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**Business round table
RUSSIA – US BUSINESS DIALOGUE MAIN ISSUES IN THE US-RUSSIA
STRATEGIC ECONOMIC PARTNERSHIP**

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A pragmatic look at US-Russia trade and investment cooperation two years after the 'reset' button was pressed. Russia's entry into the WTO as the driving factor for the 'reset', and for the implementation of high-priority initiatives. Priority sectors: high-tech, transport and infrastructure, energy, mechanical engineering and aviation, construction, financial services, and more. Basic trade agreement as the foundation for the 'reset', and as the cornerstone for a strategic economic partnership between Russia and the United States.

Moderator:

Alexander Shokhin, President, Russian Union of Industrialists and Entrepreneurs

Panelists:

John Beyrle, Ambassador of the United States of America to the Russian Federation

Dr. Hans-Paul Buerkner, President and Chief Executive Officer, The Boston Consulting Group

Louis R. Chenevert, Chairman and Chief Executive Officer, United Technologies Corporation

Marthin De Beer, Senior Vice President, TelePresence, Emerging Technologies & Consumer Business, Cisco Systems Inc.

Carlos Gutierrez, Vice Chairman of Institutional Clients Group, Citigroup

Lorraine Hariton, Special Representative for Commercial and Business Affairs, U.S. Department of State

David Iakobachvili, President, Russian-American Business Council; Chairman of the Board of Directors, RusAgroProekt JSC

Aleksei Isaikin, President, Volga-Dnepr Group

Anatoly Karachinsky, President, IBS Group Holding

Alexei Mordashov, General Director, Severstal JSC

Dennis Nally, Chairman, PwC International

Dmitry Pumpyansky, Chairman of the Board of Directors, TMK JSC

Andrew Somers, President, American Chamber of Commerce in Russia

Paul Stoffels, Company Group Chairman, Johnson & Johnson Pharmaceutical Research & Development, L.L.C.

James Turley, Chairman and Chief Executive, Ernst & Young

Victor Vekselberg, Chairman, Renova Group; President, SKOLKOVO Foundation

Gerard R. Vittecoq, Group President, Caterpillar Inc.

V. Vekselberg:

Ladies and gentlemen, please take your places and be seated so that we can begin working. Thank you very much. I see that today we have a very large audience of participants at the round table. So, the topic is 'Main Issues in the US–Russia Strategic Economic Partnership'.

We thank the organizers of the St. Petersburg International Economic Forum for providing such a large audience for this round table at such a convenient time. We are happy to see such distinguished guests and representatives at our event today. I would like to express my deep wish that the discussion that emerges at this Forum will be as useful as possible for both sides (by this I mean the Russian and American sides), and that the sides will be able to share opinions, to more explicitly identify the issues before them, and to ultimately try to find a way to resolve these issues. I will not present all of the participants in the panel: you can see all of the attendees. I hope that everyone will have the opportunity to express themselves. I would like to repeat that we hope that there will be active participation by the attendees in discussing the issues that will be raised. In my short introduction, I would like to emphasize what I believe are some sufficiently important points. The Russia–US business dialogue has taken place for four years already. We regularly meet in Russia and in America to discuss various issues. What in political rhetoric is referred to as 'the reset of US–Russian relations' was a historic event. Yet despite the active dialogue between the parties, I frankly cannot cite recent examples where the business community resolved pressing issues with the help of the government. I remember that during our first meeting, we emphasized a series of important issues that we will continue to discuss today.

Trade relations between Russia and the United States remain at an unfittingly low level. These relations are regulated by a trade agreement that was signed back in the prehistoric (I am not afraid to use this word) year of 1990, and continues in force. Due to this, we raise the issue of signing a fundamentally

new, well-crafted agreement on investment partnership. However, without a proper framework, I believe that the development of trade relations into investment partnership will be sufficiently problematic. And the question arises: what stops us from accomplishing this? On the back of the successful political contacts between our leaders and the unprecedented success in certain areas of the economy, we remain at quite a low stage of development in our relations, despite our tremendous potential. We would like for today's discussion to be more concerned with issues that are before us and their possible resolution than with the success stories. Unfortunately, success depends to a great degree on what role the relevant government bodies play. In the capacity of first speaker, I would like to give the floor to a representative of the Russian Ministry for Economic Development, the head of the Department for the Americas. Please, the floor is yours, and I believe that all attendees will be very interested to learn about your position.

E. Danilova:

Thank you. The issues that you have just identified do indeed concern us greatly. In our work in developing relations with America, we discuss these issues within the context of our working group and we always think about what tools we can utilize to bring our economic relations to a qualitatively different level.

Speaking about development and the prospects for bilateral US–Russian cooperation, I would suggest examining it in three dimensions. First, there are intergovernmental relations. You correctly noted that this is 'Government to Government', as it is called. There are relations between government authorities and the business communities of the two countries: this is 'Government to Business', which we also support. And there is cooperation between Russian and American companies –□ Business to Business. In order to develop the first of those areas, in the course of the policy of resetting our relations, a working group was created at the US–Russia Bilateral Presidential Commission in July 2009, on

the expansion of business connections and trade and economic relations. To date, five meetings have already been held, and the working group is paying particular attention to such issues as economic efficiency, resource conservation, modernization of the manufacturing base, and improvement of regulatory frameworks. These include issues such as export controls, migration policy, the visa regime, employment authorization for skilled specialists, resolution of problems in customs administration, and competition policy. We pay a great deal of attention to the development of the investment climate, and this represents a large portion of the work of our working group: the conditions for trade, investment, development of small and mid-sized entrepreneurship, and elimination of barriers to market access. Currently, the working group is a forum for promoting concrete US–Russian commercial projects.

Today in the auditorium, I saw many familiar faces of representatives of companies with which we actively work, providing support for their projects in Russia, and we work with their Russian partners. Currently, we are working out 30 projects with the participation of American companies in Russia. And more than half of these projects relate to high technology.

As far as Government to Business work is concerned, we strive to support organizations from the business community. Above all, this is the entirety of our substantial US–Russian business dialogue. We actively cooperate with the US–Russia Business Council, the American Chamber of Commerce in Russia, and the Russian-American Business Council. We frequently hear calls from business to update the contractual legal framework. It is definitely out of date, and it is necessary to make it modern, predictable, stable and transparent. Of course, it is appropriate to focus above all on the interests of business groups, and on the needs of today. We believe that the absence of a legal environment for resolving issues concerning the protection of capital investments in our relations is not right. Given that negotiations on this agreement are not progressing, we have stepped in with a proposal for modernization of the framework agreement on

trade relations. The idea is to resolve specific issues that truly require it. These are issues of protection of capital investments, migration, issues of competition policy, investment cooperation, intellectual property, and support for exports by small and mid-sized businesses. Last year, we submitted a draft to the American side for review. It is still being worked on.

However, we see the greatest potential for bilateral cooperation in the Business to Business area. As we see it, this type of relationship is currently not being exploited to its fullest extent. But even if we examine the numbers, the cumulative amount of Russian investment in the USA was USD 7.7 billion at the end of 2010, and of this number, USD 6.5 billion were direct investments. The amount of American investment in Russia is, respectively, USD 7.3 billion and USD 1 billion. That is, we are maintaining parity, but the level is very low. Additionally, we would undoubtedly welcome not only the growth of investment in total, but first and foremost, the growth of investment that has innovative components. To increase the amount of such investments, we need corresponding growth in cooperation. In addition to the measures that the government is adopting to create a favourable investment climate, it is also creating an environment conducive to innovation. The Russian Direct Investment Fund and the creation of an international financial centre represent measures for the creation of an environment conducive to innovation.

And ultimately, we have several ideas about how to transform the current cooperation from traditional to innovative. First of all, it seems that it is necessary to develop forums for dialogue in the area of science and technology. Here, we see the potential for future cooperation between American industrial clusters and Russian institutes and investment companies. On the order of 27 technology platforms have been approved in our country, and we invite American companies to actively participate in their work. A technology platform is a communication tool intended to catalyse efforts to create promising commercial technologies, new products and services, and to attract additional resources. We have a description

of the technology platforms that we have translated into English. It is accessible in diskette form in our department and we brought several disks with us. Therefore, if anyone wishes to review the description of this tool, please do. In addition, we believe that another useful tool, which we have recently begun to support actively, is the expanded use of business missions. We truly appreciate the work by the US Department of Commerce to set up visits by American trade missions. We ourselves in the Ministry for Economic Development plan to set up a series of business missions to the US in the second half of 2011 to support projects, primarily in high-tech industries. We also plan to organize a business mission on energy efficiency. We have already met to discuss this issue with Russian as well as with American companies; we anticipate that there will be wide participation.

We believe that it is necessary to contribute to the exchange of information on development and innovation. In particular, we have already organized work on the exchange of experience between representatives of leading US and Russian companies regarding effective management methods. There is now a database with representative information on the innovative-development areas, investment projects, and investment attractiveness in our country. However, I think that we must nevertheless create here something like an innovation bridge. For example, in the programme for personnel training, something of this sort is being worked out. A memorandum of cooperation has been concluded in the area of management training. It was signed in November 2010 at the Asia–Pacific Economic Cooperation (APEC) summit in Yokohama.

But this is not enough. The fact is that institutions of development in our country concluded a cooperation agreement, and the project can actually pass from the early startup stage to a higher level of financing. An exchange of information on similar projects is taking place. It is important to us that American companies join in. The question arises: with whom from the American side could we sign an agreement for joining in this exchange of project information? Then we could all

be on the same wavelength and business would have access to information about which projects are in the beginning stages, which projects are underfinanced and need financing, and who possible partners from the Russian side are. Unfortunately, experience shows us that as a rule, large companies know each other very well and find each other themselves. But small or mid-sized businesses are practically in the same neighbourhood and still don't meet. We need for these meetings to happen with the cooperation of the business community. It seems that if such organizations, associations, or clusters are found in the United States, we could agree on the form of such cooperation. Then we could understand what problems may arise later and what requires support from the government. Then we will have cooperation in all three forms: Government to Government, Business to Business, and Government to Business. Thank you.

V. Vekselberg:

Thank you very much, Lena.

You know that, at least among Russian business, a firm belief has developed that we are absolutely ready to intensify our economic cooperation. Our embrace is so wide that it seems it could hardly get any wider. We are insistently knocking on the doors of the WTO, about which Alexey will speak, I believe. We propose various types of initiatives, but we are under the impression that all this runs into problems that we may not completely understand. But our desire is absolutely clear. As a token of support of this, I want to hand over the role of moderator to Mr James Turley (who, I believe, is one of the leading experts on Russian as well as American business) so that he can express independent assessments of the arguments I hope we will hear today. Welcome.

J. Turley:

Well, Viktor, thank you very much for asking me to moderate. And Elena, thank you very much for your comments. I think you both really summarized the 'reset' that started a few years ago. You have summarized the urgency of the WTO accession, you have summarized the opportunities in working together. I think this today and the next few days is a really great platform for discussion around how we can move a lot of these topics forward.

If you think about it, when I am not leading Ernst & Young, I have had the honour of co-leading with the various prime ministers here in Russia the Foreign Investment Advisory Council that brings together a number of large foreign investors who are here.

I think having the foreign investors cooperate with the Russian Union of Industrialists and Entrepreneurs and cooperate with the AmCham, the American Chamber, and cooperate with the Russia–US RBC, the Russia Business Council, it's very, very important that we are all pulling in the same direction on this. And one of the things that I feel very good about is how cooperative that relationship has been.

You have teed up a lot of important questions. I think these are summarized in some of the agenda that went out to all of you who are here. It is, are the two governments really ready to begin negotiations for a new kind of US–Russia investment treaty? And what will that treaty contain? And when will that be here and what areas will it cover?

What institutions are really needed to stimulate bilateral investment in the business context? What institutions are really needed? In what areas do projects warrant very careful attention, special support both from governments and from businesses in a cooperative way? And how can we transform some of the traditional economic partnerships into more innovation and more innovative partnerships?

We have a great group of panellists. I would ask the panellists to please keep your remarks brief. We have a number of people here. We have a whole second panel we will bring up once we finish this dialogue.

And so to kick things off, let me ask John Beyrle, the US Ambassador to the Russian Federation, to please share some remarks.

J. Beyrle:

Thank you very much, Jim. It is a great pleasure to be here and it is a great pleasure to see the hall so full. The English speakers here will be interested to know there is a great Russian proverb that says, "There is not room for an apple to drop in this room". And that is a very good sign, because we count on the support from many of you in this room to help us do what we need to do to help the US–Russia economic relationship reach its full potential. I also want to thank the Russian Union of Industrialists and Entrepreneurs for pulling all this together today.

Let me try to really be brief here, because I think we need to focus on a few key things. It is pretty clear, I think, to all of us now after two years of the 'reset', the 'perezagruzka', that the 'reset' really has brought some political achievements to the table. You need only look at the signing of the START agreement, the unprecedented cooperation between Russia and the United States in Afghanistan, to see examples of that.

But I would also say that the 'reset' has started us now on the way toward a much more solid and sustainable commercial relationship, commercial and economic ties, that we really all understand has to be the foundation of the relationship. It has to be that shock absorber that helps us ride out some of the political ups and downs.

And if we are going to build on what we have started already, then we really need to work hard to eliminate the barriers that we know still exist to Americans doing business in Russia or Russians doing business in the United States, and

Russia's openness as an economy that welcomes international investment in general.

Now, I have been witness over the last year to some pretty significant accomplishments bilaterally. I was in Kaluga when GE opened its electronic technology centre. I helped John Deere open the new plant in Domodedovo.

Cisco and Microsoft have made huge investments in the Skolkovo project. PepsiCo last year made the biggest single foreign acquisition of a Russian company to date. And of course Boeing just continues to conclude multibillion-dollar aircraft deals, helping the American economy, helping Russia modernize its fleet.

The companies that I mentioned are some of the largest in the world, obviously, and I think the success of those companies is extremely important because it helps other smaller-to-medium size businesses understand that Russia is a place where you can do business.

But the big deals are only one part of what needs to be a much more diversified picture. And Mrs Danilova talked a little bit about this. The figures are just not quite where we need them to be.

If US–Russia trade last year was about USD 32 billion, great. That is only 1% of US trade worldwide. If US direct investment in Russia is only half of 1% of all US direct investment in the entire world, we are talking about the largest economy and about the tenth-largest economy that are investing at a half-of-1% rate for us in the United States.

If we are really going to unleash the flows, reduce the barriers in a way that we know we need to do, the key priority for us, the Obama Administration, for this year is WTO membership.

WTO membership will not only lower tariff barriers, but it also lowers many technical barriers to trade as well. And I know that Alexey is going to talk about this in more detail, so I will say only this, from a political standpoint.

We in the Obama Administration are committed to seeing Russia join the WTO as soon as possible, hopefully this year. We are working through the final stages of the accession talks right now. We expect to have talks over the next two days at senior levels in the US government, from our own delegation coming in from Washington, to help us get very, very close to the finish line, because Russia will benefit greatly from accession, and I'll give you one example.

Accession will result in huge reductions in service-sector tariffs, and service-sector tariff reductions will help Russian companies compete. It will help them reduce costs, and produce more efficiently.

I saw a study that was put out by the New Economic School that said, "These tariff reductions alone could increase Russia's GDP by 14% in the years that will follow Russia's accession."

Just a word about the BIT. Because we agree that Russia and the United States need a bilateral investment treaty, this we see on the horizon. WTO accession will come first, but we have held periodic consultations on a BIT and we look forward to concluding a treaty that will protect cross-border investment and provide strong protections for investors.

Now, I have talked a lot in my three years as Ambassador here about easing bureaucratic barriers that will also make a big difference in investment and trade, and I want to point to one thing that is going to happen in the next three weeks that will help us make huge progress on one of the most pervasive barriers we have faced over the years, and that is visas.

In three weeks, at a meeting between Secretary Clinton and Foreign Minister Lavrov, we expect to sign an agreement which will liberalize visa regulations on a reciprocal basis. This will foresee that, as a general rule, Americans and Russians will receive three-year multiple-entry visas as a general rule for business and tourist travel.

And these new procedures will eliminate the requirement for formalized invitations, which has also been a huge barrier to business for a long time.

Obviously, we can all see the huge impact that this will have: more active travel, a more active economic relationship. And three years is just the first step.

But we need to make similar progress. We need to be able to see a success story like that happen in reducing other obstacles that are too big of a barrier that can strain economic growth here in Russia in an unacceptable way.

The World Bank report that came out last week projected that Russia's economy will grow about 4.4% this year, maybe a little less next year. This is wonderful for some countries, but Russia needs to aspire to something better, because there are other indicators right alongside that that are alarming.

Yes, Russia has positive economic growth. Yes, Russia has low sovereign debt and moderate inflation. But the World Bank also showed that the sustained net capital outflows this year alone are already above USD 30 billion. That figure should alarm, should frighten everyone in this room because it is an indicator that things are not moving in the direction we need them to go.

The World Bank report suggested there were a number of policy options that could help reverse this trend. They need to be acted on by the Russian government, and we in the US government will support the Russians as they move forward on that.

One of the key tasks is improving entrepreneurial activity. More Russians need to have confidence to start up, to manage a business. We support organizations like OPORA. We are very interested in Prime Minister Putin's newly-created Agency for Strategic Initiatives, which seems to have a mandate to help small- and medium-size businesses in Russia.

And obviously, the fight against corruption is Job Number 1. We hear Russian officials now, from President Medvedev through Prime Minister Putin on down, citing corruption as a critical problem.

Last month, Russia made a huge step forward by passing the legislation that allowed it to join the OECD Anti-Bribery Working Group. By passing legislation

that criminalizes the bribery of foreign public officials, Russia removed a major obstacle to companies that want to do business in this country.

And we in the United States are also cooperating on this front. I met last week with the head of the Federal Antimonopoly Service, Igor Artemyev, about a programme that he is pioneering to reduce corruption and save money through straight procurements via electronic auctions. We support that. We have helped grow that programme. And we would like to see it expand as a major tool of fighting corruption.

I would like to stress, though, that what is being done on the corruption front depends not only on governments. Private sector input on legislative initiatives on this front is absolutely essential because government anticorruption programmes cannot exist in a vacuum.

There are nongovernmental organizations like the Center for Business Ethics and Corporate Governance that have already made great contributions to building public-private partnerships against corruption.

I had very much hoped that this Center's director could lead a discussion as part of this Forum this week about anticorruption efforts. Unfortunately, our efforts to get the organizers to add that to the agenda did not succeed this year. Something to work for next year, or maybe even before next year.

Let me stop where I started. We have all got a role to play in taking the words that we say every year and translating them into concrete actions, to success stories that will inspire our governments, inspire our business communities, that change is possible.

Governments can do only so much. We depend on you, the men and women of the business communities on both sides, the Russian and the American side, to point the way, to give us a kick in the backside sometimes when we need to do more. Because bureaucracies are bureaucracies; businesses get things done.

Let us continue to work together in tandem to move this relationship forward and help Russia realize that potential of a great, prosperous and strong economy. Thank you very much.

J. Turley:

Thank you, Mr Ambassador. Thank you very, very much. Now that we have gotten a lot of good major addresses from Viktor and from Elena, from the Ambassador, please, if I can ask the rest of the panellists, keep your remarks to three minutes. We have got many different thoughts to share.

Mr Ambassador, you hit on WTO very hard, and I am very encouraged by that. No one knows more about WTO accession than Alexey Mordashov, who, in addition to being the head of Severstal, is the Chair of the WTO Committee. And so Alexey, please.

A. Mordashov:

Thank you. Our company, Severstal, is a successful example of investment in the American economy. Our investments have made our company one of the largest steel manufacturers in the USA. Today, we have two plants with a total capacity of about 5.5 million tonnes of production. We are now finishing two large investment projects: in the north near Detroit in the amount of USD 740 million, and in the south in Mississippi in the amount of USD 550 million. These projects will cap off our expansion of capacity and our full modernization. We will have one of the most modern plants (and today for us, it already is the most modern). Moreover, we are very satisfied with our business. We had to restructure our assets and liquidate part of them last year, but overall we strongly believe in the prospects for the American economy and today we have a very strong portfolio of assets in the USA. We are very pleased with not only our investments, but also with the state of the market in the US. The market today may be experiencing some decline, but overall it is large and promising due to the size of the country

and the business climate in the US. We see great cultural complementarity between Americans and Russians in the business process, and in the course of our investments in the US we have never had any problems—cultural, economic or political. Incidentally, we are a responsible investor. We are creating jobs, and as a result of this we have on several occasions received special incentive packages from the governments of Mississippi and Dearborn, in Detroit. In other words, they granted us tens of millions of dollars under stimulus programmes to help us invest in American assets. This is one of the positive examples of investments of a Russian company in the American economy, which in general has been quite successful, and such investments have a very successful future. However, unfortunately, this example remains quite rare. Today we heard about the volume of investment of Russia in the American economy and America in the Russian economy. It is not a very large amount at all—in the range of USD 7 billion, which is completely out of proportion to the potential that both countries have. There are many obstacles, barriers and prejudices remaining today, on both sides; we can—and must, to a point—eliminate them. There are specific trade barriers. For example, not very long ago, days ago in fact, America's International Trade Commission decided to extend the limitations on the import of Russian hot-rolled metal to the USA. These have existed since 1999, even though the situation since then has substantially changed. On May 11, the Commission adopted a decision in which similar measures introduced several years ago against Brazil and Japan were repealed, but they remain in force against Russia. It seems to us that this is blatant discrimination against Russian exporters of metals to the American market. This is a problem.

There is no doubt that another problem is the WTO. On the one hand, we witness genuine goodwill, a reset of US–Russian relations. The American leadership and the President demonstrate a tremendous amount of goodwill. However, despite all of the effort and all of the impetus and positive movement in this direction, we still cannot become a member of the WTO. I cannot help but

remind you that the beginning of the process of Russian accession to the WTO was in 1993, which makes it 18 years that we have been negotiating. This is a long time by any measure, and we have already exceeded the record of China quite some time ago, as they were engaged in negotiations for 14 years. By any measure, we should have acceded to the WTO a long time ago. However, unfortunately, we always encounter some kinds of obstacles, and it is quite disappointing given that Russia is already ready technically for WTO accession. In my opinion, we have no unresolved issues remaining. Of course, there are some issues about agriculture subsidies, and a whole range of minor technical issues. There are serious issues in the area of sanitary inspection and various monitoring regulations in the Russian Federation, but nonetheless, these issues are not comparable in scale with the long path that Russian has travelled over the past 10–15 years, preparing to accede to the WTO. They are not comparable with the value of Russia's accession to the WTO for all economic players in Russia and abroad. And today the situation has developed in such a way that, having undergone a restructuring of its economy, Russia has after many years arrived at a point where the immediate effect of accession to the WTO is perhaps difficult to anticipate, because the Russian economy is quite competitive, to the extent to which it survived this restructuring. But today, the structure of the economy is problematic. There are sectors that are quite competitive. But we understand the critical importance of accession to the WTO for the long-term growth of the country. China serves as an example of the surge in direct foreign investment that can be expected from joining the WTO—investments that provide much greater predictability for the business climate. However, unfortunately, despite all of the strategic importance, today we cannot make it through these tactical barriers. Also, my American and European colleagues will forgive me, it seems a bit odd that while our relations with the Europeans are improving in terms of accession—we see a positive trend— America is not moving very quickly. But today we see positive movement with the United States, but a delay

from the Europeans. This has been consistent for 18 years now, and it seems to me that only one thing remains: all parties should sit together and come to an agreement on a definitive list of issues. There are very few issues remaining in order to reach a compromise. And, ultimately, this would give us the opportunity to accede to the WTO and become a full-fledged member with full standing in the world economic community and the world trade system. Thank you.

J. Turley:

Thank you, Alexey. I think we all share that view that we have got to get WTO accession done, and done quickly. Andrew Somers, the President of the American Chamber here in Russia, please share a few thoughts.

A. Somers:

Two points of positive development on the institutional side. We represent 700 companies here in Russia and these two developments, they could be very important. One is the state procurement reform that the ambassador referred to, which can affect corruption, but also can loosen up hundreds of millions of dollars in funding for companies that are providing services to the state.

Basically, under the leadership of the Ministry of Economic Development, as well as the Antimonopoly Service, steps have been taken to clarify how that system works. And just a month ago, we participated in a US–Russia Presidential Bilateral Commission Working Group, led by the Ministry and the Department of Commerce, to bring to the Russians the experience of American businesspeople who deal with the US procurement system, both federally and in states.

And subsequent to that, the Ministry led a delegation to Washington to work more on absorbing how the American system works. And I'm proud to say that the Ministry stated that after studying procurement systems around the world, the US procurement system was rated at the top in terms of efficiency and

transparency. So we hope that effort will go on and it will mean an awful lot more business for American companies and help the Russian economy.

Secondly, the Ministry of Economic Development, again, responded to a suggestion that AmCham made some time ago about taking a look at the US Customs Court system. It is now called the US Court of International Trade in New York. It has nine specialized judges. They are all experts in the law but they are also experts in customs. And all customs disputes go to this one court in New York. It has made for a very efficient system in New York in the US.

And recently, the Ministry hosted one of the outstanding US customs court judges who conducted a discussion with Russian legal officials, including members of the Supreme Arbitration Court. If that moves forward, I think it can do a lot to clarify how customs is handled in this country, and improve the image of customs worldwide, particularly with the Customs Union law that is now in effect, or will be in effect as of July 1.

And I would just close by saying that AmCham is very pleased that the Russian government remains open to our views on legislation. I will refer to just two. One is the recent legislation to regulate electronic payment systems in Russia. We have been lobbying for over a year to modify some of the legislation that we thought would hurt both our industry and the government's economy. And the second reading just passed last week and it looks like a pretty balanced piece of legislation.

We are also weighing in very heavily with the presidential administration on new pharmaceutical legislation. Pharmaceutical legislation is the top priority of the government. They are trying to root out some bad practices but we think in some areas, they are going a little too far.

I bring these both up to say that as an American business association, we believe we have got a very positive working relationship with the presidential administration, the government, and the Duma, and we do not agree on a number of things. And others, we are able to work out resolutions. So I think all of

these are very positive steps for the development of Russia and particularly the US–Russia trade relationship. Thank you.

J. Turley:

Andy, thank you very much—and thank you for some very practical ideas. Next, let us hear from Louis Chenevert, Chairman and CEO of a great global company, United Technologies. Louis.

L. Chenevert:

Well, thank you very much for the opportunity. And I am certainly very encouraged by the comments of the Russian colleagues as well as the ambassador on the progress on WTO. Obviously, I think acceding to the WTO will bring about important economic and political development which will just help us accelerate our momentum in the country.

We have been actually accelerating our position here in the country for the last, almost 20 years. We already have a great presence, basically based on the Otis elevator, where we support the 80,000 elevators in this country right now. And every year, we add to the fleet of elevators with the production of additional equipment.

The same is true on the aerospace side, where, for example, we have been able to manufacture, in a JV with Nauka, a Hamilton Sundstrand heat exchanger for a major commercial airliner.

So today, we support from Russia, basically, all the major OEMs, I mean we make cores and heat exchangers for Boeing, Airbus, Bombardier, for Embraer. And we are also gratified that with the Sukhoi Superjet, for example, we have a lot of equipment that we have been able to position on that airplane.

And our focus is always to try to localize a lot of that equipment. The Irkut 21 selected, for example, the Pratt GTF. This is the newest advanced technology of jet engines, with better fuel burn, lower noise, better emissions, and we are

working very closely to ensure that that airplane is going to be a success. We also have a great power system and compression system that is used in gas production.

So our focus always has been to try to accelerate the momentum in this country. And I think the focus that we have, as a company, on energy efficiency matches very well with some of the comments I heard earlier. We are a company that believes we could reduce the energy consumption of a building by 40%. We have technology that exists today to do that.

We have a great Employee Scholar Programme, as a matter of fact, that we have been propagating throughout the whole enterprise. And the Russian employees are fully offered the opportunity to participate in the Employee Scholar Programme. This year we will celebrate, by the way, later this year, an investment of USD 1 billion in educating our workforce. We have 35,000 alumni. And I'm very pleased to see that, our Russian employees—we have several thousand employees here in Russia, and many of them take part in this important programme that helps to further their skill set.

And I think to come back to the WTO, what it is going to do is just help us propel the momentum in a company like ours even further. We also do technology development. For example, our Pratt Canada unit has an engineering site here in St. Petersburg, where we develop components and parts. Again, they go back for worldwide distribution. We design here parts and components that take part in aerospace industries.

So we are very proud of our participation in this economy. But the WTO will open new doors and accelerate what a company like ours could do. So I will stop. I could say a lot more but I will just stop here.

J. Turley:

Thank you, Louis. And the whole focus on the real engineering and innovations coming from here is spectacular. Next, let's hear it from Dmitriy Pumpyanskiy with TMK, another steel business.

D. Pumpyansky:

Thank you, Jim. Using our company, TMK, as an example, I would like to describe the cooperation of large companies that work on both sides of the ocean and that have manufacturing capacity in Russia and in America. I remind you that three years ago, TMK purchased the assets of IPSCO in the United States, making an investment of USD 1.7 billion. Today, our investment in the American economy exceeds USD 2 billion. And, thanks to this investment, a large company has emerged in the world of steel-pipe manufacturing—number one in Russia and number three in the USA. Undoubtedly, this three-year experience has demonstrated undisputed benefits. Serious differences in mindset and in approaches to business have been overcome. Today, our Russian and American divisions work as one team in a global company. What did we accomplish? Firstly, we applied American know-how in innovation, which is relied upon a great deal in the American economy. I have to confess that our American colleagues are more market-oriented, and now we routinely use all of these patents and licenses in Russia. We have already experienced our first successes. Rosneft and Gazprom Neft use ultra premium pipe connections, which were developed by our American colleagues. The Research & Development Center that we are jointly creating in Houston will satisfy demand for premium threaded connectors not only in the United States, but across the globe. Strangely enough, this also works in reverse. Certain approaches to planning, organization of manufacturing, expansion, and aggressive marketing strategies have turned out to be very useful for our American partners. Today, pipes manufactured in America are sold in countries where they were not present before at all. We also see an increase in demand for Russian pipe products,

especially with high added value, in the United States. That is, the benefits to us on the company level and on the level of Business to Business relations are indisputable.

We have already spoken a great deal here about difficulties and about what must be done to overcome the existing trade barriers and limitations in the improvement of economic relations between the countries. I do not want to repeat myself, however, I must raise a topic closely connected to the WTO. This is the Jackson–Vanik Amendment.

I have heard opinions from American colleagues on several occasions that this is all Russia's problem. “You need to have it repealed, so go ahead and have it repealed.” But actually, if Russia does finally accede to the WTO (and we hope that this long-playing record about accession negotiations finally ends someday), then sustaining the Jackson–Vanik Amendment will result in a loss for the United States. The country's trade restrictions against a WTO member will remain, and the USA will not be able to exploit the benefits of Russia's accession to the WTO. I would like to draw the attention of the Russian and American administrations to this. In conclusion, I would like to say that much is spoken these days in the Russian Federation about modernization and innovations. It seems to me, however, that here we need to carefully look at technology transfers, for example, in the United States. There is plenty of technology, especially in the machine-building sector, in which Russia outperforms its competitors. It is necessary to create conditions conducive for transfer of these technologies, similar to those that exist in Russia today in the automotive industry. For example, the absence of customs duties for import of components during industrial localization and other advantages. I suggest that this issue be examined carefully and that it be applied throughout the entire machine-building sector. In my opinion, the Russian economy will gain a great deal, because it will be the first and easiest step towards renewal and modernization of our manufacturing capacity. Thank you.

J. Turley:

Dmitriy, thank you. There is a great trend developing—Russian companies investing in the United States and then developing a product and exporting it around the world. US companies investing in Russia, doing the same thing, developing products to sell globally.

Another great US company which I am sure is going to continue that story is Caterpillar. Gerard, please share a couple of thoughts.

G. R. Vittecoq:

Yes. Thank you. We started to invest in Russia in 2000. It was our first plant, in fact very close to St. Petersburg, in Tosno. Russia has huge natural resources, huge oil and gas potential, and huge infrastructure needs.

For Caterpillar, Russia is the right country at the right time, and for a long time. We have been discussing a lot of ways how we can cooperate together between the US and Russia to keep jointly taking advantage of these opportunities.

I would like to give three examples of specific projects we are currently working on with Russian companies. The first one is road construction. There is a huge road infrastructure to build and we are discussing with the Ministry of Transportation for a pilot project to build durable roads very efficiently with technology and equipment.

A second example is rail. Russia has one of the biggest, largest networks of rail in the world and we are the second producer in the world of electric, diesel-electric locomotives. We are working in fact with Mr Pumpyanskiy and RZD and Uralvagon to modernize the fleet of locomotives, rail cars and improve the efficiency of the traffic.

The third example, we are in discussion with Gazprom—we feel as a company that we are moving slowly from oil to gas, which is probably good for Russia, a

good opportunity. There are a lot of opportunities to use gas much more broadly than we are using it today.

This is from transportation, and we have in fact in the US gas-fired locomotives, locomotives working on LNG. We are working on mining equipment, working with gas-fired engines. Gas is used more and more to produce electricity.

We are discussing nuclear today. We are capable of building the equivalent of a nuclear plant which is 750 megawatts with gas engines side by side, and this in a few months. So a lot of opportunities in Russia, a lot of potential to cooperate and to be in a win-win partnership on specific objectives.

J. Turley:

Gerard, thank you very much. To close this first session, if I could ask David Yakobashvili to share a few words. David is both the head of the Russian–American Business Council and also the head of RusAgroProekt.

D. Yakobashvili:

Thank you very much, Mr Turley. Thank you very much, esteemed colleagues. I assumed this position only a short time ago, and I think that I do not have much to say, as much has already been said. So many people have gathered here and I would like to build on the words spoken by the Ambassador of the United States, Mr John Beyrle. We often travel around Russia and we see much that we would like to correct and fix. Sometimes, you arrive in America, and there is a tremendous budget, a huge country, a beautiful country, but there are things there that could also be corrected. It is, of course, easier to criticize than to do what needs to be done. There was a great man in American history who said, “I have a dream.” Well, I also have a dream. If I can do something or take some step—what would I like? To escape the stagnant Cold War atmosphere, for example, and its consequences. To arrive at unity and agreement. To jointly maintain, apply, and work out a system to protect against the problems and risks

that exist in the world. Our two countries could ensure peace throughout the entire world. That's the first point. And the money that would be saved (now approaching this from an economic point of view) could be redirected to resolve environmental problems, to resolve social problems, and to aid the integration of our respective businesses. Have a look at what enormous companies are present here in Russia. They are greatly satisfied in their work. Some examples: Coca-Cola, United Technologies, Boeing, and our example, such as when not long ago PepsiCo acquired Wimm Bill Dann, and this was the largest investment for PepsiCo outside of the United States. These are sterling examples, and it is necessary to put them into practice and provide small and mid-sized businesses the opportunity to travel, to work with each other, to create, build, and make the future a little bit better. And my last dream—I believe that the keystone for making it come true can be placed in our generation's lifetime. We are close neighbours. Not through Europe and not through the Atlantic Ocean. We are close neighbours through the Pacific Ocean. We can build one bridge, and build a road through Russia and through Alaska—we are close neighbours. We can exchange handshakes in the morning and in the evening. Thank you very much. I hope that we will consider this.

J. Turley:

David, thank you very much. Now here is what we are going to do. For all of the people in the audience, you could do about a one-minute stand-up break.

Let us give a round of applause for this group. We are going to have them step down and bring up the next panel very quickly. Thank you, this will take us just one minute.

Okay, can we all please take our chairs? We have many more thoughts to share. Please take your seats in the audience.

I thought that was an excellent start. We are going to have to be even a little bit briefer in our comments in this second half because one of the organizers just

said we were at risk of our microphones being cut off at the bottom of the hour. And so, let me start by introducing Lorraine Hariton, Special Representative for Commercial and Business Affairs from the Department of State in the United States. Lorraine?

L. Hariton:

Thank you very much, and I appreciate very much being part of this round table. With the reset, there has been a significant increase in the focus on innovation and entrepreneurship and a great opportunity for us, the two countries, to really share our experiences and best practices in that area.

President Medvedev has put a particular focus on that with Skolkovo. And then, most recently, he has formed, under the bilateral relationship, an innovation working group that gives us an opportunity, in a more formalized way, to really work on some of these issues.

One of my roles, as Special Representative for Commercial and Business Affairs, is to head the US–Russia Innovation Council on high technology. This is an organization that was put in place, in fact, in 2003 by Putin and Bush with the objective of having more collaboration in the commercialization of technology and entrepreneurship. It has representatives, both public- and private-sector, on it.

A number of my US Council members are in the audience today. It actually has had some successes over the years, in terms of enabling Russia to be more effective in licensing technology out of the universities.

As we go forward, we plan to have a very robust agenda, things like having visitation programmes for entrepreneurs and for regional economic development groups and the university licensing groups.

So we also are looking at doing things like having joint business plan contests in developing the angel-investor networks and really helping building the ecosystem around entrepreneurship and innovation.

I think there is a lot for us to learn from each other. There has already been a lot of collaboration that has been mentioned today. There are many US companies very involved. For example, in Skolkovo—Intel, Cisco, Boeing are all very actively involved in that type of collaboration. So I just want to highlight that. I think that there is a tremendous opportunity around innovation and entrepreneurship and being able to work together to make that happen as part of this relationship. Thank you.

J. Turley:

Lorraine, I could not agree with you more. The importance of the entrepreneurs to local economies and global economy can never, ever be supported well enough.

Eduard, please, share with us some thoughts from the Russian side.

E. Malayan:

Thank you very much. I would like to present the position of the Ministry of Foreign Affairs, to supplement what has been said by my colleagues on the previous panel. Firstly, I want to agree with many of the conclusions that the participants of our discussion have shared with you. Our relations with the United States have indeed entered, I could say, a period of very active mutual ties and contacts. Suffice it to say that in the last 2–3 weeks, our President participated in meetings with President Obama, and with Vice-President Biden in Rome. The Secretary of Energy was in Moscow just the other day. Mr Chu met with representatives from our Ministry of Energy. Our Minister of Defence met in Brussels with the US Secretary of Defense. I want to say that we have created a multifaceted, direct and open dialogue. Relations in general are active and positive.

It is enough to cite one more example. The US–Russian Bilateral Presidential Commission, where I work on a daily basis as a special envoy, began two years

ago with 12 working groups. We now already have 20. You could say that we try to ratchet up the numbers just for show. But it is not like this at all. Rather, it is an expression of the desire of the American and Russian partners to find mutually acceptable forms of partnership. You could say that there are no special high-profile matters, and many issues are simply routine, rather than relevant to the public. But if you dig deeper and examine the agenda of US–Russian relations, it is really quite full. There is room for issues of any level of complexity, from global issues and large political and international issues, which I am not going to address right now, to those that directly affect the lives of ordinary Russians and Americans.

I would like to say one more thing. Although our questions are not high-profile and do not attract much media attention, we are now laying brick by brick a foundation that is focused on the future agenda of our relations. Overall, you know, our task is clear: we seek a strategic partnership with the United States of America. Everything that we do is to that end. Thank you.

J. Turley:

Eduard, thank you very much. We have heard from steel companies, we have heard from heavy equipment manufacturers. Let us hear from the service sector, my good friend and good competitor, Dennis Nally from PricewaterhouseCoopers.

D. Nally:

Thanks, Jim, and good afternoon everybody. It is great to be here. I thought I would try to address one smaller question, that we have been talking about here this afternoon which is, how do you really incentivize investors to make more investments in Russia?

And as we all know, we are dealing with global capital markets. They have a lot of choices available to themselves in terms of how to allocate scarce resources

of capital. And to me, there are essentially two areas that we could focus on here.

One deals with the whole question of corporate governance. How do you really enhance corporate governance to the extent that the practices around governing companies here in Russia are consistent with what I would describe as best practices around the world?

A lot of developments on the corporate governance front over the last several years, in terms of the use of nonexecutive directors, and financial literacy of audit committee members. There is an on-going debate today around the role and responsibilities of boards and directors, and how transparent those activities should be.

All of those areas are ripe for encouraging investors to consider choices of investing here in Russia versus alternatives around the world. And that is one area that I think could be focused on to hopefully stimulate more transparency around a pretty important part of a decision to make investments here versus elsewhere.

And the second area that I think is worth noting, and that is the move to IFRS. Now, the Finance Minister most recently made some very positive comments about the move to IFRS, International Financial Reporting Standards. Here in Russia, there is a very aggressive timetable for that adoption in 2012.

Today, there are probably over 100 countries around the world that are focused on adopting IFRS as the international reporting language standard. Again, it begins to create a level playing field for companies in terms of how they would potentially compete for capital vis-à-vis other places around the world.

So two specific areas, Jim, that I would focus on, I think, have a lot of potential to encourage the right type of investing activities to take place here in Russia and, quite frankly, level the playing field between the risk-reward alternatives that investors have today versus what they are looking at in terms of choices and

hopefully will have a positive effect here on companies wanting to invest in Russia.

J. Turley:

Dennis, thank you. Let us move from the service sector into the technology sector. Sometimes when people think of Russia, they think of energy, they think of other things. But there is a great high-tech community as well. Anatoly Karachinsky, please, from IBS.

A. Karachinsky:

Thank you very much. When we speak here about US–Russian relations, note that there is a lot of positive news. Some of the positive news includes the fact that there are fewer and fewer engineers in the world. More precisely, the demand for them is increasing.

We live in a time of extraordinary technological revolutions. Technology has penetrated everywhere. Everyone already carries a computer in their pocket. Some time ago, about 30 years ago, such a computer would occupy a room as large as this one, and now everyone has one in his pocket, and more and more engineers are required to support this technology. The good news for us is that for the last 20 or 30 years, everyone in America wanted to become investment bankers, doctors or lawyers. That is, they believed that they would earn more in these fields. Recently, it became clear that there is a chronic shortage of engineers. A recent study showed that America will need nearly half a million programmers in the next five years, and the lack of engineers is even greater. Thus we discovered such a wonderful area of cooperation as technology. And then we are no longer talking about investments. We are talking about the fact that someone should do this, and that besides oil and gas, Russia has a great treasure: this is its wonderful educational system, which has been developed for almost 70 years so that there will be more scientists, engineers and

programmers. In America, there are almost no companies involved in technology that do not have developers, programmers, engineers and other specialists from Russia. Many talk about this, many do not talk about this, but this is the situation. We think that this area is growing at a rate of perhaps 40–50% per year as an export area. I cannot even list the American companies that I see here today—they all cooperate with Russian companies in development and engineering.

The second piece of good news is that Russian companies have also grown enough to begin expanding technology companies and to expand the areas in which we do business. They have begun to make progress outside of Russia, and we know quite a lot of good examples of this, including public examples. We have all seen how wonderfully Yandex performed in its IPO on NASDAQ just a month ago. We expect that in the next year or two, a few Russian technology companies will go public with good results. We see a lot of companies that invest in technology and a lot of employees located outside of Russia, including in the United States. For example, nearly 300 employees of my company are located in the United States. And I think that we are making a lot of positive progress in this area. This is very much supported by the attention that the government pays to the technology sector. Of course, there is an effort towards modernization, an effort to reach some kind of improvement and support of this sector. It is not always systematic, it does not always result in good decisions, but nevertheless, it is vigorous and active. That is what is happening in the technology sector in Russia and America. Thank you.

J. Turley:

Thank you. Except for the fact that you burst my bubble when you said that everybody wanted to be an investment banker or doctor or lawyer. I thought they all wanted to be accountants.

Speaking of technology, Cisco is here and Marthin De Beer, with deep investment into the Skolkovo project. Mart?

No, not here. So much for that. Let us move in to the financial services sector because we have got a few people here. Is Carlos here? Gutierrez from Citigroup?

C. Gutierrez:

Yes.

J. Turley:

Carlos, I did not see where we all got seated. Okay, Carlos.

C. Gutierrez:

I wanted to talk just a moment about trends in trade because there are things happening around the world that will have an impact on how Russia thinks about WTO accession and how the US thinks about trade. I think Russia and the US today have a similar challenge in terms of what is happening in the world at large.

The trend that we see is not so much globalization, which is easy to identify, but we see more a trend to regionalization happening very quickly—it started with the EU, continues to happen. To some extent, this happened in North America, but the big event over the next five to seven years that will impact every single company probably in the world is what they call ASEAN+3. And I am sure you have all heard about that. These are the 10 ASEAN countries, everything from Malaysia, Philippines, Singapore, Vietnam etc., plus Korea, plus Japan, plus China in one big trade bloc.

And you can imagine the impact, the influence, that trade bloc will have and think about the impact on your country if you are not part of it or at least if you are not on the inside, or if you get caught on the outside.

The US has not approved a free trade agreement in three years. We have one free trade agreement in Asia and that is with Singapore. We have held up the Korea free trade agreement for about three years as well, which would have been a tremendous opportunity to send the message that we are also part of Asia. And I think Russia has a similar challenge in the sense that WTO accession will also enable it and give it a platform for further trade expansion around the world.

But the point is, Asia is moving very quickly. There is a vision to regionalize Asia and we, the US and Russia, should not stand still.

And I am sorry that my comments were not about financial services but I went back...

J. Turley:

I think, Carlos, that your comments are perfect. As you know, I worked with President Obama on the Export Council and the Trans-Pacific Partnership that is in the works if we can get Korea approved. Very important, Russia has to and will be doing same thing.

Let me turn to Bob Kelly, who is the man without a name tag. Bob is the Chairman-CEO of Bank of New York Mellon. Bob, a deep history in Russia.

R. Kelly:

Well, thank you very much, Chairman. Good afternoon, everyone. It is a real pleasure to be here.

Bank of New York Mellon is the oldest bank in the United States. We are in 36 countries and we have been in Russia since the 1920s. And in fact, part of the

reason why I am here, today and yesterday, was to open up our new offices in Moscow.

We are essentially in two businesses. We are in the asset management business, where we are one of the largest asset managers in the world with USD 1.2 trillion in assets under management and most of those assets are actually outside of the United States, both from an origination standpoint as well as an investment standpoint. And it also includes an investment we have in Siguler Guff, that has been making private equity investments in Russia for many, many years and doing so very successfully.

Our other business is the custody and investment services business, which is everything from the custody business to accounting systems to performance analytic systems. We are the largest provider of that service in the world, with USD 25 trillion of assets under custody. And today, we are the largest provider of depositor receipt services for major banks and corporations in Russia that want to raise capital in the United States and other major foreign markets. We are the largest provider of trustee services for corporate bond issuances for Russian companies outside of Russia's boundaries.

And over time, as the Russian securities market broadens and deepens, we hope to bring more asset management and security services capability to Russia to help their markets, your markets, here work more efficiently and to bring foreign investment to the Russian capital markets.

J. Turley:

Bob, thank you. The entire effort around building Russia as an international financial centre is something that we are all focused heavily on.

Let me ask Dr. Hans-Paul Buerkner to talk from Boston Consulting Group.

H. Buerkner:

Thank you. Okay, I would like to make just a few short remarks. First of all, I think as we heard, the potential in Russia is enormous. Secondly, of course, we heard a lot about the barriers, the obstacles, the regulations that need to be improved and those governments are working on this.

But I think what is really important, and I would like to emphasize that, is those companies that have not been deterred by the obstacles, by the various issues, have done extremely well. We have heard from Caterpillar. We have heard about Pepsi, Pfizer. And many really major companies from the US have done extremely well because they have been very persistent and did not let themselves be deterred from some of the issues that clearly are there.

I think that is what I would like to emphasize to the world. We have seen in our work with our clients that those who really see the potential in Russia, who make the efforts, will be extremely successful and have done so and worked very profitably.

And as President Obama has said, he wants to double exports over the next five years, given that the US only exported USD 6 billion last year. There is enormous potential to double that—or to triple or quadruple that—and ignoring Russia would be a major mistake because the opportunities are, as I said, enormous. Thank you.

J. Turley:

Thank you, Hans-Paul. Your comments on persistence and sticking with this are so important. It is true for large companies. It is true for the entrepreneurs. Let us turn to Alexey Isaikin, President, Volga-Dnepr Group.

A. Isaikin:

What we do is also in the service sector, but in the service sector of transportation. During our company's first 20 years, we flew on airplanes of the former Soviet Union, the unique An-124 and Il-76. And during these 20 years

servicing Russian and American companies, we transported a total of 12,000 tonnes of cargo. This is, in fact, several weeks of intensive work for an airplane like the An-124. But, apparently, this is consistent with the level of our cooperation. By the way, an airplane like the Antonov is unique in that it is like a taxi. In other words, the customer determines what he needs to move, where exactly it needs to go, and periodically receives such a service. So, the cargo taxi was obviously a good service for our US–Russian relations in the past 20 years. But some time ago, we felt that a new momentum had developed. Thanks to Boeing and Sergey Kravchenko, who is present here, we established a new company with a distinctive name: AirBridgeCargo, which operates on Boeing 747s. This is another unique airplane that we have added to our collection of unique airplanes, but it is a different machine altogether. It is designed for a higher and more intense level of economic cooperation. And here we expect a different scale of transport—millions of tonnes a year. I would like to inform the audience (I think you will be interested to know) that at the end of April, we opened a direct Boeing 747 cargo route between Russia and the United States. Now it will be possible to have direct delivery for products that are produced by both Russian and American companies. We looked at the history, and it turns out that, with the exception of Chkalov's flight, there has not been any direct cargo traffic between our two countries in all that time. There is another example, but it is a narrow one. During World War II, there was some cargo traffic under the Lend-Lease programme, but nothing more. I think this is really indicative of what is happening today. We were just talking about potential, and I heard about the objective President Obama declared of doubling exports in general, and for US–Russian relations in particular. We did what we could and we have provided an opportunity for this doubling. I would ask colleagues on both sides of the ocean to make use of this opportunity.

Lastly, a discussion arose today about what kind of aspirations we have. I would like to share my dream. We have been operating an excellent American airplane

for five years, and a Russian airplane for 20 years. What is my dream? That we soon will operate a unique Russian–American airplane, providing new opportunities to all present here. Thank you.

J. Turley:

I did not want to be rude. All this talk of planes, I told people I would land this plane on schedule. And so, the last speaker is Paul Stoffels from Johnson & Johnson.

P. Stoffels:

Yes. I just want to add a few comments. I am Paul Stoffels, the Chairman of the Pharmaceutical Group at J&J. We are the largest healthcare company in the world with medical devices, diagnostics, consumer products, and a large pharmaceutical group. We have been in Russia for 20 years.

Research and development, the innovative healthcare industry is very much dependent on IP. We do programmes which go through 10, 20, even 30 years of innovation lifecycles. And therefore, having IP is very critical; and therefore, we support the WTO agreement very much.

And even more, the Russian government has agreed that based on that implementation, we will have the possibility to have data exclusivity in Russia over an additional six years for products. And that will provide significant incentives for the pharmaceutical industry to invest here, but even more also for the biotechnology industry here to emerge. And I think, therefore, the implementation of WTO will be a boost to the pharmaceutical biotechnology industry.

Besides that, all the other points are needed too, like interaction with government on regulations on quality, and also financing possibilities for biotechs. But as an industry, we deal with life. And I think our organizations, we bring new products, new healthcare solutions, and therefore, a good cooperation between Russia, the

US, and the rest of the world will yield better health, but also a better pharmaceutical and biotech business for Russia. Thank you.

J. Turley:

Many thanks. This has been, I think, a really, really wonderful exchange. I will not be long in closing this. If you think about all that has been said, if you think about the comments in the first panel, the comments in the second panel, panels in both sessions talking about their dreams, I think we actually have a unique opportunity—government to government, government to business, business to business—to make all these dreams into realities.

And so, with that, thank you all for being a part of this. Thank you to the panellists. Enjoy this great next couple of days.