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North-South corridor: Russia's connecting link with India and Africa

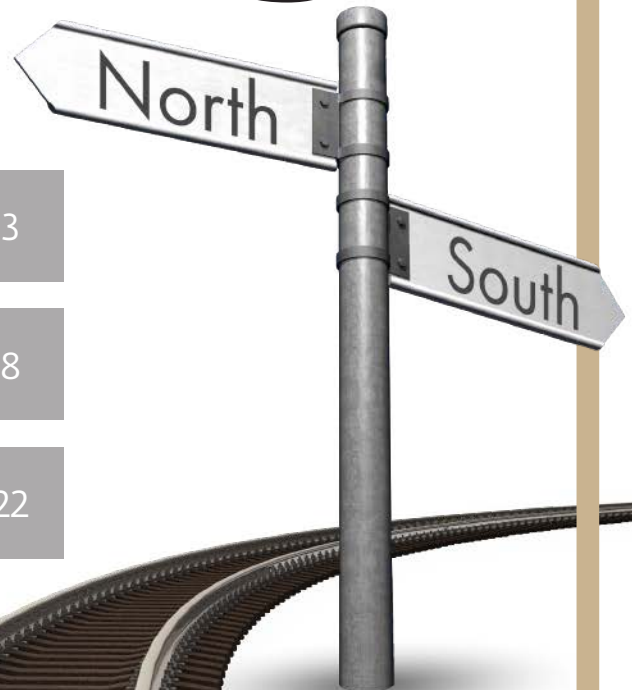
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Government Support for Russian Business

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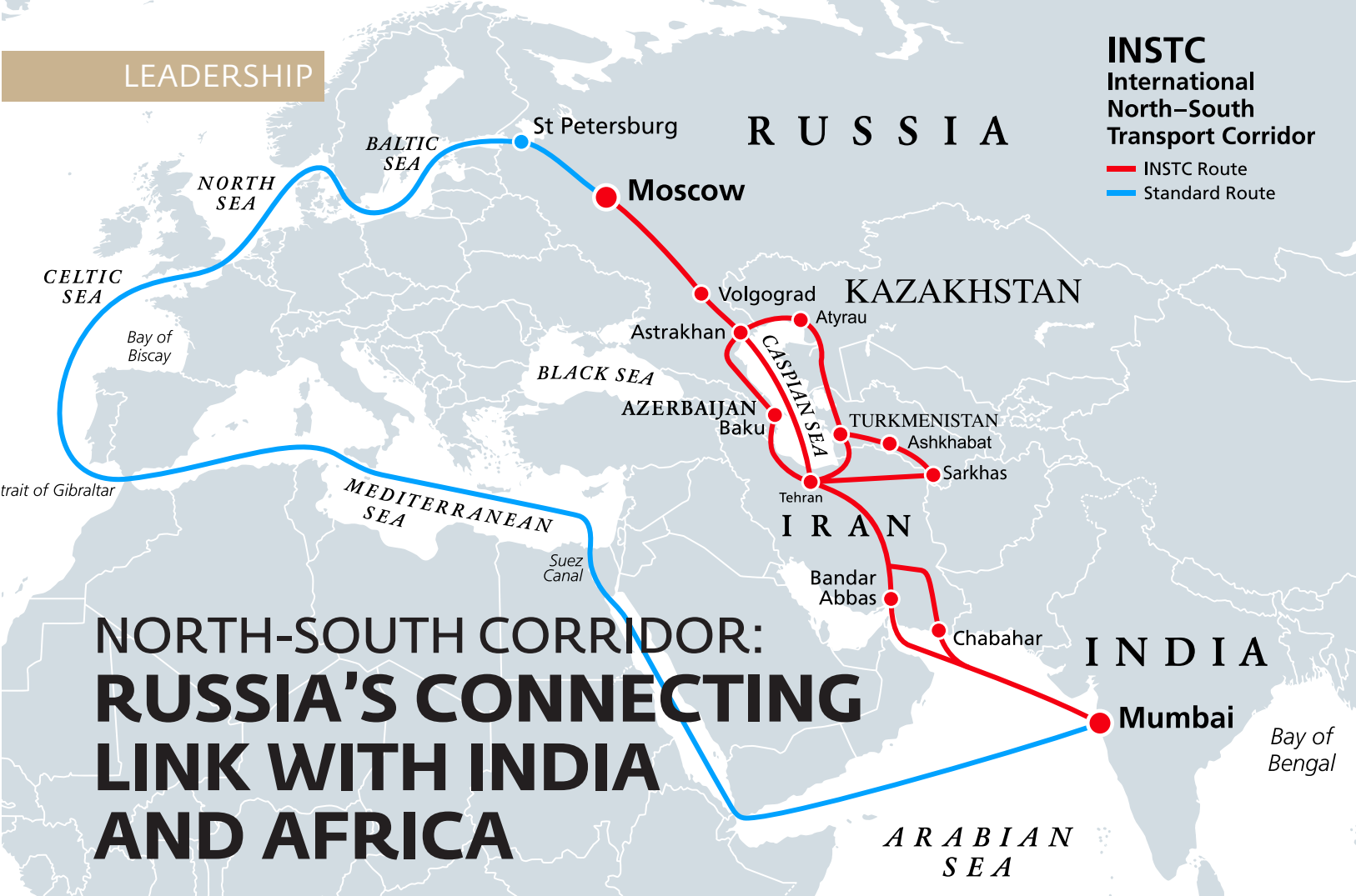
Ilze Liepa: "I never cease to wonder how interesting my life has been molded"

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NORTH-SOUTH CORRIDOR: RUSSIA'S CONNECTING LINK WITH INDIA AND AFRICA

The introduction of Western sanctions targeting Russian air, sea and road carriers stimulated Moscow to undertake the pivot to Asia and the Orient, in general, by changing transportation routes of its main export cargo at an accelerated pace. One of the top priority projects was the formation of the North-South international transport corridor (ITC), designed specifically to connect Russian sea ports in the Baltic and the Arctic region with ports on the coast of the Persian Gulf and the Indian Ocean. Alexander Isaev, Director General of the Directorate of International Transport Corridors (DITC), provided the insight of the endeavor in an exclusive interview with Capital Ideas.

At the international forum in Beijing “One Belt, One Road”, President Vladimir Putin highlighted the idea of the North-South international transport corridor with the final destination being the Indian port Mumbai, and subsequently ports on the coast of Africa. What was the reaction of Chinese partners to this grandiose project?

At the Beijing forum, the Russian President disclosed our long-term plans, which are already in the initial stage of im-

Alexander Isaev

Director General
of the Directorate
of International
Transport



plementation (including the North-South ITC), and noted that they would harmoniously complement other infrastructure projects in Eurasia, including those promoted within the framework of the One Belt, One Road initiative. Eventually, it would make it possible to create a unified transport and logistics framework, diversify cargo flows due to more efficient, reliable, and secure supplies.

The Head of the Russian state also announced the formation of a network of transport corridors in different directions on the territory of Russia proper, including the ITC aimed at connecting Russian sea ports in the Baltic and Arctic with ports on the Persian Gulf and Indian Ocean coasts. At the same time, the President stressed that seamless railway communication will be provided on the entire route – from our northern city of Murmansk to the Iranian Bandar Abbas. On the part of our Chinese partners, we see full understanding and support for Russian proposals.

Can you give a complete list of countries that showed interest in the ITC project, as of today?

For the first time, the idea of an international North-South transport corridor equipped with modern logistics infrastructure was expressed in the mid-1990s backed up by the rationale to extend European transport corridors.

In 1999, a group of Indian, Iranian and Russian transport companies signed a general agreement on the export-import transportation of containers along the Sri Lanka-India-Iran-Caspian Sea-Russia international transport corridor. The agreement defined the organization of this transportation, stipulated the responsibility of the participants, approximated rates and terms of passage of goods in 20-foot and 40-foot containers.

In September 2000, at the Second International Euro-Asian Transport Conference in St. Petersburg, three countries - Russia, Iran and India - signed an intergovernmental agreement on the creation of an international transport corridor "North-South". In this agreement, paragraph 1.9 of Article 1 defines the International Transport Corridor (ITC) as a route running from India, then to Oman by sea, then through Iran, the Caspian region, the territory of the Russian Federation, as well as a route going in the opposite direction.

By May 2002, the Agreement had been ratified by all its participants and entered into force. Later, seven countries joined the ITC - Kazakhstan in 2003, Belarus and Oman in 2004, Tajikistan in 2005, followed by Azerbaijan, Syria, Armenia, and Bulgaria as an observer state.

Today, many countries are interested in the project. At the same time, I would like to highlight the role of Russia and Iran, through whose territories the ITC routes pass.

How many routes does the North-South ITC envisage?

The corridor includes three main routes, each of them has its own characteristics. The Western one passes through the territories of Russia, Azerbaijan and Iran - road and rail transport. Vostochny - through the territories of Russia, Kazakhstan, Turkmenistan and Iran, as well as road and rail transport. Trans-Caspian - through the Caspian Sea with access to the territories of Russia and Iran, as well as Turkmenistan - by sea transport.

All routes are complementary, on the one hand, and are competing with each other, on the other hand. In this regard, all participants of the ITC project share the opinion that it is essential to build a strategy for the development of each of the routes, not neglecting terms of substantive interaction with partner countries.

Thus, in order to develop the Western Route, a trilateral meeting between Russia, Azerbaijan and Iran was held in Baku in September 2022; it culminated in the adoption of the Baku Declaration. The document emphasizes that by 2030, the volume of transit and bilateral cargo transported along the route should reach at least 15 million tons.

Equally important is the "rolling out" of the Eastern (railway) route. It transported only 700 tons of cargo in 2021, and in the 11 months of 2022 - 62 thousand tons and 220 containers from Iran, South Asian countries and the Persian Gulf.

By 2025, according to preliminary estimates by experts, the total volume of Russian export traffic along the Eastern route

may amount to about 3 million tons of cargo per year, and by 2030 it is expected to go up to 5 million tons.

And finally, the Trans-Caspian route: it goes through the Caspian Sea using the Russian seaports of Astrakhan, Olya, Makhachkala and Iranian ports on the Caspian Sea - Bandar-Enzeli, Bandar-Amirabad in the direction of the port of Bandar Abbas and in the future - Chahbahar (in the Persian and Oman Bays). Currently, this route is used for foreign trade transportation between Russia and Iran. The volume stands at about 3 million tons per year.

Russian and Iranian river-sea class vessels are in use on this route. Through the Ministry of Transport of Russia and Rosmorrechflot, close cooperation is being carried out with the Iranian side to launch shipping lines between the ports of Russia and Iran in the Caspian Sea.



What is the estimated cost of the entire ITC project? Will Russia alone be capable to bear such huge expenses?

According to the Russian Ministry of Economic Development, about 100 projects with a total cost of over \$38 billion will be built by the participating countries thus creating the infrastructure of the transportation corridor. At the same time, Russia intends to implement projects on its territory in accordance with the "road map" for the development of the North-South corridor, which was approved by the Russian government in December last year.

The total volume of Russian investments in the development of the ITC will amount to 250-280 billion rubles until 2030. These funds are provided by the federal budget and are not subject to sequestration.

What do you see as the main problems of a bona fide launch of ITC?

I would say that there are not problems of building this infrastructure, but we might face problems of the further development of the ITC. After all, the existing infrastructure of the ITC already provides road, rail and sea transportation, its capacity in 2023 is larger than in 2021. This became possible, in particular, due to the extensive work of Russian Railways.

However, the existing ITC infrastructure no longer meets the growing logistical demand. Indeed, for Russia until 2022, the ITC routes were, first of all, routes of bilateral trade with the Caspian Sea littoral countries, Turkey and Georgia.

Accordingly, the ITC at present consists of a sequence of



transport corridors linking states with different customs regimes, railway gauge and varying in other parameters. There is no full-scale interaction between the participating states of the ITC on the creation of a centralized system for the formation of a cargo base. Foreign partners often are confused about business entities that they are expected to work with in Russia. And this constitutes a real problem.

The development of the ITC is hampered by a shortage of services capable of ensuring quality, speed and safety of cargo transportation. After all, the bulk of cargo transported by the ITC is either cargo with high added value, or cargo that is extremely sensitive to speed and other terms of delivery. There is practically no reverse loading of vehicles.

There are still problems with the deepening of the Volga bottom, and it hinders the sustainable growth of navigation along the ITC. It is also necessary to develop our own merchant fleet for the Caspian Sea, to build ferries and other specialized vessels of gross capacity.

The time has come to build additional sea terminals for the transshipment of containers, general cargo, oil and grain, i.e. under the nomenclature of products transported along the Trans-Caspian route of the ITC.

Some of the named problems can be considered as systemic, since they have a history of their own; others come up as new challenges to participants in the transportation process due to the rapidly changing economic and political environment. The problems are well known to us and our foreign partners. We will certainly solve them in collaboration.

Some reports in the media claim the ITC cannot boast of special demand from shippers. In 2022, only 2.3 million tons of cargo passed through the North-South corridor. Is it true?

We have other data at our disposal. The growth of Russian export-import cargo traffic through the ITC amounted to +6% (13.8 million tons in 2021, 14.5 million tons in 2022), including exports that went up +7% (10.3 million tons in 2021, 10.9 million tons in 2022), and imports that added +3% (3.5 million tons in 2021, 3.6 million tons in 2022).

In general, according to experts' forecasts, freight traffic through the North-South ITC should double by 2025, going up to 30 million, and by 2030 reaching 35 million tons.

The construction of the international transport corridor (ITC) was launched in 2005 with the purpose to connect the Russian

market with the markets of Iran, India, and countries of the Middle East. Meanwhile, there is a persistent rumour that the ultimate goals of the corridor have undergone a shift from India to Africa. Can you confirm it?

The final goals have not changed. They have been simply clarified and expanded in accordance with the new priorities of Russian foreign trade. Therefore, India, the Near and Middle East, as well as the Asia-Pacific countries and Africa too are all incorporated into this strategic framework.

By the way, the participants of the Astrakhan International Forum held recently proposed to consider the possibility of expanding the transport corridor to Uzbekistan, Iraq, Afghanistan and Pakistan.

The North-South project was originally initiated to create a short cut compared to the sea transport route through the Suez Canal. The transportation of goods through the ITC will reduce the timeframe, will it not?

The main advantage of the North-South ITC over the Suez Canal is the faster cargo delivery to the end-recipients. The speed of cargo movement from Europe to India along the North-South corridor could be termed "express delivery" if compared to logistics relying on the Suez channel. Accordingly, the costs of using ITC would be significantly lower.

The delivery time of goods from Mumbai to St. Petersburg via the traditional route passing through the Suez Canal varies from 30 to 45 days. By contrast, cargo transportation from India to Russia via the North-South overland route can vary from 15 to 24 days. The transportation of goods along the eastern branch of the corridor passing through Kazakhstan and Turkmenistan shortens the delivery time to 15-18 days.

Experts expect that after the commissioning of the Astara-Rasht railway section on the territory of Iran, the delivery time of goods via the ITC would be reduced even more.

Is it true that the ITC competitiveness is negatively affected by customs duties, which is why logistics along this route is more expensive than the delivery of goods through the Suez Canal to Europe?

We expect that a free trade agreement between the EAEU and Iran will be signed by the end of this year. It will significantly reduce the expenses of exporters and importers associated with the payment of customs duties.

I would also draw attention to the strengthening of cooperation between the customs services of Russia, Azerbaijan and Iran: in August last year they signed a memorandum aimed at simplification of transit traffic. It provides for the introduction



of mechanisms for coordinating the activities of the customs authorities of the three countries located on the route of transit cargo from Iran to Russia through Azerbaijan and back.

The working shifts of the customs authorities were synchronized, and it made it possible to reduce queues at checkpoints. We currently monitor the exchange of operational information on transported goods, including dangerous and prohibited, as well as vehicles, and also the ongoing work and mapping of future plans for the reconstruction of checkpoints.

A project on mutual recognition of customs control rulings is being implemented with Azerbaijan. It would make it possible to expand the circle of participants, increase the volume of trade turnover, enhance transparency and security of the supply chains of goods.

In addition, at the initiative of the Federal Customs Service of Russia, new projects are being worked out to accelerate the movement of goods within the corridor. Among the most promising is the project "Simplified Customs Corridor", which provides for reducing the administrative "red tape" and frequency of application of customs control measures when declaring and releasing goods during their movement between the two countries that have concluded an agreement. The agreement may cover all goods and specific categories of products.

Russia has repeatedly stated its readiness to work through Iran, but some experts believe that Iran, on the contrary, is not ready to build up the ITC infrastructure on its territory. Could you either confirm or deny these claims?

Our Iranian colleagues indicate quite the opposite: Tehran has its own national strategy for the development of transport infrastructure, and continues to successfully implement it, both in terms of railways and highways, and ports on the shores of the Caspian Sea, as well as in the Persian and Oman Gulfs.

The leadership of the Islamic Republic of Iran consistently pursues a policy aimed at embedding national transport network in the system of international transport communications. For example, Iran's First Vice President Mohammad Mohber recently proposed creating a comprehensive transit corridor to connect all the Shanghai Cooperation Organization (SCO) member states through Iran.

Iran remains constrained by international sanctions and would need huge investments to implement such plans. Who could provide such investments?

Iran implements some of the transportation and logistics projects at its own expense. However, Iran effectively attracts investments from other countries, for example, from Russia, China, India, and some others.

Russia and Iran have signed an agreement on the construction of the Rasht-Astara railway within the framework of the ITC project. What is the current state of affairs on this track?

In addition to the intergovernmental agreement that you mentioned, a contract was signed between the authorized organizations of the two parties for the design and construction of the Rasht-Astara railway, as well as for the supply of relevant goods and services. It is being successfully implemented



in accordance with the schedule of joint work, and the completion is planned by 2028. The project provides for major Russian investments in Iran's railway infrastructure. The total estimated cost of the project stands at 1.6 billion euro, and Russia's share amounts to 1.3 billion euro.

I would also like to emphasize that after the commissioning of this section of the ITC, not only the gap in the railway line from St. Petersburg to Bandar Abbas will be closed, but also it would amount to the final formation of a railway ring around the Caspian Sea, an ambitious project that all the countries of the Caspian Five littoral states are consistently working on.

Russia's lack of river-sea merchant vessels capable of navigating both the Caspian Sea and the Volga River and further to St. Petersburg is a problem, is it not? How is it planned to be solved? In addition, has the problem of increasing the number of container ships in the Caspian Sea been resolved?

According to the assessment of our Ministry of Industry and Trade, sea transportation through the North-South ITC will rise to 8 million tons by 2030, and up to 20 million tons by 2050. This will be possible thanks to the construction of modern cargo ships of the river-sea class.

Experts have calculated that for the transportation of 8 million tons across the Caspian Sea, about 20 vessels need to be built, of which 10 should be container ships, and in the future, at least 50 vessels will be required to service this route. This task is planned to be solved on the basis of the Russian shipyards of the United Shipbuilding Corporation (USC) located in the Caspian region.

What opportunities will open up for the Russian regions after the launch of all ITC routes?

Estimates have been made as well as forecasts of transport and economic ties between countries that have an interest in transporting goods via the ITC, taking into account the state of the current infrastructure. The leading Russian regions have

been identified, which are already using transportation via the ITC and count on accelerating their socio-economic development. We are talking about, first of all, Astrakhan and Saratov regions, Perm and Stavropol Territories, Moscow, Volgograd, Kemerovo, Orenburg, Chelyabinsk regions, and the Republic of Tatarstan. They would capitalize on the extra opportunities to boost foreign trade along the ITC routes.

Can ITC become the main channel for the supply of Russian grain to India, the Middle East and Africa without going through an intermediary, in particular, Turkey?

When organizing such deliveries, our exporters use traditional channels. Already today, part of the grain is exported through Russian ports in the Caspian Sea, where, as I noted above, new grain terminals are being built. At the same time, analyzing the promising nomenclature of the North-South ITC cargo, we note that the volume of grain cargo tends to increase. Thus, the role of the international transport corridor in ensuring grain exports will only gain weight in the future.

Given the additional volumes of cargo transportation, the country needs more transport vehicles like railway carriages and locomotives. How would be this issue solved?

The issue of the locomotive and carriage fleet, indeed, is one of the most pressing. In 2022, Russian Railways has allocated over 89 billion rubles for the renewal of the locomotive fleet. This allowed the purchase of 497 new locomotives. Next year, the company intends to purchase 602 locomotives with unconditional import substitution of their components. Hence,

one of the main tasks of Russian Railways is to increase the quality indicators of the use of the rolling stock.

The global trend in the freight car market is that the arrival of new rolling stock outstrips the rate of retirement of old cars. As a result, the number of wagons has increased by 213 thousand over the past six years, reaching a historical maximum of 1 million 291 thousand units. Since 2017, the car fleet has grown by 20%, and it means that this process remarkably outpaces the growth rates of the volume of work performed and the length of station and main tracks.

Contracts have been signed for the creation of an experimental batch of eight-axle articulated tank cars with a load capacity of 148 tons. They will be used by owners and operators of rolling stock for the organization of transportation of oil cargo. Of course, all the capabilities of the constantly updated locomotive and wagon fleet will be used for railway transportation along the ITC.

Do you believe that the European Union may eventually join the ITC?

It's not a matter of faith. On the other hand, it is not entirely clear why it is necessary to rigidly link the prospect of participation in the project of Western companies with the mandatory accession to the project of the European Union?

The International Agreement signed on September 12, 2000 regarding the North-South ITC is open to anyone who wants to join in. There is a clear procedure for the accession. We are ready to cooperate with Western businesses that are really ready, in their turn, to support the project. CI





GOVERNMENT SUPPORT FOR RUSSIAN BUSINESS

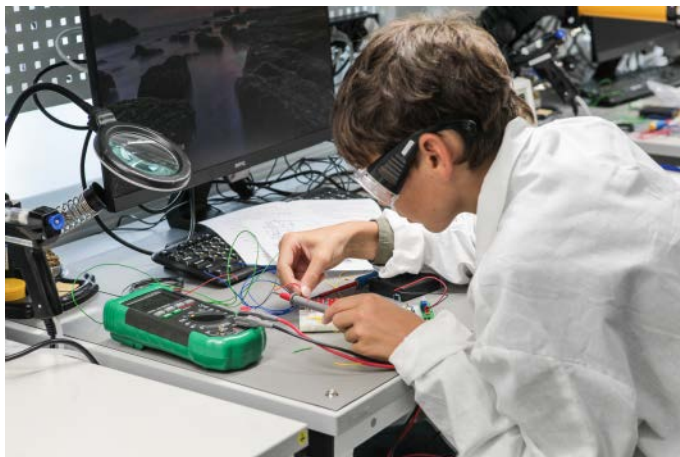


The task of raising investment attractiveness of the country today is one of the central tasks for the economic section of the Russian government. What government support measures are available to businesses, what are primary support recipients, how are foreign investors feeling and how can one find his way around multiple government support tools are the issues we discuss with Alisa Melkoniyan, Kept tax and legal consulting department partner.

How attractive, in your opinion, are government support measures for investors in Russia?

Overall, there is a broad range of government support measures for investments in place for raising foreign investments into Russia and stimulating Russian exports. The business community is calling for expansion of such measures, and the process is ongoing. The volume of measures, targeting achievement of various objectives, including investment project support, small and medium business support, development of specific industries (manufacturing, agriculture, innovative technologies etc.).

There is an extensive list of government support measures for investment projects: special investment contracts (SIC), investment protection and promotion agreements (IPPA), public-private partnership (PPP), concession agreements, regional investment project (RIP), investment tax credit (ITC), priority development areas (PDA), special economic zones (SEZ), concessional financing programs etc. These have been widely used and are being actively used by foreign investors, among others. It is a different matter that the demand for these measures varies depending on investor category. For example, European investors now find it harder to use some state support measures and preferential conditions.



What are these, potential PDAs and government support “users” in Russia today?

Those investors from European countries that continue to operate in Russia, obviously have limited options for large capital investment. For this reason, the range of available government support measures is narrow, because many measures establish a high “entry barrier”. At the same time production facilities still require upgrading in order to keep stable operations and to support employment levels. For these investors it is necessary to expand the existing tools to support selective investments – for example, ITC. It also makes good sense to introduce tools, aimed at supporting employment levels, salary levels, stimulating development of Russian technologies, research and development, where use rights would not depend on the amount of capital investments made.

There is a new “layer” of investors from friendly countries like China, Turkey. We observe greater interest in projects in Russia and high demand for state support. Investors are actively seeking all state support measures, both tax and nontax ones.

And apparently, the key users of government support tools are Russian PDAs. Today, especially after the return of some of the capitals back into the country, Russia is implementing





a lot of projects in various sectors – in manufacturing, extraction/processing of mineral resources, and in tourism too, with rather high capital investment volumes.

How could efficiency of an investment project could be raised with government support measures?

Each project requires a proper “puzzle” built from various tools. Legal regulations for all these measures are quite complex.

On the whole, all Russian government support measures could be broken down into 4 major categories: preferential

tax regimes (RIP, regional preferences, ITC), direct fiscal support (subsidies and grants), concessional financing and the so-called “umbrella” regimes – SIC, IPPA and various PPP forms.

Many instruments are mutually exclusive, meaning they cannot be combined. Nevertheless, a situation where concessional financing could be made available by the Industry Development Fund, a Regional Investment Project status could be awarded to get income tax relief and a regional R&D subsidy, is quite possible.

But, considering the huge number of restrictions, legal and economic reviews of combinability of these measures,





feasibility studies and selection of the most effective set of measures are necessary. Supporting such projects, we provide valuable insights in these areas.

What is the role of regions in development of support measures?

An important selection criterion would be adaptability of regional laws for implementation of federal preferences. When we manage the so-called “site selection”, choosing a site for plant construction, we perform analysis of available regional support measures.

Sometimes territorial “attachment” makes it harder for investors to get support. We see real issues of investors, implementing logistics and transportation projects, with identifying available support measures, when investment projects are carried out in those territories which still do not have any preferential regimes in place. Such government support measures should be more universal, meaning unattached to specific territories. Otherwise, prior to start of a project investors have to go through a lengthy approval process with regional and federal authorities in order to establish such a territory.

How can the existing measures be improved and made more effective? What does the business think about it?

Over the latest years the share of government support measures, based on regulatory approval, has been growing. On the one hand, this improves opportunities for higher predictability of government preferences provided to PDAs. On the other hand, it is required to make contracts with federal or regional authorities. This is either impossible due

to the sanctions regime, or is very hard due to lengthy and non-transparent processes.

For instance, to make a SIC 2.0 it is required first to go through a procedure for inclusion of a production technology into a special list, and this list is updated only once in six months (with the latest update happening 9 months after the previous one), and then to go through a tendering procedure, which in real life takes 4-6 months.

Some government support tools (for instance, RIP, ITC) are rather sought after by the business, but these have limited duration and expire in several years. We think these tools need to be extended.

There is yet another case – individual subsidy programs stipulate long-term liability of investors (for several years), and at the same time government obligations to provide long-term subsidies cannot be fixed for long term. Given fiscal legislation specifics, subsidy allocation decisions are made for each month / quarter / year (depending on a program), and in this regard an investor cannot be sure of getting a subsidy in the next period.

Nevertheless, many investors are eager to put efforts and resources into preparation of documents and to go through any required tendering procedures in order to get access to preferences, subsidies and financing, especially when a significant financial impact is expected.

By all means, given currency volatility, expensive logistics, target market uncertainties, any cash flow optimization is essential. Any form of government support could provide for such optimization. **CI**

Moscow has begun accepting applications for participation in the new format export accelerator Moscow Fast Track. During the training, which will last 12 weeks, businessmen will become familiar with the basics of working abroad, adapt their products to foreign markets and present them to foreign partners. The program is designed for representatives of the following industries: developers of solutions for smart cities, manufacturers of consumer goods and creators of technologies in the field of education and medicine. The training is organized in the format of thematic tracks, which will run in parallel for three months.


According to Natalya Sergunina, Deputy Mayor of Moscow, the new program will help Moscow companies speed up their entry into foreign markets. "The city will co-finance 87 percent of the cost of the accelerator. More than 40 enterprises will receive support," noted Natalya Sergunina.

You can submit your application until December 21 on the Moscow Export Center website. 



The growth rate of investment in the tourism industry exceeds that of all other sectors of the Russian economy; in the first half of 2023 they amounted to 23%, while for the entire 2022 - 37%, Deputy Prime Minister Dmitry Chernyshenko said at a meeting with the President of the Russian Federation.


According to Chernyshenko, the national project "Tourism and Hospitality Industry" demonstrates high efficiency, thanks to well-developed business support mechanisms, such as preferential loans, grant support for the construction of modular hotels, co-financing of supporting infrastructure, and investment projects with the participation of the Tourism.RF corporation.

The Deputy Prime Minister added that now, together with the Ministry of Industry and Trade, investors, and representatives of ski resorts, work is underway to consolidate orders from the tourism industry for key types of equipment, taking into account restrictions on its supplies to Russia. 

The Moscow government, by its resolution, approved the criteria for assigning the status of an industrial technology park to companies operating in the field of manufacturing, Moscow City website reports.

Industrial technology parks must meet certain requirements - rational use of urban land: at least 70% of capital construction projects must be involved in economic activities related to manufacturing, while the building density must be at least eight thousand square meters per hectare.

Other requirements include investing in the creation or modernization of production assets: the volume of investment over the last 5 years must be at least 57.4 million rubles per hectare of area.

The package of tax incentives for industrial technology parks includes: a reduction in income tax from 17% to 13.5%; land tax rate of 0.7% of the calculated amount; land rental rate of 0.01% of the cadastral value; zero property tax rate. 



ROLE OF RATINGS AND RESEARCH IN MODERN WORLD

Andrey Dorokhin, Head of the Direction of External Trade Analytics and Cooperation with International Organizations of Department for External Economic and International Relations of Moscow



A modern city is a complex social and economic system, and managing a city like this, implementing an effective municipal policy is a complicated and non-trivial task. One of the components of this task is performance evaluation, development of a system for tracking performance efficiency of municipal authorities. Unlike enterprises or corporate units, where their operations and performance efficiency could be evaluated based on their financial reports or performance indicators, it is very hard to assess city management performance efficiency, one of the reasons being subjective nature of a few city performance indicators. This is the reason for using various international ratings for major global cities and state capitals as a performance efficiency tool. With the assumption that a rating is essentially a summary of subjective opinions (as a rule, a poll of experts), it provides a certain understanding of the comparison of municipal authority performance in different cities and features an insight into the actual status of urban environment.

Research papers and professional media feature several parallel rating methodologies for major cities and state capitals. Some ratings are visibly commercial in nature and are developed for advertisement and PR promotion of some megacities, other ratings present a certain summary of existing views, and some came into general use and are widely quoted in mass media for city positioning.

The practice of using ratings as a tool for evaluating cities and comparing municipal policy efficiency has gained extensive coverage in academic and expert communities. Particularly, city development ratings are used to compare ecosystem conditions for various regions and cities for the purpose of city image making.

For instance, the Quality of Life Index by City rating is based on scoring a number of criteria characterizing a city, and then summarizing scores into a consolidated rating. The list is topped by largest cities and capital cities of the Western European countries, with few exclusions. A significant portion of values is collected by polling city residents and visiting tourists. This also applies to such criterion as cost of living in each megacity and purchasing power index. This means that cost of living in every megacity on the list is largely reflecting subjective opinions of residents and tourists, rather than actual financial indicators. According to this (consolidated) indicator (quality of life index) Moscow lags behind the leader of the rating – The Hague – by almost two times. Moscow is also seriously trailing the leader by the purchasing power index, meaning the volume of benefits, actually available to every city resident for the average monthly salary. At the same time Moscow is recognized as quite a safe city, only slightly behind the leader. In 2023 Moscow demonstrated high scores in the healthcare index. However, it should be noted that all cities, featured in the comparison, show relatively high levels of healthcare services. This could be explained by the fact that modern capital cities have more or less developed healthcare infrastructure, even when we look at less successful cities.

Analysis of the Quality of Life Index by City rating and Moscow's position in it showed, that since the start of 2022 the Russian capital was positioned in foreign major city ratings as a major megacity with a favorable investment climate, and also as a city with sophisticated and advanced infrastructure, especially transport infrastructure. On top of that, the city was noted for its strong change dynamics. Moscow has continuously built new infrastructure assets, including large-scale ones, which favorably differentiated the city from its competitors. Moscow was also often viewed as a destination for possible relocation of highly-skilled foreign professionals. Moscow's conditions were directly compared to conditions in other major cities, and the Russian capital looked very advantageous against this background, including the general level of development and existing benefits versus the other megacities. Moscow's primary strengths were relatively low cost of living, sophisticated public transit, service and entertainment sectors, and the city displayed strong positive dynamics. Moscow demonstrated high positive change rates and its ambitions to take leading global positions.

An important advantage of the Quality of Life Index by City rating is that it is updated at least once a year, and it has been systematically developed for a few latest years. This provides an opportunity to follow up on changes in standings of each city.

The analysis of Moscow in another international rating, Global Cities Report, which reflects the degree of globalization of largest cities of the world and their integration into global space, yielded different results. First, in this list Moscow was featured among several dozens of most globalized cities. Second, the Russian capital's position in the rating kept on improving. This rating, published by Kearney consulting company, evaluates the level of globalization of more than 150 cities throughout the globe. As per the rating, Moscow is a leading city, unlike the rotation, proposed by the Quality of Life Index.

The analysis of the Russian capital's positions in the Innovation Cities™ Index rating also showed its high status. According to this rating, Moscow is among fifty cities with the most intensive innovative activities, bringing most significant results. Along with this, in accordance with the score (used for developing the rating), Moscow is only slightly behind the cities, leading in academic, technological and economic development over a long time. What really matters here is the fact that Moscow has managed to reach up to the level of such cities as Boston, Singapore, Seoul, Tokyo over a short period of time.

The Global Wealth and Lifestyle Report is important because it helps evaluate lifestyle opportunities and amenities, offered by cities. This rating is based on an extensive poll of experts under a broad questionnaire, related to urban environment and available amenities and facilities. The report focuses on comforts, habitual for modern megacity urban residents, and the report covers fifty largest cities all over the world.

One of the latest trends in development of a rating system is generation of industry indices by industry institutions. The ESG ranking of regions and cities, developed by management and expert bodies of the Eurasian Economic Union, is an example of such a rating.

City ratings may be used along with other sources as an information basis for decision making, through their methodologies feature a number of significant drawbacks. Such ratings are obviously useful as a tool for improving city image, raising public awareness of communities on implementation of regional and municipal policies.

OIL IN MIDDLE EAST CONFLICT



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On the eve of the summits of the League of Arab States (LAS) and of the Organization of Islamic Cooperation (OIC), many experts discussed the possibility of introduction of an embargo on oil supplies from these countries to Israel, the USA and the European Union, proposed by Iran. These concerns have never materialized. The summits of the LAS and OIC countries in Riyadh on November 11, 2023 resulted only in demands to stop arms supplies to Israel and in condemnation of the "Israeli aggression against the Gaza Strip".

The 1973 experience, when the actual embargo due to the Arab-Israel Judgement Day War was implemented, had shown the real effect of such pressure: global oil prices had soared. Any rapid oil price rise in the current situation would hit not only those who were targeted with these measures, but also would harm the countries-partners of oil producing countries, and China is the first country that comes to mind here. And it just so happens that China maintains a peaceful position, calling upon all sides in the Palestine-Israel conflict to enter peace talks. This is why the oil embargo issue fell through on its own.

However, there are also other reasons why the current Middle East conflict is a threat to the oil market. Western countries are worried that Iran may enter the fray, and for now Iran is acting through its proxies in Lebanon, Syria and Yemen. The degree of actual Iran's control over Hezbollah, pro-Iranian groups in Syria and Iraq, as well as over Yemeni Houthis, is still an open issue. According to Iranian officials, they do not exercise full control over these. But who knows... These Iranian proxies keep reminding the world of themselves. Reports of missile launches from Lebanon and Yemen are coming in almost daily. And these groups are rather active in Iraq and Syria: in less than a month the US troops in these countries have been attacked 55 times.

The longer Israel runs its cleanup operation in the Gaza Strip, the more likely is Iran's involvement in the conflict, despite popping up press reports of Iranian authorities being unprepared for this scenario. Just recently Reuters has quoted three Tehran's high officials and reported that the supreme leader of Iran had sent a clear message to the head of HAMAS, when they met in Tehran in early November: "You hadn't warned us of the attack on Israel on October 7, and we will not go to war in your name". But at the same time it was stated that Iranian political and financial support would continue.

The experience of world wars shows that conflict escalation increases likelihood of unpredictable events, drawing in more and more players, even those who initially had no interest in such participation whatsoever.

In this case Western analysts forecast a local oil price surge, just like the price surge during the Desert Storm in 1990. Tougher forecast options like military operations in the Persian Gulf or blockage of the Strait of Hormuz are considered by analysts significantly less often. That's the reason the oil price has been steadily declining since October 20, as if there were no conflict in the Middle East at all. Even the statements by the Lebanese Hezbollah leader on being ready to enter into the war have not made any major changes in the oil price dynamics.

However, risks are real in the case of conflict escalation, and being unprepared for these risks raises risk realization probability. According to the EIA, the daily throughput of the



Strait of Hormuz, controlled by Iran, makes up for about one fifth of the global oil production. This is a strategically significant waterway, connecting Middle Eastern crude oil producers with key markets all over the world. Forecasts by the Bank of America suggest that in the case of the closure of the strait, oil prices could skyrocket over \$250 per barrel.

Even the statements by Houthis that they are ready to attack any Israeli ships, including civilian vessels, in any other time would cause stress and expectations of chaos on the market, should their promises come true, but not today. What is happening? Why the market that has been sensitive to conflicts in oil-producing countries and even to verbal interventions, is now indifferently watching the current developments? Is it accumulated fatigue from constant shocks? Is it a looming economic depression, which will be followed by lower energy resource needs? Or is it being sure that the whole situation is controllable?

It is likely that all of the above factors are true. Markets also show that no country in the region is preparing for a major war. As for the Strait of Hormuz, blocking it off would be disadvantageous for Iran due to political considerations. The Gulf is used to transport crude oil from Persian Gulf countries, with which the IRI has just recently started building partnership relations. It would be dangerous to ignore interests of neighbors following kick-off of cooperation activities after a long standoff. Let me remind you, that in March 2023 Iran and Saudi Arabia signed an agreement on restoration of diplomatic relations, these talks were mediated by China and this pivotal document was signed in the capital city of China.

Arab and Moslem countries are planning to strangle Israel slowly, avoiding risks to the energy market and to their extremely important counterparty – China.

It can be said that the world is being transformed with consideration to interests of the new global hegemon. CI



Moscow Draws Conclusions from Technology Battle of Beijing and Washington

Modern world technologies are increasingly becoming not only a way to make people's lives easier, but also tools for influence both in the business community and at the world stage.

Today it can be more and more often observed that there are not only geopolitical but also geo-economic tensions rising between the USA and China, and development and distribution of technologies, especially in manufacturing computer, smartphone, server, cell tower components etc., are a part of these tensions.

The United States have imposed a number of sanctions on Beijing to curb its technological development. However, these restrictive measures are hitting American tech corporations hard. Restrictions on their access to the fast-growing Chinese market lead to significant reductions of their profit volumes and lower investments into innovations, crucially important in the semiconductor industry. Apart from the restrictions versus China, the American leadership has kicked up its technology policy at the background of some successes of China. Last year the US Government intervened in the tech sector with its multi-billion injections into critical technologies. It is related to the fact that the American administration focuses on microelectronics production and strives to build a reliable supply chain based on domestic manufacturing and cooperation with partners. The Republican and the Democratic parties of the USA have achieved consensus over containment of the technological development of China.

China, under pressure from the USA, is focusing on import substitution in order to produce equipment for manufacturing microelectronics and components. Along with this, Beijing is bypassing American sanctions by licensing exports of some rare elements (lithium, germanium etc.), used in high-tech sectors and especially in electronics. This licensing is aimed at slowing down introduction of new restrictive measures against China, at maintaining options to evade sanctions and buying time for import substitution of production assets. For import substitution purposes Beijing also engages foreign professionals and researchers, offering them high remuneration and comfortable packages for relocation to China. At the same time the Chinese leadership is ramping up its technology cooperation with those countries that have technology potential and technology base for design and development of advanced technologies (for example, with Russia and Iran).

What does this technology standoff between the USA and China mean for the world and Russia? This conflict today is setting up conditions for technological bipolarity, which, however, will be asymmetrical in nature. China's technological development, most likely, will be walled in its country and in a number of partner countries. At the same time the USA today are building new production chains and infrastructure with their partner countries, which may potentially lead to



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ousting China outside the countries with developed economies and to strong competition in Middle Eastern and African countries. But any major division of the world in the tech sector is rather unlikely, because currently it is next to impossible to set up completely independent supply chains for microelectronics elements due to high tech market specifics.

For Russia, this tech standoff creates a number of risks and opportunities. The limited volume of the high tech market and its structure do not let the country create the full range of high technologies in the microelectronics sector, especially microchips. In these conditions Russia needs to develop a proper strategy, combining self-sufficiency in critical tech sectors. In other high-tech sectors Russia could be a part of high tech production chains, but only in individual sections, where it would be hard to replace Russia. Russia also needs to develop artificial intelligence technologies, where there are no undisputed leaders now, and also raise its human resource potential to create cutting-edge technologies and production facilities. Moscow's educational institutions in this area and economic opportunities could be instrumental in achieving successes in high tech development. **CI**



GETTING BACK WHAT WAS ONCE LOST: NEW TECHNOLOGIES FOR PRODUCTIVE LIFE



New emerging technologies stimulate development of prosthetics. The evolution of this sector over the latest decade could be followed along the track record of Motorica. We spoke of feasibility of recovering lost sensitivity with Andrei Davidiuk, CEO of Motorica



Andrei Davidiuk

CEO of Motorica

Motorica has been operating since 2014. Next year will be an anniversary for you, could you please tell us how you started out and how you came up with the idea to launch the company?

The project was launched by two engineers, who ventured into 3D printing projects. Initially this was a charitable project without any business ambitions. Russia did not have any functional prosthetics for children, only cosmetic options for masking traumas were available. The first prosthetic prototype for children turned out to be successful, and the project started getting investments. Then I came to the future company as a business angel.

What are the successes of the company?

Since 2016 Motorica has manufactured over 6000 prostheses for users from 17 countries, including Russia, CIS countries, France, India, Saudi Arabia, United Arab Emirates, Malaysia, South Korea. Our company offers the world's broadest range of prosthetic arms. We manufacture active powered and bionic prosthetic fingers, hands, forearms and shoulder modules.

Could you please tell why do you make upper limb prostheses only?

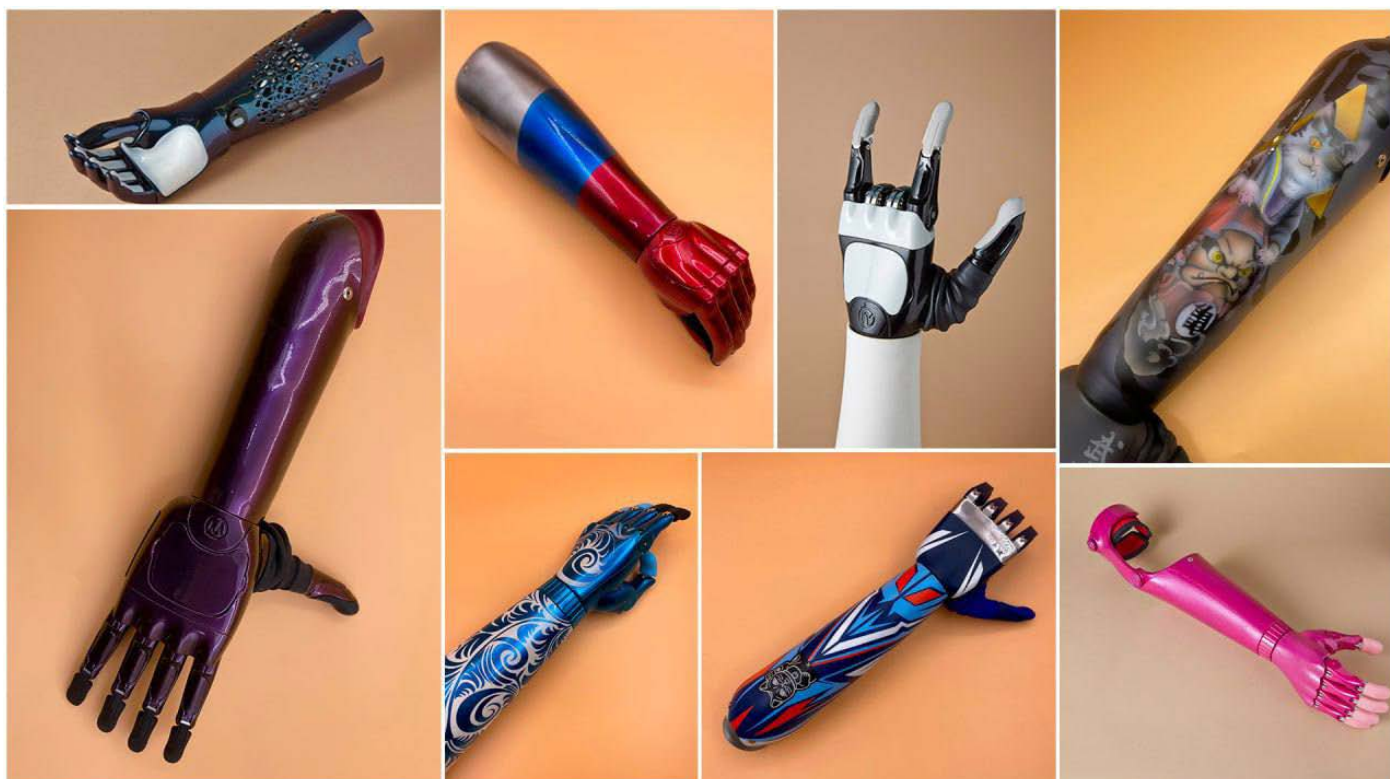
Initially we focused on manufacturing upper limb prostheses only to make these products perfect based on technologies available to us — today we have the broadest upper limb prosthetics range in the world, and we are the only company to make prostheses for children starting from 2 years old. Now we are actively researching all lower limb prosthetic solutions in Russia and abroad.

Next year we have plans to start production of lower limb prosthetics and launch distribution of neurostimulators with electrodes for treatment of chronic pains and symptomatic treatment of neurodegenerative diseases, such as multiple sclerosis, epilepsy and Parkinson's disease.

It turns out you are the only Russian company making prosthetic arms?

No, we are not, there are other prosthetic arm manufacturers. But we are by ten times ahead of them by the number of manufactured items.





Are you capable of meeting the total demand? What is your share of the market needs?

Yes, we are, we take up over 40% of the Russian market. The country ensures efficient support, there is a state-funded social system, providing any Russian citizen with any sophisticated prosthesis free of charge. If a patient has any issues with paperwork or when a patient is not a Russian national, we will help him to collect funds for a prosthesis through charitable partner funds.

Are you developing with your own funds or do you use external funding?

In 2019 and 2020 Motorica raised over RUB 400 million from the Russian Direct Investment Fund (RDIF) and the Far East High Technology Fund (FEHTF) — this was a largest venture investment on the market of assistive technologies in Russia.

In October 2023 Motorica made its debut on the IPO bond market for RUB 300 million, raised on the Moscow Exchange. And this was the first time in the history of Russia by an upper limb prostheses manufacturer. The next step will be an IPO for shares.

Do you get state support?

Yes, we do. Motorica is efficiently using government support. For instance, our Skolkovo Fund resident status provides us with comprehensive support: grants, consulting, media support, assistance in developing relations with various stakeholders: government agencies, business, non-profit institutions. Our grant support makes up RUB 22 million.

Grants by the Innovation Promotion Fund are spent on developing bionic prostheses for adults and children, and also on a cloud platform for rehabilitation.

The company is researching ways to treat phantom limb pains, "sensitizing" a prosthesis. Could you please speak about this area, why was this objective chosen?


Recreating lost sensitivity (sensitive feedback) is a major challenge of the prosthetics industry. Motorica jointly with the FEFU (Far Eastern Federal University) and Skoltech is developing a platform to "sensitize" artificial limbs and phantom suppression. The system comprises a prosthesis, a neurostimulator with electrodes, special finger sensors and software. Today test pilots can differentiate item size and texture and can tell whether an object is hard or soft.

Motorica is developing neural technologies, proprietary neurostimulators — devices, initially designed to suppress chronic pains, for symptomatic treatment of neurodegenerative diseases, such as multiple sclerosis, epilepsy and Parkinson's disease. In the second quarter of 2024 these devices will be registered and made available for sale.

We are regularly looking for volunteers for research of phantom pain suppression, we are inviting amputees to help us in our development activities. Test pilots will receive their own neurostimulators and will be able to test them in their everyday life.

What is the level of import substitution for technologies and components used?

Our body powered prostheses are 100% made in Russia. We use foreign chips and micromotors for finger movements in our bionic prostheses. We use very common chips, available in stock all over the world, these were even unaffected by the crisis of 2020-22. We used to test European micromotors, now we have found an Eastern channel, continuously covering our needs. We have plans to completely switch over to domestic components. In 2024 with the help of the Ministry of Industry and Trade of Russia we will begin testing micromotors by a Russian manufacturer. C



Ilze Liepa:
**"I NEVER CEASE
TO WONDER HOW
INTERESTING
MY LIFE HAS BEEN
MOLDED"**

Ilze Liepa is one of the most famous Russian ballerinas, People's Artist of Russia, laureate of the State Prize of the Russian Federation.

Our heroine of today needs no introduction. People's Artist of Russia, brilliant ballerina, also a theater and film actress, and on top of all a member of a legendary dynasty of creative artists. She writes books, scripts, fairy tales, and is the head of the Russian National Ballet School. In sum, there is a whole lot of topics to be discussed in an interview with Ilse Liepa, and so we did at Capital Ideas.

– You have a fabulous name: Ilse. If it's not a secret, who of the parents decided to call you that?

– When I was born, my father, who had just returned from the USA, wanted to name me Jacqueline, in honor of the wife of President John F. Kennedy, who was assassinated at that time. But Mom intervened, and I received the name Ilze, which also has its own romantic history.

The fact is that my parents met when my mother, Margarita Zhigunova, while still a student at the Moscow Art Theater Studio School, was engaged at the Riga Film Studio in her very first movie called Ilze. My mother was a real beauty, and my father was infatuated, and could not but fall in love. The name Ilze served my parents as a reminder of the reference point of their acquaintance and the beginning of love.

– You were born in Moscow, lived on Nezhdanova Street (now Bryusov Lane). Your house is noted for being home to many famous people. What childhood memories have you preserved?

– At the beginning of our street, lived Ivan Bersenev, Vsevolod Meyerhold, and in our house – the great Kachalov, and on the top floor – the family of Ekaterina Maximova. The apartment of Ekaterina Geltzer, an outstanding Russian ballerina, passed over to my parents. Now, my brother Andris Liepa lives there. I have a different home address, but I really love our good old house, it is intimately related not only to my childhood, but also to my whole life.

This, I will tell you, is absolutely amazing; it is some kind of sacred place where creative energy literally bursts out like a fountain. Here it is so comfortable to meditate, fantasize, and compose.

Many outstanding people have visited our hospitable home, from musicians and artists to famous surgeons and writers. My father, for example, was friends with twice Hero of the Soviet Union pilot-cosmonaut Vitaly Sevastyanov, and knew his family well. When the legendary Belgian choreographer Maurice Bejart came to Moscow with his troupe, he would visit my parents after the performances. Of course, Andris and I had the opportunity to communicate with the great master.

I do remember something else. Next to celebrities we would welcome ordinary people who would sit with us at the table. My father greatly appreciated them for their responsiveness and kindness, considered them his friends. For instance, two women from the city of Saratov, Zoya and Sveta, often visited us and even spent the night at our apartment. They were



loyal fans of my father and they were always welcome in our house. Maris Eduardovich would provide them with tickets to the Bolshoi Theater, and invited them to join him during special informal parties with his solo performance.

– You set your foot on the Bolshoi Theatre stage at the age of five; you took part in the opera performance “Madame Butterfly”. Did this mean that your parents predetermined your fate?

– In any case, it was my own decision to become a ballerina. My father adored the stage and charged us with this love for performing arts. You see, when such a creative person as Maris Liepa was around, then we, his children, simply could not have chosen a different life path.

My Bolshoi Theater began with the opera. After seeing an ad, my father took me to a competition where children were selected to participate in the play “Madame Butterfly”. They liked me and offered me the role of... the son of the main character.

Why was the girl chosen for this role? Simply because the actress who played Madame Butterfly had to carry a sleeping child in her arms. And, as a rule, the girl still weighs less.

During the performance, there was a touching moment when Butterfly says goodbye to her child before stabbing herself. I remember that I felt sorry for my stage “mom” to the point of tears. By the way, the performers of this role changed from performance to performance. I especially remember the brilliant Galina Vishnevskaya and the amazing Margarita Miglau.

I had my own dressing room next to the stage. It was there that the dressing rooms of the prima donnas of the Bolshoi Theater were located. At that time, being a five-year-old child, I could not imagine what kind of journey it would take me to return one day to these rooms again.

– What are your best memories of your renowned father Maris Liepa? Do you think he would be happy to learn how his children succeeded in life?

– I think he would have been pleased with us, but for something, probably, he would have scolded us. Dad and mom did not draw boundaries between their creativity and family. It was such a unified space, and it seemed so natural that we could not even believe it might have been otherwise. Perhaps this allowed my brother and me not to be afraid of



the glorious height reached by our father, and not to perceive it as a challenge.

– In what performances have you been lucky enough to see Maris Liepa, and how do you assess his roles, for example, in “Spartacus” or “Giselle”?

– I consider the ballet “Spartak” staged by Yuri Grigorovich to be of unsurpassed excellence. The main achievement of the director was the role of Marcus Crassus performed by Maris Liepa. Handsome, athletic and at the same time refined, Liepa was the best Crass of the Soviet ballet.

Fortunately, Andris and I have seen my father in many ballet productions, and I can tell you that he had dozens of outstanding roles in his portfolio. “Giselle” is also an absolutely amazing performance, where Maris Liepa was able to interpret his character in completely different ways.

My father had a rich wardrobe of his own stage costumes. For example, for the ballet “Giselle” he had several collets (the so-called male costume in ballet) for the first act and several collets for the second. Preparing for the performance, he would choose a costume depending on his mood. As one of her father’s fans accurately put it, the ballet “Giselle” became the creative diary of the master. By the way he danced, you could tell in general what was going on in the life of Maris Liepa.

I also remember that usually before the performance, my father was like a “man without skin” – extremely agitated, irritable, sometimes even unbearable. As he himself admitted, long before you go on stage, you become like a compressed spring, your body and thoughts are all subordinated to one thing. The upcoming performance. The powerful energy that

was characteristic of the artists of the 1960s generation is really striking. There is no comparable drive in ballet now, and I do not know why so.

Nevertheless, despite this feeling of tension and nervousness before the performance, sometimes my father suddenly would revert to a calm mood and would talk to us, revealing his creative secrets to my brother and me.

Andris and I often visited his dressing room before going on stage. My father would talk to me “through the mirror” while doing his makeup (Liepa always did it himself), and this was the actual start of his own performance. He could say, “Well, let’s think about what my Albert might be like today.” And then he would suggest an interpretation of the performance, because “Giselle” for a dancer could be anything. But Albert by Liepa presented himself as a ladies’ man; then ardently in love with Giselle, who passes away at the end of the first act because Albert is cheating on her. Before each of the performance, my father kept coming up with a new story for his hero.

– The hearsay claims that Maris Liepa kept diaries all his life?

– My father kept diaries, true. I am amazed at how deep his feelings and knowledge of life were. On stage, Liepa wrote, an artist should work with utmost energy, with full dedication not to match the size of the auditorium, but to match the size of the cosmos. Amazing words! It seems to me that Maris Liepa was exactly like that in life and in art.

It so happened that in the pandemic year, my father’s anniversary was planned, but due to the restrictions imposed, we could not organize some kind of performance in his honor.



Somehow, quite surprisingly, we have put up a performance – we played on the stage of the Great Hall of the Conservatory. There was music and there were texts of my father from his book, and from some of his interviews. It so happened that my father's diary entries formed the basis of the play "My father is Maris Liepa".

This production is about a purposeful person who is in love with his profession. There is nothing fictional about it. I perceive it as a kind of conversation with my father.

– In which country, in your opinion, you will find the most grateful audience?

– The viewer needs to be won over every time. I remember how during the Olympic Games we came to London with the project "Russian Seasons". Even then, there were very tense relations between our countries; we were warned that there might be some provocations against artists from Russia. Moreover, Valery Gergiev's concert in Trafalgar Square was canceled the day before, while the British public, of course, loves him and is always waiting for his concerts.

We performed at the Colosseum Theater and it was a stunning success – the audience applauded standing up. A representative of the Russian Embassy in the UK, coming to us behind the scenes, said: "You do much more with your art than we, diplomats!"

Such a warm welcome, I think, would be possible in London, Berlin or Paris today. After all, those people who love Russia, Russian ballet, have not disappeared. They are waiting for a meeting with real art.

When I first came to London, I realized that the British still

remember and love Maris Liepa. There is a society of ballet lovers there, whose members specially prepared an exhibition for me at Anna Pavlova's house, where they collected all sorts of newspaper clippings and photographs recalling all my father's tours in the United Kingdom. It was so touching!

When I left the theater, the fans of Maris Liepa laid out huge photos of me right on the pavement. Then they dragged me to a cafe where we talked for a long time about Russian ballet. I remember their names – Judy, John...

I have a Latvian first name, patronymic and surname, but I am absolutely a Russian person. My father, I am sure of it, would also be on the side of Russia. Even during the performance I always address the audience and say that "Russian" is not an ethnic, but a spiritual concept. Maris Liepa considered himself a Russian artist. He glorified the Russian ballet school all his life.

– You have played in 19 films and even voiced animation. Who introduced you to the cinema world?

– My mother is an actress, and moreover, a person with a very strong character. The fact that I agreed to act in a movie, of course, was her resolute decision. Moreover, at that time I was going through a difficult period, I had limited engagement at the Bolshoi Theater. Due to these circumstances, I was rather sad. Suddenly, the first offer to act on stage came up. I couldn't imagine how you could combine working in the corps de ballet with cinema.

Mom was once again resolute, saying: "Be sure to agree, because you can't sit without a real job." Filming has been a

great encouragement for me. There was a feeling of some kind of uplift from real creative work, from communicating with wonderful actors, my partners. It remained for life.

– And this “difficult period” of yours is not connected with the fact that you started writing fairy tales?

– It so happened that at that moment I was waiting to meet someone, but the person was delayed. So I thought: why should I sit and wait by the sea for good weather; so I took out a notebook and wrote the first phrase: “Once upon a time there were ballet shoes ...”. I don’t understand how it happened at all. But then it became terribly interesting to me; some topics and themes were born in my head, and I didn’t know how it would unfold. But the story was already well alive inside me. I realized that one fairy tale could be started by “Once upon a time there were ballet shoes...”, but the other needs another distinctive approach. This search for appropriate wording and style forced me to continue writing.

And then the inspiration was gone. But I am very glad that the book “Theatrical Tales of Ilze Liepa” has been published.

– There is a shortage of boys in today’s ballet schools. Why?

– Honestly, there is a problem. I think the prestige of our profession is tumbling down. After all, you have to plow hard in the ballet world, and the remuneration is not very high. Young people are more willing to become bloggers, where there is no sweat and tears, but you just poke a finger at a computer or phone.

– In one of the interviews you said that the main and favorite projects of your whole life were the Russian National Ballet School and the Pilates Studio. Tell us about it.

– My friend brought Pilates to Russia. Maria Subbotovskaya is an incredibly creative person with a fine intuition. She was then the director of the Dr. Fitness club chain. She realized before others that Pilates was the future. It was Maria who opened the first personal Pilates studios in our country. She needed a face that would be associated with Pilates. And she believed that it could have been me.

As a result, we have opened five schools – in Moscow and St. Petersburg – where adults and children can practice ballet and Pilates. I developed a training methodology based on combining elements of these two directions, and wrote a book about it.

Ballet is an art that combines both the artistic part and the sport. But sports should be hidden in an artistic way so that it would not be noticeable. Pilates is the perfect helper in this endeavor. It helps to work out every finger, hand, forearm, and other body parts.

The body should “speak” in the dance. To achieve this, you need to put a lot of effort. For example, to develop flexibility and stretching, you need to do aerial gymnastics or catch and copy everything that is taught in the ballet classes.

But the gym is absolutely contraindicated for a woman, I think. This is a heavy load, first of all, on the joints. “Iron” is good for men, but not for ladies; even their faces change there, they become tough, turning into some kind of animal.

Pilates is a completely different matter. I call it “smart fitness” because it is a very serious and difficult workout and it replaces everything that can be done in the gym, but in the



right modes, without harm to health.

Pilates is also an amazing system of rehabilitation after injuries. Medical and physical culture in Russia is now almost dead, and everyone gets injured.

There is practically nowhere to achieve full recovery.

– How often do you do Pilates yourself?

– I do it every day. This is a practice at the junction of Pilates and ballet. I always carry a “small stadium” with me, as I call it – a mat, a roller, and a ball, so that I can arrange a training session for myself.

My method is attuned to music. The musical movement is very important, it harmonizes the human system. I think this is very important.

You can bring a child to Pilates from the age of three. They are not engaged in ballet at this age, but Pilates is already feasible, because it is the prevention of many problems. Pull the back, pull the legs, everything is in the right mode. Body culture and food culture should be one of the parts of education. And if a girl wants to study ballet professionally, then we elaborate a personal training program for her.

– Ilze, does your daughter Nadia already understand that she will have to continue the Liepa ballet dynasty?

– At present, Nadia is studying at our ballet school, in the second grade. In general, it is a very demanding path to become a ballet dancer. Nothing is predictable. Looking back, I can’t stop wondering how remarkable my creative life was molded in the long run. C

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