



Establishment and elections

The Norwegian-Russian Chamber of Commerce was established on October 20th, 2003 at Telenor's premises, Fornebu. Representatives of twenty Norwegian and Russian companies met to establish the first Norwegian-Russian Chamber of Commerce. The aim of the Chamber is to stimulate to increased trade and investments in the respective markets, as well as to contribute to improved knowledge about each other's societies.

Partner Thomas G. Michelet, from the law firm Selmer DA, was elected chairman of the Chamber and Executive Vice President Reidar K. Karlsen, representing A-pressen Russian Media, was elected deputy chairman of the Board. The other members of the present Board are:

Executive Vice President Henrik Torgersen, Telenor, Senior Partner Erik Holtedahl, Scanteam, Consultant Jan Balstad, FAFO, Vice President Harald Rokke, Eksporthfinans, Chairman of the Board Svein Ruud, Troika Management and Partner Ole Eikeland, EFX.

Later, the Board appointed Senior Partner Erik Holtedahl to head the Program Committee of the NRCC, and PR and Project Manager of Telenor, Irina Nikolskaja Roddviik, to head the Committee for Cultural and Social events of the NRCC.

Re-registration of the NRCC

During the first half of 2004, the registration procedures of the NRCC as a foundation turned out to be complicated in relation to the New Norwegian law for Foundations. This situation delayed further development of certain issues within the Chamber. The Board therefore, after having received approval from the founding companies, decided to reregister the NRCC as an association, with the name: Norsk-Russisk Handelskammer BA.

The new registration documents are received from Brønnøysund and the Chamber's organization number is: 987 024 356 MVA.

Personnel

Managing Director Jarle Forbord, Russia House, has been engaged as a consultant ever since the upstart of the development of the NRCC. From June 1, 2004, Forbord has been employed as managing director of the NRCC.

In addition to the employed managing director, the administration cooperates with a couple of assistants for the implementation of various parts of the activity program. There is also a close cooperation with members of the Board, and member companies on an individual basis.

The office of the NRCC is located in the premises of Innovation Norway, Akersgaten 13, 8th floor, Centrum, Oslo, Norway.

Working environment

The working environment has not been profoundly tested, since only one person has been employed. However, the activity does not contaminate the environment.

Funding of the NRCC

The NRCC is a non-profit association and the funding of the association are primarily based on membership income. An application for financial support in connection with the establishment of the Chamber was therefore sent to the Ministry of Foreign Affairs (MFA) late autumn 2003. The Ministry appreciated the initiative, but had no available resources for co-funding.

Sponsors of the NRCC

As an alternative source of funding, a system of sponsorship was introduced and regulations for sponsor companies of NRCC developed. The sponsorship system aims for 1 main sponsor and 5 sector sponsors. So far, two member companies decided to join in as sector sponsors of the NRCC - the law firm Selmer and Telenor.

Financial support from Innovation Norway and a Project application forwarded to the MFA

During spring, an application was sent to Innovation Norway with a request for financial support to the first year of operation. In May 2004, Innovation Norway granted the NRCC 250 000 NOK to product development and upstart support.

At the end of 2004, an application was forwarded to the Ministry of Foreign Affairs with a request for funding of the issuance of the first broader Economic Newsletter in Norway regarding Russian market developments in general. The other part of the application was related to the establishment of a limited database about information on how to approach the Russian market. The MFA approved the application in February 2005 and assigned 300 000 NOK to the projects.

Member Activities

During autumn 2003, an activity program for the coming year was developed which has been implemented during 2004. Since the inauguration, the NRCC has organized 7 regular networking meetings for its members, 2 Russiaseminars, 1 summer party, and several ad hoc events.

- On November 18th, 2003, Eksportfinans was the first member company to host a member meeting at their facilities. Vice President Ivanov of the Russian Chamber of Commerce and Industry gave a broad presentation of the opportunities offered by the RF CCI system to foreign companies. The Chairman, Deputy Chairman and the Managing Director followed up his speech with more detailed discussion next day regarding cooperation between RF CCI and the NRCC.

Special Advisor Olav Berstad of the Ministry of Foreign Affairs (MFA) gave a presentation of the regional cooperation in the Euro Arctic Barents Region.

Company presentations: Thrane & Thrane, Eksportfinans

- On January 5th, 2004, NORDEA sponsored the member meeting. H.E. Ambassador Øyvind Nordsletten, Royal Norwegian Embassy in Moscow, gave an assessment about the Duma election and Partner Mjaaland and the attorneys Stubberud and Reiremo, Wikborg & Rein, gave an introduction to the legal risk analysis with respect to security under Russian law.
Company presentations: Nordea, DMNG
- On February 9th, 2004, Innovation Norway hosted the member meeting and First Vice President Elin Ersdal and Senior Advisor Knut Mugaas introduced the new Innovation Norway to the members of NRCC. Head of the Department for Russian Studies at NUIP, Helge Blakkisrud, talked about Centre – Periphery Relations in the RF and Attorney Yevgeniy Tregubenko, Selmer, presented recent developments of tax legislation and its implementation in the Russian Federation.
Company presentations: Innovation Norway, Seiscon
- On March 16th, 2004, NRCC and NORDEA hosted a **Russia - seminar** related to “Bank and Financing opportunities in the Russian Market” at the premises of NORDEA at Majorstuen. The seminar was open to the public. In total 70 persons took part in the event, with contributions from representatives of DnBNOR, Eksportfinans, GIEK, NORUM, the Nordic Investment Bank, Nordea Markets Helsinki, Nordic Desk of International Moscow Bank, Export & Project financing section and the International Shipping Division of Nordea, the Investment Fund for North-West Russia of Innovation Norway, the Ministry of Local Government and Regional Development and Hans Wilhelm Steinfeld, Norwegian Broadcasting Services.
- On April 20th 2004, Orkla Foods hosted the member meeting at the facilities of Orkla at Skøyen. Director Håkon Andersen introduced the members to Orkla in general and to Orkla Foods in particular. Senior Advisor Bjarte Erdal of the MFA gave a presentation of the Baltic Region in light of the EU enlargement from 15 to 25 members.
Company presentations: Seed Forum Norway, NCS International
- On April 20th, 2004, an ad-hoc mini seminar regarding the Russian market was arranged at the facilities of Eksportfinans. Reidar Karlsen, ARM, and Harald Rokke, Eksportfinans, presented actual issues to the members. The seminar was followed up with participation at a soccer match between the Norwegian and Russian national soccer teams.
- On June 10th, 2004, a summer party for members of NRCC took place at the National Museum of Cultural History at Bygdøy. The Chair of the Committee for social and cultural events, Irina N. Roddvik, Telenor, was in charge of the event. About 35 persons took part in a guided tour of the exhibition “Norway – Russia. Neighbors through 1000 years,” listened to Russian songs and music and tasted food with Russian flavour.
- Ultimo June, an ad hoc reception was hosted at the residence of the Chairman of NRCC in connection with an official visit to Norway and NRCC of the Governor of Samara County Konstantin Titov and his delegation. About 20 members and invited companies participated.
- The member meeting on August 23rd, 2004 was obviously scheduled too early to most of the NRCC members. The August meeting was therefore cancelled, and it was added one more member meeting in October.
- On September 7th, 2004, the Ambassador of the Russian Federation hosted the member meeting at the Embassy of the Russian Federation, Oslo. The new ambassador to Norway, His Excellency Ambassador Alexander N. Panov, invited members of the NRCC to the newly

refurbished Embassy facilities. The Ambassador's hospitality and his fresh views on Norwegian – Russian Business cooperation was highly appreciated by the members.

Company presentations: Syslab International, Storvik & Co

- On October 4th, 2004, the NRCC arranged the second **Russia - seminar** at the facilities of Telenor, Snarøya. Various lecturers took part in the event, amongst them Executive Vice President Henrik Torgersen (Telenor) Partner Erik Holtedahl (Scanteam), Director for Travel Industry Per Holte (Innovation Norway), Attorney Louis Skyner (Wikborg & Rein), Attorney Alexander Kvoschinsky (Mosgo & Sirota, Moscow), Attorneys Yevgeniy Tregubenko and Steinar Nundal (Selmer), Professor Willy Østreng (University of Oslo), Director of the International Department Jon Veia (CNBI), and finally PR and Project Manager Irina N Roddvik (Telenor) who also introduced the participants after the seminar to "The working place of tomorrow". Some 50 companies participated.
- On November 2nd, 2004, SIVA hosted the member meeting. A presentation of SIVA by Director for International Operations Per Støle took place, and Consultant Roger Martinsen gave a presentation of the President Program. Assistant Director General of MFA, Harald Sandhaaland, presented the "Russia Allocation 2005" to the MFA.
Company Presentations: SIVA, Export Finance Services
- On November 23rd, 2004, DnB NOR hosted the member meeting which took place at Vika Conference Center. Director Jan Nosowski, DnB NOR Oslo, presented DnB NOR and Director Bjørn Celius, DnB NOR Kirkenes, gave a presentation of their representation office in Murmansk as well as about business developments within the Barents Region as seen by the Bank. Assistant Director Arild Moe, the Fridtjof Nansen Institute, gave a lecture about the different perspectives on the Yukos affaire.
Company presentation: DnB NOR
- On December 10th, 2004, the administration had to postpone a programmed Christmas event due to a lack of participants. The event was rescheduled for January 13th, 2005 when Russian Old New Year is celebrated.

The meetings were well received and had an average participation of about 45 members and guests. The support from various member companies in hosting member meetings is highly appreciated by the participants and the management of the Chamber.

Board Meetings during 2003- 2004

The Board of NRCC conducted 13 Board meetings in the reporting period. The Program Committee has had 2 meetings and the Committee for Cultural and Social Events 3 meetings. In addition, the Head of the Committee, Irina N. Roddvik, makes presentations during member meetings informing the members about Russian related cultural events coming up the next month in Norway.

Other non- scheduled activities during 2004

In addition to the above, the Chairman, members of the Board and the administration have presented the Chamber and its activities in various regions of the Eastern parts of Southern Norway during 2004.

Representatives of the Board and management of NRCC have as well represented NRCC at several national celebrations at the Embassy of the Russian Federation, Oslo.

NRCC Logo and NRCC Website

- The financial contributions from Innovation Norway and the NRCC sponsors Selmer and Telenor made it possible to initiate the production of a NRCC logo, and a NRCC website. Both initiatives were developed during summer and were launched primo September 2004.
- The website is meant to become an active tool of communication between members and the administration in addition to presenting a useful website with facts and relevant information regarding the Russian market to the benefit of NRCC member companies and further development of bilateral trade and communication in general.

Agreement of Cooperation signed with the Russian Federation Chamber of Commerce and Industry

From the early beginning of the NRCC activity, it was established contact with the Russian Federation Chamber of Commerce and Industry (RF CCI).

In September an agreement was signed with the Russian Federation Chamber of Commerce and Industry. At present, there are ongoing discussions regarding development of the cooperation agreement.

Recruitment of new members to the NRCC

- Recruitment of new members to the NRCC has been a central issue to the management of the Chamber during 2004. Several initiatives and campaigns have been initiated, and will be continued in 2005. By the end of 2004 the NRCC has about 70 members.

The present figures shows that NRCC consists both of SME's and large companies. The geographical location of the members is mainly from the southeastern part of Norway, Møre and Romsdal and Troms and Finnmark Counties. The largest branches represented so far are within banking and financing, fishery, IT-telecommunication and consultancy, but with possibilities for many more companies working in the Russian market to join the NRCC in the years to come.

- Several member companies are presently registered in the Russian Federation. However, with increased cooperation with the RF Chamber of Commerce and Industry, further development of the NRCC website with a content of potential interest to Russian companies within the RF and advisory services offered to Russian companies wishing to cooperate with potential member companies of the NRCC, we thus expect additional Russian owned companies to join the NRCC in the coming years.

NRCC Economy in 2004

Despite solid statements from all political parties to the establishment of NRCC, no financial support was received. As a consequence, the Board and administration had to refocus on how to obtain income from alternative sources. This situation was somewhat relieved by the abovementioned contribution from Innovation Norway.

In spite of the fact that another 45 members were recruited during 2004, sponsor income was established and the NRCC had income from organised seminars. In November, it still was necessary to request support from the founding companies of payment of next year's fee already in November.

In this way, the NRCC managed to come through the difficult year of upstart. The year ended with a negative result of 155 496 NOK.

NRCC Economy in 2005

During 2005, various initiatives are and will be launched with the aim of obtaining an improved financial situation for the association, please also see under previous heading Funding of NRCC above. The accounts are based on the going concern assumptions and the Board confirms that these assumptions are present.

Regarding the funding of NRCC, the Board and the administration in 2005, will focus on the following:

- Continued recruitments
This is necessary to be able to conduct normal business activities and deliver promised and scheduled events to the members of the NRCC. The aim for 2005 is therefore another 30 members, these totalling about 100 members by the years end. To reach this goal, more members than only those represented at the Board should engage themselves in the recruiting work. If every member company succeeded in recruiting one additional member, NRCC would make out close to 150 members, and the funding issue would mainly be solved.
- Further development of our website
The aim is to make the NRCC website to the most interesting business site in Norway with daily news about the Russian market. The increased number of hits and visits to the NRCC website makes the whole concept interesting for companies wishing to market their company and products in the Russian market through our website.
- Increased number of sponsors
There are still 3 available sectors to be sponsored and 1 main sponsor position in NRCC. This alone, when fully developed, could give additional 550 000 NOK.
- Recruitment of Russian members, registered in the Russian market
We do not expect too many Russian members to register in 2005. Our Moscow part time consultant will from the second half of 2005 start his promotional campaigns in cooperation with the management at HO.
- Sale of services
This will primarily be carried out by our representative in Moscow. It is hard to estimate the income from this activity for 2005, since most of our present members have their connections and contacts in the Russian capital. However, as time goes by, new companies enter the market in need of contacts and knowledge. As a member of NRCC the companies will receive assistance from the representative of the association.

With additional work force in the office at HO, the managing director as well will be relieved for more decentralised activities, NRCC and its members, and thus also be able to engage himself in increased recruitments and further development of the Russian market dimension of NRCC.

The market development in the Russian Federation in 2004

The year 2004 has been another remarkable year in Russian economy. Once again the GDP increased the fifth consecutive year in a row. Much work has also been done in getting into operation, a business system based on predictability for the business actors in the market.

With the present prices on raw materials, the perspectives are positive, although the one-sided export industry of the Russian Federation based on raw materials is also an issue for concern.

2005 and offers to the members of NRCC

As can be understood from the abovementioned, 2005 will be a year of stabilization, but at the same time a year with dedicated development of services to our members.

In addition to the scheduled member- and networking meetings, Russia seminars, social and cultural events, the new services in 2005 will include 3 – 4 courses regarding the Russian market, distribution of a broader Economic Newsletter, establishment and utilization of an improved market database to the members of the NRCC. This database will be further developed in 2006.

A description of services from our representative in Moscow to our members is under development and will be launched autumn 2005. The range of services will be coordinated with the services of the RF CCI and their network of 170 regional offices, which are at disposal for the members of NRCC. The NRCC will also further develop the cooperation with the Royal Norwegian Embassy in Moscow, the Consulate Generales in St. Petersburg and Murmansk as well as with the offices of Innovation Norway in the market.

In addition to the abovementioned, the intention is also to develop NRCC to become the natural focal point when it comes to opinions regarding Norwegian–Russian business relations. A Committee for Industrial Policies will be proposed established at the Annual meeting.

The Board further proposes to establish a NRCC Council during the Annual meeting. Several candidates have agreed to join in. We expect these initiatives to further profile the Chamber in a positive way, and establish valuable new connections and contacts between NRCC and the Russian and Norwegian business environments to the benefit of all members.

Oslo 9th of May 2005, Norway

Reidar K. Karlsen
Deputy Chairman
Sign

Thomas G. Michelet
Chairman of the Board
Sign

Henrik Torgersen
Member of the Board
Sign

Harald Rokke
Member of the Board
Sign

Svein Ruud
Member of the Board
Sign

Erik Holtedahl
Member of the Board
Sign

Jan Balstad
Member of the Board
Sign

Ole Eikeland
Member of the Board
Sign

Jarle Forbord
Managing Director
Sign