

ПЕТЕРБУРГСКИЙ МЕЖДУНАРОДНЫЙ ЭКОНОМИЧЕСКИЙ ФОРУМ

16—18 июня 2016

**РОССИЯ — ВЕЛИКОБРИТАНИЯ: САМЫЕ ПЕРСПЕКТИВНЫЕ
НАПРАВЛЕНИЯ ТОРГОВО-ЭКОНОМИЧЕСКИХ ОТНОШЕНИЙ — 100 ЛЕТ
СОТРУДНИЧЕСТВА**

16 июня 2016 г., 10:15—11:30

Павильон G, Зал «Амфитеатр»

Санкт-Петербург, Россия

2016

Модератор:

Роджер Маннингс, Председатель совета директоров, Российско-британская торговая палата

Выступающие:

Даниэль Бриндл, Вице-президент по работе с государственными органами, «Быстроразвивающиеся рынки и Азиатско-Тихоокеанский регион», GSK (GlaxoSmithKline)

Д-р Лори Бристоу, Чрезвычайный и Полномочный Посол Великобритании в Российской Федерации

Андрей Бугров, Старший вице-президент, Заместитель председателя совета директоров, ГК «Норильский никель»; вице-президент, ЗАО "Холдинговая компания ИНТЕРРОС"

Бенджамин Вегг-Проссер, Управляющий партнер, Global Counsel LLP

Чарльз Хендри, Государственный министр энергетики (Департамент энергетики и изменений климата) Соединенного Королевства Великобритании и Северной Ирландии (2010—2012 гг.)

Виктор Черепов, Исполнительный вице-президент, Российский союз промышленников и предпринимателей (РСПП)

Roger Munnings:

Good morning, ladies and gentlemen. We are going to start this first session now. It is entitled "RUSSIA–UNITED KINGDOM: TARGETING IMPROVED TRADE AND ECONOMIC RELATIONS FOR A 100-YEAR PARTNERSHIP". The 100 years comes because it's the centenary this year of the Russo-British Chamber of Commerce. Trade has, of course, been going on much longer between the two countries, between Russia and the UK, and indeed, it was formalized at around the time of William Shakespeare, who is 450 this year. But I dare say that there was a lot of trade between our two countries even before that time. There is considerable trade now, but we feel that it could be at a much higher level. The role of the Russo-British Chamber of Commerce is to facilitate trade between the two countries. So, we hope to learn from this session, from listening to our panellists about how the Chamber can help further in that facilitation. Along with our partners here are the two embassies, and we have present His Excellency Dr. Laurie Bristow. He is the British Ambassador to the Russian Federation now. I have just seen His Excellency Alexander Yakovenko joining us, who is the Russian Ambassador to Great Britain. They and their teams play a significant role in helping business between our two countries with the economic and trade sections. Our partners here are the RSPP and the British CBI, the Russian Federation's Chamber of Commerce, who we work with a great deal, and the Agency for Strategic Initiatives. This morning we are going to hear about the current framework. We do have, of course, the aspect of sanctions. There's really, I think, in this session no point in speculating about sanctions. They are a fact, there will be a time after sanctions, and part of what we do is preparing for that arena. There are as well tough economic circumstances at the moment, but our experience is that some of the best investments are made when economic circumstances are at their most difficult, because the quality of due diligence and assessment of the potential of investments and trade that's done at that time is very stringent indeed. Let me move quickly to introduce the panel this morning to you. There are full resumes of each person in your conference papers, so I won't dwell on it, but on my immediate left we have Her Majesty's Ambassador Dr. Laurie Bristow, and then to his left we have Vladimir Ivanovich

Padalko, who is Vice-President of the Chambers of Commerce and Industry of the Russian Federation. To Vladimir Ivanovich's left we have Charles Hendry, who was Minister of State for Energy in the UK between 2010 and 2012. To Charles's left we have Benjamin Wegg-Prosser, who is Managing Partner of Global Counsel LLP. To the other side of Ben we have Andrey Bugrov of Interros, and then we have Viktor Mikhailovich Cherepov, who is Vice-President of the Russian Union of Industrialists and Entrepreneurs, and right at the end last, but by no means least, we have Daniel Brindle, who is Vice-President of Government Affairs and head of GlaxoSmithKline's Global Patient Advocacy team, a recent investor in Russia.

I'm going to start by asking Ambassador Bristow to set out the position as far as the UK Government's concerned at the moment.

Dr. Laurie Bristow:

Thank you very much, Roger. This is the St. Petersburg International Economic Forum, so I will concentrate on the economic relationship between the UK and Russia. I just want to say, if you hear nothing else from me today, I want it to be one thing: Her Majesty's Government – the British Government – supports the development of business and economic ties between Russia and the United Kingdom. Obviously, we work within a policy framework – we expect our companies to work within the law of the United Kingdom and Russia. But I just want to repeat that point: one of the most important parts of my job and what my embassy and consulates do here in Russia is to support and develop the economic relationship, the business relationship.

I have to start by congratulating the Russo-British Chamber of Commerce on their 100-year anniversary. But I'm afraid, I have a bigger number than that. This year is the 450th anniversary since Queen Elizabeth I sent Anthony Jenkinson to Muscovy as her first ambassador and trade representative. Four hundred and fifty years! My job is one of the oldest jobs in the UK diplomatic service. I mention this because I think it's really important in the context that we're working now to think about the broader perspective, the longer-term, and where we want to get

to over a slightly longer period of time than perhaps, the next year, two years, five years.

There are plenty of political differences between London and Moscow that keep my days busy. What also keeps my days busy is the huge amount of work, of contact that we have with Russia in business, in culture, in education, and in science. I'd just like to list a few examples of the sorts of things that I'm talking about. First of all, UK companies invest in Russia. Last week I was at a press conference announcing that ViiV Healthcare as the subsidiary of GlaxoSmithKline would be producing anti-HIV, anti-AIDS vaccines in Russia. That's a sign of long-term commitment to Russia by UK business, but also of what actually is at stake here in business. In common with many countries, including my own, HIV/AIDS is a major public healthcare problem. The highest number I've seen is about 1.3 million people in Russia who are HIV-positive. Those people need access to modern drugs, modern healthcare. Our companies can help with that. I think also the science base that exists in Russia can work with us to mutually beneficial effect in this area. I should also mention that a few weeks ago I visited the Yandex headquarters in Moscow. Yandex, of course, is working with AstraZeneca to use big data, to use data-mining techniques to develop the next generation of pharmaceuticals, of healthcare products – the sorts of things that we and our children will be needing to move healthcare forward in our countries. We're working with Russian companies to invest in the UK. UK trade and investment is currently supporting more than a hundred Russian investors, who are seeking to establish a presence in the United Kingdom. There have been a number of projects brought to completion in the last year, which bring over GBP 600 million of investment – nearly USD 1 billion dollars of investment – into the British economy, and create 350 new jobs in the UK economy. That's 350 families, who depend for their livelihood on the economic relationship between the UK and Russia. That strikes me as rather an important and positive thing.

Russians continue to study in the UK. This is really good, positive news. As far as I know – Ambassador Yakovenko may have better figures – we think that there are around 3,600 Russian students in our universities. That sounds like a

big number, but I'd like it to be bigger. I'd like more British students studying in Russia. The British Council is using the Joint Year of Language and Literature to work with the Russian Government to improve the quality of English language education in the Russian educational system, working with the Russian Government on the programme to get five Russian universities into the global top 100. Again, this is something where it's of immense mutual long-term benefit for us to succeed in these areas.

I'm going to pause for a moment on cultural cooperation. It can sound like an add-on, like an optional extra, but I don't think it is, and I'll explain a bit why. Last week I attended the launch of the Cosmos Exhibition in Moscow. This programme honoured the Russian and Soviet space programme. Deputy Prime Minister Golodets was at the opening. Of course, that exhibition was first staged in that form in London, and I see a huge amount of advantage to both countries in using the museum sector, the cultural sector just to get our countries, our people to understand where are the common parts of our history, what are the ways in which we as countries working together have changed the world, because doing that helps you to understand the present and build the future. In a slightly different area, we have a really important exchange of artistic works in the National Portrait Gallery in London from the State Tretyakov Museum, and in the State Tretyakov Museum in Moscow from the National Portrait Gallery in London. These are people who have made the modern world, and it's very important, I think, that the publics in both countries should think about what that means, should have the opportunity to think about what that means. A slightly different area: I met a few weeks ago a Scottish architect who designed the new Impressionist Museum in Moscow.

What we all know is we're in difficult economic times and in difficult political times. UK trade with Russia is down by, we think, about 40 per cent, mostly because of the economic recession here in Russia, the fall of the rouble. Our figures suggest that that's broadly in line with what is happening with other major European economies. It's absolutely right on the European average. It's actually very close in Russia to the economic performance of China. As I said at the beginning, we expect our companies to operate within the EU sanctions, and that

is a matter of law as well as policy for as long as those sanctions continue. There are, of course, plenty of things that we would like Russia to do to improve the business climate, to create the conditions for growth. There are doubtless things they'd like us to do in the UK as well. I'd just like to note though that I was a bit surprised – perhaps I shouldn't have been – on coming back to Moscow at the beginning of this year to find how Russia's performance in the global ease of doing business index has improved in recent years. I'd like to understand a bit more about why that is – what's happened that's right, and how Russia with her international partners supports that and develops that trend.

Let me close by saying a few words about another very important part of our economy. It's TheCityUK. It continues to work with the Moscow Financial Centre – the next meeting's in July. We strongly support the development of a strong financial sector here in Russia and its integration with London as one of the world's leading financial service providers, and, of course, linked with that the other firms operating broadly in the service sector, particularly law.

I'll close now by saying that we in the Embassy are always looking for new ways to work with our British companies, with our Russian partners, and I absolutely do not think that we have the best possible set of products and services that we could have. What my staff and I would like to hear is what the private sector actually wants and needs from us. So, if there are people who want to intervene in this debate or want to come and see us afterwards, I'd very much welcome that. Thank you.

Roger Munnings:

Ambassador, thank you. In particular, for the clarity and the historical context which you've given to the relationship between the two countries. I can see John Lindfield, Counsellor and Director of UKTI, joining us. John, put your hand up. Should anybody like to speak to John about the UK trade industry, please contact John. You mentioned, Ambassador, GlaxoSmithKline, and I'm going to ask Daniel Brindle to say a few words – Dan has to leave us shortly. So, Dan, tell us why Russia was an attractive market for GSK. Tell us about the pluses and the minuses, if you would.

Daniel Brindle:

Thank you Roger. Mr. Ambassador, it's a pleasure to hear your remarks. I want to send a special thank you to the embassy and your staff, as well as the UKTI for the great support that you've always given us. We very much appreciate that. Also I want to say congratulations to the Russo-British Chamber of Commerce, a 100-year anniversary is a fantastic anniversary, so it's a pleasure to be able to share that. Russia, obviously, is a very important market for us. I'm based in Singapore. I cover most of the globe, and essentially anything that's not really within the purview of Europe or the US, falls into my remit. Within that, Russia plays a very important role for us. We have been in the country for more than 40 years. We have people stationed across the country, more than 1,100 employees across our aggregated business. Within that, we have a vaccines portfolio, we have a pharmaceutical portfolio. We also have a consumer health portfolio. We run them as three separate divisions but we work very closely together across the country. Across our business we currently support more than 150 brands. Within that the bulk of that is going to be in the pharmaceutical business. We have a significant vaccines portfolio that we supply to Russia. And we have a very large consumer health division as well. At the same time, we're doing much more than just commercial operations in the country – our R&D work in Russia is very important, not only to Russian business, but it actually plays a very central theme in the global development piece, which I think is very important.

We're also working on some new manufacturing efforts in the country. We've also had a manufacturing presence in the country for some time, and we're very proud of that. I think healthcare is a very interesting intersection for the UK and Russian dialogue and the relationship. I speak for GlaxoSmithKline and the other countries or companies in the industry as well. We're very happy to be able to play a key role in furthering that dialogue. We've seen a lot of change in the Russian market. We do see challenges, but we're optimistic that there will be areas for improvement. The Pharma 2020 programme that the Russian government has put forward, I think, provides a fantastic platform for companies such as GlaxoSmithKline or other companies to play a key role in trying to help Russia further its efforts there.

I want to mention a little bit about the role that Russia plays in our clinical development, because I was personally very fascinated by this. We currently have more than 90 clinical trials ongoing across the country in probably more than 600 hospitals throughout the country. So, it's a very significant platform.

Russia currently sits within the top four countries in the world where we do clinical development. Obviously, the UK and the US, Germany and Russia really have the most significant amount of clinical trial work ongoing. How does that translate into our global development? Russia probably sits at about six per cent of GSK's global clinical research programmes. It's significant.

The agreement on Dolutegravir – frankly, I think it's fantastic. Many probably don't know what this is, but this is a leading cutting-edge first-line therapy for HIV. It's one of the most modern medicines you can find. For us to be able to reach an agreement to be able to produce it here locally is fantastic. Part of that will help us bring better access to Russian patients, and that's a theme that we as a company are committed to, not only for Russia, but everywhere in the world. Maybe I'll stop there, in the interests of time, but thank you for having me.

Roger Munnings:

Dan, thank you for that. The Ambassador mentioned the rise of Russia up the list of places to do business over the last five or six years or so. And it's clearly Russia's intention to improve in that area, and we have seen some huge steps forward in the Stock Exchange and the structures around the business. You have experience outside of North America and Western Europe, the so called "developed areas". How would you rate Russia in terms of ease of investment and doing business, in GlaxoSmithKline's experience?

Daniel Brindle:

I would probably put it somewhere in the middle, to be very honest. But I think it's improving a lot. You see ebbs and flows in every market, and you see challenges. Obviously, the political climate is an area of concern. But at the same time, this is why we work very closely with the embassy, with UKTI, and with industry associations to help. I think the Government is fairly responsive to our

concerns, which is nice – in many countries we don't have that. There are platforms for us to engage, and I'm optimistic we'll be able to improve it.

Roger Munnings:

And do you see an urgency to improve the climate?

Daniel Brindle:

Yes, I think so. This is my first time back in Russia in the last four years, and that's partly because I've been spending a lot of time in some of our other markets. But I do feel that there is a move to change, which is positive. Part of my mission here at SPIEF is to really understand where the changes are happening, and be able to feed that back to the organization.

Roger Munnings:

Thanks very much. I think the vectors are clear. My personal experience is that it has been much easier to establish a business and do business in Russia than external commentary would have you believe. You have to have your values, you have to do things properly, to obviously abide by the law, and do the due diligence properly. Having done all that, then once you're established, then I think it's a positive market. So, thank you for your comments.

Daniel Brindle:

I just want to mention one more thing. This is the piece that probably gets overlooked. Russia is also a source of talent for us globally, and we have very good people coming out of this country. And they're contributing – our former general manager here in Russia has just moved to take over our business in Brazil. It's not just about the UK coming into Russia, it's also Russia coming out and contributing to our global environment as well.

Roger Munnings:

Thank you for that last comment, it's very important. I'm now going to move to Vladimir Ivanovich Padalko. He's Vice-President of the Chamber of Commerce

and Industry of the Russian Federation. Our colleagues who we closely work with at the RBCC are very pleased to have that collaboration. You're going to talk to us today about opportunities for business cooperation and investment in Russia. I would just say that the networks of the chambers of commerce and industry are absolutely pervasive, and very valuable colleagues to work with.

В. Падалко:

Спасибо. Уважаемые коллеги, продолжая мысли всех моих коллег, я хотел бы обратить ваше внимание на значение, которое во всем водовороте сегодняшних событий играет Российско-британская торговая палата.

В этом году мы будем отмечать столетие этого института, и я думаю, вы согласитесь со мной, что сама по себе Палата — это светофор, который отражает текущие настроения в обществе, в бизнесе и в политике. Сегодня наша Российско-британская торговая палата показывает, наверно, желтый свет. Есть зеленый, который говорит о том, что у нас более-менее все благополучно, есть желтый предупреждающий, и есть красный, который показывает всем, что дальше уже будут другие рубежи.

Мы в этом году с нашими британскими коллегами наметили целый ряд мероприятий, на наш взгляд, позволяющих немного сгладить те негативные моменты, которые сейчас отражаются на нашем сотрудничестве. В апреле наши коллеги в Лондоне провели первое такое значимое мероприятие, и, оказалось, что на тот торжественный прием, который был устроен по случаю Российско-британской палаты, регистрация завершилась на четырехсотом участнике. Мы стали формировать российскую делегацию в Лондон. Мы проведем деловой форум ранней осенью этого года и сейчас опасаемся, что самолет не вместит всех желающих, которые от российского бизнеса хотели бы полететь в Лондон и поговорить там с глазу на глаз с нашими коллегами. О чем это говорит? О том, что интерес к общению, к работе и к сотрудничеству с той и с другой стороны очень высок. На этом фоне у нас более чем на 40% сократился товарооборот, то есть наши контракты уменьшились более чем на 40% в 2015 году. Сейчас в первой половине 2016 года, как говорят коллеги, мы теряем темпы и еще

процентов 13 потеряли от рубежей 2015 года. Все эти факторы заставляют нас, руководителей торгово-промышленных палат, и с той, и с другой стороны бить в барабаны и поднимать регионы в направлении двустороннего взаимодействия.

Я уверен, что главные моменты, которые нам сейчас точно придется преодолеть, это, во-первых, помочь друг другу в информационном обеспечении. Во-вторых, в чистоте сделок с точки зрения финансов и закона. В-третьих, во всяком случае, со стороны Торгово-промышленной палаты, помочь всем британским компаниям, которые будут проявлять интерес к освоению российского рынка в регионах. Мы обещаем, что это направление для нас будет главным в работе с британцами. Спасибо.

Roger Munnings:

Thank you very much for that positive statement. You warm my heart with the prospect of more than one plane-full of Russian businesses coming to London in October, and we look forward to that, and encouraging further Russian investment into the UK.

I'm now going to turn to the Right Honourable Charles Hendry, Minister of State for Energy and Climate Change in the UK between 2010 and 2012. In that role, of course, Charles got to know Russia pretty well because of Russia's importance in the hydrocarbons. Charles, tell us about your perception of the energy industry and the economic circumstances today.

Charles Hendry:

Roger, thank you very much. I think it's wonderful to be celebrating the 100th anniversary of the Chamber. If you go back a hundred years, I think it's quite extraordinary that it was started at that time. It was halfway through the First World War, it was a year before the Revolution in Russia. And even in those extraordinarily difficult and challenging times, people were saying that we should be doing more trade and doing that in a more structured way. I think that the lessons for us is that the Chamber is there for the long term, it's there to deliver

dialogue, to develop trade and business relations, regardless of the political circumstances.

On the energy side, there are three particular aspects to this. First of all, it relates to the interest of companies wishing to invest in Russia. We've got major British corporations like BP and Shell, which have been here for a significant period of time, who have founded a very positive relationship, and who are certainly keen to do more. I think it's been clear that they have been able to bring complimentary skills, not just in terms of investment, of technology, of a commitment to health and safety and to environmental protection. Enabling Russia to harness its extraordinary resources in the way that it deems to be most appropriate. They are very much aware that it's up to Russia to decide how it wishes to harness those resources, but also that it can expect not just to get revenue from that, but it can also quite rightly expect to get technology transfer, to get new skills, to get joint ventures in the supply chain as well. So, companies like BP and Shell are keen to do more. There are smaller companies which are keen to understand how they can be involved. There are companies in the supply chain which have grown up in the challenging circumstances of the North Sea and are keen to develop those skills around the world. More than a half of the subsea work comes back to British companies globally. So, an extraordinary skills base of companies which are keen to do more in that area, and which are very keen to look for joint ventures and local partnerships, so that they can assist in creating companies which have got those skills here in Russia as well. And more broadly in the energy sector, in the low-carbon sector, there are undoubtedly British companies which would be keen to understand Russia's ambitions and to work with Russia in delivering on those.

Secondly, I think it relates to companies who are keen to be partners with Russia as it looks to export its gas. Europe is going to need Russian gas for as far out as we can see, there's broad agreement on that. European energy security demands both that we see a diversification of sources of gas, and therefore bringing in gas from the Caspian and Azerbaijan is important in that respect, but also a diversification of roots I think is important for long-term security. And as Russia looks to how it can take that forward, then there are international

organizations and British companies which are keen to be part of that process. I think that also means looking at the new roles which gas can play. And we know that the development of LNG as a transport fuel for lorries, for trucks and public transportation is an important market. And therefore working with Russia to develop a European-wide strategy for the implementation of LNG, following in the many ways the strategy being developed in the UK, is an important part of that aspect.

The third element relates to framing the debate. There is more common ground than is widely believed between Russian and Europe on the long-term role for gas. I think we need to see a closer dialogue between the consuming countries for gas, and the supplying countries. You cannot have security of supply in Europe without having security of demand in Russia. There are two sides of the same coin. And I think we need to see a better dialogue about how those mutual interests can be served in the longer term. So, even in tough political times, the need for that dialogue becomes increasingly important and vital to understand. I think businesses which look at Russia will very often see the challenges, that the World Bank report on the ease of doing business is something that does need to be better understood. Just a few years ago Russia was 120th, this year I think it's 51st, the ambition is to be in the top 20. And that shows their very strong commitment to reform. And so, developing that dialogue, doing it in a way that British companies can understand where those opportunities are, to understand where the investment is going to be most welcome, how joint ventures should work – I think this is a really important part of the work which the Chamber can play as it moves into its second century. Thank you.

Roger Munnings:

Charles, thank you. Certainly, this aspect of the need for cooperation between Europe and Russia, and indeed the rest of the world, on energy is fundamental. My colleagues at Lukoil would say that they don't really see the other majors around the world as competitors, as they see them as colleagues in the very difficult business of getting oil and gas out of difficult environments safely and for the benefit of populations. I think it's always important to remember that, just as it is

important to remember that throughout the Cold War, the contracts on gas between Europe and Russia were always honoured. So, thank you for those comments. You mentioned reform and the move up the table. It's important that when people look at Russia, they understand that reform is not something new – fundamental, basic, long-lasting reform is not something that can be achieved overnight. It's something that has to be constantly worked on. And we wish stamina to all the people involved in that in this country, because it's a difficult area. Ben, can I move to you now? Benjamin Wegg-Prosser is Managing Partner of Global Counsel. Ben, tell us recent economic trends in business, and means of adaption to them in different sectors.

Benjamin Wegg-Prosser:

Thank you, Roger. I wanted this morning if I may to tell a short story about experiences of working on Russia-related issues. As a business we're a regulatory and political risk consultancy. A small and modest part of our business was coming from Russia in the run-up to the crisis of 2013–2014. To be honest, I thought that when the crisis erupted in Crimea, business would come to an end. What was interesting was that that wasn't the case. We discovered and noticed the countercyclical trend where large corporations, some British, some international with a big presence in London, were keen to understand in more detail the opportunities that were presented to them in Russia. And how, given the constrained political environment, they might be able to operate in a way that was fully compliant with the law, but was taking advantages of the opportunities that they saw. So, this work continued, and we wanted to understand it in more detail, so at the close of the last year we commissioned two significant pieces of research done in-house by our economic team led by a colleague who was a former chief economist at the British Foreign Office. What we've tried to do was take a sample of FTSE 100 as a proxy, slightly imperfect, but a proxy for the British economy as a whole, and to try to understand the trends within this counter-cyclical movement, as I described. Not surprisingly, we found that companies in the banking sector and energy had obviously scaled back their exposure to Russia. We wanted to try and understand this, not by looking at

media coverage, not by looking at analysts or commentators, but just by looking at what companies had said themselves. So we went through their annual reports, their public statements, as the only sources that we were relying on. And as I said, in banking and energy there was clearly some drawback with companies leaving the market. But what was interesting was that, as we've heard from colleagues from GSK this morning, in areas like pharma, FMCG, we saw companies maintaining their interest in trading and working in Russia. And indeed, some of them were increasing that commitment. Pharma would be the most obvious, where companies were increasing their investment and looking to build their presence. So, the story one hears about doing business in Russia is more sophisticated and complicated than one might think.

We then wanted to do a second piece of research, which we, in fact, published this week, looking at risk more widely. So, not simply looking at attitudes towards Russia, but looking at the attitudes that the FTSE 100 had, looking at risk right across the non-financial exposure. Again, what we found was not surprising. Russia was top of the list of risks for major British corporate companies like Marks & Spencer, WPP, Barclays, Schrodgers. They all flagged their exposure to Russia as being something that they felt was of material interest to their clients, to their shareholders, and they felt obliged to report that. But equally, they weren't stating that they were leaving the market, they were simply more conscious and focused on the areas.

So, this is something that we've reflected on, and I think that there are lessons for how to respond to the question we're being asked today – how can we improve the trade and economic relationship between the two countries. I think it's clearly to focus on the areas of strength within the British economy – life sciences, architecture, the creative industries all being good examples of that. But I think we also have to build on the processes that the Ambassador described about producing friction within a relationship. I think you've seen that for example – and I pay credit to the Ambassador in the audience – the way in which visas are now issued, in a much swifter and easier way for British companies looking to travel to Russia. I think it's important. You've seen progress

in tax, customs and other areas where British companies are able to operate in a slightly easier environment. Things are far from perfect, but they are improving. It's also worth just to conclude: reflecting on the fact that culturally, socially, Britain and Russia over the course of the last twenty years since the end of the Cold War have formed such a close relationship, but equally such a fraught one. I think that's down to two areas, and perhaps in this period of more constrained political times we might reflect on those two reasons and perhaps learn from them. I think that in the course of the last twenty years the relationship has been too extractive in the specific sense of the word. I think that as a whole, international businesses, Britain included, have viewed Russia too much as a place to extract value, most obviously in energy. And equally, I think Russian corporates have viewed London and in particular its financial centre, the capital market, as a place to extract value there too. And I think that a transactional relationship is something which I think we need to adapt and should evolve in these straitened times. I think the second area is that in many ways familiarity has bred contempt. And again, I think that as we live in tougher times, that is something we should reflect on. When the political situation improves, I think the relationship needs to be less extractive and slightly less contemptuous. Thank you, Roger.

Roger Munnings:

Ben, thank you for those very sharp insights. Certainly, when I was responsible for KPMG here, some of the success that we had was in absolutely making it clear we were investing in Russian people for the future. And we were not going to take profit out of the country, we were going to reinvest it. That I think always stood us in good stead. So, I take very well the point that you make. I also take well the point about British boards who find it difficult to run against the zeitgeist, when everything one hears in the UK on Russia in media terms is negative. And I address all members of the audience here who have investments in Russia and are British: please, tell people about your objective experience, good and bad, because the objective experience is quite different from that which brings fear when considering investments. Thank you very much for these points.

Let me now move to Andrey Evgenyevich Bugrov, who is Senior Vice-President of INTERROS and also a Deputy Chairman of one of the jewels in Russia's natural resource crown, Norilsk Nickel. Andrey, tell us about the perspective from your side, please.

Андрей Бугров:

Thank you. It is interesting: I have 5 minutes to talk about hundred years – not an easy task, of course. But basically when we talk about partnership and economic relations, we have some firmly embedded belief that that cooperation between the UK and Russia has a long history and is mutually beneficial. And one can also see that despite all the developments in the world, or around the world: business continues to cooperate, companies invest, our company's trade with UK partners is pretty stable. What concerns me, and I cannot do anything about it, by the way, is that business cycles are different from political cycles, and sometimes I even feel they follow different orbits: political agendas are shorter and, say, limited, and thus this short-termism of political interests hinders the long-term objectives of business. For example, we all watch very closely developments in Ukraine, and try to assess the impact on the business, Similarly, I am concerned with the migration crisis in Europe and how that would affect my business partners there. I also watch closely issues related to Brexit Referendum. And all of the above forms a mutual agenda of equally important issues for dialogue and action. And we speak openly about that – we as business – so that our political bosses would be able to both hear and listen.

What unites business interests around the world these days would be I think values. We used to say that economy is based on greed and fear. To a certain extent, the paradigm is changing now, and the issue of values and compatibility of business mentality becomes very important. Roger asked me to say a couple of words about corporate responsibility. And I have to say on the basis of personal experience and the companies that I worked for, that by and large on this particular issue we speak the same language, and in a way there are certain champions in this corporate responsibility issue in Russia, and I'll be glad to

share with you some of the information that we publish in the form of corporate responsibility annual reports.

Lying next to it, or sitting next to it, would be the issue of transparency and anti-corruption. It is an important area of cooperation between the UK and Russian business based on the recent changes in the UK legislation and similar developments in the Russian landscape. And I have to tell you that we've come a very long way in order to get closer to international standards on both corporate responsibility and the issues of tackling corruption, and both Interros and Norilsk Nickel are amongst the most active participants in this process, and continue to be involved in a very important agenda on this issue that is being discussed by the G20 and B20.

The Ambassador was mentioning the issue of culture, and we find it extremely important because both companies that I represent are well-known for their activities in the field of cultural exchanges, charity. And we are building up the best international experience available, and particularly the experience of the United Kingdom. We have a charitable foundation at Interros that works in close cooperation with the Charities Aid Foundation in the UK. The foundation supports proliferation of endowments in Russia based on the best international cases, and I repeat, including those from the United Kingdom. There is an endowment growth strategy programme that was launched three or four years ago. And we support the educational courses and other work for non-profits and NGOs that are spreading in the country quite profoundly. To give you a specific example, in May we had a very interesting meeting between the General Director of our art gallery and Martin Roth, who is the Director of Victoria and Albert Museum, and the discussion was on issues of cultural institutions as leaders of social development. And that was a very inspirational conversation and discussion because it gave some direction to business in terms of what to support, what to talk about, how to address those issues in our dialogue with both the UK and Russian authorities.

So the question, Roger, that you posed was – what's the assessment, I think more in terms of what can business do? I think we have – all of us have to be – more proactive with the existing framework and tools. They are in good working

condition and should be used more actively. We should continue to use the capacities of business associations because that proved to be very result-oriented. And we should push Government officials for renewing high-level mechanisms, and those mechanisms exist mostly on paper today. But again, it's a result of short-termism rather than profound understanding of global responsibility and long-term objectives for development. The political authorities have to speak to each other and try to find a common language in this regard. The business dialogue would be over-supportive of that work, and if we do not do that, we shall not succeed. And you may recall – and it is an opportune to quote Shakespeare today – that King Lear was saying to his daughter Cornelia: “Nothing will come of nothing. Speak again.” Now that's what we do here today and would continue to be doing in all other forums. Thank you very much.

Roger Munnings:

Andrey, thank you for those insights. It became clear to me over a business career that the prime corporate social responsibility was to conduct your business in a way which took account of all of the people you touched in that business: your stakeholders, if you like: your shareholders, your suppliers, your customers, the environment in which you operate, the budgets to which you have responsibility. And through your leadership, and the Russian B20 involvement through your leadership, this creates such dialogue, so thank you for that and thank you for being part of the panel today. I'm going to move on to Viktor Mikhailovich Cherepov, who is Executive Vice-President of Russian Union of Industrialists and Entrepreneurs with whom the RBC has had a strong relationship for many years. As you all know, the RSPP represents nature business in this country and has been a driving force in Russia in the way that the conduct of business has developed over the past 20 years in my experience. Viktor Mikhailovich, you are going to speak about the potential of the medical and social sectors. We heard from GlaxoSmithKline, and I noticed that in the audience we have our colleagues from AstraZeneca, we have Jennie Younger, who is VP of Corporate Affairs. So please tell us about your perceptions.

В. Черепов:

Спасибо, Роджер. Я, пожалуй, продолжу мысль господина Бугрова о том, что ныне существует много институтов, которые способствуют развитию отношений между Великобританией и Россией, и, конечно же, присоединяюсь к поздравлению всех с приближающимся столетним юбилеем Торгово-промышленной палаты России и Великобритании. Я хотел бы подчеркнуть, что РСПП как ведущее бизнес-сообщество Российской Федерации очень плотно сотрудничает со своей визави в Великобритании, СВИ, и хотелось бы, чтобы в настоящее время эти отношения не стагнировали, а еще более активно развивались. Действительно, за столетний период развития наших отношений не только в рамках Российско-британской палаты, но и по другим направлениям, был накоплен значительный опыт, который сегодня в данных условиях, когда межправительственные соглашения иногда пробуксовывают, мог бы значительно пригодиться для решения назревших проблем.

Мы ценим наше партнерство с Палатой, совместно прилагаем усилия для укрепления доверия, преодоления барьеров для взаимных инвестиций, локализации производства британских компаний в России. Для этого есть хорошие примеры: сегодня много упоминалась компания GlaxoSmithKline, но я хочу сказать, что и в этом году в Калужской области был открыт завод AstraZeneca. Надо сказать, что этот завод начинал строиться еще в 2011 году, когда отношения были не такими напряженными, как сейчас, и завод передовой технологии был построен, запущен в действие. По этому пути идет и компания GlaxoSmithKline, которая подписала замечательное соглашение по производству препаратов для лечения ВИЧ-инфекции и СПИДа, которые сейчас значительно приблизились к пороговым значениям эпидемии в Российской Федерации, это отметила даже министр здравоохранения Российской Федерации госпожа Скворцова, и много других примеров взаимодействия.

Но здесь я хотел бы отметить, и это прозвучало во всех выступлениях, что присутствие британских компаний стало возможным благодаря созданию нормальных отношений и принятию нормативно-правовой базы, которая

позволяет локализовать производство как фармацевтических компаний, так и компаний, которые занимаются производством медицинской техники, медицинских изделий. Примером тому может служить компания Smith&Nephew, которая купила завод в Подмоскowie и будет производить изделия для травматологии и ортопедии. Надо сказать, что мы, анализируя в РСПП развитие этого процесса — локализации производства — отметили, что практически ни одна компания, ни английская, ни из Соединенных Штатов Америки, ни из Германии, не прекратила свое сотрудничество. Этому способствует принятие Постановления №102 по локализации производства, и мы создали конкурентную среду не только среди компаний иностранных и отечественных производителей, но и между иностранными производителями, которые производят уже локализованный отечественный продукт. Я бы поддержал мнение о том, что Россия является одной из четырех стран, которая активно занимается клиническими испытаниями, и это является базой для переноса новых медицинских технологий в практику практического здравоохранения, что, я думаю, принесет свои результаты. Первые результаты мы уже видим: это увеличение продолжительности жизни, снижение летальности и смертности в Российской Федерации за последние 6—10 лет. Но я бы отметил, что не только в области фармации и медицинской техники идет активное сотрудничество. Примерами такого сотрудничества является и создание новых технологий в области модернизации вертолетостроения, в частности, проект по вертолету К-226 с участием компании Rolls-Royce. Это и реконструкция Хабаровского НПЗ, это сотрудничество с КАМАЗом по двигателям и проекты в секторе общественного питания. Также есть примеры и выхода небольших российских компаний, но это уже первые ласточки, которые выходят и на рынок Великобритании. Особенно это касается IT-технологий и онлайн-технологий. Также многие английские компании заинтересованы в участии в строительстве инфраструктуры и спортивных объектов, которые будут использованы во время проведения чемпионата мира по футболу 2018 года, и это мы только приветствуем. Хотел бы отметить, что в настоящее время появился и единый рынок Европейского экономического союза, и

налаживание связей британских компаний с единым рынком Европейского экономического союза было бы мощным двигателем налаживания взаимоотношений и с Россией в том числе. Поэтому РСПП через все перечисленные механизмы пытается создать не только нормативно-правовую базу, но и добрую атмосферу отношений между компаниями, между бизнес-объединениями для создания бизнес-среды, которая позволит расширять и производство, и сотрудничество во всех отраслях производства, и, как сегодня неоднократно подчеркивалось, в сфере культурного обмена, культурного сотрудничества и социального партнерства. Для этого у нас в РСПП существует международный совет по сотрудничеству и инвестициям, и надо сказать, что в этом совете очень активное участие принимает компания Ernst&Young, и особая благодарность им за это.

Ну и в заключение: мне понравилось сравнение моего коллеги из Торгово-промышленной палаты, когда он рассказал про светофор. Я бы хотел пожелать, чтобы в результате сегодняшнего круглого стола уже загорелся мигающий желтый свет, как в современных светофорах, предупреждающий, что скоро зажжется зеленый свет. Спасибо.

Roger Munnings:

So, yes, let's get it to "green" as quickly as we can. We've pretty much used up our time, I think I'll just push our time limit a little bit to see if there's anybody in the audience who wants to ask a question or make a comment. I can see the Russian Ambassador to the United Kingdom, and I wondered, Alexander Vladimirovich, if you wanted to say anything. You have been very helpful in focusing on trade and investment opportunities. If you want to leave it at that, I'm very happy. Do we have a microphone please?

А. Яковенко:

Спасибо большое. Это была очень интересная дискуссия. Из нее я сделал два вывода. Первый вывод, и об этом говорил Андрей Бугров, такой: очень важно, чтобы экономические циклы совпадали с политическими и носили

долгосрочный характер. Я думаю, что в интересах двух стран развивать экономическое сотрудничество. Это будет на благо наших народов. Но, естественно, для того, чтобы это делать, необходима политическая воля. На сегодняшний день мы, к сожалению, видим, что такой воли недостаточно. Я рассчитываю на то, что нам удастся в перспективе укрепить политическую волю к сотрудничеству с тем, чтобы мы могли не только восстановить двусторонний оборот, но и продвинуться значительно дальше. Я уверен, что все мы в этом заинтересованы, и я на это рассчитываю. Спасибо.

Roger Munnings:

Thank you very much, Alexander Vladimirovich. I think all of us in business who understand that the basis of business is having straightforward conversations about difficult issues and working on those issues through communication – all of us wish our political counterparts stamina in solving the political issues which are between us at the moment. I can see AstraZeneca. Do you want to make any comments? Tell us very quickly, Jennie, if you would, about investment in Kaluga.

Jennie Younger:

Hello. This is Jennie Younger, I'm Global Head of Corporate Affairs for AstraZeneca. We announced our investments about five years ago in Kaluga and we've invested about USD 224 million, which I think is the largest foreign investor in relation to construction of a new pharmaceutical facility in Russia. Our production started in March this year. We will be producing about thirty medicines that cover cardiovascular, respiratory and oncology products in particular. And we are now looking for further investment, we're very committed to investing further and in providing the innovative medicines that we produce to the Russian population as much as we can. This is a really important market for us. And a shared goal between us needs to be this further progression of a localization strategy, so that we can be seen as a local provider for Russian people. One of the key elements of that relates to the conclusion of special investment contracts,

and that's what we are discussing with the Kaluga dignitaries and governors, etc. to help us to enable that next stage for our investment. So, thank you very much for everyone's support and ongoing engagement.

Roger Munnings:

Thank you and congratulations on the investment. Ambassador, did you want to say a last word?

Dr. Laurie Bristow:

Thank you. I just wanted to say in closing today a very brief comment on the very important question which my colleague Ambassador Yakovenko raised about political will. He and I can debate – and we do debate – at very great length the detail of what keeps us busy all day on the political side. But I want to make a broader and I hope more positive point than that. There is a question as to how we got to where we are today. The bilateral relationship between Russia and the UK is difficult. We're not alone in that. The UK follows shapes as part of a general EU response to a very severe shock that happened in our relations with Russia over the last two years. I don't want to say any more than that on it. This is not a UK–Russia bilateral problem, there is a more general problem here for the EU, for the West, about how we build a relationship with Russia.

The point I want to make is not that though. That's a given and understood by all. The point I want to make is this: Russia is going through a political cycle. Elections this year, presidential elections shortly after that. The United States is going through a political cycle too. Germany, France are going through a political cycles. The world economy is going through a super-cycle. We in the UK have a very important decision to take next week, one of the most important decisions we will ever take. I'm not allowed to say any more than that, but everybody knows what this is. The point I want to leave the discussion with is actually an invitation to think about a point. Are we now are entering a transitional period after the shocks of the last two or three years? If so, what does that transition mean? What sort of relationship do we want to get to, between Russia and the

UK, and between Russia and her European partners? What needs to happen for that to happen? Thank you.

Roger Munnings:

Ambassador, thank you. Let me just wrap up the session. Thank you to everybody for attending and taking part in sharing the 100th anniversary with us. I'd just like to reiterate that the political issues are very difficult ones, as we all understand, and we wish you and the governments of our countries and the European countries the best of stamina in sitting down, communicating, and dealing with these issues. Our business will continue, but we would be much happier if the relationships were much better. Thank you.