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JUNE 16–18, 2011**

**GLOBAL SPORTING EVENTS AND THE SPIRIT OF A NATION  
Building Russia's Creative Capital**

**JUNE 18, 2011 — 10:00–11:15, Pavilion 4, Conference Hall 4.3**

**St. Petersburg, Russia**

**2011**

Hosting a major international sporting event can not only have a practical economic benefit in bringing in tourism investment and spurring infrastructure investment, it can also play a role in boosting a country's psyche.

**Moderator:**

**Yulia Bordovskih**, TV anchor

**Panelists:**

**Zein Abdalla**, Chief Executive Officer, PepsiCo Europe

**Mark Adams**, Director of Communications, International Olympic Committee

**Elizabeth Buse**, Group President, International, Visa Inc.

**Arkady Dvorkovich**, Aide to the President of the Russian Federation

**Leonid Kazinets**, Chairman of the Board of Directors, Barkli Corporation

**Ilsur Metshin**, Mayor of Kazan

**Alexei Sorokin**, Chief Executive Officer, 2018 FIFA World Cup Russia Local Organizing Committee

**Alexander Zhukov**, Deputy Prime Minister of the Russian Federation

**Svetlana Zhurova**, State Duma Vice Chairman of the Federal Assembly of the Russian Federation

**Y. Bordovskih:**

Ladies and gentlemen, dear friends, we will be starting in just a few minutes, please take a seat. It is great to have so many of you here this Saturday morning, I thought that such a busy Friday at the Forum would mean that many of you would not be able to get up so early this morning, so thank you all for being here. I thank all of you for your interest in our session, I think that it is one of the most important here at the Forum, as sport in our country is obviously of great importance to us.

The subject of our session is the legacy of international competition. We will discuss the reasons for our expenditures, how we will use what we build and how we will live with it afterwards. I have the pleasure of informing you that in the auditorium today we have the President of the International Olympic Committee, Jacques Rogge. I will briefly introduce the participants of today's session: Deputy Prime Minister of the Russian Federation and President of the Russian Olympic Committee, Alexander Zhukov; Aide to the President of the Russian Federation and member of the Russia 2018 Organizing Committee, Arkady Dvorkovich; State Duma Vice Chairman of the Federal Assembly of the Russian Federation and Olympic champion, Svetlana Zhurova; Director of Communications for the International Olympic Committee, Mark Adams; Mayor of Kazan, Ilsur Metshin; Chief Executive Officer of the 2018 FIFA World Cup Russia Local Organizing Committee, Alexey Sorokin; Group President, International, Visa Inc., Elizabeth Buse, and Chairman of the Board of Directors of the Barkli Corporation, Leonid Kazinets.

I suggest we hold our discussion in the form of a lively conversation. I propose a time limit of five minutes, and no more – just as much time hockey players have in an overtime period or the length of a judo match. They manage to do it in that time, so I think we should be able to do the same.

**A. Dvorkovich:**

Three minutes, like a boxing match!

**Y. Bordovskih:**

Somewhere between hockey, judo and boxing.

I would like to remind all of you here that it was exactly a year ago that we held a similar session to think about what we would do if we got the World Cup in 2018. We got it, so job well done. We are still moving forward today, having brought to Russia over the next seven years some of the major international competitions: the Universiade, Sochi 2014, and world championships in football, hockey, track and field and, possibly in the near future, swimming. We are expecting to see a real change in the way people think about sport, which is really important for us. The most important thing is that we are receiving both overseas and domestic private investment. As a sports journalist, I have visited various Olympic Games and the World Cup and can say that probably no other event in the world drives us forward like a major international sporting tournament, such as the Olympic Games and the World Cup. No other event can create not only regional but national development over the next decades. We do not know if Sochi will become a world-class resort, we do not know if we will at some point win the World Cup, but having these desires, we clearly cannot reproach ourselves for being inactive, as planning how we use what we will build in the future is as important as preparing and holding the Olympics and the World Cup. Today, we will once again think about and discuss how we are going to use all of this, how to make this use effective and how to make the legacy more accessible for us and for our children.

I would like to address this first question to you, Mr Zhukov, and look at, first of all, the economic aspect of major international tournaments. Sport is one of the many new diverse sources of economic growth in our country today. I read that you said that Olympic construction could itself have a significant effect on the economy, and the Olympic Games in Sochi could increase GDP by 1%. The

figures are convincing: even in the construction stage, we can see some economic results.

**A. Zhukov:**

Thank you. Why is it that the world competes to host major international competitions? The Olympic Games and the World Cup stand apart from the others. I know that you all witnessed the tough struggle to win our bid to host Sochi, and what it was like to compete for the World Cup. This is understandable. On the one hand, these competitions come with a great deal of prestige internationally and put the spotlight onto the country for quite a long period of time. I believe that there are no other events that are watched by billions of people in every country of the world, which, in itself, is extremely important and is one of the main reasons why countries compete to hold such major competitions. Of course, sporting legacy is of vast importance, and it is clear that holding major sporting events will stimulate the development of sport in the country, and not only sport, but elite sport, which naturally attracts people to a healthy way of life. A large number of children attend sports schools, this is perfectly obvious. I believe this to be one of the main reasons why nations want to host major sporting competitions.

Of course, this is a different kind of competition. You have just listed all of the world championships to be held in Russia. This is a conscious decision: we want to develop all of these sports, and we want children to look at the world's best athletes and decide to go to sports schools. These competitions are of course on a different scale. For example, we are currently hosting the World Figure Skating Championships, which will be taking place in exactly a month's time. It has not required large expenditure, as we already have the necessary infrastructure. From the point of view of sports development, the simple involvement of children in sport in Russia and in figure skating is very important to us.

Of course, the Olympic Games and the World Cup stand apart, as they require considerable economic expenditures and their effect is far from being limited to the development of sport, but moreover, they have a substantial economic effect. When we announced Sochi as an Olympic candidate, we thought that Sochi, Russia's main summer resort, could become a year-round resort, as it would be possible to build a ski resort there and develop this entire resort complex. For such a tourist hotspot like Sochi, the most important thing is to attract large numbers of visitors. Accordingly, we are talking about developing the economy not only of the city, but of the entire region. In order to do so, it is necessary to radically reconstruct the infrastructure of the entire city and region. What does that mean? Firstly, transport infrastructure. We had to complete construction of the airport, which we had previously been unable to complete for twenty years. We have to bring the city's infrastructure, such as roads and interchanges, up to standard. We need to build a railway into the mountains, allowing quick access for a large number of spectators, as well as tourists in the future. We needed to link the airport to the city and to venues where competitions will be held with a railway, which is currently being carried out. We have to construct a large number of hotels, which will remain as a way of attracting more tourists coming to the region. Serious changes were needed in the city's public transport systems. One of the main aspects of the legacy of any major competition, especially the Olympic Games, is the creation of new environmental standards. We have a special programme of environmental standards for the Olympic Games in Sochi. We are extremely grateful to the International Olympic Committee for specifying such standards to host nations. Without such a programme, it would have been impossible to win the bid to host the Olympic Games and then fulfil these standards, because monitoring is carried out daily.

The next point concerns standards relating to the creation of an accessible environment for people with disabilities. In terms of sporting, transportation and other facilities and, basically, the city's entire infrastructure, the first thing for

Russia to do is to create the highest standards of accessibility for people with disabilities. Moreover, the legacy of the Sochi Olympic Games is already reflected today in the creation of a programme of accessibility” for the entire country, not only for Sochi, and we will implement it in other regions based on the high standards that have been set for us.

Other than economic advantages, another important aspect of the legacy is the creation of a volunteer movement in Russia. The Olympics requires a large number of volunteers. This is essentially a youth movement to support various activities, such as the Olympic Games. This is also new for Russia. Tens of thousands of enthusiastic young people will help in the running of the Games.

I apologize for the long speech, but I would nevertheless like to say a few words about the World Cup, as it is precisely these two events which stand out from the other major competitions. This event is on an even larger scale from an economic point of view. It requires not only the creation of infrastructure in the city, but across the entire country. In our case, I think that we will have the opportunity to think about it and discuss it in detail. More than ten cities will be connected by modern motorways and high-speed railways, and in each of these cities we will need to build an airport, hotels to welcome a huge number of people and fans coming to the championship and, of course, modern stadiums, which is the most important aspect we are lacking. We have not built stadiums like that in our country for a long time.

In conclusion, I would like to say that for nations hosting such competitions as the Olympic Games or the World Cup, it is above all a huge boost for infrastructure development. Infrastructure is the foundation of economic growth and a great motivation to hold a competition. The massive humanitarian impact and all the innovations I have mentioned have, in my opinion, an incredibly positive impact on the entire country.

**Y. Bordovskih:**

Thank you, Alexander. I remembered that Barcelona completed its 50-year development plan within seven years when it was preparing for the Olympic Games. This is a very good example and I believe that Sochi will not be far behind Barcelona.

**A. Zhukov:**

In my opinion, Barcelona is generally one of the best examples. It would be great if we could hold the Olympic Games in Sochi as successfully as they were held in Barcelona. Unfortunately, there are also other examples, but we will try not to follow them.

**Y. Bordovskih:**

I will now turn to football, as I think that we should talk about one aspect of the legacy that we already have. We have reached the World Cup finals, and we will play there. This is already our legacy, and so I would like to ask Arkady Dvorkovich a question. As a renowned footballer, please consider this question: do you think this could discourage our national team that is already in the World Cup finals?

**A. Dvorkovich:**

I just want to apologize, I only have two minutes so I will answer any questions straight away. I have a meeting scheduled with the President. I am actually playing in three football matches this week, so you could say that I am playing football more than doing anything else. Tomorrow, I will be taking part in a charity football match in Kazan, a host city of the Universiade and one of the host cities for the 2018 World Cup.

Yulia mentioned that last year we discussed what would happen if we won our bid to host the competition. Here at SPIEF, we have to be careful to use words like "if", because everything we talk about here seems to come true. So every

time I have to wonder whether it is worth saying “What would happen if...” The President yesterday put forward a substantial programme for us, and I think that all of it will come to fruition, and it will create a big change.

When we talk about the World Cup, as Alexander already said, we are talking about ten cities, ten of our country’s regions. I am quoting some inaccurate numbers; Alexey Sorokin will quote them more accurately. But we are talking about approximately ten regions. Firstly, we want to show the world that Russia is not simply Moscow and St. Petersburg. Russia is diverse, there are many beautiful places in Russia, 150 million people live here, the majority of whom live in the European part, and the world will see a different Russia. The world will see how people live in many of Russia’s regions. This is very important for us. We want to show that Russia has changed. Russia is no longer the former Soviet Union, but a European nation like any other. We can do a great deal in preparation for 2018.

Secondly, I would like to add to the above: it seems to me that the World Cup will change an entire generation of people. It will change standards of living, working and governing in a lot of the country’s regions. It will create jobs and will raise the quality of services being provided to a significant part of Russia to a new level, and it is this that we will not lose following the event. People will see and experience this level we are working towards, and it will be a new generation of managers, entrepreneurs and social workers who will work according to completely different standards, higher than anywhere else. To me, this is the fundamental legacy, besides roads and new infrastructure. I hope we win, but so far we are only winning bids to host competitions. I hope that eight years gives us enough time to prepare well and to succeed. I think the Universiade in Kazan in itself will become a great event – almost all of the preparations for it have been done – and it will be really good training for us when we host the Olympic Games and then the World Cup. So, we must work together for this to take place. Apologies once again, I must go, but we have a great selection of panellists, so

everything will be fine. Let me also thank the President of the International Olympic Committee for being part of this event today.

**Y. Bordovskih:**

Thank you very much, Arkady, have a good day. Now I have a question for Mr Adams. The Olympic Games take place in countries with varying degrees of economic development. How does this affect further development in these countries, and what are Russia's prospects?

**M. Adams:**

First, I would like to say that the Deputy Prime Minister already did a very good job for me in explaining the fantastic legacy that I believe Sochi will create. Anyone who has been down there will certainly have seen the infrastructure, but also some of the plans they have in other aspects, in terms of culture and volunteerism. Sochi 2014 has some great plans in these areas.

There are all sorts of things that will really change the way that people think about Sochi, and the way people think about Russia. I think that is the important thing. Legacy is very important. It is something that has become very important for the IOC over the past years, and also for the organizing committees.

So we need to think about the legacy; we need to think of the Games not just as an end destination, but somehow as a kind of organizing principle for something broader. I think the legacy of the Games can provide a platform, a strategic platform if you like, for governments, for local and international business, as well, to have a place in that country. And I think that is how you need to think of an Olympic Games, not as a one-off moment, as important and as exciting as that is in itself, but as a much broader platform.

Lord Coe, who, as you know, is the Chairman of the London 2012 Organizing Committee, described the Games as a fantastic shop window to the world. That is what they are, for sure. The Olympics can do amazing things for your brand.

They can bring people in; they allow people to understand your country and your culture. In the case of Russia, you can see how the country is operating more broadly. Just visit some other parts of the country, and you can see how it has changed in recent years.

But I think it is much, much more than that. 'Legacy' is a simple word, but it sums up so many different things. Clearly, when we think of legacy at the IOC, I guess we think primarily about sports, and the fact that the Games can inculcate sporting values, Olympic values. But, of course, there are also the tangible legacies – the sporting venues.

You only have to look at Beijing or Vancouver in recent years to see the legacies that they have brought both to their populations, and to elite sports as well. What we have tried to do through our extensive transfer of knowledge programme is to make organizing committees—and bidding committees before that—understand that they have to think long-term about how the Games are going to affect the host city, the country, and their brand in the world.

I did actually do some homework before I came here today. The Deputy Prime Minister mentioned Barcelona. But you only have to look at every single Games, particularly in recent years, and you can see that there is a fantastic legacy.

I will not go through them all, but I think what is interesting is the counter-intuitive aspect. When people think of a negative legacy, they think of Athens. But actually, Athens, too, has a fantastic story to tell, which includes new airports, new transport infrastructure, the underground, the docklands redevelopment. But there are also smaller things, such as the city's hotel stock which has improved tremendously for tourism; wheelchair access has also improved. This is, again, something that I know Sochi is very keen on. The Athens Games really changed the standard of living, the way people live in that city, and the way people think about that city. I think too often people think Athens is not a good example. It *is* a good example. There are some negative aspects, but I think it is a good example to show that if you plan well, then you can have a great legacy.

Beijing and Vancouver, which hosted the two most recent Games, have shown very clearly that there has been an environmental legacy, a cultural legacy, and, of course, a sporting legacy. These aspects are all important.

As we are at an Economic Forum, the final thing I would say concerns branding. It is amazing what an Olympic Games can do for a country's brand. There were a couple of surveys that have been done on Canada, one by the Economist Intelligence Unit, which showed that Vancouver was back in top spot as the best place to live in the world. That was done by the Economist, so it must be true!

And they said that was largely due to the effects of the Games. This is something that will drive people to that city. And it will also enhance the brand of Canada. Future Brand also did some research which showed that Canada had reached the number one spot in terms of attractiveness for investment. And I read recently that South Africa experienced a similar bounce following the World Cup. So when you think of legacy, you need to think about a whole range of things, both tangible and intangible. Whether it is things that the IOC and the Organizing Committee can do together, or whether it is things that we would like to see done, but we cannot make happen ourselves. For example, infrastructure projects and so on, or things that business can do.

But I am very confident, having been to Sochi and having seen the great work they have done. I hope, in fact I know, that in a few years' time I will be sitting here and citing the example of Sochi, as a city that really has created a great Olympic legacy for the country.

**Y. Bordovskih:**

Thank you very much Mr Adams.

Mr Adams, I think it is a good thing that we are not the first to hold the Olympic Games. We have the experience of other Olympic host nations and we will happily take any advice they can give. We have a person here who has taken part in and won at the Olympic Games. She is Svetlana Zhurova, Olympic figure

skating champion. My first question for you, Svetlana, is a short one: will we see you on the ice at Sochi?

**S. Zhurova:**

That's a good question. I have had a great desire to compete in my own country – such an opportunity only presents itself once, but, unfortunately, I have been engaged in something entirely different for six years now. I am glad that, straight after the end of my sporting career, I was given the opportunity to win another of my Olympic medals, which was to be able to work on the bidding committee and win our bid in Guatemala to hold the Olympic Games in Russia. Alexander Zhukov and I fought as part of a team to gain this victory, and I would consider this to be another gold medal.

I am grateful to the Olympic Games for everything else that has happened in my life. The fact is, the legacy is in the opportunities the Olympic Games can offer not only for spectators and those involved in construction, not only for the country, not even just for the sportsmen, because it is a completely different life and opportunity to take advantage of. I took advantage of this opportunity at its fullest, and I am grateful to the Olympic Games for it. The ideals of the Olympic Games, laid down in Ancient Greece and by Pierre de Coubertin, are demonstrated through the Olympic champions who do great work for their country, for their city, for the small country they come from. For children involved in sport, these people are not simply heroes, but rather the embodiment of the fact that a person can escape from the smallest of villages. I was born in Pavlovo-na-Neve, a village of just 1000 inhabitants. You can imagine what a legacy the Olympic Games will have, what hope it will give to children for the future.

**Y. Bordovskih:**

This is the absolute choice in favour of sport, right? Major competitions, your victories, the Olympic Games – seeing all of this, the younger generation can make this choice, correct?

**S. Zhurova:**

Of course. Firstly, it is really changing our national mind-set; it is the pride in our glorious past, our glorious future, our glorious present. At the same time, it is encouraging children to start getting involved in sport and striving towards a healthy way of life. They will not all become Olympic champions, the opportunity does not present itself to everyone, but it will always exist. Another benefit is that you will be healthy.

As we present the Olympic Games, it is important that every citizen of our nation feels like they are a part of the Olympics. Someone might say, “What does Sochi have to do with me if I live in Vladivostok? What does Kazan, the host of the Universiade, have to do with me? What do any of the World Cup host cities have to do with me?” Our task is also to create such an image and such a legacy that every person in our nation feels like they are a part of it – this is really very important.

For example, as part of the ‘1000 Days Until the Olympic Games’, the Committee held a great event, Olympic lessons in schools, which Alexander and I took part in. It was really interesting to talk to children, and I know that Alexander didn’t let them go for at least a couple of hours. He spoke to them about the Olympic legacy and about many other things. Of course, not all of the 600 or so who took part in this activity will be Olympic champions, but we tried to hold these Olympic lessons across Russia. This communication with children is also part of the legacy. And it is really very important.

I would like to say that, aside from the competitions we have been talking about today, we have a great number of major trials leading up to the Olympics. For example, we held a unique trial event last year: the Alpine Skiing European Cup,

which was held in Russia for the first time. We had not before had any hope of holding downhill skiing competitions, but we conducted the event very professionally. All the sceptics initially thought “Here comes the Russian team, saying that the Olympics could be in Sochi”, and they looked at us as if it were simply dreaming. After only a short amount of time, this dream became a reality. And we are already hosting the first competitions in a very difficult sport, for which we had practically no infrastructure, but we are holding it properly.

If we talk about legacy, I myself am a product of the Olympic legacy. In what way? The fact is, at the time of the 1980 Olympics, I was only eight years old. I was sitting there, watching the Olympics, and my uncle asked me if I wanted to be an Olympic champion. I replied, “Of course, and I will!” Incidentally, when I was speaking to Sasha Popov, he said the same thing. He said that it was precisely the 1980 Olympics which pushed him to set himself an ambitious goal and to then reach it. This is one of those subtleties that we cannot possibly work out exactly. Someone will ask: calculate the economic effect created by the Olympic Games and the World Cup. Nobody would be able to give a 100% comprehensive answer. But it is this great legacy which will make many of our nation’s people, including me, remember the Olympic Games decades later. That’s very important.

There are two other points in the legacy: I am currently a Vice Chairman of the State Duma. I supervise the creation of legislation related to the Olympics, and I will be overseeing it in the near future. I have already met with Alexey regarding special legislation for the World Cup. There is a special working group for Kazan in the State Duma. We are supervising all legislation relating to sporting events. We are making legislative amendments, due to the fact that our hosting of the Olympic Games and major competitions leads to issues that never before existed in our country’s legislation. There is a law concerning volunteers. We are currently defining the taxes volunteers will be exempt from paying. Our country has had nothing like this before. That is to say, a legislative framework. The

same goes for the construction crews, including those working on the facilities in Sochi and Kazan and, I'm sure, on the facilities which will be built for the World Cup. These are young people working in these construction crews, and for them it is very important. These are students who are devoting their summer holidays to this. There are also changes being made to the Land Code, which is something innovative for Russia and which is being spread across the entire country, but these are real life, contemporary changes we have introduced, such as the construction of the Olympic facilities.

I would also like to mention the work we have been doing with sponsors, because there has never before been an Olympic law that requires national sponsors to be specified. We have really engaged in some great, well-designed and legally binding work with sponsors. I would also like to say that it is precisely the Olympic Games that are promoting the creation of anti-doping legislation, which also never existed before, and we are already approaching this issue at an entirely different level.

The Olympic Committee is also working out a very important programme for the creation of volunteer centres, which will be spread out across the whole of Russia. When we talk about how this can affect every citizen of our nation, we should emphasize that these volunteer centres have been established in many of our nation's universities, and will remain there for the Universiade, and for the Olympic Games, and for the World Cup. That is to say, these are people that are going to professionally train volunteers at their universities for the next major competitions. This is another huge part of the legacy for our nation. We are for the first time using new approaches to marketing in collaboration with our sponsors, because not everything can be financed by the government alone. And these new approaches to work with our sponsors, which are being carried out by the Olympic Committee under Alexander Zhukov, are very important, as they are creating completely new and unique programmes that will also remain as part of our legacy. We have undoubtedly learned a lot from the IOC and other Olympic

committees around the world. Working with the main sponsors such as Coca-Cola, McDonalds and Visa has also been a great learning experience for us, and we will without a doubt use this experience in the future to develop new marketing programmes to work with athletes.

**Y. Bordovskih:**

Thank you, Svetlana. I suggest we use Arkady Dvorkovich's suggestion of the three-minute boxing match time limit so that everybody gets an opportunity to speak. I would like to talk in more detail about the sporting facilities being built in Sochi and how they will be used. There are three types of venue in Sochi: some will stay as they are, others will undergo redevelopment, and the third group will be moved elsewhere, and I would like to ask the Deputy Director of the Department of Coordinating the Preparations for the Olympic Games, Anatoly Tuz, to discuss this topic.

**A. Tuz:**

Good afternoon, esteemed colleagues.

I must say that speaking about Sochi's legacy is, on the one hand rather early, as there is no legacy to speak of as yet, nor any experience. But the foundation for this is being laid out at the very beginning. It goes without saying that the projects being carried out in Sochi, and those which can be used to their full potential, have been laid out as part of the draft decisions, in particular all of the Olympic venues currently under construction, including a list of 800 permanent cultural and sporting objects. It goes without saying that we have been working in more detail on a government mandate regarding the fate of the sporting venues. We understand that former Olympic host cities have not always had good experiences. It may be that the purpose-built Olympic venues, which could host large-scale events, will not always be in high demand.

All of the Olympic sporting facilities we are building can be divided into three basic groups. The first group will stay in place and will be used for other purposes. The second group may be redesigned for a different function so as to make best use of them. And the third group may be moved to different regions. The first group is the best type of use, and this is precisely why we hope the main stadium in Sochi, which is currently being constructed, will be suitable for the World Cup and other competitions. Other venues, one in particular, which is being built for the local administration, will be converted into an exposition centre. And the third group is made up of four facilities that will be moved elsewhere. This includes two training ice rinks for figure skating and ice hockey.

**Y. Bordovskih:**

Where will they be transferred to? To places that need them the most?

**A. Tuz:**

Exactly. Next to me is my colleague from the Ministry of Sport, Tourism and Youth Policy, Pavel Novikov. They have selected four regions: The Rostov and Astrakhan regions, the Stavropolsky territory and North Ossetia. These four regions have naturally never had ice rinks before, having never had the opportunity, but, because we are able to dismantle, transport, rebuild and utilize these facilities, these regions will receive high-quality rinks, which will also stimulate further development.

**Y. Bordovskih:**

Thank you very much. I would like to pass the floor to IIsur Metshin. Our next major event is the Universiade in Kazan. There have been a lot of venues built there already, and I know that some of them are already being used.

**I. Metshin:**

Out of 31 venues that we have on the federal list, 26 are ready and are not only being used by professional sportsmen, reserve teams in training and children's and youth sports schools, but are accessible to the public, and every day there are more than 100,000 children, students and residents of Kazan who use these facilities. This is our plan, and if we talk about legacy, then there is no question about the future use of the Universiade venues. The venues are based in seven state universities in heavily-populated districts, and they are in high demand, already enjoying great popularity today.

We have exactly five venues left to build, one of which, the rowing venue, will be completed at the end of June. At the start of 2013, the football stadium Alexander was talking about will be the last thing to build. We are one of the host cities for the group stages of the World Cup, and the stadium will be ready. It is the first 45,000-seat stadium built purely for football, and will be ready in early 2013. Everything else will be completed next year.

An overwhelming majority of the venues are already in use today. If we talk about legacy, for me, as mayor, it is of course very important. It is also about the city's infrastructure: we are building a new airport with an intermodal interchange from the airport's railway station, which links it to the city centre in 18 minutes, and gives the opportunity to depart on a flight to anywhere in the world. There are, among other things, 14 interchanges and 44 crosswalks. This is great for any mayor, for any regional leader.

It is also very important that the environment is changing on the whole. Having applied to host the Universiade, we in no way thought that we would win the bid. Of course, when we were competing for it, we were thinking about events to come after the Millennium of Kazan so we could develop even further. But we never thought we would join the International University Sports Federation (FISU), or receive the World Cup, or bid for the World Aquatics Championships on May 15 in Shanghai – neither the Soviet Union nor Russia ever won this right, but after the Olympic Games and the World Cup, this is the most watchable

event in terms of the number of viewers. So we dream – thank God dreams come true not only for Gazprom but for Kazan too – we dream that our sporting infrastructure will allow us to host the summer Olympics in the future, because everything that we are doing today is at an international level and in accordance with the strictest international standards.

Kazan is becoming Russia's national centre for summer sports. We have a remarkable settlement of 15,000 inhabitants, and there is an entire infrastructure. But I will say it again: people are changing. When we first lost out in Turin, but then won on our second attempt in Brussels, the most important thing for us was that, when we won – and we were competing against major world cities like Shenzhen and Guangzhou – we no longer seemed to be such a provincial town anymore. We understood that we could compete alongside major world cities.

What is most important now is that people are changing. The entire new generation of children and even students are now learning, changing. People are learning English – taxi drivers, waiters, service industry workers. People believe the world is open to them, so it is not just the infrastructure that is changing in Kazan, and this is the most important thing. We are awaiting the world's biggest event. For the first time in this new Russia, 170 nations will come together for three weeks in one city. I would like to say that the number of nations and participants of the Universiade will be four times higher than for the Winter Olympics, but at the same time we are a real base for testing out all the problems: not only for customs, but for border guards, and transport services. We are working closely with the Olympic Organizing Committee in Sochi, which is great training for the country as a whole. The Universiade is a major event, and a city must think of events like this. Their effect is felt all around, not just in the infrastructure, but they change people, creating a new future for a new Russia. Thank you.

**Y. Bordovskih:**

Thank you, Ilsur. I know that you had some kind of proposition for the Director of the Football Committee.

**I. Metshin:**

The proposition was, instead of giving it to Moscow, move the World Cup final to Kazan.

**Y. Bordovskih:**

I think that, after all this talk of dreams coming true, we should still hold the final there. Alexey, please think about it. I would like to address the next question to the Chief Executive Officer of PepsiCo Europe, Zein Abdalla. Do you consider the region of Tatarstan, Kazan, as the kind of region you intend to work with, a region which will be holding major international competitions?

**Z. Abdalla:**

Thank you for the opportunity to say a few words on behalf of PepsiCo. Sport is an enormous personal interest, as well as obviously, an interest for PepsiCo.

We consider anywhere in the world where kids can take a football or where we can encourage an active lifestyle as a place where we want to partner with and support the development of sport. I will maybe just say a few sentences on why PepsiCo is so engaged in sports.

As one of the world's largest food and beverage companies, this is the obvious reason, which is sport gives you enormous reach. You can reach millions and millions of people through sports as vehicle. But the major driver for us is that we believe that an active lifestyle is the bedrock of a healthy society. The Deputy Prime Minister referred to that, and we support that wholeheartedly.

Obesity and cardiovascular disease are significant issues facing the world today. As a food and beverage company, we are engaged in that debate. And clearly, diet and lifestyle play a significant part.

But probably the biggest driver of all is the fact that lifestyles have become less and less active. As automation has kicked in, as work has shifted from manual work to intellectual work, the level of calories being burned has decreased and lifestyles have become less active. We know that major events such as the Olympics and the World Cup raise activity levels. Svetlana talked about the work that she did with schools, and how that encourages active lifestyles. That is the primary reason that we are engaged in sport.

We promote sport via a number of avenues. First of all, we have one of the world's largest sports brands in Gatorade. Gatorade is aimed equally at elite athletes – like Svetlana, and the casual runner – like me. It truly helps in terms of hydration. But we also have a wide range of products like protein drinks that help rebuild muscles.

Secondly, we sponsor big events, like the ones we are talking about: the Cricket World Cup, and here in Russia, we are a partner of the Premier Football League. The way we make sport aspirational and really take it to a very broad level is by working with top sports personalities like Lionel Messi, David Beckham and Andrei Arshavin. They can deliver the type of messages that Svetlana talked about, and can really encourage broad participation in their sports.

The third way we participate is at the grassroots level. Our Lebedyansky business has been developing basketball in Russia for many, many years by encouraging school basketball. Some of the kids that have been through this programme are actually now playing for the Russian national team. So we are involved in broad range of activities to support the development of sport, and all because we firmly believe that sport is the bedrock of a healthy society.

**Y. Bordovskih:**

Thank you very much. Thank you.

I would like to come back to football. Alexey, at a session on football last year, the two of us sat and thought about what we would do if we were to get the World

Cup. We got it. How do you feel when you think about this success and about the things that are yet to be done?

**A. Sorokin:**

Yulia, it may seem paradoxical, but because the issue is so enormous, we are still thinking about it. It is not only a great honour, but also a great responsibility, which is inevitable when organizing an event watched by a total of 2.6 billion people and, according to official FIFA figures, will in some way or another affect half of the population. It really will be an event that will involve the entire nation. It is no secret that our bid included 13 cities, 13 regions and 16 stadiums. Remarkably, half of Russia's population lives within these regions. Therefore, the scale of the World Cup will be colossal.

As for the effect created by the World Cup, there are some specific figures. Alexander was completely right in saying that, by all accounts, previous organizers have managed to reach a total effect of 1.5% of the GDP. But this isn't even the most important point. The most important point is that every World Cup host has achieved other kinds of goals and strategic objectives. It is not only important to organize the World Cup, which in itself is not an easy task, but in some way to transform the country and to show the country from a variety of completely different perspectives. The Germans achieved this goal, showing a completely new side to Germany. According to every public survey, everyone who visited Germany in 2006 was amazed by the openness and good nature of the Germans. South Africa also showed itself to the world as a country with a dynamically developing economy. Similar tasks lay ahead of us. We need to think not only of the financial legacy, not only of the stadiums we are building. Of course, we are constructing to the highest standards, the 45,000-seat stadiums being pre-fabricated, modular constructions. As such, we will invest in one stadium and receive two. But, most importantly, we will create a huge non-material legacy. It is the qualified staff, the rapid growth in the number of people

taking part in sport. It is an excuse to think about many social issues: an environment entirely accessible to the disabled, ecological issues. It should be our motivation to transform and modernize ourselves so we can show the results of our effective work to the whole world. If we, like Germany, reach these figures, I believe that this will already be a great achievement. Incidentally, 75% of the visitors to Germany said afterwards that they would recommend Germany as a place to visit. I think that if lots of visitors to our country were to say, "Yes, we have seen the new Russia, yes, we would like to go again and would recommend it to our friends", it would be a great achievement. Thank you.

**Y. Bordovskih:**

Thank you very much, Alexey. We wish you success in this difficult task. You have only just begun. I have a question for Elizabeth. I know that, at the Sydney Olympics, Visa carried out the following programme: whenever Visa card holders used their card for purchases, Visa said that it would give a small sum to the USA national team. The result surpassed all expectations, with the use of Visa cards rising by 18%. What does Olympic Games sponsorship mean to you? Do you spend or earn more? Is it a social or rather economic project for you? I would really like to hear what you think to these questions.

**E. Buse:**

I would be happy to. Maybe, by way of perspective, I should start by saying that Visa has been a proud supporter and global sponsor of the Olympics since 1986. That is 25 years! And in 2009, in Moscow, we extended that sponsorship through to 2020. So we have a lot of experience in the benefits that the Games bring to the host country. We are also one of six global FIFA partners with exclusive category rights through to 2014. So, we were also involved in the FIFA World Cup in South Africa last year.

Without question, the benefits are both social and economic. The electronification of payments itself brings economic benefits. Moody's did a study that showed that in the first decade of this century, electronification of payments added 50 basis points to global GDP, which means that it grows economies. This is something that we have been working on in Russia for years now. The Olympics give us an unusual opportunity to accelerate that growth. We have talked a lot about infrastructure this morning – about sports infrastructure and transportation infrastructure. Visa sponsorship means that we invest with our local banking partners in growing electronic payments infrastructure. In Beijing, we rolled out 90,000 ATMs in over 200,000 merchant points of sale. In South Africa, we worked with merchants at over 200 malls to electronify payments. Those are investments that long outlive the events themselves.

In addition, it gives us an opportunity to highlight the benefits of financial literacy. That is something that is a priority for the government in Russia. It is also something that is a priority, globally, for Visa.

For example, last year, for the FIFA World Cup, we rolled out a programme called Financial Football, which was a fun way for people to learn about financial literacy. In South Africa, where 40% of the population is 'unbanked', that is a significant benefit, and we have now rolled that out to more than 30 additional countries.

So, while there is a very significant economic benefit to Visa as a sponsor—and that is an obligation that we have to our owners and investors—there is also significant economic benefit from the electronification of payments to the host city and country. There is an attendant social benefit to both the Games and the electronification of payments that accompanies Visa sponsorship.

**Y. Bordovskih:**

Thank you very much for your brevity and the figures. Very interesting. I think that for companies such as the Barkli Corporation, major international

tournaments are a real godsend for a country. Because what you can do as part of these projects is the real gift. Is it possible that construction companies like yours, Leonid, could themselves start a similar kind of tournament?

#### **L. Kazinets:**

When I think about such large projects for the country, there is a fight going on in my mind between, on one side, an enthusiastic patriot and, on the other, a strict economist. And a strict economist who is not very optimistic. You know, people love writing books called 'How I Succeeded'. I have never read a book about 'How I Didn't Succeed'. Let us examine the situation more critically, because everything we have heard up to now has been simply remarkable. I believe our nation is lacking two very important things. We lack a real policy to involve people in sport and we lack a real policy to get businesses to invest in sport. These are not only problems facing us. If we look at the effects of the Athens Olympics, we can see that the Greek government spends EUR 180 million every year on the upkeep of Olympic venues. Sydney spends 30 million every year on only one stadium, but is unsure of how to pay it off. Let us remember the so-called 'Montreal Effect' – the city is still paying off its debts from the Olympics 30 years ago. At the beginning, Beijing wanted to spend USD 1.6 billion on Olympic construction, but actually spent over 40 billion. London intended on spending 4 billion, but has already spent 19 billion. We wanted to spend 19 billion, but we are coming close to 30 billion and this probably will not cover it.

I believe the main problem of such venues and such events is that businesses invest little, as they do not see the return on their investment. And the population spends little on sport, as they do not see the point or the benefits. In Russia, more than 60% of school students have health problems, and 85% of citizens are not involved in sport or physical activity on a regular basis. If we look at how much is spent per capita, according to the State Committee for Statistics, the average person spends RUB 170 on sport every year. This is the equivalent of

one visit to the swimming pool. And a family's spending on sport is second-to-last on the list of expenditures, only ahead of expenditures on veterinarian fees for pets. This is according to data from the State Committee for Statistics. I am not sure that victory at the World Cup would make people instantly start getting up two hours earlier to go for a run. I worry that it would make people instantly celebrate and get drunk. Well, for some reason, it seems to me that these things are not the same. It is not pride in these events the country is hosting or in the achievements of our sportsmen that makes people spend time and money on sport, or businessmen to invest in sports facilities.

I believe that, in order to start such events and really speak responsibly, it is necessary to do more, and to be in a position to propose some initiatives, we need to change two principle things. Organizers must be required to create business plans in order to involve businesses, and not to increase the amount of money coming out of the treasury. Of course, it is simpler at any level, for cities, regions and on even larger scales, to request more money from the treasury. But that is state capitalism. This is what the President was talking about yesterday. Giving money from the treasury to solve some kind of problem is very easy nowadays. But let us consider the consequences of this. People must develop a clear understanding that health and sport is a long-term strategy for life, it is an asset, it is a way to improve well-being. And these two things are not solved quickly by management solutions. And they are not solved by holding a couple of events. If we set the challenge of holding any major sporting evening to primarily secure returns on investment by involving private capital and the construction of facilities, this will change the approach to the construction and use of such facilities, as it will then not remain the responsibility of the treasury, as 6-7% of a facility's cost is in its upkeep. This means that we would spend enough every 15 years to construct a new Universiade, if we didn't find a commercial use for the venues. Luckily, we did find this. Uses for all venues in Sochi have not been found. And again, elite sport is not the main reason why people will start

spending time and money on sport tomorrow. This is the most important thing. If we solve these problems, then any event will be appealing for the country and for business.

**Y. Bordovskih:**

Thank you, Leonid, for developing the discussion. Alexander, I know that the level of private investment, for example, in Sochi stands at 40%, but 60% is government investment. Is that right? Are you planning on changing this figure somehow?

**A. Zhukov:**

Investment in such major competitions is always shared between several sources. Firstly, there is investment in infrastructure. Obviously, private investment can of course be secured, but it is above all a government concern. This includes the organization of transport systems and the city's public transport infrastructure. Parts of this investment are, of course, from private sources: it must be pointed out that, in the example of Sochi, a new energy supply for the city, new pipelines, etc. are being provided principally by private companies. This is the major infrastructural investment. Hotels are, of course, entirely privately run. And here it is obvious that private businesses must deal with this. There is in some places also private investment in stadiums. For example, Sochi's entire infrastructure being created in the mountain zone is being funded by private money, as it will be later used as a ski resort. And, other than for the railway which links this area, there is no government investment here. You posed this question correctly. We must do our utmost to find ways of attracting private investors. This is, strictly speaking, what we are doing. But we must also understand that without government support, holding an event like the Olympics as an entirely private-funded venture would be impossible. Nobody in the world has ever managed to do this. But the commercial use of Olympic venues must be

maximized during the organization of the Games. The same applies to the World Cup. The fundamental expenditure of the event will also, of course, be linked to the creation of infrastructure. Alexander Misharin is sitting, looking at me, because he is actively lobbying this issue. One of the groups of matches will be held in Yekaterinburg, the most remotely located city on the World Cup map. But he wanted Yekaterinburg to be connected to Moscow by a high-speed railway. It is clear that this could not be a private investment, rather a government investment, which will create massive benefits for the country's economic development, for transport accessibility and for future development of private business. So I do not see here a single contradiction, I see instead opportunities to create such major sporting events in order to attract private investors.

**Y. Bordovskih:**

Alexander.

**A. Misharin:**

Thank you. I will try to finish in three minutes. We are in fact discussing a very important issue, and without question I consider legacy to be crucially important, and we are still unable today to estimate just how much it will bring to our nation, to our citizens who will put Russia, in my opinion, on a new level. I would like to say a few words about Sochi. I happen to have just overseen the creation of part of the transport infrastructure for the Olympics. I put down a bunch of signatures on the bid guarantee. I would say that this is a fundamentally different transport system. Sochi is a unique place. It is a narrow strip of the subtropics. Travel only 30km into the mountains and it changes into a different climate zone. And nowhere in the world – perhaps there are a couple of other places – is it possible to go from subtropics to winter in just a few minutes. I was in Sochi in the middle of May and already I could see the first fruits at the Gornaya Karusel Sport and Tourism Centre. This was in the middle of May. Incidentally, only on May 9 does

the ski season close. There are stunning views there. And when the ski season is over, the number of visitors does not go down, but rather increases, as there is more for people to see. This is only the first advantage. Of course, the coastal area provides completely different opportunities for development. Lots of people are now talking about Sochi. I am going to talk about Yekaterinburg. The very idea of and victory at the World Cup is being actively discussed. It has made people change how they think about football. We have many things nowadays. We have one of the best, or even the best airport in Russia, aside from in Moscow. We already have hotels for 7,500 people. We are currently building a stadium, and we will finish building it. But we do not have any high quality football facilities. This is a requirement, and we are still struggling to find out where each team will train. I am saying to everybody that if we can have the Brazilian or Argentine national teams training here during the World Cup, then we will be very happy indeed. This is still to come. We are really in need of a new system for fan clubs. And this is currently being developed. I have today requested money from every mayor to invest in artificial turf, stadiums and football pitches with artificial turf. This is happening on a large-scale today. Coming back to Sochi, we are in the process of building a unique ski-jump complex. We are finishing it up. This will be only one of its kind in Sochi and the Urals, where we will be actually demonstrating ski-jumping. In terms of television, this is a very entertaining sport, and we still have one more point to make. As I really believe that the legacy is going to be very important. Now, regarding what Alexey said. I agree with him in part. But I do not agree with him at all on the substance of the matter. We can all talk, but fine words butter no parsnips. It is impossible to build a single venue cheaply. It is expensive for us to build, because we do not have other construction going on. Only during large-scale construction projects do we have specialists available, reduced production costs and, of course, eighteen football stadiums will be far cheaper and easier to produce. We will have specialists. Only during the large-scale construction of infrastructure do we have the

opportunity to lower production costs. It is like a car being assembled by hand and on a conveyor belt. So we need to turn on the country's sport conveyor belt. And the second thing. We really have to change people's attitudes. We have already won one championship, the Ice Hockey World Championships. So, if back then we were building stadiums – three, five and seven thousand-seat palaces – then today we should understand that we need to build for a minimum of 15 thousand people, because whole families should be able to go together to see hockey, like in Canada. And then there will be new tickets, and new economies, and then business will get involved. Only after this. And the state must help until then. This is how we must complete the first step.

**Y. Bordovskih:**

We still have to start playing hockey well. May we speak to Vladimir? We only have one question.

**V. Zadornov:**

I will be very brief. We are world champions when it comes to winning competitions and world champions in getting funds from the treasury. And what you are saying sounds very touching indeed. I understand the great officials who are happy that treasury funds are raining down on their region, and the great sporting officials who can then find another place to fit an award, say thank you and then write out another bonus. We have not created a sports industry. All of our sportsmen have for a long time now not been ours. We can win at the Olympic Games if we naturalize the Brazilian, Argentine and Australian national teams and pretend that they are Russian. This is what is currently happening in women's basketball. When we consider the football championship, with all respect to FC Rubin Kazan, I never knew that the modern day Babylon was right in the city of Kazan. Because when I look at the players, I'm interested to see whether there are even a couple of players that have come from local teams.

We are forgetting the most important thing: sport must be a business. Meanwhile, this is a dream come true for Gazprom, in the case of FC Zenith and other oligarchic structures, which are indifferent to the number of people coming to the stadiums or the fate of the sports schools. It is true that FC Zenith is, to some extent, an exception. We are killing people's desire to get involved in sport, because practically nobody leaving school at 17 will get on a Russian team, as it is cheaper and easier to buy foreign players. And then we naturalize them, as in women's basketball, giving Americans a Russian passport in a couple of days, and then, when it becomes necessary for them to go to a championship, they flush it straight down the toilet. There could be no greater humiliation for Russia. If I were to ask those sitting here to name the Russians among the young stars of modern Russian sport, would they be able to? But if we were talking about the 1980 Olympics, we would still be able to remember their surnames. Because our country is unique. We have learnt how to receive money, the government has learnt how to receive this money, and then how to ineffectively embezzle it. Therefore, until we have established an industry in which football clubs make money and don't live on hand-outs, and basketball teams make money and don't live on hand-outs from sponsors, then nothing will happen. And wide-scale sport has nothing to do with the Olympics and elite sports. Leonid is absolutely right. For many years, the Luzhniki Stadium, a venue from the 1980 Olympic Games, was used as a clothing market. Therefore, the Sochi Olympics could turn out to be the glory of our bureaucracy and the humiliation of our sports industry. Thank you.

**Y. Bordovskih:**

Vladimir, let me ask Svetlana to give a response. And I suggest that sports business should be the next topic of discussion at next year's Forum.

**S. Zhurova:**

I agree with what Vladimir and Leonid have been saying about being able to make a connection between elite sport and the football leagues, which is where business is needed. But we are talking here about legacy, about children. This is the government's responsibility. It is imperative that there is government funding to support wide-scale, amateur sport for youth. This must be looked into. We have today discussed the fact that the government in general shouldn't be funding sport. Let us analyse elite sport for a moment, where there should be, as I said in my presentation, new marketing programmes, which include those being put forward by the Russian Olympic Committee based on the expertise of the International Olympic Committee. And our people are already taking part in the marketing commission for the International Olympic Committee. Therefore, these approaches should really be commercialized and we really need a new approach when it comes to the construction of facilities, such as in the form of a public-private partnership, which is now developing in Russia. I can see the high quality of venue that we are building based on this principle. It is a completely new type of venue, a new type of quality. But children's and youth sport must come under the government's authority.

**Y. Bordovskih:**

You know, before we finish today's meeting, I would like to say that I am a natural born optimist. At the end of the Vancouver Olympics, I went outside and realized that, tomorrow, there would be hundreds of thousands and even millions of children who would start getting involved in sport. And I am sure that the same will happen for us. It is great that we have had here with us today the President of the International Olympic Committee, Jacques Rogge. I would like to ask you to bring our session to a close and say just a few words. Perhaps about your impressions on what you have heard today. Your hopes. Maybe some advice for us. Thank you very much.

**J. Rogge:**

Thank you very much. First of all, congratulations on this debate. It was very interesting, and we have heard opposing views, which is the way it should be in any debate. We at the IOC are very keen on creating the best possible legacy. And the first legacy is for the people of the country which is organizing the event in the first place. I definitely believe that Sochi will leave a great legacy.

I do not want to repeat what others have already said. Mark Adams has stated very clearly what it is all about. There is definitely the benefit for the reputation of the country. There is a tangible infrastructure benefit—not only a sporting one, but also on a broader social scale: railroads, airports, energy plants, sewage systems... I could go on for a very long time.

There is also the human legacy. There is all the expertise you will gain. And it is also an undeniable fact that a major sporting event encourages young people to go to sports clubs, so it fosters participation. I say good luck to the Russian Federation. You have a lot of things on your slate: the Olympic Games, the Formula One Grand Prix, the World Student Games, the FIFA World Cup, the Rugby Sevens World Championship, maybe the World Aquatic Championships, and much more. So, good luck to you.

**Y. Bordovskih:**

Thank you very much, Mr President. Thank you to everyone for such an interesting discussion. Unfortunately, there is no time left for questions, but I think that what we have heard today has been informative and interesting. Thank you very much everyone.