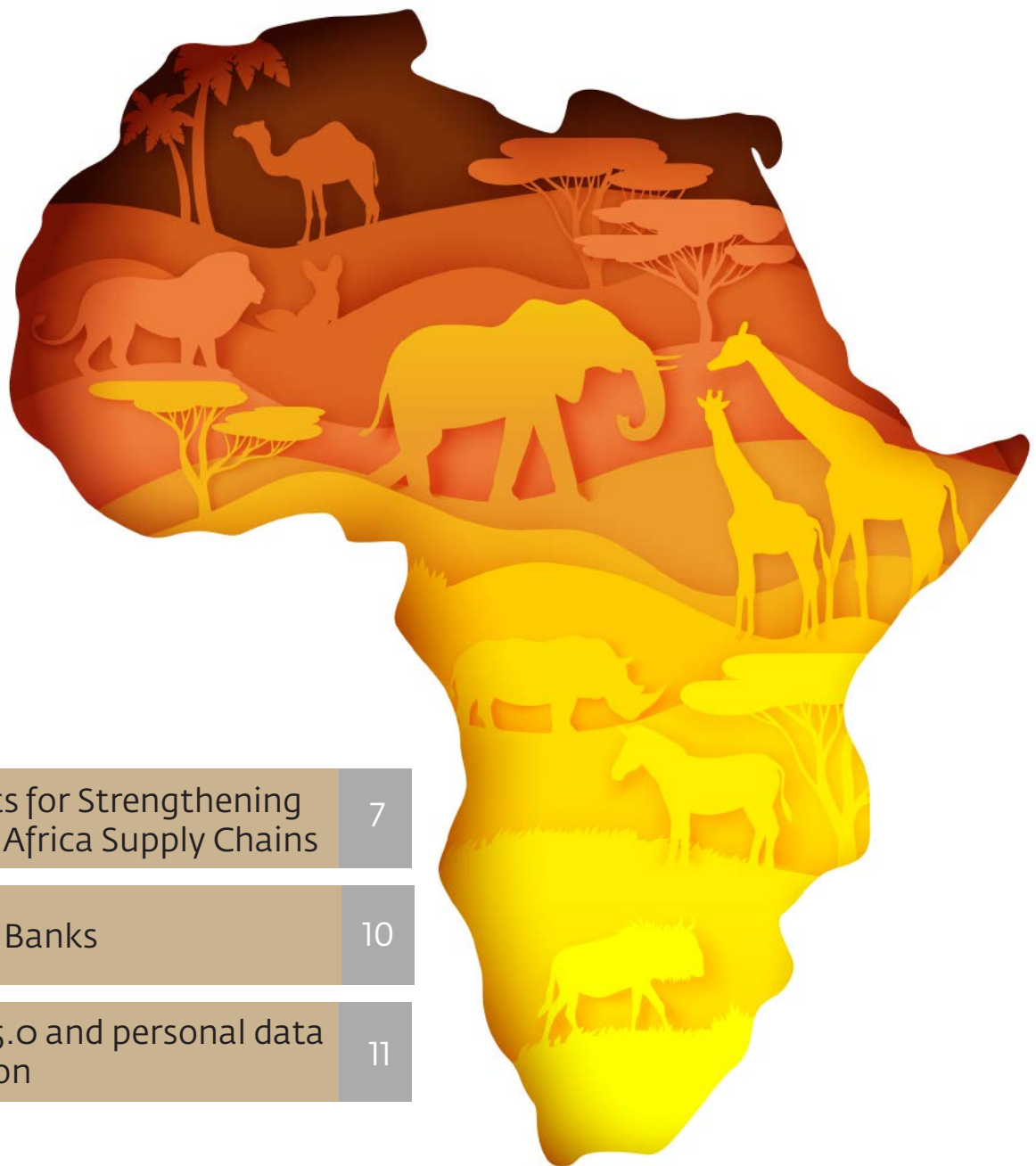


CAPITAL IDEAS



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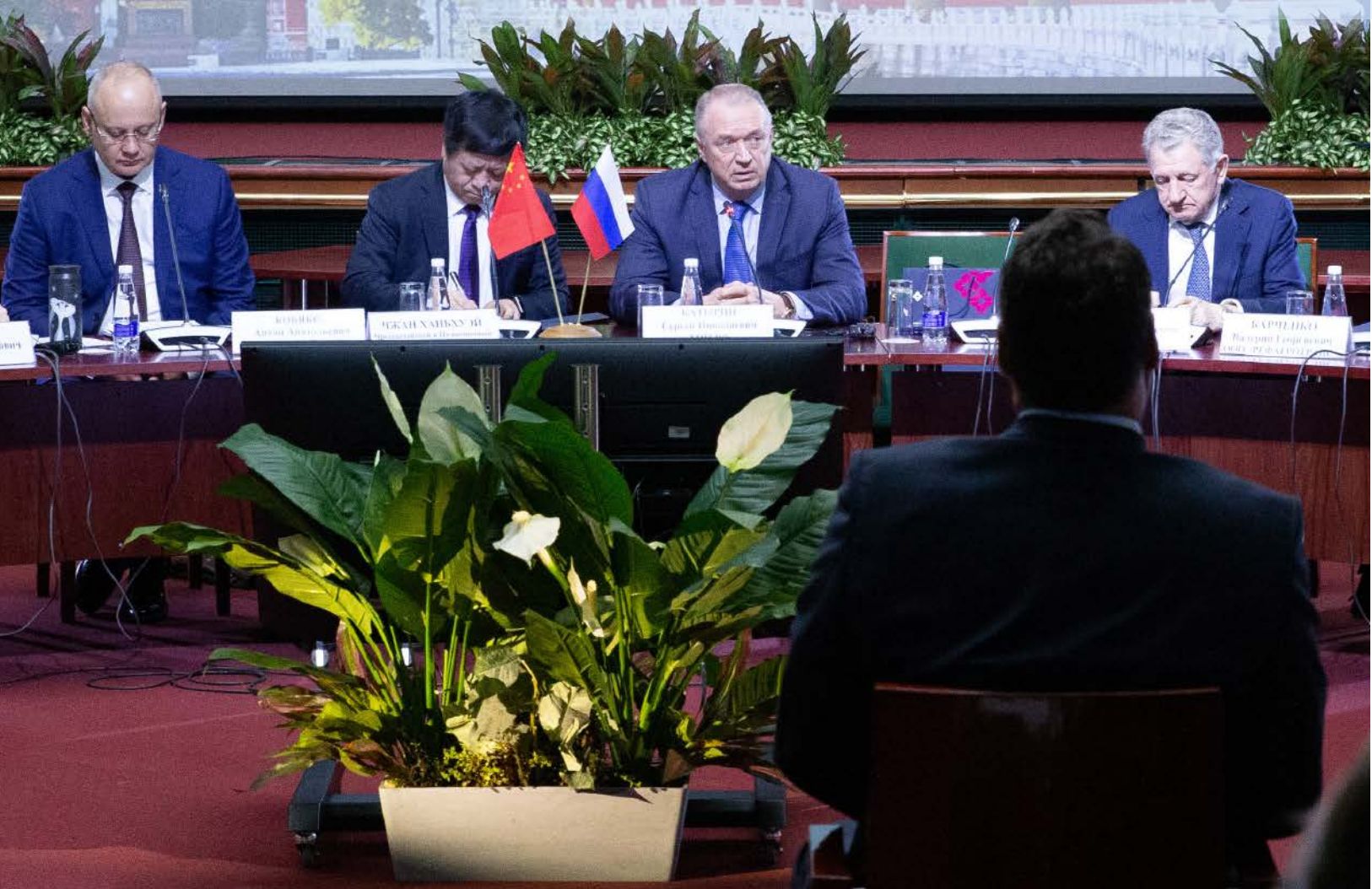


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NEW VISTAS OF PARTNERSHIP

As of today, Russia's policy on economic cooperation with the outside world is mainly focused on countries that have assumed the official status of "friendly" nations. The Chamber of Commerce and Industry (CCI) of the Russian Federation is listed among the major actors involved in such collaboration. Alongside the promotion and development of trade relations, the CCI plays the leading role in supporting SMEs in Russia. President of the Chamber of Commerce and Industry of the Russian Federation Sergey Katyrin shares his opinion on the mechanics of these activities.



One of the missions of the CCI Russia is to promote exports of Russian goods and services, as well as generate the build-up of a positive image of domestic producers. Under the current circumstances (sanctions, including secondary sanctions, isolation imposed by the West), the fulfillment of your assignments has become somewhat complicated. How are you coping with the challenges?

Currently, exports of Russian small and medium-sized companies are predominantly focused on “friendly” nations. For our part, CCI Russia provides them support through our numerous Business Councils linking Russia with foreign countries, especially those that are united under the umbrella of BRICS and Shanghai Cooperation Organization (SCO).

In particular, on May 5, an interim meeting of the BRICS Business Council was held in the videoconference mode within the framework of South Africa’s leadership in accordance with the rotating chairmanship among the “group of five” (G5).

This year marks the 10th anniversary of the establishment of the BRICS Business Council. This cannot be called a lengthy historical epoch, yet, it has been a remarkable period of gaining maturity and gearing up to capitalize on the aggregated potential to ensure further development.

I could name a number of areas and activities that are prioritized: development of transport infrastructure, communications and state of the art logistics projects, including scaling up railway networks, as well as the creation of a stable system of financial settlements, payment services and a mechanism to determine and manage credit ratings.

The well-packed agenda of business events earmarked for the South Africa’s presidency in BRICS this year is just another clear sign for the entrepreneurs that this entity is relevant and means business. BRICS Business Forum and the BRICS Best Practices Competition for achieving Sustainable Development Goals (SDGs), regarded as traditional formats, have a special appeal.

It is gratifying to note that key events of the Business Council will be held off-line in August, in Johannesburg. In addition, the Russian delegation at the BRICS Business Council will host a thematic session at the St. Petersburg International Economic Forum to be held 14-17 June; the topics to discuss will focus on “BRICS Business Partnership in the context of the new global economic realities”.

I assume you would agree that over the years, scanning back all the activities of the Business Council, we have managed to assemble a truly robust team of industry experts and highly-skilled professionals. In general, we highly appreciate the state of readiness of the Business Council to hold major events this August.

It makes sense to pay due attention to the initiative of our South African colleagues to launch a roadshow in the regions that serve as key economic drivers of this African country.



Sergey Katyrin

President of the Chamber of Commerce and Industry of the Russian Federation

Such a business trip into the field will allow entrepreneurs to get acquainted on the spot with the possibilities offered by local markets, as well as to take a close look at the proposed investment projects.

As for cooperation with the SCO countries, we treat it just as another top priority. On 2 May, a meeting of the Board of the SCO Business Council was held in the videoconference mode.

We congratulated our colleague from India, Tribhuvan Darbari on his election to the post of Chairman of the National Part of the SCO Business Council in India and expressed confidence that his experience and knowledge will contribute to the development of the SCO economic cooperation.

Today, many representatives of the business community place their bets on SCO and expect the Organization to provide well-defined and transparent ground rules to safeguard sustainable growth and development.

Foreign trade statistics testify to the trend of intensified business collaboration within the SCO. Thus, by the end of 2022, Russia’s trade turnover with the SCO countries soared by almost 37% compared to the previous year and amounted to \$262.6 billion.

The chances of untapping the full potential of trade and economic cooperation within SCO will largely depend on solving the existing systemic issues. In particular, there is the issue of the simplification of mutual trade, the introduction of a unified system of mutual financial settlements, as well as the creation of infrastructure in various areas.

I would highlight several areas of business cooperation that are relevant at the SCO platform. Digitalization, artificial intelligence, a regional ecosystem of startups should be named in the first place.

The SCO agenda embraces several priority areas such as financial cooperation (e.g. development of payment infrastructure, settlements in national currencies, audit of financial activities), energy (including the use of renewable and alternative energy sources), ecology and environmental protection, interregional interaction, fora and exhibition activities.

How do small and medium-sized businesses manage to survive under the current circumstances? What kind of support does the CCI provide them?

The boom in the number of SMEs was largely due to government support measures, in particular, extension of the moratorium on business inspections, reduction of fines, simplification of licensing terms and procedures, launch and restart of preferential lending programs, activation of the mechanism of “umbrella” guarantees.

In addition, last year the mechanism of the so-called parallel import was legalized, thus simplifying import into the Russian Federation of the categories of goods, which were in short supply in the domestic market.

Moreover, this is the story about the “regulatory guillotine” – within its framework over 143,000 business requirements have been canceled, and about 120,000 have been relevantly updated. These innovations allow entrepreneurs to save a total of about 200 billion rubles annually.

In general, due to the prompt actions taken by the Government and legislative bodies, the state of affairs for the SME sector improved and turned out much better than expected. I would like to note that some state support measures were taken at the initiative of the CCI Russia and with our vigorous assistance.

In our opinion, business entities engaged in the real sector of the economy are entitled to additional support, primarily. In this regard, we consider it of paramount importance to reorient the national SME programme to render support to the existing manufacturing businesses, since in the current environment this sector has the capacity to fill in the void that emerged in many supply chains. Such support measures should include the provision of finances for the expansion or modernization of manufacturing companies with loans at a preferential interest rate of 1–3%.





Prospects for Strengthening Russia – Africa Supply Chains

In the run-up to the 2023 Second Summit Russia–Africa Economic and Humanitarian Forum to be held in Saint-Petersburg in late July, it would be particularly topical to take a look at the status of supply chains, securing the trade between the Russian Federation and countries of the African continent.



Even before the global economic situation deteriorated due to COVID-19 and increasing geopolitical tensions, Russia and Africa had built strong trade and logistics ties and shaped up a clear vision for further development stages: many-fold ramping-up of trade turnover volumes via set-up of free trade zones and industrial areas in northern, central and southern parts of Africa, at west and east coasts with consideration to logistics advantages of participating countries.

Presently, given the overall positive dynamics of Russia's trade with almost any of the 54 African countries, the key importers of Russian cargoes are Algeria and Egypt, and the key exporters to Russia are Egypt, Morocco and SAR. The largest trade turnover volumes involve the so-called Maghreb countries – North Africa, and Egypt takes up almost a third of the volume.

As for the trade pattern, it should be noted that given the average annual total turnover of goods of about \$18 bn, the share of Russian cargoes makes up 90%, and African exports to Russia account for only 10% of the amount. Naturally, this disparity affects the choice of cost-effective operation arrangements for utilizing transport capacity (for instance, a ship that delivers Russian cargoes from Novorossiysk to Durban, SAR, could only load up just 10% of its cargo volume for the return trip, reducing the overall round-trip profit margin).

This was the primary reason why both imports and exports logistics for the trade between Russia and the African continent have long been going through European intermediaries. For instance, the key buyer of Russian grain, designated for African countries, was... Switzerland, and Germany and the Netherlands were the primary suppliers of African coffee under contracts.

By all means, these overly complex commercial arrangements hindered strengthening economic relations between Russia and Africa. However, starting from 2022, the sanctions policy of the West accelerated breakdown of this unsustainable model. When export cargoes of Russian suppliers, designated for African countries, got "stuck" in European seaports, actively growing demand at the cargo transportation market drove major Russian cargo companies (other companies were afraid of sanctions) to focus on the African direction.

Given these positive conditions, Russian logistics operators are actively increasing their presence at the African continent and are currently developing new direct and transit logistics routes, connecting seaports of the Russian Federation with major African seaports.

It should be noted that specialization of routes from Russian seaports (Russian north-west and south) by cargo types is changing. When previously the seaports of the North-West were traditionally focused on oil products and mineral fuels, containerized cargo, and the southern seaports handled grains, then the current transportation market situation calls for greater flexibility of businesses and new delivery options. At the same time multi-modal routes of the southern direction, while still ensuring shorter delivery periods versus the North-West (for example, the Saint-Petersburg – Durban route is 14 200 km long, and the Novorossiysk – Durban route is 10 600 km), over the latest few years also demonstrated improving competitive freight prices, offering cargo owners up to 5% average discounts for weight unit (depending on specific cargo types). Today southern routes could save up to 23% of the final CIF rate per cargo weight unit.

Today Russia is confidently implementing plans for connecting intercontinental transport corridors with the most popular logistics routes. Progressive development of economic ties between Russia and African countries will be accelerated by launch of the Rasht – Astara new railway construction project, which will be used in this decade to deliver significant volumes of containerized cargoes to Africa through Iran and the Gulf countries.

Currently the Russia – Africa supply chains are still having issues with setting up international transportation and cargo insurance, and businesses are concerned about secondary sanctions. Furthermore, trade growth rates are ahead of plans for construction and development of African seaports, transport and logistics hubs, road infrastructure.

Nevertheless, it is obvious that further reinforcement of supply chains will be primarily driven by specifics of cargo transportation management for the most promising areas of cooperation between Russia and countries of the African continent – nuclear and hydropower industry, car making, machine building, rare-earth metals mining, agriculture. Positive results in this area may be vital for making the trade between Russia and African countries into the groundwork for a new global development center.

*Leonid Shurilinov,
expert Infranews Agency*



MOSCOW-BASED BUSINESS SHOWCASED MEDICAL PRODUCTS IN CAIRO

Cairo hosted the II Pan-African exhibition of medical and pharmaceutical industry Africa Health ExCon 2023. The event was organized by the Egyptian Office for Unified Procurement of Medical Equipment and Medical Technologies of Egypt (UPA) and under the patronage of His Excellency President Abdel Fattah El-Sisi.

Some 368 Egyptian and foreign companies from 75 countries including the world's largest manufacturers of medicines and medical devices attended Africa Health ExCon 2023. The Russian Federation set up an exposition highlighting the achievements of the industry under the auspices of the Moscow Government.

The exposition, which was organized by the Department of Foreign Economic and International Relations of the City of Moscow, featured 16 co-exhibiting companies, including city technoparks, manufacturers of high-tech and rehabilitation equipment, and suppliers of innovative solutions in the field of digitalization of the healthcare sector.

Within the framework of Africa Health ExCon 2023, with the support of the Russian Trade Mission in Egypt, the Moscow delegation conducted negotiations with the management of the Unified Procurement of Medical Equipment (UPA) and the Health Department (EHA). In the course of the talks, the parties discussed the current state of affairs and future promising areas of bilateral cooperation in various fields, including localization of production, creation of joint ventures and cooperation in R&D.

In addition, the Minister of Health and Population of Egypt (ARE) Khaled Abdel Ghaffar held a meeting with the delegation

of the Moscow Government and representatives of companies participating in the Moscow exposition of KP Technopark Mosmedpark, LLC Motorika, LLC Targetta under the leadership of the Deputy head of the Department of Foreign Economic and International Relations of the city of Moscow E.B. Dridze.

During the negotiations facilitated by the Russian Trade Mission in Egypt Moscow businesses enterprises displayed products and presented solutions in the pharmaceutical and medical industries. Moscow Government shared its experience of the healthcare system digitalization process and emergency response activities triggered off by COVID-19 pandemic.

Following the meeting, the Egyptian side expressed its high appreciation of the know-how potential and the competitive edge of the Russian products and innovative solutions. Both sides agreed to further strengthen bilateral cooperation.



APPLE VS BANKS

Digitalization and fintech, by developing banking apps and various payment options, make money flows easier, accelerate their movement and expedite overall banking sector operations. But, as usual, each phenomenon has two sides. New opportunities not only make life easier, but also create problems for incumbent financial services. The banking system today is losing its stability due to several simultaneous breakthroughs (which undermine banks). The explosive development of cryptocurrencies and CBDC developments are breaking the architecture of the system into pieces and are robbing banks of their extra fees from services and acquiring, and the increased volume of financial services, offered by tech corporations, is creating yet another parallel world of financial flows, which could be totally free from involvement of banks. But for now, this is just probable future.

So, for example, year after year Apple corporation has been ramping up its range of financial services, offered to users of its gadgets. It all started in 2014 with the launch of Apple Pay mobile payments system, followed by the implementation of Apple Cash payment app, the release of Apple Card credit cards, and finally, with the activation of a payment receipt function via iPhone (tap to pay). Tap to Pay enables sellers to accept payments via a single tap on their iPhone. The combination of these innovations enables participants of the process, when both buyer and seller use Apple devices, to bypass banks or payment systems such as Visa and Mastercard, which process payments.

However, it is too early to say that banks are totally excluded from this process. The process of Apple Card credit card launch in the USA was implemented together with Goldman Sachs bank, which provided credit underwriting services. Along with this, Apple payment business revenues are for now generated from a fee (0,15%), paid by credit card issuers, i.e. banks, when their cards are used by holders for Apple Pay transactions.

Next steps of the corporation in the financial sector also require cooperation with banks. In April 2023 Apple launched a high-yield deposit account at 4,15% interest rate for those Americans who hold an Apple Card. But since Apple lacks a banking license, the deposits will be held at its banking partner, Goldman Sachs. It is curious that the savings account, offered by Goldman Sachs bank proper, now yields only 3,9%. By the way, the yield, offered by Apple, is more than ten times higher than the average rate across the country: according to the Federal Deposit Insurance Corporation (FDIC), the average value is 0,37%. One thing is for certain, that high-yield accounts of the corporation are focused on attracting new users into its ecosystem.

Moreover, the corporation has major competitive advantages over banks. First, set against its financial power, even major banks look like dwarves. As stated by the Financial Times, just one division, making its money from subscriptions and App Store purchases, in 2022 made \$55 bn in profits, which is a fifth



Yekaterina Borisova

PhD in History,
SRF of Institute
of Oriental Studies
of the Russian
Academy of Sciences

of Apple revenues, but this figure is greater than combined profits of JPMorgan and Citi. Second, brand strength creates a feeling of security during the times when the banking system is trying to curb the crisis. According to the FRS, starting from March 2022, when the regulator started raising rates, commercial bank customers withdrew about \$900 bn from their deposits. Third, the large base of the tech giant's product users could potentially convert to its customer base as related to the part of the corporate business that is responsible for fintech, alternative to the banking sector. Getting customers involved with new products won't require any major costs for the corporation.

Currently the corporation continues development of its tools to set up an independent financial ecosystem. Apple has plans to enter the market of Great Britain with its Apple Card offer. To avoid using customer loan underwriting services of local banks, in March 2022 the company bought Credit Kudos, a British fintech startup. The startup is developing software, which uses banking customer data to run their credit standing checks. Credit Kudos is competing with major credit reporting agencies, including Equifax, Experian and TransUnion. The startup operates under the Open Banking concept, providing for use of open APIs in the financial sphere. Under this concept, financial company officers, when profiling potential customers, could get their account and loan repayment data (with customer consent) in a simpler and faster way. Open Banking is also required to put together individual customer offers based on their track record, to expand financial transparency opportunities for customers.

The startup's products also enable Apple corporation to execute its plans for implementation of yet another innovation in the financial services spectrum, which is being implemented as a pilot – "Buy Now, Pay Later" (BNPL). The corporation has named its version "Pay Later". Currently Pay Later is only available in the USA and only to specific, randomly selected users. The service lets customers break down their online purchases into four payments over six weeks, free of any interest. The service operates with Apple's own funds, when banks use borrowed funds, for example, customer deposits, to secure their operations. Apple can afford to operate with its own money entirely, at least, with the current volume of business.

At present, the corporation, while creating an alternative to banks, still requires banking support for several areas of the range of its financial services. At a later stage Apple will either receive a banking license, or its operations will come under close scrutiny of financial regulators, which may lead to a conflict with the state, i.e. developed services may be overlooked by the government controlling agencies and may be fraught with unaccounted flows of funds.

SOCIETY 5.0 AND PERSONAL DATA PROTECTION

Today digital technologies (Internet of Things – IoT, Internet of Bodies - IoB) and artificial intelligence - AI) are used as a universal tool for socio-economic transformation. At the same time many countries have been following this path of digital transformation, for instance, Germany has its "Industry 4.0", and the USA has the "Industrial Internet Consortium", and in Russia this area of development is called "digital economy". Essentially, these are different names for one and the same process, namely the transformation of economy under the influence of modern digital technologies, be it Big Data, Internet of Things, Internet of Bodies or artificial intelligence. And speaking of the community changes under the impact of these developments, then this would be the development phase that comes next after the information society, the so-called "Society 5.0". This means shaping up a super intellectual society, based on efficient optimization of not just one person, but of the whole community, through integrations of physical (real) level and cyberspace (virtual level).

Initially the strategy for development of a super intellectual society (i.e. "Society 5.0") was prepared by the government of Japan with active involvement of major Japanese business (Japanese "Keidanren" association). One of the fundamental and seriously important and key aspects of the strategy is creation of equal opportunities for everyone and securing an environment for unlocking the potential of every person. "Society 5.0" uses new technologies to remove physical, admin-

Ivan Surma

PhD in Economics,
Chairman of Department of Public Management
in Foreign Policy Activities of the Diplomatic Academy
of the Russian Ministry of Foreign Affairs,
Associate Member of the RANS

istrative and social barriers to self-realization of men and development of innovations, which should lead to sustainable social and economic growth.

This society would be based on cutting-edge cyber-physical technologies. During the production process, all information, collected in the physical space, will be accumulated in cyberspace, and with the help of artificial intelligence (AI) technology there will be an opportunity to analyze the data, find optimal solutions for production, organizational and financial processes, which could then be used for managing specific objects and processes in the real physical space. Consequently, the new technological revolution, based on the strategy of "Society 5.0", will result in achievement of the next civilizational development landmark, signifying comprehensive penetration of artificial intelligence (AI) into everyday human lives. And this process is already happening now. Most of the devices of the Internet of Things, such as smart watches, virtual

assistants, smart mobile phones, smart refrigerators, fitness trackers, smart fire alarms, smart door locks, smart bicycles, medical sensors, smart meters, smart security systems and independently controlled cars have a direct Internet connection or a local network connection. As Internet devices increasingly become ordinary everyday items, specialists forecast that the desire to acquire devices of the Internet of Bodies will grow the same way, just as their public acceptance. The Internet of Bodies (IoB), essentially, is a complex operating system of a set of devices, including special applications, for example, collecting personal medical data of a person, connected to the Internet, and which can change body functions. Your personal doctor can automatically track your medical parameters, heart biorhythms via a pulse and pressure tracker attached to your body, and remotely determine whether you are all right. Precision medicine capabilities are expanding, because this information will be used to develop a special drug or a set of drugs tailored for a specific patient, for you personally, this will ensure personalized treatment. Internet of Bodies technologies will be capable of revolutionizing healthcare. But the very same technologies cause very significant concerns, because on the one hand this market is still enjoying very little regulation, and on the other hand there are risks, related to the unique and sensitive information, gathered by these devices.

According to forecasts by RAND Corporation, a leading American center for cutting-edge technologies, by 2025 the world will have over 41 billion active devices of the so-called Internet of Bodies (IoB), which will every day generate 2,5 quintillion bytes of data on the environment, geolocations, transport, nutrition, exercise, biometrics, social interactions of people and everyday routine of persons. This brings about cyber risks, related to potential hacking of the system and confidential data leak risks.

It should be noted that the global number of compromised personal data records and payment data in 2022 exceeded 20 billion, when in 2019, the “record” year of the previous five years, 15,23 billion records were leaked.

The picture of leaks in 2022 reflects a strong dependence of information security status on global policies. Geopolitical changes in the world led to increasing numbers of cyber incidents in almost all countries, provoking a drastic increase in the number of registered leaks of personal data. Along with this, high growth of data leaks was registered not only in several EU countries (France, Spain, Germany), but also in the South-East Asia (Indonesia), Central America (Mexico), Middle East (UAE), China and a few other regions.



The share of personal data amounted to 82,3% of the leaks, and the share of commercial secrets amounted to 14,6%. Hackers put up for sale data of 105 million residents of Indonesia (about 40% of all residents). Dark Web (sometimes referred to as “Darknet”) buyers may obtain such information as names, birth dates, data from national identity certificates etc. The seller listed the price of \$5000 for the whole dataset. The Canadian office of IKEA acknowledged that actions of its employee compromised personal data of 95 thousand persons. As specified by spokespeople of the retailer, the party at fault was their database specialist.

There's yet another case, when a cyber-attack on Optus, an Australian telecom company, resulted in a leak of data of about 10 million customers. The hacker demanded a ransom of \$1 million. After the incident, the government of Australia imposed stricter rules to increase liability of companies for data leaks.

FlexBooker, a developer of cloud scheduling services for small businesses, over a month made two capital errors while setting up its storage. These incidents compromised data of more than 22 million people.

Just recently cybersecurity experts have discovered the largest confidential information leak in the history of China. Hackers got hold of personal data of a billion residents. Presumably, this massive amount of information was obtained from a hack of the Shanghai Police IT systems.

There are several other cases, when a former employee of Cash App payment service, used his login credentials that had not been removed upon his firing, and downloaded credit reports with personal data of 8 million customers. In the Philippines, an employee of Smartmatik, which develops electronic voting systems, transferred to unknown persons the login details for his device, which led to hacking of the corporate network and stolen internal documents.

If we take a look at the distribution of leaks in countries by industry, we would get the following picture:

In Indonesia most leaks (over 20%) occurred at educational institutions, there is also a high share of leaks from the public sector (over 17%) of the country. In Mexico the



most leaks were suffered by the financial sphere (19% of all leaks), retail and HoReCa (15%), public sector (15%). In the UAE the most leaks were registered in retail and HoReCa (over 20%) and in the manufacturing industry (16%). In China leaks from high-tech companies amounted to almost 20%, to over 11% in the manufacturing industry, 11% in the public sector, more than 10% in retail and HoReCa. In France the "leaders" were retail and HoReCa (more than 22% of all leaks), high-tech (about 17%), manufacturing industry (over 12%). In Brazil: high-tech – over 21%, manufacturing industry – 14%, retail and HoReCa – 11%, finances – about 10%. In Germany: manufacturing industry – 34%, high-tech – about 18%, retail and HoReCa – over 14%. Thus, at present the most frequently affected industries are retail and hospitality (HoReCa).

In Russia in 2022 over 667 million records of personal data and payment information were leaked, which is 2,67 times more than in 2021. This means that the amount of leaked records exceeded the population of Russia by 4,5 times.

Recently hackers offered for sale in the Darknet data of users of Whoosh, a Russian electric scooter renting service. According to information by Dataleaks, a lot for \$4200 contains

a file with promo codes of the services and two files with customer data. It contains names, 7,2 million unique numbers, 6,9 million unique e-mail addresses, partial bank card numbers (six first and four last digits), names/last names in Latin characters, card types, record creation and last authentication dates and GPS navigation tags.

A new customer data leak has been registered with SDEK, a Russian express delivery operator. Compromised data features full names, e-mail addresses, phones, mailing addresses, legal entity details. According to Infosecurity estimates, all in all together with the previous leak, SDEK lost data of tens of million customers.

In yet another case, a broker assistant stole a database of "Skolkovo Real Estate" company with data on properties, developers and owners, accumulated over several years. The thief sold the database to a competitor for RUB 100 thousand. Now a criminal investigation of the case is underway.

It should be noted that most of the modern day cyber-attacks are hybrid attacks. This means that employees are links in chains of such attacks on enterprises, willing or unwilling (colluding with hackers or becoming victims of phishing and other new criminal schemes), providing external violators with access to confidential information of their employers. This is why in our times the institution of personal data protection as a political and a legal phenomenon assumes ever greater importance for a broad spectrum of various public life areas, which is largely linked to the dependence of private enterprises on digital data, enabling them to develop their products and attract new customers. Moreover, development of multiple advanced technologies would be impossible without the use of large arrays of personal data.

Consequently, now science is witnessing the process of establishment of a new type of applied ethics, namely data ethics (or data-ethics), a key goal of which is to define borders for data use, beyond which the process would most likely bear negative implications for humans, rather than positive ones. One way or another, a solution to this issue is, for various reasons, of great interest both to state and non-state actors, representatives of civil society and business.

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**Konstantin
Sukhoverkhov**

program coordinator,
Russian International Affairs
Council (RIAC)

METAMOSCOW

Today digitalization of Moscow city services is at a very high level. Not every European capital could boast the same level of comfort in communicating with its own residents. It is worth noting that “smart city” mechanisms in the capital city had been launched even before adoption of the “Digital Economy” national project, which guides implementation of urban digitalization processes.

The top priority of megalopolis digitalization is improving management efficiency and transparency for urban environment, and this task must be achieved via digital technology implementation means. “Smart City” elements of today are automated intellectual systems for control and management of urban life in such areas as utilities, public transport, traffic, education, healthcare, public security, power and water supply, environmental protection and tourism.

Moscow has come a long way and achieved significant successes in these areas. Moscow is developing internet access in public spaces for residents and guests of the city, from transport to parks and popular streets. The city is upgrading mobile networks and Wi-Fi hot-spots.

The city has achieved spectacular successes in the sector of public transportation, based on a sophisticated road network of CCTV cameras. Big Data technologies are utilized to identify roads with higher road traffic incident risks, helping prevent such incidents going forward. Public transport ticket chips help traffic managers understand actual passenger traffic flows and consider this data during development and adjustment of public transport routes.

Future life of “smart cities” envisions streets, free from disorderly conduct and crime. An advanced video surveillance system in the city enables not only road and passenger traffic control, but also assists in fighting violations and crime. For instance, in 2022 CCTV cameras were instrumental in solving 9,1 thousand crimes.

Virtual public services are an element of a smart city. Moscow was the first Russian region to launch online services. Today the web portal of the Mayor of Moscow provides natural persons and legal entities with access to two hundred services. These capabilities are augmented with the Unified

Medical Information Analysis System (UMIAS), Moscow Digital School (MDS) and Active Citizen, Our City and Electronic Home systems.

It seems that Moscow has already achieved outstanding success in building a “smart city”. Despite a high level of Moscow’s digitalization not only in the country but globally, the city has to keep on improving. What could a new phase of the city’s development be like?

An answer to this question could be the use of metaverses to increase involvement of Moscow’s residents in the socio-economic life of the city. This, among other, is facilitated by “Moscow 2030 Development Plan”. Inclusion of metaverse



development projects will expand the range and improve efficiency of city services. This could also support business development (especially high-tech business). For instance, access to museums and theaters could be much higher, especially for people with disabilities. Metaverses are beneficial not only for natural persons, but for legal entities as well. These could shape up new sales channels and opportunities for interaction of business with audiences. Many companies will be able to develop their own virtual spaces, based on metaverses. But even today it would be hard to overestimate the role of metaverses for art, fashion, design and education. These have already become a real-life platform for creative activities. Immersive digital exhibitions, creation of conceptual space for projects, educational game quests and whole cities for innovators and visualizers are becoming a key marketing tool in various industries.

Proceeding from all of the above, one could note that Moscow today is already very close to building a “smart city”, but along with that it has all the capabilities for further expansion and improvement of its “smart city” in metaverses.

UNION OF MEDICINE AND ARTIFICIAL INTELLIGENCE

Let me start straight away with a loaded question, which worries a lot of people. Being a telemedicine center, you operate remotely. How do you establish an accurate diagnosis, when you do not see/examine a patient?

In 2020 our organization established the Moscow Reference Center. This is Russia's first tele-radiology center, established in the state healthcare system. The Center employs radiologists, remotely reviewing imaging scans, made by diagnostics equipment at adult polyclinics and hospitals of Moscow. Imaging studies are performed in the Unified Radiology Information Service (URIS) of the Unified Medical Information Analysis System (UMIAS) – the digital environment of Moscow's diagnostic radiology service. Radiologists do not contact patients and only require medical images for their studies. Along with this, radiologists could review patient history from an electronic medical record, registered in UMIAS.

Every week our doctors review about 100 thousand of CT, MRI, mammograms and X-ray images, including densitometry images.

The Reference Center actively uses digital assistants: Voice2Med voice typing technology and artificial intelligence services.

Could you please speak of successful cases of implementation of artificial intelligence in applied medicine?

Algorithms have been used for four years under the Pilot implementation of computer vision technologies, a project of the Social Development Complex of the Moscow City Hall, based on the MHD Center for diagnostics and telemedicine with support from the Information Technologies Department. The Center has become a platform for development of artificial intelligence technologies in Russia. Artificial intelligence services have been integrated into URIS UMIAS. About 150 healthcare organizations of Moscow, including child healthcare, have been given opportunities to utilize innovative technologies.

Today artificial intelligence helps identify disease markers in 21 areas, and the number of radiology images, processed by AI, has gone over 9 million. The Pilot involves 1500 radiologists, the research pipeline features over 50 AI services by 22 IT companies – developers of artificial intelligence. More than 20 algorithms, featured in the project, got state registration as medical product, which means they can also operate outside of the Pilot.

How is the process managed?

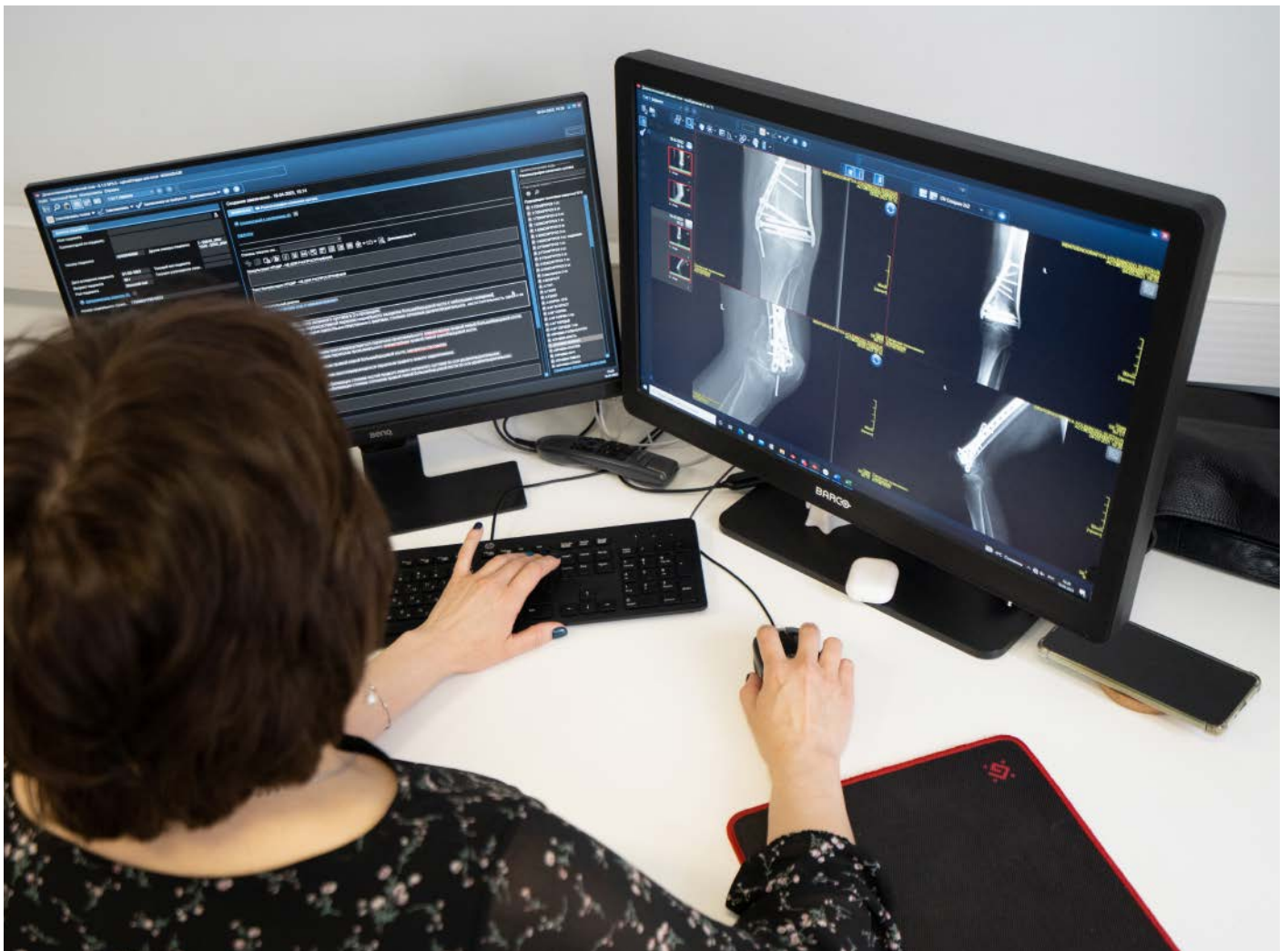
Artificial intelligence services identify pathological characteristics at medical images of patients. The operating principle is the following: a patient visits a clinic for a CT scan of lungs. An X-ray technician performs the procedure. The medical image is immediately fed into URIS, from where it is au-

Today medicine is becoming a most successful sphere of artificial intelligence application. Moscow uses AI not only for analysis of digitalized information, but also for diagnosing based on radiology. This area and other technology areas are developed by the Center for diagnostics and telemedicine of the Moscow Health Department. Capital Ideas magazine addressed Yuri Vasiliev, chief external radiology and instrumental diagnostics expert of the City of Moscow, director of the MHD Center for diagnostics and telemedicine, for detailed information.



tomatically routed for neural network analysis. A radiologist, interpreting the image, could use findings and calculations by artificial intelligence. A ready report is saved in URIS and is immediately available to an attending doctor and to a patient in his electronic medical record.

Experts of the center make a major contribution into development of the artificial intelligence services market in radiology. It is safe to say that three years ago there was no official



market of these services. Now the full cycle is available: from AI service development to its registration as a medical product.

What is the level of involvement of Russian regions in the process?

In 2022 the Pilot was joined by Yamalo-Nenets Autonomous Okrug, the Center's proprietary HUB Telemed platform provides for interaction of 14 hospitals of the region with the best artificial intelligence services. Over 27 thousand images have been reviewed. We are ready for cooperation with other Russian regions and foreign hospitals as well.

What are other activities of your Center?

Scientific development is an important area of our activities.

For instance, our experts provide scientific assessment of computer vision technology capabilities to improve performance efficiency of radiology diagnostics services, develop proposals to standardize testing, approval and introduction into clinical practice of artificial intelligence technologies, prepare first All-Union State Standards (GOST).

Articles by our researchers are published in the best Russian and global magazines. Researchers of the Center take part in international research efforts. Scientific research results and discoveries by experts of the Center are primarily related to updating, validation, improving performance ef-

iciency of artificial intelligence services, scientific evidence for implementation of algorithms into radiology diagnostics. Moreover, we publish Digital Diagnostics, our own peer-reviewed academic international magazine in three languages – Russian, Chinese and English, the journal is registered in Scopus and in the list of the Higher Attestation Committee.

Recently we have announced admission to a radiology diagnostics postgraduate training program, and generally, we have been educational activities since 2016. We are training radiologists, ultrasound and functional diagnostics doctors, department heads and X-ray technicians both in Russia and abroad.



METAMORPHOSES OF INTERNATIONAL TRADE OF RUSSIA, INDIA AND GLOBAL CURRENCY

In terms of money, Russia still exports more products and services than it imports. The exports range has 500 items, and the number for imports is 20 000 items. The difference of 19500 items is characteristic both of the level of dependence on imports and of the insufficient range of domestic manufacturing diversification, and of consumer preferences, and of the power of former expectations of profitability of the “global market”, inspired by the popular quote “foreign countries will help us out”. Clearly, not all of these 19,5 thousand items require complete import phaseout with all anti-sanction fervor. But the greatest and the most unpleasant vulnerability is found in such product groups as medical and dental appliances and implements, pharmaceutical products, computer, electronic and optical equipment, agricultural and forestry equipment. For these product groups, the specific weight of imports remains in the range of 45-75%. As compared to 2017, this specific weight has gone down by 10% on the average.

Of the 500 export items of Russia, the largest revenues are mostly generated by energy commodities, fertilizers, food products.

The geographic structure of the foreign trade surplus is also indicative. By 2022 results, Russia has the largest trade surplus with the EU, Turkey, China, India, the USA. In this top five the surplus has amounted correspondingly and roughly to \$138 bn, \$50 bn, \$38 bn, \$32 bn and \$13 bn. The next five countries that import from Russia more than they export to Russia are Japan, Kazakhstan, UAE, Brazil, the UK: \$10 bn, \$9



Alexander Ageev

Doctor of Science, Economics,
Professor, Director General of the
International Research Institute
for Advanced Systems.

bn, \$8 bn, \$7 bn, \$6 bn correspondingly. This picture is at least interesting. Russia is trading and has a surplus both with the initiators of the unprecedented in recent history sanctions against it, and with partners – members of the “non-aligned club”, who did not join the sanctions.

“Sanctioners” continue to be dependent on Russia for goods that are sensitive to them. These are oil and gas, nuclear fuel, titanium, palladium, isotopes, space launches for some, and fertilizers or grains for others. But these dependencies will be reduced step by step. The USA, the UK and the EU have announced that they will keep the course for an almost complete breach of trade with the RF, and all else being equal, this course will be maintained in every way and whatever the costs, though looking over their shoulder at their pragmatic interests. Even though issues with approval of the 11th package of the EU sanctions show that both the

potential for sanctions is being exhausted, and the EU unity is petering out, and also that individual countries have such dependencies on Russia that would not only be painful to sever or too costly to replace, but would concern “existential interests”. The sanctions zeal of the EU member countries has already caused them the damages of EUR 1 tn. This hurts. Their resolve to endure pain has to be supported by compelling reasons. And of course, these reasons are in place.

The “non-aligned” countries, just like the USA, have benefited from Russia being ousted from the European market. The most remarkable shifts have happened in the trade between Russia and India, showing unexpected imbalances. Russian crude oil deliveries to India have grown by more than 20 times over a year, reaching up to a 40% share in the country’s imports. India has even moved ahead of Saudi Arabia in oil product supply to Europe, taking the top spot in this category on the European market. Overall, benefits of the “non-aligned” countries come both from the significant increase in Russian energy commodity deliveries, coming, as a rule, with discounted prices, and with re-exports of European and American products to the RF. Just for the record, western suppliers are among beneficiaries as well. At the same time, judging by expert assessments, prices for supplied sanctioned products have shown little growth, reflecting longer logistics chains and country of origin veiling.

However, the drastic redirection of Russian energy commodity supplies has caused a similar surge of partner trade surplus. In 2022 the surplus with India amounted to \$50 bn.

The key trade partners of India are the USA and China. The trade turnover of India with the USA is over \$150 bn, with China – \$137 bn, which is 2,5-3 times greater than with Russia. India’s exports to these two countries in 2022 were 26 times higher than the country’s exports to the RF. These are medicines, means of transportation, machines and equipment etc. Overall, the export portfolio of India comprises 7500 items, exceeding the Russian range by 15 times. Beyond all doubt, a part of the portfolio could cover import requirements of Russia and balance out the trade, but it is not happening for now.

There are several reasons for this. First and foremost, export and import operators aren’t identical. Successful oil delivery capabilities do not mean either interest or competencies in purchasing tea, spices or medicines. Response times of various operators to drastic changes vary a lot. In 2022 Russia was frenzied with a flood of Indian businessmen. But the Russian market and importers have their long-standing preferences. Their adaptation to the situation in part led to making parallel import routes, including routes through Turkey and the EAEU countries, but not to developing the potential of India. Not all businessmen on both sides have proper reputation and prominence, resulting in lower trust. Not all possible deals could rely on a prepared logistics network. It is no coincidence that the subject of a transport corridor became a top priority in 2023 at the top level of EAEU and in the Caspian community.

The second reason is an obvious one – secondary sanction concerns. India has been subjected to sanctions previously, the country’s leadership is well aware of this, but asking for a cascade of product embargoes or blocked operations of

various banks would be a very straightforward policy. That’s why trade relations with Russia are dependent on compliance with the requirements of the Reserve Bank of India for quotas on the use of rupees in trades. And settlements in dollars, registered across correspondent accounts in American banks, create very obvious evidence for likely claims against Indians from sanctioners. Besides the dollar settlement risks, there is the issue of accumulation of national currencies with low levels of free conversion, plus the issue of replacement of limited supplies from the EU, Japan, the UK and the USA by third country products, which cannot always provide required quality and prices.

The third reason is related to the accumulation of a significant amount of rupees under the abovementioned use restrictions. But Indian banks have their correspondent accounts open in more than 10 Russian banks, the Moscow Exchange trades rupee-ruble futures, the practices of Indian state bond purchases for rupees are expanding, there are top level arrangements for consideration of options for interaction of the Russian and Indian financial message transfer systems, for a ruble currency swap between the central banks of the countries, for Russian bank card acceptance, increase in the number of Russian bank branches or correspondent accounts etc.

The trade and settlement situation with India will by all means be resolved through efforts of the parties. But the situation, just as the whole structure of the trade and payment balances of Russia sends a signal of greater structural problems of the global economy.

There are two drivers of the situation that may appear strange.

First, this is the policy of the USA, undermining confidence in its own currency, which is at the same time a global currency. The dollar’s share in reserves, settlements and payments is plunging. But together with euro, yen, pound sterling, Swiss franc and Australian dollar, the West still dominates the global currency market. Nevertheless, confidence in the dollar is eroding, it keeps losing its value. The currency issue waves after 2008 have left their marks. But even before the accession of



D. Trump to the White House, the business and political circles had found, that the globalization in the form of increased share of foreign trade in the global GDP was no longer beneficial to the USA. And “Make America Great Again” slogan carried a very pragmatic message – pulling added value chains into the USA with simultaneous undermining and chaotization of anything outside of the perimeter of their current interests.

The second driver is the abovementioned issue of “pain” that Europe is getting itself into. Apart from the already inflicted damage, Europe has lost significant benefits from Russian energy commodity supplies for a long time, if not forever, and now even its trade with China is at threat. It may seem like the USA has the top priority in pressuring China, and the EU is first in pressuring Russia, but this would be a wrong impression. This is a concerted policy of the USA and the EU, and the primary levers of influence are owned by the USA together with the Great Britain. The latter two have recently executed a strategically significant agreement on expanding ally relations. The ongoing outflow of capitals from Europe to the USA and Asia is an important sign of process vectors.

These “irregularities”, therefore, are evidence of forced re-formatting of the global economy, based on dumping of excessive debt, assets, spurring the military technology race, drawing of the combined international relations into the vor-

tex of uncertainty, chaos, breakdown, short-term twitchy adaptations. The conflicts in Ukraine and the stirring of the Taiwan issue, sanctions, the information and mental confrontation are a part of this strategy. The closest comparison to the current situation would be the 1930s of the XX century, when there was the gradually heating world war, trade conflicts, barter-based exchange, currency turbulence. Step by step, all of these rendered normal trade relations impossible. The key role in provoking the war was played by fuels and food, based on global domination doctrines, which justified use of force to resolve accumulated imbalances, left over from the WW1.

Most of the non-Western states see a resolution to ever-tightening knots of contradiction in creation of settlement systems in currencies, alternative to the dollar. For instance, there is a fast-developing yuan zone: 25 countries have already signed clearing agreements with the PRC, yuan lending is on the rise, the share of yan in global reserves is growing. India, Turkey, Iran, Brazil, Argentina are testing settlements in their national currencies. Issues with payments and settlements could partially be resolved through cryptocurrencies, use of gold and also barter trades. 90% of the mutual trade in the EAEU now is conducted in national currencies, primarily in Russian rubles, but not only in rubles.

A journey of thousand miles begins with a single step.

A BILL THAT WILL. EASY BANKING LAUNCH

The State Duma (lower house of the Russian Parliament) adopted a bill that simplifies the procedure for foreign individuals and legal entities to open accounts and deposits in Russian banks.

The bill submitted by the head of the Duma Committee on the financial market Anatoly Aksakov and the Vice-speaker of the Federation Council (upper house of the Russian Parliament) Nikolai Zhuravlev, is aimed to allow Russian banks to transfer the authority to identify clients/customers to foreign banks and other foreign financial market organizations. However, the Bank of Russia will acquire the right to prohibit the transfer of such powers.

At the same time, presence in person of the client opening an account (deposit) would not be mandatory as long as he or she was identified by a foreign financial institution on behalf of a Russian bank. The new regulation will enable a foreign na-

tional to become a client of a Russian bank in remote mode, the explanatory note to the bill points out.

The sanctions policy of Western countries has led to the termination of the operations of the Visa and Mastercard international payment systems throughout the territory of the Russian Federation. Consequently, foreign citizens planning to travel to Russia for tourist, business or medical purposes have been cut off from the Russian banking infrastructure and presently are unable to pay for goods and services with their bankcards.

Under the current economic and political circumstances, it is often a complicated task to ensure personal presence of the parties to international payment settlements. The suggested amendments to the legal regulations would make it easier for foreign individuals and legal entities to access Russian banking products.



SBERBANK MOTIVATES CORPORATE CLIENTS TO BUY INDIAN RUPEES

Sberbank (Savings Bank) has improved the terms of banking services for conducting foreign economic and trade interaction with India. The bank is setting the conversion rate of rubles into Indian rupees for customers at the level of the official exchange rate of the Central Bank of the Russian Federation, the statement says with reference to Anatoly Popov, Deputy Chairman of the Board of the Savings Bank.

Previously, the conversion rate of Russian rubles into Indian rupees was 0.5% higher than the official exchange rate. Now, it will be at par with the exchange rate set by the Central Bank of the Russian Federation. As a result, it will be even more profitable for Sberbank's corporate clients involved in import-export deals to use payment transactions in national currencies through the bank's Indian branch in New Delhi, which has been in operation since 2010.

When making payments in national currencies through the Indian branch, Western banks are not involved and SWIFT mechanism is not applied, and this amounts to guarantees of stable settlements and security.

"The trade turnover between Russia and India is soaring. I think a reduction in the ruble-to-rupee conversion rate in Sberbank (Savings Bank) will contribute to an even greater dynamics of Russia-India relations. At the same time, we provide not only banking services in India, but we also offer comprehensive support to our clients who want to enter the Indian market," Popov emphasized.



SDAC: New Name on the Russian Market

European, American, Korean and Japanese companies have exited the Russian auto market. But the vacated market is gradually filling up with brands that are new to the Russian customer, and SDAC is one of these brands. Sergei Bogomil, Sales and Development Director of Shacman Rus, speaks of plans of the company.

Which niche does SDAC plan to capture on the Russian market?

The niche of medium-duty trucks in Russia has never been a large one, aside from domestic makers. 4-5 brands only were featured on the Russian market. Most of these brands have left the Russian market, and of course, we will be replacing them without particular reference to any specific brand. We are planning to take at least 25% of the Russian market in the segment.

Which model range are you planning to enter the Russian market with?

At ComVex-2023 Expo we presented two of our models. We will be entering the Russian market with these models. The first model's gross weight is up to 6 tons, and the gross weight for the second model is up to 7,5 tons. Next year we are planning further development. Our plans provide for deliveries of trucks with gross weight of 12 and 18 tons. These are the trucks we have already been working with. I won't disclose our long-term plans now, but we have those in place, we have many plans and they are being carefully considered right now.

Will there be a broad dealership network?

We intend to cover all of the Russian Federation's territory. It would include all major cities, regional centers. It is obvious, that large regional centers may host several dealerships,





for instance, Moscow, Saint-Petersburg, Kazan etc. We are planning that in the next year the number of dealers will be around 50. That's for Russia only. We will also establish dealerships in Kazakhstan, in the Republic of Belarus, Armenia, I mean, in all of the Customs Union countries. Our contract with Weichai corporation implies distribution for all these territories.

Are there any plans to open an assembly business in Russia?

It is too early to say now. We achieve our results on a step-by-step basis. But looking behind the scenes, yes, we do have such plans. We are considering an assembly plant with further product localization.



SDAC, a commercial equipment manufacturer, is a part of Weichai Holding Group Company Limited (founded in 1946), a state-owned enterprise, designing and manufacturing components for production and spare parts for automobiles, construction and agricultural equipment, marine vessels, and also buses, trucks and passenger cars, loaders, warehousing systems, luxury yachts, power industry equipment, hydraulic pumps and fuel cells. The brand is primarily known across the world as an engine and powertrain manufacturer. Weichai Holding Group has its headquarters in the city of Weifang in Shandong Province, the group has its subsidiaries and manufacturing assets in China, France, Italy, Germany, UK, USA, Canada, India, Thailand, Belarus and Russia. SDAC was founded in 1968 and now has 23 000 employees.

OOO Shacman Rus is the exclusive and authorized representative of SDAC brand in the territory of the Russian Federation, Kazakhstan and Belarus, and distributes trucks (chassis) and spare parts in the assigned territory. OOO Shacman Rus is a subsidiary of KAN Auto (founded in 2005) group of companies, which includes a leasing company, development, car component manufacturing, car assistance (roadside assistance).

Are there any plans for cooperation with Russian component manufacturers?

A truck consists of two parts: a chassis and a superstructure. We, as a SDAC brand distributor, supply chassis to Russia, but all or the most of superstructures will be Russian-made. And this will be the product for our dealers to work with, because dealers are in direct contact with end customers and are completely aware of needs and preferences of customers. Dealers, in their turn, will cooperate with almost all of truck body makers in our country, approved by SDAC Distributor. We are focused on ensuring not only chassis quality, but overall truck quality as well.

Over the long period of operations of major European companies on the Russian market, Russian customers have gotten used to a specific level of service - maintenance, financial services etc. Could you please disclose SDAC brand plans for this issue? What will the brand's policy be, and what should our customers expect?

This is our top priority. As to quality: this would be both product quality and service quality. When we speak of service quality, we imply overall truck service quality and customer service quality. Our goal is not only to provide required trucks to our customers, but also to ensure uninterrupted operation of these trucks – providing vehicles with required services, spares and consumables. Customers value this very key point, regardless of manufacturer, whether European or any other. We have done massive preparatory work prior to the start of sales.

Nikolay Tsiskaridze:
***“I am a russian
artist and
Moscow city
devotee”***



The unblemished master of the world ballet, Principal of Vaganova ballet Academy Nikolai Tsiskaridze was born in Tbilisi (Georgia), currently, performs his job in St. Petersburg while residing in Moscow. What place does he call his home? The lord of the dance provided answer to this question as well as to plethora of others in an interview for Capital Ideas magazine.

My home is on the Frunzenskaya Embankment in Moscow, the place to which I invariably return all the time. I have said it repeatedly and I will do it again: I am an ethnic Georgian by birth, I am a Russian artist, and I am a Muscovite.

What particular places in Moscow are dear to your heart? Could it be related to memorable events in your life or maybe to some special people within your inner circle?

I grew up on the Frunzenskaya Embankment and since my aunt had a job in the vicinity, half of my childhood I spent in the alleyways of the old Arbat (famous central district in Moscow) and on the Gogol Boulevard.

Do you share the opinion that Moscow, having changed a lot over the past 5-10 years, has actually become a prettier place?

Not really. I love old Moscow, and I don't really appreciate some of the late innovations, in particular, the special bike trails and enormous numbers of scooters. From my point of view, they simply mutilated the lives of Muscovites, especially on the embankments, where we used to live quietly and even walk leisurely. Nowadays, it's just impossible to pass without being disturbed; someone is constantly threatening to bump into you. I don't think it is an improvement of our lives.

Moscow has always attracted art-lovers from all over the world, in particular connoisseurs of Russian ballet. They're not seen around these days. At the same time, the West is trying to cancel Tchaikovsky, Prokofiev, and Tolstoy. Is it possible?

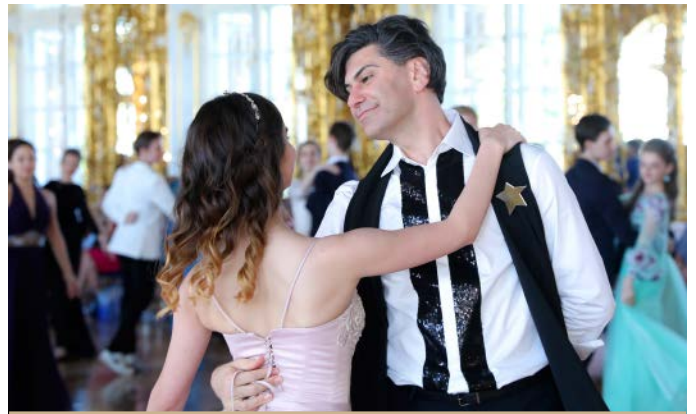
You proceed from incorrect information. It is not possible to cancel Russian culture, and those who tried to impose this idea have long realized their mistake.

In your opinion, who is the most miserable loser: foreign theatres that banned the performance of Russian ballets, or the Russian ballet being denied access to international stage venues?

No one has blocked access to the Russian Ballet. We ourselves have allowed foreign entrepreneurs to stage and perform Russian classical ballets for free. I have repeatedly emphasized that our ballet could have become an additional "oil pipe" for Russia if it were not for the inflexibility of some of our bureaucrats over the past 30 years.

You have been the premier of the Bolshoi Ballet for two decades. Today, you are the Principal of Vaganova ballet Academy. Is it true that it took quite a time to persuade you to accept this position?

True, the decision was not taken instantly, because it amounts to a very serious psychological shift. Moreover, I'm a Muscovite, and I wasn't planning to change the place of residence. And I'm not going to. I live in Moscow.



Nikolay Tsiskaridze was born on December 31, 1973 in Tbilisi.

In 1984, he entered the Tbilisi Choreographic School. Then, he continued studies at the Moscow Choreographic School attending the class of Professor P.A. Pestov, graduating in 1992. In the same year, Tsiskaridze, due to the invitation of Yuri Grigorovich, was accepted into the Bolshoi Theater Troupe (GABT), where he almost immediately was elevated to the position of the leading soloist, and then the premiere.

At the same time, Tsiskaridze continued his education at the Moscow State Choreographic Institute, graduating in 1996. In 2000, he became a member of the Union of Theatrical Figures of Russia.

As presenter and member of the jury, Tsiskaridze has frequently participated in various television dance shows and programs dedicated to culture and art.

In 2006-2009, Tsiskaridze was participant in the first three programs of the dance project "Kings of the Dance" (Kings of the Dance). Within this framework, Roland Petit staged a special performance for him ("Carmen. Solo") and the same did Boris Eifman ("Fallen Angel").

At the same time, Tsiskaridze devoted himself to pedagogical activity at the Moscow Academy of Choreography and at the Bolshoi Theater, where he conducted a ballet class for artists.

In the summer of 2012, he took post-graduate studies at the Moscow State Law Academy and graduated with a cum laude diploma in 2014.

In early June 2013, GABT decided not to renew Tsiskaridze's contracts as an artist and teacher-tutor.

In 2014, Nikolai Tsiskaridze was elected Principal of Vaganova ballet Academy.

Tsiskaridze is a member of the Council for Culture and Art under the President of Russia.

The artist has authored books "Nikolay Tsiskaridze. Moments" (2007) and "Flight of free perseverance" (2011).

In 2001, Tsiskaridze was awarded the title of People's Artist of the Russian Federation. He is a laureate of the State Prizes of the Russian Federation (2001, 2003), as well as the Moscow Prize in the field of literature and art (2000). In 2003 he was awarded the Georgian Order of Honor. In 2006 he became a knight of the French Order of Merit in Art and Literature.

The other day, the President of Russia annulled the Bologna education system in Russia. Long before it happened, as an educator, you were known to be the opponent of this system. Why is that?

In Art, it is irrelevant. This is complete heresy and stupidity. I have said it many times, even at the very beginning when it was first introduced. I am very happy that Providence decided everything by itself.

You are the head of a large educational institution; and you have hundreds of people under your command. However, after all, as an administrator, you clearly have to solve many issues, including those related to economics. Maybe it would be easier for you to be solely in the capacity of a pure mentor and tutor?

No. Only one person should assume the role of a leader, but this person must be professional and competent. I have three educational backgrounds. I am a dancer, a teacher and a lawyer. Unfortunately, many people who want to lead do not have the necessary competencies.

For well-known reasons, Russia's relations with the United States, Europe, and Japan have deteriorated to a great extent. Before it happened, there were a lot of applications to study at the Academy from abroad. How many foreigners joined the Academy before? And what is the situation now?

Nothing has changed. Same as before. The number of foreign students at the Academy has not decreased, and the number of post-graduates has even gone up, more by an order of magnitude.

Are you a strict teacher? Do you have any favourites among the students?

I'm only proud of the sensible students. Unfortunately, there are not very many of them. Rigidity is necessary if you want to nurture real professionals. I have always said: in our profession, the main carrot is the stick.

Would you share your secret: what percentage of children does the Academy screen out on poor health grounds? How often do students have to be expelled, and for what reasons?

They have always been expelled, for the last 300 years. It is necessary to expel, because our vocation largely depends, first of all, on abilities and physical characteristics. Unfortunately, physical characteristics may change during puberty. Therefore, if the body does not allow you to continue to master the profession, the child should be excluded. The Academy is not an afterschool club or an amateur activity. We are an educational institution where you master a serious profession. Therefore, I always insist that only healthy and capable people should study here.

Ballet is not a mass art, by definition; therefore there is absolutely no necessity to scale up the number of such educational institutions. This does ensure good results, but leads only to deterioration in the quality of training, decline in academic performance and the attributes of ballet dancers at the end.

The fact that we have more people rejected on the second "medical" round of entry exams than even 10 years ago – I'm not saying 20 and 30 – is true. This should be an issue for the Ministry of Healthcare. Children often come completely sick. We cannot accept sick children, because only the healthy can do ballet.

You have never regretted that you devoted your life to ballet. Then, why would you choose to get in addition a law degree?

Ballet life is over. It was necessary to go further on. I realized that I would make a good leader. By that time, I had in my portfolio a second diploma after majoring in pedagogical education. I also understood that in order to be a qualified leader, you need to have a law degree. And I did it. I sincerely believe that everyone who does not have the necessary level of education should be kicked out because all they do is harm.

This year is the jubilee anniversary for you. How will you celebrate your birthday? On the Bolshoi stage in Moscow or in the Mariinsky Theatre in St. Pete? Or maybe, will you rally around just close friends?

I don't like birthdays. I don't like anniversaries. And I don't understand all the hype around them.



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Founder

Department for Foreign Economic and International Relations
of the Government of Moscow
E-mail: dvms@mos.ru

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E-mail: info@imc.su

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