



Moscow Foresight



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VLADIMIR PUTIN AND XI JINPING: GETTING RID OF "BOTTLENECKS"

THE RECENT TRIP OF VLADIMIR PUTIN TO CHINA COULD WITHOUT FANFARE BE VIEWED AS A CONTINUED DEVELOPMENT OF QUALITATIVELY NEW POLITICAL, TRADE AND ECONOMIC RELATIONS OF MOSCOW AND BEIJING, THOUGH SOME UNRESOLVED ISSUES STILL REMAIN. THIS WAS STATED TO BM IN AN INTERVIEW BY YURI TAVROVSKY, HEAD OF THE EXPERT COUNCIL OF THE RUSSIAN-CHINESE COMMITTEE FOR FRIENDSHIP, PEACE AND DEVELOPMENT.



The Orientalist reminded that the meeting of the leaders of Russia and the PRC is 43rd since the first visit of Xi Jinping to Moscow in March 2013. This meeting was also the 4th meeting after resumption of the string of personal meetings, disrupted by the coronavirus pandemic.

New talks of the leaders of the two countries are upcoming – in July at the SCO summit at Astana and in October at the BRICS summit in Kazan.

– Why, in your opinion, many Western observers called the May visit of President Putin to Beijing a failure?

– Indeed, there are some voices abroad screaming about failed talks in the PRC, but this is out of the question!

This is what Chinese experts say: “It is very important to raise issues that have accumulated with Moscow and Beijing, have a free discussion and gradually resolve these issues”. This strategy could be perfectly illustrated by the fact of a record trade volume between Russia and China – \$240 bn early this year.

Every time during their visits Vladimir Putin and Xi Jinping hold hours-long conversations, defining long-term development of the whole set of the bilateral relations.

At the Beijing summit in May a lot of attention was raised by the joint statement on the results of the official talks. This document consists of two parts. In its international part, Moscow and Beijing presented Washington with a bill for “intolerable manifestations of hegemonism” and warned of their resolve to jointly stand against pressure both in Europe and in Asia.

The second part lists the “bottlenecks”, holding back development of the bilateral relations, and states commitments to get rid of these bottlenecks. It is no chance that financial issues are on top of the list. Russian and Chinese banks still struggle to become “interconnected vessels”.

Under pressure from the Americans, Chinese banks are quitting operations with our banks. This would require both a political decision at the level of the country leaders and some specific actual moves.

In my conversations with Chinese colleagues I remind them, that the issue came up for discussion over 10 years ago at our Izborsk Club. We had sent delegations to China, Academician Sergei Glaziev met with Chen Yuan, head of an informal union of Chinese banking circles, who is also the Chairman of the Chinese-Russian Friendship Society.

Even back then there were discussions of a transition of settlements to roubles and yuan, about development of some joint financial institutions, but the Central Banks and the Finance Ministries of the two countries spoke against this, and the idea never materialized.

Now there are second thoughts, and payments only go through Vneshtorgbank in Shanghai. But there could have been institutions set up beforehand, which would be free of control from the SWIFT and the USA.

The second point was “free flow of goods”. The then existing infrastructure was not designed for the current volumes of goods and raw materials.

There are still idle freight trains with containers, coal, oil etc. sitting at the border. Once again, there were plans to build a new railroad through Xinjiang and Altai. These plans were discussed at relevant meetings with Glaziev, when he was an ad-



Yuri Tavrovsky

head of the Expert Council of the Russian-Chinese Committee for Friendship, Peace and Development.

visor to the President of Russia. Yet again, officials from various ministries of the two countries opposed these plans, and none of these ever came through.

Now there is an urgent need for new railways and highways, new oil and gas pipelines, including the “Power of Siberia-2”. All these issues were raised at the summit in Beijing.

– If we were to believe American CNN, Beijing decided to focus on “green” power and for this reason declined a new pipeline from Russia.

– Construction of the “Power of Siberia-2” is a delayed issue, which is not kept secret either by Moscow or by Beijing. This time Putin and Xi did not discuss construction of a new pipeline in their talks, but nevertheless, it is known that the issue was discussed by ministers from the delegations of the two countries.

There are indeed difficulties in this issue, which will be resolved in due course in line with national interests of Russia and China.

– Doesn’t the rapidly growing PRC economy need Russian gas?

– China still very much needs Russian gas, but Beijing would first like to diversify its sources, since the PRC is ramping up natural gas deliveries from other countries as well, and is also increasing its domestic natural gas production. And then Beijing would need huge budget expenditures to launch a project of the “Power of Siberia-2” scale.

The needs of the PRC industry are so immense that it could accommodate “green” and any other sort of power. But the Chinese have decided to phase out coal with time.

There is a mains gas pipeline between Siberian deposits and Xinjiang Uygur Autonomous District in the west of China being designed. The “Power of Siberia-2” is subject to future negotiations.

Let me note, that China is actively transitioning to “green” power. Its successes are obvious, you can see giant windmills and solar farms everywhere.

– Could we say that China is our main strategic partner today?

– This is the exact wording they used back in 1990s during the times of Boris Yeltsin. Since then our strategic cooperation has been developing, expanding, becoming comprehensive. But a quantum leap came exactly in last year’s March, during the visit of Xi Jinping to Moscow, when after completion of the leader talks, which had continued overall for about 9 hours, Xi made the following statement at the steps of the Grand Kremlin Palace in front of the cameras: “Now there are major changes going on in the world. There have not been changes of this scale for 100 years. And we are the ones making those changes together”. Putin said: “I agree!”

There is increasing economic pressure both on Russia and



on China, which by all means brings our countries closer together. But “combat coordination” could be explained not only by the external pressure, but by internal processes happening in both countries as well, by economic issues. We have found out how much we need each other in terms of economy. The \$240 bn number is no chance, but it is not a limit. Soon this number is expected to hit \$300 bn!

– Some forecasts say that the turnover between our countries could contract due to anti-Russian sanctions. Would you believe this?

– By Q1 2024 results, there is ongoing bilateral trade growth by about 5%, despite the existing “bottlenecks”. If there were no bottlenecks, we could as well talk about \$400 bn and even about \$500 bn, because our economies are complementary. We need Chinese goods and they need ours. If the trade turnover of the Chinese with the Americans is \$700 bn, with the Europeans it is at \$800 bn, and with ASEAN countries — \$900 bn, then as you understand, Russia could go forward till we hit these numbers. These numbers are real for us too.

– Would it not be possible to create an alternative financial arrangement like SWIFT?

– Under the Western sanctions companies cannot transfer money to each other, how can one trade under such conditions? This could have major aftereffects going forward.

The threat of financial sanctions has been looming since the first day of the SMO, when Janet Yellen, the US Secretary of Treasury said: “If China helps Russia, it would experience the same sanctions that would be imposed on the RF”.

During the recent visit of Yellen to Beijing she made a threat that the PRC would be shut out from SWIFT, a few state-owned banks first, and then possibly the rest of the banks. This is a serious threat and it is a major concern for China.

Of course, both Moscow and Beijing are working hard on solutions to this issue. Today some experts propose creating an alternative financial arrangement. Just as there are alternative imports, a parallel financial system should be set up, operating without any use of dollars, because when there are dollars,

there is the SWIFT system, meaning there is the US Treasury and the White House behind it. Dollars need to be excluded, settlements need to be made in roubles and yuan, relevant financial institutions, meaning banks, need to be in place.

– Why are there still hardly any Chinese investments in the Russian economy, and you can't see any Russian investments in China?

– We have been rather late to start our cooperation, because the Chinese lacked certainty about a stable situation in Russia. I think this is the primary explanation.

I think that the political will of the leadership of our countries is important both for China and for us. In any case, until recently there has not been a political decision in China to invest in the Russian economy, and now there is one. As far as I remember, it was during his March visit that Xi Jinping said that “some issues in the investment area will be resolved”. Obviously, this is why Moscow is now literally flooded with Chinese delegations, some of which are looking for major investment projects in the Russian Federation.

– Yuri Vadimovich, why do you call our country as the “rear support line” for the PRC?

– Our common border stretches for 4 300 km. Over the 400 years of our coexistence there were conflicts, but we have never gone to war against each other. Under current conditions, when China is being surrounded by enemies on all sides, Moscow secures a peaceful northern border. The Chinese are sure that no shots would be fired at their back from the Russian side.

From the military viewpoint, Russia is becoming a rear support area, and this is no exaggeration. Today the Chinese get up to 80% of their raw materials by sea – from the Middle East, Africa, and all traffic goes through the South-China sea, which is for now dominated by the 7th US Fleet. This means that this route could be cut off at any time. It is very easy to do for the Americans by blocking the Malacca Strait. And just next to China there is Russia, its oil pipelines, gas pipelines, railways out of control by the USA.

It turns out that the issue is not only economic in nature, but the question of survival. It is no chance that during recent communications between Vladimir Putin and Xi Jinping they focused on development of transport routes between the two countries.

The Chinese are only starting to emerge from the shadows. We can recall the will of Deng Xiaoping, who told his countrymen to: “Stay in the shadows, accumulate forces, wait for a favorable opportunity and never stick your neck out”.

The Chinese, who have stayed in the shadows for a very long time, do have forces, but they lack the military and international experience that Russia has. In this context Moscow is a very important partner and mentor for Beijing.

As a side note, I would say that if there had not been Chinese purchases of oil, gas and other sanctioned goods, other countries would hardly disobey orders from Washington and Brussels.

IF THERE WERE NONE OF CHINESE SECONDARY EXPORTS, WE WOULD BE SHORT OF MANY NEEDED GOODS.

– Is there a danger that Russia could become economically dependent on China?

– The Russian economy is 10 times smaller than the Chinese, our rouble is 10 times cheaper than the yuan, and nevertheless, Putin and Xi Jinping speak as equals. But this does not mean that Moscow always approved projects, proposed by the PRC, and takes part in them. There is just one example: the “Belt and Road” Chinese initiative, proposing a set of projects in various areas for promotion of Chinese goods to the global market, raised interest of 180 countries and 31 international organizations, but Russia refused to participate. Why? Because it obviously is not in line with its national interests.

From the very start Moscow said that the new Silk Way targets tearing the Central Asia away from Russia, and that overall the Chinese initiative contradicts our interests. In order to stop such discussions, an agreement was signed in 2015 to combine the Silk Way and the Eurasian Economic Community.

It turns out that Russia has no formal prejudices against the “Belt and Road” project, but we do not participate in it. We have our interests and the Chinese have theirs.

I think it is possible that now, given this new geopolitical situation, there will be changes – some joint infrastructure projects with the Chinese will kick off, but on a bilateral basis and not under this global “New Silk Way” initiative.

– One of the breaking news from the Beijing summit was the invitation to China to join the “Ice Silk Way”. What is this project about?

– First of all, I would say that Vladimir Putin described the near future in Beijing in “broad strokes”. During the talks he started out with the “North-South” international trade and transit corridor, which is being developed in the European part of

Russia. Yet another North-South corridor will go through Asian lands – through the Urals and Siberia. This will require upgrading the central section of the Trans-Siberian Railway. Construction of the Northern Latitudinal Railway will improve access to the seaports of the Arctic Ocean and the Yamal Peninsula.

A new North Siberian Railway will connect to the Trans-Siberian Railway and to the Baikal-Amur Mainline. There is construction of railway tracks from the Central Siberia towards China, Mongolia, Indian and Pacific Ocean seaports underway.

Yet another transport corridor is being planned: from the Arctic to the South. A railway line will go from the BAM to Yakutia, bridges over Lena and Amur Rivers will be built. The short-term plans envision upgrades and construction of new highways, development of deep water seaports at the Eastern section of the Northern Sea Route.

The invitation to Beijing to join development of this “Ice Silk Way” also was a demonstrative one –just recently Moscow has evaded Chinese proposals for cooperation at this strategically important route.

– What do you think could be the role of North Korea in fulfilling strategic objectives of Russia and China?

– Today Kim Jong-un has a standing army of 1 200 thousand men. This is a bit smaller than in Russia or China. Koreans are armed with Soviet-design weapons. Moreover, they have nuclear weapons, their own ballistic missiles, hypersonic missiles. They are rather well-trained and very motivated, as they say today. The North Koreans are ill-disposed towards the USA, both in the East and in the West. This is a rather serious option, which could be used by Moscow and Beijing for their purposes. **BM**



SERGEI SOBYANIN DISCUSSES COOPERATION BETWEEN MOSCOW AND BEIJING

During his visit to Beijing, Moscow Mayor Sergei Sobyenin discussed with Beijing's communist party secretary Yin Li plans for interaction within the framework of a new cooperation program between the two capitals. This program concerns almost all aspects of urban life.

According to Sobyenin, both capitals are similar in many ways, they are among the world leaders in the field of economic and social development. Moscow accounted for more than 40% of the trade turnover between Russia and China in 2023.

Chinese colleagues are helping Moscow in developing infrastructure, especially in metro construction. Last year Moscow and Beijing launched the UrbanTransportData project, sharing data on public transport of the largest megacities.

Cooperation in healthcare, as well as culture and education, has been growing. The tourist traffic from China to Moscow has increased. Last year over 244 thousand Chinese tourists visited Moscow (almost 5.5 times more than in 2022).



TECHNOPOLIS MOSCOW BECOMES A LEADER AMONG INDUSTRIAL PARKS AND SEZS IN RUSSIA

The Technopolis Moscow Special Economic Zone (SEZ) has topped the Ranking of industrial parks and SEZs of Russia for the fourth year in a row, according to the Expert analytical center. The Technopolis Moscow Special Economic Zone (SEZ) has been acknowledged as the leader among 144 Russian sites, including 40 SEZs and 104 industrial parks. This was announced by Maxim Liksutov, Deputy Moscow Mayor for Transport.

Experts especially stressed the high level of client focus due to the variety of services and the investment potential of the Moscow SEZ. Its residents invested about 50 billion rubles in the Moscow economy in 2023. This is 1.5 times higher than the previous year.

The investment attractiveness ranking of industrial parks and special economic zones is made annually to help investors to determine a site for their projects.



RUSSIA AND CHINA: COUPLING OPPORTUNITIES

The issue of fair international order is being raised more and more often by the global majority countries at the background of simultaneous new global leader emergence processes, advanced by complex international context. Russia and China have stepped forward as initiators of development of a foundation for a more equitable world order. Representatives of the two countries shared their views on the format of new international relations at the IX International Conference of the Russian International Affairs Council (RIAC) and the Chinese Academy of Social Sciences (CASS) "Russia and China: Cooperation in a New Era", held on May 30–31, 2024 in Moscow.

The Conference highlighted the most outstanding aspects of the ongoing global transformations, which Sergei Lavrov, Minister of Foreign Affairs of the RF, called "really monumental, tectonic shifts". And the outgoing system was described by Xue Fuqi, Head of Strategic Studies Department at of the Institute of East European, Russian and Central Asian Studies, CASS. "The global rules-based order" – according to the Chinese expert, essentially means "inequality of sovereignties between states". This system has yet to reach its bifurcation point, which, nevertheless, does not prevent us from building our desired image of the future, noted Xue Fuqi.

The speeches, naturally, emphasized factors, having an impact on Russia –China relations. It was underlined that despite the difficulties, created for us by our Western opponents, the relations of the two countries are developing at incredible rates. This is particularly evidenced by the trade turnover growth. If in 2020 the trade turnover amounted to \$108 bn, then by 2024

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results it has already reached up to \$240 bn, having exceeded even the most positive expectations and increased by more than two times. Last year Russia for the first time climbed to the 4th position among the foreign trade counterparties of the PRC. Moreover, the trade between the two countries is becoming more balanced in terms of bilateral flows.

Special attention was paid to development at the level of international organizations. The Chinese experts insisted on the need to establish relations of a new type, expressed by the following formula "the community of the common fate of the mankind". The representatives of China see the Shanghai Cooperation Organization (SCO) as a structure, capable of resolving the task of creation of a new security architecture in the Eurasian space. "All SCO members must set up such a union that could secure stability both in the world and in the region. It is necessary to create a geopolitical system, based on real co-

operation principles, adhering to equal rights of all members of the organization. We must create a new security architecture, and the SCO must play a central role in the establishment of this system”, – says Xu Changzhi, deputy Secretary General of the Council for Strategic Cooperation Affairs of Russia and China. At the same time this is not about creating a military block. It is of interest to know, that many guests spoke of moving forward in the context of security in terms of the SCO. The Chinese side proposes to develop a consolidated position at a forum of the Organization on the Ukraine, Iran and other issues.

A lot was said at the conference about coupling Chinese and Russian initiatives: “One Belt One Road” (OBOR) and “Greater Eurasian Partnership”. Li Yongquan, Director of the Institute for Social Development of Europe and Asia at the Development Research Center of the State Council of the People’s Republic of China, gave the following comment on the coupling: initially Russia essentially misunderstood our OBOR initiative and proposed its Greater Eurasian Partnership, which the Chinese in their turn also misunderstood, but nevertheless, started cooperation on coupling both of the projects. This step was based on the belief that strategic partners cannot work against interests of the other party. During the work process a common understanding of the goals and objectives was developed. Summing it up, the Chinese expert concluded, that any anti-Russian union would not function without China; and any anti-China union would be unfeasible without Russia; if we stick together, we are invincible.

But nothing ever comes easy. The trade between the two



countries is severely limited not only by external players in the form of primary and secondary sanctions, but by internal barriers as well. For instance, the Chinese partners complain of the unstable investment climate in Russia and constantly changing rules of the game. A graphic example of this is introduction of a higher disposal fee on Chinese cars. Russia, on the one hand, is trying to protect domestic manufacturers, and on the other hand to fill up the market. The art of balance is being mastered on the fly. The conference participants did not come to a common opinion on the issue who would win or lose more if a free trade zone were to be introduced for the countries. Sergei Tsyplakov, Professor of the Faculty of World Economy and





World Politics at HSE University, is sure that this zone must be established. He provided an example when Russia pays a duty, supplying coal to China, but Australia does not, because Beijing and Canberra have signed relevant documents, and there are no such documents between Beijing and Moscow. In his turn, Andrey Slepnev, Board Member (Minister) on Trade in Eurasian Economic Commission, is sure that making a free trade zone agreement between the EAEU and the PRC could be a risky step for the Russian economy, however, liberalization of specific cooperation areas should be considered.

Many speakers emphasized that the trade is the key form of economic exchange between the countries. At the same time there were concerns that the bilateral trade has reached its ceiling, because the current reality brings yet more new challeng-



es: the countries are facing obstacles when making payments even in their national currencies. And this barrier cannot be regulated with classic tools for liberalizing trade. This is why a free trade agreement is fading into background. As Andrey Tochyn, Head of the Institute for Development of the Integration Processes of the Russian Foreign Trade Academy, is sure "now any free trade talks are even less likely than they were 5 years ago".

As it is, it turns out that dedollarization brings limited results. It cannot guarantee absence of sanctions. "China is facing the issue of primary and secondary sanctions, actively hindering China's development. This is the exact reason why mutual trade settlements are complicated. Banks think in economic profit terms and cannot take the risk. This is why various measures to resolve



this task need to be considered, including possible development of a common currency under SCO or BRICS”, says Li Xin, Director of Institute for Eurasian Studies, China National Institute for SCO International Exchange and Judicial Cooperation.

The BRICS, in general, was most often mentioned at the conference in connection with the pressing need to create a currency, alternative to the US dollar. One could assume that there is real movement in this direction, though it is not visible to a wider audience. Other solutions to the sanction pressure issues were: engaging new banks in payment flow management; offices of Chinese banks in Russia and offices of Russian banks in China; creation of new joint financial institutions and alternative settlement options based on modern technologies (obviously, a reference to digital currencies).

A few speeches specifically focused on industrial cooperation and mutual investment growth as options to overcome sanction barriers. It would be much easier to settle payments and supply equipment under joint enterprises, than under trade relations, which are one way or another controlled by the USA through international bank settlements. As Alexei Gruzdev, Deputy Minister of Industry and Trade of the RF, said: “We should acknowledge that our long-term partnership is based not on trade operations, but on practical implementation of cooperation and technology projects. These are our future cooperation formats. Trade is taking a back seat”.

Logistics is yet another sore point of joint cooperation. But here there are obvious solutions – upgrading the BAM and the Trans-Siberian Railway, improving the border crossing infrastructure. [BM](#)



RUSSIAN INDUSTRIAL PRODUCTION RISES BY 5.2% IN JANUARY-APRIL

Russian industrial production increased by 5.2% in January-April 2024 compared to the same period last year. The processing industry showed the most significant growth (+ 8,7%) in the period from January to April 2024. This was announced by the state statistics service Rosstat.

Industrial production increased by 3.9% year-on-year in April 2024. Sectors that saw the largest increase were the manufacture of computers, electronic and optical products (+44.3%); motor vehicles, trailers and semi-trailers (+36.7%); production of other vehicles and equipment (including aircraft, shipbuilding, etc.) (+35.1%); production of finished metal products, except machinery and equipment (+24.5%). At the same time, coke and petroleum products output, other minerals industry and coal mining dropped 4.8%, 5.0% and 2.2% respectively in annual terms.



MORE THAN 200 CITIES INVITED THE INTERNATIONAL MUNICIPAL BRICS FORUM

The International Municipal BRICS Forum (IMBRICS Forum) will take place at the territory of "Expocentre" on August 27-28. More than 200 cities around the world have received invitations to participate in the event. This was announced by Sergei Cheryomin, Head of the Moscow Department for External Economic and International Relations.

It is expected 5000 guests from 126 countries and 89 constituent entities of Russia to take part in the Forum.

As part of the event over 700 experts will make their speeches

and meetings with business partners will be scheduled. Participants will exchange experiences on interaction between megacities in various fields. The topics of sustainable development and improvement of municipal infrastructure are the Forum key issue. Innovations, ways to attract personnel and to maintain the competitiveness of megacities will also be considered.

Special sessions will highlight advanced digital solutions, as Moscow continues to successfully implement digital technologies.



WORLD ECONOMY: RUSSIA'S STABILITY AND WEST'S INDUSTRIAL DECLINE

THE FINELY TUNED TERM TO DEFINE THE CURRENT STATE OF THE RUSSIAN ECONOMY COULD BE "STABILITY" ALTHOUGH IT WOULD ACCUMULATE BOTH A POSITIVE AND A NEGATIVE CONNOTATION. WHATEVER IS ATTRIBUTED TO A POSITIVE STATE OF PLAY, COVERS THE GROWTH OF OIL AND GAS REVENUES AND THE RELATIVE CONSTANCY OF THE EXCHANGE RATE FLUCTUATIONS. AS FOR THE DOWNSIDE, IT IS REVEALED IN THE FORM OF CONSISTENTLY HIGH INFLATION RATES AND WORKFORCE DEFICIT, WHICH ADVERSELY AFFECTS THE FUNDAMENTALS OF THE LABOR MARKET.

If we take a look at the national currency, the ruble, as of today, there are no prerequisites either for its sharp decline or for an equally definite surge. There is also a certain balance of "pro" and "contra". On the one hand, the monetary policy regulatory authorities are doing everything within their reach to ensure that the national currency does not climb up to a 98-100 ruble per dollar. They maintain in place the instruction of mandatory sale of foreign exchange earnings by exporters in business, they make every effort to sell more yuan and gold within the framework of the budget rule, and they keep the key bank rate at 16% per annum for months.

At the same time, high import rates (with limited exports) and consumer demand do not curtail inflation. Combined with a shortage of labor force (in particular, in the hotel and restaurant sector), aggravated logistical issues and higher costs of imported goods due to sanctions, as well as rising costs of production, it sets the stage for the economy overheating. This is exactly what the chairman of the Central Bank of the Russian Federation, Elvira Nabiullina, has repeatedly pointed out.

The consumer price index (CPI) has been stubbornly in conflict with the forecasts made by government agencies for a long time, and moving further away from the 4% target set by

the Central Bank. In April, inflation soared again by 0.5% compared to March, reaching 7.84% in annual terms.

Meanwhile, according to updated estimates by the Ministry of Economic Development of the Russian Federation and the Central Bank, in 2024 it will amount to 5.1% and 4.8%, respectively. As stated in early April by the head of the regulator, Elvira Nabiullina, the economy has already overcome the peak of troubles due to the tight monetary policy of the Bank of Russia. However, Rosstat data do not support this conclusion, although Rosstat experts are in agreement with another statement by Nabiullina that "inflationary pressure remains high due to the dynamic growth of domestic demand."

In April, the drivers of inflation were mainly products like vegetables, including table beets (+21.9%), carrots (+7.4%), apples (+3.3%). At the same time, prices for cucumbers and onions decreased by 13.1% and 3%, respectively.

Among other food products, there was a moderate tick up of prices: mutton rose by 4.6%, olive oil by 2.4%, and granulated sugar by 2.2%.

Prices for subscription fees for a package of cellular phone services increased by 8.5%. River cruises in Russia now cost 6% more, and vacations at the Black Sea resorts added 2.7% to the final bill.

In January-April, oil and gas revenues of the federal budget surged by 82.2% to reach 4,157 trillion rubles (compared to the same period in 2023); none-oil and gas revenues went up by 36.8% to reach 7.526 trillion rubles.

According to the Ministry of Finance, the budget deficit for this period amounted to 1.484 trillion rubles, or 0.8% of the GDP. The ministry attributes the increase in raw material revenues mainly to the price rise for the domestic oil brand Urals by almost 50%, going up from \$48 in the Spring of 2023 to \$70 in the Spring of 2024.

As for the revenues of unconsolidated regional budgets, according to the ACRA agency, they outstripped expenditures by 570 billion rubles in the first quarter, amounting to 4.482 trillion rubles.

As a matter of fact, Moscow proper provided more than half of the total surplus, that is, 311 billion rubles, while all other regions have registered 258 billion rubles.



According to the Ministry of Economic Development, Russia's GDP grew by 5.4% in January-March, the industrial production index rose by 5.6%, which is comparable to the track records of the II and III quarters of 2023, which is, basically, a testimony of "overheating" of the economy.

In the foreign trade segment, there was a record increase in trade turnover with India by 5% year-on-year, estimated to have reached \$17.5 billion, making it a successful first quarter of the year. In total, Russia supplied \$16.3 billion worth of goods to India and thus earned the status of the second largest supplier, with the first place occupied by China with supplies of \$24.8 billion. Exports of Indian goods to Russia increased by 22% to \$1.2 billion. Russia is ranked 28th in this category. The top five main buyers of Indian goods include the United States (\$20.8 billion), the UAE (\$10.9 billion), the Netherlands (\$6.8 billion), Singapore (\$5.5 billion), and China (\$4.7 billion).

The actual state of the global economy was neither shaky nor flimsy. In the first quarter, global debt added some \$1.3 trillion and hit the record high of \$315 trillion, according to data from the Institute of International Finance (IIF). Borrowing was increased primarily by China, India and Mexico. The IIF report says that the state budget deficit is still higher than prior to the COVID-19 pandemic. The real estate crisis in China threatens to slow down the country's economic growth for many years to come, the IIF notes. According to this source, sustained inflation, especially in the United States, also poses a significant threat to the global economy. According to the IMF forecast, China's economy will add 4.5% to its GDP this year, and India's will add 6%.

Japan's GDP, according to official statements from Tokyo, has decreased by 2% year-on-year in the first quarter. The main reason is the noticeable compression of household spending after the growth of domestic demand caused by the post-crisis recovery. Given the dynamics in the fourth and third quarters of last year, when stagnation and recession were officially recognized, the Japanese economy has not grown since mid-2023.

Against this background, the US economy is on the march: at the end of last year, it showed a 2.5% growth. For comparison, the eurozone economy gained only 0.5% over the same period (according to Eurostat estimates). High inflation, expensive borrowing and weak external demand had a negative impact on its development.

*Georgy Stepanov,
economic observer*



GLOBAL FINANCIAL ARCHITECTURE TRANSFORMATION

The modern global financial architecture was designed in 1945 at the Bretton Woods Conference. And the key actors in the global financial policy resulting from this conference that emerged were the International Monetary Fund (IMF), the World Bank and other “development institutes”. However, one should keep in mind that the aforementioned institutions were created with the purpose of providing aid to already developed countries, with involvement of their own capital. No one even mentioned any interests of developing and “third world” countries back then. Only after 1960 the global community realized the necessity to provide financial aid to those African and Latin American countries that had freed themselves from colonial dependence, and founded the International Development Association (IDA) and a number of other regional banks. Nevertheless, when certain decisions on international lending or related to changing international currency and lending relations, the leading role has been played and is still played by the IMF.

The leading role of the IMF is explained by traditional domination of the USA in the charter capital of the organization. An IMF quota is established on the basis of the weight of a country's economy in the world – the larger the economy (integrated index), the greater is its charter capital contribution and the greater its voting power. So, to pass a resolution at the Fund, 85% of votes of all shareholders are required. The USA hold 17% of the capital, correspondingly, they have the power to veto any decision they do not like. For comparison, the size of the Russian IMF quota is only 2,7%, which shows a lack of any significant voting power and a need to enter coalitions with other countries to balance votes. This situation is no longer acceptable to the Russian side, considering the fact that since the start of the SMO, the IMF has turned into a forum for discriminating Russia, which was banned from exchanging SDR for US dollars, denying it the opportunity to get 12,3 billion in SDRs (\$17,5 billion) from the fund, dedicated for support of national economies and fighting COVID-19. Other countries got their money, but not Russia.

At present, the countries have not made any decisions in relation to a review of new quotas for member countries. In its search for new financing sources, the IMF is no longer focused on the USA, European countries or Japan, but the fund has addressed such countries as China, Brazil and India, which in their turn are striving to drastically increase their country

Maria Ivanova

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quota sizes. On the other hand, the aforementioned countries form the BRICS, which also has its own financial tool – the New Development Bank – where it is proposed to establish a new payment instrument, similar to the SDR.

Over almost 80 years that have passed since the Bretton Woods Conference, the balance of economic powers shifted radically. Today formerly developing economies of India, China and Brazil are in Top -10 economies of the world as per the UN data (2023), when their IMF quotas are still incomparably small. The USA are in no hurry to change this proportion. If in 1990 the share of developing markets amounted to 40% of the global GDP, then by 2030 it will be at least 60%.

It is noteworthy, that it is China that is named in strategic US documents as a threat to the country in the near term. That's why any union of Russia with China, especially from the financial angle, is perceived by the American side as rather painful. Essentially, there has been a paradigm shift in the world of international finances. The IMF is no more the only global lender: the arena now features such other players as Chinese development banks, for example, the Asian Infrastructure Investment Bank, including 93 member countries. China, India and Russia are its three largest shareholders with 26,06 %, 7,5 % and 5,92 % of votes correspondingly. Those developing countries that are in dire need of loans now have a choice.

The political elite of Russia, having realized the need to look for alternative mechanisms for financial dialog at the world stage, has reviewed its views on the role and place of Russia in international financial and non-financial organizations, and is a direct participant in development of a new international financial architecture. So, for example, A. Shokhin, President of the Russian Union of Industrialists and Entrepreneurs, has proposed to set up an international liquidity fund and a settlement currency unit with yuan, rupee and gold in its basket. These activities could be promoted with SCO, EAEU and BRICS partners.

Russia is envisioning its future in connection with a broad range of countries of the world. Moreover, the Foreign Policy Concept of Russia highlights building a special and privileged strategic partnership with India and China at the background of development of a broad integration circuit – the Greater Eurasian Partnership. [BM](#)



THE GOVERNMENT
OF MOSCOW

KAZANFORUM 2024: MOSCOW OFFERS HAND TO ISLAMIC WORLD COUNTRIES

The Lyublinsko-Dmitrovskaya line
was extended with 3 new stations



THE CAPITAL CITY OF TATARSTAN HAS HOSTED THE XV INTERNATIONAL ECONOMIC FORUM “RUSSIA – ISLAMIC WORLD: KAZANFORUM 2024”. THE FORUM WAS PARTICIPATED BY DELEGATIONS FROM 87 COUNTRIES AND ALMOST ALL RUSSIAN REGIONS, INCLUDING REPRESENTATIVES OF THE GOVERNMENT OF MOSCOW.

Traditionally, the Kazan Forum is popular with high-profile guests from other countries. This time the forum sessions featured speakers from India, Iran, Qatar, Afghanistan, Libya, CIS countries and many other countries.

The key topics of the business program of the KazanForum 2024 were international cooperation, Islamic financing and investments, science and technologies, infrastructure development, tourism, culture and urban planning. The display of achievements of the Russian capital city, presented by the Department of Foreign Economic and International Relations of the City of Moscow, was a huge hit with participants of the event.

Spokespeople of the Department of Foreign Economic and International Relations of the City of Moscow told BM.Moscow Foresight that the goal of the display was to promote “key concepts and practical solutions in urban construction, transport, economic and innovations strategies of the largest Russian metropolitan area” internationally.

The Moscow City delegation used multimedia technologies to showcase to their Islamic World partners the econom-





ic potential of Russia’s capital, demonstrating specific projects and programs, implemented in the city for urban infrastructure planning solutions, development of the innovations and technologies sphere, urban realm improvement and preservation of historic development in the city.

Visitors of the exhibition learned that the exports share of Moscow-registered companies in the total exports of the country currently amounts to about 40,0%. The key Moscow export sectors are IT solutions and developments, innovations, food

products, medicine and pharmaceuticals, industrial goods, creative industry. From 2011 to 2023 Moscow built 145,9 km of metro lines, 12 electric train depots, 83 stations. On top of that, in 2024-2026 it is planned to build 35 km of lines and 17 stations. “These construction volumes are unmatched anywhere in the world!” – wrote a guest of the exhibition in the Guest Book. Integration of the railways into the common urban transit network is a most important goal for Moscow’s urban development. The Moscow Central Diameters are yet another major railway development project. The Russian capital city is comprehensively developing territories subject to transport and social facility requirements. It is for a good reason that Moscow has recently taken the top spot among the largest BRICS cities in the all-round rating of spatial and innovative development, by quality of urban transport availability services and by architectural environment versatility.

The exhibition display of the City of Moscow hosted an international videoconference for Russian and Indonesian business communities with support from Moscow Department of Foreign Economic and International Relations and the Trade Mission of the Russian Federation in Indonesia. The conference focused on promoting cooperation between the Russian and Indonesian business communities.

Moreover, specialists of the National Architecture Research Museum at the display stand demonstrated digital copies of 12 engravings by A. V. Shusev, an outstanding Russian architect, dedicated to the construction of the Kazan Railway Station in



Moscow; the graphic art of walls and windows of this “architectural gem” highlights a connection between European and Oriental cultures.

The display also featured demonstration of visual familiarization tours for Moscow cultural heritage landmarks.

A presentation of the Moscow movie cluster, prepared with involvement of the Moscow City Culture Department, drew great attention of the participants of the Kazan Forum. It is no secret that since 2023 the Russian capital has been promoting its “Moscow: A Cinema City” project and today is actively ramping up infrastructure for this industry, expanding the share of the municipal movie sets and studio stages. [BM](#)



DEGREE OF CERTAINTY

Early this June there has been a significant uptick in strategic certainty in almost all spheres of global competition and domestic Russian economic policy. The phase of “switching attractors” is over, now there is a quite clear understanding of upcoming forward movement trajectories, an opportunity corridor and a set of risks, dangers and threats. At the same time in the USA and the EU the level and the spectrum of uncertainty for prospects have soared. This is evidently reflected by the results of the European Parliament elections and during the unfolding presidential election campaign in the USA, presaging shifts in the structure of Western political elites, intensification of tensions and aggravation of the social and economic situation in the Western world.

Views of the Russian leadership on the external and internal position of Russia, its strategy and “master plans” after the inauguration have been reiterated by the President of the RF, including his speech at the SPIEF. A package of decrees and other regulatory acts for critically important directions of the economic policy has been issued. The Government, the performance of which over the preceding period was positively evaluated by the President and by the Federal Assembly, has been “reset”. Finally, on June 7 at the SPIEF V.V. Putin presented his vision of the situation and development prospects, adding up important accents to his messages, expressed earlier in February-May. Let us take a closer look at the three fundamental scenarios, promising long-term effects for Russian economy projects.

A race for reinforcing sovereignty in key areas – state, values and culture, economy; something that just recently has been perceived as a subject of purely academic research or simplistic diagnoses in marginal media, now it has become a part of the global agenda – a “slipping role of dominating countries”.

Alexander Ageev

Doctor of Science, Economics, Professor, Director General of the International Research Institute for Institute for Advanced Systems.



This is based on the issue of growing multiple imbalances in the global economy and a reconfiguration of the international division of labor. The kaleidoscope of conflicts, sanctions, new scientific and technology breakthroughs, information deluge, expansion of artificial intelligence systems, mass consciousness transformations etc. often makes it hard to discern any logic. It would not only be easier, but even more correct to “blame” many things on a game of chance or on unfettered market forces. However, there are reasons and driving forces behind what is called “order parameters”, something which makes up the skeleton, a systemic structure of markets and a complex multitude of existing organizations, businesses and regulators. The aforementioned role of hegemony primarily rests upon the principles of the global financial and economic system and military and logistics infrastructure. These principles are not limited by the role of the dollar in global settlements, payments, investments, but are a key issue. Control over this parameter ensures quite palpable and critically important advantages to

those who have the right and the infrastructure for issue and circulation of a global currency.

The race for sovereignty is directly related to this very battlefield. For some countries this is a fight for keeping the status quo for a longest possible historic period – “tooth and nail, by hook or by crook”. And for those, who have realized their discriminated position in the global system, this is a fight to break away from the role of a “tributary” of the system.

This fight will ultimately result in formation of a new world order, a new labor division structure. It is especially important to keep in mind, that many things that on the surface seem to be a military conflict, have a deep underlying economic dimension; particularly where deposits of critically important natural resources are located – hydrocarbons, food, minerals, or strategically significant communication routes – maritime, overland, air routes and hubs. It is for a reason that lately V. V. Putin has been using various terms and images to get across to various audiences the thought of “errors” of Western players, which are with their own hands, through sanctions and stoking instability and conflicts, expanding “grey areas”, destroying fundamental conditions for their privileged status, primarily in the financial and economic sphere. In this regard we should recall the key SPIEF principle – it is a “space for trust”.

Essentially, a model for Russia’s development has been chosen, not only on the basis of high retention rate of the previous government members, not only on the back of preliminary preparation of the May package of key strategic decisions, but also in terms of a clear vision, presented during his latest interviews and speeches, V.V. Putin outlined a mid-term economic policy model. The model envisions refocusing the foreign economic policy to countries of Asia, Africa, Latin America, with stronger cooperation in the EAEU, and also with Azerbaijan and Uzbekistan. Over the latest 4 years the turnover in this area has grown by an order of magnitude and by tens of percent. The

foreign trade structure is improving in favor of scientific and industrial cooperation and higher added-value products. Major investment projects for construction of new transport and logistics corridors are being launched, specifically the “North-South” corridor, the Azov-Black Sea route, the Northern Sea Route. Strategically important steps are made to establish a currency and financial infrastructure that is alternative to the Western one. It is essential that investments are growing at an accelerated pace. This topic was widely discussed at the SPIEF. It should be noted that it is stifling the investment dynamics that is an unfair global competition method. The USA, by the way, applied this method not only against countries, targeted by sanctions, but against their allies as well – Japan and Germany. The President described changes by 10 parameters of the new economic models and left an impression, that all required starting decisions have been made, the vector is clearly defined, the executive personnel is being reinforced in crucial areas. A frame for the new economic model has been built.

The triad – economy, values, military power – is expressed as an end-to-end principle for the current and the long-term strategy. Essentially, the ideology of economic determinism has again been buried as the theoretic hegemon, which ousted other worldview concepts in the 1990s and later. Mental health, basic values, social cohesion are directly related to military power, to economy quality, terms and living standards of all Russian citizens. The purpose of life just “all of a sudden” has got the right to get to the top of the current change agenda.

Therefore, over the latest few weeks a radically new international and domestic Russian situation has emerged. For the Russian society and business, particularly, mid-term goals and principles have become clearer, raising the degree of social optimism, despite the hardships of the current historic period and a complex global situation. **BM**



RUSSIAN LOGISTICS PROSPECTS



Looking back at the past year, one could acknowledge that global negative trends are continuing to make an impact on the global economy and international logistics: increasing levels of the geopolitical confrontation between Russia and the West, growing tensions in the Middle East and terrorist threats across the world. At the background of a repartition of global markets, we are watching with our own eyes an unfolding transformation of international supply chains (and it's more likely better described as a demise, and not as transformation).

The situation being what it is, the Russian economy has successfully surmounted the shock from the Western restrictions (sanctions). The financial resources, accumulated well in advance, have helped pour significant investment volumes into the national economy, and at the same time, higher public contract volumes have been key for accelerated rates of industrial production growth. Flexibility and speed, demonstrated during the pivot of exports from the West to the East, have enabled increased international trade volume.

The trade of the RF with the USA, the European Union and a number of other countries (and related logistics) is going through major changes. This would by all means lead to further negative implications for the whole global economy and Western economies, but some countries have already stumbled into a crisis ahead of others.

For example, the shock from the loss of cheap Russian energy resources has already led the EU to a deep multi-level crisis, causing a continuing slide in manufacturing activity and declining living standards.

And this trend is being accelerated by China, reducing its trade volumes with the European Union and refocusing on the market of the RF and the CIS, having a significant potential. Temporary restrictions due to the threat of secondary re-

strictions (sanctions) in the PRC – RF supply chains are not a material obstacle and would have no effect on the overall positive trends for further ramping up of mutual trade volumes. The volume of the Chinese supply to the RF, which has grown since the last fall, is so great that railway border crossings and sea ports are having throughput issues with freight containers and struggling to move railway container cars for shipping new container cargo. This situation has resulted in significantly lower prices for shipment offers. And now the cost of delivery for a 40-foot container from the PRC to the RF has gone down on the average from \$4000 USD to \$600 USD (comparing February 2023 with February 2024 figures).

Let us point out, that the China – EU trade is directly affected by the political escalation between the PRC and the USA as well, reflecting upon the transit of goods through the Russian territory: the logistics of the route are becoming more complicated and costly. Higher costs are also driven by a plunge of



the Suez Channel traffic due to the military escalation in the region. It seems to be impossible that this reduction could be compensated by an alternative route – the Southern Transport Corridor – over the next 5-10 years.

As for Russia, the Middle East and the Central Asia are sending good signals for further trade development. At the same time, if domestic markets of Central Asian countries are of limited capacity due to insufficient development dynamics of their industrial sectors, but demonstrate overall positive trends of economic growth and logistics demand, then Middle Eastern Countries show positive growth dynamics for mutual consumer goods trade with logistics that are still “difficult”.

We need to mention the so-called inter-block countries – India, Turkey, Kazakhstan, which due to some specific reasons, are capable of conducting effective policies for balancing between interests of various geopolitical unions.

Kazakhstan, while trying to chart an independent trajectory, is yet incapable of overcoming infrastructure issues of its transport corridors, and Russia is its lifeline for this issue. For the RF, this partner with its cautious approach to the issue of restrictions (sanctions) is of interest for its strong trade ties with foreign suppliers, whose products fall into the dual-use product category.

Turkey, despite the financial settlements crisis, which made the last year’s logistics harder, is continuing to increase its car-

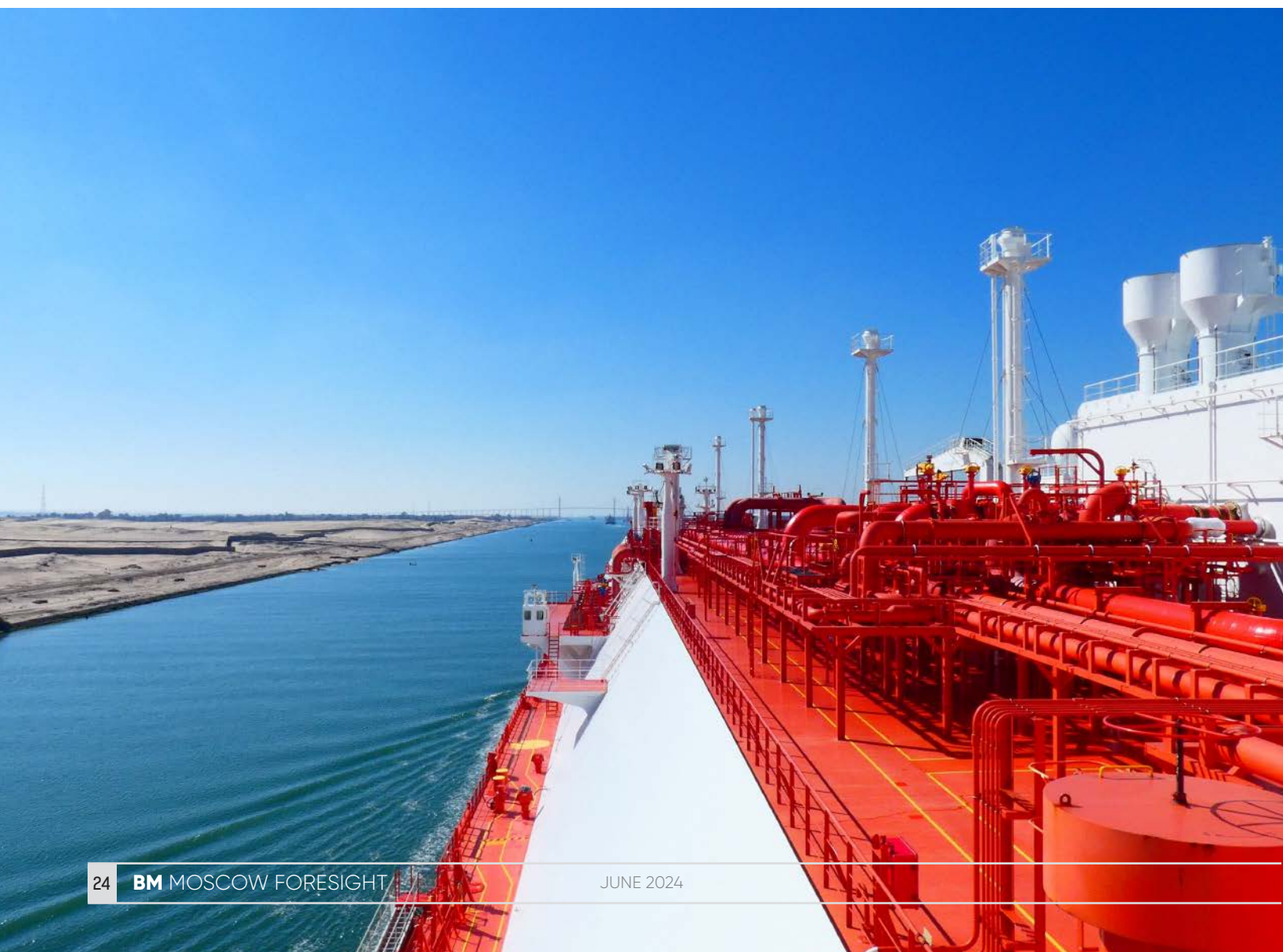
go turnover with the RF. So, for example, the statistics of the latest three years displayed a 17-fold (!) growth. The resumption of air cargo flights between Istanbul and Moscow this March was a clear growth marker.

India doubled its trade turnover with the RF over the last year, demonstrating obvious demand for equipment and electronics from Russia. Delivery routes through Georgia, Azerbaijan and Iran are experiencing certain issues, which will be resolved after launch of the planned Chennai – Vladivostok Eastern maritime corridor.

Further active development of relations with African countries is based on the clearly defined vector of development of maritime and overland transport corridors over the latest years. Ramping up cooperation will enable a significant trade turnover increase for Russia and African countries over the next few years.

Currently Russia’s development is held back by evident manpower shortages, primarily shortages of professionals and R&D specialists. However, availability of almost all required natural resources ensures high resistance to global shocks. Growing industry and acceleration of development of vast territories create potential for Russia’s economy growth, including the logistics services market.

*Leonid Shurilinov,
Infranews Agency expert*





ELENA BORISOVA:
“**BUSINESS TOURISM
REMAINS KEY AREA
FOR PLAZA GARDEN
MOSCOW WTC HOTEL**”

Elena Borisova has been working at Crowne Plaza Moscow WTC of the IHG chain as its commercial director since 2015, and starting from 2020 as the General Manager of the hotel.

After rebranding in 2022 the hotel has been operating as an independent Plaza Garden Moscow WTC hotel.

FIRST-CLASS COMFORT LEVEL, SECURITY GUARANTEES AND FAULTLESS SERVICE LEVELS MAKE THE PLAZA GARDEN MOSCOW WTC HOTEL A LEADING BUSINESS HOTEL IN RUSSIA. ELENA BORISOVA, ITS GENERAL MANAGER, IN AN EXCLUSIVE INTERVIEW TO OUR MAGAZINE SPOKE OF HOSPITALITY INDUSTRY CHALLENGES IN THE RF, OPERATING UNDER THE NEW REALITY AND HOTEL DEVELOPMENT VECTORS.

In 2022 you had to change the name of your hotels to the Plaza Garden hotels (Crowne Plaza (Plaza Garden Moscow WTC) and Holiday Inn Express (Satelinn) and leave the international hotel chain system. It has been almost two years since, and you could take stock. How painful has the process been?

Considering serious premises for drastic changes in operations of chain hotels in 2022, we made vigorous preparations for the IHG brand exit both for operational processes and for the technology side. The primary goals at the time were to minimize financial losses and to make the transition to a new operational format unnoticed by our customers. I don't mind telling you that I had my concerns, but today one could confidently say that the rebranding was very successful and the financial bottom-line exceeded all expectations. Today the already independent Plaza Garden Moscow WTC hotel is a leader at the hospitality market of Moscow, stands out for its opportunities as a MICE hotel, and is setting trends to some degree. The complex and exciting rebranding experience helped unlock potential of the team and talents of specific

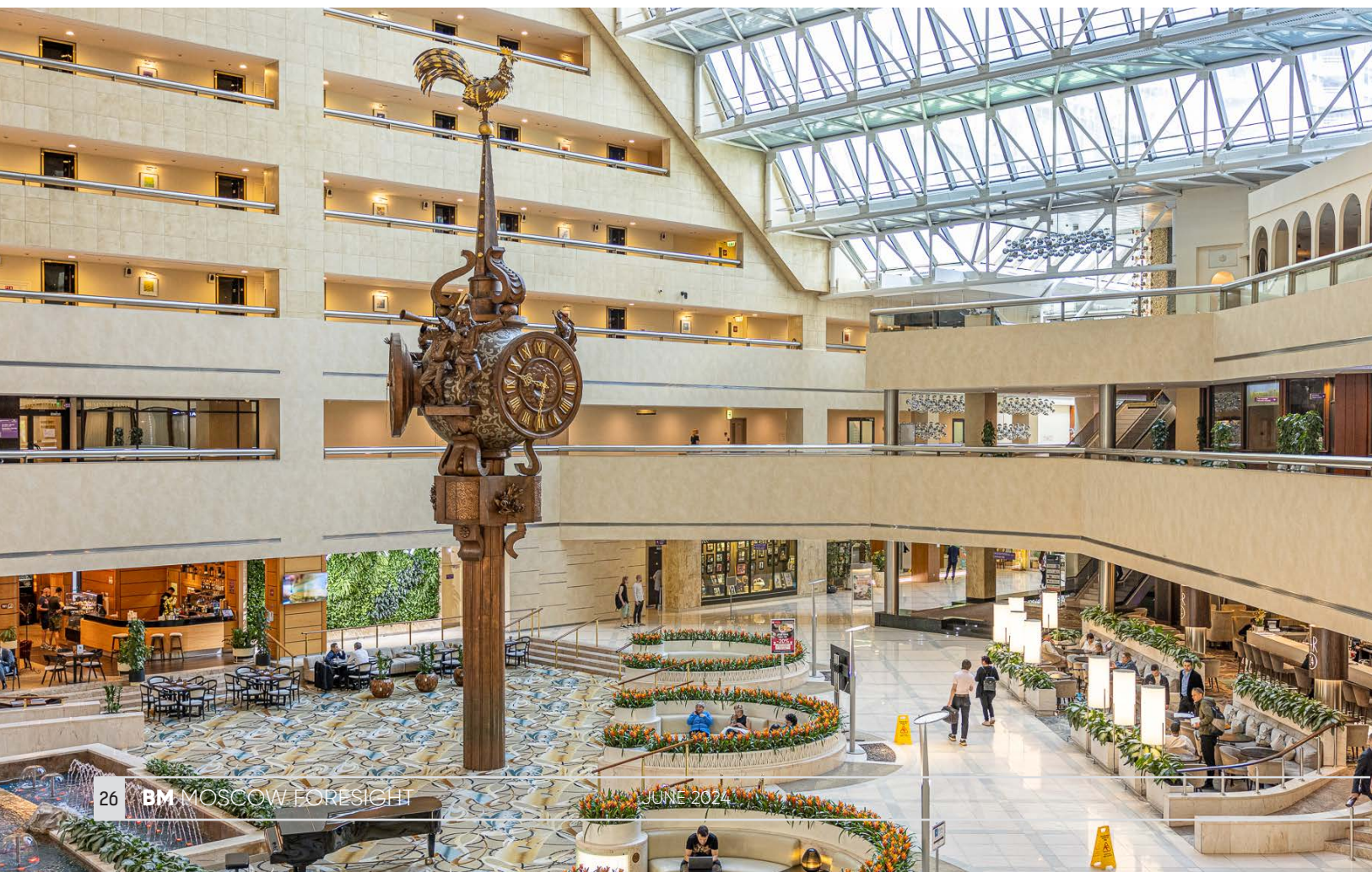


employees, brought the team closer together and presented new opportunities.

What measures did you have to take to keep hotel occupancy rates at the previous level?

Just like our colleagues, we focused on domestic tourism, we are constantly expanding our corporate base, working on attracting guests from friendly countries and CIS countries. Being a most prominent MICE site of Moscow, we conduct major events of the city in the WTC Congress Center, accommodating large guest groups at the hotel correspondingly.

Just recently our WTC Bonus application has been launched, offering a number of benefits to WTC customers, including our hotels. All of these efforts contribute towards keeping hotel occupancy rates high and raising its image.



What are the changes in your customer geography and what is the share of business tourism today?

Owing to the central location and unique versatility of the complex, historically the WTC is a landmark business site of the capital city. Correspondingly, business tourism has been and still is a key area in the Plaza Garden Moscow WTC hotel segmentation. Proximity to the City and the Expocenter in combination with ease of travel to the historic center, ideally comfortable internal logistics, availability of a largest Russian congress center, and finally, ample hotel parking space – all these factors keep business tourists coming to us.

The share of regional business has grown significantly over the latest years. So, for example, in percentage terms the number amounted to 70% in 2023 and to 66% in 2024. Our hotel is popular both with Moscow and Saint-Petersburg guests, and also with guests from other Russian cities, with Nizhny Novgorod, Tver, Yekaterinburg, Chelyabinsk, Novosibirsk in the lead.

The South-Eastern region, particularly China, is still active. If last year there were about 9% of Chinese tourists, then this year the number is already at 13%. Our hotel has always been popular and enjoyed great demand from the Celestial Empire. The Chinese are attracted by room configuration, availability of authentic Asian restaurants at the WTC, proximity to Chinese corporation offices, hotel staff adhering to communications etiquette and use of Chinese language, security, free transportation to the Expocenter on exhibition days and many other benefits.

Tourism from the Middle East is developing too. For now, the percentage of guests from the KSA, UAE, Qatar and Bahrain for our hotel is not very high and is generated primarily by business tourism, but there is great interest in Russia, particularly in Moscow. Russia is perceived as a location with great opportunities, and guests from the Middle East travel here for unique impressions.

Agencies are working to put together tours, demonstrating versatility and identity of each city and region, including Moscow, Saint-Petersburg, Kazan and Sochi in their tours.

Development of tourism with the Middle Eastern region is supported at the highest level. Business missions, organized by the project office for development of tourism and hospi-



tality of the City of Moscow and by the Tourism Committee, enjoy immense popularity and bring palpable results. So, there will be inevitable growth for the Middle East.

How does the availability of different class hotels affect room occupancy rates?

The WTC hotel cluster allows us to meet needs of all guest categories. For example, standard Plaza Garden Moscow WTC rooms are in demand with both guests coming to Moscow on a business trip, and with tourists, eager to see Moscow's sights and feel the pulse of the capital. Spacious club suites create relevant ambience to those guests who value comfort, privacy, free space and genius loci. These suites are also comfortable for families with children.

Our guests at Plaza Garden Moscow WTC Club especially value the opportunity to use the club dining room and access to WTC Fitness, offering a 4-lane pool, a large gym, cardio areas, Jacuzzi, Finnish saunas and hammam.

Guests staying for longer periods will prefer the Mezhdunarodnaya Apart Hotel, which was recognized as the Best Apart Hotel of 2023 under the National Hotel Award. The Satelinn Hotel embodies the concept of a suburban smart hotel in the city limits, located close to an airport, exhibition centers, the Northern River Boat Station, and at the same time the hotel is within walking distance from a metro station.

I can't help but mention the unique features of our flagship Plaza Garden Moscow WTC hotel, based on its concept and



room capacity. First of all, this is the largest five-star hotel in Moscow with two buildings and offering 727 rooms, 149 club suites are located in a standalone building, are larger, feature modern solutions and breathtaking views of the city.

Guests of the club building are offered unlimited access to the club dining room, providing, among other, versatile meal options during the day. Though Plaza Garden is conceptually a business hotel, guests of the club building rate the services and furnishings of the club suites as deluxe.

Is it of any benefit to you that all your hotels are a part of the Moscow World Trade Center complex and are located on common grounds, unlike, let's say, Marriott Imperial Plaza, which also has three-, four- and five-star hotels at its disposal? Does it bother you in any way that Marriott hotel names have the word Plaza in them? Does it create any confusion with customers?

Not all our hotels are located under the same roof, for example, the Satelinn hotel is in Khovrino district, and Plaza Garden Moscow WTC is at Krasnopresnenskaya embankment.

Many hotels across the world have the word Plaza in their names, underlining status, central location, association with business. Our former name, Crowne Plaza, when we were a part of the IHG chain, also had the word Plaza in it, so we have kept it intentionally.

There is no confusion with Marriott hotels, because our hotels are quite different in their positioning, locations, design and history. Specifically, Plaza Garden Moscow WTC stands apart from other hotels primarily by its WTC affiliation. We are found not only by our name and location, but by the volume of services, provided by the WTC.

Affiliation of Plaza Garden Moscow WTC with the WTC by all means contributes to the bottom-line. Hotel services

are actively used both by tenant companies and visitors of major conferences and forums, held at the WTC Congress Center. Considering the fact that Plaza Garden Moscow WTC is the largest five-star hotel, it is convenient for organizers of major MICE events to accommodate a large group and host a business event and catering for guests in one place, saving on transport costs. Our guests could use our parking space in the city center, which is an exclusive advantage today.

Lately, pursuing the objective, set by the President of Russia, to double the tourist traffic by 2030, the Government of Moscow is specifically focused on development of the tourist industry. Moscow concentrates on development of culture-related and entertainment tourism. How interesting is this for you, given the fact that you have always largely focused on business tourism?

The desire to combine a business part with a cultural one is quite clear to anyone. This bleasure trend, relevant over the few latest years, works toward higher hotel occupancy and extends business tourist hotel stays from two-three days to four-five days. Moscow offers incredible opportunities to its guests in relation to history and culture, entertainment and gastronomy. We at Plaza Garden Moscow WTC are trying to stimulate interest of our guests in the cultural life of the capital city, helping tourists to organize their free time in a most riveting and colorful way.

Since recently we have been running joint projects with Moscow's museums and theaters. Our hotels cooperate with the project office for development of tourism and hospitality of the City of Moscow and with the Tourism Committee of Moscow, participate in almost all events, conferences, lectures, managed by these entities, and also act as experts. **BM**





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InterMediaCom Ltd
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The magazine is registered with
at the Federal Authority
of Legislative Control in Mass Media
and Cultural Heritage Protection.
Media registration certificate
FS77-52596 issued January 25, 2013.

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BM Moscow Foresight #1, May 2024

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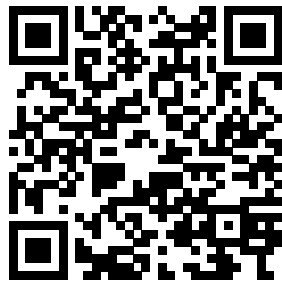
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