BUSINESS INVESTMENT GUIDE TO MOSCOW

BM Moscow Foresight

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Sergey Katyrin: **"THE RUSSIAN ECONOMY AND BUSINESS ARE STILL GROWING BUT NOT AT A PACE WE WOULD FULLY APPRECIATE"**

TODAY, TOPICS THAT CAUSED A WHIRLWIND OF DISCUSSIONS AT THE ST. PETERSBURG INTERNATIONAL ECONOMIC FORUM (SPIEF-2025) REMAIN A HOT-POTATO MATTER WIDELY DEBATABLE. FIRST OF ALL, THE FOCUS IS ON THE STATE OF PLAY OF THE NATIONAL ECONOMY IN RUSSIA: IS IT COOLING DOWN OR FREEZING? SERGEY KATYRIN, PRESIDENT OF THE CHAMBER OF COMMERCE AND INDUSTRY OF THE RUSSIAN FEDERATION, PROVIDES THE INSIGHT IN AN EXCLUSIVE INTERVIEW WITH BM MOSCOW FORESIGHT.

The economy, definitely, is not "freezing." The Russian economy and business in Russia proceed along the track of development; however, they go through a less dynamic phase, through the so-called "cooling" phase. Yet, as representatives of the government assured during the SPIEF events, this state of affairs is "manageable" and "correct." The main thing is that now there are no symptoms of hypothermia.

To ensure economic development, of course, the existing interest rates on loans must be decreased. This should be exercised smoothly, gradually, but consistently. The optimal result of the Central Bank interest rate adjustment could be a reduction to 12-15%. If business ends up being convinced that there is a solution to move in this direction, then it will inevitably invest into modernization and expansion of production capacity. At the current rate, entrepreneurs, on the contrary, complain that it is next to impossible to launch new investment projects.

German Gref (Head of Sberbank) in his speech at SPIEF pointed out to the fact that the volume and quality of investment proposals from companies that Sberbank is in position to support have significantly diminished. How can this be explained and for how long would this trend persist?

No sense to worry about Sberbank, a large portfolio of earlier approved projects has been formed. The fact that entrepreneurs do not make new investment proposals is explained by the high rates. This trend cannot persist for a long time, because the country is on a mission of achieving technological sovereignty. Nevertheless, one should not expect a significant surge in the number of new investment projects, just as one should not expect a radical rate cut.

At the same time, in the current environment, it is quite possible to expect - especially since this is already happening - the expansion of partnerships and promotion of international projects. We are dynamically moving forward along several lines at once: these are trails offered by the EAEU, the SCO, and the BRICS. The fundamental principles laid down in the foundation of all these international associations amount to mutual assistance and cooperation. Restrictions existing in one of the countries may be offset by their absence in another one, which, in return, could provide, for example, reduced

customs duties. Ultimately, this is how a mutually beneficial relationship works.

Is the return of foreign companies to the Russian market primarily a challenge for the business community or, if a special antimonopoly control mechanism is effective, it entails new opportunities?

First of all, there is no need to discuss mass return of foreign companies. Some large corporations, indeed, are considering a comeback, but there are no specific agreements yet. Certain difficulties for our entrepreneurs may arise, for example, when promoting new products. In the context of a high bank credit rate, it is challenging for domestic manufacturers to conduct large-scale advertising campaigns; international players have a wider choice of opportunities on this terrain.

And yet, foreign companies cannot count on any privileges. Their return will be regulated at the legislative level: in addition to antitrust control, compensation, technology and equipment transfer will be taken into account. Domestic manufacturers, on the contrary, will continue to receive government support measures designed in recent years, such as the mechanism of a special investment contract (SPIC 2.0), subsidies for R&D, preferential loans from the Industrial Development Fund.

Of course, after the return of foreign companies, competition in the Russian market will escalate. Nevertheless, it will be much more difficult for the "returnees" to gain the upper hand in this competition.

Presently, BRICS countries make transactions in national currencies. What are the prospects for using digital currencies of central banks, for example, the digital yuan and the digital ruble?

Although this topic is at the core of many discussions, if we make an overview of global practices, digital currencies of central banks are still rare: only Nigeria, Zimbabwe, Jamaica, and the Bahamas announced a full launch.

The Russian Central Bank recently postponed the massive introduction of the digital ruble until September 1, 2026. I believe that it is not unreasonable: if you launch the mechanism in a semi-working state of play, then there will be a threat to cross-border financial settlements and it might create reputational risks that the Russian economy cannot afford.

I must say that our Chinese colleagues, like other BRICS countries, are also in no hurry. In the future, the digital ruble and the digital yuan can for sure become a key mechanism for cross-border settlements: according to experts, their use will be cheaper than non-cash currency. However, it is necessary to move towards this goal only with full confidence in the high quality of technology and the safety of all participants.

Can we expect the emergence of new investment platforms within the BRICS association?

The creation of a platform for financial settlements and investments and the formation of a unified digital infrastructure within the association is one of the unconditional priorities of the BRICS Business Council. The BRICS investment platform would provide additional GDP growth in developing economies, and would contribute to the expansion of settlements in national currencies.

The economies of the BRICS countries are developing at an impressive pace - about 4.4% per year. Current financial mechanisms are no longer coping with such growth, so a single platform is critically required. By the way, this is openly stated not only by Russia, but also by other members of the association. We hope that in the time framework of the India's presidency next year, it will be possible to organize more profound and consistent work within the council on this matter and, probably, arrive at a number of final decisions.

How are Russian entrepreneurs exploring and entering the markets of the Global South and Global East?

Currently, the main trading partner of Russia is China, which accounts for about a third of our trade turnover. About 10% of trade turnover falls on India and Turkey. The total share of friendly countries in Russian trade turnover exceeds 80%.

Obviously, diversification of foreign economic activities is still on the agenda. We must not only look for new markets, but also demonstrate successful end results. This requires mature foreign trade and cooperation specialists who know the nuances of doing business in the chosen partner countries: how to work with payment systems, how to organize logistics, and so on. The Chamber of Commerce and Industry is now participating in their professional training: we conduct advanced training programs in conjunction with the REC Export School.

When our companies enter the markets of the Global South and send their specialists there, our partners immediately react to this development and start energetically investing in Russia. Moreover, today it is possible to invest in the Russian IT sector, and in renewable energy sources, and in pharmaceuticals and biotechnology. Finally, restrictions on the import of products opened up great opportunities for the domestic agro-industrial complex, no wonder Russian agriculture and food industry are also considered as promising areas of doing business.

The growth of investments, in turn, will become an additional incentive for economic growth and stimulus for the expansion into new markets. So everything is interconnected in this realm. BM

SERGEY STORCHAK:
USE OF INTERNAL RESOURCES FOR INVESTMENT

TO ACHIEVE THE SUSTAINABLE DEVELOPMENT GOALS (SDGS), THE WORLD LACKS A WHOPPING $4 TRILLION IN INVESTMENT ANNUALLY. HOWEVER, AT A RECENT CONFERENCE HELD IN SPAIN, THE DEVELOPED DONOR COUNTRIES HAVE PROPOSED NOTHING BUT ONLY NEW DISCUSSION PLATFORMS AND "MODERATE" COMMITMENTS INSTEAD OF A LARGE-SCALE INCREASE IN INVESTMENTS. SERGEY STORCHAK, SENIOR BANKER AT THE RUSSIAN STATE DEVELOPMENT CORPORATION VEB.RF, IN AN EXCLUSIVE INTERVIEW WITH BM REVEALS SOME DETAILS OF THE REACHED AGREEMENTS, THE GIST OF BLENDED FINANCE MECHANISMS AND DESCRIBES HIS VIEWS ON REFORMING THE INTERNATIONAL FINANCIAL ARCHITECTURE.

In July Spain hosted the 4th International Conference on Financing for Development (FfD4), draft documents of which were scrutinized by VEB.RF experts. The discussion concentrated on measures to stimulate wide-ranging investments in developing countries for the purpose of ensuring their sustainable development. The specialists considered procedures to overcome the debt and development crisis, and put forward initiatives to reform the international financial architecture. Could you provide details of the decisions taken at the forum?

The Ministry of Finance and the Ministry of Foreign Affairs of Russia engaged the VEB.RF team in the deliberations over the final document of the FfD4 forum – the document, which incorporates the obligations assumed by the parties. Seeing the development of the document from the earliest stage of its preparation, at the so-called "zero" stage of drafting, to its final version offered us the opportunity to size up the gap that separates the positions of donor states (developed economies) and recipient countries. While the former placed at the forefront the issues of mobilizing domestic financing (modernization of financial and fiscal policies, for example, the fight against corruption related to government spending, etc.), the latter insisted on the need for a significant - often manifold - increase in Official Development Assistance (ODA), including assistance within the framework of the currently fashionable global climate agenda.

The catalyst and at the same time the "irritant" of the multilateral dialogue was the thesis promoted by UN experts that the "financial gap," or deficit of funds necessary to achieve the

SDGs, amounts to $4 (!) trillion per year. Meanwhile, it is well known that it took developed economies almost 15 years to fulfil the promise made during COP15 in 2009 to annually "provide and mobilize" for developing countries "around" $100 billion in funding needed to implement only the climate-related projects. The result of lengthy disputes and mutual reproaches was a new commitment by donor countries: by 2035 to increase the volume of "climate" aid to $300 billion per year with a broader target for all actors to mobilize $1.3 trillion. However, one has to realize that the broader target is just a "soft" obligation.

In order to somehow sweeten this "bitter pill," about 130 different initiatives were supported during the FfD4. True, upon closer examination, these initiatives are difficult to assess as monetary by nature, and even more so as a breakthrough. For example, FfD4 announced its intention to establish a "Borrowers Forum" to exchange experience in solving sovereign debt problems. Obviously, sharing knowledge is a sound idea. However, what is the rationale behind establishing a new Forum, if since the beginning of the 2000s, on the initiative and with the direct participation of UNCTAD, the World Association of Debt Management Offices (WADMO) has been operating, where I had a chance to participate in very expedient meetings, including in the capacity of the speaker.

Another administrative and organizational outcome of the FfD4 is the decision to establish a blended finance platform to scale up and replicate its effective models. Considering that the private sector, which has huge accumulated resources (at least $430 trillion), is reluctant to uphold projects focused on the SDGs and/or the climate agenda, the bet on blended finance mechanisms is quite justified, as evidenced by the experience of VEB.RF in using "The Project Finance Factory" tools.

Russia is now limited in its ability to attract foreign direct investment. There are also problems with access to foreign financial markets. Therefore, the role of development finance institutions (DFIs), including multilateral and national development banks (MDBs and NDBs), in supporting sustainable development projects is becoming crucial. Do the DFIs have enough resources for development projects implemented in Russia, and which projects have the greatest chances of support by VEB.RF?

I fully agree with your thesis that the role of development financing institutions in ensuring the sustainable development of national economies is growing upward from year to year. It is worth noting that this idea is consistently promoted in the final document of the FfD4. Moreover, those countries that have not yet established public development banks (PDBs) are encouraged to close this gap in the national economic policy.

The financial model of the DFI/PDB is based on the existence of large paid-up capital, on high investment-grade credit ratings and on the active use of national and/or international debt markets. This is exactly what VEB.RF has been doing for many years. However, external circumstances made it impossible for us, like for many others, to rely on the previously functioning financial model.

The Moscow government took a different path, placing green bonds on the Russian debt market in 2021. The proceeds from their sale were used to renew environmentally friendly urban electric transport (modernized subway cars, innovative trams, electric buses)

Nevertheless, this does not mean that there are not enough funds in the Russian financial system to propel investment projects. The balances of funds in the accounts of legal entities in commercial banks of Russia amount to 42 trillion rubles plus 60 trillion rubles on private deposits. These are the potential sources of funding for projects. Another thing is that the "cost" of this resource and the period during which it can be retained in investments, as a rule, do not always meet the expectations of the project initiator.

The task is to offer investors such solutions and products that would correspond to their interests and would make it possible to finance projects essential for the development of the Russian economy. Here are the five key areas in VEB.RF Group's strategy mapped out until 2030: financing of large infrastructure and investment projects; integrated development of key settlements and geographical regions; promoting technological leadership and sovereignty; support for non-resource non-energy exports and entrepreneurship.

In one of your published statements, you mentioned the emergence of new opportunities generated by the development of blended finance practices. Could you explain how this works providing as an example the so-called "green" projects now being implemented in Moscow, which are part of the VEB.RF investment portfolio?

Improvement of blended finance practices evolves in several directions. One option, which has not yet been implemented in Russia, is holding auctions among project initiators wishing to receive free non-refundable funds or a grant when "blending." This technique is practiced by the Brazilian BNDES in order to use the limited funds allocated to it from the budget more effectively. The targeted investment is forest protection and reforestation projects implemented by local SMEs in the Amazon Basin. This method ensures a combination of project and climate activities of BNDES, as well as support for private entrepreneurship.

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The general approach to tackling key tasks seems to be changing: from overcoming the consequences of climate change to investment in infrastructure. Is it true? Especially in light of the new US President Donald Trump rejection of the green agenda and the failed EU policy of greening the economy, which contributed to the worsening conditions for the European industry. Is the interest in ESG projects waning?

If we proceed from the texts of the G20 final statements - decisions agreed upon both at the summits and at the ministerial level - as well as from the documents adopted in the last two years within the framework of the SCO Interbank Consortium (SCO IBC) and the BRICS Interbank Cooperation Mechanism (BRICS ICM) with regard to both the authorities and the DFIs, general approaches to solving the most pressing problems of modern development remain unchanged: the focus is on multilateral cooperation and partnership, depoliticization of solutions, and the exchange of best practices.

In this context, of course, the positions of Russia (as the target of countless sanctions) and the United States stand out. In 2026, the United States will preside over the G20, and this will make it possible to test how pragmatic and verified Washington's approaches to actually ensuring its global leadership in the field of sustainable development are.

The approach to the solution of sustainable development problems taken by the business elites of the developed and emerging market countries remains confusing and ambiguous. On the one hand, on the whole, adherence to business practice based on ESG principles is confirmed, albeit with different interpretations in the USA and, for example, in India. On the other hand, the so-called "alliances for net zero", established at the suggestion of the current Prime Minister

To achieve the sustainable development goals (SDGS), the world lacks a whop-ping $4 trillion in investment annually

of Canada, Mark Carney, as part of the activities within the global climate agenda, have collapsed.

The largest and most influential "banking alliance," as well as the "alliance of financial asset managers" de facto disintegrated. For private sector entrepreneurs refusal to provide funds for carbon projects has proved simply unacceptable. As a result, if any conversation focuses on the importance of decarbonizing economies, then more and more references are made to the key role that national development banks (NDBs) play in this area.

Reform of the international financial architecture was also discussed at the Conference mentioned earlier. What is your vision of this topic?

I insist on the position I have already repeatedly stated: it is necessary to talk not about reforming the international financial architecture (IFA), but about modernizing the international monetary and financial system (IMFS). In this sense, the definition of IFA used in §52 of the final document of the FfD4 looks rather strange. The "architecture" is claimed to be "a set of international financial frameworks, rules, institutions and markets that oversee the stability and functioning of global monetary and financial systems." How markets can "oversee" the stability of these systems remains a mystery, as well as ambiguity on how the IMF Charter could be a "framework agreement."

Another important area of reform of the IFA/IMFS presupposes improving the activities of credit rating agencies (CRAs). However, I note that after overcoming the consequences of the global financial crisis of 2007-2008, the G20 has developed and adopted recommendations on how to "properly" interact with CRA. The main point of these "instructions" specifies less reliance on rating agencies and a shift of accent on borrowers' own assessments of solvency/creditworthiness.

Apparently, in jurisdictions with developed and well-established traditions of financial analysis, the implementation of the G20 recommendations have not met with conspicuous difficulties. With regard to developing countries, the situation does not look so positive, although already in the middle of the second decade of the 21st century, many of them have received ratings of at least a non-speculative level and moved into the category of "frontier borrowers" in international debt markets. The thing is that CRAs are extremely conservative about these bond issuers, which makes their borrowing excessively expensive. In general, Russian borrowers are very interested in the success of the UN in terms of developing the rating methodology jointly with CRA to make it more focused on solving sustainable development problems.

According to the Central Bank statistics, the share of ruble settlements in Russian exports in June rose to a record 55.5%. How is the ratio of currencies in international trade changing?

The use of national currencies in mutual trade and investment is actively discussed mainly within the SCO and BRICS platforms. For other multilateral formats, such as the G20 or APEC, this topic is not part of the agenda, since most of their member states prefer to use the reserve currencies. However, in regional trade, significant changes are possible in favor of local currencies, as is the case with the ruble in the EAEU.

In this context, it is interesting to observe the actions of the fiscal and monetary authorities of India. Slowly but consistently this country implements the policy of internationalization of the rupee. As you know, one of the landmark decisions in this area was the initiative of the Reserve Bank of India (RBI) to open special vostro accounts or special accounts for non-residents by local commercial banks, which receive the rupee proceeds of foreign exporting companies that sell goods to Indian buyers. For some time, the opening procedure (only with the permission of the regulator) and the mode of using funds in these accounts (only for the purchase of Indian goods) were strictly regulated by the RBI.

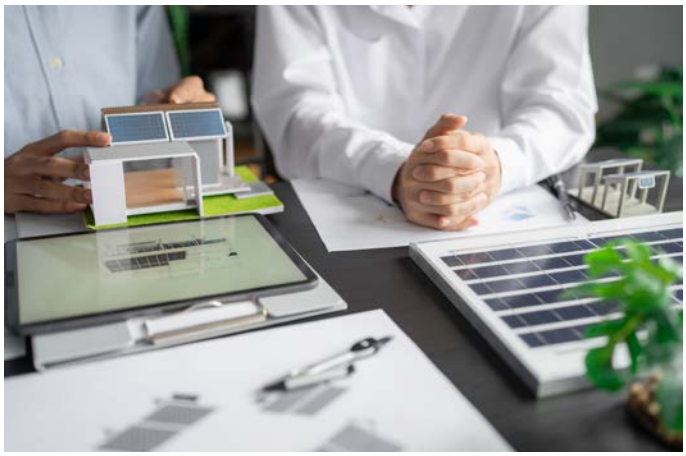
However, in the summer of 2025, both of these conditions were subject to liberalization: first, it is no longer required to obtain special permission from the regulator, and second, holders of rupee funds were granted the right to invest in financial instruments traded in the Indian market. Therefore, the threat of "over-accumulation" of rupees, which has loomed over Russia for the last few years, seems to have disappeared. BM

MORE THAN 191 BILLION TO BE INVESTED IN THE MOSCOW PHARMACEUTICAL INDUSTRY FROM 2020 TO 2030

The total volume of investments planned for Moscow's pharmaceutical industry will amount to 191.5 billion rubles from 2020 to 2030. From 2025, 109 billion rubles will be invested in the development of the industry. These figures were cited in a report on the development of the pharmaceutical cluster by Maxim Liksutov, Deputy Mayor of Moscow for Transport and Industry.

More than 300 companies with about 30 thousand employees are involved in the pharmaceutical industry. From 2020 to 2024, they increased production volumes by 2.8 times - to 154 billion rubles. Thus, Moscow came in second in Russia in terms of revenue in the pharmaceutical sector. It is planned that by 2030, the revenue of Moscow pharmaceutical companies will increase by 1.5 times to 230 billion rubles by 2030. This will make Moscow a leader in terms of revenue in the Russian pharmaceutical industry.

INVESTMENT GROWTH BETWEEN CHINA AND RUSSIA IS POSSIBLE IN CLEAN ENERGY AND DIGITAL ECONOMY



China and Russia need to develop cooperation in green energy, digital economy, and smart manufacturing in order to increase mutual investment. This was stated by Guo Kuilong, secretary-general of the China Chamber of Commerce for Import and Export of Machinery and Electronic Products.

He also emphasized that it is necessary to encourage research and development and business incubators. According to him, through joint work on innovation platforms and personnel exchange, cooperation between the countries will be further strengthened. Guo Kuilong stressed the need to promote investment, including strengthening the relationship between financial institutions, promoting mutual certification and standard approval, and removing institutional barriers to bilateral investment.

MANTUROV: RUSSIA AND INDIA HAVE INCREASED TURNOVER SEVENFOLD IN FIVE YEARS

Over the past five years, Russia and India have increased their turnover almost sevenfold. India is confidently among the three largest economic partners of the Russian Federation. This was stated by Denis Manturov, First Deputy Prime Minister of the Russian Federation at a meeting of the Russian-Indian Intergovernmental Commission on Cooperation.

Along with the trade volume growth, the product range is also expanding. In addition to traditional supplies of energy resources to India, Russia exports mineral fertilizers, metallurgy and forestry products, diamonds, energy equipment and food products. India supplies Russia with agricultural goods, light industry goods, industrial raw materials, equipment and components, medicines and substances.

According to the Deputy Prime Minister, work is underway to prepare a free trade agreement between the EAEU and India. This will increase trade turnover, diversify its structure, and facilitate mutual access to markets.

RARE-EARTH METALS: NEW FRONT OF GLOBAL CONFRONTATION

Yekaterina Borisova

PhD in History, SRF of Institute of Oriental Studies of the Russian Academy of Sciences

Trump's tariff war, his claims on Greenland and Arctic resources, the meeting of the presidents of Russia and the USA in Anchorage, Alaska, the "Day of Disobedience" in Tianjin at the SCO Summit and the following online meeting of the BRICS countries, highlighting disagreement of the Global East and South with the "rules-based order" of the Western world – all of the above have had an effect on the development and further shaping up of a new global fight front – the fight for rare-earth metals or elements (REM, REE).

The growing geopolitical confrontation between the West and the emerging bloc of countries of the Global South creates a new front for competition — the fight for critical resources, where REM play a special role. These elements that are essential in the production of high-tech products, from microchips and batteries to military systems, are turning out to be a key strategic asset in the XXI century. The modern economy is entering an era, where access to rare-earth metals becomes an integral part of technological sovereignty. Control over REM production, processing and supply chains means control over the future — production of microchips, cutting-edge magnets, electric motors, satellite systems, hyper sound missiles and robotic complexes. This turns REM into a geopolitical influence tool, as significant as oil and gas in the XX century.

In response to the trade and tariff wars, started by Trump against the PRC back in his first term in office, Beijing played its trump card by introducing limits on rare-earth metal exports. It is China that dominates today the production, processing and supply chain for these elements, and most of the global high-tech corporations are dependent on their exports. An interesting trend is emerging: if the USA restricts its technology and electronic component exports and introduces high tariffs on products from China, then the Chinese government would respond with a ban on exports to the USA and the countries, connected to them, of resources, without which it would be impossible to develop high technologies, and would also introduce export controls on natural resource processing technologies, having huge advantages in this area.

Realizing the emerging shortage of valuable resources, now subject to export controls, and the dependence on the main economic competitor, the American president declared claims on Greenland and Canada, rich in natural resources, including REM. Beijing was also eyeing the riches of the Arctic territo-

Russia was planning to reduce the share of rare-earth metal imports by 2030 down to 45% from the current 75% (Source: Minister of industry and trade of the Russian Federation)

ries. Greenland has a major deposit of rare and rare-earth elements, Tanbreez, targeted for purchase by a Chinese company. But American officials pressured its Danish owners and forced them to sell the deposit to a New York-based Critical Metals Corporation in 2024. Another large deposit, Kvanefjeld, still went to the Chinese, since it had been bought by them long before the start of the rare-earth metals race.

Amidst global confrontation and disrupted global trade with revised partnership relations, the issue of lack of required raw materials in one's own home territory is becoming vital. This is why it is so important to control resource-rich territories.

The battle for Arctic resources is only picking up steam now, and Donald Trump would probably prefer to view Russia, a country owning significant Arctic territories, as a manageable partner, and not as a tough competitor, also having such advantages as a powerful icebreaker fleet and control over the Northern Sea Route. It is no chance that the Alaska meeting of the two presidents was marked with preliminary agreements on joint development of Arctic deposits. According to some reports, deposits in the new Russian territories, previously featured in the resource deal between the USA and the Ukraine, were also discussed at the meeting.

According to the Ministry of Natural Resources, Russia has up to 28,5 million tons of REM, which puts it in the top five leading countries. However, until recently industrial processing has been Russia's weak spot. To overcome this weakness, Vladimir Putin has initiated a "New Materials and Chemistry" national project, focused on development of a full cycle of rare-earth element processing. Currently the Russian mining of rare-earth metals is primarily concentrated at the Lovozero Deposit in Murmansk Region, and the key processing asset is the Solikamsk Magnesium Plant (SMP) in Perm Region. The first 2600 tons of concentrate were produced in 2022. According to the plans of Rosatom, which is actively developing the area, by 2030 Russia is supposed to become self-sufficient, achieving production volumes of 7500 tons of REM per year. The long-term outlook is even bigger: according to the RF Ministry of Natural Resources, development of large Tomtor deposit in Yakutia will enable the country to meet the current global consumption of rare-earth metals for over 100 years.

Russia is currently developing technologies for production of separated REM oxides, building industrial complexes for their production, including the most in-demand magnetic materials, such as praseodymium, neodymium and dysprosium.

As a result of Vladimir Putin's visit to China early in September 2025, it has become known that Beijing is as much interested in Russian deposits of critical resources, as are the USA. At this time there are ongoing discussions on engaging Chinese partners in production of rare-earth metals, though no

Russia has up to 28,5 million tons of REM (Source: Ministry of Natural Resources and Environment of the Russian Federation)

final decision has been made yet. Vice-Prime Minister Denis Manturov specified, that Russia is primarily interested in REM oxide extraction technologies. "Today this is a cutting-edge technology, and it is owned by China and the USA", — he added. However, it should be clarified here, that the Soviet Union possessed relevant separation technologies, which have been lost. Now Russia is trying to recover these technologies. While there are ongoing negotiations with foreign partners, the Solikamsk Magnesium Plant is launching a major rare-earth production facility, based on available knowledge and practices. It is planned that in 2026 the plant, owned by Rosatom, will have a facility for production of cerium, neodymium, praseodymium, lanthanum, and also samarium, gadolinium and europium concentrates.

Speaking in September 2025 at the plenary session of the Eastern Economic Forum, RF President Vladimir Putin said that he had instructed the government to approve a rare-earth industry development strategy by November. He noted, that a resource inventory system was up and running, these reserves are available for extraction and use. According to the President, it is necessary to implement advanced technologies and develop domestic demand. Thus, the focus is on the development of domestic high-tech industries, and not on exports.

Previously the head of the Ministry of Industry and Trade Alikhanov said that Russia was planning to reduce the share of rare-earth metal imports by 2030 down to 45% from the current 75%.

So, today Russia is betting on the development of its own production and REM oxide separation technologies, but it is prepared to consider cooperation proposals both from the USA and from China. Specific partnership parameters and formats have not yet been finalized, but all participants will unlock promising opportunities for themselves.

The ultimate goal of Russia is not only an increase in production volumes, but development of a competitive, technologically advanced industry. Possessing colossal resources and recovering lost competencies, the country has all the potential to establish itself as a "pillar" of the REM market, capable of competing on equal terms with leading global players and influencing the rules of the game. BM

GLOBAL GAS BUSINESS: "WILD HORSE RACING THROUGH A BURNING JUNGLE"

Until recently, the response to climate change consequences affecting the planet was directly intertwined with "Blame, name and shame" campaigns against fossil fuels, including natural gas. In the West, suppliers of hydrocarbons were deprived of investments, vilified, and targeted by law suits in order to push them to the brink of bankruptcy.

The climate agenda "counter-revolution" spearheaded by the US President Donald Trump has produced significant shifts in the mode of thinking and flagged a return to realism. Many of the most "stubborn" opponents of carbon have adjusted their mindsets. Take the International Energy Agency (IEA), for example. However, its volte-face took place right after Trump threatened to cut off funding for the organization.

According to the new global consensus, neither oil, nor natural gas, not even coal will sink into oblivion. In the foreseeable future, all three will remain in the global energy mix until 2050. Despite the reduction in the total share of hydrocarbons due to the introduction of renewable energy sources, consumption of the cleanest fossil fuel, that is natural gas, is most likely to grow.

Since natural gas is destined to stay with us for a long time, the issues regarding its pricing model are of particular interest. What are the most important trends in the dynamics of global natural gas prices? This is what Russian energy expert Sergey Sergeev has to say on this matter.

You have always emphasized the unique nature of natural gas as a globally traded commodity, and, to use your words, pointed out the "paradoxes" of the formation of global prices for this in-demand product. What kind of paradoxes are you referring to?

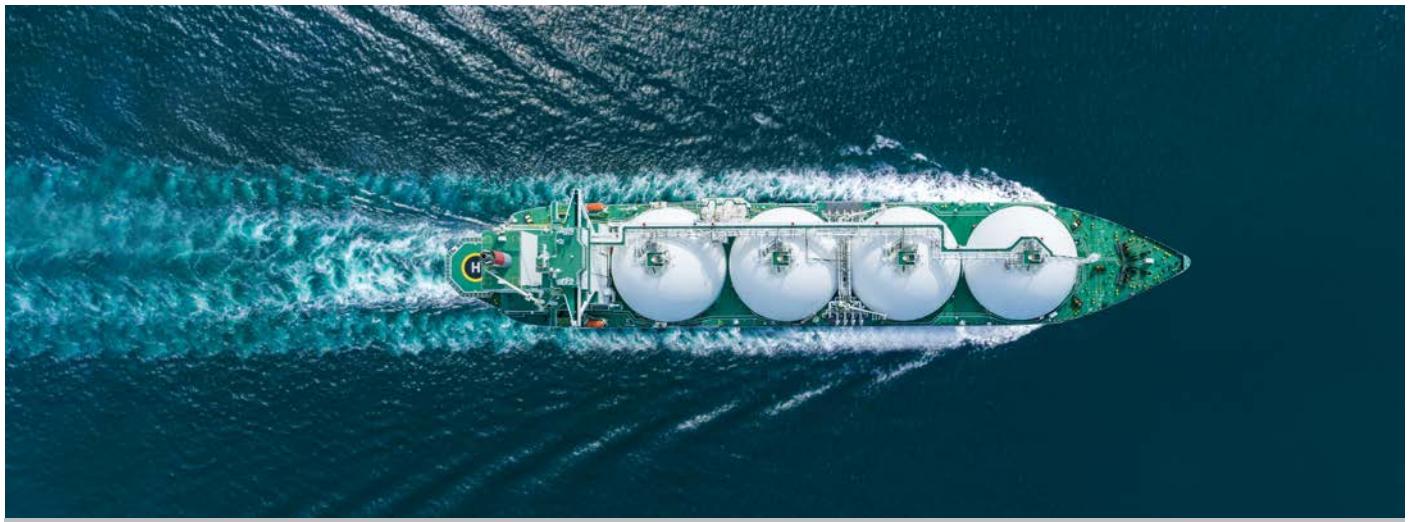
To begin with, there is no clear-cut answer to the question of what should be the economically reasonable price of natural gas. In the case of oil, there is a limited historical range of price fluctuations based on the balance of supply and demand, as well as certain regional differences. However, the scale of these differences is completely different in the case of gas. The range of regional wholesale prices is truly vast.

According to the latest July review by the International Gas Union (IGU), in 2024, the highest prices were recorded in natural gas importing countries, and the lowest in those countries where it is produced. This is understandable, but look at the range of regional wholesale prices. The highest average wholesale price was recorded in Poland – $530 per thousand cubic meters, and the lowest in developing countries, where gas is a byproduct of oil production and it is customarily distributed almost free of charge. The price spread between these poles reaches hundreds of times.

Along with Poland, Austria, Germany, and Italy are the frontrunners in terms of high gas prices. These are followed by countries in Southeast Asia. Russia is at the bottom of the list of countries ranked by their wholesale gas prices. The IGU estimates that the average Russian gas price in 2024 amounted to $47 per thousand cubic meters, which is 9 times lower than the average price in Europe (including Turkey), where the average price oscillated around $405 per thousand cubic meters. Low gas prices, understandably, are an important factor in the competitiveness of the Russian economy.

I would also like to point out that the price difference is also a result of the European Union's deliberate policy of rejecting natural gas of Russian-origin. In other words, the Europeans have reaped what they have been sowing for quite some time.

And here's another point you should pay attention to. According to economic theory, globalization and the growing interdependence between regional markets should have been accompanied by a convergence of prices, just as it hap-



The market is expected to return to surplus after 2027, when the liquefied natural gas terminals currently under construction around the world will be operational

pened with the main commodities. But in practice, this is nowhere observed. It would seem that this should be facilitated by an increase in the share of supplies of liquefied natural gas (LNG), which breaks through regional borders and opens up new, previously inaccessible markets. But even with the growth of LNG supplies, there is no noticeable trend towards the formation of a single unified price.

Finally, there is the incomparable volatility of gas prices, both on a daily basis and in the short and medium term. As a reminder, the spot price on the European gas market has increased from $30 to almost $4,000 per thousand cubic meters in the time period from the spring of 2021 to the fall of 2022. Where else in the world of commodities have we seen such fluctuations? During the day, the price could fluctuate by double digits.

One foreign trader that I know personally once compared the unpredictability of gas prices to "racing a wild horse through a burning jungle."

What are the reasons for such a unique price volatility?

Difficulties with transportation and storage, as well as the conspicuous seasonal nature of consumption, may contribute to the unique pricing dynamics of natural gas, however, it cannot fully explain the hyper-volatility phenomenon. In the world of commodities, there are gases and commodities with seasonal consumption peaks, but these products do not have the same price anomalies as natural gas. Some argue that the volatility of gas prices is a result of speculative trading and algorithmic trading. However, the scale of speculation in the oil market is more substantial, yet the price volatility is significantly lower than in the gas market.

In my opinion, the explanation for the hyper-volatility of spot prices should be sought in the dominance of long-term contracts in international gas trade. With such a two-segment composition of markets in Europe and Asia, all market imbalances are concentrated in a relatively small segment of uncontracted, spot volumes. As a result, the concentration of imbalances in the volume of this segment grows disproportionately and has a multiplicative effect on spot prices.

You emphasize the absence of a unified price for natural gas in international trade. What could be the reason?

I attribute this to the simultaneous operation of two market pricing mechanisms in connection to natural gas, with each of them propelling prices in different directions, in various combinations. In addition, these two mechanisms may be subject to direct government price regulation. The presence of two pricing mechanisms is related to the existence of two types of market competition that shape the gas price, namely gas-gas competition and gas-substitute competition.

What does "gas-substitute competition" mean, in simple terms?

This type of competition determines the price of gas independently of supply and demand in the gas market, per se. It makes the price of gas dependent on the dynamics of the prices of other fuels that can actually or potentially replace natural gas.

The most popular substitute for gas is petroleum products, which compete with gas in the production of electricity, heating, and industrial processes. The mechanism of pricing based on inter-fuel competition is known as oil indexing. The formula for calculating the price of gas includes a conversion factor that reflects the relationship between the cost of a unit of gas energy and the equivalent unit of oil/petroleum

products energy. Therefore, if the price of oil increases, the cost of gas also increases, and vice versa.

Is it true that the oil-based pricing of gas and long-term contracts have long provided stability in European markets?

Absolutely. Historically, since the 1960s, this oil peg has ensured comfort, predictability, and stability that both sellers and buyers needed. Believing that these qualities were inherent in the market, European buyers decided to "step out of their comfort zone." They began to resolutely reject long-term contracts. Oil price indexation has been branded as "insufficiently market-based", as a vestige of the past, and the prices of trading hubs have been elevated to the status of "returned normality" in pricing. It should be noted that Asian buyers were not convinced. In 2024, 49% of global LNG was sold based on oil indices.

The euphoria did not last long, right?

That's right. For a while, the illusion of a gas surplus on the market was created by COVID-19, because the pandemic caused a decrease in global gas consumption. However, since mid-2021, the surplus of gas on the markets of our Western neighbors on the continent has turned into a shortage. This was largely due to their own actions, since they disrupted the investment cycle in the gas industry through their relentless efforts to combat fossil fuels.

The situation was exacerbated by the refusal to accept stable Russian gas supplies, the unwillingness to launch the already operational Nord Stream 2 pipeline, followed by sabotage of the Nord Stream pipelines and numerous sanctions packages. In 2022 alone, European buyers lost more on the difference between trading platform-based and oil-based prices than they had earned in a decade through the gradual decline in oil product prices.

Has there been a wake-up call?

I can't judge the transformation of the mindset of British liberal economists, with whom we have been discussing the "immortality" of oil indexation for many years without much success. However, at the corporate level, oil and gas companies have essentially restored the legitimacy of oil indexation and comprehensively use it when signing long-term contracts.

What is the basic rationale and motive of the oil indexation comeback?

There is a simple calculation behind it. In an overheated, deficit-ridden market, the price of oil-indexed gas is lower than the price of trading platform-indexed gas. In a surplus market, the opposite is true. Despite the apparent prosperity, the global gas market remains overheated, as evidenced by the high prices in Europe, which are rotating around $400 per thousand cubic meters, and the continued gap between trading platform-indexed prices and oil-indexed prices.

However, the market is expected to return to surplus after 2027, when the liquefied natural gas terminals currently under construction around the world will be operational. This will reverse the current situation, with higher prices associated with the oil index. In this context, gas suppliers have announced their intention to include oil-based price references in their long-term contracts. As we know, the path from rejection to acceptance of an ideology often lies through economic benefits.

Will the new wave of LNG projects lead to an era of low natural gas prices?

This is what the market watchers expect. We will see how it turns out. It should be noted that the global gas industry is facing a steep rise in costs. According to the IEA, new liquefaction projects can be profitable if the gas price is at least $280 per thousand cubic meters. Additionally, in the new climate paradigm, oil and natural gas will remain in demand for many decades to come.

It is quite obvious that the IEA's long-term forecasts reflecting the most radical green scenario, the one that predicts the price of oil dropping to $25 per barrel by 2050 and the price of gas going down to $158 per thousand cubic meters, are not based on any hardcore facts. BM

The highest average wholesale price was recorded in Poland – $530 per thousand cubic meters (Source: The International Gas Union (IGU)

17 MEGACITIES JOIN THE URBANTRANSPORTDATA PROJECT

The number of cities participating in the UrbanTransportData analytical platform has reached 32. This was stated by the press service of Moscow's Department of Transport and Road Infrastructure Development.

UrbanTransportData is an analytical platform that collects data on transport indicators in different cities around the world, as well as best practices and trends in the industry. In addition, the platform contains a professional forum for experts in the transport industry and an extensive knowledge base.

As part of the IV International Transport Summit, that started in Moscow, 17 more cities from Africa, Latin America, Asia and the CIS joined UrbanTransportData. Applications to join the project were signed by Addis Ababa, Almaty, Astana, Banjul, Windhoek, Havana, Yerevan, Kampala, Lilongwe, Lima, Lusaka, Maputo, Mexico City, Nairobi, Freetown, Harare and Ho Chi Minh City. In addition, on the first day of the summit's business programme, memorandums on cooperation in the transport sector were signed between the Moscow Government and the People's Government of Beijing, as well as between the Moscow Government and the Bangkok administration.

EAEU COUNTRIES TO LAUNCH A SERVICE FOR SEARCHING INDUSTRIAL PROPERTY INFORMATION

The Council of the Eurasian Economic Commission has approved and sent to the Eurasian Economic Union (EAEU) countries a draft agreement on the creation of a service for searching industrial property information protected in EAEU countries. The document will undergo the necessary procedures for signature.

The new service will be an information resource where users can view information on trademarks, service marks, geographical indications, and appellations of origin for goods protected in Armenia, Belarus, Kazakhstan, Kyrgyzstan, and Russia. The resource is being created to provide copyright holders, businesses, patent attorneys, and government agencies with convenient access to information with a one-stop-shop approach. Any interested user will have free access to the portal. The Eurasian Economic Commission will be responsible for the creation and technical support of the resource.

According to Bakhyt Sultanov, Minister in charge of Economy and Financial Policy of the Eurasian Economic Commission, this service is not just a technical solution. It is an investment in the protection of innovation and fair competition throughout the union. This service will reduce the time and cost of verifying the uniqueness of a trademark or appellation of origin before registration. It will also increase the transparency and effectiveness of intellectual property rights protection.

MOSCOW TO PROMOTE DEVELOPMENT OF HIGH-TECH BUSINESS IN RUSSIA'S REGIONS

The Moscow Innovation Cluster (MIC) Foundation has expanded cooperation in the development of high-tech business in several constituent entities of Russia. Agreements were concluded with Yakutia, Primorsky Krai and Zabaikalsky Krai. This was reported by Alexey Parabuchev, Moscow Innovation Cluster CEO.

The main goal of cooperation with these regions of the Far East is developing and scaling high-tech business. According to Parabuchev, thanks to cooperation, the regions will gain access to advanced practices in piloting high-tech solutions used in Moscow. Moscow will help implement developments in various sectors of the economy. In addition, in order to effectively select and evaluate innovative ideas, it is planned to combine efforts within the framework of a joint examination. In this way, MIC will help create demand for Moscow-made developments in the Far East, and also provide an opportunity for their subsequent implementation, Parabuchev emphasized.

In the future it is planned to sign similar agreements with St. Petersburg, the republics of Tatarstan and Bashkortostan, and the Novosibirsk Region, Parabuchev said.

ALCOHOL MARKET: COMPANIES REDUCING OUTPUT, CONSUMERS GOING FOR FRUGAL ALTERNATIVES

Today there are two interrelated ongoing processes on the Russian alcohol market: retail sales and output volumes are sliding simultaneously. There are multiple reasons for this, but, speaking of production, its dynamics are primarily determined by soaring excise rates and minimal cost of production. Most consumers, in their turn, are changing their preferences, more and more often going for low-alcohol and budget-friendly drinks.

According to the Federal Service for Control of Alcohol and Tobacco Markets (FSAT), over January-July of this year alcohol sales (excluding beer, beer drinks, cider, poire and meads) versus the same period of 2024 contracted by 12,1%, down to 114,7 million dekaliters (dal).

Russians bought 4,2% less vodka: its sales volumes over the seven months amounted to 41,4 million dal; cognac and brandy sales were down by 9,8% (7,1 million dal); grape wines – by 1,5% (32,2 million dal); champagne – by 3% (11,4 million dal); fortified wines – by 11,8% (673,8 thousand dal); fruit-based alcoholic beverage sales plunged by four times (1,6 million dal). By the way, the share of brandy makes up for 9,3% of the total natural volume of alcohol sales in the RF. On this metric, brandy is only behind vodka (26,5% of sales) and beer (43,2%). Such a significant decline in demand, the most visible in the hard liquor category, is attributed by experts to the rise of the Minimum Retail Price (MRP) starting from January 1 by 17,12%, up to ₽472 per 0,5 liter; for cognac – by 17,09%, up to ₽651.

Speaking of production, according to the FSAT, it contracted over January-July by 13%, down to 88,7 million dekaliters. Vodka production plunged by 9,1%, down to 37,9 million dal; cognac and brandy production was down by 19,3%, to 4 million dal. The production of alcoholic beverages with an alcohol content of over 9% by volume amounted to 56,5 million dal, which is 7,6% lower than the last year's figure. Liquors and spirits, just the opposite, demonstrated growth by 4,3%, up to 9,69 million dal. Grape wine and sparkling wine (Champagne) production rose by 12,6% correspondingly (up to 20,92 million dal) and 15,8% (up to 8,7 million dal).

According to Pavel Shapkin, head of the Center for National Alcohol Policy Development, the FSAT explains the overall situation by the two drivers: the 15% indexation of excise rates and the almost 17% increase of the MRP. Winemakers stand apart, because the state made a concession for them: manufacturers of still and sparkling wines get an excise tax deduction, if they use domestic grapes. There is yet another reason for sliding output volumes – young people consume less hard liquors. This trend, observed not only in Russia, but in many other countries as well, is motivated by a desire for a healthy lifestyle and the goal of saving money.

"For the next two years the Tax Code envisions higher excise tax rates, and correspondingly, market realities will push people towards cheaper alternatives, – says Pavel Shapkin. – Since January 1, the MRP for vodka and spirits and liqueurs has gone up by ₽50 per 0,5 liter, and it has a major impact on the final price".

Transition To Southern Consumption Model

But there are also other aspects, directly and potentially influencing the market situation. The overall 13% output reduction over the seven months could also be caused by overproduction of distilleries and warehouse overstocking in expectation of the New Year holidays, assumes Ruslan Bragin, hard liquor marketing expert, member of the Guild of Marketers. In other words, there are lots of product in stock and these need to be sold, but warehouse capacity is limited. Each enterprise follows its own marketing plan, has arrangements with restaurants, hotels, retailers. Moreover, volumes of exports to unfriendly countries have plunged at the background of the sanctions. And there were restrictive measures in place from August to December 2024 on the imports from these countries in the form of very high duties: 20% of the customs value for hard liquor and 25% of the customs value for wine, which has subsequently had a major impact on domestic sales dynamics.

From a purely consumer perspective, many Russians are completely abandoning alcohol or are switching over to more affordable alternatives. First, this is happening due to a growing mismatch between purchasing power and prices. Second, people are choosing essential products, which definitely exclude alcohol: meat, potatoes, cereals, bread, milk, eggs, says the analyst. Moreover, people have got rather tired of regular vodka, of which there are 6 thousand brand names as per the GOST standard. More and more often consumers choose colored flavored drinks – herbal and berry cordials and infusions. Besides, healthy lifestyle is becoming increasingly popular: not only young people but older people as well are less tolerant of alcohol now. And of course, as Bragin sums it up, we should keep in mind the state regulation factor: in December 2023 the RF Government approved the National Strategy for Reducing Alcohol Consumption up to 2030, which is the guiding document for the FSAT activities.

In the opinion of Pyotr Shelish, Co-chairman of the RF Consumers' Union, the data on the 12,1% sales reduction proves a start of the transition of Russians from the Northern alcohol consumption model, prioritizing hard liquors, to the Southern model, where wines, beer and low alcohol beverages are preferred. "That can only be welcomed, - says the expert. – Just for the simple reason that the Southern model does not involve so many deaths from accidental alcohol poisoning and alcohol-related diseases, as does the Northern model".

As for the position of the alcohol industry on the domestic economy map, it is rather small: its share of the GDP is below one percent and is on an obvious downward trend.

Premium Segment Contracted

As Pavel Shapkin pointed out, unlike other countries, where consumers increasingly gravitate toward more expensive alcohol, Russia displays an opposite trend. The premium segment has significantly shrunk after the exit of transnational brands from the country, the sanctions have made logistics much more complicated, there are issues with interbank payments. This makes the efforts for localizing production of vermouths and liqueurs much harder. At the same time, production of tequila from distillates, imported from Mexico, is now up and running. Naturally, this tequila is cheaper than the original one. Production of spritzes – low-ABV sparkling wine and mineral water-based cocktails is perceived to be a promising area, though it would require a heated discussion on taxation: spritzes are not mentioned either in technical regulations or in the Tax Code. Plus, there is a growing segment of alcohol-free whisky, cognac, gin and wine. The popularity of these drinks across the world is measured in triple digits.

Over January-July of this year alcohol sales (excluding beer, beer drinks, cider, poire and meads) versus the same period of 2024 contracted by 12,1%, down to 114,7 million dekaliters (dal) (Source: the Federal Service for Control of Alcohol and Tobacco Markets)

Today, says the expert, Russians are purchasing alcohol not so much in line with their taste preferences, but keeping the price considerations in mind. The demand is shifting over to ciders, meads, pina colada, gin and tonics. Wine is a different story altogether. Less than half of the wines on the domestic markets are imported, and about 60% of their volume are still and sparkling wines from Italy, Spain and France and some other European unfriendly countries, priced at over ₽700 per bottle. These have their own audience – these are middle class consumers, mostly women. Wines from Chile, Argentina and other countries of the New World, imported into Russia via Turkish and Georgian seaports (more complex logistics), take up only about 10-12% of the total volume of imports.

At the same time, according to Shapkin, domestic wine makers are almost on par in quality with their foreign colleagues, and are beyond competition in terms of price, and the share of wine on the domestic alcohol market will be going further down. On top of all that, people are curious to taste exotic foreign products, for example, Soju, a traditional Korean alcoholic drink, made from sweet potatoes or grain. Russia has also learned to replace products, which used to be imported, and would cost more, accordingly – primarily whisky, gin and rum. Though, these are finished blends, imported into the country and bottle domestically.

Alexander Larin.

ERA OF UNCERTAINTY AND "TRUMP FACTOR"

US President Donald Trump is only accelerating the processes of a new world order being shaped up, by pushing countries to search for preferable solutions outside the West's sphere of influence

January 2018 and April 2025. Two dates in history, which have a lot in common and a lot of what is significantly different. The first date is related to the imposition by the administration of the recently elected, unknown US President Donald Trump of higher tariffs on goods, imported primarily from China. The second date is related to the tariffs on goods from 211 countries and territories, slapped by Trump early in his new presidential term.

His actions may sometimes seem absurd or, at least, rash. These are quite obviously promoting a destruction of the world order, favorable for the USA, but only reflect the start of a period of global changes. It is not Donald Trump with his strong "rebel" image, who is breaking the long-standing order. He only accelerates the decay of an obsolete system.

The Washington administration believes that the measures taken are aimed precisely at maintaining dominance of the USA. Washington assumes that this can only be done by force, either military, political or economic one. Sending an aircraft carrier group to the Red Sea would at once make the Houthis, Iran and others more amenable. Imposing tariffs would bring the whole world to its knees. However, the processes taking place in the world cannot be resolved by force and do not bring the result, desired by Washington.

In 2018 the Washingtonian "rebel" deeply scared the international community. Today many countries have realized that the destruction of the Western-centric world that emerged after the collapse of the USSR is inevitable. "The existing world order is being called into question not only in the sphere of geopolitics. Now there are major cracks along all key lines, - says Victor Kuvaldin, D.Sc. (History), Professor, Head of the Department of Social Sciences and Humanities at the Moscow School of Economics (MSU). – Unfortunately, the United States have no experience of equal partnership, nor the slightest inclination towards it, that's why it would be totally unrealistic to expect any constructive approach from Washington".

One could, of course, wait out four years, just like in 2018. This is the last term of Donald Trump in office, one could hope the boss in Washington would be replaced by someone who would not be as heavy-handed. But it is already abundantly clear, that it is not about Trump and his nostalgia for the industrial America of the mid-XX century at all, and that other American administrations will keep trying to maintain the hegemony of their country. Maybe, these efforts will not be as extravagant, like a cavalry charge, but they will be as painful, and probably even more catastrophic. Washington has only one goal, and means for its achievement may vary insignificantly.

This is why there are at least three clear-cut positions in today's world.

The first position is expressed as being ready to beg for terms on one's knees, sacrificing sovereignty and national identity. This has been the decision of governments of 75 states, essentially hit by tariff sanctions of the USA. Many of these had no other way out – they are completely dependent on the White House's favor.

The second position is based on the understanding of one's own strength and that national interests must not be sacrificed, that looming global issues cannot be resolved by

"good quarrel", but require peaceful dialogue, acceptance of happening changes and joint development of a new order with clear, more equal conditions and interaction rules.

The third position is to avoid any escalation with the old-school globalists, represented by the USA and the West, but to try to mitigate the uncertainty, fueled by Trump and other Western countries. This category includes a significant part of the Arab East, the Asia-Pacific region, Africa and Latin America.

For many ASEAN countries, for example, the MAGA policy (Make America Great Again), declared by Trump, creates major risks of reduction of foreign direct investment (FDI). If Trump succeeds in stimulating American companies to bring their capitals back home, then Singapore will suffer the most damage. The country accounts for $295 billion of American investment out of $346 billion for the whole South-East Asia region.

Vietnam, Thailand, Malaysia and Indonesia are also in the risk zone. They have significant trade surpluses with the USA, and President Trump has been very clear that he won't let anyone "rob" America.

Decisions of the Washington administration have made even their most long-standing and reliable partners doubt validity of the previously executed documents. Washington could refuse to honor these any time, should it consider them disadvantageous. This is why some countries are rushing to update their agreements in the hope that Washington will be merciful and will impose less deadly tariffs. Others are looking for options to expand cooperation with other countries, particularly with Russia, despite the sanction walls being erected around it.

There are several reasons to choose Russia. Moscow has demonstrated that it is possible to confront ill-intentioned actions of the West and to uphold national interests. Being under pressure of the unprecedented sanctions, one could develop in all areas, including electronics, economy, technologies, science. Russia is also attractive due to its clear-cut foreign policy, focusing on development of a new, more equitable world order, and not through strength, which is quite enough, but through dialogue.

This is the reason why the trade turnover between Russia and, let's say, the United Arab Emirates last year reached up to the record $10 billion, of which a little less than $3 billion could be attributed to the city of Moscow. And the trade turnover with Indonesia has set up yet another record, having increased twofold versus 2023. It is telling that the Prime Minister of Malaysia visited Russia twice in the last three years.

Malaysia is interested in an accelerated development of trade and economic ties with the RF, despite the risk of sanctions and pressure from the West. The local business has been very scared by 24% American tariffs. By 2024 results, over 50% of all Malaysian exports to America, were made up, particularly, by various small electronics, microchips, semiconductor manufacturing equipment etc.

Naturally, any tariffs could be passed over to consumers by including them into prices, but this will not even help maintain supply volumes. This is why Malaysia is trying to minimize the damage from the actions of Washington, by looking for promising joint investment projects in other parts of the world. Kuala Lumpur needs reliable contracts for export and import of knowledge, innovative services and goods, food, energy resources, fertilizer, drugs and many others. By 2024 results, Russia became a key importer of Malaysian electronics – more than 22% of total Malaysian exports in this category, and the mutual trade amounted to $3,2 billion.

A synthetic rubber plant, built with Russia's participation, is successfully operating in Malaysia. Russian fish and seafood supplies have grown by 35%. Malaysia receives potassium and nitrogen fertilizers under long-term contracts. Counter deliveries of agricultural products are growing, including products under Halal Islamic standard.

An increasingly growing share of trade with Malaysia is contributed by Russian regions. In 2024, according to Sergey Cheremin, Minister of the Government of Moscow, Head of the Department for External and International Relations, the Russian capital has doubled its exports of non-resource, non-energy products to South-Eastern Asia countries, the largest recipients being Malaysia, Indonesia, Vietnam, Thailand and Laos.

In the opinion of Cheong Loon Lai, Ambassador Extraordinary and Plenipotentiary of Malaysia in Russia, a real partnership between the two countries is being born right now, and the factor of anti-Russian sanctions multiplied by the US tariff wars is creating a strong impulse for its development.

Alexander Troitsky

DEVELOPMENT PROSPECTS FOR INTERNATIONAL TRANSPORT AND LOGISTICS CORRIDORS FOR RUSSIAN FOREIGN TRADE

Development of international transport and logistics corridors is a key prerequisite for ensuring sustainability and expansion of Russia's foreign economic relations today. Geopolitical transformation, sanctions and refocusing trade flows to the East and the South make the issue of route diversification especially pressing. When traditional channels, primarily European routes, have significantly lost their purpose, the business and the state are focusing on developing new corridors and improving efficiency of the existing ones.

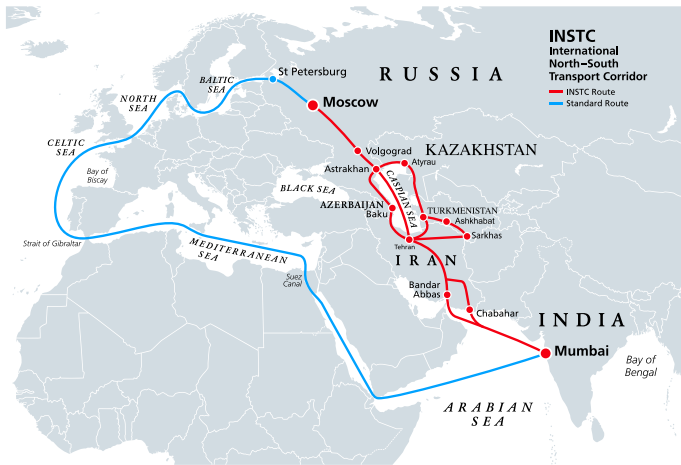
The International North-South Transport Corridor (INSTC), connecting Russia with Iran, India and countries of the Persian Gulf, is the most promising project in the near-term. The corridor has three branches: the Western branch (via Azerbaijan), the Eastern (through Kazakhstan and Turkmenistan) and the Caspian branch (ferry lines).

In 2024 the INSTC cargo traffic amounted to about 26,9 million tons, growing by 19% versus 2023. Of this amount, more than 12,9 million tons were carried by rail. This clearly confirms the growing demand for the route and its competitiveness with the traditional Suez Canal and Black Sea routes.

The key remaining bottleneck is the infrastructure in the Iranian territory, especially lacking a full-fledged railway connection between the cities of Rasht and Astara. This 162 km long section is being built with the financial support of Russia (about €1,6 billion, of which €1,3 billion have been provided as a loan). Completion of the project would allow to conduct uninterrupted rail service from Russia to the Iranian seaports in the Persian Gulf, drastically reducing the dependence on automotive transportation and logistics costs.

It is forecasted that upon commissioning of the Rasht–Astara railway line and upgrades of Caspian ferry terminals, freight traffic along the corridor could reach up to 35–40 million tons as soon as by 2030. For Russian companies, this would mean a shorter cargo delivery time by 7–14 days for deliveries to India versus the Suez route, and also an opportunity for more flexible diversification of exports of oil chemistry products, metals, grains and timber.

The Western INSTC branch merits a separate note: Russian forecasts for cargo traffic increase up to 35–40 million tons by 2030 are largely based on an expansion of this very Western route. The deterioration of the relations of the RF and Azerbaijan will reduce development rates down to 25–28 million tons and extend the payback period for infrastructure investment. However, if Baku were to restrict cargo flows or raise tariffs, some exporters would be forced to switch over to the Eastern



branch through Kazakhstan–Turkmenistan or use the Caspian Sea line more actively. This will increase costs and delivery timelines by 3–5 days. If the logistics through Azerbaijan are down, then Turkey could offer transit through its seaports (Mersin, Istanbul), making Russian exporters more dependent on Turkish operators and Ankara's tariff policy.

The second important route is the Trans-Caspian International Transport Route (Middle Corridor, or TITR). It connects China and Central Asian countries with the South Caucasus, Turkey and Europe, bypassing Russia. For Russia, this route is of interest as a means to enter markets of Turkey and Southern Europe, and also as an "insurance" channel for exports, when other destinations are overloaded or disrupted.

In 2024 this route transited about 4,1 million tons of cargo, which is 63% more than the year before. Container shipments reached up to 50,5 thousand TEU, and the total throughput capacity of the corridor is estimated at 6 million tons per year. However, there are objective restrictions of the TITR still in place: high transit costs, seasonal dependency of Caspian transit and the need to connect various transport modes. This is why it would hardly be in high demand with Russian export-

The key remaining bottleneck is the infrastructure in the Iranian territory, especially lacking a full-fledged railway connection between the cities of Rasht and Astara. This 162 km long section is being built with the financial support of Russia (about €1,6 billion, of which €1,3 billion have been provided as a loan).

ers, but it could be used for high-value cargos or perishables, where time and reliability are more important than costs.

The Northern Sea Route (NSR) is gradually transforming into a strategic tool, ensuring Russia's control over Arctic transit. In 2024 the NSR traffic volume amounted to record 37,8 million tons, and there were 92 transit voyages. The bulk of the traffic is made up by commodities — LNG, oil, coal and cargo for Northern Russian regions.

Despite higher figures, wide-scale use of the NSR for container shipment is restrained by a number of factors: limited icebreaker fleet, seasonal navigation and issues with insurance and high risk premiums. In the mid-term, the NSR will remain a niche channel, focused on commodities and special projects, and full-scale container transit through the Arctic could become a reality by 2030s.

The Far East seaports — Vladivostok, Vostochny, Nakhodka and others are no less important for Russia's foreign trade. These seaports transit key cargo volumes on their way to China, South Korea, Japan and South Asian countries. In 2024 the Far East topped the Russian container market, but the infrastructure of the region is operating at maximum capacity, which is obvious due to terminal overload during peak months.

Additional opportunities are offered by International Transport Corridors "Primorie-1" and "Primorie-2", connecting China's Heilongjiang and Jilin provinces with Russian seaports. Their development will allow for a significant reduction of Chinese cargo delivery time to external markets via Russian terminals, but this would require investment into transport and border infrastructure, as well as simpler customs processing procedures.

Special attention should be paid to the Eurasian railway route, linking China and Europe through the territory of Russia. Despite political risks, in 2024 this route carried over 372 thousand TEU, worth $29,4 billion — which is 85% more than the year before. This confirms the fact that the Russian territory remains significant as a transit corridor for trade between Asia and Europe.

However, even the most promising routes are facing the issue of settlements and insurance coverage. For example, the trade with India, a major buyer of Russian oil, is dominated by spot transactions paid for in roubles, rupees and dirhams, which causes difficulties in cross-border settlements and integration of payments into logistics arrangements. Similar risks arise during insurance at transit routes with high sanction pressure. This forces market players to develop alternative payment arrangements in advance and book insurance coverage with local or regional providers.

It is obvious that over the next few years the INSTC could become a growth leader, where key investment projects are concentrated and sustainable cargo traffic is already being generated. The Trans-Caspian Route will be a backup route, ensuring flexibility and insurance. The Northern Sea Route will be developed as a strategic resource for commodity flows and in future as a global transit channel. The Far East seaports will require further capacity expansion and simplification of procedures to provide for further efficient integration of Russia into trade with Eastern Asian countries.

For business, this means necessary diversification of logistics strategies: distributing volumes between several transport corridors, active use of containerization, negotiating through rates and SLA with cargo carriers, and also accounting for currency and insurance risks at delivery planning stage. This approach will not only help minimize operational expenses, but will also ensure sustainability of foreign trade under highly turbulent global trade conditions.

For Moscow-based companies, development of international transport and logistics corridors will unlock a number of strategic advantages. First, new routes will significantly reduce costs of cargo delivery to key partner countries, minimize delays and diversify risks. Shorter transit times via the INSTC and larger capacity in the Far East will create opportunities for greater flexibility of export lot planning and higher capital turnover velocity. Second, development of sustainable channels, connected to India, countries of the Gulf, Turkey and South Asian countries will open new sales markets for Moscow companies. Moscow and Saint-Petersburg are bringing together a significant part of non-commodity exports of Russia — from machinery and electronics to pharmaceuticals and food products. Stable and predictable logistics are critically important for these industries, which means that investments into corridors are directly contributing to higher export revenues and stronger positions of Russian companies on global markets.

Leonid Shurilinov,
Infranews Agency Expert

Nikita Vysotsky: **“OUR MUSEUM IS DESIGNED AT THE CONFLUENCE OF OLD TRADITIONS AND MODERN TECHNOLOGIES”**

In 1989 the Council of Ministers of the USSR issued a directive for the creation of a Vladimir Semyonovich Vysotsky Museum in Moscow, which began its work in Nizhny Tagansky alley in 1992. Since 1996 and to this day the Museum has been headed by Nikita Vladimirovich Vysotsky, the poet’s youngest son, a producer, director, actor, teacher. In his interview to BM.Moscow Foresight magazine he spoke of the past and the future of the museum, about his legendary father and Vladimir Vysotsky’s grandchildren.

You were 16, when your father passed away. What are your memories of him?

He was a man of incredible charm both in life and on stage. Vysotsky could banter, make jokes and just the opposite, could be very private. I know some people who had met him only once or twice in some settings and later wrote in their memoirs that they remember Vysotsky as an unsociable person, keeping people away from him and refusing to sing. But it could be just due to his specific mood at the moment.

Father read a lot. There were quite rare books in his library, for example, a well-worn anthology of philosopher Grigory Skovoroda or, let’s say, novels and short stories by Andrei Platonov, books, autographed by Akhmadulina, Voznesensky, Yevtushenko.

Vysotsky was one of those people who are hungry for knowledge. Everything he had read came in handy for him. I was surprised: father remembered many texts down to commas. He had phenomenal memory.

Pleae tell us a secret: Do you consider yourself a fan of Vladimir Vysotsky’s creative work?

I loved my father as an actor and as a performer. He used to take me to his concerts – these were spectacular, grand shows!

Could I say that I am a fan of Vysotsky’s creative work? Indeed, I could! But here, in the museum director’s office, I am an administrator. I must manage a team of like-minded people, preserving the memory of a great Russian poet and artist. We are doing everything we can so this cultural, scientific institution (for lack of a better word!) could function, fulfilling its direct purpose.

How did it happen, when you, being a popular movie and theater actor, agreed to head the Museum?

The first director of the Vysotsky Museum was Pyotr Leonov, literary manager at the Taganka Theater. We know each other well. He is one of those enthusiasts who had managed to collect, keep and physically save the creative legacy of Vysotsky: magnetic tapes, manuscripts – everything related to my father’s name one way or another.

But I was upset that in early 1990s instead of a museum it had come to something like a fan club, which was occupied, to put it mildly, by some strangers who had called themselves

an "initiative group". There was disorder, regular parties to deafeningly loud recordings of Vysotsky, not to mention the fact that some of father's personal things, documents, rare photos had gone missing. But regular people used to walk right in and bring anything they had, and these were originals, not copies!

Dwellers of the Vysotsky House produced copies of father's songs. They were seriously thinking that was what a museum was supposed to do. But they ultimately got an anti-museum!

One day the building, allocated for the Museum, was visited by my father's parents – Semyon Vladimirovich and Nina Maximovna. They were shocked by what they saw – a completely dilapidated building lacked heating, no running water in winter, damp rooms of a former communal apartment, where unique documents were kept, and was in need of urgent repairs. There were fires too! The whole building had to be refurbished, requiring huge amounts of money. But Moscow officials of 1990s, obviously, had enough issues apart from Vysotsky.

Father's relatives decided there was no way this could go on and wrote a letter to Yuri Luzhkov with a demand to set it right.

Luzhkov responded rather quickly: if the family was so concerned about the fate of the museum, then they should do it themselves! He proposed that one of Vysotsky's sons headed the museum.

Essentially, Luzhkov actually denied financing for the museum, saying that the city did not have any funds to spend on culture, go and look for private investor money.

Exposition at the Vladimir Vysotsky Museum in Moscow

And then Semyon Vladimirovich and Nina Maximovna told my brother Arcady and me: "You must take over the Museum. He is your father and our son".

The family council proposed me to become the director. But this is where I have to say something. The thing is, I opposed creation of the Vysotsky Museum from the very beginning, I thought it would be more proper to hand over photos and manuscripts, for example, to the collection of the Bakhrushin State Central Theatre Museum, because Vysotsky was a theater actor, or to the Russian State Archive of Literature and Arts (RGALI).

And generally, I was of the opinion that the idea of advertising Vysotsky looked rather ridiculous in the late 1980s, because despite the lack of any official recognition, Vysotsky was an extremely popular person in Russia. Nevertheless,

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being aware of the horrible mess at the Vysotsky House, I agreed to become its director and set things in order.

At the time nobody thought that this would go on for decades. It was about a year, two or three of my directorship, just enough to launch reconstruction, and that's all!

Having become the director, did you find any private investors?

I had been thinking, where do I start? The building in Nizhny Tagansky alley, built in the XIX century, was 80% destroyed. First I decided that it urgently needed heating. I brought experts to find the best way to do this and realized that heating would require change of utility systems, roof reinforcement, meaning lots and lots of money. Someone said it would take 6 million euros, someone mentioned 8 million euros.

I, being the director, made a decision to reconstruct the building in phases, 200-300 square meters per year. Sometime by the year 2002 we had completely rebuilt the museum building.

We still lacked any financing whatsoever, and there was no way for us to get any. This is why the construction was supported by my friends, to their ability, and by friends of my father through the V.S.Vysotsky Charity Fund, co-chaired by the mother of Vladimir Semyonovich – Nina Maximovna, businessman Vadim Tumanov and cosmonaut Georgy Grechko.

There were rumors in Moscow that the theater allegedly proposed to build a skyscraper at the spot of the dilapidated building in Nizhny Tagansky alley, and some even wanted to build a Vysotsky church...

My predecessors used to run around with the idea of bringing the whole space from the museum to the Taganka Theater under one giant glass roof! This project, just as the proposal by Yuri Lyubimov to build a 16-story tower instead of the dilapidated building, were not fated to come true. The idea was to use three lower stories for the museum. This was a very expensive commercial project, never to be implemented due to lack of rich investors. We managed to resist implementation of this project, thank goodness! They have their life at the Taganka Theater, we have ours.

Still there are some people harboring yet another crazy plan for construction in Moscow of a street-church for Vysotsky. One of its authors keeps bombing various official bodies and the Moscow Patriarchy with letters. He is asking for allocation of several hectares in the center of Moscow for a church. This is manilovism of some sort!

It is known that back in January 2018 the Museum was visited by Vladimir Putin and Sergei Sobyanin. Did this visit have any effect on improvement of financing of your cultural center?

We, just like other Moscow museums, received significant financial support from the head of state and the mayor of Moscow. We managed to create a major museum complex with the funds we had received. We set up a new permanent exhibition, counting 16 interactive installations, more than 320 unique art objects and also a thousand exhibits, including three famous guitars, owned by Vladimir Vysotsky.

Many museums in Russia are still doing things the old way by hanging photos on walls and displaying clothes, dishware and other items behind armored glass. We have followed a different path. Our project brings together museum traditions and modern technologies.

The Museum offers an opportunity to listen to everything written by Vysotsky in the bard song genre or watch almost all of his movies and theater performances. A visitor puts on headphones and searches for his favorite song in game format, not bothering anyone, and then listens to on-stage shows or at-home concerts by Vysotsky.

Our Museum is visited by Vysotsky admirers, who spend many hours in the museum till closing time, and then they come back again.

In one of the rooms of the museum visitors could see holographic projection, depicting a scene typical for the poet's life. Here Vladimir Semyonovich calls his friend on the phone to present his new song. The design of this room accurately reproduces the interior of the poet's apartment, demonstrating the lifestyle and tastes of Vysotsky and Marina Vlady.

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In my view, today we have one of Moscow's best theater venues with 130 seats. Our theater and concert hall provides a stage for the work of creative youth, interesting directing experiments.

It is for a good reason that many experts name the upgraded space in the Vysotsky House the exhibition project of the decade. Naturally, all these novelties attract modern young people.

And who is the author of this permanent exhibition?

The creators of the exhibition - artists, designers, computer graphics specialists and many others – have done everything to transform the wonderful and rich life story of the favorite performer from a dusty archive exhibit into a bright, engaging and true-to-life narrative. Any modern young man could get to know the creative works and biography of the poet in an easy to understand and captivating way.

This was all conceived by Sergei Mironenko, a renowned Moscow artist and designer. He is a friend of mine. We have studied together at the School-studio at the Moscow Art Theatre: Sergei went to the producer department, and I studied at the acting department.

Do you have any personal things or, maybe, books, records of your father at your home?

As the grandparents wished, everything we had in our family, related to Vladimir Semyonovich Vysotsky, let me emphasize, everything down to the last nail, has been handed over to the Museum. These are documents, his library, his personal things ...

Nikita Vladimirovich, I recall talks that right after Vysotsky's death some of his acquaintances took a suitcase filled with unique documents and manuscripts by the poet, from his apartment at Malaya Gruzinskaya ...

Indeed, some things were kept at father's home, and some things were at the disposal of collectors, who handled his archive in his last years. They were preparing a samizdat "Complete Works by Vysotsky". When father passed away, these guys refused to return the original manuscripts.

I should say, that father during his lifetime did not treat his archive too seriously, obviously thinking that his poetry would never be published.

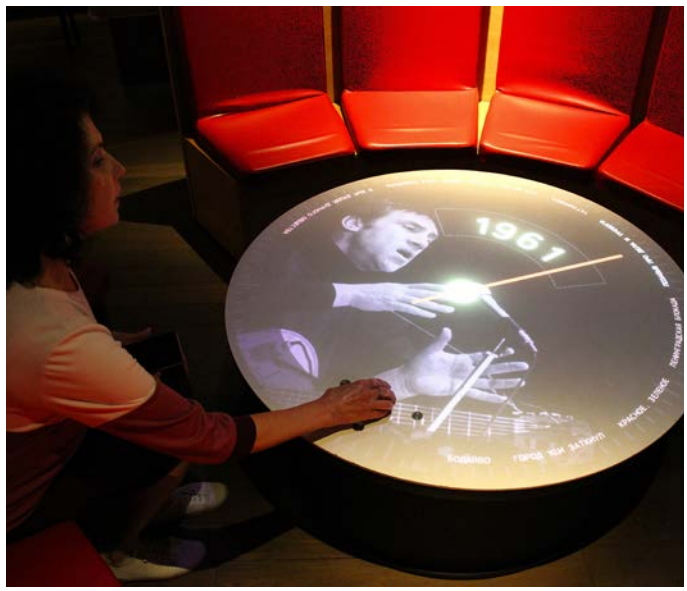
There is a very funny story, recalled by one of the compilers of the Complete Works. According to him, when handing over a package of manuscripts, Vysotsky put it into a string bag and weighed it on a balance scale, while warning: "This weighs three and a half kilos, you are to return the same weight".

Some of father's friends were quite determined people, who threatened to take the manuscripts away from the perpetrators. But they gave them back of their own will. Though I admit that the collectors of the father's archive may have left something for themselves. Today it would be impossible to identify which papers were given by Vladimir Semyonovich for samizdat.

It is known for sure that some manuscripts were secretly sent to the USA in the hopes of publishing them there. Sometime later a decent person asked some of his acquaintances to hand over the stolen papers to the Vysotsky Museum in Moscow, but they never did. I am aware that some of the original manuscripts currently circulate on the black market...

Most of Vladimir Vysotsky's manuscripts are kept at the Russian State Archive of Literature and Arts and our museum collections.

Guitars of Vladimir Vysotsky



Nikita Vladimirovich, could you tell us whether you like the monument to Vladimir Vysotsky near the Petrovsky Gates?

The monument was unveiled in the summer of 1995, 15 years after the death of Vladimir Vysotsky. It is considered to be authored by Nikolay Vasilievich Raspopov. But the bronze statue was cast by other craftsmen, who only used a sketch by the sculptor.

Raspopov created a figure of a man, walking towards people. And at the foundry, by someone's evil design the bronze Vysotsky's head was tilted back, as if he were shouting somewhere up.

It is not about me liking or disliking the monument. Raspopov is a very, very good sculptor! But it was poorly executed, whatever they say ...

Is it true that they are tearing down Vysotsky monuments in the Ukraine?

I know for sure that they removed the monument in Odessa. The sculptural composition, dedicated to Zheglov and Sharapov, near the police building, has not been touched, but they painted it in the Ukrainian flag colors.

The monument to Vysotsky in the war-torn Mariupol did not suffer any damage. It is not known whether they have managed to keep the memory of Vysotsky in Kiev.

How many grandchildren of Vladimir Semyonovich are there, what do they do?

I have five children - Semyon, Danila, Daniil, Victor and Nina. Arcady has four - Vladimir, Misha, Nikita and Maria.

Masha is the eldest, she is over forty years old. My Vitya is the youngest, he is six.

Volodya is a steeplejack, he does some sort of high-altitude work.

Nikita, Arcady's son, has visited recently, he is in IT. Semyon is a painter. Misha and Maria are students. The rest of Vysotsky grandchildren are in business or go to school.

The grandkids have never seen their famous grandfather, but they know him very well through his poetry, songs, theater and cinema roles. BM

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