

Global Russia Business Meeting

16-18 May 2010, Ljubljana, Slovenia

a Horasis-leadership event

under the patronage of the Prime Minister
of the Republic of Slovenia Borut Pahor

Report





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Government of the Republic of Slovenia

■ **Co-organizers:**

Association of European Businesses

Delovaya Rossia

Moscow International Business Association (MIBA)

Moscow Investment and Export Promotion Agency (MIEPA)

Russian Managers Association

Association of Orthodox Business Leaders

Young Presidents' Organization (YPO)

■ **Co-chairs:**

Igor Agamirzyan	Chief Executive Officer, Russian Venture Company, Russia
Claude Beglé	Former Chairman, Swisspost, Switzerland
Vsevolod Chaplin	Archpriest, Russian Orthodox Church, Russia
Jeffrey Chen	Chief Executive Officer, Neopac Lighting Group, Taiwan
Carla Cico	Chief Executive Officer, Rivoli S.P.A., Italy
Tatjana Fink	General Manager, Trimo, Slovenia
Dennis Gillings	Chairman, Quintiles, USA
Jim Goodnight	Chief Executive Officer, SAS, USA
Alan Hassenfeld	Chairman of the Executive Committee, Hasbro, USA
Natalya Kaspersky	Chairman, Kaspersky Lab, Russia
Alexander Kiselev	Director General, Russian Post, Russia
Anil Kumar	Chief Executive Officer, Ransat Group, UK/India
Wolfgang Lehmacher	Chief Executive Officer, GeoPost Intercontinental, France
Dmitry Loschinin	Chief Executive Officer, Luxoft, Russia
Petro Poroshenko	Head of the Council, National Bank of Ukraine, Ukraine
Cvetka Selšek	Chief Executive Officer, SKB, Slovenia
Janez Škrabec	General Director, Riko, Slovenia
Murad Sofizade	Chief Executive Officer, IPnet, Russia
Sergey Vasilyev	Vice Chairman, VEB Bank, Russia

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Global Arab Business Meeting

Ras Al Khaimah, 26-27 September 2010

Global China Business Meeting

Luxembourg, 21-22 November 2010

Horasis Annual Meeting

Zurich, 25-26 January 2011



Participants arriving for the opening of the meeting



Studying the programme



The co-organizers welcoming participants



Taking notes



Participants listening to the political leaders during the welcome dinner



The inaugural Global Russia Business Meeting

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The Brdo conference center – venue of the inaugural Global Russia Business Meeting



The Opening Dinner was held at the Grand Hotel Union

Foreword

The inaugural Horasis Global Russia Business Meeting convened in Ljubljana, Slovenia on 16-18 May 2010. Following the turmoil of the global financial crisis and in the midst of the global economic downturn, the Global Russia Business Meeting provided a valuable and timely opportunity for leaders from government, business and academia to meet and exchange views and ideas on the way ahead for Russia and the world.

We would like to share with you this report which encapsulates the key topics and ideas discussed as more than 200 participants from 20 countries attended the Global Russia Business Meeting, including the following co-chairs: **Igor Agamirzyan**, Chief Executive Officer, Russian Venture Company, Russia; **Claude Beglé**, Former Chairman, Swisspost, Switzerland; **Vsevolod Chaplin**; Archbishop, Russian Orthodox Church, Russia; **Jeffrey Chen**; Chief Executive Officer, Neopac Lighting Group, Taiwan; **Carla Cico**, Chief Executive Officer, Rivoli S.P.A., Italy; **Tatjana Fink**, Chief Executive Officer, Trimio; **Dennis Gillings**, Chairman, Quintiles, USA; **Jim Goodnight**, Chief Executive Officer,



Arrival of Dr Danilo Türk, President of Slovenia



Arrival of the Slovenian Prime Minister

SAS, USA; **Alan Hassenfeld**, Chairman of the Executive Committee, Hasbro, USA; **Natalya Kaspersky**, Chairman, Kaspersky Lab, Russia; **Alexander Kiselev**, Director General, Russian Post, Russia; **Anil Kumar**, Chief Executive Officer, Ransat Group, UK/India; **Wolfgang Lehmacher**, President, GeoPost Intercontinental, France; **Dmitry Loschinin**, Chief Executive Officer, Luxoft, Russia; **Petro Poroshenko**, Head of Council, National Bank of Ukraine, Ukraine; **Cvetka Selšek**, Chief Executive Officer, SKB, Slovenia; **Janez Škrabec**, General Director, Riko, Slovenia; **Murad Sofizade**, Chief Executive Officer, IPnet, Russia; **Sergey Vasilyev**, Vice Chairman, VEB Bank, Russia.

The Global Russia Business Meeting was organized around what we believe to be the major drivers of growth and forces that will shape the new order, impacting both the financial economy and the real economy, in Russia and the world at large. The assembly of Russian and world leaders brought together under the auspices of the Global Russia Business Meeting sought to contribute to progress toward stability in both a conceptual and a practical way. As Slovenia's Minister of Foreign Affairs **Samuel Žbogar** put it during his welcoming words:



Virtual Ribbon Cutting Ceremony, with the co-organizers

‘I am pleased to welcome to the Global Russia Business Meeting many companies and individuals who have unveiled the secrets of a successful cooperation between Russia and the world and are willing to share those secrets with those who are just embarking on this journey.’

‘The negotiations on a new broad agreement between the European Union and the Russian Federation are moving towards a favourable conclusion’

Danilo Türk, President of the Republic of Slovenia

As Russian and world leaders flew into Ljubljana for this Horasis leadership event, Russia’s economic recovery was already showing signs of progress. Ironically, the more developed nations – especially some member countries of the European Union – were at a less certain stage, with many encountering deep structural problems. Nonetheless, at the time of the meeting, there was a cautious feeling of optimism related to Russia. ‘Optimism should not obscure the challenges that lie ahead, nor should it be interpreted to mean it is time to withdraw the special responses put into effect to moderate the impact of the crisis,’ said **Sergey Vasilyev**, Vice Chairman, VEB

Bank, Russia. From the Opening Reception to the Closing Dinner, participants expressed their commitment to cooperating toward a strong and fast recovery and a more stable global financial order.

‘The Global Russia Business Meeting is the next step in making full use of this potential’

Borut Pahor, Prime Minister, Republic of Slovenia

At the Opening Dinner of the Global Russia Business Meeting, **Borut Pahor**, Prime Minister, Republic of Slovenia, noted that ‘the economic and political relationship between Russia and the world has extensive synergies and large potential.’ ‘Russia will continue to be one of the most important investment locations and trading partners for the Slovenian economy,’ he added. ‘I see signs of sustained economic growth as Slovenia will benefit from the continued drive generated by Russia’s expanding economy. Looking ahead, Slovenia sees a broad field of unexploited potential, both in doing business with Russia and in Slovenia as a regional hub for Russia and its partners in globalising their operations. The Global Russia Business Meeting is an important step in making full use of this potential.’

At the same dinner, **Doku Zavgaev**, Ambassador of the Russian Federation to Slovenia, told participants: ‘We are facing a



Doku Zavgaev, Ambassador of the Russian Federation to Slovenia

very serious economic crisis, unprecedented in the history of human mankind. This global crisis calls for global solutions and closer cooperation between Russia and the world.' The Ambassador expressed confidence that Russia's recovery was underway and on track. At the same time, he left no doubt that he remains cautious, with many imbalances remained to be resolved. He pledged that the government of the Russian Federation would hold steady to the policies it put place to address the crisis. On Russia's progress toward recovery, he noted that domestic consumption was showing encouraging growth, led by a focus on employment opportunities. Ambassador Zavgaev spoke of accelerating the development of technology, science, and modernization of industry, to make Russia an engine of innovation in the decades ahead. He addressed environmental issues, including the commitment of Russia to promote energy conversation and environmental remediation. On boosting domestic demand, he stressed education, healthcare, and social security as major investment areas for public resources. The Ambassador also pledged



The Slovenian Minister of Foreign Affairs with participants

Russia's effort in supporting successful development of international trade and investment.

Supachai Panitchpakdi, Secretary-General, UNCTAD, Switzerland, added that 'it is important to further reform Russia's economy so that the country can use trade to recover when the crisis eases.' The Secretary-General voiced his support for Russia's bid to finalize its negotiations for accession to the WTO. 'Managed well, a Russian WTO membership would benefit both Russia and its trading partners. The trade body's rules would strengthen foreign direct investment and trade bonds.'



Petro Poroshenko, Head of Council, National Bank of Ukraine - 'The global economic outlook for 2010 remains uncertain'



'Managed well, a Russian WTO membership would benefit both Russia and its trading partners'

Supachai Panitchpakdi, Secretary-General, UNCTAD, Switzerland

The consensus of the delegates attending the Global Russia Business Meeting was that a new global financial and economic order is inevitable - with Russia playing a key role in this new global infrastructure. It was the common view that the crisis and the dramatic adjustments being made by economies around the world present a watershed



Avtandil Gorgiladze, Vice Chairman, Russian Railways, Russia - on Russian Technology Pioneers Global Awakening

Supachai Panitchpakdi, Secretary-General, UNCTAD
'A Russian WTO membership would benefit both Russia and its trading partners'.



A discussion during the welcome dinner



UNCTAD Secretary-General Supachai Panitchpakdi voicing his support for Russia's bid to finalize its negotiations for accession to the WTO

series of events. 'Recovery from the crisis will not lead to a restoration of the global order that existed prior to 2007, in terms of the practices and flows of investments and trade, market regulation, and many other threads tying together national and global economic life,' observed **Gligor Tashkovich**, Minister of Foreign Investment (ret.) of Macedonia.



Pavel Shashkin, Director External Relations, Russia Orthodox Church, reasoning about the spiritual dimension of entrepreneurship

'We are facing a very serious economic crisis, unprecedented in the history of human mankind. This global crisis calls for global solutions and closer cooperation between Russia and the world'

Doku Zavgaev, Ambassador of the Russian Federation to Slovenia

In his welcoming address, **Danilo Türk**, President of the Republic of Slovenia, assessed bilateral relations between Russia and Slovenia as excellent. 'Despite the economic crisis, the level of trade between the two countries has been maintained and there is a considerable further potential within a wide range of fields.' He added that 'the negotiations on a new broad agreement between the European Union and the Russian Federation are moving towards a favourable conclusion, an issue that Slovenia successfully advocated during its EU Council



Alan Hassenfeld, Chairman of the Executive Committee, Hasbro, USA

Presidency.' President Türk also expressed his satisfaction with the signing of an Agreement on Cooperation in constructing the South Stream gas pipeline.

'With a population reaching 143 million people, there are tremendous opportunities for global investors in the Russian economy'

Alan Hassenfeld, Chairman of the Executive Committee, Hasbro, USA

'Russia maintains an open and liberal foreign investment climate,' said **Suren O. Vardanian**, Director General, Moscow Investment and Export Promotion Agency, Russia. 'The ability of Western companies to make investments in Russia is greater than in comparable developing countries. Many companies are fully controlled by foreign interests and there are no restrictions on taking money outside of Russia.' **Alan Hassenfeld**, Chairman of the Executive Committee, Hasbro, USA, stressed that 'with a population reaching 143 million people, there are tremendous opportunities for global investors in the Russian economy.' 'The traditional reliance on the oil and gas industry is changing. Human resources and infrastructure needs



Danilo Türk, President of Slovenia, keynoting the meeting



Carla Cico, Chief Executive Officer, Rivoli, Italy, discussing global trade with her co-panelists



Peter Loukianoff, Managing Partner, Almaz Capital Partners, USA

are being addressed, resulting in tremendous investment opportunities in Russia despite the global economic crisis,' added **Carla Cico**, Chief Executive Officer, Rivoli S.P.A., Italy. **Avtandil Gorgiladze**, Vice Chairman, Russian Railways, Russia, outlined the current projects of his company, the largest employer in the Russian Federation. He emphasized the importance of railways to the competitiveness of Russia. 'Russian Railways will play a key role in the modernization of Russia's infrastructure.'

'Russian Railways will play a key role in the modernization of Russia's infrastructure'

Avtandil Gorgiladze, Vice Chairman, Russian Railways, Russia

Addressing crisis issues in the most comprehensive terms, the Global Russia Business Meeting featured a series of panels, boardroom dialogue sessions and special events to deep understanding of the crisis and its aftermath from a Russian and a global perspective. 'I think that there is very much a cautionary view as to what the next 12 to 18 months are going to look like,' said **Claude Beglé**, Former Chairman, Swisspost, Switzerland, 'and quite some concern around a couple critical issues, such as the falling Euro.' Participants maintained a clear focus on the future and on Russia

beyond the crisis. As **Cvetka Selšek**, Chief Executive Officer, SKB, Slovenia, put it: 'There are many developments unknown about the new global order, but it seems certain that Russia is already playing an increasingly important role as a force for global recovery.' And, as **Edward Shenderovich**, Managing Director, Kite Ventures, Russia, pronounced it: 'If the economic crisis has told us anything, it is that we need a new framework for collaboration, supervision and global governance. Russia might assume a global leadership role in this new framework.' Commenting on bilateral relations between Russia and the Ukraine, **Petro Poroshenko**, the Ukraine's former Minister of Foreign Affairs and current Head of Council, National Bank of Ukraine, said: 'The Ukraine is interested in a strong and sustainable partnership with Russia. I am rather positive about the Ukraine's financial and economic future.'

'The Ukraine is interested in a strong and sustainable partnership with Russia'

Petro Poroshenko, former Minister of Foreign Affairs and Chairman, Ukraine; Head of Council, National Bank of Ukraine

Russia is certainly at a crossroads. As one of the participants, **Tatjana Fink**, Chief Exe-



Cvetka Selšek, Chief Executive Officer, SKB, Slovenia, co-chair of the Global Russia Business Meeting



Edward Shenderovich, Managing Director, Kite Ventures, Russia.



Panelists promoting a concerted strategy to invest in sectors other than oil and gas



Claude Beglé, Former Chairman, Swisspost, Switzerland, synthesizing key conclusions of the days discussions

cutive Officer, Trimo, put it: ‘The financial crisis only underscores the divergent paths the country can choose to walk. ‘Will the government’s vision of a confident Russian Federation boasting a diversifying economy win out? Or will Russia weaken from over-reliance on commodities and a shrinking population?’ asked **James Fierro**, Chairman, Recipco Holdings, Canada. **Dennis Gillings**, Chairman, Quintiles, USA, felt that ‘Russia’s declining population is crucial to understanding the country. The country’s low birth rates are alarming,’ he asserted, ‘and the country faces difficult demographic realities unless birth rates rise significantly.’



Maria Ordzhonikidze, Secretary-General, EU-Russia Center, Belgium – Russia’s rise to global eminence will be a measure of how emerging markets can cope with the crisis

‘Russia’s economy is poised for a big bounce this year as companies rebuild stocks and domestic demand boosts output’

Igor Agamirzyan, Chief Executive Officer, Russian Venture Company, Russia

Proponents of contrasting visions of Russia’s future debated over what kind of economy will emerge. **Igor Agamirzyan**, Chief Executive Officer, Russian Venture Company, Russia started the discussion by remarking that ‘Russia’s economy is poised for a big bounce this year as companies rebuild stocks and domestic demand boosts output.’ Session participants split on predicting whether Russia will successfully



James Fierro, Chairman, Recipco Holdings, Canada

diversify its economy. Participants also broadly disagreed on whether ‘Russia would suffer if oil prices drop, or would use low oil prices as a catalyst for economic reform’, as **Maria Ordzhonikidze**, Secretary-General, EU-Russia Center, Belgium, predicted. ‘Most of Russia’s economic growth has been drawn from its resources sector. Roughly 20% of Russia’s GDP comes from the oil and gas industries, making the country the world’s largest producer of gas and second largest producer of oil’, said **John Roberts**, Global Energy Security Analyst, Platts, United Kingdom.

‘China could be a model on how to steer up technology driven economic growth’

Charles Tang, Chairman, Brazil-China Chamber of Commerce, Brazil

Panels at the Global Russia Business Meeting explored a wide range of topics, covering the future role of public markets, private investors and other aspects of financing growth. They dealt with key drivers of recovery in the real economy, including aspects of innovation generally, and sectors with the potential to nurture innovation into great economic value, for example IT, cleantech, and professional services. **Peter Loukianoff**, Managing Partner, Almaz Capital Partners, USA observed that ‘the Russian government wants



Andreas Schweitzer, Managing Director, Mistral, Switzerland, on technology leadership



Janez Škrabec, General Director, Riko, Slovenia – making a point on the global importance of the Russian economy



John Fetter, President, FSI Energy, USA

the corporate sector to create its own intellectual property.’ **Victor Zubarev**, Deputy Leader, State Duma, Russia, said: ‘We have to boost innovation capabilities. And we have to develop a world-class service sector to reduce our dependency on the country’s natural resources.’ Russia needs to build a new high-tech economy to survive,’ added **Dmitry Lisenkov**, Managing Director, RusNano, Russia. ‘China could be a model on how to steer up technology driven economic growth’, opined **Charles Tang**, Chairman, Brazil-China Chamber of Commerce, Brazil.

‘Increasing knowledge-based innovation hubs is one of the major challenges Russia will face in the next decade to spur economic growth,’ said **Mikhail Treyvish**, President, OmniGrade, Russia. ‘The role of the private sector is critical in raising education standards as a means of reducing poverty. Doing so puts more people in an economic position to buy products and services,’ said **Andreas Schweitzer**, Managing Director, Mistral, Switzerland. ‘Unemployment must be addressed. Education is the key – it is the solution to unemployment and all other challenges in Russia’, said **Mikael Hagström**, President International, SAS, USA. ‘Entrepreneurs are critical to jobs and growth in Russia, and the government can play a productive role in supporting new businesses,’ argued **Dmitry Loschinin**, Chief Executive Officer, Luxoft, Russia. ‘A possible obstacle for Russian entrepreneurs is access to capital. Public-private partnerships could be the solution,’ concluded **Janez Škrabec**, General Director, Riko, Slovenia.



Charles Tang, Chairman, Brazil-China Chamber of Commerce, Brazil - China could be a model on how to steer up technology driven economic growth

‘The role of the private sector is critical in raising education standards as a means of reducing poverty. Doing so puts more people in an economic position to buy products and services’

Andreas Schweitzer, Managing Director, Mistral, Switzerland

‘Education is the key - it is the solution to unemployment and all other challenges in Russia’

Mikael Hagström, President International, SAS, USA



Andrey A. Serebryakov, First Deputy Chairman, MFK Bank, Russia, making a point on Russia’s financial industry



Roberts Idelsons, President, Parex Asset Management, Latvia



Valentin Romanov, Executive Director, SUN Group, Russia



How might the world economy evolve in the next 6 to 12 months



Johan Staël von Holstein, Chief Executive Officer, Mycube, Singapore, at a boardroom dialogue

'The economic crisis might be a good opportunity for soul-searching and spiritual reflection'

Pavel Shashkin, Director External Relations, Russia Orthodox Church, Russia



Oltmann Siemens, Co-Chairman, Advisory Board, First Trust Portfolios, USA

The panel on Russia's Natural Resources emphasized the need to evaluate the historical role of resource-driven growth and understand transformations to new economic models for Russia. **John Fetter**, President, FSI Energy, USA explained that 'volatility in commodity pricing and balance points between regulation and markets is an important driver for the long-term success of Russia's energy sector.' 'Surely, Russia took a very hard hit - the Russian economy in 2009 has contracted by about 8 percent of GDP,' stated **Valentin Romanov**, Executive Director, SUN Group, Russia. He further explained the reason why Russia was hurt so badly: 'Russia borrowed heavily on the international capital markets and, of course, it is dependent on the price of oil.' **Peter Kraljič**, Member of the Supervisory Board, Severstal, Russia, added that 'Russia's fundamentals remain strong and stand out from the rest of emerging Europe. I am confident that the Russian economy will bounce back - depending on what happens to oil prices.'



Štefan Bogdan Šalej, Director General, International Center for Promotion of Enterprises, Slovenia

Garegin Tosunyan, President, Association of Russian Banks, Russia launched the session on financial services with an upbeat assessment. 'Banking is developing into a Russian success story', he stressed, 'and is one of the most advanced users of information technology. 'During the impressive growth years of the 2000s, Russian banks increasingly began to resemble the banks everywhere in emerging economies,' added **Oltmann Siemens**, Co-Chairman of the Advisory Board, First Trust Portfolios, USA. 'Still, the Russian banking sector remains small relative to the size of economy', held **Roberts Idelsons**, President, Parex Asset Management, Latvia. Marc-Emmanuel Vives, First Deputy Chairman, Rosbank, Russia, emphasized the necessity of competition in the Russian financial sector between government, private and foreign banking operations. **Andrey A. Serebryakov**, First Deputy Chairman, MFK Bank, Russia, said that the financial sector 'is on the right track but there is lots of work to be done. Meanwhile, there is room for everyone but state banks will still dominate.'

'We have to boost innovation capabilities. And we have to develop a world-class service sector to reduce our dependency on the country's natural resources'

Victor Zubarev, Deputy Leader, State Duma, Russia

'Banking is developing into a Russian success story'

Garegin Tosunyan, President, Association of Russian Banks, Russia

A major theme discussed at the meeting was the need to embrace socially responsible and environmentally friendly globalization strategies. **Pavel Shashkin**, Director External Relations, Russia Orthodox Church, Russia argued that 'the economic crisis might be a good opportunity for soul-searching and spiritual reflection.' He voiced his wish that the global recession would help business leaders to develop the right attitude to work and compensation, make them pull themselves together and value their contributions to society. Along the same lines, **Scott E. Rickert**, Chief Executive Officer, Nanofilm, USA, urged participants to remember that money imposes a huge responsibility upon its owner. **Artak Tovmasyan**, Chairman, Sozvezdie, Ukraine envisioned that the economic crisis would finally pick the thin artificial coating called 'virtual economy' - speculation and short-term profit taking. 'The Russian society might



Listening to the remarks of Ambassador Doku Zavgaev



Alexander I. Ageev, Director General, Association of Orthodox Business Leaders, Russia

emerge from the crisis strong rather than weakened,' concluded **Leonid Koshelev**, Chairman, Jet 2000, Russia.

The co-chairs made the following proposals at the closing of the meeting - a package of measures they called the Ljubljana declaration:

First, keeping the carrying out of anti-crisis measures for at least another six months, while connecting them more closely to structurally reforming the Russian economy. The economic crisis has magnified the



Marc-Emmanuel Vives, First Deputy Chairman, Rosbank, Russia - 'What should domestic and foreign firms do to thrive in this strategic environment'



What is Russia's impact on global growth?



Philippov Yuri, Deputy Director General, Snegiri, Russia



David Arkless, President, Global Corporate & Government Affairs, Manpower, USA, moderating the session on human resources

importance of public private partnerships – partnerships between the private and public sectors shall be promoted to translate fiscal stimulus into real economic growth.



Murad Sofizade, Chief Executive Officer, IPnet, Russia, one of the meeting co-chairs

Second, diversifying the economy, by implementing a concerted strategy to invest in sectors other than oil and gas. In addition, small- and medium-sized businesses should be shored up in the face of the crisis. The modernization of the Russian economy would reduce the country's dependence on natural resource exports and lead to the emergence of knowledge-based industry clusters, as well as massive technological innovation in industry and infrastructure.

And third, encouraging more and more sustainable Foreign Direct Investment as well as trade. Foreign Direct Investment will increase management skills and intellectual property - in addition to the mere provision of money. Russia and the world would benefit if Russia joined the WTO. The benefits will be even greater when coordinated with coherent employment and social policies.



Rok Vodnik, Member of the Management Board, Petrol, Slovenia

'It is time to move Russia to the centre of the global economy'

Alexey K. Pushkov, Director, Institute of Contemporary International Problems, Russia

During the Closing Dinner, **Patrick Vlačič**, Minister of Transport, Republic of Slovenia; **Alexander I. Ageev**, Director General, Association of Orthodox Business Leaders, Russia; and **Ivan Tselichtchev**, Professor, Niigata University of Management, Japan, spoke of their views on Russia's past, present and future. These deliberations were closely linked to discussions on a green and sustainable Russia. Going sustainable, which is not only an environmental and social imperative but a significant opportunity for new economic growth. Promoting sustainable economic growth and reducing poverty are the challenges Russia shares with the other BRIC-economies.

'Optimism should not obscure the challenges that lie ahead, nor should it be interpreted to mean it is time to withdraw the special responses put into effect to moderate the impact of the crisis'

Sergey Vasilyev, Vice Chairman, VEB Bank, Russia

The meeting ended with some cautious optimism: Russian exports have grown steadily, rising oil prices are supporting the balance of payments, and industrial production is recovering. Still, domestic consumption remains relatively weak. 'We might see a strong rebound by the third quarter if everything goes right,' as **Murad Sofizade**, Chief Executive Officer, IPnet, Russia, put it – fuelling hopes that the end of the crisis in Russia and around the globe is in sight. In the same vein, **Wolfgang Lehmacher**, Chief Executive Officer, GeoPost Intercontinental, France underlined that 'despite the flow of global trade and technological advances location and distance are still key considerations for political and economic activity. In this context, we as business leaders have a special role to play. A drive to innovate and a permanent search for new opportunities and markets makes the private sector a positive agent of social change and economic growth.' And, as **Alexey K. Pushkov**, Director, Institute of Contemporary



Wolfgang Lehmacher, Chief Executive Officer, GeoPost Intercontinental, France – ‘We as business leaders have a special role to play’



The Slovenian President with participants.

International Problems, Russia, pinpointed: ‘It is time to move Russia to the centre of the global economy.’

The Horasis Annual Meeting as well as the other Horasis meetings offer opportunities for senior business leaders to channel their ideas and proposals for the global recovery. Horasis is using its unrivalled history of partnership with global corporations to create a powerful platform for cooperation between emerging and developed markets. From the first meeting in 2005, annual gatherings have been held around the globe. The flagship events are the Global Arab Business Meeting, the Global China Business

Meeting, the Global India Business Meeting and the Global Russia Business Meeting. Horasis has engaged business leaders from all around the world to enact visions for a sustainable future for the last six years.

On behalf of Horasis, I would like to personally thank **Borut Pahor**, Prime Minister of the Republic of Slovenia who generously agreed to act as patron of the 2010 Global Russia Business Meeting. My thanks go also to the co-chairs, knowledge partners and media partners as well as to the rapporteurs of the meeting - **Ivan Tselichtchev**, Professor, Niigata University of Management, Japan; **Julia Stonogina**, Vice President,



Sergey Vasilyev, Vice Chairman, VEB Bank, Russia, commenting on how Russia will achieve its growth objectives



Continuing the discussions over the closing dinner



Valeriy Zhelnov, Initiator and President, Financial Literacy, Russia



Natalya Kaspersky, Chairman, Kaspersky Lab, Russia



President Türk in discussion with Peter Kraljic, Member of the Supervisory Board, Severstal



The Slovenian Minister of Foreign Affairs Samuel Žbogar – celebrating Russia



Suren O.Vardanian, Director General, Moscow Investment and Export Promotion Agency, Russia

International Association of Business Communications, Russia; and **Lou Marinoff**, Professor of Philosophy, The City College of New York, USA for their outstanding efforts in capturing the spirit of constructive dialogue in their contributions for this report. The Global Russia Business Meeting was a unique experience which would not have been possible without the dedication and enthusiasm of our partners, members and participants.



Jörg Banzhaf, Managing Director, ECE Projektmanagement, Germany, on strategies for success in Russia

It is our hope that the Global Russia Business Meeting will serve as an important platform for stimulating discussions and innovative solutions in the years to come. Horasis looks forward to welcoming you back to next year's edition of the Global Russia Business Meeting. When business leaders and government officials from Russia and from around the world gather at the 2011 Global Russia Business Meeting there will be much to review and an opportunity for delegates to form a valuable community to move the agenda forward. We hope to see you then again.



Timothy Beardson, Chairman, Albert Place Holdings, Hong Kong

Dr. Frank-Jürgen Richter
President
Horasis: The Global Visions Community



Horasis President Frank-Jürgen Richter – on Russia's engagement with Europe

Contacts Established in Slovenia Will Grow into Successful Business Relations

By Borut Pahor, Prime Minister of the Republic of Slovenia

It was my great pleasure to accept the patronage of the first in a series of Horasis events, dedicated to one of the most important partners of Slovenia and the EU – the Russian Federation. Slovenia appreciates this opportunity also because at home, in the EU and at international forums, as well as in bilateral relations with other countries, most of the attention is paid to searching for the best way out of the current global economic crisis. At the same time we want to contribute to the discussion significant for the future of our economic relations with Russia and our joint economic partners. The Global Russia Business Meeting was an exceptional opportunity for all of these things, and it is our wish that it will represent a successful foundation for an annual forum.

We believe that integration and joint action are the keys to exiting the existing economic crisis and to forming a joint global development. It was my pleasure to accept the invitation of the Prime Minister of the Russian Federation, Mr. Vladimir Putin, to participate in this year's International Economic Forum which will take place in Sankt Petersburg. I'm convinced that the discussions at the first Global Russia Business Meeting will be interesting and provide a good basis for the talks in Sankt Petersburg.

Slovenia was not chosen randomly as the host of the Global Russia Business Meeting. Friendly relations based on a historical component and cultural similarities connect us and the Russian Federation. Political dialogue between the highest representatives

of Slovenia and Russia is regular and constructive, too. We have contacts between the line ministers, experts in various fields, and academic and civil spheres. I believe that all of these things will deepen and expand even further, due also to the joint Declaration on Friendly Relations and Cooperation.

In addition, Slovenia participates in shaping the EU's policy towards the Russian Federation. The efforts of the Slovenian Presidency of the EU led to the commencement of negotiations for concluding a new partnership and cooperation agreement between the EU and the Russian Federation.

In addition to cooperation in the political field, the Slovenian-Russian cooperation is particularly successful in the field of economic and cultural relations. The trade of goods with the Russian Federation, at which Slovenia has recorded a surplus, exceeded one billion Euros annually in the



Borut Pahor, Prime Minister, Republic of Slovenia – Russia will continue to be one of the most important investment locations and trading partners for the Slovenian economy

years 2007 and 2008 (1.181 billion in 2007 and 1.156 billion in 2008), while last year it decreased by over a third compared to 2008 due to the impact of the economic crisis. Meeting in Slovenia offered plenty of opportunities for discussions and agreements on how to stop and reverse this negative trend.

It should be pointed out that despite the crisis the Russian Federation remains one of Slovenia's most important economic partners, and that despite the economic crisis most Slovenian companies stayed in the Russian market, in which our investment activity has been strengthening as well.

In the field of economic relations between the two countries, I'd like to point out the signing of the South Stream pipeline agreement, signed by Slovenia and the Russian Federation at the end of the previous year. It is expected that this agreement will be the basis for concluding a number of successful joint Slovenian-Russian projects.

Allow me to point out what I consider to be of key significance in understanding the importance of Slovenia for the Russian economy. Slovenia is a country whose population has Slavic roots, geographically it is located at the heart of the Central Europe and borders the Western Balkans and, moreover, it has access to the Adriatic Sea. If an exceptionally qualified labour force is added to the aforementioned geographical location, in particular the fact that Slovenia is a full member of the European Union, the Schengen area and the Eurozone, and that it will become a full member of the OECD in a few days, the result is a market which is regulated, safe and attractive for investors due to a number of unexploited potentials. At the same time, Slovenia is also a good starting position for investments in the EU, in the Western Balkans and, last but not least, in the Mediterranean countries with which we have friendly relations.

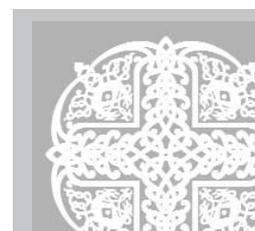
Economic contacts often provide the basis for establishing contacts also in other fields, particularly in culture and science. Because we want to bring the rich culture of both countries closer to the citizens, the activity of the Forum of Slavic Cultures needs to be strengthened and the mechanisms enabling closer contact between their peoples established. These mechanisms are provided by the bilateral establishment of a legal basis for their more efficient cultural and scientific cooperation, as well as by the changes in the visa regulation, which would facilitate the movement of people and ideas.

'Slovenia was not chosen randomly as the host of the Global Russia Business Meeting. Friendly relations based on a historical component and cultural similarities connect us and the Russian Federation'

*Borut Pahor, Prime Minister
of the Republic of Slovenia*

Slovenia is well aware of the importance of cooperation in the political as well as economic and other fields in order to successfully cope with the challenges of the modern world, which is why it was prepared to accept the challenge and host the first global business meeting with Russia, hoping it will become an annual event.

We wish and expect that the contacts established by the participants during these days will grow into successful business relations and also include other areas of cooperation, thus successfully building relations at interpersonal and international levels.



Emphasizing Innovation

By Ivan Tselichtchev, Professor,
Niigata University of Management, Japan

Horasis and its President Frank-Jürgen Richter have developed an innovative pattern of international conferences – global business meetings focused on a particular country. The participants, who are prominent representatives of the global business community, government officials, academics and the media, discuss a wide range of topics, but primarily they focus on business issues. A country is selected as the focus of the meeting and its situation is discussed in the global context: importantly the venue of the meeting is outside the focal country. This separation is needed to promote freely moving in-depth discussions and networking.

Following successful Global China Business Meetings and Global India Business Meetings the first Global Russia Business Meeting was organized by Horasis in Ljubljana, Slovenia over 16-18 May 2010, at the state-of-the-art Brdo Conference Center. The Government of the Republic of Slovenia was the co-host, and the local organizers



Ivan Tselichtchev, Professor,
Niigata University of Management, Japan

were the Association of European Businesses, Delovaya Rossia, Moscow International Business Association, Moscow Investment and Export Promotion Agency, Russian Managers Association, Association of Orthodox Business Leaders and the Young Presidents Organization.

The President of the Republic of Slovenia **Danilo Türk**, Prime Minister **Borut Pahor**, Foreign Minister **Samuel Žbogar**, Minister of Transport **Patrick Vlačič**, and Russian Ambassador **Doku Zavgaev** addressed the Meeting on different occasions.

One of the major messages of the meeting was that the Russian economy is now going through a major paradigm shift. This is a shift from an economy dominated by natural resources to one with a more diversified structure, climbing the value chain and ultimately able to promote an innovation-led growth driven by high-tech industries capitalizing on the country's enormous human resource potential. The meeting heard the necessary political will to undertake such a shift is there and noticeable developments have already taken place. Of note was the emergence of strong companies operating in the high-tech sectors, such as RosNano and Russia Venture Company. Although both are government-owned they actively interact with and co-support high-tech privately owned businesses. Both companies were represented at this Global Russia Business Meeting at the CEO-level, and naturally found themselves the focus of attention.

The major themes for plenary and board-room dialogue sessions were *Innovation* and *High-Tech*. The session on Innovating in Russia was chaired by United Russia Party's Deputy Leader at the State Duma **Victor Zubarev** – he led a discussion on 'Creating a New Economic Reality'. Herein he articulated the new contours of the innovation economy – Russian style – in which they

attempt to absorb successful innovation-led economies, but not forgetting Russia's specifics. We heard that the Party is now working on this broad concept; and in this regard, inputs provided by the participants look more than helpful.

Along with creating a breakthrough concept and clarifying a road map (see below), it is important to improve the basic conditions for innovative entrepreneurs in the short term. Some participants pointed out that that, paradoxically, a number of incentives for entrepreneurs have disappeared due to recent policy changes. Also, many new ideas seem to be generated without taking into account real demand, possibly due to a lack of grounded research. It was noted that Russian technology companies are not trying hard enough to enter the markets of the developed countries, but without market research, the links between different stages within the value chain (starting from fundamental research and ending with the entry into foreign markets) remain weak: many new ideas and research remains non-commercialized. It was stressed that creating alliances between Russian researchers and innovators on the one hand and foreign companies know-how to produce and sell innovative products is a task of great importance. Of course the issue of Russian corporate culture was questioned sharply: does Russia really value successful people? If yes, are they part of the central group working on the concept of the innovation-led economy? Are business and technology innovators treated the way they deserve? Are these innovators allowed to incubate the next generation of innovators?

Other major themes included the creation and development of Russian brands; the strategies of large Russian companies as outward direct investors active in various parts of the world; visions for a sustainable future; the way Russian companies see their corporate social responsibility; and, of

course, the success strategies of foreign businesses operating in Russia itself.

The need for drastic steps to improve the regulatory framework and transparency was emphasized: corruption it was noted is a huge impediment. For instance, to start a civil construction project in Russia you need around 700 permits, versus about 150 in Europe and 40 in the US: it is tempting therefore to initiate countervailing mechanisms, some of which may be unlawful. Russia's legal environment seems arbitrary, and taxes often seem to be used as a tool to pressure foreign companies to comply with the local authorities. On the other hand, some participants mentioned that it is not unusual that some foreign companies come to Russia somehow unprepared, lacking basic knowledge of the Russian law and not knowing enough about how to use the support systems for foreign businessmen which are already in place. Some participants pointed out that today it is possible to pursue well-proven entry strategies in Russia, similar to those used in other countries.

'One of the major messages of the meeting was that the Russian economy is now going through a major paradigm shift. This is a shift from an economy dominated by natural resources to one with a more diversified structure, climbing the value chain and ultimately able to promote an innovation-led growth driven by high-tech industries capitalizing on the country's enormous human resource potential'

*Ivan Tselichtchev, Professor,
Niigata University of Management, Japan*

Non-Russian participants strongly urged Russia to do more to adopt internationally accepted standards and especially to speed up the process of joining the WTO. Some Russian participants reacted by saying that there are more important things than the

WTO entry - Russia has to sort out its internal conflicts, and that resolving the WTO related issues may still take quite a long time.

Overall, it was emphasized that the Russian economy has overcome the global financial crisis by avoiding heavy blows, and is now accelerating. The official 3.1 percent growth target is likely to be exceeded and so Russia's role as one of the BRICs, and as a major emerging market country will further increase. Furthermore, it was expected that Europe will need closer links with Russia in the future given the rise of new Asian economic superpowers.

At the closing plenary, in a brain-storming format, participants articulated an unofficial Ljubljana Declaration – a road-map, suggesting that Russia should do more to apply and adhere to international standards, 'think big', have a smaller government with less regulation, and promote entrepreneurship, freedom, creativity and innovation.

It was a productive and thought-provoking meeting which contributed much to strengthening the links between Russian and foreign business communities. Hopefully, further Global Russia Business Meetings will follow in due course.



Zoran Jankovič, Mayor of Ljubljana, welcoming participants



Igor Kravchenko, President, International Academy of Innovation Social Technologies, Russia, asking a question



Victor Zubarev, Deputy Leader, State Duma, Russia, moderating the panel 'Innovating in Russia – Creating a New Economic Reality'



Community building - our vision at Horasis



*'Education is key' – Mikael Hagström,
President International, SAS, USA*



*Dennis Gillings, Chairman, Quintiles, USA,
on the US healthcare reform*



*Guy Spier, Managing Partner, Aquamarine Capital, Switzerland –
which strategies work best when trying to break into foreign markets*



*Gligor Tashkovich, Minister of Foreign Investment (ret.)
of Macedonia*



A boardroom dialogue panel

Russia: Between Symbol and Brand

By Julia Stonogina, Vice President, International Association of Business Communications, Russia

A country's image and branding is the pinnacle and a very exclusive product of the public relations' fussy job. In the modern geopolitical system, countries have desperately competed at the image level, maintaining state PR programs in order to promote their advantages in the spheres of trade, education or tourism. However image is a fragile product too: the valiant efforts of sophisticated PR teams can be broken instantly by a politician's careless remark. Russia is experiencing a period of uncertain image - it is no longer a frightening communist monster, but is not yet a country fully integrated into the world's economic systems. On the one hand, Russia attempts to take advantage of belonging to the emerging markets, to the BRICs club - on the other hand, leaving oil prices aside, the country has not progressed in the same impressive way as China or India. Or, at least, its progress is not that visible to the rest of the world. For instance I'm sure it was a revelation to the many participants of



*Julia Stonogina, Vice President,
International Association of Business Communications, Russia*

this first Horasis Global Russia Business Meeting - to learn about Russia's program for innovation support, presented by **Igor Agamirzyan**, Chairman, Russian Venture Company. Foreigners living and working in Russia admire its dynamism, its large variety of opportunities, and its European style of life: while the perception of the million others outside Russia is still based on their prejudices of the Cold War period. The reason might be that Russia is not, as the panelist **Tony Cowling**, Chairman, TNS, United Kingdom, said, 'a strong marketing nation'. Here we understand marketing in a broader sense, as the country's and particular players' ability to speak and act in a marketing way, maintaining the image of an integrated economic and communication policy.

As a moderator of the session 'Creating Russian Brands,' I had a chance to observe how Russia's realities are perceived by its European and American counterparts. In a session reviewing the smaller national brands we were able to see the reflection of the big 'brand Russia' and thus its strong and weak points.

First of all, it was an amazing discovery to find that many of the Soviet Union's distinctive labels still have their place in the westerners' memory - and hearts. Talking of Russia, they still name the symbols from the country's Soviet past: Pravda and the Bolshoy ballet, Sputnik and Kalashnikov, Fabergé and vodka. Indeed, those symbols were of the two 'usual' kinds - of culture and aggression.

Regretfully, there were few economic or business efforts mentioned. This showed that the West remains in ignorance of the new economics and its branding processes in Russia. It would seem that Russian companies, even trying to penetrate developed markets do not possess the proper communication and promotion programs which might smoothly promote

their business. Being developed in basic economic sense the western markets are also advanced 'branded' territories. one must respect that field. Without implementation of the proper promotion policy Russia still operates the old symbolic on the world stage, not the wished-for new branded presentation.

'The need to generate a positive image of Russia's symbols and a new awareness of Russia's brands is of prime importance'

Julia Stonogina, Vice President, International Association of Business Communications, Russia

Even those companies like Aeroflot, Lukoil, Gazprom, with which the Europeans are mostly familiar through media introductions, are still considered as older symbols: of the Russian air transport with its poor service; of Russia's abundance built on fuel wells; or Russia's bullying smaller neighbours by cutting off the gas supplies. How about the other thousands of Russian companies with shorter or longer market life? Even being well known on the domestic market, Russian brands have no global impact which means it's still a long way from being fully integrated into the global economy.

The need to generate a positive image of Russia's symbols and a new awareness of Russia's brands is of prime importance.



Tony Cowling, Chairman, TNS, United Kingdom makes a point as Julia Stonogina and Janez Škrabec listen

This is the current situation that must be given a proper and beneficial balance: similar to Lenovo not destroying the Great Wall but complementing it. Symbols and brands belong to different economic systems and different human consciousness. For instance, we might think the distance between symbols and brands is just the same length as it is between propaganda and marketing. Symbols talk to us about the politics, brands about economy.

Symbols do not need to compete for the people's emotional appreciation but brands do. Russia's symbols belong to the time of the industrial economy, controlled market and totalitarian society. Russian brands should demonstrate the country's economic transformation, post-industrial thinking and a new type of communication with the world.

Re-evaluating Russia is a mutual process for both Russians and the Europeans alike. It is not as if we are going to jump from zero to the sky. What I'm trying to say is that the present economic processes in Russia are ahead of the laggardly informational policy - whether conducted by private companies or the State.

Horasis has voluntarily undertaken a difficult mission to consider Russia's promotion to its potential world partners. The Global Russia Business Meeting was a great opportunity for the public relations of the Russian business elite to open up to the international community. Hopefully they might be stimulated, and be propelled from the domestic level to the higher levels of the world's economic processes.



Wither Mother Russia?

Cultivating Greatness as a Key to Success

*By Lou Marinoff, Professor of Philosophy,
The City College of New York, USA*

‘I cannot forecast to you the action of Russia. It is a riddle, wrapped in a mystery, inside an enigma; but perhaps there is a key. That key is Russian national interest.’

– Winston Churchill, radio broadcast, 1939

I have been invited to write for this Report on the inaugural Global Russia Business Meeting. Please bear in mind that I am a philosopher, and with Russian roots, but decidedly not an economist. So although this article is grounded in political philosophy, it does indeed have direct implications for economics, and so too for business.

A mere sixty-five years ago, and still in living memory of many today, the three most powerful men in the world at the time met at Yalta, to chart a course beyond the cataclysm of World War Two. In 1945, Churchill, Roosevelt and Stalin jointly wielded more power than any man, or any triumvirate of men, in human history. The geopolitical fate of humankind was being decided in London, Moscow, and Washington. But not for long. The swift disintegration of the British Empire in the late 1940s left only two great powers standing: the USA, and the USSR. World history for the next four decades was largely determined in two cities: Washington and Moscow.

The past twenty years have wrought momentous global changes. Thanks to perestroika, the Soviet empire evaporated more swiftly and pacifically than did

Britain’s, while the American empire’s ongoing denouement unfortunately resembles ancient Rome’s. Paralyzed by political gridlock, fractured by social conflict, debilitated by culturally-induced dysfunctions, and showing signs of precipitating a new Dark Age in its wake, America’s decline and fall is as tortuous and agonized as that of Rome’s former Western empire.

Post-perestroika, Russia survived a ‘Wild West’ transition from which has emerged a powerful oligarchy, wielding considerable potential for economic growth. Russia has re-invented herself as a developing nation, an element of the BRIC, early in a century in which the balance of global power appears to be shifting from West to East. This article does not aim to predict the future of Russia; however, it does suggest that some courses conduce to greater peace and prosperity – and thus to better business – than others.

The natural and human worlds alike are governed by laws. In the case of nature, we are not free to flout the laws of physics,



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chemistry and biology – we are free only to discover them, and to find ways of making them serve (rather than hinder) our purposes. In the case of the human world, the laws are far from crystal-clear. The so-called ‘social sciences’ – psychology, sociology, economics, politics – do not admit of the same exactitude as the natural ones. On the contrary: In some cases, their tenets are so imprecise or arbitrary that they appear barely scientific at all; they often resemble articles of religious faith rather than reasoned inquiry.

Even so, some general tendencies can be reliably observed. For example, economic arrangements – like social ones – are conditioned by the sphere of politics. A given population, with a given pool of natural resources, physical infrastructures and human competencies, will become more (or less) prosperous depending on the political system that governs its economic transactions. The USA, for example, evolved from a constellation of British colonies to the world’s leading economy partly because the Jeffersonian ideal of *laissez-faire* economics was incorporated in its foundations. By contrast, once-viable economies of many smaller nations have been severely compromised, if not destroyed, by regnant tyrants. I am not claiming that authoritarianism guarantees impoverishment; far from it. China’s economic prosperity is unfolding under the aegis of an authoritarian government; while the recent meltdown of the US economy was caused partly by avaricious abuses of liberty, and partly by insufficient regulation.

What about Russia? First, I can make no pretence to objectivity. My four grandparents all emigrated from Russia and the Baltic states. Russian was spoken (along with English, French and Yiddish) in the homes of my grandparents and uncles, but regrettably was not passed on to my generation. In the 1960s, we had a visit

from a Muscovite uncle, a professor at the University of Moscow, with whom we played chess and debated politics. He defeated us soundly at chess, but we won the political arguments, since the Brezhnev regime had forbidden his wife and child to accompany him while he toured what used to be known as the ‘free West.’

Second, I am a child of the Cold War, and thus acquired early fluency in the dialectic of deterrence. The Cuban missile crisis was especially memorable, as for several tense hours the world tottered on the brink of Armageddon. We must pay retrospective tribute to American and Soviet leaders alike, who managed for decades to avert nuclear warfare, if only by the paradoxical threat of Mutual Assured Destruction. Nonetheless, in so doing they taught the world a valuable lesson, writing ‘the book’ on deterrence, which hopefully is still being studied by all current members of the ‘Nuclear Club’, and especially by aspiring ones.

One of the most profound collaborations to emerge from the Cold War was between two outstanding astronomers: Carl Sagan (USA) and Iosif Samuilovich Shklovsky (USSR). Together they wrote a delightful book, *Intelligent Life in the Universe*, in which they transported readers to the leading edges of the galaxy, the cosmos, and state-of-the-art astronomy of the day. Although its title ostensibly refers to extra-terrestrial intelligence, I thought it aptly satirized the condition of the times. That is, if we humans were truly intelligent, we’d find a way to transform geopolitical conflict into global collaboration. We are still at work on that problem, but have made demonstrably large strides. I emphasize that our progress to date owes much to the greatness of Russia, and her people.

Any person of scientific or artistic sensibility cannot fail to be indelibly impressed by the achievements of Russian science, and the genius of Russian artistry. Sputnik changed the world forever, and Yuri Gagarin owns the eternal distinction of being the first man in space. Notwithstanding conventional US cynicism over the ensuing space race to the moon, when pundits observed that ‘Our German scientists beat their German scientists,’ it is nonetheless remarkable that the USSR managed to rival the USA for so many decades, given the glaring disparities between their political economies. Marxist command-economies are doomed to fail, for their attempted leveling of inequalities leads to near-universal poverty, and intolerance of wealth; whereas Jeffersonian capitalist economies are doomed to succeed, for their attempted perpetuation of inequalities leads to near-universal aspirations to wealth, and tolerance of poverty. The greatness of the Russian people was manifest in their ability to be competitive with the USA in spite of Marx, not because of him.

The influence of Russian (and Russian-inspired) arts and sports on the West – literature, music, chess, ice-hockey – is monumental. During the 1960s, while Russian youth were savoring rock music and blue jeans smuggled through the Iron Curtain, Western youth were digesting classics by Dostoyevsky, Pasternak, and Tolstoy with deep and lasting appreciation. Immortal compositions by Tchaikovsky, Prokofiev, Rachmaninoff, and Stravinsky continue to grace concert stages world-wide. Russian émigrés such as Koussevitzky and Horowitz made lasting impressions on conducting and performance, while the towering novels of Ayn Rand (née Alisa Zinov’yevna Rosenbaum) became mainstays of libertarianism in the once-free West. Another émigré, eminent Oxford scholar Isaiah Berlin, described the extraordinary

political and social revolutionary ferment of 19th-century Russian minds – Herzen, Bakunin, Belinsky, Turgenev – as ‘the largest single Russian contribution to social change in the world.’ Beyond the revolutionaries ably catalogued by Berlin, in the 20th century there emerged the sober sociology of Sorokin, the passionate anti Social Darwinism of Kropotkin, and the civilizational taxonomy of Kardashev, among other luminaries of Russian social scientific thought.

The brilliant legacy of Russian chess champions is simply unequalled in the game, and the greatest chess encounters in history have featured Russian players – Spassky versus Fischer in Reykjavik, Kasparov versus Deep Blue in New York. The game’s ‘bible’, Chess Openings: Theory and Practice, brims with brilliancies by Russian and Soviet legends – including the likes of Alekhine, Botvinnik, Bronstein, Karpov, Keres, Korchnoi, Petrosian, Smyslov, Tal.

Ice hockey is played around the world, but in only two nations does it transcend sport and approach the stature of a religion: Canada, and Russia. These days, the National Hockey League (NHL) abounds with Russian stars, but Canadians will always remember the 1972 Canada-Soviet series, the ‘summit on ice,’ in which a disciplined Soviet team more than held its own against the NHL’s most vaunted superstars, proving that Russian hockey players could vie with Canada’s best. And in the fiercely competitive, derivative sport of table-hockey, a young Russian player has recently dethroned the long-reigning Swedish Stiga champions. It remains for Russians to discover, and to master, Canada’s definitive Coleco table-hockey board. (If you are up to this challenge, I am a former 3-time Canadian champion, and have a ‘five-year plan’ to get you started.)

Among the books that have had the greatest impact on Western intelligentsia, as well as on popular culture in the 20th century, and which continue to be widely read today, are two by Britain's George Orwell: *Animal Farm* (his satire on the Bolshevik revolution), and *Nineteen Eighty-Four* (his satire on Stalinism). *Nineteen Eighty-Four* has sold more than 50 million copies worldwide, which is astronomical for any book, and that much more amazing for a political allegory with a tragic ending. Written in the UK, it owes its substance and soul to Russia.

Following World War One, a good many idealistic Western intellectuals embraced varieties of socialism or communism as putative remedies against excesses of imperialism and capitalism. But after World War Two, and the emergence of full-blown totalitarianism from the political Left, the most disenchanted and prescient of these intellectuals - including Orwell and Hungarian émigré Arthur Koestler (in *Darkness at Noon*) - repudiated in no uncertain terms what Gorbachev would later call 'the ideology of the Iron Hand.' Their influential novels coincided with the appearance of Alexander Solzhenitsyn's works, which altogether reinforced Western will to resist doctrines and dictators - whether real or imaginary - that appeared inimical to hard-won individual liberty.

In the USA, McCarthy's rabid witch-hunts against imaginary communism ruined many innocent lives. The mortal threats to liberty would emerge post-McCarthy, during the late 1960s, when student radicals and agitators of assorted far-left persuasions - from Trotskyites to Maoists - tutored by transplanted European totalitarians (e.g. the Frankfurt school, Herbert Marcuse, Paul de Man), and egged on by indigenous rabble-rousers (e.g. Noam Chomsky) and saboteurs of high culture (e.g. Stanley Fish), transformed the universities from bastions of liberal arts to hothouses of political indoctrination. The edifices of Western higher education have become People's Democratic Universities, from which these radicals and their political commissars have graduated cadres of apparatchiks, rank-and-file ideocrats who have waged the so-called 'culture wars' and 'gender wars' that have sapped the foundations of Western civilization, impaired the mental fitness of its citizenry, and rendered its culture increasingly 'brain-dead.'

This did not happen by accident. Italian Marxist Antonio Gramsci theorized that one can bring down a civilization without firing a shot, if one can commandeer its cultural institutions. The USA has become a proving-ground for Gramsci's terminal hypothesis.



How to develop a world-class service sector – Dmitry Lisenkov, Managing Director, RusNano, Russia



Carol Patterson, CIS Managing Partner, Baker & McKenzie, Russia, moderating the panel 'Riding the Next Wave of Financial Services in Russia'



Iurii Senyuk, Chief Executive Officer, Industrial Park International, Ukraine – what does it take to boost innovation capabilities

The Russian people are particularly if not uniquely well-placed to appreciate linguistic ironies of America's decline - from the so-called Czars who oversee special policy bureaus in Washington, to the neo-conservative nickname for The New York Times, namely Pravda. The Russian people are also uniquely well-positioned to appreciate much deeper ironies, including the farrago of politically correct neo-Marxist myths that masquerade as unchallengeable dogmas in the contemporary American mindscape, accelerating its cultural collapse. Our Czars provide no immunization against Pravda's untruths; and Hollywood, no counterpoint to comrade Michael Moore's insipid agitprop.

'So my philosophical prescription to the oligarchs of Russia is this: Utilize wealth to create opportunity, to grow your middle classes, to enhance your intelligentsia, and to cultivate the greatness of your people. This is surely in your private interest, in Russia's national interest, and in the interests of the entire global village'

*Lou Marinoff, Professor of Philosophy,
The City College of New York, USA*

I happen to possess a remedy, and would happily share it, by directing a documentary film for the entertainment and edification of the Russian people. The film is called American Gulag. It stands no greater chance of being produced in contemporary Hollywood than The First Circle stood to be produced by the KGB. Whenever I give my Russian or Eastern European friends a tour of the American Gulag, they immediately react with a mixture of horror and humor. For they recognize that totalitarianism is alive and well, thriving in the USA. Like a cultural retrovirus, it has (true to Gramsci) commandeered the mind-politic, and thence metastasized throughout the body-politic. Only the most

hardened conservatives and stoic libertarians, along with fundamentalist Christians, are immune to it. Having become all but inoperable, the sublime ideologies of America's radical Left provide sardonic entertainment.

My Russian roots reverberate with the conviction that Russians would appreciate this irony. We in the formerly-free West have for so many decades been entranced and enthralled, horrified yet deeply moved, by masterful literary and film portrayals of life in Russia, that never fail to evoke the poetry of the Russian soul. Russia has exported brilliant cultural artifacts, and has inspired insightful and impactful political art. Now the time has come to reverse this trade deficit, to expose and export American political horror to the audience best-qualified to appreciate it.

How times have changed! I know quite a few Western intellectuals who have fled (or would like to escape) the American Gulag, seeking new-found freedom and opportunity in Eastern Europe and Asia. America kept the torch of liberty alight for much of the 20th century, and understandably pontificated its brand of morality in the process of 'policing' much of the world. These days, the 'police force' has been largely privatized (as it was in the Late Roman empire). Today, more than 78% of young American males of military age are



Announcing the next panels

chronically unfit for service, owing to a congeries of physical and psychological dysfunctions, all of them culturally-induced (did I mention Gramsci?). So who is currently teaching moral lessons to the world? Who else but Eastern Europeans and Asians: for example, Mikhail Gorbachev and Japanese Buddhist leader Daisaku Ikeda. Their dialogue, *Moral Lessons of the Twentieth Century*, not only brims with words worth heeding, but also shows where the moral compass is pointing in the 21st century: East, not West.

America's development was historically predicated on oligarchs - colloquially known as 'robber barons' - who also understood the importance of political, economic and social stability to the long-term stewardship of wealth. Thus far-sighted American oligarchs took to heart the advice of Aristotle, who knew full-well in 325 BCE that the most stable and pleasant states to govern, and to inhabit, harbor a thriving middle class. So they funded education, established think-tanks, encouraged sciences and arts, and undertook philanthropy. Fast forward to the BRIC, and this is what we see: Middle classes burgeoning in China and India, and emerging to different rhythms in Brazil and Russia. Again, and by contrast, the American middle class is becoming an endangered species.

The promising potential of globalization, in terms of the transcendence of global economics over national politics - and the subsequent flow of capital and information, goods and services, across permeable national borders - cannot be attained if the middle classes are bled white by predatory capitalists operating in concert with corrupt governments. Systemic predation on the middle classes, and the resulting polarization of the populace, is nothing but a breeding-ground for suffering and agitation, instability and revolution. The French, the Russian, the Chinese, and the Cuban revolutions number among history's cautionary tales of what can happen when economic polarization and political corruption reach dangerous extremes.

America's emergent plutocracy is driving exactly the same phenomenon in the US, and Russian oligarchs would be wise to chart a different course. The long-suffering Russian people have endured Czars and Bolsheviks alike, have survived merciless invaders from without and ruthless purges from within. So my philosophical prescription to the oligarchs of Russia is this: Utilize wealth to create opportunity, to grow your middle classes, to enhance your intelligentsia, and to cultivate the greatness of your people. This is surely in your private interest, in Russia's national interest, and in the interests of the entire global village.



*Dmitry Bazhenov, General Director,
General DataComm, Russia*



*Frank Schauff, Chief Executive Officer,
Association of European Business, Russia*



*Christian Wiest, Executive Vice President,
Schneider Electric, France*

Honoring the Russian Business Leaders of the Year 2010

By *Sergey Litovchenko, Executive Director, Russian Managers Association, Russia*

The Minister of Finance of the Russian Federation Aleksei Kudrin rightly summarized the first decade of the new millennium as one of economic growth for Russia, pointing out that between 2000 and 2010 the real income of the average Russian increased by 160% while salaries rose 230%, GDP shot up by 68%, industrial output saw an upturn of 47%.

'The infrastructure of the whole Russian economy strives for modernization'

Sergey Litovchenko, Executive Director, Russian Managers Association, Russia

These are welcome signals but further rapid development seems impossible without changing the fundamental economic policies. The infrastructure of the whole Russian economy strives for modernization. By modernization, read innovation in the economy and in the economic activities underpinning it. This means research and development, investment and changing the management environment for innovation and modernization to take place.



Sergey Litovchenko, Executive Director, Russian Managers Association awards Dmitry Loschinin, Chief Executive Officer, Luxoft

An international jury led by Russian Managers Association and Horasis took the opportunity at the first Global Russia Business Meeting to recognize and honor three Russian business leaders that excel in innovation and leadership and whose impact on the economic development and global integration of Russia was obvious well beyond the borders of the country.

The award ceremony took place at a special plenary during the Global Russia Business Meeting in Ljubljana, 17 May 2010. I had the privilege to name Russian Business Leader of the Year award winners and had a short but substantial panel with them:

- **Igor Agamirzyan**, Chief Executive Officer of Russian Venture Company for support of innovation economy in Russia
- **Dmitry Loschinin**, President of Luxoft for establishing a successful international hi-tech enterprise
- **Alexander Kiselev**, Director General of Russian Post for modernization initiatives in the government economic sector in Russia

The first award is logical for the innovation trend that the Russian leaders have set. Igor Agamirzyan, Ph.D., is a highly successful CEO & Chairman of the Executive Board of the Russian Venture Company since May 2009. His previous positions included General Manager of the Software Development Center of EMC Corporation and National Technology Officer and member of the Cabinet of the Chairman of Microsoft in Russia and CIS countries. Russian Venture Company is a fund of funds and development institution which was established by the Russian government to

foster development of venture capital industry and national innovation system in Russia. The company was trusted by Russian government 1 billion USD to invest through 7 venture funds into priority technology areas. These areas include information technology, telecommunications, biotechnology, medicine, nanotechnology, alternative energy, and power generation sectors.

Under the leadership of Mr. Agamirzian Russian Venture Company undertook a number of important initiatives in development of innovation economy in Russia. One of them is setting up the first Seed Fund in Russia in the end of 2009 which invests in high growth potential startups at early stage of development. This effort was regarded as a Breakthrough idea in Venture Financing by Finance magazine, a Russian leading business media.

Just to name other projects the Russian Venture Company is involved in today, they are legislative initiatives to create an innovation-friendly business environment in Russia, partner and consulting networks supporting innovations all the way for investments, global outreach programs helping Russian startups to succeed in global markets. To sum up, Russian Venture Company is today in the forefront of developments which will build a Knowledge Economy in Russia tomorrow.

Luxoft, a global IT company, is Russia's leading software developer and IT services exporter. The company was founded in 2000 and is a member of the IBS Group. Dmitry Loschinin has led Luxoft from its inception in April 2000. With over 20 years of IT experience Dmitry has built a superior team of professionals and has brought Luxoft to the vanguard of global IT outsourcing.

Dmitry started his professional career as a software engineer in the late 1980s. In a short period of time he achieved management



Igor Agamirzian, Chief Executive Officer, Russian Venture Company – awarded as Russian Business Leader-of-the-Year by Sergey Litovchenko, Executive Director, Russian Managers Association

roles within leading multinationals such as KED GmbH, MCP GmbH and IBM. In 1998 Dmitry joined the IBS Group where he successfully established SAP R/3 implementation practice before taking charge of the IBS initiative to offer offshore software services. This initiative eventually became Luxoft.

Under Loschinin's leadership, Luxoft has enjoyed exponential growth, became the world's only company to achieve both CMM and CMMI Level 5 certification simultaneously, and has climbed to the top of the Russian software services industry by building a loyal client base of world's most successful companies. The company now employs more than 1,200 people at five development centers.

Leveraging a unique, proven offshore engagement model, Luxoft provides a full range of custom software development services for IT solutions on various platforms and technologies. Luxoft runs research and offshore development centers in Moscow, St. Petersburg, Dubna, Omsk and Kiev. Under Dmitry's stewardship Luxoft has enjoyed exponential growth and has become a global IT outsourcing leader with a loyal client base that includes some of the world's most successful companies.

The last but not the least award went to the leader of one of the Russia's largest enterprise, owned by government, Alexander Kiselev, Director General of the Russian Post. Mr. Kiselev is known as the author of the Russian Post reformation concept and was appointed to be the leader of the Russian Post in 2009 after being an assistant to the Minister of Telecommunication and Informatization of the Russian Federation Leonid Reiman and having an experience in several companies including Svyazinvest.

The recession of the 2008-2009 had affected a number of strategic facilities in the Russian Federation, the Russian Post being one of them. Mr. Kiselev states that the Russian Post should make use of the current situation to boost the investments and modernization in those areas where the development potential was previously underestimated. The Russian Post has elaborated the Program of the Russian Postal Service Infrastructure Modernization, which suggests investment of 101 billion Rubles under its parity financing by the Government (47%) and the Russian Post itself (53%) by 2011.

The number and scope of tasks and functions fulfilled by the Russian Post have significantly increased lately. Mr. Kiselev notes that the post having the ramified branch network

and enjoying the population's credit is able and must expand its presence on the market of financial services and increase their sales volumes. The planned increase will primarily involve the delivery of pensions and allowances, transfer of postal money orders, acceptance of various payment orders, credit redemption and, in the long term, opening of accounts and effecting banking transactions with them, servicing the bank cards and carrying out operations with securities. By the year of 2011 the Russian Post plans to increase its share on the payments market up to 33% (by 6%).

Russian Post is a sleeping giant, which has only recently begun to stir with the emergence of a new consumer economy in Russia. Russian Post is in many ways a relic of the vast, inefficient state bureaucracies of the Soviet area. However, with vigorous new management, infusions of investment capital, and the rapid introduction of electronic communications, the system is showing signs of new life.

The achievements, excellence and integrity of Mr. Agamirzian, Mr. Loschinin and Mr. Kiselev are indisputable and they truly deserve to be honored as Russian Business Leaders of the Year 2010.



Alexander Kiselev, Director General, Russian Post, Russia



Alexander Borisov, General Director, Moscow International Business Association, Russia, on Russia's FDI-climate



Dmitry Loschinin in discussion with the two award winners



Tatjana Fink, Chief Executive Officer, Trimco - the financial crisis only underscores the divergent paths the country can choose to walk.



Cvetka Selšek, Chief Executive Officer, SKB, Slovenia, with Petro Poroshenko, Head of Council, National Bank of Ukraine, and Alexey K. Pushkov



Galina Malakhova, Partner, Ernst & Young, Russia, moderating the panel on Russian firms investing overseas



Alexey K. Pushkov, Director, Institute of Contemporary International Problems, Russia



Aljosa Ivancic, Vice President, Comita, Slovenia



Igor Agamirzyan, Chief Executive Officer, Russian Venture Company, talking about the global economic outlook as Dennis Gillings, Chairman, Quintiles, USA looks on



Christoph Walther, Chief Executive Officer, CNC Communications; Danica Purg, President, IEDC-Bled School of Management; Leonid Koshelev, Chairman, Jet 2000



Samuel Žbogar, Minister of Foreign Affairs, Republic of Slovenia and Frank-Jurgen Richter, President, Horasis, during the welcome reception

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