenia's rating to positive from stable and affirmed the B1 long-term issuer and senior unsecured credit ratings. Supporting the positive outlook is the increased institutional strength against credit challenges. Moreover, ongoing reforms of the fiscal framework may further increase the fiscal strength. (Panorama.am, 12.03)

## **Azerbaijan**

### **State budget may become deficit-free**

Azerbaijan's state budget may become deficit-free in 2018 and the subsequent years, Fitch Ratings say. The rating agency expects that Azerbaijan's state budget will be executed with a surplus of 0.6% by the end of 2018. Moreover, Fitch forecasts the surplus of the state budget for 2019 to hit 2.5%. (Trend.az, 01.03)

## **Kazakhstan**

### **Large social justice initiative**

Starting from 2019, income taxes of low income earners will be reduced by 10 times, according to Kazakhstan's President, Nursultan Nazarbayev. The measure is expected to increase the disposable income of the poorest one third of the workforce. The tax break is a part of a large scale state initiative called "Five Social Initiatives". Other measures suggested are e.g. greater access to education, and increased access to low-cost mortgages and microloans. (Astanatimes.com, 20.03)

### **Unemployment stays at 4.9% in February**

In February, the number of unemployed in Kazakhstan was estimated at 4.9% of the economically active population, according to the Ministry of National Economy. In January, the amount of unemployment also reached 4.9%. (Inform.kz, 13.03)

### **Enterprises increase profit by 40%**

As a result of FY2017, large and medium-sized enterprises made an accumulated profit of KZT 9trl, which is 40.8% more than in the previous year. In the financial and insurance industries, profits increased by 27 times. (Kapital.kz, 30.03)

## **Tajikistan**

### **State debts exceed 50% of GDP**

As of January 1, 2018, the volume of Tajikistan's sovereign debt reached USD 3.7bln, which is 51.4% of the country's GDP, according to the ministry of Finance. About USD 2.9bln of the state debt is cross-border. The growth of state debt is connected to several investment projects attracting Chinese loans. (Akipress.com, 06.03)



### **BUSINESS & FINANCE**

#### *Russia*

##### **French to produce engines in Kaluga**

In 2018, the France based PSA Group, will take decision on whether to establish an engine assembly line in Kaluga. It will take at least two years to build and start the production. (Vedomosti.ru, 03.03)

##### **Koreans to produce glass in Far East**

The South Korean company, KCC Corporation, plans to build a glass factory in the Russian Far East. The planned investment volume equals to USD 250mln. (Tass.ru, 05.03)

##### **Austrians to process wood in Novosibirsk**

The Austrian company, Kronoshpan, considers putting up a large wood processing complex in the Novosibirsk region. Investments in the project are estimated to exceed RUB 20bln. It is assumed that the plant's annual capacity will reach 5 million m<sup>2</sup> of wood. (Kommersant.ru, 06.03)

##### **Turks to produce construction materials in Tatarstan**

The Turkish company, Gemont, will build a plant for sheet rolling, with an annual production capacity of 770,000 tons. The complex is planned to be commissioned by 3Q, 2020. (Advis.ru, 12.03)

##### **Austrians to launch solar power plants in Astrakhan**

The Austrian private investment fund, Core Value Capital, is going to invest about RUB 5.5bln in the construction of two solar power plants with a total capacity of 30 MW, located in the Astrakhan region. The facility is planned to be commissioned by 2019. (Vedomosti.ru, 12.03)

##### **Fashion retailer launches 12 stores**

In 2018, the Turkish fashion retailer, LC Waikiki, will launch 12 stores in Russia. Rental agreements have already been signed with six malls. In addition, the retailer plans to roll out 100 more stores in Russia in the long term, 5-10 years. (Retailer.ru, 12.03)

##### **Austrian business centre near Pulkovo**

The company, Avielen AG, a subsidiary of the Austrian holding, Warimpex Group, plans to build a business center, Aviapark, near Pulkovo airport in St. Petersburg. The amount of investment in the project is estimated at RUB 2-3bln. (Asninfo.ru, 14.03)

##### **Italian fashion brand opens 50 stores**

The Italian premium fashion brand, Liu Jo, will open 50 new stores in Russia by 2020. The company believes that the time is right for a dynamic and ambitious expansion into the Russian market. (Malls.ru, 16.03)

##### **Leroy Merlin establishes in North Ossetia**

In 2018, the French DIY-retailer, Leroy Merlin, will begin the construction of its first outlet in North Ossetia. The amount of investment has not yet been disclosed. (News.rambler.ru, 17.03)

##### **Wartsila acquires Russian company**

The Finnish machine-building group, Wartsila, will acquire the Russian company, Transas, which is specializes in high-tech equipment and software for the marine industry. As reported on Wartsila's website, the acquisition is estimated at EUR 210mln. The deal is planned to be closed in 2Q of 2018. (Kommersant.ru, 19.03)

##### **Hyundai to produce engines in St. Petersburg**

Within the next three years, the South Korean automotive company, Hyundai, plans to start production of engines in St. Petersburg. The plant's annual production capacity will amount to 150,000 units. The project's investment is estimated at USD 500mln. The company has already reserved a land plot of 200 hectares. (Kommersant.ru, 13.03; Pushkin-news.ru, 19.03)

##### **Chinese hotel investment in Yakutsk**

China Overseas Holding Group Ltd plans to build a large hotel in Yakutsk, in the Russian Far East. The total amount of investment amounts to RUB 1bln. The project developer will be the Turkish company, EKSI Group. (Advis.ru, 26.03)



### **Greeks to invest in waste management near St. Petersburg**

By the end of 2018, the Greek consortium, Helector-Actor, plans to start construct a garbage processing plant near St. Petersburg. According to the plans, the project will be commissioned within three years. The investments are estimated at EUR 306mln, and funding will be provided by the Eurasian Development Bank. (Realty.interfax.ru, 27.03)

### **Belarus**

#### **WB allocates EUR12mln to forestry**

The World Bank will allocate additional EUR12mln to finance the Belarus Forestry Development Project. The project will help Belarus cope with extreme weather events. (Lesonline.ru, 15.03)

#### **EBRD provides BYN-funding to SMEs**

EBRD and MTBank have signed an agreement on lending USD 10mln as a synthetic loan to the Belarusian bank with the purpose to provide SMEs in Belarus with credits in local currency (BYN). (Belta.by, 20.03)

### **Ukraine**

#### **Irish to build solar power station in Dnepropetrovsk**

The Irish company, Altostrata, is ready to build a solar power station in the Dnipropetrovsk region. The company will invest EUR 255mln in the project. (Trust.ua, 01.03)

#### **Ryanair opens routes to Europe**

Ireland's Ryanair will launch its first routes between European cities and Ukraine. 10 routes will go to Kiev and 5 routes to Lviv. The Kiev routes will be to Barcelona, Bratislava, Gdansk, Krakow, London, Poznan, Stockholm, Vilnius, Warsaw and Wroclaw. The Lviv routes will be to Duesseldorf, Krakow, London, Memmingen and Warsaw. (Reuters.com, 23.03)

### **Kazakhstan**

#### **Chinese investments in metal melting**

The Chinese company, LLP Forever Fourshing Co. Ltd, will build a metal smelting plant in Karaganda. The planned annual production capacity is 300,000 ton, 80% of which will be exported. The investments amount to KZT 7.4bln. (Forbes.kz, 06.03)

### **Tajikistan**

#### **Chinese starts aluminium production**

The Chinese company, Yunnan, plans to build an aluminum plant in Tajikistan. The annual production capacity of the plant will be 503,000 tons of primary aluminum. Investments amount to USD 1.6bln. (Beton.ru, 05.03)

#### **Malaysian investment in thermal power**

The Malaysian company, HOS International Trading SDN BHD, together with Chinese undisclosed investors, plan to build a combined heat and power plant in Tajikistan. The capacity of the thermal power plant will amount to 300 MW. The investments are estimated at USD 400mln. (Regnum.ru, 05.03)



## Swedish Chamber of Commerce for Russia & CIS

Promote trade between Sweden, Russia and CIS

### *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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