Quebec Ministerial Visit
New Law on Strategic Sectors
Aerostar: Lessons to Learn
KIOGE 2008
CSR/PPP Study Tour
Canada-Russia Hi-Tech Forum
Vnesheconombank Profile
construction and contracting
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CERBA Quarterly News (Winter 2009)

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CERBA News Editor: Elena Settles.

CERBA Team during the Strategy Session in Moscow.
From left: Vadym Kozub (Kiev), Brendan Scully (Montreal), Natalia Gorelik (Toronto), Frank Kense (Calgary), Elena Settles (Moscow)

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On August 31 Moscow Board of Directors gathered for a closed annual planning session to strategize about the upcoming year’s events, activities, and new initiatives.

On September 16-19 a sizeable government and business delegation from Quebec led by Minister Raymond Bachand arrived to Moscow – full report in this issue.

MOSCOW
On September 18 Back to Business Reception was held in a newly-opened Hilton-Leningradskaya hotel, which very generously sponsored the evening and provided a spectacular spread for Canadian and Russian guests in its Grand Ballroom. General Manager Joerg Beginen personally welcomed the guests.

Guests of Honour Quebec Minister Raymond Bachand and State Duma Deputy Vladislav Tretyak also made brief addresses to the audience. We would like to thank Hilton-Leningradskaya and invite our members to explore this new venue in town!

On October 30 CERBA held a breakfast brief entitled “Law and Investment in Strategic companies” with presentations by Macleod Dixon and PwC. Very positive feedback was received from the attendees on the usefulness and timeliness of this informative event.

One of the good signs of bilateral interest is the level and frequency of government and business visits. In addition to the aforementioned Quebec Ministerial delegation, an Ontario MPP Monte Kwinter, Chair of the Ontario Investment and Trade Advisory Council, arrives to Moscow on October 27 to be introduced to a business and diplomatic community. As well, a group of Assistant Deputy Ministers (ADMs) came to Russia to participate in the Advanced Leadership Program, Canada School of Public Service. Despite the current global instability and Russia’s internal changes, the continued work towards expanding the communications channels and open political and economic dialogue sends very positive signals to both sides.

MONTREAL
In July CERBA-Montreal held a roundtable in July for incoming Trade Commissioner Clinton Martin before he left for his first posting at the Canadian Embassy in Moscow, which included financial sector representatives from Desjardins Securities, Banque Laurentienne and Pictet. CERBA also hosted a major Russian Railways human resources delegation lead by Nikolay Steblyansky which had a program of meetings and site visits with CN, CP, Via Rail, MDEIE and Transport Canada in Montreal, Ottawa and Toronto.

Raymond Bachand, Quebec Minister of Economic Development, Innovation and Exports lead an important economic mission to St. Petersburg and Moscow in mid-September. Please see an article about the visit in this issue.

On October 12 a traditional Thanksgiving Brunch was held at the Marriott Grand hotel.

Also the same day CERBA team participated in the Arctic Bridge roundtable organized by the Canadian Embassy. The event was followed by a reception sponsored by EDC and held at the legendary historic Yar restaurant. On October 27 CERBA Board members met for a business luncheon with Robert Hage, an incoming Director Europe at the DFAIT of Canada. Mr. Hage proved to be very business-oriented and the discussion was an open and productive exchange.

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In October CERBA-Montreal organized a follow-up to its June 2008 Forestry equipment mission to Perm and St. Petersburg by bring ing 8 Quebec companies to the October 7-10 International Forestry Forum in St. Petersburg with the support of MDEIE.

For the first time, 6 Quebec companies with a focus on dairy farming equipment joined the Canadian pavilion at Golden Autumn (Agritech, 10-14 October) with the support of MDEIE, EDC and the Canadian Embassy in Moscow. Rosgazjicatysia delegation discussed regulatory issues and customer relations in Ontario (Enbridge, Toronto) and Quebec (Gaz Metro, Montreal) and met with Andre Lecuyer, Acting President, Rabaska who gave them an overview of the LNG project.

In November Brendan Scully, Regional Director, CERBA-Montreal was the opening speaker and presented opportunities and developments in the Russian transportation sector at the AMETVS Annual Congress in Drummondville, Quebec

CALGARY – Year in Review

Calgary Chapter finished the 2007/2008 fiscal year with a total of 26 corporate members and 3 individual members, which represented a 35% growth in membership over the previous year.

We completed a very successful year of programming. The highlights of the year were CERBA’s role in coordinating the Canada Pavilions at both MIOGE 2007 and KIOGE 2008 shows. This represented a new initiative on the part of CERBA and allowed us to take CERBA “on the road”. We worked closely with the Government of Alberta on

both shows and had good support from both the Canadian Embassies in Moscow and in Almaty. Twelve companies participated in the Mosc ow show, with Petro – Canada as the anchor of the 200 square metre booth. The other participating companies were CCI Thermal Technologies, Enerus, FARR Canada, Flint Eurasia, Golder Associates, KUDU Industries, Maloney Industries, Net – Safety Monitoring, Pioneer Petrotech Services, SPRUNG Structures, and Toromont Systems.

Part of our pavilion design (and thanks to the generosity of the Alberta Government) we were able to provide a hosting area within the pavilion for our exhibitor companies to be able to meet privately with potential customers. Macleod Dixon LLP and Gowing Lafleur Henderson LLP also generously provided sponsorship of light refreshments in this meeting area. We were very pleased with the Pavilion design and even managed to win an award from the show organizers for the “Best New Entry” into the Show!

Six companies joined in on the Kazakhstan show in Almaty in October. These were KUDU Industries, Oil Lift Technologies, Maloney Industries, Ronet International, SPRUNG Structures and Toromont Systems. Companies were largely delighted with the results from both shows and most have indicated a willingness to participate again. We attended KIOGE 2008 show in October again – please read a report in this issue.

As well, we held a total of 7 events through the Calgary Chapter this past year. We offered two networking opportunities – one in September, hosted by Gowing Lafleur Henderson LLP at the prestigious Calgary petroleum Club and the other in December at the Skaza Restaurant as a Christmas function.

In June 2007, we hosted a morning meeting with the EDC Representative in Moscow, Rod Lever, who introduced the new Lease Program now available to Canadian clients. As well, as we had a presentation by the Senior Trade Commissioner to Kazakhstan, Maxim Berdichevsky, who provided an overview of the business climate in Kazakhstan today.

In September, we joined in with the Alberta Department of International and Intergovernmental Relations in offering an all day session on Private Sector Financing CERBA Calgary also offered members and potential members the opportunity to learn about the certification processes for both Russia and Kazakhstan – by holding information sessions in both Calgary and Edmonton put on by spokesman for Russian Standards Certification Services.

In February, we were pleased to welcome Mr. Farid Shafiyev, the Charge d’Affaires at the Embassy of Azerbaijan in Canada. He provided us with a very informative presentation on Azerbaijani Business Opportunities. On the same day as the Azerbaijani presentation, we also took advantage of the visit to Calgary of Mr. Andre Juneau, Director for Canada and Morocco with the European Bank for Reconstruction and Development. M. Juneau has been a regular visitor to Calgary over the years and he also has some valuable information to share with Alberta companies interested in building their markets in CERBA’s regions of interest.

The Calgary Board was ably chaired by Mr. Hans Gjerdrum, of KUDU Industries. Other Board members consisted of Richard Ball (First International Group), Renee Chernecki, Paul Drager (Macleod Dixon), Linda Niro (EDC) and Patricia Wories (Enersus).

The Calgary Chapter is looking forward to another interesting year in 2009!

UKRAINE

Donetsk: A Pro-Business destination for Canadian Businesses in Ukraine.

October 29 – 31, 2008 saw the first ever International Investment Summit of the Donetsk Region held at the very modern “ExpoDobnas” exhibition Centre next to the new football stadium set to be opened in May 2009. While the timing of the financial crisis will no doubt have an impact on near term results, the significance of the event lies in the fact that it was organized by Deloitte and Ernst & Young consulting companies and held not in Kyiv, but Donetsk. The opening session included remarks from Rinat Akmetov, claimed to be the richest man in Europe, President Yushchenko and Polish president Lech Kaczynski. Some 800 participants registered to attend this event which also featured a large trade show with local industry participants.

Panel sessions covered: Real Estate and Infrastructure, Manufacturing and Agriculture, and Innovations and Energy Saving Technologies and featured speakers from local industry, universities, the National Academy of Science and representatives from Deloitte and Ernst & Young. A pro-business local administration and strong diversified regional industrial base were the main reasons that Donetsk was chosen over other regions. Information to participants was provided on over $1 trillion in investment projects. A pleasant surprise to many was the range of affordable 3, 4 and 5 star hotels available for under $200, wide downtown boulevards, restored buildings, new buses and trolleys, no parked cars on the sidewalks and no traffic gridlock. Perhaps some of this can be attributed to the fact that Donetsk was founded in the mid 1800’s by Welshman, John Hughes!! With Eurocup 2012 coming to Donetsk significant commercial investment will be going into infrastructure, including a new train station and airport.

CERBA members interested in or travelling to Donetsk or other locations in Ukraine are invited to contact the newly installed trade commission in Kyiv. Michael Reshetnik, Head of the Russian Section at the Embassy of Canada, 31 Yaroslaviv Val, Kyiv, 09101, tel: 380 44 590-3150 (direct line), fax: 380 44 590 3157, e-mail: michael.reshetniky@international.gc.ca (same as before). For CERBA members travelling to Donetsk and requiring interpreters, they should contact Lingvist Prime, Fedor Tumashenko, Director, cell 38 050 501 11 16 or e-mail perevod@lingvistprime.com.ua who supplied excellent Russian/Ukrainian/English interpreters for the event.
Not a stranger to most of you, Michael Reshitnyk has taken the plunge after serving 12 years as head of the Eastern Europe Trade Section at Foreign Affairs and International Trade Canada, to take up a new position as Senior Trade Commissioner at the Canadian Embassy in Kyiv. This all comes on the heels of the very successful first-ever Canada Ukraine Business Summit held in Dnipropetrovsk and Kyiv in March of this year and growing exports over the past 4 years. Canadian exports were up 88% for the first 8 months of 2008 (seafood, aircraft, pork, agricultural equipment, building materials and pharmaceuticals) and, while unlikely to maintain this pace, are a good indication that significant business potential exists in Ukraine for Canadian companies.

John Place, Chairman of CERBA’s Toronto Board of Directors, and an international business lawyer with Heenan Blaikie, welcomed CERBA on behalf of his firm. “It is our pleasure to host the CERBA organization in Toronto,” remarked Place, “our firm continues to strengthen its focus on the Russian market and we hope that this contribution furthers the shared goal of all CERBA members to enhance Canadian – Russian business relations.”

CERBA members are requested to update their contact lists with our new coordinated. Please feel free to write, call or drop by our new location at:

CERBA Toronto Chapter  
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200 Bay Street, Suite 2600  
South Tower, Royal Bank Plaza  
Toronto, ON M5J 2J4  
Tel: +1 (416) 360-2299  
Fax: +1 (416) 360-8425

Michael is looking forward to continuing his close relationship with CERBA and its members and hopes to encourage more Canadian activity in Ukraine particularly in the areas of science and technology, aviation and aerospace, energy, agriculture, and construction. In addition to regular ongoing activities, immediate plans including holding the first Canada Ukraine Aviation and Aerospace Summit in Ukraine in late spring as a follow-up to the Business Summit earlier this year. Interested companies are invited to contact Michael at michael.reshitnyk@international.gc.ca.
Who is new at CERBA:

CERBA is delighted to welcome Natalia Gorelik as a new Regional Director for the Toronto Chapter. Natalia is originally from Ekaterinburg, Russia where she began her career in human resources. Natalia moved to Toronto in 2002 and became involved with CERBA in 2006, initially as a volunteer.

Before joining CERBA, Natalia worked for the Canadian Diabetes Association, where she supported the Vice President of Human Resources and his team. Natalia’s educational background is in the field of psychology, a study which continues to benefit her business development and marketing strategies. Natalia’s strong interpersonal skills help her to build solid business relationships and will be a great asset to CERBA and our members.

Natalia believes her professional strengths include integrity and commitment to the job. She is an avid reader and in her spare time enjoys spending time outdoors with her family and friends.

CERBA would like to express its gratitude to the outgoing Toronto RD, Vadym Kozub, who has performed all the organizational, coordination, administrative and networking functions at the highest professional level. CERBA would like to thank Vadym for excellent work and wish him every success in his future professional endeavors.

CERBA is also very happy to welcome a new team member in the Moscow office – Olga Mazurova has become a Regional Coordinator of CERBA-Moscow.

Prior to this position, Olga worked at Petro-Canada since 2004. She was a Chief Representative of Petro-Canada, Russia where her principle accountabilities were overall responsibility for the Administrative functioning of the office and support for the Business growth by leading in areas such as Public Relations, stakeholder engagement and communications. Olga was also responsible for liaises with all government levels of the Russian Federation for arrangement of bi-lateral meetings and stakeholder relations. Olga Mazurova held numerous positions, including that of Business Development Director at the Communication Group Kuzmenkov and Associates (affiliate of Hill & Knowlton in Russia), Marketing/ Business Development Director at Intermark-Savills Group where she managed communications planning and administration for all of that department’s programs and initiatives. Prior to that, she was a PR manager at the Russian economic magazine “Expert”. She also spent two years as a secretary of a Representative office of Russian Press Agency in Jakarta, Indonesia. Olga Moscow has graduated a State Pedagogical University, the Faculty of Russian language and world literature.
CERBA and its partners were very pleased to have had another successful presence at the Kazakhstan International Oil and Gas Exhibition (KIOGE) from October 7-10th, 2008 in Almaty, Kazakhstan. This is the second year that CERBA coordinated this Pavilion at KIOGE which brought together 7 Canadian companies to market their products in this important Central Asian Oil and Gas show.

The Canadian companies consisted of KUDU Industries (Hans Gjerdrum and Monique Mills), Canam Pipe and Supply/CCI Thermal (Kevin Mooney and John Beck), Toromont Energy Systems (Wayne Young), SPRUNG Instant Structures (Alex Patrakov), Maloney Industries (Sergey Rogozhinsky), Tornado Technologies Inc (Keith Hambrock and Scott Kalutich).

The Pavilion team was enhanced with the presence of Government of Alberta officials Drury Mason (Assistant Deputy Minister) and Greg Jardine (Senior Director) and Elena Settles (Regional Director – Moscow Chapter) and Frank Kense (Regional Director – Calgary Chapter).

The Canada Pavilion was once again located in Pavilion 10 at the show, and was well positioned to catch the attention of exhibition guests as they made their way through the show. A large “Canada” tower banner made identification of our Pavilion very easy, although we know that many visitors came to the show to meet the Canadian suppliers.

The Canada Pavilion was honoured to have the Kazakh Minister of Economic Development visit the Pavilion after he officially opened the Show on the first day. We were one of a very small group of booths that he took the time to visit and chat.

We were visited by the Canadian Ambassador to Kazakhstan, Her Excellency Margaret Skok on the final day of the show. She spent 30 minutes visiting the exhibitors and learning more about their products and presence in Kazakhstan.

Although the final report of the Show is not yet public, there was a feeling by the exhibitors that the overall number of visitors may have been down from the previous year. However, most said that the quality of the visitors was perhaps higher than last year and so business contacts were productive. And of course, with so many visitors to the city for the show, there are many “after hours” opportunities for networking and making business connections.

CERBA again thanks the financial support provided by the Government of Alberta in making this Show possible and to the Embassy of Canada in Almaty for their “on the ground” support. CERBA will certainly be looking at participating again in the KIOGE 2009 show!

Do you want to expand your business into Russia or promote it in Quebec? What about Israel? We can help you overcome the language barrier! Please contact us at 1-866-588-0464 or go to our website at www.liaisestranslations.com.

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Quebec Minister of Economic Development, Innovation and Export Trade Raymond Bachand led a major Quebec business delegation to St. Petersburg and Moscow during the week of September 15th to help support ongoing bilateral trade and investment projects and foster the development of long term economic partnerships.

Accompanied by Normand Bergeron, Deputy Minister of Natural Resources, Energy and infrastructure were key themes of the visit, which also included transportation and aerospace, recreational and special vehicles, mining and metals as well as key financial organizations such as SGF and Invest Quebec.

Minister Bachand attended receptions hosted in his honour by Rosan and BRP at the Grand Hotel Europe in St. Petersburg, by Ambassador Ralph Lysyshyn at the Canadian Embassy in Moscow and by CERBA at the Hilton Leningradskaya in Moscow where he met with State Duma deputy and illustrious hockey player V. Tretyak.

The Minister met with the St. Petersburg, Leningrad Oblast and City of Moscow Governments as well as the Russian Ministry of Foreign Affairs. He also met with senior Gazprom, Russian Railways and Olympstroy official to discuss ongoing projects and the potential for further cooperation.

The St. Petersburg Chamber of Commerce and Industry and CERBA also hosted meetings with the business communities in St. Petersburg and Moscow. Special thanks to Delovaya Rossia, Russian Chamber of Commerce and Industry and long-time CERBA partners RSPP for their support in Moscow.
CERBA Team during the Strategy Session in Moscow.

ON THE HORIZON
Upcoming CERBA Events

**Moscow**

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<tr>
<td>Dec 5</td>
<td>Christmas Reception</td>
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<td>“De-Mystifying the Visa Process” brief with Head of the Immigration Section</td>
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<td>of the Canadian Embassy Johanne DesLauriers</td>
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<td>January</td>
<td>Financial Planning Brief: Offshore Wealth Management and Canadian Tax Preparation</td>
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<tr>
<td>Feb 5</td>
<td>8th Annual Charity Auction with Vladislav Tretyak</td>
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<td>Feb 26</td>
<td>Joint Networking Reception with Russo-British Chamber of Commerce</td>
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**Toronto**

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<td>Dec 2</td>
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**Calgary**

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<td>Christmas social event</td>
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Please visit CERBA website often for current event information: [www.cerbanet.org/events](http://www.cerbanet.org/events)
In general, the Law’s definition of acquisition of control over such strategic companies covers all sale and purchase, donation, and swap contracts as well as any other agreements whereby a foreign investor or its group of persons obtain control, or a legal entity or person directly or indirectly gains control. These agreements include, for example, where a foreign investor acquires the right to dispose directly or indirectly of more than 50% of the total number of voting shares in the company’s charter capital. They also cover the right to appoint the sole executive body, more than 50% of the management, and unconditionally to elect more than 50% of the board members. Control is deemed to have been passed when a foreign investor is enabled to manage a strategic company, or to determine the decisions of its management bodies, including the right to administer the conditions under which the company conducts its business. The conditions are more rigorous where a strategic company has a mining license for deposits of federal significance. For such companies, the aforementioned thresholds start from 10% rather than 50%. However, the Law’s provisions do not apply to strategic subsoil users where more than 50% of its total number of votes are owned or directly/indirectly controlled by the Russian Federation such as, for example, the Russian oil and gas majors - Rosneft and Gazprom.

In terms of regulation, the Law differentiates not only in the types of strategic company, but also in the types of foreign investor. Generally the term “foreign investor” is defined very broadly; it includes all those individuals and entities which have the status of investor under the laws of their country of residence or incorporation. However, there is also a special category of “public” foreign investors, which includes foreign states, international organizations or any legal entities under their control. Such “public” foreign investors are prohibited from acquiring control over strategic companies. However, transactions which do not result in the acquisition of control, but grant the right directly/indirectly to dispose of more than 25% of the total number of voting shares in such a company’s charter capital (or more than 5% where such a company operates a subsoil plot of federal significance), while considered lawful, they nevertheless fall under the general requirements of the Law applicable to ordinary “non-public” foreign investors.

According to the Law, in all cases where a transaction is covered by the requirements of the Law, it is subject to a special procedure of prior administrative approval. In general, such a procedure is within the competence of the Russian Federal Antimonopoly Service. However consideration of certain issues is the responsibility of the Federal Security Service and Interdistrict Commission for Protection of State Secrets. Ultimately, the final decision shall be taken by a special Governmental Commission for Control of Foreign Investments, currently headed by Prime Minister Putin.

The procedure may result in one of three possible outcomes: (i) approval of application without any additional obligations; (ii) approval of application with additional obligations imposed by the Governmental Commission; or (iii) refusal of application. These obligations for example, may consist of preserving work places for the strategic company’s staff, or processing the minerals extracted from deposits of federal significance on the territory of the Russian Federation, etc. According to the Law, the decision of the Governmental Commission may be challenged in the Supreme Arbitration Court.

Implementation
The Law requires the adoption of more than 20 subordinate acts, but many of them are still anticipated such as, for example, the list of subsoil plots of federal significance. Meanwhile, the Governmental Commission is functioning and has already ruled in certain cases. For example, it has approved an application of Archangel Diamond Corporation, a Canadian subsidiary of De Beers, to acquire 49.99% in a joint venture with Lukoil. The latter holds a license for an area containing diamond reserves of federal significance. Permission to acquire control was granted on condition that the diamonds are processed within the Russian Federation.

This article is prepared by Macleod Dixon ELP to provide information on recent legal developments and topical issues in Russian legislation. Due to the general nature of the article, it should not be relied upon as a legal advice. Macleod Dixon ELP would be pleased to provide additional details or advice upon request. For further information please do not hesitate to contact Evgeny Kruglov or Anatoly Andriash (via tel.: +7 (495) 931 99 05 or via e-mail: Evgeny.Kruglov@macleoddixon.com or Anatoly.Andriash@macleoddixon.com).
On October 20-25, 2008 a Study Tour under Canada-Russia Dialogue on Corporate Social Responsibility (CSR) and Public-Private Partnership (PPP) took place in Toronto. The Summit was sponsored by the Indian and Northern Affairs Canada (DIAND), and organized by the Moscow and Toronto chapters of the Canada Eurasia Russia Business Association (CERBA).

This Study Tour was a part of a business exchange visit organized within the context of a Canada-Russia program on Corporate Social Responsibility and Public Private Partnership (PPP). This is a program implemented under the Memorandum of Understanding (MOU) between the Department of Indian Affairs and Northern Development (DIAND) and the Ministry of Regional Development of the Russian Federation concerning cooperation on Northern Development and Aboriginal Issues. This initiative has also been endorsed by the Arctic and North Working Group (ANWG) of the Intergovernmental Economic Commission (IEC).

Russian delegation attended the 6th Annual Summit of the Canada Business for Social Responsibility (CBSR) entitled “Linking Stakeholders to the Bottom Line”, along with Post-Summit Workshops on “Corporate Social Responsibility Reporting” and “Effective Approaches to Stakeholder Mapping and Engagement”.

During CERBA Financial Committee meeting Georgy Medvedev, Vice-President of Association of banks of “Russia” gave a presentation on “New trends of social responsibility of credit institutions in Russia”. The meeting was attended by Canadian Financial Institutions, Investors and business executives.

At CERBA networking round-table participants had chance to share their views and opinion on Corporate Social Responsibility.

The event gave opportunity to meet and network with most dynamic businesses involved and interested in Russia.

The “CERBA Day” had ended with an afternoon workshop moderated by professor emeritus Wesley Craig, Schulich School of Business and director of the Canadian Business Ethics Research Network (CBERN) and Dr. Leonid Polyshchuk, University of Maryland and the Higher School of Economics. Russian delegates and leading Canadian business advisors and experts in the field had ample opportunities to share their knowledge and views on socially responsible investment in Russia and Canada.

In addition to numerous networking opportunities at CBSR and CERBA events, the delegates visited the International Nickel Institute, Kinross Gold, Canadian Bankers Association, head office of Loblaw, and the Schulich Executive Education Centre where they held individual meetings with executives, tailored to their specific business interests.

The Study Tour gave participants a valuable opportunity to communicate with CSR leaders of Canada’s corporate world, to exchange views with representatives of Canadian banking and investment communities, and engage in substantive and lively debates on a broad range of related issues.

Participants expressed willingness of their businesses and institutions to participate in the program.

At the end of the CSR & PPP Study tour participants had experience Canadian hospitality in the tourism sector by visiting a world heritage site - the Niagara Falls and sample Canada’s best Wineries.
On Friday, August 13, 2004, a black day for Canadian investment in Russia, a private security force seized the Moscow Aerostar Hotel complex and summarily evicted the more than 250 hotel guests from their rooms, along with Aeroimp, a Canadian-Russian Joint Venture that was the lawful tenant and developer of the hotel complex. The security force had been hired by Aviacity, a shadowy Russian company that claimed rights to the building purportedly acquired through what the Moscow Prosecutor’s Office later investigated as a fraudulent bankruptcy of a state enterprise.

Aeroimp had been founded in 1989 as a 50-50 joint venture between the Canadian enterprise IMP Group Ltd. and a predecessor of Aeroflot Russian Airlines. Aeroimp was established to renovate, manage, and operate a hotel and office complex located in the building that housed a state enterprise belonging to the USSR’s civil aviation authority, located at 37 Leningradsky prospect, pursuant to a long-term lease expiring in 2015. After extensive renovations at the joint venture’s and IMP’s expense, at a time when investment into Russia was viewed as exceptionally risky, the building opened as the Aerostar Hotel—one of Moscow’s first world-class hotel and office centers.

Aerostar fared well over the years and was the host to almost every Canadian event in Moscow until that fateful day in August of 2004 when it was forcefully evicted by Aviacity. What then ensued was legal warfare that saw both the civil and criminal cases wind their way to the Supreme Courts of the Russian Federation. The Aerostar eviction was also a topic of heated discussions between various Russian and Canadian ministers and was raised by Prime Minister Paul Martin with President Putin on a number of occasions, including the G8 Summit. The interests of the Canadian investor IMP were championed by its counsel Salans, received strong support from the Canadian Embassy, were well publicized in the media and on the internet, and in time, became a thorn in the side of Canada-Russia trade relations.

Due in no small part to these efforts on behalf of the Canadian investor, in late 2006 the criminal investigation into how Aviacity purportedly acquired the rights to the Aerostar hotel complex was placed on the list of important cases for the Presidential Administration of the Russian Federation. In mid-2007, Aviacity finally succumbed to the mounting pressure and offered to settle all outstanding claims before IMP. Although the terms of the settlement remain confidential, it does not reveal any secrets to say that they were favorable and satisfactory to IMP.

Throughout the conflict, the Aerostar hotel remained vacant despite severe hotel room shortages in Moscow, only recently re-opening under new ownership and management. The building, however, is slated for demolition in 2012 to make way for a new business/residential complex, although given today’s crisis it may remain open for much longer.

This saga provides a number of lessons for investors in Russia: persistency pays off, skilled counsel can preserve your legal rights, political pressure does work and Russia is not such a bad place to invest if you take the right precautions. Alexander Skoblo is a Partner at the international law firm of Salans. His core areas of practice are M&A and corporate/commercial law although he also heads up Salans CIS Hotel & Hospitality Practice Group. Alex is a Canadian that has been working in Russia since 1997.
Established in 2005, AgriProvince is a rapidly developing Canadian agribusiness affiliated with the Group of companies “AgroIntel” operating in Zavodoukovsk, Russia. From its inception AgriProvince has been working with an International consulting corporation “SMOLENTSEV & Partners” (http://smolentsev.com) which provides consulting accompaniment in strategic management and international development. “AgroIntel” is one of the leading seed producing and grain trading companies on the Russian market with 30 thousand hectares of land and a projected 40 thousand hectares by 2011. Moreover, AgroIntel prides itself in its full cycle of production: “science – production – realization – engineering”. AgroIntel’s nine subsidiary companies are structured to meet three succinct strategic goals: seed production and realization; grain trade operations; and the service of modern agricultural equipment and delivery of spare parts.

AgriProvince plays an important role among its eight sister companies as a supporting channel of cooperation between “AgroIntel” and major Canadian agribusinesses. Currently AgriProvince is focused on the study of the latest technologies in cultivating grain cultures in Canada, the training of Russian specialists, and the establishment of contacts with seed testing centers and seed companies in Canada. The goal is to test grain varieties on the territories of Russia in order to distribute and supply quality material to local grain producers. Moreover, AgriProvince is working on organizing a two-way relationship by introducing Russian varieties of grain cultures and testing them in Canada. Yet another important function of AgriProvince is the protection of intellectual property in grain varieties in Russia and Canada.

Agricultural machinery and machine parts is another interesting sphere of activity where AgriProvince is rapidly establishing its niche by organizing shipments to Russia with the goal of supplying Russian producers, as well as providing technical service. At the same time AgriProvince organizes export and import operations necessary for the activities of the head company.

AgriProvince Inc. was also the co-organizer of the First International Agrarian Forum “Innovations in Agribusiness” (Plant-growing) which was successfully launched in Russia in July 2008. The Forum included more than 150 participants from Russia, Canada and Germany – all representatives of government bodies and official agencies specializing in agriculture; agrarian professional associations; special crops producers; agricultural holdings; analysts; breeders; major grain traders; representatives from consulting, financial, investment and insurance companies; producers of agricultural machinery and fertilizers; as well as media representatives. The International Agrarian Forum was an outstanding success, thus it will become an annual event.

There are many common interests between Russia and Canada. Both the Canadian and the Russian ministers of agriculture openly support the dialogue between agribusinesses and assist in the development of their relationship. Agriculture is most definitely a land of opportunities for those who are able to see the real benefit of working in this sphere and the potential of building mutually beneficial business relations. That is why AgriProvince Inc. is a rapidly developing agribusiness highly demanded on both sides of the ocean.

As new CERBA members, AgriProvince’s dynamic and professional team is eager to assist in the development of the CERBA’s agricultural sector. Contact information:

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The Bank for Development and Foreign Economic Affairs (Vnesheconombank) is a key instrument for arranging financing and servicing of national investment projects, implementation of which might contribute to removing infrastructure restrictions on growth and ensure a switch over of the Russian economy to an innovative way of development. Vnesheconombank also renders assistance to Russian exporters in moving goods, works and services onto foreign markets, and will ensure support for effective functioning of special economic zones, for implementing ecology-related projects and for developing small- and medium-sized enterprises (SMEs). Remarkably, the Bank acts not only in its capacity of an investor, but also as an insurer and financial advisor. It arranges financing of projects, which in view of low profitability; high risks or long terms of implementation are not attractive for private financing.

The major principles underlying Vnesheconombank’s activities are absence of competition from commercial financial institutions, transparency and openness of investment and financial activities, viability, Public-Private Partnership (PPP) and environmental responsibility.

Vnesheconombank is a state corporation established by the Russian Federation on the basis of assets contribution made by the state. It is a financial institution, which assists the state in meeting economic challenges of state dimension. The Bank operates under the Government’s supervision and control. The activities of the Bank are regulated by Federal Law No.82-FZ dd. May 17, 2007 ‘On Bank for Development’. The Federal Law establishes the legal status, form of incorporation and other key issues related to activities of a state corporation ‘Bank for Development and Foreign Economic Affairs (Vnesheconombank)’. The legal and organizational form of a state corporation, established on the basis of this law, ensures Vnesheconombank’s special status, including absence of focus on profit generation since Vnesheconombank is a non-profit maximizing institution, as well as particular importance of its performance for the state and society.

Vnesheconombank’s governing bodies are formed with the direct participation of governmental authorities. Chairman of the Russian Government (currently – V.V. Putin) heads the Bank’s Supervisory Board, and members of the Supervisory Board, which is Vnesheconombank’s supreme governing body, are appointed to and relieved of their positions by the Government.

The major areas of Vnesheconombank’s activities:
- implementation of investment projects designed to remove infrastructure restrictions impeding economic growth, including development of energy and transportation infrastructure, housing and public utilities infrastructure, as well as tourism;
- implementation of investment projects aimed at fostering innovations;
- participation in projects designed to enhance the efficiency of natural resources utilization, protect environment and improve ecological situation;
- participation in projects aimed at development of SMEs by way of extending loans to credit institutions and legal entities, which provide support to SMEs;
- support for exports of industrial products and services with a view to diversify national exports.

The projects shall meet the following criteria: payback period – over 5 years, total project costs – above RUR 2 billion. The minimum amount of the above credits and loans, guarantees and sureties, as well as of financing on recovery basis in other forms with the aim to implement an investment project shall make RUR 1 billion or its equivalent in foreign currency.
Knowledge Exchange International Centre

Today hurricanes rage in the ocean of the world economy. They blow away companies from the maps of international business and destroy the established connections between them. Financial markets of the United States and Europe, the construction industry and many other industries feel the full power of the storm. The markets in Russia, Kazakhstan, Ukraine and other countries of Eastern Europe and Asia are trying to survive the upheaval.

As it happens with real hurricanes only much weaker gusts of storm winds reach Canada. That is because Canada has a pretty stable financial system and well-developed system of cooperation between the financial system and industries and between the government and private enterprises. Stability during the world crisis shows that the foundations of the Canadian economy and government are sound. It is very clear that there is much to learn from the Canadian experience. And from the point of view of technology Canada is one of the most developed countries in the world.

Understanding these advantages and their importance for international cooperation was the foundation of the Knowledge Exchange International Centre (KEI Centre), which starting from 1993, has been helping to organize international programs, exchanges and joint projects. Since its foundation 15 years ago, Knowledge Exchange International Centre has organized programs for a broad range of industries in cooperation with the most technologically and organizationally advanced Canadian companies and has promoted Canadian expertise and experience for Russian, Ukrainian, Kazakhstan and other companies. These programs have always found support from various government agencies and the business association CERBA.

The work of KEI Centre includes the detailed analysis of markets and their major players, and extended interactions with the representatives of both sides as well as government agencies, financial organizations, associations resulting in maximum accommodation of interests and backgrounds of the program participants. A successful program is a result of deep understanding of interests of both sides as well as peculiarities of the countries and their market conditions. For example, consider the program on hydroelectric energy developed and conducted in the advantages of utilizing advanced Canadian construction experience, technologies and services, often designed for similar climatic conditions.

In response to an increasing volume of program requests and the presence of serious project proposals, a separate company, Overseas Construction Projects (OCP) Partnership, was created. The goal of the Overseas Construction Projects partnership is to help construction companies from Russia, Ukraine and other countries to utilize advanced Canadian technologies for various projects of commercial, residential and industrial construction, to provide them the necessary guidance and support.

One of the partners, Valery Makarov, had worked for many years as a Trade Commissioner at the Canadian Embassy in Moscow on cooperation in construction and banking industries and was one of the organizers of the annual International Conference at Construct Canada. His extensive knowledge of the industry and organizational experience continue to help successful cooperation in the construction industry. OCP works closely in cooperation with Canada Housing and Mortgage Corporation, that is very valuable. Together with CHMC two construction projects were developed: for Krasnodar and Moscow Regions.

At the present time the construction industries in Russia, Ukraine and other countries are experiencing difficulties as a results of the upheaval in the financial systems of their countries.

Cooperation with Canadian companies and support of its financial institutions can become a lifeline allowing the construction companies to survive under the current economic conditions. Partnership Overseas Construction Projects can help to find appropriate partners, technologies, and financial methods and to develop all aspects of a joint project.

International cooperation, knowledge exchange, various modes of cooperation between companies and government agencies help moderate the impact of the crisis and perhaps even help a business to survive. The Prime Minister of Canada, Stephen Harper, while...
discussing the high level of stability of Canadian institutions, emphasized the importance of international effort for resolving the current problems and the readiness of Canadian institutions for international anti-crisis measures. As a result of that, in March of 2009, the KEI Centre jointly with CERBA is planning to organize the International Forum for Effective Cooperation of Organizations. We see it as a platform for discussing various questions of cooperation between organizations within one country as well as of international cooperation for business support and development. A good example of such within-country interaction is the widely used systems of E-Government, and their interactions with various businesses and government agencies. The Canadian experience in developing, deploying and utilizing such systems and services should be widely applicable in other countries. Several organizations and companies in Russia, including the Ministry of Communications, have already expressed interest in participating. We would like to invite all interested parties to participate in the upcoming International Forum. Further information about our company as well as contact information can be found at www.kea-canada.com.

Olga Belkina, Ph.D.
President

The company Aerosvit – Ukrainian Airlines, was founded in 1994. Aerosvit is the leading airline in Ukraine, with the widest route network and the largest fleet of aircrafts, operating using the most up-to-date aviation IT-technologies. Improving Aerosvit position on the global market of air-carriers. Starting with January 1, 2008, Aerosvit is a fully legitimate member of the Association of European Airlines – the most influential and prestigious European institution in this industry sector. The improving position of Aerosvit in the world’s most prestigious list of TOP-200 Airlines also confirms the speedy and dynamic growth of the company, and stable improvement of its position on the world market.

The foundation of the strategic aviation alliance – “Ukrainian Aviation Group”. Strategic Alliance “Ukrainian Aviation Group” united Aerosvit and DonbassAero. It was founded in the beginning of 2007. This event became the crucial point for the development of the Ukrainian market of air-carriers. Both companies – Aerosvit and DonbassAero, made more than 30,000 flights in total in 2007. Working in alliance, both companies improved their financial results. Their total income for 2007, according to preliminary estimates, exceeded 510 millions USD.

Developing route network

Aerosvit’s own route network at the moment comprises more than 50 regular international destinations to more then 30 countries, including 6 long haul destinations to New York, Beijing, Shanghai, Deli, and Bangkok. Aerosvit also manages flights to 11 administrative centers in Ukraine. During May–June 2007, the company introduced two new flights – Kiev-Shanghai and Lvov–Tel Aviv, and also increased the frequency of flights on the majority of existing destinations. Among the new destinations are also Tbilisi (Georgia) and Almaty (Kazakhstan)
The first international business forum of Russian high technologies and innovations in North America “Russia – Canada 2008” took place in Toronto at the end of October. One of the most effective ways to overcome the global crisis, according to the Forum participants, is to focus on developing international innovation projects.

Forum was organized by Russian-based Technical-scientific association “Technopol-Moskva” and Nonprofit Partnership “Expert Council for Intellectual Property”. Co-organizers of the event were Canada Eurasia Russia Business Association (CERBA), and Russian Chamber of Commerce in Toronto. The event was also supported by Public Chamber of Russian Federation, and All-Russia business association Delovaya Rossii.

Russian innovation projects, as well as relevant discussion of international cooperation in the field of innovations and investments, presented at the forum by the representatives from Canada and USA turned out to be very interesting and promising. Altogether, the Forum united more than one hundred businessmen, innovators, analysts, scientists, experts, and public figures. The preparation for the event was coordinated with Russian Embassy in Canada, RF Trade Mission in Canada, and Russian Academy of Sciences. Objectives of the event, according to organizers, included “improvement of direct business cooperation between Russian organizations and businessmen, and their Canadian and American counterparts”, as well as “attraction of intellectual property market’s participants’ attention to Russian high technologies and high-tech production”.

According to the organizers, this Forum was largely successful in achieving its objectives. Several international negotiations took place as part of the Forum regarding the future use of Russian innovation for commercial purposes. During plenary sessions, Russian and Canadian experts highlighted the most important legal and practical aspects regarding defense of innovations and attracting investments. A total of over 150 innovations from Russia were presented to North American representatives at the forum. Russian participants of the forum included Nizhegorodskaya Yarmarka, Mebelprom, Kurs, Murmansk Shipping Company, Technoimport, Regionmettrans, Radiocomplex Corporation, RIAP, Nizhegorodskiy Machine Building Factory, Brianskzachast, and many others. Several companies presented their latest developments in the field of innovations through virtual participation – Svarog, Orion, Tushinsky Machine Building Factory, TehIndustria etc.

Modern Russian science and its application-oriented projects were also widely demonstrated at the forum. Companies which presented their achievements and innovation programs included Russian Scientific Research Institute on Intellectual Property, Tomsk Polytechnic University, Kemerovo State Agro Institute, Center for Technological Research AUSFERR, Cybernetic Center, and others. “Russia-Canada 2008” also had a wide representation from regional Russian government such as Ministry of Industry and Innovation of Nizhegorodskiy Region and Innovation and Investment Fund of Samara Region. Alliance of companies providing legal support and protection of intellectual property, and investments to high-tech projects, was represented by Russia-based law firm Gorodissky & Partners, the largest company in Russia specializing in the field of patenting and protection of intellectual property objects.

Canadian participants of the forum included MaRS, The Canada Eurasia Russia Business Association (among its partners - Alcan, Barrick, Bombardier, Pratt & Whitney Canada, Petro-Canada, Nortel, Scotiabank, Stans Energy Corp., and other world-famous companies), Pace Law Firm, Morrison Hershfield, Heenan Blaikie, Arrow Com, Canfinse Group, Motum, and others.

Roundtable “High technologies of mutual understanding” brought together representatives of business and mass media. Roundtable participants came forward with a proposal to establish an international award for the journalists with the best information coverage of Russia-Canada cooperation in the field of innovations. Participants also motioned for organization of specialized conference “Business and Mass Media – high technologies of mutual understanding” as part of the “Russia-Canada 2009” forum.

According to the forum participants, the event’s biggest achievement was starting a direct dialogue on innovations between the two countries. Also, forum discussions once again demonstrated that, in times of global crisis, the most promising direction of economic development is to focus on international innovations projects, which can achieve a stable economic result, independent of the business environment, by integrating valuable resources from different countries.

The First International Business Forum on Russian high technologies and innovations in North America «Russia-Canada 2008» demonstrated that the future of both Russian and Canadian economies lies in the field of high-tech industry. The preparatory work is underway for the Second International Business Forum on Russian high technologies and innovations in North America «Russia-Canada 2009», which is scheduled to take place in the Fall of 2009. Undoubtedly, forum «Russia-Canada 2009» will demonstrate a significant progress in this direction.
Our Mission
The mission of BBBS is to help disadvantaged children (“Little”) to reach their full potential through professionally supported relationship with an adult volunteer (“Big”). These friendships are carefully selected and professionally monitored matches.

Our Vision
Children around the world realize their potential, creating a better future for themselves, their countries, and the global community.

Our Values
Our mentoring program has shown that by spending a several hours a month with a child they perform better academically, become healthier, exhibit an increase in self-esteem and confidence and become more involved in sports and other school activities.

Big Brothers Big Sisters of Russia
Big Brothers and Big Sisters of Russia (BBBSR) started fifteen years ago and we currently operate in seven regions, with our programs running in sixteen cities including Moscow.

Volunteer, Sukhova Valentina, she is matched with the girl named Sasha (the volunteering experience is more than a year)

I found out about the program “Big Brothers Big Sisters” in December 2006. At the time of my first visit to the orphanage #8 I saw a girl with a short wavy hair and a shiny red cheeks looking through the window. Later I learnt her name was Sasha. When we had a discussion about what kind of a child volunteers would want to be matched with I said to myself that I want to be matched with exactly that girl. Our first meeting happened in the orphanage with the presence of a psychologist – the program case manager, which was very helpful for us, volunteers, because we didn’t really have any experience of how to deal with kids. Our friendship took a long time to grow and only in September we could really see the first results when kids came back from the summer camp and Sasha realized that I was not just another temporary volunteer but someone who was ready to commit to a long-term relationship. At first it was really hard to find common interests, Sasha was friendly, but she did not hurry to share her secrets and problems. When we were allowed to leave to go outside I took Sasha for a walk in the park, we went to the cinema a couple of times, did homework together, and went to the dolphin show. Unfortunately for now I can’t really say I know the interests of my little sister so well to define the major one so that we could work together on developing it, but we are working. Recently after the winter break we started taking break-dance classes. I don’t really see that Sasha is a big fan of it but from time to time she expresses some interest. When she succeeds in doing some difficult moves she always looks up at me to see if I noticed her success. Lately Sasha gets jealous when I spend time with anyone else from her group but she is always ready to talk about it and understand why I do it. For the time of our friendship I noticed that Sasha expressed compassion and wished to help when she saw me tired. She also expresses interest in knowing how things are going in my life and when I share anything personal with her she does the same thing and also share her feelings though not that much as I do.

Big Brothers Big Sister is a very good opportunity to help orphans and kids whose parents are denied parental custody; it gives a chance for a kid to become socialized after they leave the orphanage much easier and faster. It’s of no secret that we all need someone to give us a piece of advice, help or to just listen to our problems. This program is very helpful for the kids to find THIS TYPE of a friend. Maybe the meetings of a mentor and a kid will not happen that regularly after the kid graduates his orphanage but understanding of a good friend presence is of big help for an orphan. Of course there are always some obstacles. Not everyone can commit to a certain number of visits to his Little, but in our age of electronics there’s always a way to get in touch and just talk when you are far away. And besides there are quite a few families who do not have their own kids. To adopt a kid is way too big responsibility and many people think they won’t be able to make it. In this case BBBS program may become like a first step to adopt a kid or to become a foster parent.

Doing this you cannot expect quick results—it’s quite impossible. But it feels great when your little sister or brother after half of a year relationship grabs your hand at the very first time.

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