

# RUSSIAN BUSINESS GUIDE



1 (17)

March 2015

## Tver region – business centre of Russia

12+

In the interest  
of Russian business

Boao Forum  
for Asia (BFA) 2015

Yalta 1945: prologue  
to the post-war world  
order and the present day





Chamber of Commerce and Industry  
of the Russian Federation



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# Migration and the **SCO**

**This year Russia is presiding over the Shanghai Cooperation Organization (SCO). Our country is to host a key international event of 2015, a SCO summit due in Ufa in July, for the first time ever. Migration processes evolving within the SCO space will be on the agenda amongst other issues. Labour migration in Russia, as well as transboundary migration processes, have been gaining top priority. Experts of the CCI of Russia, for instance, the CCI of Russia Committee on the Economic Integration of SCO and CIS Countries led by World Trade Center Moscow Director General Vladimir Salamatov, are actively involved in the discussion and resolution of migration problems in Russia.**

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**24.03** Moscow, Russia

**The 6<sup>th</sup> InfoSpace Innovative Technologies Forum**



**2.04** Moscow, Russia

**Mercury Club**

Problems and ways of ensuring economic and financial stability in Russia.

**15–17.04** Bishkek, Kyrgyzstan

**A trade and economic mission of Novosibirsk businessmen to Kyrgyzstan**

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**20–24.04** Moscow, Russia

**The Russian-Chinese Forum 2015: Big Opportunities of Small and Medium Business**

The forum is organized by the Russian Ministry of Economic Development, the Russian-Chinese Committee for Friendship, Peace and Development and the Russian-Chinese Business Council. The forum is operated by the Russian Agency for Small and Medium Business Support and the China Association for Corporate Growth. The forum aims at strengthening Russian-Chinese relations, promoting Russian export products and attracting investment.

**22–24.04** Moscow, Russia

**The 15<sup>th</sup> International Forum and Exhibition High Technologies of the 21<sup>st</sup> Century. Innovations across the SCO**

An annual event, which has established itself as an authoritative debate platform for the joint search of the government, businesses and the scientific community for constructive solutions in the formation of a favourable innovation climate. It has been held annually since 2010.



**22–23.04** Moscow, Russia

**The 9<sup>th</sup> International Navigation Forum**

A central event of the year in the field of a commercial use of satellite navigation technologies, primarily Russia's GLONASS satellite navigation system.

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**22–24.04** Moscow, Russia

**EXPOPRIORITY2015**

The 7<sup>th</sup> International Intellectual Property Forum.

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**9.05**

**VICTORY DAY**

**25–29.05** Moscow, Russia

### **METALLOOBRABOTKA-2015**

The 16<sup>th</sup> International Specialized Exhibition for Equipment, Instruments and Tools for the Metalworking Industry.

**26.05**

### **The Day of Russian Entrepreneurship**

The Day of Russian Entrepreneurship is marked with exhibitions, presentations of participating companies, coaching seminars and consultations, training sessions and other events.

**29.04–6.05** Guangzhou, China

**A business mission of representatives of chambers of commerce and industry, sectoral unions, textile industry enterprises and designers to the Canton Fair**

**2–5.06** Baku, Azerbaijan

**A trade and economic mission of enterprises of the Saratov region to the Republic of Azerbaijan and a visit to the 22<sup>nd</sup> International Caspian Oil & Gas Exhibition and Conference**

**5.06** Riga

**Sessions of Eurochambers ruling bodies**



**18–20.06**

St. Petersburg, Russia

**The St. Petersburg International Economic Forum**

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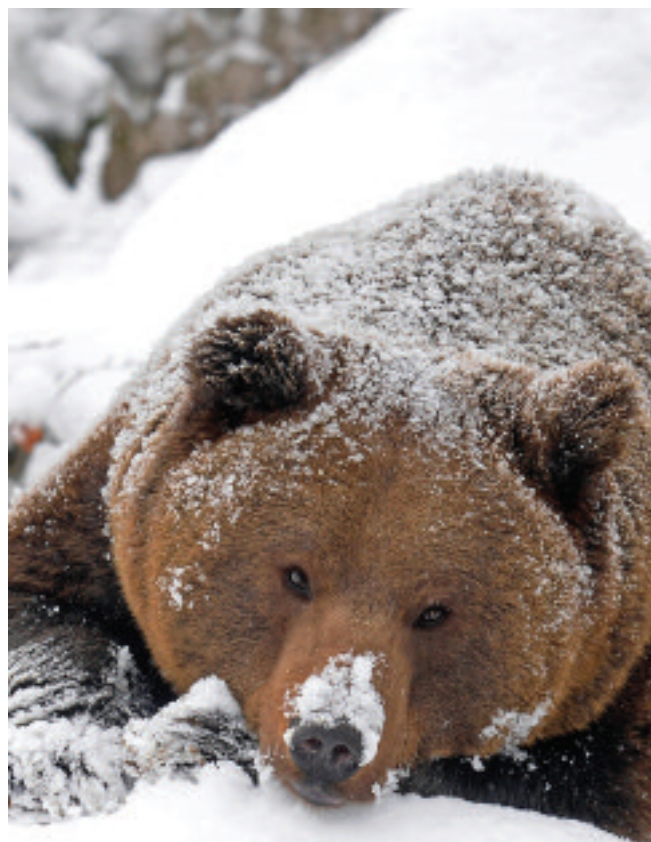
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## Spring 2015: Russia wakes up from hibernation



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**EDITOR'S OFFICE:**

5/2, Ilyinka Street, Moscow, 109012

Tel.: (495) 620-04-53, 620-02-59

E-mail: [press@tpp-inform.ru](mailto:press@tpp-inform.ru) | Website: [www.tpp-inform.ru](http://www.tpp-inform.ru)



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**GENERAL DIRECTOR:** S. Nebrenchin

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V. Gubernatorov, A. Shkirando, G. Petrov, S. Nebrenchin, D. Kurochkin, I. Korotin, V. Padalko, O. Chuprakova

**PROJECT MANAGER:** M. Drogoveiko

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### Italy ranks fourth amongst Russia's global partners

'Italy is undoubtedly one of our privileged partners in Europe and the world at large. Regardless of the situation, our trade and economic relations are doing quite well. There are some losses due to obvious reasons, but generally, we are doing fine: Italy ranks fourth among our partners in the world in terms of trade turnover,' Russian President Vladimir Putin told Italian Prime Minister Matteo Renzi who paid a working visit to Russia.

'We are working together in the power industry, in mechanical engineering, space exploration, nuclear power – I cannot think of an area where we do not cooperate. Our political dialogue is also quite active,' a report posted on the Russian president's website quoted Vladimir Putin as saying.

The prospects of accelerated bilateral cooperation in trade, economic, investment, cultural and humanitarian fields were discussed at a brief one-to-one meeting. The sides also exchanged opinions on global affairs.

Earlier, Matteo Renzi met with Russian Prime Minister Dmitry Medvedev to confer on trade and economic relations. The Italian prime minister noted that Russia was paying much attention to the EXPO 2015 which would open in Milan in May 2015. The show is expected to attract many Russians and host the Day of Russia on its sidelines.

### Vladimir Putin: Union State project proves viable

The Union State has proven to be a viable and highly sought-after project, Russian President Vladimir Putin said at a meeting of the Supreme State Council of the Russia-Belarus Union State in Moscow. Belarus President Alexander Lukashenko also attended the meeting.

In the words of Putin, the Union State Treaty is a strategic document that laid the foundation for close integration between our countries and gave a strong impetus to the development of Belarusian-Russian relations. Many aspects of the Russian-Belarusian co-operation experience were used during the establishment of the Customs Union, the Common Economic Space of Russia, Belarus and Kazakhstan and later in the creation of the Eurasian Economic Union, which became fully operable as of 1 January this year. 'I am certain that the Union State will continue to play an important role, particularly as a 'testing range' for promising integration projects and models,' the Russian president underlined.

The development of economic ties remains our absolute priority. Russia accounts for almost 50 percent of Belarusian trade, while Belarusian business ranks fifth in Russia's trade turnover, after China, the Netherlands, Germany and Italy. However, the mutual trade turnover has somewhat gone down in the past year to \$37.6 billion.

The two heads of state approved a large-scale Action Plan to create additional conditions for the development of trade and economic cooperation.



**KRET to deliver three brand-new electronic-warfare helicopters to Russian Defence Ministry**



**Concern Radio-Electronic Technologies (KRET) is preparing to deliver three Mi-8MTPR1 helicopter complexes to the troops. Richag-AV active jammer systems capable of ‘blinding’ the enemy on a range of several hundred kilometres are mounted on Mil Mi-8MTV-5-1 helicopters.**

**The brand-new Mi-8MTPR1 helicopter complex equipped with the Richag system reconnoitres and suppresses radio-electronic troop control systems and armaments of the enemy, the concern press service said. In addition, the Richag system contains a database of various military facilities, which helps it identify a target and choose the most effective type of jamming. The complex defends groups of planes, helicopters, drones, ground hardware and ships from air attacks. It also deters attacks by use of various kinds of hostile armaments: air defence, artillery, air defence missile and missile and artillery systems, and fighter jets.**

**The system is made of locally manufactured component parts. It is also universal: stations can be mounted on planes, helicopters, and stationary ground or road-mobile platforms, including ships.**

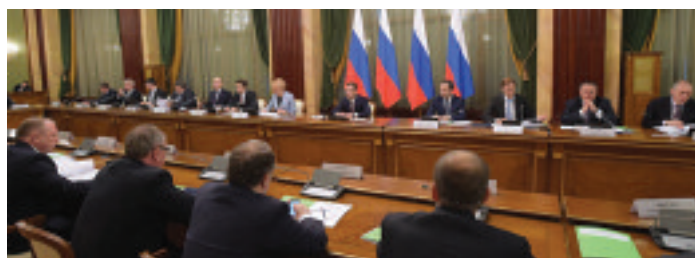
### **Sergey Katyrin: ‘Authorities and business hear and understand each other’**

CCI of Russia President Sergey Katyrin, who had taken part in a meeting between Russian Prime Minister Dmitry Medvedev and entrepreneurs, told the Russian media about his impressions of that event.

The CCI of Russia president said the meeting highlighted problems which business wanted to resolve together. Judging by outcomes of the meeting, the government and the business community heard and understood each other, Sergey Katyrin opined.

He also said that the government backed the proposal of the CCI of Russia to expand the list of state guarantees, primarily, for defence enterprises which was vital for their ability to fully meet state defence orders. The CCI of Russia president also called for expanding the list of strategic enterprises (the current number of which is 199) with a number of medium-sized export-oriented companies and enterprises capable of the real import substitution. An improvement of the simplified taxation system remains an important task in order to make it more accessible for medium businesses.

The CCI of Russia president ascribed paramount importance to the access of small business to state defence orders. Lots of enterprises can easily join the defence sector production process and fulfil state defence orders. In the words of Sergey Katyrin, he had reached full understanding with the Russian economic development minister who promised comprehensive support to the resolution of the problem.



### **Turkey to invest in Astrakhan**

A business delegation of the Turkish Republic has paid a formal visit to Astrakhan to discuss joint projects with Astrakhan government members. The delegation included members of the Turkish Confederation of Businessmen and Industrialists (TUSKON) – businessmen operating in the field of construction, shipbuilding, mechanical engineering, and light and food industries, says a report posted on the Russian government website.

Turkish businessmen with profuse expertise in shipbuilding and mechanical engineering displayed a keen interest in joining a new Lotos special economic zone of the region. ‘We would welcome Turkish residents to our zone and this [residence] may become very promising and profitable for Turkish businessmen,’ said Konstantin Markelov.

It should be noted that 13 companies, mostly belonging to the food industry, have already been representing Turkish business in the Astrakhan region. Foreign businessmen are set to expand their presence in the region. ‘Hopefully, the Astrakhan meeting will be the first step towards the long-term cooperation,’ members of the Turkish Confederation of Industrialists and Entrepreneurs said.

**T**he rivalry for leadership between states and transnational corporations reaches its utmost in the contemporary epoch of global crises and threats. The unmotivated sanctions imposed on Russia in 2014 are an illustrative example of unfair competition of a global scope and the trampling upon international laws, primarily the norms of the World Trade Organization (WTO) whose member Moscow has become.

The sanctions against Russia have a harmful effect both on the Russian economy and on European countries which have to exhibit their solidarity with the United States. Yet the annual Russia-US trade turnover does not exceed tens of billions of dollars, and trade with the EU member states used to be much higher until recently. Oddly, Russia-US trade went up in 2014 while Russian trade with European nations fell. European business put down roots in all sectors of the Russian economy in recent decades and became its inseparable part thus offering mutual advantages to partners and even more attractive options of bilateral and multilateral collaboration.

RBG has stated more than once that the modern world is not unipolar but, rather, multipolar. Rapidly growing BRICS countries, first of all, China which is surpassing the United States by many economic parameters, are successfully competing with the leading Western nations on global markets. The strategic Russian-Chinese partnership is strengthening, and the authority of member countries of the SCO, the Eurasian Economic Union and other international associations is mounting. Russia is actively searching for partners in other regions although it is not breaking off traditional economic and cultural relations with European states.

Businessmen from Southeast Asia, Latin America and the Middle and Near East are actively coming to Russia in spite of the sanctions and political pressure. Russia has been lately gaining support in Europe, in addition



to Egypt, India, Turkey and Iran. Agreements have been reached with Greece, Hungary, Cyprus and some other states. Entrepreneurs from other EU countries, among them France and Germany, are putting strong pressure on their governments to resume large-scale business cooperation with Russia.

Russians say, 'It's a blessing in disguise'. The Western sanctions are forcing Russia to search for ways to end its dependence on resource exports, to energetically substitute imported commodities, to spur on modernization and innovations, and to create a favourable business climate in the country. Regretfully, Russia did not win the fight for leadership in the outgoing fifth technological period but it has every chance to be victorious in the epoch of sixth-generation technologies (bio-, nano-, cogno-, info- and others).



**Businessmen from Southeast Asia, Latin America and the Middle and Near East are actively coming to Russia in spite of the sanctions and political pressure. Russia has been lately gaining support in Europe, in addition to Egypt, India, Turkey and Iran.**

Moreover, on the international scene Moscow adheres to the international law, the resolution of disputes by peaceful means, a fair economic order and all-inclusive consideration of national interests in international relations, and opposes the policy of double standards, pressure on states and impeding their economic development for the sake of global dominance. One cannot help but admit that the Russian peace initiatives, mostly those for Syria and Ukraine, are increasingly winning support on all continents and the popularity of Russian President Vladimir Putin is increasingly recognized by states and peoples of the world. Attempts to meddle in Russian internal affairs and destabilize the country are doomed; the bitter historical experience has helped the people of Russia develop a strong immunity to various kinds of social shocks. ■

# Russia and the world



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Evgeny Primakov: Russia cannot be raw materials appendage



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Crackdown on corruption in Russia: partnership of the state and business



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Comprehensive resolution of investment tasks

# Evgeny Primakov: Russia cannot be raw materials appendage

**W**hat strategic way out is being suggested for coping with the difficult period in our economic development?

The lifting of sanctions is unlikely in the near future.

And it would be unrealistic to pin hopes on the statements by a number of politicians and European businessmen opposed to the anti-Russian sanctions.

As to the falling global oil prices, this phenomenon will not pass rapidly either. We should take seriously the rise of oil production in the United States, which however remains a net importer of oil, virtually to Russia's levels. We can also state that the OPEC is no longer a regulator of oil production quotas and, therefore, has lost its former influence on global price dynamics. The unity of member countries of that organization is a bygone. Forecasts of a relatively low median rate of world economic growth should not be overlooked either.

Definitely, even minor changes in the foreign economic setting in Russia's favour should be welcomed and made good use

of. The policy excluding self-isolation of our country in the economic field amongst others is unwavering. We are interested in cultivating economic relations and the establishment of new contacts with all countries and foreign companies demonstrating such interest. But the priority stake on domestic reserves and capacities of quantitative and qualitative economic growth is the only alternative for Russia under any circumstances.

According to President Putin, Russia will recover from the hard economic period in no more than two years under the worst-case scenario. But this time has to be spent, first and foremost, on the diversification of the economy. In other words, there must be a turn from the resource-based economy towards the development of high tech processing industries. The import substitution is bound to assist in the achievement of this goal. We have wasted many years, a quarter of a century, when that goal could have been achieved. Yet we should not focus on criticizing the past, but rather take a look at the future and determine an economic manoeuvre to recover from the hard economic period.

A close-up portrait of Evgeny Primakov, an elderly man with grey hair and glasses, resting his chin on his hand in a thoughtful pose. He is wearing a dark suit, a light blue striped shirt, and a blue patterned tie. The background is a solid blue color.

*Mercury Club President,  
Academician of the Russian Academy  
of Sciences* **Evgeny Primakov**

**Can we speak about Russia's re-orientation towards the East?**

I am telling you that this is not so. Russia would like to normalize relations with the United States and Europe; but it would be unwise to ignore the rapidly growing significance of China and other countries of the Asia-Pacific Economic Cooperation. We are often threatened with a prospect of turning into a raw materials appendage of China. Yet Russia cannot and will not be anyone's resource colony, because it still has great potential.

And, finally, another important question is whether Russia should leave the door open to joint actions with the United States and its NATO allies in the case these actions are suppressing the real threats to mankind: terrorism, drug trafficking, spread of conflicts and so on. There is no doubt that it should. We will lose our country as a great nation without that, not to mention the interest of Russians in eliminating international threats. In this case, Russia will be unable to occupy a chief place amongst states ready to use its support but with due account of Russia's own interests. ■



# In the interest of Russian business

Vladimir Putin had a working meeting with President of the Russian Chamber of Commerce and Industry Sergey Katyrin to discuss the organisation of international business forums, particularly within the framework of the SCO and BRICS, and prospects for the development of the exhibition industry in Russia.

[www.kremlin.ru](http://www.kremlin.ru)



**V. PUTIN:** Mr Katyrin, you are heading the business councils of two international organisations – the Shanghai Cooperation Organisation and BRICS – that bring together business community representatives of the organisations' member states. How are things going there? Do you need any support from presidential agencies or the Government?

**S. KATYRIN:** Thank you, Mr President.

You are right. We have a unique opportunity this year both on the political level and on the Business Councils in connection with our presidency of the two organisations. We would like to make use of this primarily in the interests of Russian business. Therefore, our proposals are somewhat unusual.

We have an extensive programme both for the SCO Business Council and BRICS, though we would like to divide the main events into two parts.

First, we would like to hold the SCO and BRICS business forums simultaneously and invite businessmen to the St. Petersburg International Economic Forum (SPIEF). Before the Forum begins its work, we suggest holding a meeting of the business circles on the forum's sidelines on its first day.

The second thing we would like to do is also not quite usual, though it may become a tradition. In addition to the traditional working groups functioning within BRICS and the SCO, we would like to invite representatives of the member states' main exhibition sites.

We have set several targets here. First, we would like to establish an information exchange on who is holding exhibitions and when. Then, based on this information exchange, we could synchronise our activities, adjust our schedules so as not to stand in

each other's way at major international exhibitions and congresses, especially when these are held in neighbouring countries. Thirdly, we would like this meeting of the exhibition community to consider any joint exhibitions that could be arranged for SCO and BRICS states, or possibly both, by joining our efforts in areas that are of interest to the business community. The countries could take turns hosting some of the exhibitions. This could apply to the existing schedules of the main exhibitions venues and sites in our countries.

## “ We would like to hold the SCO and BRICS business forums simultaneously and invite businessmen to the St. Petersburg International Economic Forum (SPIEF)

And fourthly, we would like to discuss the possibility of establishing a council that would coordinate exhibitions, congresses and fairs both within BRICS and the SCO.

We are currently working on these programmes and discussing them with our colleagues. I believe we will succeed, but apart from that, we will offer our

colleagues attending this meeting the opportunity to take part in the SPIEF's key events that will begin on the following day.

Naturally, we would like to invite not only businessmen from the BRICS and SCO states and members of the business councils, but also our partners from the SCO observer nations. We could invite them to this meeting via our partners' chambers of commerce and industry or via the main unions and associations we cooperate with.

This would offer great opportunities for Russian businesses and new contacts for the visiting entrepreneurs. I hope they would like to meet both Russian business representatives and those who come to attend the SPIEF.

We suggest holding the second part of this event in Ufa – that is the BRICS and SCO Business Council

meeting itself. And here we have a request for you. There is a tradition, as you may know, for the BRICS leaders to meet with the BRICS Business Council.

We want to ask you to include a meeting with BRICS business representatives on the Ufa event's agenda. They made this request as well. We support it and we would like you to schedule this meeting.

## BRICS BUSINESS COUNCIL

On 9-10 February an extended meeting of BRICS Business Council was held in Brasilia (Brazil). The President of the RF CCI and Chairman of the Russian part of BRICS Business Council Sergey Katyrin noted that each meeting of BRICS Business Council become a significant event for business circles of our countries and attracts a lot of attention of business circles. He also added that the Russian side is working to build presidency agenda and action plan for the current year.

Thus on 18 June 2015 at St. Petersburg International Economic Forum (SPIEF) a separate congress event will be held on the state of prospects for economic cooperation between the BRICS countries. Another activities of BRICS Business Council will be held on the eve of summit of BRICS and the SCO, in July 2015.

Sergey Katyrin addressed the topic of creating the New Development Bank. He agreed that the Business Council should act as an advisory body to the Bank. It is important to concentrate on the preparation of a list of feasible projects that could be considered by the Bank when it becomes operational. This will allow the implementation of joint projects in the interest of the economies of all countries of the BRICS.



**S. KATYRIN:** I would also like to discuss a few issues pertaining to exhibitions, if I may.

**V. PUTIN:** Yes, of course.

**S. KATYRIN:** As you may know, Mr President, in Soviet times the development of exhibition sites and venues in the regions (not only in the Soviet Union, but in Russia as well) was not very active. All the exhibition sites were located mainly in two cities: Moscow and St. Petersburg. In Moscow, this was the Exhibition of Achievements of National Economy, the Expocentre and the Sokolniki, and in St. Petersburg we had Lenexpo.

Today we have started developing exhibition sites on the territory of the Russian Federation practically from scratch after Soviet times. Our opportunities here are limited so far, firstly because these things take time to build, and secondly because we intend to do it strictly on a public-private partnership basis.

When you took part in the Board meeting of the Chamber of Commerce and Industry, you instructed the Industry and Trade Ministry jointly with the CCI to develop a concept for developing exhibition and fair activities in the Russian Federation. Together with the Ministry, we have prepared the concept and the Government of the Russian Federation approved it.

However, we are currently having certain problems implementing it. Today, property tax (the tax on land and assets) is based on cadastral value. This value nowadays is such that the burden on certain facilities has grown significantly, thus the tax burden on the Expocentre has gone up 2.4 times this year, and it will grow another 2.75 times next year and so on. For taxation purposes, exhibition sites are equal in terms of their cadastral value to commercial, office or residential space. Obviously, the profitability of those spaces and of exhibitions is different.

**V. PUTIN:** Have you discussed this with the Government?

**S. KATYRIN:** Yes, we have, and not only with the Government. We had a discussion with the Russian Popular Front (ONF) prior to their forum, though we did not have a chance to raise it with you during the meeting.

Cadastral value is a concern for many, for small businesses and others. However, we are raising it in regard to exhibitions...

**V. PUTIN:** I see, the profit rate is different.

**S. KATYRIN:** Yes, the rate of return is different.

**V. PUTIN:** Have you documented it in any way?

**S. KATYRIN:** Yes, we have prepared our proposals.

**V. PUTIN:** Let us see them. ■



**Sergey Bednov,**  
*General Director of Expocentre Central Exhibition Complex*

Exhibition activity is fostering the domestic economy by demonstrating the capacities of its sectors and individual enterprises. It is also creating conditions

for the arrival of Russian companies at the global market and raising the prestige of Russian entrepreneurship on the global scale. In fact, exhibition industry actors are participating in the formation of the image of the nation. This is why, the attention of the authorities to our sector is so important.

We should say that this attention has tangibly grown lately. The Russian government's approval of the development concept of the exhibition, fair and congress activities in the Russian Federation and the related action plan was a landmark event for the entire exhibition industry community. The document was drawn up by an expert group of the Chamber of Commerce and Industry of Russia, to which Expocentre representatives were part. Exhibition and convention activity of Expocentre has an influence on the economy and business of the en-

tire country. Whenever we plan our exhibition program, we try to bear in mind primary development trends of the Russian and global economies. Today the efforts of Expocentre are focused on creating the most important points of growth and supporting them. The share of innovative exhibitions in the Expocentre's exhibition program, including joint projects, has topped 20% in the recent years. Such exhibitions include Metalloobrabotka, Navitech, Neftegaz, Sviaz-Expocomm, Photonics: world of Lasers and Optics, Elektro, Lesdrevmash, Khimia and others.

Certain projects, which constitute the corporate strategy of Expocentre, do not bring large dividends but have a major practical effect on the Russian economy. They assist in the accelerated commercialization of innovations and support the developers and authors of advanced technologies. They protect intellectual property rights and help fight counterfeit products. In our opinion, these projects are very important and aimed to solve problems which are not receiving a sufficient coverage but have a serious influence on the domestic economy.



## Milano 2015

**Expo Milano 2015** is the Universal Exhibition that Milan, Italy, will host from **1 May to 31 October 2015**. Over this six-month period, Milan will become a global showcase where more than 140 participating countries will show the best of their technology that offers a concrete answer to a vital need: being able to guarantee healthy, safe and sufficient food for everyone, while respecting the Planet and its equilibrium. In addition to the exhibitor nations, the Expo also involves international organizations, and expects to welcome over 20 million visitors to its 1.1 million square meters of exhibition area.

A platform for the exchange of ideas and shared solutions on the theme of food, stimulating each country's creativity and promoting innovation for a sustainable future, Expo 2015 will give everyone the opportunity to find out about and taste, the world's best dishes, while discovering the best of the agri-food and gastronomic traditions of each of the exhibitor countries.

'Feeding the Planet, Energy for Life' is the core theme of Expo Milano 2015. This common thread runs through all the events organized both within and outside the official Exhibition Site.

Expo Milano 2015 will provide an opportunity to reflect upon, and seek solutions to, the contradictions of our world. On the one hand, there are still the hungry (approximately 870 million people were undernourished in the period of 2010-2012) and, on the other, there are those who die from ailments linked to poor nutrition or too much food (approximately 2.8 million deaths from diseases related to obesity or to being overweight in the same period). In addition, about 1.3 billion tons of foods are wasted every year. For these reasons, we need to make conscious political choices, develop sustainable lifestyles, and use the best technology to create a balance between the availability and the consumption of resources.

Reflection on the Expo theme becomes a time of sharing and celebration, involving conferences, events and performances, enhanced by the presence of the mascot Foody and the cheery characters who accompany him. Every aspect and every moment of, as well as every participant at Expo Milano 2015 define and move forward the chosen theme: Feeding the Planet, Energy for Life.



# Feeding the Planet, Energy for Life

Interviewed  
by **Maria  
Kachevskaya**

Taking the lead from the EXPO Milano 2015 organizers, Russia will dedicate its exposition to the general subject of food security. The Russian Federation is a permanent participant and initiator of debates on food quality and accessibility to people of the country and the world. Being an influential actor of the global agricultural market, our country has a unique opportunity to provide access to quality foodstuffs for every person on the planet. The Russian exposition's motto

is 'Growing for the World, Cultivating for the Future.'



**Rosario Alessandrello**, President of the Italian-Russian Chamber of Commerce, is not only helping organize the exposition but is also actively supporting Russian exhibitors. Our conversation has focused on the current development of Russian-Italian relations and on what EXPO 2015 will present to its guests.

**M**r. Alessandrello, what is your opinion on the current level of Russian-Italian relations?

Relations between our countries are very positive. I paid my first visit to Russia over 40 years ago, in the 1960s, and since then I have repeatedly visited the USSR and the new Russia. So, I can see with my own eyes the transformations the country has been undergoing in the periods of office of Kosygin, Gorbachev, Yeltsin and, finally, Vladimir Putin.

In the end of 2013, the trade turnover between Russia and Italy reached a record amount in the entire history of our bilateral relations, more than \$55 billion. Trade is distributed in the following way: ►





two-thirds are imports from Italy and one-third are Russian exports. Unfortunately, there was a decline in 2014. It was brought about by various factors, first and foremost, the economic crisis that affected both Russia and Italy. The trade decline was also caused by the energy resource situation between our countries. The scope of supplies practically did not change but there was the price question. Hence, Italy imported less energy resources and exported less consumer goods. The trade turnover declined by 10-15%.

Yet the developments of the last four months of the previous year were the most unpleasant. We may presume that this trend will persist in the near future. The year 2015 promises economic problems in Russia. Sanctions are having an adverse effect, and their effect on the Russian economy will hardly become less tangible during the year. One may forecast a significant drop in the demand for consumer goods in Russia this year. Summing up negative factors that are influencing the trade turnover between our countries, we may conclude that it will have reduced by approximately 20-25%.

**A milestone event for the global exhibition industry, the EXPO 2015 forum and exhibition, will begin in the Italian city of Milan in May. As far as I know, the Italian-Russian Chamber of Commerce and you personally are actively involved in preparations for this forum. What significance does this event bear for our countries?**

First of all, this is a very big and significant event. Every EXPO show has its core theme. The most essential topic of this year's exhibition will be global food production, which is the reason for its title, 'Feeding the Planet. Energy for Life'. Naturally, agricultural production, same as any other industry, consumes energy and this consumption should now be based on the technologies friendly to the planetary ecology.

Italy has always been a leader in this field as a manufacturer of top-quality products. Seeing that Italy does not possess sufficient sources and reserves of energy resources, we have accomplished a lot in food production with lowest energy consumption levels through the use of alternative energy resources and modern energy saving technologies. A technology



◀ **Foody.**  
The Expo Milano 2015 mascot

supporting high quality of food has been constantly preserved.

Lots of countries interested in reducing energy consumption by their food industries will participate in this show. The Italian-Russian Chamber of Commerce has given special attention to the Russian pavilion. We are working on a broad range of services to be offered to all Russian visitors and exhibitors, from their arrival in Italy to their return to Russia. As the exhibition will be visited by many representatives of Russian regions, we will arrange their reception on an official level. Russian enterprises will be invited to b2b meetings with Italian businessmen on subjects covered by the EXPO show.

It should be noted that EXPO Milano 2015 will offer its visitors and exhibitors a wonderful chance to combine their visit to the show and presentation of their products with the access to tourism attractions of the Lombardy region which is famous for its historical and cultural sights.

**It is not a secret that Italy is extremely popular with Russian tourists and I am confident that the EXPO show in Milan will boost this interest. By the way, I see what you have said about the use of energy saving technologies by Italian food companies as a remarkable example of progress spurred on by the shortage of resources.**

**Back to our exhibition. The EXPO show is definitely an extremely difficult and expensive undertaking which, on the other hand, draws attention of an enormous number of foreign companies and promotes new business contacts. What effect, in your opinion, EXPO 2015 may have on the economy of Milan and the entire region of Lombardy?**

Although Milan will be the host of major exhibition pavilions, the exhibition will be linked to the entire Lombardy. First of all, trade with Lombardy accounts for practically a third of the entire foreign trade of Italy. So, EXPO 2015 held in the very heart of this region, Milan, will unquestionably be important for the entire country. ■

# Crackdown on corruption

## in Russia: partnership of the state and business



By the decision of the United Nations Organization, the Russian Federation will host the Sixth session of the Conference of the States Parties to the United Nations Convention against Corruption in November 2015, and the Chamber of Commerce and Industry of Russia will partake in it.

By **Maria Kachevskaya**

**C**orruption is often called a social type of cancer, and the anti-corruption fight may be as complicated and extensive as the fight against a dangerous disease; besides, it does not bear the desired fruit sometimes. Corruption has long been a serious problem for Russia, and both the national administration and public institutes have been trying to fight corruption for years. The Russian business community has not been a detached observer either.

The Charter binds companies to launch special anti-corruption programs and practices regarding both corporate operations and relations with business and government partners, procurements via open tenders, financial control, personnel training and development, assistance to law enforcement authorities and so on.

Yet, the signing of such a document by business executives alone is obviously not enough. It is necessary to involve every Russian business actor in this process, and the Chamber of Commerce and Industry of Russia has been actively doing so for years.

In 2014, the CCI of Russia activity in this field focused on the accelerated signing of the Anti-Corruption Charter by territorial chambers and the boosted interaction with the federal authorities, administrations of federation constituent territories and international organizations in the fulfilment of the anti-corruption policy. At present, more than 70 regional chambers of commerce and industry and some municipal chambers have been implementing the Charter. Their number stood at approximately 30 in 2013.

In addition, there is an emerging practice of inter-regional seminars involving heads of chambers of commerce and industry which are aimed at the implementation of the Charter on the local and regional levels. More collegial bodies of territorial chambers have been deciding to join the Charter. The heads of the chambers say they need to start with themselves and set an example.

A number of associations, unions of entrepreneurs, committees of the CCI of Russia and business councils are energetically explaining provisions of the Charter and promoting the participation in it. The accession procedure is carried out during presentations of the investment potential of regions and foreign cultural and industrial centres.

The Charter is being implemented in collaboration with the federal authori-

ties, primarily Prosecutor General's Office, Ministry of the Economic Development, Ministry of Justice, Ministry of Labor and Social Protection and Foreign Ministry, as well as with other ministries and departments of Russia. The implementation is being supervised by the Presidential Council for Countering Corruption Presidium.

It should be noted that over 1 500 enterprises across the country have joined the Anti-Corruption Charter via the CCI of Russia. There are large diamond-mining enterprises and oil refineries, small and medium companies, research-and-development and chemical enterprises, and a large number of sole proprietors and non-profit organizations amongst the participants in the Charter. It has been joined by about 20 education establishments and public movements.

Given a two-year period of the fulfilment of the Anti-Corruption Charter by certain enterprises, the CCI of Russia and other business unions are tasked to develop mechanisms to verify the effective implementation of Charter provisions and anti-corruption methodological recommendations by organizations.

With this in mind, the Chamber of Commerce and Industry of Russia has set up an expert group consisting of representatives of research centres, large Russian and foreign companies, small and medium business, and experts in the implementation of the compliance procedure. A draft document to this effect was discussed at the expert group's meeting in late 2014. It is being upgraded and will be put to use after being approved by the joint committee for the implementation of the Charter.

The International Conference on Anti-Corruption Partnership of the State and Business will be held at the CCI of Russia on 26-27 March 2015, with the participation of the United Nations Office on Drugs and Crime, interested federal agencies and business unions as part of preparations for that event. In the opinion of CCI of Russia Vice-President Vladimir Strashko, efforts towards the involvement of new sector associations of businessmen and business communities, territorial chambers of commerce and industry and federal chamber committees in the Anti-Corruption Charter should be stepped up and the Charter should be popularized in the entrepreneurial community and amongst young businessmen of the country. ■

**The Anti-Corruption Charter of the Russian Business was signed by the leaders of four major non-governmental business entities of Russia – the CCI of Russia, the Russian Union of Industrialists and Entrepreneurs (RSPP), Business Russia and OPORA Russia – on 20 September 2012, at the 11th International Investment Forum in Sochi in the presence of Russian Prime Minister D. A. Medvedev with the purpose of the effective fight against corruption. It is being implemented consistent with Decree of the Russian President No 226 dated 11 April 2014, On the National Anti-corruption Plan for 2014-2015, which noted that key areas of the governmental anti-corruption policy included compliance with the provisions of Article 13.3 of the Federal Anti-corruption Law, i.e. the observation of anti-corruption laws and elimination of corruptive factors in the economic activity.**

# Migration and the SCO



## Vladimir Salamatov:

The labour market of the SCO (comprising of Kazakhstan, Kyrgyzstan, China, Russia, Tajikistan and Uzbekistan) has been witnessing a steady growth in able-bodied, economically active population. The indicator reaches 68% in China, 69% in Kazakhstan and 61% in Tajikistan. An overall population of SCO member states, observer countries and dialog partners stands at 3.2 billion or 45% of the entire population of the planet. SCO countries have been rapidly developing, and the union ranks second in global trade after BRICS, 15.7%, in which China accounts for 12.3%, Russia for approximately 3% and India for 1.87%.

The global economic significance of such integration unions as the SCO and the CIS will be growing, alongside their notable role on the global market and involvement in international migration processes.

As to Russia, Rosstat presents three economic development scenarios for the projected period until 2030. Upper limits can be achieved in the case the population of the Russian Federation grows to 152 million. An especially important element of this forecast is the population growth achieved through labour migration rather than the natural population

increase. In other words, an influx of foreign labour force (at least 500 000 a year) is necessary for economic development of the country, including the implementation of the import substitution program. The successful fulfilment of that program will require highly skilled migrants of five categories, namely senior managers, engineers and technicians, researchers, businessmen and students. There are qualified specialists among immigrants of course, but the majority is technical personnel. So far, Russia is mostly visited by unskilled migrants who have neither higher nor secondary education and can occupy only the niche of labourers.

The question is whether the SCO can be a source of highly qualified human resources for Russia and what has to be done to attract them.

What is the situation with migrants in Russia? According to the Russian Federal Migration Service (FMS), only 2.7 million of 5.6 million workers who operate on the Russian territory are legally registered and 2.9 million are staying within our borders illegally. Stricter migration rules and illegal migration liabilities took effect on 1 January 2015. For breaching the rules of stay and registration a person can be banned from entering our country for a period of



more than 10 years. Although the Russian market has a rather profound interest in this category of labour force, an inflow of migrants dipped 70% at the end of last year which is disturbing. Additional measures are necessary to avoid Russian market losing the workforce which it requires.

It is necessary to set transitional periods in migration laws. First of all, the enforcement of a law usually entails the approval of a large number of by-laws and government resolutions, and that process

takes time. Secondly, migrants need time to familiarize with the adjustments. It is quite often that they learn about the adjustments and new regulations during their departure from Russia when the police force them to disembark a train or a plane and send them to court which bans them from travelling to our country for years. In order to avoid such situations, it is necessary to develop a system of notification of foreign workers, in particular, via the system of chambers of commerce and industry. ■



**Sergey Boldyrev**, CCI of Russia Committee on the Economic Integration of SCO and CIS Countries Deputy Chairman:

The CCI of Russia system has a unique potential which can make a tangible contribution to the improvement of labour market management mechanisms by forming an effective system for regulation of labour migration flows, recruitment and distribution of human resources, cushioning of labour deficits and, most importantly, reducing the levels of illegal use of labour migrants. The CCI of Russia Committee on the Economic Integration of SCO and CIS Countries is already promoting energetic activity of territorial chambers in the field of

labour migration. These efforts include the formation of conditions and mechanisms needed for meeting the demand of entrepreneurs for workers with relevant professional skills and qualifications from amongst both citizens of the Russian Federation and from abroad.

Ad

# Comprehensive resolution of investment tasks



The Group of NPO Most, LLC, Silver Rain Ltd. and Design Bureau Zhukov and Partners, LLC has been successfully participating in international projects for over five years. A combination of competences possessed by the companies in various spheres is the key to their successful accomplishment of investment projects on the Russian territory in a broad range of spheres.

**NPO Most** represents interests of Silver Rain Ltd. in Russia; it is also a participant in foreign economic activity.

It operates in the field of:

- ❖ Construction
- ❖ Know-how (the promotion of new technologies in the construction of low-rise and high-rise residential buildings);
- ❖ Export and import of construction materials and equipment
- ❖ Logistics
- ❖ 'Door-to-door' forwarding

**It is a partner** to Nash Dom-Pri-morye, OJSC, Far Eastern Design Institute Vostokproyektverf, Engineering Company Vostochnye Vorota and SANYVAN, LLC.

**Design Bureau Zhukov and Partners** offers complete support to civilian and industrial projects. It operates in the field of:

- ❖ Design
- ❖ Support to project documentation on the Russian territory
- ❖ Adaptation of foreign projects to norms in effect on the Russian territory

The company has designed facilities for a broad list of projects (also in collaboration with foreign partners) over more than five years.

**It is a partner to:** AECOM, DSME, KORPEC, DCSS, OJSC, FSUE GUSS Dalspetsstroy and the Russian Emergency Situations Ministry.

**Silver Rain Ltd.** represents NPO Most and Design Bureau Zhukov and Partners interests in China, Hong Kong and other countries. It operates in the field of:

- ❖ Transport logistics
- ❖ Outsourcing
- ❖ Forwarding
- ❖ Customs clearance
- ❖ Cargo certification in Russia

**It is a partner** Amur Shipping Company, OSJC, OOCL, FESCO, NICK Co. Ltd, SDCIC Co.Ltd and Russian Railways, JSC.



Ad

# Boao Forum for Asia



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Volga-Yangtze, new format of Russian-Chinese cooperation

*Foreign Minister*  
**Sergey Lavrov:**

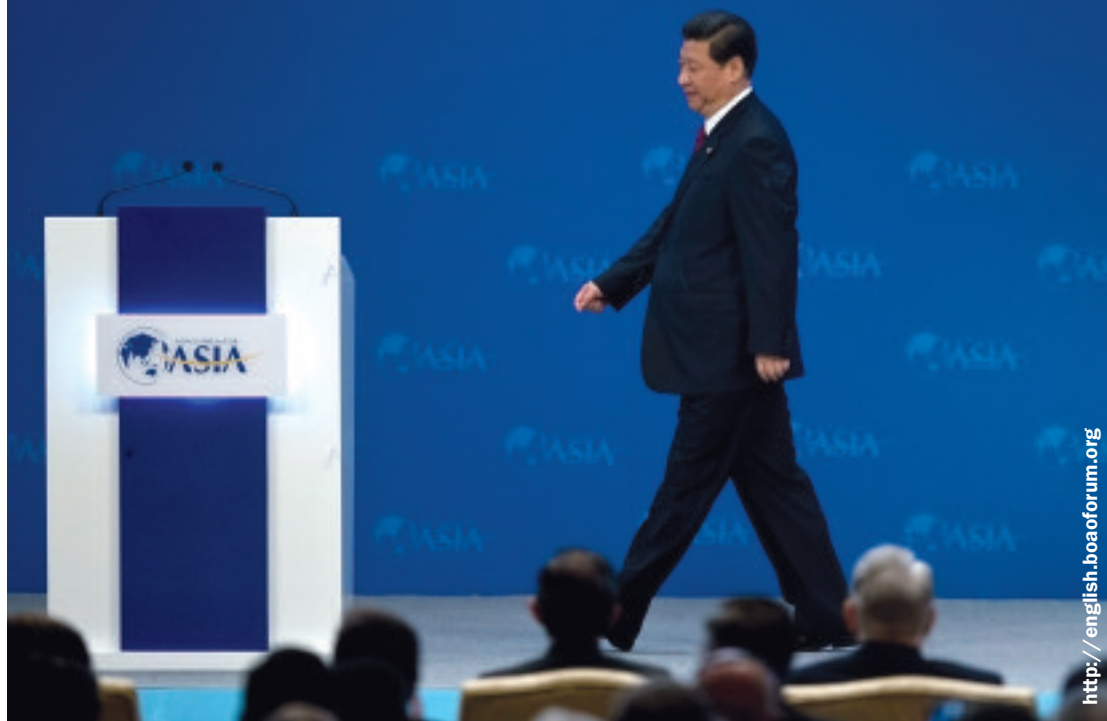
“ Russian President Vladimir Putin has stated on numerous occasions that Russia views relations with the APR as a strategic priority in the 21st century, which is important, among other things, for developing regions in Russia’s Far East ...

Russia’s relations with China have also been expanding consistently ...

Russia’s partnership with China has become a major factor in international relations for ensuring global and regional stability and security.”

# Boao Forum for Asia 2015:

## ‘Asia's New Future: Towards a Community of Common Destiny’



### PROFILE

Boao Forum for Asia (BFA) is a nongovernmental and nonprofit international organization with a fixed conference date and a fixed domicile.

Proposed in 1998 by Fidel V. Ramos, former President of the Philippines, Bob Hawke, former Prime Minister of Australia, and Morihiro Hosokawa, former Prime Minister of Japan, BFA was formally inaugurated on 27 February 2001. Boao, Hainan Province, China serves as the permanent site of the BFA Headquarters. Since 2002, BFA has been holding its annual conference at Boao.

BFA has won great support from Asian countries and drawn extensive attention of the whole world. Now, it has become a high-end platform for dialogs among leaders of national governments, industrial and business circles, and academic circles of coun-

tries in Asia and other continents about the important issues in Asia and the whole world. BFA is dedicated to promoting Asian countries to achieve common development through further integration of regional economy.

The purpose of BFA is to base itself on Asia and promote and deepen the economic exchange, coordination, and cooperation within Asia and between Asia and other parts of the world. It also aims to offer a high-end dialogue platform for governments, enterprises, experts, and scholars to jointly discuss economy, society, environment and other relevant issues. Through its working network with the political, business, and academic circles, BFA will serve the ever-growing economic cooperation among its members and between its members and other entities. ■

# Li Hui:

## Chinese companies operating in Russia believe in government's anti-crisis plan

The Chinese Embassy in Moscow estimates the 2014 Russia-China trade turnover at \$95 billion. What significance does this figure hold? Most probably, the \$100 billion trade goal set for 2015 is quite attainable.

Based on media materials

Prepared by **Maria Kachevskaya**

The latest statements made by **Li Hui**, the Ambassador of the People's Republic of China to Russia, at various events and in interviews with the media also look positive. In his words, unprecedented success was achieved in the relations between Moscow and Beijing last year. A variety of projects have been either fulfilled or launched consistent with the directives given at the latest summit in Beijing.



The discussion of trade settlements in national currencies of the two countries, the rouble and the yuan, goes on. Yet some experts have reservations about the possibility to put these intentions into life in the near future due to the rouble devaluation and volatile exchange rates. Mr. Li Hui is confident that the rouble devaluation will, in the end, have no substantial effect on extensive trade between China and Russia and the trend of sustainable trade and economic cooperation will prevail, although the aforesaid processes have a certain influence on Chinese-Russian trade for apparent reasons (exporting companies which have agreed on rouble settlements are subject to the biggest currency risks).

National currency settlements are a lengthy and complicated process. For now, the share of national currencies in bilateral trade is very small. The Central Banks of China and Russia agreed last year on currency swaps totalling 150 billion yuans (815 billion roubles), and their agreement was supposed to cushion rouble devaluation effects on bilateral trade to a degree. The agreement is advantageous for companies in both countries doing their settlements in national currencies: Russian companies pay yuans for Chinese imports and Chinese companies buy Russian goods for roubles.

Indeed, the devaluation may reduce the attraction of the rouble as means of trade settlements between China and Russia. Chinese exporters are mostly unwilling to be paid for their goods supplied to Russia in roubles but, at the same time, yuan settlements are very promising and Russian businessmen are prepared to foot their bills in yuans. Russia already has access to the yuan currency; the mechanism has been adjusted and

prepared for launch.

The statement by the Chinese ambassador declaring a unanimous opinion expressed at meetings with Chinese companies doing business in Russia in regard to their activity in 2014 and plans for 2015 that 'today's economic problems of Russia are temporary', is another source of optimism.

Besides, the Russian government has drawn up a detailed anti-crisis plan. According to Li Hui, Chinese partners have trust in the Russian government and believe that the economic problems will be kept in check and the Russian government will be strong enough to withstand the storm.

Despite the rouble devaluation and the falling global oil prices, China and Russia stick to the 'growth despite unfavourable market trends' principle amid the slowing world economic growth. A number of Russian-Chinese business projects have rocketed. Both sides are exerting efforts to achieve the goal set by their leaders: to enlarge the bilateral trade turnover to \$100 billion this year. The ambassador is sure that the volume of bilateral trade can be maintained and increased through the joint efforts of government agencies and enterprises. ■

# Andrey Denisov: no links between growing Russia and China cooperation and sanctions

Last year witnessed a surge in the already warm and amicable relations between Russia and China both in the political, economic and cultural spheres. It would suffice to recall the historic meeting the two heads of state held in November 2014 and the signing of a package of cooperation documents. **Andrey Denisov**, the Ambassador of the Russian Federation to the People's Republic of China, is presenting his opinion on the bilateral relations.

**A** political course of the leaders of China and Russia towards cooperation growth chosen a long time ago has been implemented unwaveringly. This course bears absolutely no relation to the sanctions' policy and the ongoing political cataclysms, and it is future-oriented beyond doubt. We have frequently defined the Russian-Chinese partnership on all levels, including the summit one, as an example of correctly organized relationship between world powers. As you know, the ideological element has long been gone from these relations and the principles of mutual respect, equality, political and military trust and non-interference in each other's internal affairs have become ingrained. Naturally, the search for 'common' interests and mutual benefit is in progress. Until last year, the foreign policy of the PRC had been based on three cornerstones as formulated by Beijing: peace, cooperation and development. The fourth cornerstone has been added this year. It is called 'gong ying' in Chinese and is translated as 'mutual benefit'; in fact, this is a loan translation of the global political 'win-win' formula.

Applicable to the Russian-Chinese relations, this formula fully meets the orientation towards peace, cooperation, development and mutual benefit. An extensive legal foundation laid over recent decades, an aggregate of international agreements, treaties and other documents signed by the sides on all levels and a developed network of international mechanisms on governmental and ministerial levels, up to economic entities and the public, are assisting in our fulfillment of this policy.



Russia is closely watching the emergence and promotion of the Silk Road Economic Belt (SREB) concept and, especially, its practical content. We see this concept as not just a sort of a transport and logistics corridor from Asia to Europe but also as a much broader program of growth of vast territories, which will also become a bridge between the two continents. We realize that this task is not easy and it requires an institutional

framework and a set of financial mechanisms for support to large projects, a softening target program approach, an analysis of prospects and the win-win principle we have already mentioned. This principle will be effective only if countries involved in such projects participate actively, invest their resources and acquire a worthy place in what used to be called 'economic concert'.

Speaking of Russia's interest, we have vast and potentially ample transportation and logistics capacities. We are regarding our effort to expand the traffic capacity of trans-Siberian rail lines not only as a contribution to the development of our eastern regions but also as a way to reach broader objectives of transnational economic cooperation.

The same as a bridge, an economic belt or a transport corridor is built from both sides. So, this is not just the question of the Baikal-Amur railroad and the Trans-Siberian rail line but also of the prospective construction of a high-speed line between Moscow and the east. It will start from the Kazan stretch and may later extend southeastward into Russia and, possibly, Kazakhstan. Experts do not rule out this possibility in the future. ■



# Russian-Chinese cooperation

**Georgy Petrov,**  
*CCI of Russia Vice-President:*

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**W**e have a very busy and tense year ahead of us in many respects. First and foremost, I mean the bilateral cooperation with China, which has become the biggest trade partner of Russia. Let us not forget that we are cooperating with the People's Republic of China both in the bilateral and multilateral formats. Russia and China are active members of the Shanghai Cooperation Organization and the BRICS Group.

As you know, Russia is presiding in both organizations in 2015. Being the chair country, we have an instruction and a duty to hold a business forum of the SCO and BRICS on the sidelines of the St. Petersburg International Economic Forum in June 2015. Let me remind you that the 6th Euro-Asia Economic Forum will be held in the Chinese city of Xi'an on 24-26 September at the proposal of the Chinese government and China has suggested arranging an international exhibition 'Made in the SCO' on the margins of this forum.

The Russian government has supported this proposal and companies from 15 countries have expressed their wish to participate in the event.

Also, Harbin will play host to the 20th, jubilee meeting of the leaders of Russia and China in November. The second Russian-Chinese EXPO show will be timed to coincide with this event, which is another landmark in bilateral cooperation.

Hopefully, the aforesaid events will give an impetus to mutual trade and, most importantly, draw investment in joint projects.



#### THE ROLE OF THE BOAO FORUM FOR ASIA

**The Boao Forum for Asia is catching up with the Davos World Economic Forum and even surpasses it by the number of subjects it looks into.**

**We can see how interested top-ranking foreign officials and businessmen are.**

**In our opinion, today's Boao Forum is a major debate floor where experts, businesses and heads of state jointly elaborate a common position on prospective models of the formation of the single Asian space.**

**The Forum gives a unique chance for business meetings dedicated to particular projects and issues. This is the practical value of the Boao Forum. We support further development of this mechanism.**

**Russia will build up its presence in the Boao Forum for Asia and promote its activity in a comprehensive way.**

## PROFILE FROM RBG:

China has been Russia's No 1 partner since 2010. China's share in the Russian foreign trade turnover reached 10.8 % in 2013. Russia was listed tenth amongst main trade partners of China in 2013, with 2.1% of China's foreign trade turnover.

### ■ Trade turnover between Russia and China in 2008 – 2014

(according to Russian Federal Customs Service statistics. Billion U.S. dollars)

	2008	2009	2010	2011	2012	2013	January- July 2014
<b>TURNOVER</b>	<b>55.9</b>	<b>39.5</b>	<b>59.3</b>	<b>83.5</b>	<b>87.5</b>	<b>88.8</b>	<b>51.8</b>
% vs previous period	138.7	70.6	150.3	140.8	105.2	101.6	104.6
<b>EXPORT</b>	<b>21.1</b>	<b>16.7</b>	<b>20.3</b>	<b>35.2</b>	<b>35.7</b>	<b>35.6</b>	<b>23.0</b>
% vs previous period	133.0	78.8	121.8	173.4	102.0	99.6	113.5
<b>IMPORT</b>	<b>34.8</b>	<b>22.8</b>	<b>39.0</b>	<b>48.3</b>	<b>51.8</b>	<b>53.1</b>	<b>28.8</b>
% vs previous period	142.4	65.7	171.2	123.9	107.6	102.9	98.4
<b>SURPLUS</b>	<b>- 13.6</b>	<b>- 6.2</b>	<b>-18.7</b>	<b>-13.1</b>	<b>-16.1</b>	<b>-17.5</b>	<b>-5.8</b>

◀ *Director of the CCI of the Russian Federation  
Department of Foreign Relations and Liaison with  
Business Councils Vladimir Padalko* comments  
on the CCI of Russia activity on the Chinese trek:

The China Council for the Promotion of International Trade (CCPIT) is the major partner of the CCI of Russia in China; the sides signed a cooperation agreement in 2007. There is a regular exchange of delegations with the CCPIT and joint events have been organized.

Representative offices of the CCI of Russia are working in Beijing and Shanghai.

Contacts are being maintained with the Chinese Embassy and Trade Mission in Russia.

The Chamber closely interacts with the Russian-Chinese Business Council, the Russian-Chinese Centre of Trade and Economic Cooperation, and the Russian-Chinese Committee of Friendship, Peace and Development.

An important place in the CCI activity belongs to the inter-regional and cross-border cooperation. ■

## JUNE 18–20

SCO and BRICS business forums are scheduled to be held as part of the St.Petersburg International Economic Forum (SPIEF) on 18 June 2015



**SPIEF2015**  
ST. PETERSBURG  
INTERNATIONAL  
ECONOMIC  
FORUM

Forums organized by the Chamber of Commerce and Industry of the Russian Federation as chairing organization in Russian chapters of both SCO and BRICS business councils.

**For more information, please, contact:**

Chamber of Commerce and Industry of the Russian Federation International Cooperation Department

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# WELCOME!

# RCBC Chairman: reaching \$100 bn trade turnover is real



The leaderships of the Russian Federation and the People's Republic of China have set an ambitious goal of enlarging the bilateral trade turnover to \$100 billion by late 2015 and hitting the \$200 billion mark by 2020. This is a feasible goal, in the opinion of Russian-Chinese Business Council Chairman, Russian businessman **Gennady Timchenko**.

**J**oint projects are bound to assist in the attainment of this goal. Timchenko is confident that Boao Forum for Asia Annual Conference 2015 can boost this progress. It should be noted that the RCBC has formed a high-ranking delegation of Russian businessmen to that conference. A primary objective of the delegation is to maintain contacts with Chinese companies and banks interested in project financing.

The delegation members will present possible projects to the Chinese side. In the words of Timchenko, Russian businesses are offering plenty of projects which require attention of the Russian authorities and China.

He cited as an example the joint project of a fund between Gazprombank and the China Development Bank (CDB). The sides signed declarations of intent back in May 2014 but, as Russians say, 'things did not budge an inch'. The fund is still being formed and this stalemate can be resolved by the active filling of the fund with reserves through interaction with the government and other political bodies of China.

This is mandatory because, in the words of the RCBC head, the project is highly attractive and promising for both sides. The fund is planned to comprise

\$10 billion, which may be used for a variety of projects, some of them infrastructural and high-tech, on the territory of the Russian Federation. It should be noted that in the case of funds with \$5-10 billion authorized capital, this money can support market borrowings and the fund can eventually finance projects with the total value of \$20 billion.

Gazprombank representatives will attend the Boao Forum conference within the delegation of the Russian-Chinese Business Council as they are hopeful to spur on the project. This is just one project the delegation of the Russian-Chinese Business Council will bring to China.

The second largest gas company in Russia, Novatek, will also send its representatives within the delegation to present corporate projects. They will be offering to invest in the widely known Yamal-LNG project which requires almost \$30 billion in all.

Another project which, in the opinion of Gennady Timchenko, is opening up broad cooperation vistas is the construction of a high-speed rail line between Moscow and Beijing. The travel speed on the Moscow-Beijing route will grow four-fold, according to tentative estimates. Hence, it will be possible to reach Beijing from Moscow within 33 hours. The

high-speed rail line will be transporting over 200 million passengers per year. The RCBC head is confident that China would like to extend the road to Europe, so that Russia links Europe and China.

The route is under serious consideration, and the Russian government is assigning budget funds to design the pilot stretch between Moscow and Kazan. The construction of the high-speed rail line will give a fresh impetus to the development of regions in Russia and China, Timchenko said.

Another mutually advantageous joint project involving the RCBC is the construction of hydropower plants on Amur River tributaries by RusHydro and China Three Gorges Corporation. The construction of four hydropower plants will help regulate floods and generate significant amounts of electric power necessary for China.

Another RCBC member, Corporation of Development, is interacting with China in the energy sector. Together with Chinese partners from ENN Group, it is planned to build gas motor fuel infrastructure in the Urals Federal District.

In fact, the implementation of this project has already begun. Last year Chinese partners twice paid official visits to the Urals Federal District. The business program of the visit included several major transport enterprises of the Urals region, important meetings and negotiations with Russian business during which the sides agreed to foster bilateral cooperation.

According to Corporation of Development General Director Sergey Maslov, Chinese partners – major consumers of gas – possess invaluable experience in the production and distribution of liquefied natural gas and are ready to share their practices. It is planned with support from Xinao Group to switch public transport of the Chelyabinsk region to gas motor fuel, which is much more environmentally friendly and cheaper than traditional gasoline. 'We are eventually expecting to bring our enterprises to a new level, which will boast effective transport logistics and new economical buses,' Sergey Maslov declared. ■

## The Russian-Chinese Business Council



The Russian-Chinese Business Council (RCBC) was founded in October 2004 in Beijing during an official visit of Russian President Vladimir Putin for the promotion of joint economic projects and collaboration between Russian and Chinese business communities.

At present, the Russian part of the RCBC unites over 50 leading Russian enterprises, associations and entrepreneurial unions doing business with China. The Chinese part of the RCBC operates at the China Council for the Promotion of International Trade and involves over 40 major enterprises of the PRC.

The RCBC maintains working contacts with the primary sectoral associations and business unions of China: China Machinery Industry Federation, China Overseas Development Association, the Agricultural Exhibition Association, the International Contractors Association and others.

Currently, the RCBC is supporting 27 large Russian-Chinese projects with a total value exceeding \$8.9 billion.



Head of the CCI of  
Russia representative  
office in East Asia

**Nikolay Belozеров**  
speaks about  
operations of the  
representative office  
in China.

A portrait of Nikolay Belozеров, a middle-aged man with grey hair, wearing a light beige suit, white shirt, and a patterned tie. He is sitting at a dark desk with his hands clasped. In the background, the Chinese flag is visible on the left and the Russian flag is partially visible on the right.

# Volga-Yangtze, new format of Russian-Chinese cooperation

There has been a surge in the Russian-Chinese business relations, both in the bilateral format and within such international organizations as BRICS and the SCO, in the recent period. A logical result of the increasing political cooperation is the strengthening and broadening of business contacts between entrepreneurial communities of Russia and China. Yet, many businessmen in both countries admit a deficit of knowledge about national business realities which is hindering productive cooperation. Representative offices of the Chamber of Commerce and Industry in foreign countries can help deal with these problems.

**T**he regional representative office of the CCI of Russia in East Asia headquartered in Beijing, together with colleagues from the CCI representative office in Shanghai, daily resolves tasks of support to interaction with partner organizations, provides the attendance of senior Chamber officials at international events, assists members of the CCI of Russia system in their access to foreign markets and informs foreign colleagues about capacities of the CCI of Russia, Expocentre and World Trade Center Moscow.

The representative office is situated in the capital city of China, and this location determines the range of its key partners, among them the China Council for the Promotion of International Trade (CCPIT) and its provincial divisions, the China International Chamber of Commerce, the All-China Federation of Industry and Commerce, the China Association for Small and Medium Commercial Enterprises, the Secretariat of Boao Forum for Asia, Business Councils of the Shanghai Cooperation Organization (SCO) and BRICS member states and local sectoral associations.

We highly appreciate the support of our Chinese colleagues, primarily, the China Council for the Promotion of International Trade, the China International Chamber of Commerce, various professional and sectoral associations of the People's Republic of China and the Chinese Ministry of Commerce, to the promotion of greater cooperation between our countries.

Representatives of Russian and foreign businesses contact us daily to seek advice on operational issues, for instance, attendance of exhibitions and conventions, exchange of delegations, search for a business partner and clarification of legal aspects of business activity in China.

The number of such appeals has been growing lately amid the Western sanctions against Russia and the search for alternatives in industrial processes. A substantial share of questions comes from members of the CCI system via territorial chambers. We have established good relationships with the heads of some of them, for example, the CCIs of the Perm,

Trans-Baikal and Primorye territories, the Moscow and Volgograd regions and the CCI of East Siberia.

Assistance in attracting the foreign investment in the Russian economy has constantly been a focus for the representative office. It has helped spread information about investment projects of the Republics of Tatarstan and Bashkortostan, the Moscow region and Ulyanovsk.

Partner organizations and interested business communities of the People's Republic of China were informed via the representative office's website, meetings and speeches of the representatives about exhibitions and conventions held under the aegis of Expocentre and services provided by the World Trade Center Moscow. Employees of the representative office partook in 23 international exhibitions held in China alone in 2014.

According to Chinese customs statistics, the trade turnover between Russia and China was up 6.8% year-on-year in 2014 to \$95.28 billion.

The commodity pattern of Russian-Chinese trade has not undergone drastic transformations. Mineral fuel, oil, petroleum products, timber, non-ferrous metals, ore and chemical products remained major items of Russian exports. In turn, China exported machines and engineering products, chemical products, clothing and footwear to Russia. The outcome of the meetings the Russian and Chinese leaders held in 2014 supports the forecast of \$200 billion trade turnover to be achieved by 2020.

The main areas of Chinese investment in Russia are mineral development, construction and woodworking, while Russian investment in China is focused on processing industries, construction and transport. Energy development is a promising area of the bilateral economic cooperation.

Border regions of Russia are traditionally doing business with China. However, an increasing number of businessmen in central and western regions of our country have been exhibiting interest in the Chinese market. The establishment of direct trade and investment contacts between regions is an important source of growth for the entire range of interstate relations.

According to Chinese customs statistics, the trade turnover between Russia and China was up 6.8% year-on-year in 2014 to **\$95.28 billion**



A roundtable attended by the heads of administrations from Volga regions and the upper and medium reaches of the Yangtze River (China) was held in Samara on June 23, 2014, under the chairmanship of Russian Presidential Plenipotentiary Envoy to the Volga Federal District Mikhail Babich and China State Council member Yang Jiechi.

The Volga-Yangtze format was launched in 2013 with the support from the heads of Russia and China as a new mechanism of interregional cooperation bound to engage 14 regions of Russia and five central-subordination provinces and cities of China located along the Yangtze River.

It is planned to implement several dozens of joint investment projects, among them the construction of techno- and agro-parks, the production of construction materials, projects in machine and car building, ship building, the timber industry, the pharmaceutical industry and high technologies.

Business relations have been established between the Nizhny Novgorod region and the Sichuan province, the Saratov region and the Hubei province, the Ulyanovsk region and the republic of Tatarstan and the Hunan province, and the Perm territory and the republic of Bashkortostan and the Jiangxi province. The republics of Mordovia and Chuvashia

also have Chinese partners. The Orenburg region is set to develop cooperation with the Anhui and Sichuan provinces. The administration of Udmurtia has signed a trade, economic and humanitarian agreement with the people's government of the Hubei province.

As we understand, Chinese partners also see relations in the Volga-Yangtze format as long-term and mutually advantageous.

This is just one example of the new nature of Russian-Chinese business cooperation.

Small and medium businesses make a significant contribution to the economic growth of China. More than 10 million enterprises have been registered in the country over the past decade. These enterprises provide up to 75% of jobs in urban-type and rural municipal communities.

These enterprises are not major taxpayers in the eyes of the territorial tax authorities but they play an important social role by creating jobs. Still, whenever Russian businessmen are not careful enough during the pre-contract stage, there may be problems in the fulfillment of commitments by certain mala fide suppliers from China.

It should be noted that numerous international forums, conferences and exhibitions held in China provide a remarkable and effective platform for the establishment of relations between the Chamber of Commerce and Industry of Russia and business entities of all Asian states. Therefore, the representative office is capable of covering a broader geographic area than East Asia. We are interacting with chambers from Singapore, Malaysia, Indonesia, Mongolia, Laos, India, Brazil and other countries. ■

The outcome of the meetings the Russian and Chinese leaders held in 2014 supports the forecast of **\$200 billion** trade turnover to be achieved by 2020

# Russia – the territory of business



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Tver region – business centre of Russia



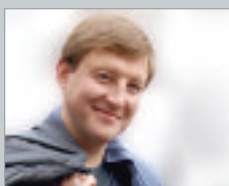
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# Tver region – business centre of Russia

The attraction of domestic and foreign investment in industrial projects in Russia has been a primary area of the economic growth in the Russian Federation for years. Clearly, such a huge country as Russia, which is a federative state, is working on a better investment climate both on the federal and regional levels. This is a fact worth mentioning at least because many Russian regions are larger than certain countries in terms of their territory and population, and their economic and investment potential has yet to be fully used, in the opinion of numerous experts.

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By **Maria Kachevskaya**



**Andrey Sheveliov,**  
*Tver region Governor:*

**'While preserving and developing traditional economic sectors of the region, we are also forming new areas to meet globalization challenges. Our task is the comprehensive economic development, which implies the creation of new enterprises and the development of the existent ones. These processes intertwine quite often. We are offering to invest in the restoration and modernization of enterprises the region had in the Soviet period. Investors will be able to use available engineering infrastructures, including roads, power grids and public utilities, and the region can preserve traditional industrial enterprises and personnel and develop its territories.'**



**T**he Tver region is an example of successful improvement of the investment climate. The region situated in the central part of Russia is so far less known to foreign businessmen than Moscow, St. Petersburg, Kaluga, Tatarstan and a number of other regions but there is no good reason for that because the Tver land has things to boast of.

The upper Volga region as it is called in Russia for being located on the estuary of the longest European river, the Volga, is a Russian region most attractive to investors. Main advantages of the Tver region include its geographic position, human resources, industrial potential, developed transport infrastructure linking Moscow to St. Petersburg and to Riga, extensive power industry facilities, natural resources and recreational options in the very centre of Russia.

The regional authorities do not forget about their duty to develop the region either. A World Bank survey, *Doing Business in Russia* in 2009, described Tver as a territory where doing business was easier than in Moscow, St. Petersburg and Rostov-on-Don, which was definitely an achievement of the Tver region government. A confirmation to this is the rating. Fitch Ratings upgraded foreign and domestic currency issuer rating of the Tver region from B to B+ with a positive outlook in late 2014.

Naturally, an investor funding a particular project is primarily interested in its success and profitability. Hence, the regional government has developed a package of legislative acts supporting investments in startups. All an investor has to do is to choose a project and wait for it to yield profit. Besides, a number of taxation decisions have been made and federal funds have been drawn in the form of subsidies and subventions.



### **Fitch Ratings upgraded foreign and domestic currency issuer rating of the Tver region from B to B+ with a positive outlook in late 2014**

Economic indicators show that investment in fixed assets in the Tver region has stabilized since 2010 at an annual amount of 80 to 85 billion roubles. This means that the potential of the upper Volga region is still attractive to Russian and international investors in spite of the on-going global economic recession. More than 60 large-scale investment projects with a total investment of 46.7 billion roubles were implemented and about 9 000 modern jobs were created in the Tver region in 2006–2012. Fourteen large-scale projects were implemented in 2013 with an overall investment of 13.5 billion roubles and

#### **THE TVER REGION PROFILE BY RBG:**



The Tver region is a constituent territory of the Russian Federation, a part of the Central Federal District.

The Tver region is one of the largest regions in the European part of Russia; it occupies a leading position amongst regions comprising by the Central Federal District. Its territory is 84 201 square kilometres. The distance from the regional centre to Moscow is 167 kilometres and to St. Petersburg is 485 kilometres.

The Tver region borders on the Vologda region in the North, the Novgorod region in the Northwest, the Yaroslavl region in the East, the Pskov region in the West, the Smolensk region in the South and the Moscow region in the Southeast. The administrative centre is Tver.



**Sergey Kachushkin,**  
*Representative of the  
Tver Region  
Government to the  
City of Moscow:*

**‘Approximately  
100 projects with  
an overall invest-  
ment nearing  
210 billion roubles  
have been declared  
in the region. They  
will create 31 000  
jobs (presumably,  
in 2022-2025).’**



**Alexander  
Menshikov,**  
*Deputy Chairman  
of the Tver region  
Government:*

**‘Support to small  
and medium busi-  
ness is a main pro-  
vision of the  
anti-crisis plan  
aimed to support  
the sustainable de-  
velopment of the  
economy and the  
social sector.’**

1 840 jobs were created. About 100 projects backed with 210 billion rouble investment have been declared in the region; the number of new jobs will near 31 000. Investors from Japan, Finland, Germany, the United States and some other countries are working on the Tver land.

It would have taken long to give a detailed account of every successful foreign project in the Tver region but we should probably mention the largest of them. The region is housing plants of such big international companies as Hitachi, Shell, and French concern PARCO and U.S. electronics manufacturer Jabil.

Speaking of Russian investment projects, we should mention the opening of the largest logistics hub in Eastern Europe, OZON.ru, the Zavidovo recreation area, and a plant producing collagen powder for the food industry on the premises of the Verkhnevolzhsky Tannery. Russia used to import collagen powder before. These are just a few examples.

The Tver region has a vast potential for industrial development, tourism, farming and culture. The regional government is set to use this potential in the near future. ■

**▲ Zavidovo recreation  
complex**

**Hitachi plant ▶**

**Packaging line at  
the Shell plant ▶**



**Ad**



## Major areas of the Tver region's development:



### Agro-industry

The agro-industry is a major sector of the Tver region's economy. A quarter of residents live in the countryside. The agricultural production volume stood at 21.3 billion roubles in actual prices in 2013.

### Timber industry

The timber industry of the Tver region is one of the largest in the Central Federal District. Forests of the Tver region have a colossal economic significance. Forestry resources can meet both current and prospective domestic needs of the region for timber and wood processing products and significantly expand exports of timber products. Timber industry products are widely used in many industrial sectors, construction, agriculture, the printing industry, trade, medicine and so on. The Tver region has a number of large timber industry enterprises manufacturing deeply processed products and multiple small enterprises focused on lumbering services.

### Fuel and energy sector

The power industry represented by the Konakovo GRES and the Kalininskaya NPP, is the most sustainable industrial sector. According to the power balance of the Tver region, over 80% of electric power generated and received by the region is transmitted outside the regional territory.

### Tourism and recreation industry

The number of tourist arrivals in the Tver region has been constantly growing since the early 2000s. Quantitative changes have been lately accompanied by qualitative transformations. Such tourism sectors as business, ecological, cultural, educational, weekend, extreme water sports and yachting have been developed.

Tver tourism products are different from other offers, which are in abundance on the market, and the Tver region has a unique chance to develop diverse tourism products based on a combination of various kinds of tourism. Therefore, the Tver region has singled out eight priority tourism development zones based on particular types of terrain, tourist flows and various recreational resources.

# Altai Krai today branch development and investment potential

Altai Krai is one of the most investment-attractive regions in Russia. It created a congenial investment climate and comfortable conditions for business. There are also state programs supporting particular branches of economy, which help diversify the economy of the region and build up innovative productions.

## Reasons for investing in Altai Krai

1. Altai Krai is one of the most fast-growth regions of Russia. The average growth of fixed investment was 111.5% in 2010-2013, which was twice as high as the Russia national average. Even amid a slowdown in national economic growth Altai Krai shows an upward trend of investments.
2. A favorable economic and geographic location: access to the markets in Siberia, the Far East, Kazakhstan and countries of the Asia-Pacific region.
3. Rich natural resources of the region, including minerals and crude ore.
4. Research centers, high-tech productions and skilled human resources.
5. Altai Krai produces health products: environmental benefits, ecologically clean and fertile soil, and organic products of excellent quality.

## Altai Krai

- 1st in cheese production in Russia (72 300 tons);
- 2nd in production of cereal products in Russia (376 400 tons);
- 2nd in production of whey powder in Russia (17 500 tons);
- 3rd in milk production in Russia (1.4 million tons);
- 3rd in production of butter in Russia (16 200 tons);
- 3rd in production of macaroni products in Russia (116 000 tons).

## Investment projects of the region

### Integrated branch development

Agriculture, food and processing industries are the traditional priorities of Altai Krai.

Altai Krai ranks 4th in pig population (621 300 heads) and 4th in cattle population in Russia (835 000 heads).

The Altai Myasoprom Company is implementing the biggest project in the region: it has built a pig-breeding complex and an animal feed mill. The investment in the project is 12.1 billion roubles, total capacity is about 39 500 tons of meat in live weight.

Altai Krai ranks 1st in Siberia and 10th in Russia in meat-animal and poultry production. A promising direction of development of animal production in the region is poultry farming.

Altai duck products producer, Chicken Duck, is planning to implement a major investment project before 2020 and to increase volume of production by a factor of 9.5. The company delivers its products throughout Russia. Besides, Chicken Duck possesses the only parent stock of Beijing duck beyond the Ural Mountains.

Poultry operation together with animal production is one of the promising directions in agriculture in Altai Krai.

Altai Krai ranks 1st in buckwheat production in Russia (more than 200 000 tons)

- 1st in production of sunflower seeds (more than 200 000 tons)
- It is the only region beyond the Ural Mountains manufacturing granulated sugar.

Besides, the climatic conditions of Altai Krai make it possible to obtain steady high results in cereal growing, also soy and pulses, flax and rape plant. The quality of the grain which is produced by the leading manufacturers of the region is similar and sometimes better than that of European companies.

### Altai Krai is the largest center of all-season tourism

More than 1.6 million tourists visited the region in 2014. New hotels, hostels, tourist houses and tourist complexes are building yearly in Altai Krai.

- Altai Krai is the winner of the award 'My Planet' in the category 'Best Region for Travel across Russia'
- The Resort town of Belokurikha is the winner in the category 'Best Resort of the Federal significance'

There is a special economic area for recreation and tourism Sky-blue Katun. Sky-blue Katun is a project for all-season complexes, hotels, health and sports complexes. Unique natural springs in the region allow developing curing and health-improving treatment. Resort town Belokurikha is one of the largest sanatorium-and-spa centers not only in Siberia but in Russia. About 30 000 tourists visit sanatorium-and-spa institutions yearly.

Another important project of the region is a VIP tourist resort Belokurikha-2. Modern hotel complexes, among them a hotel of the hotel chain Hilton Worldwide will be designed in the territory of the resort.

The gambling zone Siberian Coin in Altai Krai is the only going gambling zone that operates in Russia. The first casino in the Siberian Coin – Altai Palace it started working in November 2014. The gambling and entertainment complex Altai Palace with a hotel, a restaurant and SPA will start working in spring 2015. And it is the beginning of the project. ■

For any information you can refer to the Altai Center of Investment and Development: [kau\\_invest@mail.ru](mailto:kau_invest@mail.ru)

More detailed information about the investment opportunities of the region can be obtained from the Investment portal of Altai Krai: <http://invest.alregn.ru/en/>, <http://invest.alregn.ru/zh/>

# Boris Podoprigora:

## Karelia – land of lakes and forests

Interviewed by  
**Sergey Nebrenchin**

Karelia, which marks the 95th anniversary this year, has started preparations for its centenary due in 2020. There are still five years left before the jubilee but we already have an occasion to speak about these preparations in an informal atmosphere with Advisor to the Head of the Republic of Karelia, Boris Alexandrovich Podoprigora. On one hand, he must have knowledge of the region's life by virtue of his position. On the other hand, our interlocutor enjoys a higher degree of emotional freedom than the head of the region. Moreover, Boris Alexandrovich is both a civil servant and a



writer. Another peculiar feature of our interview is that he will soon celebrate his 60th birthday.

**Boris Alexandrovich Podoprigora**, Advisor to the Head of the Republic of Karelia, author of six books and screenplays, laureate of artistic awards, including TEFI, the Golden Eagle Award, the Alexander Nevsky prize, and the journalist contest Zoloty Pere.

### **D**o you associate Karelia with something special?

Karelia is a land of lakes and forests. It is a huge territory by European standards (it is larger than the entire Baltic region and slightly smaller than the once powerful Austria-Hungary Empire) and a small population that continues to shrink, just 630,000 people, which sounds like a population of a capital city suburb. Here we have, on one hand, a mega-nature reserve and, for that reason, a tourist attraction with a reputation supported by a song and the longest border with the European Union. Besides, there is a unique project, Euroregion Karelia that links Russia and the West without excessive politicization: we are expecting to receive 23.6 million euro from the European Union by 2020 with support from our Finnish partners. The access via the White Sea to the Northern Sea Route and the Arctic region

with its high potential opens up even broader prospects. One of our strengths is a major scientific, education and intellectual centre: the Higher School of Economics has been lately seeking new students in Karelia. In addition, there are world-grade reserves of rare earth metals in Zaonezhye, which probably contains every element listed in the periodic table. On the other hand, we have an obsolete economic model. It suffers from macroeconomic and even sectoral storms: the global demand for newsprint has fallen dozens of times in the past 30 years! And round timber exports are not very profitable. The existence of problem-ridden mono-cities (we have ten out of Russia's 33 on our territory) is a consequence. We also have an inert population which is historically accustomed to be paid more than it is worth. A governor of the territory, Demidov, pointed to that factor already in the 19th century.





### How is Karelia preparing for its centenary?

A concept of the federal target program of the regional development dedicated to the centenary Karelia will celebrate in 2020 was approved in December. The head of the region believes that the republic cannot develop without significant investments. But the multi-billion aid, both from the federal authorities and private investors, can reach us on at least three conditions: a landmark requiring that we show *urbi et orbi* what we had had and what we have achieved. A second condition is not a mere support from the highest departments but also a law: the federal target program is planned to be approved by the Russian government via a federal law in May. Thirdly, we need effective regional management and a favourable socio-political situation. We meet the first two conditions. But we cannot meet the third in the blink of an eye – it will take years and smart people. But first we have to detect and seal the loopholes that allow corruption, this must happen before the aid is granted.

Fifteen billion roubles from the federal budget are allotted for the year 2020. We are also expecting approximately 120 billion roubles from various kinds of investors. But their arrival depends to a large extent on 15 billion roubles in federal allocations. It is a task of specialists to receive the money and to spend it correctly. My colleagues should explain in plain lan-

guage where the Karelian ship is sailing, what currents are washing it, what reef rocks it may encounter and how to avoid them. In other words, we should not lie, in the first turn, and, secondly, we should present a broad picture of our tasks and achievements. An average worker unaccustomed to lofty matters should feel moral support from the authorities. Hence, socioeconomic expectations from the federal target program are inseparable from the civic or, if you wish, moral ones, especially as contractual relationship between the authorities, business and the public has yet to take shape on the national scale. As to the purpose of investment, let us recall by way of illustration the dual goal aphorism – Soviet power plus electrification of the entire country. Instead of electrification, we have higher reliability of power supply, primarily through gasification, and will not forget about Karelia's specialty, small-sized hydropower plants. Economists and financiers will speak more clearly, and we will give a brief description to the second element. These are infrastructural transformations aimed at strengthening the social sector, so that people will come here instead of leaving. These include renovation of the Petrozavodsk airport, repairs of the Medgora-Vologda route beyond Onega, which has become a federal route, and construction of a presidential military school, a prenatal centre and 176 sports facilities. ■

A close-up portrait of Governor Andrey Turchak, a man with light brown hair and a slight smile, wearing a blue jacket over a dark shirt. He is looking towards the camera.

The supply surpasses the demand on the labour market of the Pskov region. More than 820 residents of the Pskov region were resettled from hazardous dwellings in 2014. Over 1 000 orphan children have been provided with the accommodation in the Pskov region since 2009. This is just a few of the commendable accomplishments of the region. Governor Andrey Turchak has told Russian Business Guide about the Pskov region's past, present and future.

## **Pskov region prioritizes investment projects**

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Interviewed by  
**Natalia Baryshnikova**



## THE PSKOV REGION PROFILE BY RBG:

The Pskov region is 55 300 square kilometres large, including 2 100 square kilometres of lake space. The region is situated in the northwest of European Russia. It stretches 380 kilometres from the North to the South and 260 kilometres from the West to the East. The main distinctive feature of the region is the Russian state border that goes along its perimeter (the border is 270 kilometres long with Estonia, 214 kilometres long with Latvia and 305 kilometres long with the Republic of Belarus). Inside the country, the region borders on the Leningrad, Novgorod, Tver and Smolensk regions.

The Pskov region has an approximate population of 700 000 persons, two-thirds of whom live in cities. The biggest cities of the region are Pskov (a population of 204 000), Velikye Luki (98 400) and Ostrov (21 000).

**A**ndrey Anatolyevich, what do you remember the last year for? We laid rather good groundwork for the future in the previous year. The Pskov Drama Theatre re-opened after profound renovations it had been awaiting for almost 70 years and outdid many theatres of the capital city in terms of technical and scenic parameters.

We laid the first stone of the foundation of the prospective modern prenatal centre in Pskov and a flyover in Velikye Luki. We won the right to host 2017 Biathlon Junior World Championship in Ostrov. We also achieved the Russian president's instruction to hold the 2019 Hanseatic Days in Pskov.

Our farmers collected their first record grain harvest in decades, 120 000 tonnes in gross weight.

In addition, we increased regional gasification levels from 33% to 51% and joined the ranks of regions leading in the resettlement of tenants of old and hazardous homes. Tenants of more than 60 apartment buildings have moved.

**What measures did the authorities take to support business against the background of anti-Russian sanctions imposed last year? How did the region support the national import substitution initiative?**

Given the circumstances, it is necessary to resume an individual approach to major enterprises. It is also necessary to cut down the number of strategies and speak more with real people, executives, and help them resolve arising problems. We are also actively communicating with banks and the Fund for Support to Industries. A visiting session involving Fund representatives will be held here soon.

An interdepartmental operative staff started working at the regional administration in the weekly format in January. It is closely monitoring budget revenue, pricing and employment issues. We are boosting week-end markets and social services departments in stores.

Rapid response and containment of emergency situations are not the sole purpose of the staff. We are also bound to elaborate and enforce measures and to draw up forecasts that can help our economy survive and grow.

**The region has a high level of preservation of agro-industry personnel. How do you manage to do that?**

Indeed, we have been rather active in drawing agro-industry personnel for a number of years. The agriculture department is maintaining close relations with education establishments and we are financing the training of students in highly sought occupations. Besides, the region has a program, Sustainable Development of Rural Territories. It supports young families, specialists and agro-industry workers with better homes, monetary allowances and loan interest subsidies.

We are also about to launch a centre for training agro-industrial personnel.

**What new projects capable of improving the region's attraction to investors do you plan to put into practice in 2015?**

As I have already said, we are back to 'manual' control and are developing an individual approach to every project. Our priority is the completion of large-scale investment projects we have started earlier.

A pool of logging and wood processing projects totalling more than 3 billion roubles was declared strategic in 2014. Also, we have a large agricultural investor, Fortis LLC, which plans to invest approximately 20 billion roubles in the region through the construction of ten cattle farms, 2 500 heads each. The construction of a pig farm compound for 2 million pigs, which will include a fodder unit and a slaughterhouse, is underway. The investment will exceed 50 billion roubles, and 19.4 billion roubles have already been invested.

We are pinning big hopes on the Pskovsky tourism and recreation cluster, which envisages comprehensive development of the Pskov tourism infrastructure. The investment is estimated at 5.67 billion roubles.

A possibility of cluster projects (in the field of electric engineering and the light industry) is being considered with the purpose of structuring inter-regional relations between industrial enterprises, research centres and consumers. ■

# Vladimir Zubov:



See the whole interview at  
[www.tpp-inform.ru](http://www.tpp-inform.ru)

## Russia has got the most important thing – the market

Interviewed by  
**Igor Ponomaryov**



The rouble plummeting against main currencies has put businessmen in a condition close to shock. These are not just Russian businessmen we are speaking about. The falling rouble means shrinking or disrupted contracts for foreign businessmen who have been cooperating with Russia for years. President of the Chamber of Commerce and Industry of the Pskov region Vladimir Zubov speaks about businessmen's sentiment over these events.

**The Pskov region is a border territory, and local businessmen are mostly oriented towards cross-border cooperation projects.**

**What is the effect on the regional economy?**

We have a total of 425 companies involved in foreign economic operations and most of them are CCI members. We have over 450 chamber members in all, and they need business information and consultations of our experts.

However, this does not mean they are wholly engrossed in the foreign market. They are working for the domestic market as well. Resources and component parts are imported and goods are made for the Russian market. Our special economic zone, Mogilno, formed on the Russian government's orders in 2012 is an industrial type. It is located 50 kilometres from border and ideally fits into local industrial settings. This will be a starting ground to attract our younger generation that so far has little chance to return home upon graduation.

There will be a chance here: our own infrastructure will be created and, according to general estimates, over 4 000 jobs will be offered.

**How did the regional industries and the businesses represented by the chamber develop last year?**

Business was aware that the year 2014 would not be easy from the start. So, they did not seek high achievements but searched for optimal tactics of either investing in development projects or saving capital for more difficult times. Both trends were equally manifested.

The expectations proved right. Moreover, people believed in competence of the Chamber of Com-

merce and Industry and gained from their faith. I am glad. We have no enterprises on the verge of bankruptcy now.

Naturally, export-oriented companies can see their positions strengthening. Importers are lagging behind but we have seen a growing interest of our partners from the Baltic republics, Germany and Finland this year. They are considering a possibility to move production facilities here.

We have the most important thing, a market. It is hard to sell products in oversupplied Europe especially when production rates have been declining and workers have been dismissed. Meanwhile, the Russian market is opening and there is market space to fill in.

It will be impossible to substitute imports by Russian companies alone. We have no capital that can give a major boost to production projects. So, we need to draw foreign technologies and capital and make production facilities immune to technological bans here. About nine companies inquired about the possibility to relocate production facilities to our territory this year and some of them have already fulfilled their plans.

**In other words, a situation of 1998 when the default created conditions for investment and a sustainable growth of the Russian economy began is recurring, isn't it?**

The rouble devaluation makes production profitable inside the country. It is necessary now to stop the agitation on the forex market: we will be unable to motivate investors to actively contribute their money to the Russian economy without an adequate rouble exchange rate. ■

# History and present



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# Moon roads: the beginning

By **Vladimir Savkov**

November this year marks a historic event – 45 years ago, the Soviet Lunokhod (Moonwalker) landed on the surface of the Earth's natural satellite. Even by today's standards, it was undeniably a great scientific and technical achievement. So you can image the way it was received almost half a century ago. That is why, when the opportunity arose to for me to meet one of the participants of these events, I jumped at the chance.

I was introduced to Nikolai Eremenko by Alexander Dolinin – one of my colleagues and a correspondent at the Red Star newspaper. A former officer and a rocket expert, he worked in the fields related to space exploration and was willing to tell me about the interesting people whom he was lucky to meet at his work. Alexander was the one who advised me to talk to the crew chief of the Soviet lunar rover.

The house of Lieutenant Colonel in the reserve Nikolai Eremenko was a typical apartment building situated on the shore of a small lake in the town of Krasnoznamenensk, near Moscow. It was from this town that he set out for his lunar missions. Before going to the Moon 'in person', though, he had several remote voyages, which

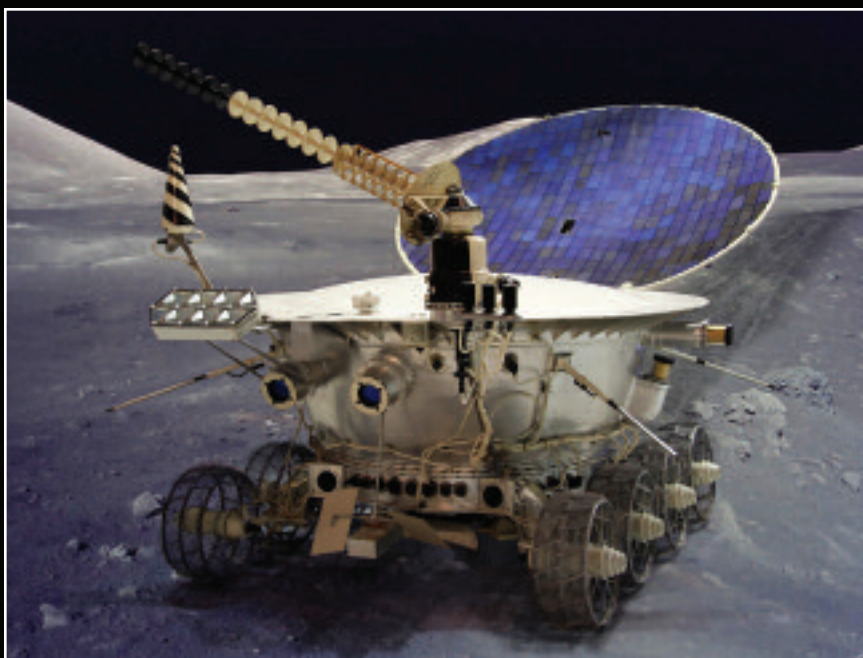
he carried out from Crimea. It was there, in the village Shkolnoe, near Simferopol, that the Lunokhod control centre was located. Next to it was the Lunodrom (Moon-drome), a special range, the ground of which was made as similar to the lunar surface as possible. It was there that the training of the Soviet rover crews began.

I must say that in the Soviet army, there was a clear differentiation of labour and resources in space activities. The cosmonauts division was, for example, part of the Air Force. Originally, it was formed primarily of military pilots, so this decision was quite understandable. As for the preparation work for rocket launches on the ground and the numerous issues of satellite coordination, it was handled by the special-



ists of the Russian Space Forces. The crews of the Lunokhod were composed of the personnel from these forces. By the way, as it turned out later, it was a very smart decision, because the pilots, experienced and accustomed to act on momentary intuitions, would be unsuitable to work with the Lunokhod.

The reason for that was one of the main problems with the Lunokhod - the problem of signal delay. As the signal travelled the distance from Earth to the Moon and back again, the rover covered a certain distance. So, what the driver of the Lunokhod saw on the monitor was not the real location of the vehicle, but the position it held some time before that. This was further complicated by the state of the technology, which was not exceptionally advanced. In fact, the crew saw no video picture - the one we are used to seeing today - but a series of changing



slides. As a result, the officer directing the Lunokhod could sometimes capture the location of the rover on the screen with a twenty-second delay. Therefore, for example, if on the screen the rover was approaching a rock, in reality it had already encountered the obstacle.

In addition, there were difficulties that arose because there were virtually no grey tones in the trans-



mitted picture. The contrast was too sharp. What the officers saw was either a brightly illuminated surface, or deep shadows. The low position of the cameras was another factor. As a result, when the rover needed to cross a shaded area, no one could say what was in front of it - a smooth surface, or a crater, which an interplanetary traveler is unlikely to ever escape.

By the way, this almost happened on Cosmonautics day in 1971. The rover entered a crater with loose steep walls. The crew tried to bring the vehicle to a flat surface, but the rover always slid down. It was then that it was decided to close the solar battery and to put it into the position that it held during the lunar night. The risk was great, because during the lunar day, a closed battery would affect the heat balance. But the rover's center of gravity was changing, so the crew made the decision. The rover came to a solid surface.

So, the stress that the crew experienced was comparable to that of their counterparts from the cosmonaut corps. The doctors were constantly monitoring them, and the weight measurements showed that in just one session of Moon work, the officers lost a few pounds.

However, in my conversation with Nikolai Erenenko, he did not dwell on how difficult their job was. He spoke much more about his ten colleagues, with whom he managed Lunokhod and Lunokhod 2. Laughing, he recalled how they controlled the first few meters that the rover passed on the Moon, in a room filled with lots of observers and 'assistants' –



with big stars on the shoulder straps – until one of the quick-witted superiors kicked them out of the door, so as not to interfere with the stressful work of the crew. He smiled telling me how the eleven officers, who paved the 'Moon roads', received ten





medals, and how they used the medal money to celebrate their farewell to the Moon.

Nikolai Eremenko went on to become lieutenant colonel, after retiring to the reserve he worked in the very same firm that had built the Lunokhod – the

Lavochkin Research and Production Association. in Khimki, near Moscow. Today, Nikolai Eremenko is no longer with us. In 1996, the Moon rover crews received Order of Honor state awards (not of the Soviet Union, but of Russia) for their conquest of the Moon. The first Lunokhod covered 10540 meters on the surface of the Earth's natural satellite.

The Soviet Lunar program ended in the mid-seventies of the last century. It should be said that, considering the high priority of the space project, its funding by the Soviet Union was five times smaller than that of the US. However, today, forty years later, the hope for the Russian Lunar expedition is returning. In the Keystones of the Russian Federation Space Policy till 2030 and beyond, there is a paragraph devoted to the exploration of the Moon. Outlined among the objectives the state policy in this field is in-depth exploration of the Moon from the lunar orbit and on the surface, by automated space vehicles, including rovers; also the means of delivery of lunar soil samples to Earth and the selection of areas for the placement of autonomous lunar bases. The accelerated construction of the Vostochny Cosmodrome, which can launch rockets of heavy and super-heavy class, proving that these are not just fine words. The spacecrafts for the first launch – the Lomonosov and Aist – are scheduled to be delivered the cosmodrome in June 2015. Yes, at first the rockets launched in the Vostochny Cosmodrome will not be connected to lunar exploration. But, as they say in China, the road of ten thousand Li begins with a single step. Even if this is a road to the Moon. ■



# Hans Engberding: I left my heart in Russia

This remarkable story began almost 30 years ago when a young German enthusiast realized his keen interest in studying Russian and immediately got down to business. Several years later, chance put Hans Engberding, the character of our story, on a train traveling along the Trans-Siberian rail line. That journey virtually changed his life. He fell in love with Russia and decided that it would not just be a pleasant memory but also a down-to-earth business. As he was listening to the rattle of wheels and observing Russian landscapes through the window, he was thinking, 'Hans, this is what you should do', and set about his plan.

**W**hen the chief editor told me to interview a German businessman who had been arranging Trans-Siberian train tours for foreigners for 25 years, I thought, 'What a strange man: he did not hesitate to start his business in the tumultuous 1990s. Why did he do so when it was much easier and safer to do business in Europe?' There must have been some amongst his friends and acquaintances who told him at the turn of the new century, 'Hans, you must be crazy, what do you need this wild Russia for? You will achieve nothing.' Yet he did.

All the 'whys and for what reason' questions vanished into thin air five minutes after I started speaking with the 'strange' man. Amicable, smiling Hans Engberding, who has become a highly successful businessman, wins any interlocutor at first sight. Yet the source of my liking for him is not just a sincere smile and a good knowledge of the Russian language. He has been working in Russia for 25 years but he is as enthusiastic and amazed as he was 25 years ago whenever he speaks about his travels across the vast territory of our country. His enthusiasm has inspired tourists not only from Germany and other European countries but also from overseas. Tourists come from the United States, Canada, Brazil, Mexico, Japan and Australia to join him on a 16-day trip from Moscow to Beijing, across the entire territory of Russia and a part of Mongolia. True, most travellers are German speakers. Over 30 000 foreign travellers have been on that exotic travel and, by the way, contributed almost 12 billion roubles to the Russian economy.

I somehow manage to suppress my desire to pack a bag and hop on a train and ask him how he has worked his way through problems in creating his tourism world in Russia and why he has not abandoned his business. Is the business so profitable or is it not just about money? Hans laughs and says that profit is not the only reason. 'I have a personal interest here. I got interested in your country at the time I was a university student and learned the Russian language, and I fell in love with Russia after I travelled across it. I want to show tourists the best features of Russia and to challenge unflattering stereotypes. My heart is here and I put my soul into my business,' he said.

It is hard not to believe him. Only naive people could think he has had no problems here through all these years. Yet he barely mentions problems and speaks about them briefly and with a smile. At the same time, he has devoted three Trans-Siberian train travel guides to his impressions about the country and its people; the books aim at providing information about this route to the German travellers who have not dared to go on this unique journey. 'I go on tours with my tourists three or even five times a year and they can easily lay their claims if they find any inconsistencies with what I have written in my books.'

There seems to have been no claims as the tour company of Hans Engberding, Lemidee Erlebnisreisen GmbH, has a high reputation amongst tourists and his 500-page travel guide is not just very popular with German-speaking tourists but also has the highest circulation amongst books



about the Trans-Siberian railroad published in Germany. 'Are all of your travels made in summer or are there people wishing to admire the Russian winter?' I ask him. He smiles and says that the number of tourists wishing to plunge into the fairy-tale atmosphere of the genuine Russian winter was large when the tour route just opened. Siberian winter is very exotic in the eyes of European and other tourists. The exotic tours were bought gladly. And now they are afraid and no longer come,' Hans tells me with a sad smile. 'What are they afraid of, I wonder. He laughs and says that the dreadful stereotypes have had an effect and tourists are afraid of wolves and bears. And the two of us wonder where the fearless Western travellers have gone over the past 20 years. There is always a fly in the ointment and my 'fly' in our interview is the question about current problems caused by the economic and political crisis. Engberding does not deny the existence of problems and says that the number of Russian tours has significantly reduced this year. At the same time, he pointed to the decline rate in various spheres of his business. It should be noted that the Trans-Siberian train route is far from being all Lemidee Erlebnisreisen GmbH is offering. This is just the most unique route and, probably, the best beloved route of the company founder and general director.

So, this year Hans Engberding is expecting the biggest drop in tourist arrivals (up to 90%) on traditional and budget routes. Statistics is a bit different for other routes. 'Many of our tours, including

By **Maria Kachevskaya**



the Trans-Siberian train route, are expensive and can be afforded by only highly educated and highly paid intelligent people or people with large savings. As a rule, such people have a better judgment on political affairs and are less prone to prejudice. We have had no decline here. Yet we have lost 90% of buyers of our budget tours, for instance, a seven-day tour to St. Petersburg, this year. From Germany and Switzerland alone, we lost 40% and 50% of tourists travelling the Trans-Siberian train route, respectively. Tourist arrivals from the United States, the United Kingdom and Australia have dropped 90%,' he said.

The Trans-Siberian train route is not the only forte of Hans' company. He is offering travellers a closer acquaintance with the Russian land and a tour along Siberian rivers and Lake Baikal. Engberding highlights river tours via Omsk and Labytangi and along the Yakutsk-Tiksi route and says they are his favourite.

He mentions other routes too and I am still thinking about the decline in tourist numbers he has mentioned. 'This man is still smiling serenely and seems to have everything under control,' I think admiringly and offer him to take Russian tourists into consideration. For at least a couple of years an increasing number of Russian tourists may want (or already want) to travel across the home country because of the declining rouble, the economic crisis and, we should not deny this either, patriotic considerations, and it would be logical to use this chance. Hans thanks me for the suggestion and says he has



started to think about the option more and more often. 'I have lost tourists there so I may find some here,' he concludes with a smile. I was speaking with Hans Engberding in our studio at the Chamber of Commerce and Industry of Russia, which has helped him resolve problems more than once. My guest and I decided it was a perfect place for business ideas and went on. Why not go into business tourism and involve the CCI network in that project? In the words of Engberding, businessmen, many of whom are Hans's clients, often use the opportunity to combine their vacation with work and have several-hour meetings with representatives of local CCIs and businessmen when the train stops in Yekaterinburg, Omsk, Irkutsk and Krasnoyarsk. This unusual method of making business contacts and this idea can be developed.

We parted warmly with Mr. Engberding or Hans, as he asked me to call him, at the end of the interview and I wondered whether I would change my vacation plans for this year from Europe to a travel in the home country. The German businessman has thus diverted my attention from the West to the East. ■

# The All-Union Chamber of Commerce and Industry: a BRICS analogue

The Soviet propositions made in the early 1950s, and the USSR suggested in spring 1952 that forex and investment reserves of developing and socialist countries be formed by contributions in national currencies and foreign currencies other than the dollar (it should be noted that similar decisions have been lately made by the BRICS group), gained support of not only the United Kingdom. There is information that the first steps towards the resumption of trade between China and Japan were linked to the Moscow International Economic Conference of 1952.

See the beginning  
in RBG No. 3 (15)

**R**epresentatives of the Japanese business community met with a Chinese delegation led by Foreign Trade Minister, Comrade Nan Hancheng on the conference sidelines. The first post-war barter trade agreement between China and Japan was signed in Beijing shortly after that meeting for a six-month period. It was repeatedly extended afterwards.

The aforesaid trends had a bomb effect on the United States, which is proven by the political report of the Soviet Embassy in the United States for the first quarter of 1952 presented to the Soviet Foreign Ministry on 29 April 1952, 'The United States have thrust on a number of Latin American countries – Ecuador, Peru, Cuba, Brazil, Chile and Colombia – Leonine bilateral agreements based on the 1951 Mutual Security Act.'

The U.S. government was especially concerned about the progress of the conference, the proposals made by the Soviet representative, Comrade Nesterov, and the positive response to these proposals from a number of delegations of capitalist countries.

It was claimed, for instance, that the conference was 'a propaganda event' demonstrating that the embargo on the delivery of strategic materials to the Soviet Union was effective, the conference was 'a trap' and its actual goal was to split Western nations, and so on.

However, our observations, meetings with the Americans and foreign diplomats and a number of confessions made by certain outlets of the U.S. monopolist press lead to a conclusion that the International Economic Conference in Moscow has caused a profound interest in the U.S. business community and the U.S. public in general.

For instance, the Business Week magazine wrote in its editorial on 29 March that the trade offensive of the Reds was a threat to trade in the free world and also trade in the U.S.

New York Post reporter Porter wrote on 1 April that the Department of State was seriously concerned and with good reason: the U.S. would suffer a crushing defeat, which was even more dangerous than any military defeat, if Russia managed to weaken the embargo on trade be-

By **Alexey  
Chichkin**

**The All-Union  
Chamber  
of Commerce  
and Industry** ►



tween the West and the East via that conference and trade deals.

The Wall Street Journal wrote on 15 April, quoting a statement by a U.S. official, that the campaign carried out by the Soviet Union and aimed at expanding international trade relations was a threat to the United States, and the Americans did not know how to repel it. The behavior of the British delegation to the conference was also a source of profound concern for the Americans, which was proven, for instance, by the New York Herald Tribune lead story published on 9 April.

Observer Childs wrote on 10 April that the Moscow conference made impressive proposals concerning broader trade between the East and the West and that the proposals were very attractive for the unemployed in Italy, Germany and textile industry centers in England, as well as for disadvantaged groups in the Near and Far East.

Speaking of organizational aspects of the international conference, it was so well governed that even the deceitful and reactionary U.S. press could find no faults with it.

U.S. media comments, our observations and meetings with the Americans

and foreign diplomats lead to a conclusion that the Economic Conference held in Moscow was definitely successful and had a large international significance: it was a serious blow on the aggressive policy of the U.S. ruling circles and exposed them as the real culprits behind international tensions and masterminds of the disrupted international economic and trade relations.

Soviet Ambassador to the U.S.A.S. Panyushkin, 30 April 1952 (AVP RF F. 0129. Op. 36. P. 254. D. 10. L. 46–59, 116–119).

It should be noted that the U.S. Senate passed a resolution repealing the U.S. consent to the return of South Sakhalin and the Kuril Islands to the USSR precisely in late April 1952.

The resolution had no validity period ... As to the involvement of Latin America in the Soviet project of world economic remodeling and the development of economic relations between our country and Argentina ...

A boost to those relations was planned back in February 1953 and the USSR actually proposed to creation of a 'Latin American BRICS' in that period.

A proof of this is the shorthand record of the conversation between



**Doctor of  
Economics  
D. T. Shepilov**

Stalin and Argentinean Ambassador to the USSR Leopold Bravo on 7 February: Bravo says that a movement for economic independence is growing in all countries of Latin America.

Stalin says one has to have one's own industries for being independent. Bravo fully agrees with that. He says this is why Argentina is fighting for economic independence and has achieved certain successes on that path. He says that this year Argentinean plants have provided agriculture with high-quality tractors and trucks of their own make for the first time ever.

Stalin says this fact demonstrates Argentina's course towards technological and economic independence in general. Bravo says that Argentina has a shortage of train cars and railroad equipment. Stalin says, 'We will have train cars and machines for Argentina', and asks to deliver best wishes to the national leader, Juan Domingo Perón.

Stalin says Latin American countries should unite. He remarks, 'Probably, Latin American countries should form something like the United States of South America'.

Bravo says that movements against foreign imperialism are uniting in Latin American countries and Argentina is presenting an example of gaining economic independence.

Stalin says that some kind of union of Latin American countries should be formed for positive purposes, i.e. for economic development, rather than only for resistance to the United States.

He asks whether Latin American countries wish to form a union precisely of this kind.

Bravo says that Latin American countries have such a wish but as soon as any country starts fighting for economic independence, the United States starts a hostile campaign against it and accuses it of adherence to communism and dependence on the USSR.

Under the pressure from Washington and London, many Latin American countries (including Brazil) had to either break up diplomatic relations with the USSR or to recall their ambassadors from Moscow for lengthy 'consultations'.

In that period, the USSR was also discussing the idea of an 'anti-dollar' interstate bloc with India. Negotiations between Joseph Stalin and the Indian ambassadors to the USSR, held on 5 March 1952, with S. Rajakrishnan and on 17 February 1953, with K. Menon, deserve mentioning.

After 1953 the USSR almost did not mention such projects, including the International Economic Conference held in Moscow in April 1952.

The reason is the changed focus of the foreign and foreign economic policy of the Soviet administration.

Yet the forum and its global significance were briefly referred to 15 years later, in the book, *The History of Moscow in the Great Patriotic War Years and the Post-War Period* (1967). The quote ran as follows: 'Broader circles of the global public are now listening to the voice of campaigners for peace. There are people even amongst capitalists who come to realize the unpromising nature of the Cold War and the related disruption of normal economic relations between countries. An increase in these sentiments was exhibited by the International Economic Conference held at the House of Unions in Moscow on 3-12 April 1952. Representatives of business communities from 49 countries participated in it.

The conference aimed at finding opportunities to improve living standards via peaceful cooperation and development of economic contacts between all countries.

An address of conference delegates to the UN General Assembly stressed a major role of international trade in the promotion of peace. They strongly condemned the artificial impediments created by imperialists of the West to trade with socialist and some other countries, and the conference decided to set up a committee on support to the development of international trade.'

One way or another, projects similar to the BRICS group and the concept of international economic equality in general are still in demand. And, allow us to repeat that the All-Union Chamber of Commerce was the first author of those projects. ■



**USSR CCI  
President  
(1944-1970)  
M. V. Nesterov**

**1945  
2015**



**Victory  
70 years**

By Maria  
Kachevskaya



The 70th anniversary of the Yalta Conference of the anti-Hitler coalition – the Soviet Union, the United States and the United Kingdom – was observed on 4 February. The Yalta Conference laid down a foundation of a new world order and post-war world order principles and created a world which existed without a global war for a half of the century. The keynote decisions made in Yalta were the acknowledgement of the post-war borders in Europe which were not revised until the early 1990s and the establishment of the United Nations Organization which still remains the only legitimate instrument maintaining the world order based on the fundamental principles of the international law. Now the world once again needs to formulate and recognize principles of a multipolar world order even if some would prefer a unipolar world.

Let us recall the way the Yalta Conference was held. It was winter of 1945. The heads of state of the anti-Hitler coalition convened their conference at the Livadia Palace near Yalta in Crimea, 4-11 February. The plane of British Prime Minister Winston Churchill was the first to land on the military airfield. The Sacred Cow, a nickname given by the Americans to the plane of their President Franklin Delano Roosevelt, touched down in 20 minutes. It was the last parade seen by the head of the United States, who died two months later.

The defeat of the Nazi Germany was unquestionable by the moment of the meeting. Soviet troops were only 60 kilometers away from Berlin. Allied

troops landed in Normandy and were fighting on the German land. Stalin, Roosevelt and Churchill were aware that it was not only the future of Europe that they were going to determine. So the bargaining began. Practically the entire post-war world order was in the hands of the three victorious countries. It was difficult but they consented on main issues in the end.

Winston Churchill said that lasting friendship and cooperation of the three great powers were declared in Yalta in a clearer and more authoritative manner than ever before. But it soon became obvious that underlying differences between the West and the Soviet Union were so profound that a third world war was avoided by sheer miracle.



**Mikhail Myagkov**, *Academic Director of the Russian Military History Society, MGIMO University Prof.:*

- The meeting in Yalta was unique. Three great charismatic leaders met there and they had the future of the entire

post-war world in their hands. The main achievement of the Yalta Conference is the construction of the system which was later called the Yalta-Potsdam system of international relations. The system was keeping peace and averting a new global war for a rather long period since the end of WWII.

It is known that the Declaration on Liberated Europe was drawn up shortly before the Yalta Conference and approved. This rather interesting document determined the nature of the post-war world to a large extent. It said that, after the defeat of Germany, every government had the right to build a democratic state free from foreign interference and influence.

Back then the declaration was advantageous to our country, as the Soviet administration saw left-wing political forces taking the leading positions in East European countries. Yet the United States gave its own interpretation to the declaration. They viewed it as a chance for pressuring the Soviet Union in the future whenever they were discontent with the situation in a particular state. As a result, underlying differences between the West and the USSR manifested themselves rather rapidly. The US quickly developed a policy of deterrence of the Soviet Union. The Department of State was adamant to restrain the USSR and to prevent it from reaching far into Europe.

Speaking of the position of the Soviet Union, in the period of the Yalta Conference the Soviet administration did not intend to transform East European countries into socialist regimes right away. Yet it wanted to befriend them. The USSR wanted East European countries it bordered to be a security rather than sanitary belt. It was the position we maintained. A Soviet regime on those territories was not on the

table. That happened further in the post-war period, after the first outbreaks of the Cold War and the escalation of mutual mistrust which fully took shape in 1946. Later on, during the Cold War epoch, the US policy on the USSR transformed from mere deterrence into attempts to push the Soviet Union from its zones of influence.

What processes are we witnessing today? We have been witnessing attempts to reshape the Yalta-Potsdam system formed after the war and the UN system for at least 20 years. There have been attempts to replace the UN in which we enjoy the veto right with another, purely Western organization, and to form a world in which NATO led by the United States will be the only global security network.

Yet the supporters of this position do not realize that the breakup of the system, which has existed through all these years, will have huge consequences, military, political, territorial and others. They are insisting on this, although they understand that the United States and NATO have reached a peak of their military might. At the same time, new giants are growing up in the world. Russia is seeking to regain its global influence, and China, India and other countries are becoming stronger. In fact, the UN may need a certain reform and reconfiguration but that will require a new meeting of global leaders, the so-called Yalta-2. Contemporary global leaders could use this meeting to agree on parameters of the existence based on the present-day world which appeared as a result of WWII. I would not guess what countries that could be, but they cannot do without China and India anyway. ■





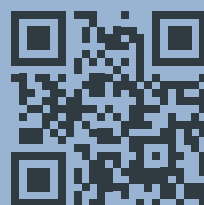
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Green Chemistry / 27–30 October 2015  
Plastics Industry Show / 27–30 October 2015  
Interlakokraska / 2–4 March 2016\*

### Fuel and Energy

Elektro / 8–11 June, 19–22 October 2015  
Neftegaz / 21–24 June 2016\*

### Machinery Manufacturing

Inlegmash / 21–24 April 2015  
Metalloobrabotka / 25–29 May 2015  
Technoforum / 19–22 October 2015  
Lesdrevmash / 24–27 October 2016\*

### Construction, Architecture, Design

Mir Stekla / 8–11 June 2015  
Mebel / 23–27 November 2015

### Food Industry

Agroprod mash / 5–9 October 2015  
Prodexpo / 8–12 February 2016\*

### High Technologies, Information and Telecommunications

Navitech / 22–24 April 2015  
Expopriority / 22–24 April 2015  
Sviaz-Expocomm / 12–15 May 2015  
Photonics. World of Lasers and Optics / 14–17 March 2016\*

### Services

STL – Sklad. Transport. Logistica / 21–24 March 2016\*  
5pEXPO / 6–8 June 2016\*

### Advertising and Printing Equipment

Reklama / 22–25 September 2015

### Health Care

Zdravookhraneniye / 7–11 December 2015  
Zdravookhraneniye / 7–11 December 2015

### Fashion Industry, Consumer Goods

CJF. Autumn / 22–25 September 2015  
CJF. Spring / 23–26 February 2016\*  
Obuv. Mir Kozhi. Autumn / 29 September – 2 October 2015  
Obuv. Mir Kozhi. Spring / 2–5 March 2016\*  
Mir Detstva / 22–25 September 2015  
Consumexpo. Winter / 18–21 January 2016\*

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