



Moscow Foresight



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WE DO NOT ATTEMPT TO BREAK THE GLOBAL SYSTEM, IT WILL COLLAPSE ON ITS OWN

VEB.RF IS A STATE-RUN DEVELOPMENT CORPORATION DESIGNED TO PARTICIPATE IN THE IMPLEMENTATION OF MAJOR NATIONAL PROJECTS. SERGEY STORCHAK, SENIOR BANKER, STATE DEVELOPMENT CORPORATION VEB.RF, SHARED HIS VISION OF THE CURRENT STATE OF RUSSIA'S DEVELOPMENT IN THE CONTEXT OF INTERNATIONAL COOPERATION.

Having found itself in dire circumstances due to severed ties with many trading partners, Russia is making efforts to develop its own industrial and technological base. Who are our allies in this respect? What role does Russia play in harmonizing relations within BRICS?

One could, of course, speculate on how much the current conditions fall under the criteria of surprise. For example, American sanctions against Russian enterprises and certain sectors of the economy were introduced even earlier – in 2014. Since 1974, the American discriminatory Jackson-Venik amendment has been in force, although legally abolished in 2012. For a long period of time, the United States and the EU have been applying anti-dumping and countervailing duties to Russian companies, first assigning to Russia the status of a “market economy”, then revoking it, and further using the practice of “zeroing out” the difference in import and domestic prices for identical goods. All these measures, including sanctions, are part of the American and European protectionist policies, and they are nothing new to us.

In general, even pro-Western economists estimate that Russia has coped much better with the new wave of sanctions pressure than expected. But it is not only Russia that is facing restrictive measures. There is a real “trade war” going on between the United States and China. This is one of the reasons for the global transformations taking place in the world. The rule of law based on Anglo-Saxon concepts has discredited itself. There is a demand for fair trade between the economies. It should be noted that the countries that stand behind this demand are Russia, India, China, South Africa, Brazil and many other sovereign states. Many of them are members of the BRICS association.

This association is rapidly expanding: Iran, Egypt, Ethiopia, and the United Arab Emirates are among the new mem-

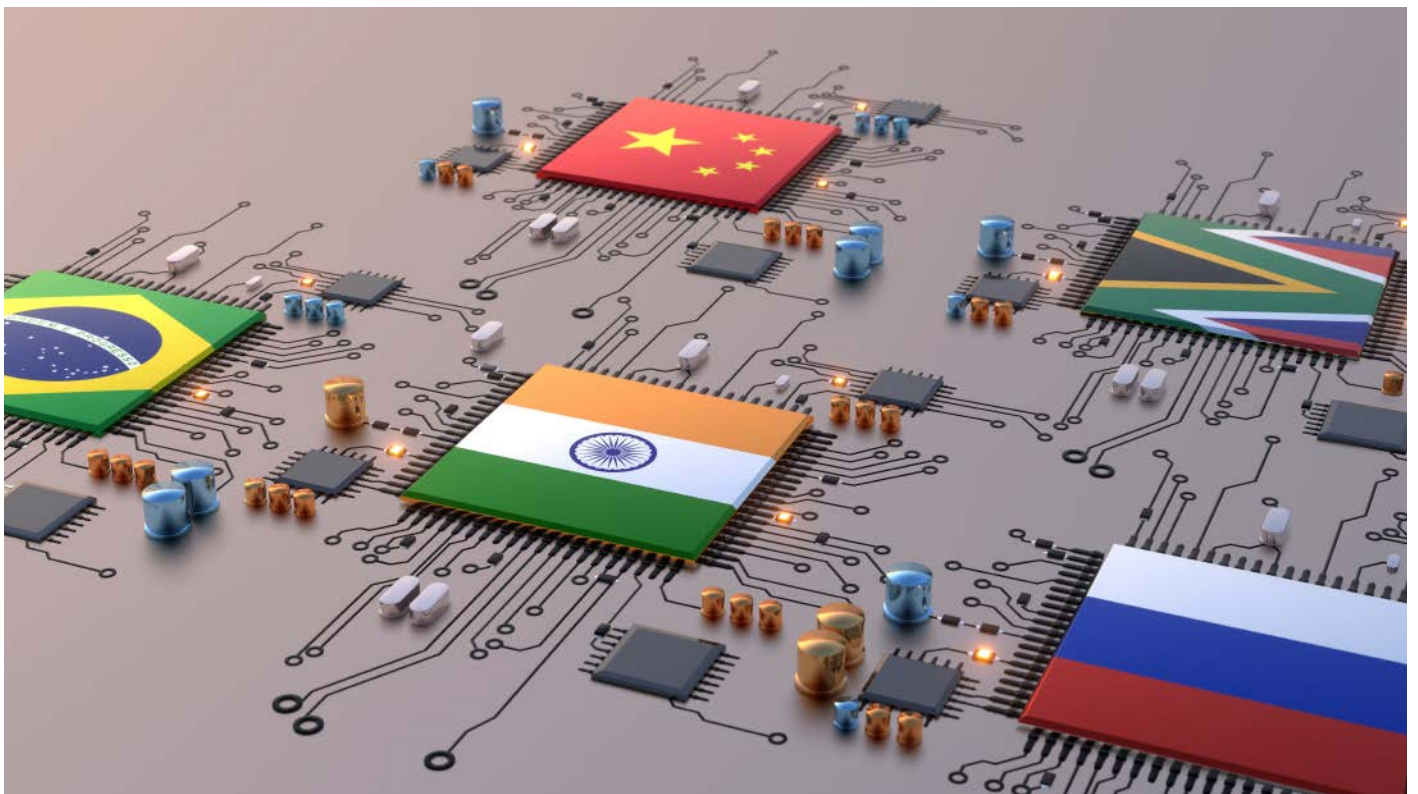
bers. About 25 states are considering joining the BRICS. Back in 2011, Foreign Minister Sergey Lavrov noted that the BRICS association includes states playing key political and economic roles in vast regions of the world. BRICS is not an alliance forged “against” anyone. This is an important element of “network diplomacy”; this is a unity “for” but not “against” – aimed at promoting concurring interests of the member states, including the formation of a more just and democratic world order.

Initially, the BRICS was set up as a political project. But after a few years, economic issues began to enter the top list of the association’s agenda, as it happened, for example, with the establishment of the New Development Bank or with setting up the Contingent Reserve Arrangement.

As a representative of VEB.RF – a state corporation and a national economic development institute, do you see a direct link between what the Russian Federation is attempting to achieve and the declared mission of the BRICS association?

VEB.RF was one of the initiators of the establishment of the BRICS Interbank Cooperation Mechanism (BRICS ICM). It was established in 2010 with the aim to advance participation of national development banks in the process of strengthening trade and economic cooperation between the BRICS member states.

The main activities of the BRICS ICM are as follows: development of comprehensive long-term interbank cooperation in the interests of strengthening trade and economic relations of the BRICS member countries; financial and other support for the implementation of socially significant, including regional, projects; modernization of financial and banking services for investment projects contributing to the economic development of the BRICS countries. This year,





Trans-Siberian Railway. Freight trains at the Slyudyanka station near Baikal

Russia is chairing BRICS, and VEB.RF is the “driver” of the BRICS ICM agenda.

We see our task in creating conditions for the expansion of the BRICS ICM, including bringing development financial institutions of the new BRICS members onto the Interbank Cooperation Mechanism.

The Russian delegation, which included representatives of VEB.RF, has recently visited China and Vietnam. What are the prospects for intensifying collaboration with the economic entities of these countries?

The prospects are immense, I would say. Mutual trade between Russia and China has reached the level of \$240 billion, which is more than was planned 5 years ago. Together with VEB.RF, Chinese partners participate in projects in our country of over 10 trillion roubles. It is no coincidence that Igor Shuvalov accompanied the President of Russia on his visits to China and Vietnam.

During the plenary session of the Russian-Chinese Business Forum in Shanghai in May 2023 VEB’s Chairmen stated: “we invite Chinese investors to develop airport and port infrastructure. Chinese investors are our most desirable partners in these projects.”

Later on, in December 2023, at a meeting of the Russian-Chinese intergovernmental commission, VEB.RF Deputy Chairman Artem Dovlatov described in detail the implementation of logistics infrastructure projects, the development of the Bolshoy Ussuriysky Island, and of the strategic master urban planning for Far Eastern cities. Chinese

investors are showing interest in participating in the implementation of these projects. We also intend to increase the number of public-private partnership (PPP) projects so that Russia leaves the bottom lines in the ranking of BRICS countries in terms of the scale of PPP use. There is a lot to work on and also learn from our Chinese colleagues in this domain.

Traditionally, VEB.RF has considered Vietnam a top priority partner in South-East Asia. Over 800 Russian exporters have already received support from the VEB Group to the amount of over \$300 million. According to some estimates, the potential of non-resourse non-energy exports from Russia to Vietnam could reach an average of \$480 million per year.

VEB.RF is one of the oldest and key banks providing seamless cooperation ties with businesses in Vietnam in the credit and financial sector. Currently, the efforts of the governments of the two countries are aimed at expanding the practice of cross-border settlements in national currencies.

During his recent visit to Vietnam, Igor Shuvalov proposed to use the Financial Messaging System (FMS) of the Bank of Russia (Russian interbank system for transmitting financial information and making payments) more broadly to process settlements with Vietnam. In fact, the practice of making cross-border payments in national currencies or using bank accounts in special currencies was widely applied in the Soviet times. We are now rethinking this experience but, of course, taking into account the current realities. I believe that over time, the best practices in organizing settlements will enable us not to rely on the use of the US dollar as a mean of payments. I think we can become the intellectual, financial and institutional center that can implement this vital strategic mission.

One of the significant problems that hinders the development of foreign trade relations is logistics: the Trans-Siberian Railway and The Baikal–Amur Mainline railroad networks are overloaded; there are not enough merchant ships; traffic in the southern direction (towards Iran, Pakistan and India) exists mainly on paper... How are these problems being solved and what international infrastructure projects are already being developed?

I would probably not agree that some of the routes exist only “on paper”. Recently, a new Rail Jet logistics service was launched – the so-called baggage train between Russia and China, just a few days ago two trains with Kuzbass coal were sent to India for the first time along the North-South international transport corridor.

Igor Shuvalov noted that over the past 10 years VEB has attracted over 80 billion yuan to finance projects in Russia, including infrastructure projects for the development of the Northern Sea Route. With VEB.RF’s participation, new airport terminals are being built in a number of cities, namely Khabarovsk, Petropavlovsk-Kamchatsky, Ulan-Ude, Magadan, Blagoveshchensk, not counting out the already reconstructed airports in Novosibirsk, Novy Urengoy and other Russian cities. Orenburg and Pevek are next in line.

In 2022-2023, VEB.RF’s total commitment for projects aimed at constructing, reconstructing and modernizing physical infrastructure facilities amounted to 357 billion roubles. As VEB.RF Deputy Chairman Yury Korsun rightly noted, VEB.RF is a key player in the market focused on financing regional airport infrastructure. Its construction is often carried out within the framework of VEB.RF’s flagship project, known as the Project Financing Factory program. Some 6 years ago together with the Ministry of Economic Development of Russia we initiated the creation of such a mechanism, which widely uses the principles of blended finance. Already, 40 projects worth 3.9 trillion roubles have been approved within this framework, with 9 of them being transport infrastructure projects.

Western sanctions pressure disrupts settlement processes with foreign partners. What can assist to overcome these obstacles?

Historically, the US dollar has become the dominant reserve currency. Nothing can be done about it, yet. But in the field of international monetary and credit relations, tectonic shifts are already taking place. Igor Shuvalov noted that the world is gradually moving away from the dollar. The yuan has already become the global reserve currency, in India the government programme aimed to internationalize the Rupee well on track. The ideas of confiscation of Russian financial assets abroad, in my opinion, only accelerated these trends, since they forced the governments and central banks of many states to think about where and how to store foreign exchange reserves, whose role in maintaining global financial stability remains significant.

In 2023, at the BRICS Summit in South Africa, the leaders of the BRICS member states made the first statements about the need to consider the possibility of creating a common BRICS currency.

Igor Shuvalov promotes the creation of a new settlement system based on the use of the national currencies of the Shanghai Cooperation Organisation and the BRICS association, and in the future introduce a common currency. The rationale is not only the current consequences of the chaotic introduction of restrictive measures (sanctions) by the United States or the EU, which are unjustified from the point of view of international law, but also it is rooted in the fact that the common currency significantly reduces transaction costs, facilitates and accelerates settlements in international trade. The BRICS countries, as noted by VEB.RF Chief Economist Andrei Klepach, amount to over a third of the world’s GDP, if we count in purchasing power parity, and represent over 60% of the world’s population, so the introduction of a common currency will truly reflect the phrase “world community”, so beloved in the West.

However, the transition to a common currency is a complex, multidimensional process. Some economists even consider this to be a utopia, if we talk about the current moment, and believe that it is necessary to focus on establishing multilateral settlements in national currencies. At the same time, however, it is not being denied that in the long term, the desire for a common currency can be a real strategic goal for economies of a number of countries.

In my opinion, the transition to the use of a common currency is primarily a political issue, but at the same time it depends on the availability of stable demand “from below”, that is, from economic business entities. Until this issue is resolved, participants in cross-border trade and investment relations face the problem of integrating national payment systems. But members of the BRICS association do not set themselves the task of breaking the current system. We are building a parallel (alternative) to the one in the West financial system.

Our country has already been in a situation of limited access to global financial services. This problem has been solved. In the Soviet times, Vnesheconombank administered around one hundred of special, transit, clearing and other bank accounts through which settlements were made in clearing, closed or “special” currencies. We are not calling for copying the Soviet experience, but we are now forced to reconsider it.

Can Russia and China “break” the existing global financial system based on the US dollar by switching to the digital rouble and digital yuan in international settlements?

I do not think that Russia or China have set for themselves a goal to “break” the existing global financial system. It is imploding all by itself from within and without our interventions. Trade in national currencies is already well underway. According to some estimates, 90% of the settlements in trade between China and Russia are already carried out in national currencies.

Perhaps we will eventually even come to a common currency or use national settlement systems, but with greater stability. The question is not in the form of the rouble, whether it is digital or not, but in essence: it should be accepted by banks in various jurisdictions. [BM](#)

FOOD SECURITY OR NOT BY BREAD ALONE

ALMOST A DOZEN REGIONS OF RUSSIA ARE WITNESSING A SLOW BUT STEADY ONSET OF DESERT SANDS DESTROYING POTENTIAL AGRICULTURAL LAND. HOW DANGEROUS IS THIS TREND? THE SHARE OF SALT AND SUGAR IN THE DIET OF RUSSIAN CITIZENS, WHICH CONTRIBUTE TO THE DEVELOPMENT OF NON-COMMUNICABLE DISEASES, IS LITERALLY OFF THE SCALE. WHAT COULD BE DONE? WITH SOME 780 MILLION PEOPLE IN THE WORLD SUFFERING FROM CHRONIC HUNGER, WHAT SHOULD AND COULD BE DONE TO ERADICATE THIS SHAMEFUL PHENOMENON?

OLEG KOBIAKOV, DIRECTOR OF THE FOOD AND AGRICULTURE ORGANIZATION OF THE UNITED NATIONS (FAO) LIAISON OFFICE WITH THE RUSSIAN FEDERATION, OFFERED ANSWERS TO THIS BURNING ISSUE IN AN INTERVIEW ON THE MARGINS OF THE 27TH ST. PETERSBURG INTERNATIONAL ECONOMIC FORUM (SPIEF).

Astrakhan Oblast and Kalmykia are the most exposed to desertification and erosion of agricultural lands. How significant is the threat to food and environmental security on these territories and for Russia as a whole?

Desertification and soil erosion is a large-scale challenge, which is exacerbating the problem. Some 10 years ago, the first man-made desert in Europe appeared on the territory of Kalmykia due to uncontrolled grazing, and it has not gone anywhere since then. Sands are advancing in parts of the southern Urals, in the Samara and Orenburg regions, where forest-steppe turns into steppe, also in Transbaikalia, Buryatia, Tuva, and, of course, in the southern Volga region, in the Volgograd and Astrakhan regions.

If we look at this problem in a broader context, we need to take into account the global situation with soil erosion. Already about 40% of all land areas in the world have been degraded to



Oleg Kobiakov

Director of the Food and Agriculture Organization of the United Nations (FAO) Liaison Office with the Russian Federation

a greater or lesser extent. This scourge directly affects half of the world's population. Since 2000, the number and duration of droughts have increased by 29%.

According to statistics compiled, among others, by the Secretariat of the United Nations Convention to Combat Desertification (UNCCD), at least 100 million hectares of previously healthy and productive land have been degraded worldwide between 2015 and 2019. This is an unfortunate fact: every second, approximately 3.17 hectares of land are being rendered unusable for agriculture.

What is the reason for the loss of this vital natural resource?

In addition to the negative effects of climate change, the culprit is both governments and businesses, and above all farmers themselves, who use land and water resources care-



lessly. We forget that the Earth's natural resources, as the North American Indians used to say, are not inherited from our ancestors, but borrowed from our descendants.

In your opinion, do experts and decision-makers in the Russian Federation have an understanding of the scale of this scourge?

Russia, as a country with a well developed economy, with scientific and technical potential, is tackling the problem of desertification and soil erosion, as well as helping other countries suffering from these troubles. The arsenal of measures to combat desertification includes creation of forest protection strips and afforestation, phytomelioration, regulation of livestock depending on the bioproductivity of lands, refusal to plow slope soils, alternation of clean and occupied fallows, snow retention, application of no-tillage, fixing sand dunes with vegetation, etc.

We have at our disposal tested methods to combat desertification. There is an understanding of the nature and scale of the problem: if we do not apply urgent measures by 2050, droughts may affect the lives of more than 75% of the world's population. There is also political will. We need to continue to work together, and urgently.

What is FAO and the countries participating in the UN Convention to Combat Desertification (UNCCD) doing in this regard?

FAO provides Russia with expert assistance in these matters and helps coordinate joint actions with its southern neighbors. The largest partnership format in this field is the UN Decade of Ecosystem Restoration. This action program is being implemented around the world from 2021 to 2030.

You addressed a special session of SPIEF-2024 on "What We Eat: Yesterday, Today, Tomorrow. The Role of Nutrition in Sustainable Development." You expressed concern over nutrition of Russian citizens. But don't statistics show that according to FAO criteria there is no problem of chronic malnutrition in the country?

Undoubtedly, the mere fact that hunger as a mass phenomenon has been eliminated in Russia should be recognized as a momentous achievement. About 400,000 people are defined as "undernourished", which is less than one third of one percent for a country with a population of about 150 million.

In fact, my concern is not about food availability, but about the fact that Russia is noted for an excessive consumption of salt and sugar. According to the recommendations of the World Health Organization (WHO), one should eat no more than 2 grams of sodium per day, or 5 grams of salt, if you remember molar weights from high school chemistry. In Russia, the average salt intake exceeds 20 grams, which is 4 times more than the recommended norm.

Moreover, the diet of most Russians is high in carbohydrates and overloaded with simple, easily digestible sugars – up to 5 times higher than in other developed countries. Imagine the situation when you run into a fast-food restaurant for a snack. You have on your tray an assortment of French fries deep-fried with ketchup, ice cream and two glasses of Coca-Cola. All in all, this is what the standard unhealthy diet amounts to.

What are the options for a quick response to this problem?

We need to achieve the effect of joint actions to popularize, if you will, the promotion of a healthy lifestyle. This is the mission not only for the Ministry of Health and Rospotrebnadzor, but also for food producers, owners of catering companies, organizations of concerned citizens and the media, especially the TV "chefs" so popular in Russia.

At the recent FAO Regional Conference, I had a chance to talk to our Director General, Dr. QU Dongyu, who, by the way, is a PRC citizen. He asked me, "What do you think is the main product for China? Rice? No. It's fish!"

I fully support what was said at the round table at SPIEF, moderated by Dr. Anna Popova, head of Rospotrebnadzor and Chief State Sanitary Doctor of Russia. The speakers called for the adoption of a targeted program to popularize fish and fish products in the diet.

Since we have established who is to blame – it is ourselves, the next traditional question is: What should we do?

If at least one hundredth of the money spent on television advertising "non-alcoholic" beer were used to explain why it is necessary to reduce salt and sugar consumption in the name of health, then, in my opinion, we could register a positive trend in the long term, which would be expressed in a multiple reduction in the number of non-communicable diseases and an increase in life expectancy in Russia.



One should eat no more 5 grams of salt (Source: recommendations of the World Health Organization (WHO))



Since the beginning of 2024, the production of greenhouse vegetables in Russia has increased by 5,4 % (Source: Ministry of Agriculture of the Russian Federation)

At the end of last year, FAO estimated that more than 780 million people in the world suffered from chronic hunger. The Global Food Crisis Report 2023 indicates that 282 million people in 59 countries face what you call "severe food insecurity". What is the reason that the second Sustainable Development Goal (SDG 2) calling for the elimination of hunger as a phenomenon – is not being met? What is FAO's Action Plan?

The food security situation in the world continues to be, one might say, persistently precarious. Most countries and regions unable to feed their populations are at risk from armed conflicts, the adverse effects of climate change and economic crises. Unfortunately, new "hunger hotspots" are also emerging. What can be done? Today, FAO has to admit that we are amid a structural food crisis. This is despite the fact that, in purely physical terms, we produce enough food to feed the world's population.

Nevertheless, I am optimistic about the future. In 1945, when the FAO was founded, 40% of the world's population was hungry; today it is less than 10%, although the number of earthlings has grown from 2.3 billion to 8 billion. If we could wisely manage the resources at our disposal, both financial and

material and intellectual, if we are determined and consistent in implementing the UN-endorsed agrifood systems transformation program, we will not only overcome the crisis, but also lay the foundations for sustainable development of all agricultural sectors and guarantee food security for everyone.

I will mention one more factor, last but not least. The government, the private sector and we as consumers must pay special attention to reducing food losses and waste. From field to table, up to one-third of everything produced with labor and other inputs is lost. FAO is committed to supporting Member Nations' transition to more efficient, inclusive, resilient and sustainable agri-food systems.

I am convinced that by 2030, we can reverse the negative trend of stagnant hunger and get back on the path towards Zero Hunger in the lifetime of the current generation. FAO is committed to moving towards this goal by improving production, nutrition, the environment and quality of life, based on the principle of "No one left behind".

Fertilizer is considered an indispensable precursor in farming, isn't it?

Quite right. At the end of 2022, a joint FAO/World Trade Organization (WTO) study on "Global Fertilizer Markets and Policies" was published. Our experts stressed the need to keep the global fertilizer market in good "working order". The goal is to meet global demand for agricultural products and prevent a food crisis. This requires keeping food, feed and fertilizer markets open, minimizing disruptions to trade, and refraining from any export restrictions (sanctions) inconsistent with WTO rules.

Vadim Vikhrov

P.S. The interview was prepared with the assistance of the press service of the FAO Liaison Office with the Russian Federation.



Farm of Dutch farmer Leon Kuvuts in the village of Pribytki, Tambov region

RUSSIA AND INDIA TO INCREASE ECONOMIC COOPERATION VIA THE INTERNATIONAL NORTH–SOUTH TRANSPORT CORRIDOR

Russia and India are going to increase the pace of economic cooperation. It is planned to intensify cargo deliveries made via the International North–South Transport Corridor and the Chennai–Vladivostok Maritime Corridor, as well as via the Northern Sea Route. This is written in a joint statement by Russian President Vladimir Putin and Indian Prime Minister Narendra Modi on the development of promising areas of Russian–Indian economic cooperation till 2030.

The leaders have set a target of \$100 billion in bilateral trade turnover by 2030. Russia and India also plan to speed up customs procedures by introducing smart digital systems for barrier-free movement of goods.

The countries intend to create conditions to attract investments and implement joint projects in various areas of the digital economy, science and research. Joint (subsidiary) companies will enjoy a more favorable tax regime.



MINISTRY OF ECONOMIC DEVELOPMENT OF THE RUSSIAN FEDERATION: SMES ACCOUNT FOR NEARLY 70 PERCENT OF THE TOURISM SECTOR

The share of small and medium-sized businesses in the tourism industry reaches 70%. SMEs play a fundamental role in developing tourism. This was stated by Dmitry Vakhrukov, Deputy Minister of Economic Development of the Russian Federation, during round table discussions, organized by the State Duma Committee on Tourism and Tourism Infrastructure Development.

According to Vakhrukov, the tourism sector in Russia can be divided into two segments that are hotel chains and SMEs. 80% of those who get support under the national project “Tourism and Hospitality Industry” are representatives of small and medium-sized businesses.

Authorities and development institutions should focus on increasing tourist traffic, Vakhrukov stressed. In particular, the updated national project “Tourism and Hospitality Industry”, including activities until 2030, is designed to meet this goal. Within the framework of the national project, tourist hotspots and places for SMEs will be determined, and favorable conditions for getting land will be created. This will attract business and, therefore, develop infrastructure.



Radisson Collection Hotel, Moscow



BRICS+ NATIONS AS POTENTIALLY THE MAIN BREADWINNERS OF HUMANITY AND FOR HUMANITY

Member states within the association with assigned acronym BRICS, a formal alliance but devoid of a rigid bureaucratic corset, continue their resolute movement towards full food sovereignty in the context of heightening geopolitical tension.

A panel session at the St. Petersburg International Economic Forum (SPIEF 2024), entitled “The Role of the BRICS states in ensuring world food security”, was devoted to this bread-and-butter issue.

BRICS+, with a population of 3.2 billion people in the old composition and more than 3.5 billion in the new configuration, is gradually turning into a locomotive (driver) of the reconstruction of the old, West-centric and thoroughly unfair world order.

For the inhabitants of our planet, where over 700 million people are still going to bed experiencing acute hunger, the fact that BRICS countries account for about a third of global agricultural production is of fundamental importance. BRICS is becoming an increasingly weighty and well-stocked “food basket” for them. The contribution of this association to ensuring food security is a key factor in achieving the UN Sustainable Development Goals.

Will the BRICS countries be capable of assuming a leading role in providing food to the countries of the Global South in the context of the transformation of the world order, which is taking place right in front of our eyes? What council and mechanisms this alliance, including new members – Iran, the United Arab Emirates, Saudi Arabia, Egypt and Ethiopia, could offer to ensure food security?

The BRICS expanded composition, according to **Professor Irina Abramova, Director of the Institute of Africa of the Rus-**

sian Academy of Sciences and moderator of the SPIEF-2024 session, indicated that the association “mainly focuses on the countries of the Global South that at the same time bear the brunt of the food problem.”

The emergence of this problem, the expert stressed, “along with such objective factors as climate change and the covid pandemic, is due to illegitimate sanctions that have made it difficult to supply food to the markets of these countries.”

Is it possible within the framework of the BRICS to overcome trade, infrastructure, and logistical problems related to food supplies to the world market? Is it possible to build an alternative financial infrastructure that would facilitate smooth transactions between countries, including payment for food products? By outlining these issues Irina Abramova set the tone and vector of the discussion.



“Russia is certainly ready, as colleagues from the Ministry of Agriculture assert, to be the guarantor of food security. And we, as the Ministry of Industry and Trade, confirm that Russia is certainly ready to be the guarantor of its technological foundation,” said **Vasily Osmakov, First Deputy Minister of Industry and Trade of the Russian Federation**. “In terms of the most important types of agricultural equipment, such as tractors, combines, specialized watering machines and so on, Russia is a technologically sovereign country that produces and improves all these machineries.”

Russia is the world's largest producer of such a valuable input resource (precursor) as fertilizers. Domestic nitrogen, potash and phosphate fertilizers play an important role in global agriculture, as they allow the cultivation of natural products rather than those genetically modified.

One fifth of the total volume of fertilizers is earmarked for the Russian agricultural sector, one tenth is intended for use in industry, and 70% fills up the export basket, Vasily Osmakov noted.

There is an approved plan to launch new investment projects in this segment of the agro-industrial complex, and therefore, as Osmakov informed, "we can afford massive humanitarian supplies."

Information for consideration: In the BRICS+ countries, over 40% of all fertilizers are produced, and it ensures that over 4 billion people are guaranteed proper food and nutrition.

"Over the past two years, we have seen how quickly and cynically all signed international agreements collapse whenever it becomes unprofitable for some of the parties," **Veronika Nikishina, Director General of the Russian Export Center (REC)**, emphasized. "Russia is ready to share technologies and supply equipment that will help countries systematically create and strengthen their food sovereignty."

Russia, Veronika Nikishina noted, "has always positioned itself as a breadwinner, not only for itself, but also for its friends." Even 15 years ago, for Russian grain producers, entering export markets was equivalent to an unprecedented breakthrough. But since 2016, Russia has become a world leader in wheat exports: 138 countries buy Russian grain.

About 10 years ago, Veronika Nikishina added, "fat and oil producers got a taste for exports, and now they are champions." The fact that Russia went up to the 18th place in the ranking of food exporters by the end of 2022 is already taken for granted. Russia holds a share of 20% of the global wheat export market. In addition to this crop, there is an increasing export potential for producers of barley, corn, oats, and peas.

"Among our priorities, the head of the REC detailed, is to expand the range of agricultural products that are in demand on world markets and attain such production volumes that will allow us to feed not only ourselves, but other countries too."

Critical dependence on Russian grain supplies, which cover 70% of demand, persists in a country that served as a breadbasket for the Roman Empire in the ancient times. **Ms. Hala Helmy el-Said, Minister of Planning and Economic Development of the Arab Republic of Egypt**, recalled in her speech that food security issues often "become the object of political manipulation."

In order to increase the level of self-sufficiency in the context of food security, Egypt with a population of 106 million people needs, Egyptian Minister noted, the introduction of "innovative solutions" to mitigate and neutralize negative external factors, including climate change.

In the framework of BRICS+, it is advisable, according to



Hala Helmy el-Said, "to invest more in scientific research and to promote the exchange of knowledge and know-how. The emphasis, of course, is on upgrading infrastructure, improving logistics chains and irrigation systems."

"In the time period between 2000 and 2019 in Brazil, the productivity of labor in the agricultural sector grew at a rate of 33.1% per year. The volume of agricultural products increased by 57% from 2002 to 2020," said a well-known diplomat in the Russia's media space, **Rodrigo de Lima Baena Soares, Ambassador Extraordinary and Plenipotentiary of the Federal Republic of Brazil to the Russian Federation.**

"We are proud that we actually feed almost one billion people on the planet."

To note: Brazil receives 24% of all imported fertilizers for its agricultural sector from Russia.

"One of the main goals for us, of course, is to guarantee the quality and safety of food, promote the idea of inclusivity in the fight against hunger and malnutrition, as well as the reform of global governance institutions," the Ambassador of Brazil stressed.

Karen Hovsepyan, Managing Director of the New Land Grain Corridor Company, shared his thoughts on the synergy of the BRICS countries' efforts to ensure food security. The concept of what is called the Food Security Belt initiative goes against Western models, when "some countries assumed that they had a priority right of access to resources. This is a dangerous game."

The idea of a grain corridor, detailed by Karen Hovsepyan, was supported by Russia's partners in China, as well as in the countries of Central Asia and the Middle East. They all share the fundamental principle of coexistence, Karen Hovsepyan emphasized: "Food should not be used as a weapon."

One of the key areas of the company's activity is the creation of a logistics infrastructure of land corridors and terminals, when as a result "special containers will go one way with grain, and in the opposite direction with consumer goods."

"If we take the growth rates of the agrifood sector, which, in addition to agriculture, livestock, crop production, fruit growing, also includes the fishing industry and forestry, as well as





non-food products of the rural sector, then it should be taken into account that this industry in the BRICS countries is developing at a faster pace than in the rest of the world," said Oleg Kobiakov, Director of the FAO liaison office with the Russian Federation.

"The expansion of the BRICS alliance, when five net food importing countries joined the original five founding states, multiplied the number of challenges," continued the head of the FAO Moscow bureau. "Along with countries where food security is provided in excess, take Saudi Arabia, the United Arab Emirates, there is also Ethiopia and Egypt marked by a noticeable imbalance between the production of agricultural products and their consumption.

Nevertheless, it should not be forgotten that vigorous agriculture originated in the Nile Valley. And this is a guarantee that in the coming years it will be the BRICS countries that will lead the way out of our planet's protracted crisis, which is personified by 700 to 800 million people affected by hunger.

Already today, BRICS," concluded Oleg Kobyakov, "is a zone of trust. This is a no-sanctions zone. This is a zone in absence of internal conflicts. BRICS is already a stabilizing factor in global food production and global consumption."



* * *

It should be added that the BRICS+ interstate association is currently one of the most powerful global economic locomotives with a virtually equal balance in production (1.23 billion tons per year; 44% of the world) and consumption (1.22 billion tons per year; 44% of the world) key crops within the group.

Moreover, 32% (0.5 billion hectares) of the world's arable land is concentrated in the BRICS countries.

BRICS has a huge potential for further development of the agricultural sector. At the same time, each country has its own distinctive features and advantages. Thus, China, being both the largest producer and importer of agricultural products, creates stable solvent demand and stimulates food production in other countries of the world.

India is the main producer of milk in the world, paying no less attention to the cultivation of rice, wheat, millet, cotton and sugar cane. In turn, Brazil is steadily coming out on top in terms of exports of agricultural products such as soybeans, coffee, and meat. At the same time, the agricultural sector in Ethiopia accounts for an impressive 47% of GDP.

A special role is played by Russia with its huge land resources and whose agro-industrial complex has been developing rapidly over the past decades.



* * *

A simple enumeration of the special sessions devoted to this association that took place over three days leads to quite obvious conclusions: "The expansion of the BRICS. New opportunities for business cooperation"; "Transitional financing: opening up opportunities for energy transition to the BRICS"; "Development of cooperation between the BRICS countries in the diamond industry"; the above-described multilateral dialogue on the topic "The role of the BRICS states in ensuring world food security"; "The climate agenda of the EAEU, SCO, BRICS: partnership for sustainable development"; "At the beginning of the future. How the cooperation of funds contributes to the growth of the potential of the BRICS countries"; "Using the human resources of the BRICS countries for the development of the Russian economy"; "Drug safety in the BRICS space".

It would not be an exaggeration to claim that at SPIEF 2024, the BRICS+ alliance, which expanded this year, became almost the main subject of discussions, and the focal point in the search for intersections of common interest and in the process of drawing up roadmaps for the future.

Vadim VIKHROV
St. Petersburg – Moscow.

DIGITAL BRIDGES TO BYPASS SANCTIONS AND STABLECOIN RISK

IS IT SAFE TO BYPASS SANCTIONS WITH THE HELP OF STABLECOINS, HOW WOULD SETTLEMENT MECHANISMS PERFORM UNDER THE BRICS, WOULD CRYPTOCURRENCIES BE ADOPTED IN RUSSIA AND WHAT ARE THE DIGITAL ROUBLE PROSPECTS – WE DISCUSSED THESE ISSUES WITH ALBERT PAVLYUK, ASSISTANT PROFESSOR AT MGIMO STATE MANAGEMENT DEPARTMENT, PHD IN LAW.

Our Central Bank has been reluctant to recognize cryptocurrencies as a settlement instrument and to treat it as money for a very long time. Due to the introduction of sanctions against Russia and the resulting foreign trade issues, cryptocurrencies have turned out to be an effective way to hurdle obstacles, and the attitude of the CB towards the instrument has changed. Could cryptocurrencies gain official recognition in Russia?

Despite the CBR statements that it is changing its attitude and is ready to make concessions, by now we haven't seen any real move in this direction. On February 29, 2024 the Central Bank published a letter, where it pointed out it would not recommend not only to banks but to any and all financial organizations to engage in any activities that could enable operations with digital currencies. At present various forums are hosting discussions with the CB, which, on the one hand, says that it sees prospects for digital currencies, and on the other hand does not take any effective steps. For example, initially there was an approved version of a draft law to set up a special legal regime for cryptocurrencies, under which anyone involved in foreign trade, who feels like it, could register with the CB and get the right to make

Albert Pavlyuk

assistant professor at MGIMO
State Management
Department,
PhD in Law



payments in cryptocurrencies to foreign countries and receive such payments from abroad. But, despite this huge initial leap, the draft law has been struggling to pass the first reading for four months. Approval process is still underway and there is no go-ahead from the Central Bank to move on. This is the first issue.

The second issue is that it is the Central Bank which is authorized to manage this special legal regime for a special experimental zone. This does not seem to be very correct to me, because there is only one institution in the Russian federation that is against cryptocurrencies – it is the Central Bank, and putting it in charge of regulating cryptocurrency operations is inappropriate due to this controversy.

Could this position of the Central Bank be related to a preparation of a broad use of the digital rouble as an alternative to the existing cryptocurrencies?

Yes, this is exactly what they assume. I suppose, we are implementing the same plan they had in China. It was China that initially promoted blockchain and cryptocurrencies, and also manufactured huge amounts of mining equipment. And then,

in order to support the digital yuan, the Chinese authorities in one day banned anything related to decentralized cryptocurrencies, thus ousting the industry into a gray zone. The digital yuan became a primary digital asset in China. It seems like Russia is moving in the same direction.

Could the existing cryptocurrencies be used under the BRICS, or will the BRICS create their own digital currency?

Talks on establishing a BRICS currency have been going on since 2018, but there were no major achievements in this area. As I see it, prospects for development of this currency are next to nothing. Most likely, settlements within the BRICS will go through central bank digital currencies (CBDC). Let me explain, why it would be impossible to use the existing cryptocurrencies.

At present almost all trades in the world of cryptocurrencies are carried with the use of two stablecoins: USDT and USDC. A stablecoin is a currency tied to a specific indicator. The two abovementioned currencies are pegged to the dollar exchange rate. When a dollar goes up by one kopeck, the rouble equivalent of these currencies will grow accordingly. A stablecoin could be pegged not only to the dollar, but to any other resource, for



example, to gold. Specifically, USDT is issued by Tether corporation, and it charges a very modest transactional fee, this is why everyone likes trading in this currency. However, this cryptocurrency carries serious risks. Tether could block USDT anywhere in the world in any crypto wallet. And despite the fact that Tether is not an American project, the corporation still reports to the US Securities and Exchange Commission: the corporation will comply with any instructions of the American authorities.

Why is this project of interest still? Even if tomorrow we take someone to court in the Russian Federation and a court would rule to block an account, we could send this ruling to Tether and they would block this account. I.e. here it's not about any decentralization (the primary appeal of cryptocurrencies). All USDTs are strictly controlled, unlike regular electronic money. If electronic money is transferred somewhere, there is nothing you can do about it; there is not an easy way to get it back.

Moreover, the above stablecoins operate on an open blockchain: any transactions are visible to anybody. If our opponents see that a crypto wallet belongs to a company that, for example, supplied sanctioned aircraft parts to Russia, and a Russian company paid for them in USDT, then this wallet will be blocked. On the one hand, blockchain transparency provides control options, but on the other hand it is not always to the benefit of sanctioned countries and subjects. This is why it is very dangerous to use

USDT, just like any other third-party stablecoins, in foreign trade. Your money in your wallet could be blocked at any second.

In this regard there was a discussion at the BRICS on development of its own stablecoins. But in this case there is this next issue – available liquidity. If USDT could be sold and bought anywhere in the world, then it would be impossible to sell or buy our stablecoin anywhere else.

Are those Russian companies, that are using USDT now, aware of the abovementioned risks?

There are mechanisms allowing to hide transactions. Wallet owners remain undisclosed. This will be possible until cryptocurrencies stay in the gray legal area. So for now it is quite hard for our ill-wishers to track such transactions. By the way, the previously mentioned Russian draft law specified the necessity to disclose to the CBR the owners of all crypto wallets and all transactions, involved in the test. We understand that these data may become available to our adversaries. Probably, this is the reason why regulations in this area are still suspended. If all aspects are comprehensively regulated, then it may be easier for foreign intelligence services to track our financial flows.

Then why the digital rouble isn't actively introduced as an alternative?

Let's dive into history. Initially central banks were of the opinion that anything related to cryptocurrencies was very bad: drugs, kidnapping, contraband... Then the position began to change and central banks started developing their own digital currencies. Our Central Bank created the digital rouble, which is no different from any other stablecoins, similar to USDT, with the exclusion that the issuer here is the CBRF: in both cases blockchain and cryptocurrency issue are done by the same issuer. The only difference is that for the digital rouble all transactions will be visible only to the Central Bank.

The digital rouble has been in development since 2020, and it is planned for use in trade with the BRICS countries. Other countries are also developing their own CBDCs. All these currencies are now being tested and refined. The cutoff date for many countries is the year of 2025, when these currencies will be implemented "for real". Further down the road it is planned to build the so-called bridges. A bridge is a link between various blockchains to transfer, for example, digital roubles into the digital yuan blockchain with relevant conversion. And this format would make international trade within the BRICS possible. It would be a hundred times easier to implement this mechanism than to create a new intermediate currency, which is being discussed in the BRICS.

While building those bridges, are there any risks which could be set up for us by the Western adversaries?

There are two threats exactly. The first threat is countersanctions against, for example, Brazil, if the USA start banning use of these technologies in total street thug mode. The second threat is hackers which could attack our servers and blockchains, on which CBDCs are built. But I think, we are preparing for this and security measures will be taken. And if this work is performed in advance, then there would be no sense in attacking blockchain. And our servers will be securely protected. **BM**

OVER 150 MOSCOW COMPANIES ENTER THE MARKETS OF MORE THAN 25 FRIENDLY COUNTRIES

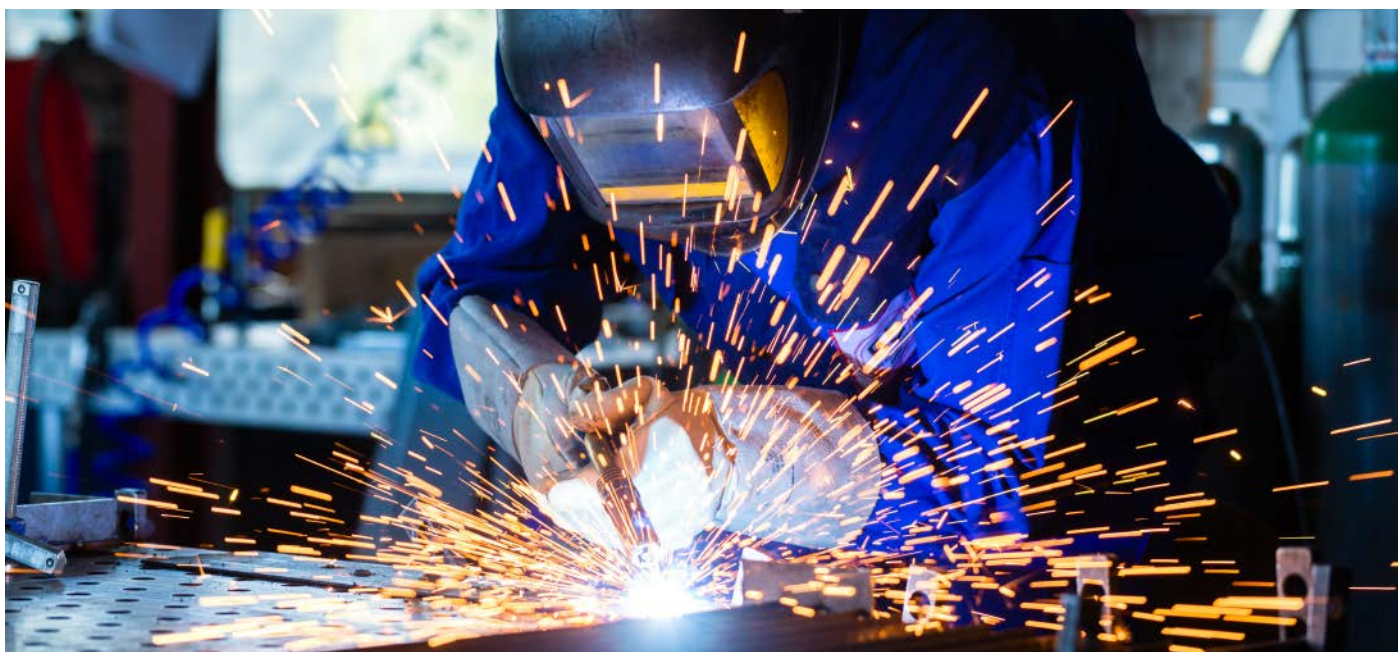
In January-June 2024, more than 150 Moscow-based companies signed export contracts and entered the markets of 25 friendly countries with the support of the Moscow Export Center (MEC). Moscow Mayor Sergei Sobyenin wrote about it on his Telegram channel.

The MEC provides exporters from Moscow with financial and non-financial support measures, according to the mayor. The Moscow Exporter School is an MEC project that helps technology companies to prepare for expanding into foreign markets.

In addition, in the first half of 2024 Moscow entrepreneurs took part in 17 business missions and international exhibitions with the support of the MEC. The events were held in the UAE, Turkey, Morocco, Vietnam, Iran, Uzbekistan, Kazakhstan and Belarus.

The MEC assists in promoting goods made by Moscow companies on international marketplaces in 12 countries.

Another MEC project is ambassadors of Moscow-based companies, Sobyenin said. They help to conclude export contracts in Egypt, India, Malaysia, Vietnam and the UAE.



MOSCOW AUTHORITIES EXTEND ITS SOFT LOAN PROGRAMME FOR BUSINESS THROUGH 2024

The Moscow Government has extended its soft loan programme for entrepreneurs through 2024 and introduced new support measures for exporters. Moscow Mayor Sergei Sobyenin wrote about it on his Telegram channel.

The soft loan programme is available for those whose companies are engaged in one of the priority areas for the economy. Among them are IT, innovation, manufacturing, exports, etc. The maximum loan size is 30 million rubles at a preferential rate of 13%.

Special support measures are provided for aspiring entrepreneurs who have been operating for less than one year. They can get loans at an interest rate of 12% with a borrowing amount of up to 5 million rubles. In addition, a preferential loan secured by intellectual property rights is available. The interest rate is 5%, and the loan size is up to 50 million rubles.

The new support program offers exporters to get loans of up to 100 million rubles at an APR of 10%.

OPEC + WHAT'S NEXT?

A RECENT OPEC+ MEETING HAS CONCLUDED SUCCESSFULLY: THE ALLIANCE'S MEMBERS EXTENDED THE DEAL TO LIMIT PRODUCTION ASSET PERFORMANCE TO OCTOBER 2024. THEN THE ORGANIZATION MEMBER COUNTRIES WILL GO ON TO RAMPING UP THEIR PRODUCTION. AT THIS VERY STAGE STRONG DISAGREEMENTS MAY ARISE, LEADING TO A COMPLETE BREAKDOWN OF THE CARTEL, WARN WESTERN EXPERTS. IGOR YUSHKOV, LEAD ANALYST OF THE NATIONAL ENERGY SECURITY FUND, SPOKE TO BM. MOSCOW FORESIGHT ON HOW OBJECTIVE THESE FORECASTS ARE.



Is it correct to say that the existence of the alliance has approached its natural finale?

At first glance, one could agree with this opinion. Initially OPEC+ was established with the purpose of limiting both production of the key global commodity market players and reducing excessive export crude oil volumes, which led to lower exchange prices for the "black gold". Each participant of the new alliance, formed in 2016, committed to proportional production capacity cuts: leading producer states, such as Saudi Arabia and Russia, agreed to larger concessions: the two leaders of the organizations reduced their volumes by up to 300 bbl per day; outsiders of the international trust, for instance, Sudan and Brunei, got their "entry ticket" to the alliance much cheaper – for 20-30 thousand bbl daily reductions of production volumes.

It made everybody happy then. Crude oil prices surged ...

Without doubt, early in 2016 the barrel price dropped to \$27, and in December of the same year it rose to \$46. It is obvious that this low value yet could not be compared to the previous quotes, reaching up to \$214, but there was no argument whatsoever against the positive shifts from the deal for an extended circle of oil-producing partners. This is why the agreement's conditions were extended till the end of 2018. It did not take long to see the result. The average barrel price over the year amounted to about \$70, and at the very peak of the price – in October – the prices went over \$85.

Has Russia's participation in OPEC+ paid off?

Our country has never regretted joining the alliance. If in 2016 the oil revenues of the Russian state fell by about 18%, then as soon as in 2017 the amount of relevant receipts, according to the Federal Customs Service, rose by 27% – to \$38,5 million. Without dispute, the total exports of Russian liquid hydrocarbons went down (by 0,8%), but the amounts, re-

ceived from foreign buyers due to stabilized prices, balanced physical supply volumes at the global market.

What happened next over the period of 2018-2023?

The initial parameters of the OPEC+ deal, established at the November 2016 meeting in Vienna, had been adjusted many times, but the basics of the agreement to limit production remained unchanged. Average Brent quotes ranged within \$65-71, which was quite comfortable for Russia, which balanced its budget at the price of \$40 per barrel.

Certain issues arose in 2019-2020, when the world was hit by the coronavirus pandemic, which led to a contraction of industrial production, and consequently, to lower consumption of energy resources. Even back then industry players expected that OPEC+ had only months to go. Leading alliance members, primarily Saudi Arabia, announced upcoming expansion of "black oil" supply to international buyers. Riyadh decided to keep its exports revenues with quantity, not quality. However, at the extraordinary meeting, convened in April 2020, all 23 delegates of the organization unanimously voted to continue with the policy of oil production limits and approved a schedule for oil output reduction. The effect from the extraordinary resolution of the alliance took quite some time – the price of June futures crashed to \$20, but by the middle of the summer quotes rebounded to \$60 per barrel.

Then economic activity took off, causing corresponding mood changes within OPEC+?

And they had every reason for it. The international trade activities had restored its blood flow – already by 2021 the global economy growth reached up to 4,7%. On the one hand, this figure cannot be considered a complete success, because the gain did not cover the losses of the previous year and a half. On the other hand, financial position changes enabled

hydrocarbon exporters to get faster production dynamics on track. Alliance members kept loosening their production limits for about a year. At first this shift did not hinder the quotes and the price of Brent rose to \$120 per barrel again, but then the prices once again slumped, and in October 2022 the OPEC+ countries agreed upon the largest production cut over two years, by 2 million bbl at once.

Did it help?

It did help, but one cannot say that it was a major result. Since August 2023 and until this day a Brent barrel has been traded in the range of \$75-90. There have not been any new lows, but the \$100 level still remains an impassable barrier. Let us point out, that over the time OPEC+ has essentially only managed to keep the prices in the designated price range, even despite the additional measures. And over 2023, and in Q1 2024 some representatives of the historic largest oil block had to go for voluntary production volume reductions many a time. Overall, countries of the alliance, including Russia, have cut down their daily production by 2,2 million barrels, but nevertheless, all things considered, by December the average annual price of oil will not exceed the current marks.

In other words, the statements that OPEC+ can no longer exert influence on the global oil market, could be considered true? Could it have been the reason behind the resolution, adopted at the latest meeting of the alliance, to gradually resume increased production starting from this October?

For now, the voluntary production reduction commitment has been extended to September. The official reason for going back to higher production volumes upon expiry of this term are forecasts for accelerated growth of demand for energy resources. This development of the trade balance is supported by the majority of the market players. According to Haitham Al Ghais, the Secretary General of OPEC, this year the purchasing power of crude oil importers will grow by the very same 2,2 million bbl. There will be no further reasons for lower demand going forward. In the opinion of Alexander No-

vak, vice-prime minister of Russia, a possible hydrocarbons shortage could only be compensated by a transition to higher OPEC+ production.

So, it is yet too early to shout about a crash of the organization, which has one way or another over 8 years operated as a key regulator of price conditions on the global oil market?

It's hard to give an unambiguous answer. There are many disagreements in OPEC+. Russia and Saudi Arabia agree to keep their current production levels for a few more months, and Venezuela, Iraq and Libya are free from these restrictions. Moreover, as reported by Western media on the eve of the latest meeting of the alliance, the United Arab Emirates will try to stonewall extended production quotes, because they are planning to increase their output without any consultation with their organization partners. Suhail Mohammed Al Mazroui, UAE Energy Minister, debunked this information, but nevertheless confirmed that there was significant external pressure mounting on members of the alliance.

It should be said, that today, according to Goldman Sachs data, OPEC+ members have accumulated about 6,5 million barrels in idle production capacity. Starting from October 2024, when the organization will start ramping up its production, each cartel member will try to get their potential reserves back into operation for maximum volumes. Each member will start hogging the covers and a compromise will not come easy. Major non-OPEC+ producers are adding fuel to the fire, particularly, the USA and Canada, which can increase their production based exclusively on their own interests without listening to advice of other crude oil producers. In this case prices will be unpredictable.

One thing is assured: Russia continues playing a most crucial part in the life of the oil alliance, and if our country decides to suspend its membership in the organization, then OPEC+ will surely cease to exist.

***Interview by
Nikolai Makeyev***



Oil field, Republic of Tatarstan, Russia

TODAY TOURISM AND HOSPITALITY INDUSTRY IN RUSSIA DRAW PARTICULAR ATTENTION. AT THE SAME TIME THE FOCUS IS SHIFTING TO DOMESTIC TOURISM DEVELOPMENT, RAISING THE ISSUE OF MAKING RUSSIAN REGIONS MORE ATTRACTIVE. WE TALKED TO IGOR BUKHAROV, PRESIDENT OF THE FEDERATION OF RESTAURATEURS AND HOTELIERS OF RUSSIA, ON COMPREHENSIVE DEVELOPMENT TASKS.

IGOR BUKHAROV:
"NAME FIVE REASONS WHY I SHOULD COME BACK TO YOU"

Mr. Bukharov, just recently you have participated in the SPIEF forum. What are your impressions of the sessions dedicated to the tourism and hospitality industry?

I have noticed that not everyone correctly understands what is tourism industry. Many think that tourism means hotels. It is a common opinion that building hotels would be enough to develop this industry and rake in profits. But this is not so. If you talk, for example, to people from the ministry of culture (which used to be the ministry of culture and tourism), they would tell you how important it is to open museums. But this is not enough too. Today providing communications, internet connection options (this is an absolute must) is no less important; roads and opportunities to get to a destination quickly and comfortably are also important. The issue of tourism development is a comprehensive one. When I travel around the country, I always ask people to give me ten reasons to come back to you again. People freeze and cannot give an answer on the spot. And this is an absolute necessity to clearly realize these things, if you want to attract tourists. I also ask to give me five reasons to come back to you ... What does a traveler need?

- comfortable transfer;
- comfortable accommodation. Everyone has an individual understanding of comfort: some need a large room, some need a small one; some require daily room cleaning, some don't; but any demand for comfort must be satisfied;
- affordable food. Food is also subject to individual perceptions: some need a supermarket, a canteen, a fast-food joint, some need a haute cuisine restaurant;
- point of attraction: what could one see, what could one do?
- overall ambience at the location you arrive to, its pulse.

These are the very same five reasons for a person to come back to. Many tourism professionals fail to understand this. The hospitality industry is broader than just tourism.

What is the problem with southern destinations? It lies in seasonal nature of tourism, meaning that every year there are new employees and non-guaranteed service quality levels. Seasonality is yet another challenge for the hospitality industry, which needs to be taken care of.

All of the above issues cannot be resolved under the ministry of tourism alone and enthusiasm of hoteliers. Cooperation of authorities (Ministry of Economic Development, Ministry of Industry and Trade, Ministry of Agriculture etc.) and a strategic territory development plan are required, so that tourists would not complain of bad roads, good communications and proper food are needed. A territory development plan should also take into account interests of locals and prevent human-induced damage to local nature.

Locals usually dislike outsiders roaming their territory. How could conflicts with locals be resolved?

Major businesses, coming into a region, must do everything to develop local businesses so that local residents could also make money. This will reduce social tensions.

Forbes states that the key issue of the hotel and restaurant business this year is the shortage of manpower. What's your view of this issue?

This is indeed a serious issue. Today we as an industry are facing the fact that some people have gone to the frontlines,

some have left to industrial enterprises of the MIC, and some have joined marketplace delivery services (this is about as many as 800 thousand jobs).

Could this issue be resolved with robotization?

If we look at the experience of Starbucks or China, when a cup of coffee and sandwiches are delivered to you by a robot, or when a cocktail or udon soup are prepared by a robotic arm, then this is possible. But for now it still looks like a show. Mechanization, automation, robotization and industrialization should be our final goal, based on the food security doctrine, which stipulates: "economic and physical availability of food products".



What about haute cuisine?

Does an average Russian go to restaurants often? No, he does not. There should be multiple offerings and solutions, meeting requirements of various layers of the population. Why are coffee shops so popular now? They have started rapidly developing due to new mass demand for them, given unaffordability of restaurants for the majority of the population.

How does the purchasing power of the Russian population change in your experience of customer management?

This power is not growing. Inflationary processes are ahead of salary growth.

In this case, are there many restaurants closing down?

During a crisis some become richer and some become poorer. Currently there are rapidly developing coffee shops, burger and doner joints, which are convenient and inexpensive. They are more competitive.

Could you explain why Italian, French and Japanese cuisines have become so immensely popular in Russia?

First, the restaurant business is prone to fashion. Restaurateurs travel around the world to look for new trends and ideas. Second, only specifically targeted areas enjoy sustainable development. The Italians, the French and the Japanese had whole companies with state support coming here to promote their cuisine and technologies. They brought food products to Russia, took chefs and restaurateurs to visit various restaurant business events abroad, spent money on advertisement and marketing. I had a French cuisine restaurant, Nostalgie, opened in 1994, and I took Russian teams to international competitions. I was even awarded with a Merit Agricole order (order for agricultural achievements) for promotion of the French cuisine and French food.

Now we are proposing to promote Russian regional cuisine. This area needs attention. In Saint-Petersburg there is already active development in this field: now there are "Saint-Petersburg Cuisine" and the Petersburg Breakfast.



I know that more and more people on their trips choose renting apartments over hotels. How strong is the impact of this trend on the hotel business? Are there any new solutions to attract tourists to hotels?

People choose private homes, rooms and apartments because it is cheaper. Those who rent apartments will never stay at a five-star hotel, and the other way around. I believe people should always have a choice. It is just that private apartment owners should be taken out of the grey area. The state needs to improve controls in this area, regulate it and make landlords diligently pay their taxes, meaning that this sector must leave the gray area.

The domestic tourist traffic in Russia is increasing. Are restaurateurs and hoteliers keeping up with the growing demand?

We are once again coming back to the subject of conscious hospitality. Let me repeat myself, we need to develop attractiveness of regions across all of the abovementioned points: roads, transfers, communications and understanding of what would be attractive for tourists are important. Moreover, local restaurateurs and hoteliers need to be "home-grown". A Moscow restaurateur would not bother to open a restaurant at Kamchatka. A territory master plan is crucial for tourism development. There has to be an understanding of what local authorities are doing for people to come to them. Besides, it is important to conduct efforts, coordinated with neighbor regions, to avoid unnecessary competition for one and the same guest. In other words: there is no sense in building identical aqua parks at adjacent territories. There has to be synergy between regions.

There are many tasks.

We are still at the outset of our journey, and global experience will lend us a hand. **BM**



RUSSIA-INDIA: SMALL AND MEDIUM BUSINESS BARRIERS AND ACHIEVEMENTS

At the SPIEF-2024 sites participants and guests of the international economic forum discussed dynamics of small and medium business (SMB) development in Russia and India.

The panel discussion “Development Dynamics of Small and Medium Businesses in Russia and India: Keys to Sustainable Growth” featured business experts from India, doing business in Russia, and also entrepreneurs and representatives of various agencies from Moscow and other Russian regions. The event was co-organized by the Department of Foreign Economic and International Relations (DFEIR) of the City of Moscow and the Business Council for Cooperation with India.

Why does this subject, significant for all of the developing world, apply to Russian and Indian SMEs only? In the opinion of Sammy Kotwani, President of the Indian Business Alliance (IBA), it is India that plays an increasingly important role in the trade with the RF by many parameters, and the country’s delegation at the SPIEF-2024 turned to be a most numerous one.

Right from the start, the discussion went on to pressing issues. Participants openly stated that development of SMEs both in Russia and in India today is facing a number of stumbling blocks, including information and financial restrictions; difficulties with distribution and logistics of goods; judiciary system specifics in both countries, bureaucracy and rapid legislation changes; young people reluctant to join the real sector of the economy. There was only one conclusion – correction of errors and focus on intended goals are required.

Nevertheless, participants of the forum pointed out that the level of foreign trade between Moscow and New Delhi had already reached historic highs – almost \$7 billion. By the start of 2024 the exports from India to Russia had grown by 20-25%. It is planned to increase the exports of Indian pharmaceutical and agricultural products, to set up direct links between the business communities of the two countries, where a significant role is played by small and medium en-



terprises. And what’s most important – SMEs of the two countries ensure promotion of innovations and sustainable economic growth.

The speech of Vladimir Platonov, President of the Moscow Chamber of Commerce and Trade (MCCT), drew close attention of the participants, Platonov spoke of the system for small and medium business support, developed in the capital of Russia, and this system contributed to “the city observing constant growth of SME numbers, generating about 25% of the municipal budget”.

Platonov reminded that Moscow is still a leading global metropolitan city in terms of living comfort, digitalization, security and is prepared to share its practices and experience with foreign partners, including the BRICS and other international organizations.



“THE RUSSIAN CAPITAL, – SAID THE HEAD OF THE MOSCOW CHAMBER, – HAS OVER 900 THOUSAND BUSINESSMEN AND A MILLION AND A HALF OF SELF-EMPLOYED PERSONS. THEY ADD UP 25% TO THE BUDGET REVENUES”.

According to Vladimir Platonov, at the end of this summer the MCCT plans to convene a conference of heads of chambers of commerce of large cities of the BRICS+ to exchange experience in support, including small and medium business support.

The head of the Moscow Chamber in his speech specifically focused on a unique educational project by the MCCT – “Start Your Business With Moscow”. The key institution in the project is the School of Business for Foreign Students, studying in Moscow universities. The Chamber is successfully implementing the project with support from the Public Relations and Youth Policy Committee of the City of Moscow under a grant of the Mayor of Moscow.

By the way, among students of the School there are students from India, which was rather relevant in terms of the topics of the session.



The floor was given to representatives of the business circles of India, who spoke of today’s new opportunities for development of the foreign trade partnership of the two countries.

Ravi Udaya Bhaskar, General Director of the Pharmaceuticals Export Promotion Council of India, spoke of the development of the pharmaceutical industry in India, about the role of SME and also on prospects of the Russian-Indian cooperation in this area.

Sammy Kotwani shared his experience of doing business in Russia and pointed out prospects of the Russian market for companies from India. He assured Indian businessmen, who would want to open their business in Russia, that the IBA is prepared to provide them with comprehensive support.

“Russia is welcoming you, it opens its doors for you! Russia is probably the friendliest country in the world, where you will be received with kindness and respect”, – as Sammy Kotwani addressed his compatriots.

Participants of the discussion acknowledged that SMEs are more flexible than large companies, enabling them to more expediently adapt to market changes and introduce new products. This flexibility is the cornerstone for promoting innovations and sustainable economic growth.



“In India about 33% of its GDP, 40% of industrial production and 45% of all exports are generated by SME. This sector in India has created about 111 million jobs and is second only to the agricultural sector. We see major potential for growth through innovative technology partnerships at international level”, – said Kurana Ravina, RusAir Ltd. Director

Vitaly Stepanov, General Director of Moscow Export Center, noted that Moscow produces one fifth of the total gross regional product of Russia. The city has about 1 million various organizations, and 80% of these are SMEs. The business of the capital city is actively participating in foreign trade operations. 20% of all exporter organizations are located in Moscow.

“In terms of the total export volumes, Moscow accounts for about 40% of all products, exported from our country and for about 20% of high-value added products, or the so-called non-commodity, non-energy exports”.

This potential, according to Stepanov, should be developed further. **BM**

CHAIR AS HEALTH AND PERFORMANCE GUARANTEE

ARE THERE ANY LIMITS TO DEVELOPMENT OF OUR LIVING ENVIRONMENT? COULD ONE, FOR EXAMPLE, TURN A REGULAR CHAIR INTO THE APEX OF EVOLUTION? WE TALKED TO SERGEI IVANOV, DEPUTY GENERAL DIRECTOR OF METTA GC ABOUT NEW SOLUTIONS FOR CREATING A COMFORTABLE WORKPLACE.



METTA products

“The apex of ergonomic evolution”, as a new product by your company, a YOGA Series vertebral chair, is called. A very bold statement! Why would this chair be given this title, how was it created?

Over a quarter of the century we have been creating chairs, enabling a person to show maximum performance while staying healthy. And making an ergonomic chair to surpass all existing chairs in the world in ergonomics was not just a simple and ambitious task, and we decided to tap into artificial intelligence capabilities.

The top management set a task to design a perfect (ideal) chair for many hours of work behind a computer at office or at home, enabling higher intellectual performance, while keeping and improving health.

A neural network analyzed billions of data items from various spheres and types of human activities: medicine, particularly, orthopedics, ergonomics, art, literature, science and innovative technologies, focused on human well-being. Based on the collected data, AI generated an image of a new ergonomic chair, “predicting” that the key features of the future model shall be maximum adaptability and freedom of movement.

This is literally a vertebral chair. Unlike other chairs of the time, it provides maximum freedom of movement when sitting down and with constant ergonomic body support. This



is really a unique, unusual chair with dynamic ergonomics. With the help of AI, engineers and production designers managed to design and set a production line for mass production of Yoga vertebral chair in under a year.

Vertebral chairs essentially change the perception of ergonomic chairs for long desk job hours, putting into the limelight the “dynamic ergonomics” notion. Particularly, the YOGA chair provides an option to perform multidimensional motions while sitting — stretching and twisting one’s spine, stretching abdomen, bending and easily leaning forward, to the sides and back — all these motions completely restore blood circulation, relax back and neck

muscles and improve posture.

This is why the YOGA chair could be boldly called the apex of ergonomic evolution. And the process of its design is a story of cooperation of the world’s best engineers and artificial intelligence.

Over 1 trillion options for chairs to satisfy any customer requests. How did you manage to achieve such versatility?

Today, if every person on the planet were given a chair by METTA, you would not see an identical chair. Anyone could use our configurator tool on our website to put together his



METTA products



Photo from the production of the METTA company

own individual chair, ranging from kid chairs to executive chairs, from classic to modern high-tech designs. And this option is yet another trump card, which has made the company a leading manufacturer of ergonomic office chairs, with its products present in 24 countries, including Germany, the USA, France, Turkey, Russia and the UAE.

And above all, any of the custom-designed chairs would meet ergonomics requirements, increasing a person's performance and caring for his health. And it is important, that while expanding our product range, we have not lost the main idea – caring for people, for their future.

I assume that a trillion options is a sufficient range to select an ideally fitting chair for efficient work and good health.

How do you manage to keep abreast of global innovations in terms of workplace ergonomics?

Only on the back of cooperation with leading global designers and regular monitoring of ergonomics trends. A modern workplace is evolutionizing, and our latest developments completely meet the needs of the cutting-edge technologies and developments in this area.

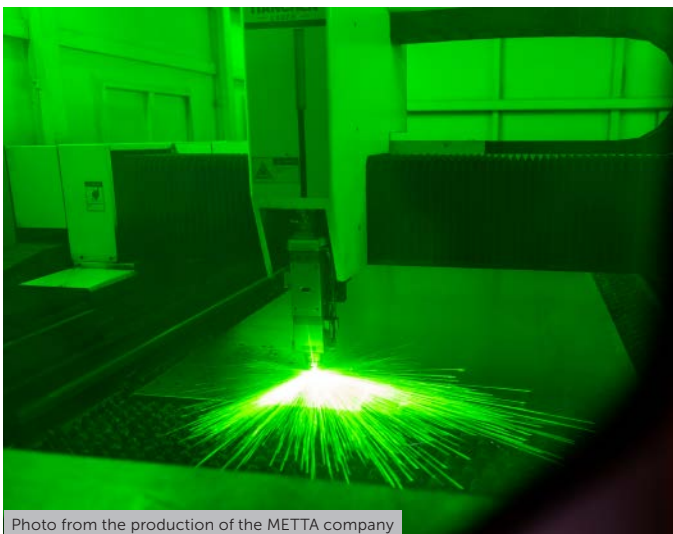


Photo from the production of the METTA company

Continuous monitoring and analysis of technologies at the forefront of engineering, orthopedics and design enables us not only to track global trend dynamics but to set trends by ourselves, create fashion in the area of ergonomic chairs. Over a quarter of the century METTA has become a landmark of quality and innovations in the world of ergonomic chairs.

Innovations are the base element of our manufacturing. It is for a good reason that the word "Innovative" comes first in our corporate name. This word points to the use of latest technologies, including artificial intelligence. Functional designs, used in our chairs, are protected by a hundred of patents, and this list continues to expand. Product design, development and testing methods are being improved.

Following our mission of "making the best chair", we also engage professionals from adjacent fields to our developments – world-class orthopedists and designers. A consolidated opinion of such a multi-faceted team determines new areas for development, leads to corporate success and creation of new cutting-edge chairs that are a fit for anyone.



Photo from the production of the METTA company

What is your evaluation of prospects of the market where you are present, and what is METTA's position on this market?

The market of ergonomic chairs is constantly growing – the world is getting increasingly attached to digital technologies. According to calculations of the Computer Industry Almanac, there are more than 660 million personal computers working all across the world. Ten to fifteen years ago this number was ten times lower.

Our fellow people spend increasingly more time behind their computers. Correspondingly, they think of workplace comfort, of productivity effects more and more often. And this says that our niche is expanding. Naturally, every rationally thinking person would choose an ergonomic chair – and these are opportunities for METTA.

Now we sell our products in two dozen countries, and recently we have started opening production facilities in other countries. Our development is non-stop, and this puts extra tasks in front of the company: seeking for best ideas and selecting best employees, including in other countries. At this time there are vacancies in Germany, Bulgaria and Turkey.

Of course, our market success is the success of the whole team. We are specifically focused on selecting human re-



Photo from the production of the METTA company

sources, because every person makes his own contribution to our common victory. Production facilities and new design offices, development center that open – we put our faith in our people everywhere.

Let us go back to the YOGA chair, you say it was designed in Germany. How dependent is the company now on foreign designs and technologies? How does the complex geopolitical situation affect the company?

METTA is a transnational company. For example, the Yoga chair development center is located in Dusseldorf in Germany. Production facilities and representative offices successfully operate in Turkey, Bulgaria, Germany.



Photo from the production of the METTA company

Regardless of geopolitical developments, our cooperation with colleagues across the world stays intact – engineers, orthopedists and designers, developers – we continue our cooperation and work as a united international team.

For over 10 years we have been working only with the leading global suppliers across the world, and this guarantees that any geopolitical situation will not prevent our further corporate development. As for intellectual cooperation – in this area we have full understanding with our colleagues and like-minded people in other countries: we are united by a common goal, a common idea. However high-flown it may sound, but we think that human health in our age of computers directly depends on a chair he sits on. In the digital world a healthy ergonomic chair is a guarantee for a healthy and successful nation! **BM**



Photo from the production of the METTA company



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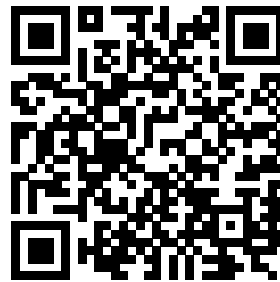


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