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RUBLE PLUNGE AND OIL POISED FOR NEW TAKEOFF?



The July-September 2023 ruble plunge caused a major concern in the society, among economy analysts and businessmen. The dollar rose almost up to RUR 100, at times trading above RUR 105. Many recalled RUR 116 per dollar on March 10, 2022 and the threat of Joe Biden to crash the Russian currency and bring it down to RUR 200. In September 2023 ruble was promised bleak prospects. However, the rate became stable.

The ruble rate plunge stopping in September still leaves many unanswered questions. Why did the ruble take such a drastic plunge? Why did financial regulators use these measures and not others, and where will the ruble go?

In May 2022 the ruble was named as the most efficient currency. According to Bloomberg, the Russian currency was the growth leader out of 31 key currencies of the world, strengthening to the dollar by more than 11% from the start of 2023. It was noted that at the international forex market the ruble exchange rate rose even higher, almost by 12%. But, if on May 11, 2022 the dollar was traded for RUR 67,2, then on June 15 it went only for RUR 57. The ruble got even higher praise.

The Russian currency had two strengths. First, global prices for oil and liquefied natural gas rose drastically. A barrel of benchmark Brent oil cost 125 dollars by mid-June 2022. The global economy had not seen such high prices since 2012. The price for a thousand cubic meters of natural gas at times soared up to \$4000. All these factors provided the Russian economy with huge currency inflows. The second strength of the ruble was based on the capital outflow control measures

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and on the required sale by exporters of 80% of their FX revenues, introduced in March 2022. "Free trade" supporters criticized all these measures, saying that the ruble could get even stronger and the measures needed to be changed.

Back in the spring of 2022 the ruble support measures were eased. Starting from May 24, only 50% of foreign currency, received to accounts of Russian residents — organizations, individual entrepreneurs and natural persons, including self-employed persons, were required to be sold. The measures took effect, though the Bank of Russia top management tried to present raising the rate up to 20% in relation to the events of February 2022 as an efficient measure. However, the rate had to be dialed down back to the level of 7,5%. The key rate was raised again only in 2023, when the ruble went down again. In September the rate climbed up to 13%.

The ruble fall in the summer of 2023 seemed to be very strange, because global oil prices were on the rise. This was

the first plunge of the ruble in many decades which had not been caused by sliding "black gold" prices, but at the same time with climbing prices. In June 2023 an oil barrel went for \$73, and in mid-September it cost over \$94. Over this period the dollar soared from RUR 82 to RUR 96. At the same time, the ruble was sliding after the previous oil price reduction, and the financial authorities did not do anything to prevent it from happening — the requirement to sell FX revenues was canceled and the restrictions on capital movement out of the country were lifted.

In September the Bank of Russia announced that from September 14 to September 22 it would sell foreign currencies for RUR 150 billion. The daily sales volume over the period was supposed to amount to RUR 21,4 billion instead of RUR 2,3 billion, as had been planned previously, with the growth of more than by 10 times. But the Ministry of Finance planned to spend RUR 276,16 billion to buy foreign currencies/gold from September 7 to October 5 (under the fiscal rule). The daily purchase volume was to amount to an equivalent of RUR 13,15 billion. All of this looked more than strange, assuming that the financial officials were concerned about the exchange rate of the ruble. And a rate raise by the Bank of Russia did not promise that currency would appear on the market. The rate raise worked towards curbing housing market price growth, but also slowed down the economic growth. This measure made lending rates prohibitive. It could have led to growing FX demand for sitting out a pause in the economy.

The authorities were in no rush to go back to the required FX sale by exporters.

In 2023 a weak ruble was convenient to exporters. It made return of capitals to Russia profitable, making domestic investments easier. Bloomberg reported that starting from February 2022 rich Russians got back to Russia and its friendly countries assets worth \$ 50 billion. On top of it, Putin instructed the Government to expedite transfer of business assets into the Russian jurisdiction and secure return of lost control over corporations before November 30, 2023. In early August the President signed a law, expanding opportunities for re-registration of assets in special administrative regions (SARs). The law enables transfer into Russia of assets of those foreign corporations, which cannot be redomiciled under the "International Companies and International Funds" Law or when such redomiciliation is severely obstructed due to the Western sanctions. In this case a weaker ruble is beneficial, but is this the only reason?

There is the issue of future global oil prices. What if the "black gold" price takes a dive again? Fitch Ratings agency forecasts the average oil price by results of 2023 at \$ 80 per barrel. In 2024 the agency expects the price per barrel to go down to \$ 75, and in 2025 the price would supposedly see yet another reduction — down to \$ 70 per barrel.

The US Department of Energy has recently raised its 2023 oil price outlook almost up to \$ 84,5 per barrel. Their forecast for 2024 shows \$ 88,2 per barrel. The Ministry of Economic Devel-

opment of Russia forecasts that the average price of oil in 2023 would be \$ 83,5 per barrel, in 2024 the price could go up only to \$ 85, in 2025 — slide to \$ 80,2, and in 2026 — down to \$ 76,2. Therefore, it is not oil price growth that Russian official analysts expect, but price decline. Short-term and long-term forecasts have never been their strong suit, but ruble decisions of all regulatory state authorities will depend on these estimates.

Such high-status forecasts could only be contrasted with facts. OPEC+ will be reducing its oil output in 2024 as well. In September the rate of the US Federal Reserve System was at 5,5%, the Bank of England had it at 5,25%, the European Central Bank rate was 4,5%. This weakens western economies and directly induces industrial recession in the EU. However, the BRICS countries and other developing countries are growing, seeking to draw on their mutual trade, reducing their dependence both on the dollar and on the Western markets. But for all that, it is the excess of dollars that could push oil prices higher. This very factor turned out to be decisive in 2023, even though it could not have played out without active operations of developing economies.

The US expects that by results of 2023 the government budget deficit will be twice as high as it had been in the previous fiscal year, when it stood at \$ 1,4 trillion. This money came from nowhere: it is neither secured by budget revenues, nor by growth of the American real sector. In the meantime, if the US discards an austerity policy (passing it on the EU), a new global oil price rise will follow. On top of that, the USA are striving to replenish their oil reserve after the major outflows of 2022, sold with the purpose of bringing the prices down. Oil got cheaper then, but in 2023 it could still rise above the level of \$ 100 and then move on to the average price of \$ 115 in 2024, and to \$ 130 in 2025 and \$ 150 in 2026. There are some "buts", but there is the excess of dollars too.

If the oil price continues its steady rise, then Russian regulators would have to let the ruble strengthen. They will be acting cautiously, looking out for slower China's growth, issues in Western economies, but they will be forced to remove the artificial obstacles to a stronger ruble. Some slow improvements to the ruble exchange rate may still be expected even in 2023. The year of 2024 must become a decisive one, because only this year will show whether the rising trend at the global commodity markets and at the oil market will be sustainable. C



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**CIS:
CENTRAL ASIA
BETS ON
PRAGMATISM**

The turbulent political and economic developments of the last decades that have taken place in the Central Asian countries is a compelling motive to take a close look at the Commonwealth of Independent States (CIS) and the prospects of its existence per se. Economic and social stability and sense of security in Kazakhstan, Uzbekistan, Kyrgyzstan, Tajikistan and Turkmenistan are in the interests of Russia and other Eurasian countries. These topical issues were the focal point of an interview with Alexander Knyazev.

The Commonwealth of Independent States (CIS) is often confused with the Eurasian Economic Union (EAEU). Let's refresh the basics: what countries are now members of the CIS and what is the composition of EAEU?

First of all, the EAEU is an international organization created for the definite purpose to strengthen economic and trade relations between the CIS states. Currently, the Union consists of five countries: Russia, Belarus, Kazakhstan, Kyrgyzstan and Armenia.

The CIS is a broader association embracing Russia, Azerbaijan, Armenia, Belarus, Moldova, Kazakhstan, Kyrgyzstan, Tajikistan, Uzbekistan and Turkmenistan (associate member).

Would it be fair to liken the CIS to an organism, which is alive and kicking, or is the Commonwealth, in fact, "gasping from exhaustion"?

Vladimir Putin once said that the CIS is a form of civilized divorce of the former Soviet republics. At that time, in May 2005, the President's opinion apparently reflected the Kremlin's stance on the fundamental changes unfolding in the post-Soviet space. The CIS has never been transformed into a military-political or economic union; moreover, the Commonwealth has not become a confederation of states.

The assumption that the CIS is "gasping from exhaustion" belongs to wishful thinking. It is well worth to correctly formulate one's expectations. Many citizens of the CIS countries of the older generation were hoping for some kind of a renewed USSR in the Commonwealth format. They were wrong. CIS is a minimally binding form of interaction: if you want, you can trade, and apply terms and conditions set by the Commonwealth, but if you don't want to, then don't. In other words, the basic principle of functioning of the CIS offers nations the right to choose their own development models and the opportunity to focus on those areas of inter-state cooperation that are of the greatest interest to them.

At the same time, it should be taken into account that the Commonwealth states today account for 40% of the world's natural gas reserves, 20% of oil, 25% of coal, they are blessed with enormously large forest areas, possess a significant share of global fresh water and record over \$460 billion of its aggregated GDP. With such a weighty potential, the CIS countries, including Central Asia, managed to preserve historical ties with each other, to form a single space of mutual economic assistance, trade, and culture.

In early October, after summit negotiations in the Kremlin, President Shavkat Mirziyoyev told reporters that Russia and Uzbekistan are switching to national currencies in financial

settlements. According to the Uzbek President, the share of the rouble in bilateral commercial transactions reached 47.5% last year and continues to grow. The same trend in mutual settlements is observed in other Central Asian republics.

In recent years, Russian business has learned to function in a new reality, to look for new markets, explore new trade routes, and deal with new partners. Suddenly, for Russian entrepreneurs, Central Asia and, specifically, Uzbekistan turned out to be one of the most promising areas.

Since the beginning of the year, dozens of Russian companies have started working in Uzbekistan thus creating new jobs opportunity to earn good money for their Uzbek partners. I am referring not only to the usual export of fruits, but also to such domains as IT and financial tools.

Then, there is also the field of education: in Uzbekistan, 15 branches of leading Russian universities, both humanitarian and technical, have been opened in several years: MGIMO University, Mendeleev Russian University of Chemical Technology, Gubkin Russian State University of Oil and Gas, Moscow State University, National Research Nuclear University. Several other universities are considering moving to Uzbekistan.

Unified networks of railways and highways, as well as a communication system have been preserved throughout the CIS. Citizens of Kazakhstan, for example, still use the Russian "seven" number when dialling a phone. The list of such vivid examples can be continued.

Recently, President Tokayev said that Kazakhstan intends to continue to follow the sanctions regime against Russia.

However, as a follow-up in an interview with Kazinform, Tokayev explained his position: Astana is not and will not become an "Anti-Russia". Kazakhstan is not going to observe sanctions, which are not backed by UN resolutions. According to the President, the Republic of Kazakhstan is still in favor of continuing close cooperation with Russia.

In an interview with journalists, Tokayev also underlined that Kazakhstan does not have any exports products that fall under sanctions, and does not participate in "parallel imports" to Russia, of which the United States strongly suspects this Central Asian republic.

According to the British The Daily Telegraph, which conducted its own investigation, the volume of trade between Russia and its Central Asian neighbors has increased by 60-80% over the past year. According to the newspaper, this indicates the activation of parallel imports, which helps Russia to circumvent Western sanctions.

Uzbekistan, Kazakhstan, Kyrgyzstan, Tajikistan form a rather heterogeneous group of nations. What could be a uniting common denominator for them?

I would say that the nature of their economies is similar in many ways, but little complements each other. Tajikistan and Kyrgyzstan conduct the most dynamic trade with their neighbors, since for these isolated and small countries Uzbekistan and Kazakhstan serve as a window to the outside world. At the same time, Kazakhstan and Kyrgyzstan have the highest share of trade with Russia, which is logical, since they are members of the EAEU.

Mineral products still account for a significant part of the exports of Central Asian countries (more than 50%), and metallurgy products account for almost 16%. Uzbekistan and Kyrgyzstan specialize mainly in the export of textile and agricultural products, and Tajikistan is a source of ore concentrates and metals.

Last winter, a serious energy crisis occurred in all five countries. Uzbekistan, which previously supplied natural gas to its neighbors, is now forced to buy this energy source from Russia. Russian natural gas flow has already reached the republic through Kazakhstan on 7 October. Now, it's Kazakhstan and Kyrgyzstan's turn.

What about Tajikistan? What is the state of affairs in its economy?

Tajikistan still has to overcome the consequences of the civil war that raged in early 1990s; it almost completely destroyed the economy. The country remains predominantly agri-food-oriented and has the lowest level of urbanization in Central Asia – less than 30% of the population lives in cities, and, consequently, excess workers join the ranks of migrants.

Approximately, a third of families (they are usually called “households” in reports) are 100% dependent on remittances from their bread-earners working in Russia, and these remittances account for over 40% of Tajikistan's GDP.

Meanwhile, the real growth of Tajikistan's economy in 2022, according to official data, amounted to 8%, which is the highest indicator among the countries of the region. The volume of GDP reached almost 116 billion somoni (\$11.4 billion). According to IMF forecasts, these figures will not change in 2023. Try to find a country in Europe with such rates of economic growth! Although this is the case when statistics and reality are not completely synchronized.

The moment has come to focus singularly on relationship between the countries of Central Asia and Russia...

Russia remains a crucial lynchpin in the economic development of the countries of the region, the main investor and key supplier of the latest technologies and food products.

Take Uzbekistan, for example. The country has preserved industries that flourished under the Soviet Union, e.g. metalworking and metal chemistry. Gold and silver mines, oil and

gas production are under national control. Uzbekistan is successfully developing its car-making industry, which has begun to be built from scratch. Approximately, 250 thousand cars and minibuses are produced annually, a third of the products go to neighboring countries, including the Russian Federation.

Russia has traditionally been one of the largest investors in the economy of Uzbekistan. The trade turnover between our countries in 2022 increased by 23% compared to 2021 and amounted to \$9.28 billion. This is the largest single indicator in the foreign trade turnover of the republic.

For many years, such major Russian business actors like Lukoil, Gazprom, Tatneft, KAMAZ, Beeline have been working in Uzbekistan.

Russia remains the main consumer of Uzbek textiles. Last year, the total volume of supplies of Uzbek textile, sewing and knitting products amounted to about \$1 billion.

In general, Russia ranks first in the number of joint ventures established in Uzbekistan, it totals about 3,000. A similar trend is gearing up in other countries of Central Asia.

Of course, foreign companies are present in Uzbekistan. The British, French, Germans are involved in extraction of natural resources; there are also American companies, but not too many. Recently, South Korea has come on board because it would like to receive supplies of Uzbek uranium and molybdenum for its own needs.

How powerful is Western business represented in the region today?

There are few American companies in Central Asian countries. The US oil corporations are working only in Kazakhstan. Meanwhile, the Netherlands and Italy, the main buyers of Kazakh oil, occupy the first place in the extractive industries.

Recently, there has been a lot of talk about China's intensive intrusion into the economy of Central Asian countries.

The share of foreign direct investment in the national economy of these countries has grown over the past 20 years by a factor of 17! According to the volume of investments, as you might have guessed, the number one is not Russia, but China, which has invested about \$40 billion in the economy of Central Asian countries.

In the 30 years since the establishment of diplomatic relations between China and the countries of Central Asia, the volume of their trade has grown almost 100 times reaching \$70.2 billion in 2022. At the same time, the potential for further development is far from exhausted: last year alone, China increased imports of agricultural products and minerals from Central Asia by more than 50%, and exports of Chinese electrical products to the region went up by 42%.

Following the results of the China+5 summit (Kazakhstan, Kyrgyzstan, Turkmenistan, Tajikistan, Uzbekistan), which was held in Xi'an in May this year, a new mechanism of cooperation between China and Central Asian countries was created. In particular, it is planned initially to form a common space of industrial cooperation with the involvement of Chinese investments and Chinese technologies.

Until now, China and the Central Asian countries have interacted either in a bilateral format or on multilateral platforms, for example, within the framework of the Shanghai Cooperation Organization (SCO). The new profile mecha-



nism of cooperation, as stated in Beijing, is unique since now the Central Asian region acts as a single entity, without division into five states. However, in my opinion, this project is not quite realistic.

Nevertheless, it is a matter of fact: Moscow retains its influence in the countries of Central Asia.

In your opinion, is it true that Turkmenistan is distancing itself from integration processes in the post-Soviet space?

Turkmenistan is distancing itself from being part of multilateral cooperation formats, but it is not distancing itself from everyone else. The first visit of President Serdar Berdimuhamedov to Moscow immediately after his election in March last year was definitely a landmark event.

Moscow supplies Ashgabat with various equipment for the oil and gas industries. Russian Railways is involved in the renewal programme of the Turkmenistan railway infrastructure.

Russian Prime Minister Mikhail Mishustin, who visited Ashgabat at the beginning of the year, specially noted that Moscow intends to diversify cooperation with Turkmenistan on the economic terrain in order to develop cooperation not only in the energy sector, but also in other areas, in particular, in the textile industry and agriculture.

The fact is that Turkmenistan cannot maintain an effective agricultural sector and provide for itself with all the necessary food products, including grain and vegetable oil. Most of the food products are imported from Russia, Iran, Azerbaijan and Kazakhstan.

The core economic power element of Turkmenistan is the oil and gas industry. In general, BP Statistical Review estimates the country's gas reserves at 19.5 trillion cubic meters. It places Turkmenistan on the fourth level in the hierarchy of oil and gas superpowers right after Qatar, Iran and Russia. It is apparent that such huge volumes of natural gas need to be sold to foreign clients.

Turkmenistan used to supply its gas to Europe via Russia, but now, for obvious reasons, there is no such a possibility. Discussions about the construction of a Trans-Caspian gas pipeline have been going on for several decades, but this ambitious project has not yet materialized, and, most likely, it will not. Firstly, it is necessary to obtain permission from a number of

countries to lay a gas pipeline along the bottom of the Caspian Sea. This is a bit of problem. Secondly, there is a high seismic hazard in this area; the sea bottom is constantly changing. In addition, none of the interested parties – Turkmenistan itself, Turkey or the EU – has the adequate means to make it happen. Back in 2006, the cost of the project was estimated at \$6 billion. Taking into account inflation and the rise in price of construction services, today, the actual price tag would amount to \$12-15 billion. I think that Trans-Caspian gas pipeline is basically a political initiative; there is no economic feasibility.

Finally, despite all the statements, in reality Turkmenistan is increasing its gas supplies only to China: in 2022, they amounted to 35 billion cubic meters. In October last year, it became known that the two countries signed an agreement to jointly develop the second stage of the large Galkynysh gas field, as well as to increase supplies to China (via Uzbekistan and Kazakhstan) by almost a half. Thus, the supply volume would go up to 65 billion cubic meters per year due to the construction of yet another gas pipeline, already the fourth in a row.

What are the final destinations of natural gas supplies from Turkmenistan?

Small volumes go to the northeast of Iran; then it is transferred to Turkey, which, in turn, transports gas to Europe via pipelines (there are also swap deliveries deals). In this way countries are swapping sales markets in order to reduce logistics costs, save time and money for customers on the speed of delivery, or ensure supply of energy resources to those markets where direct sales are impossible for various reasons.

What the future holds for the Commonwealth of Independent States?

The CIS is a living organism and its life span has not expired. The Commonwealth will begin to evolve over time, new forms of interaction of sovereign independent states will appear. The EAEU and the Collective Security Treaty Organization (CSTO) emerged on the basis of the CIS. The principles of peaceful co-existence of nations and pragmatism on the track of economy are gradually being established at the core of relations within the CIS. At least, as of today Russia and the countries of Central Asia are moving in this direction. C

TOURISM IN RUSSIA: DEVELOPMENT PROSPECTS

The COVID period has turned out to be a grim page in the history of global tourism and led to a number of transformations. Today we are observing a recovery process at all major tourist markets. Significant changes are happening in Russia too, the mentality of people and businesses is changing, there is growing understanding of a need for comprehensive development of territories. We are discussing prospects for tourism development in Russia with Marina Smirnova, hospitality and tourism department head of Commonwealth Partnership.

Now the tourist business is expecting tourists from the East. Does this area have any specific features?

The key destinations for Chinese tourists are regions of the Far East, Baikal, Moscow and Saint-Petersburg. These regions took the hardest hit after the closure of borders in 2020 due to COVID-19. The Far East was visited not only by tourists from China, but from South Korea as well, this segment was growing fast, and I would say it was more attractive than the market of China. Chinese tourists came mostly in groups and did not do a lot of spending outside of their payment system and their counterparties. It is no secret that Chinese tourism is very organized in order to prevent as much outflow of money from the country as possible. This is why they have their own restaurants, suppliers, tour and museum guides etc, especially in the Far Eastern regions. Nevertheless, when the stream of Chinese tourists contracted, it had a very strong impact on the market of the abovementioned regions: plunging occupancy rates, sliding revenues, even considering the fact that this tourism was not very expensive. South Korean tourists were more attractive in this regard, because they mostly came in pairs and used many local services. Koreans are very fond of tasting various culinary delights, they are not afraid of shifting to a different cuisine, they buy guided tours, love entertainment and leave quite a lot of money in the region of their stay.

Speaking of trends, the most prominent post-COVID recovery trend shows that almost all markets have turned inwards, refocusing on domestic tourism, and the Chinese market is no exception. Starting from 2020, they began to permit domestic travel little by little, and they registered growing interest in their own domestic product. The share of domestic travel in China has grown notably and became significantly larger than the international travel share. Looking at the Russian market, according to various estimates, the number of domestic trips ranges from 65 million to 140 million per year, and in China this figure is 1,6 billion, which means a very different turnover. Essentially, this trend is representative of most global markets. If we look at Georgia, for example, they had a very significant growth of the foreign tourist inflow before the start of the pandemic, and after the pandemic there was a major slump, but on the other hand, their domestic tourist traffic grew by 3–4 times. This is a universal trend, when domestic tourism replaces the international one. If we go back to the question of how much Eastern tourists are important to us, I can say that the peak of Chinese tourists came in 2019: out of 45 million foreign tourists who visited our country, 1,8 million were Chinese.

Are we expecting greater numbers now, when the borders are open?

Yes, we are. We are hoping that the numbers will go back to the values of 2019, possibly, there would be slight growth. Chinese tourists also like specific types of entertainment, guided tours, they are interested in wellness programs, and on the one hand, they are of course tight with money, but one cannot say that they are unassuming about service levels. And Chinese tourists are different.

We were mostly visited by tourists of the 1960s generation, who remembered the Soviet Union and were curious to see the present day Russia with their own eyes. And young and educated Chinese with high income preferred travelling either to the South-East Asia countries or to the USA. Naturally, it was sort of a challenge for us: how could we attract these younger, well-off and demanding high quality Chinese tourists. But these tourists value their safety very much. They want to be safe in terms of language and in terms of absence of any aggression towards foreign tourists. And of course, in the current situation the Far East is acceptable for Chinese tourists in terms of travel, while the Central Russia is not for now.

Speaking of domestic tourism: now Russians are travelling more around the country. Is this visible and how do you perceive these processes?

The pre-pandemic figures have come back in almost every place where we worked, where we analyzed the market. It is obvious that tourism from other countries hardly added anything over 2021-2022. The replacement mostly came from a significant growth of domestic tours. The only exclusion is Saint-Petersburg, where it was harder to get traffic back, because the international tourist traffic was almost equal to the domestic one. Saint-Petersburg did not see 100% recovery of its foreign tourist traffic, and domestic tourism could only replace it by 80 – 85%. But in those regions where there were no foreigners at all or very few of them, these regions experienced quite fast replacement and rapid growth. For instance, even at Kamchatka, which is expensive to get to, where the tourist season is short and which offers mostly nature and adventure tourism, no mass beach recreation, travel agents saw a significant increase in domestic traffic. People came because “Antalia is closed, so let’s go to Kamchatka, this might be interesting, let’s see”. By the way, the Caucasus is outstanding in this regard. Dagestan became a huge hit, and not only with its beach tourism options at the Caspian Sea, but as a guided tour destination with a very broad range of sights to see. The Sulak Canyon took off as a bestseller, Chirkeysaya hydro-electric power station, views, landscapes attracted lots of tourists.

It is clear that ski resorts at the Caucasus are in place and they will always be there; and they keep on improving. We all know well what are Dombai, Azau, the Elbrus region. Today





Arkhyz is picking up steam, drawing high traffic, it can be compared to the level of "Laura" resort at Krasnaya Polyana in terms of ski-pass use numbers.

Speaking of the Caucasus, what is the current level of service there?

The Caucasus wins tourists over with its hospitality. It is customary in the Caucasus to treat tourists very well, tourists have not yet become "annoying" to the locals, and laws of the mountains require that guests are treated cordially and with open arms. Speaking of overall service – of course, it is our heel of Achilles, because tourism has for many years lacked capital investments, notwithstanding the fact that it was marked as a priority industry in mid-90s. Yes, the industry has been developing, look at Sochi, for example – it is a large-scale case of significant resort improvement levels, but the rest has been developing gradually, evolutionally. Very often this led to private entrepreneurs taking the lead, frequently charging moderate prices and with a low entry threshold into the sector. A lot of small hotels were built without any systemic approach, occupying the best spots, thus damaging landscapes and destinations.

They are trying to resolve these issues at a local level. But this issue cannot be fixed with cosmetic efforts only, because facades could be painted under a common color palette, but what can be done about this "architecture"?

We still have to work a lot on the service level, somewhere it is rather high, somewhere it isn't. And what is your opinion on development of the tourist industry, how far are we lagging behind the classic locations?

Everything is changing, and I can prove it with the statistics from Rosstat, comparing Russia to European markets. Looking back at the period of 2017-2019, by the number of accommodated guests we were probably by 2-3 times behind Germany, France, Italy. If we look at the statistics for 2021, we will see almost comparable values. This happened due to a significant turnover slump in Europe. In 2021 by the number of accommodated guests we had about 53 million, Germany had 72 million, and in Spain there were 60 million.

In 2019 we had 61 million tourists, and in Germany there were almost 150 million, higher by more than two times. The gap contracted due to Europe's slowdown after the COVID. International exchange has not recovered; the domestic market has gone active but could not replace the international one. Speaking of the number of rooms, we have 30 % fewer than in Germany, Spain and France, though we are at about the same level by the number of hotels. It should be noted that in Russia people stay at hotels for longer periods and travel more often. Though, in terms of infrastructure, our average hotel has 28 rooms, and in Germany the figure is 31, so it cannot be viewed as a big difference. Both our and their markets are developing with limited funds from accommodation.

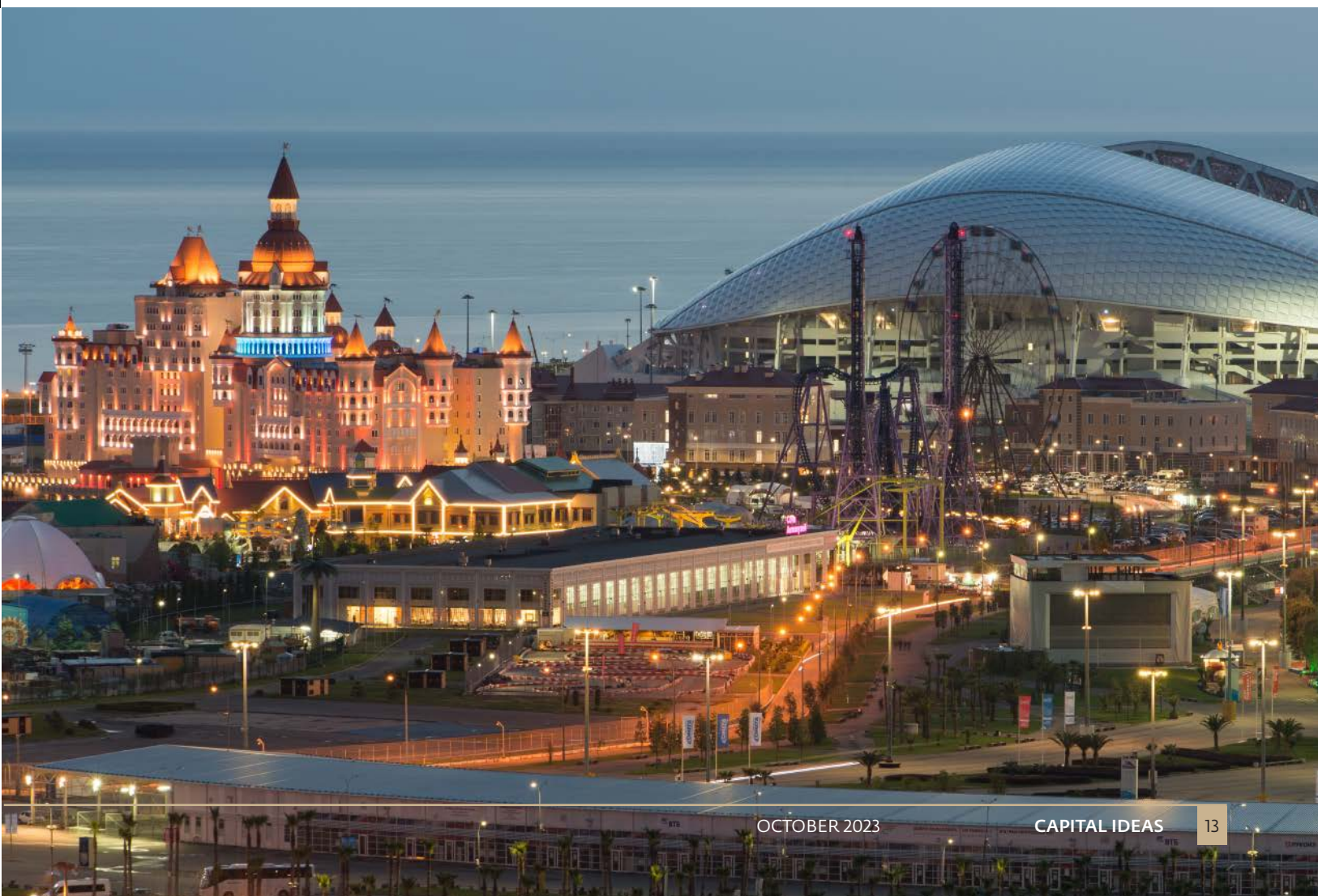
Are there any unresolvable issues in the sphere of tourism?

I cannot say there are any that cannot be resolved, probably, there are none. There are some issues that are hard to resolve or manage for some reason. As I have already said, our tourism sector is undercapitalized, we haven't invested in the infrastructure for a long time, not only into construction of world-class hotels, but into development of support infrastructure: roads, communications, networks. If we look at Kislovodsk, for instance, the traffic there has increased by 3-4 times over the latest 3-4 years. Right now the region is already overwhelmed. Networks are worn out by 80%, and just keeping them at the current level, leaving alone any development, would require very significant investments. Plus, increased traffic makes the issue of logistics harder: there are traffic jams, entry points, which are major transportation hubs, are overloaded, and this hinders development, especially during the peak periods that are the most attractive.

What are the most promising current trends in the tourism sector, in your view?

The most promising trends are ensured by comprehensive development of territories. It started back in 2006-2007, when special economic zones for tourism and recreation had been selected. At that time the initiative never took off, probably the right mentality was not in place. And now is the very time for the idea to get going. Now there are arrangements

in place that enable preferential project lending under the Government Decree №141. This is a strong incentive for private initiatives, which also reduces project repayment periods. Secondly, if previously it was thought that the rate of project return had to be at least 30% based on the internal rate of return, then now 15% are considered good enough. Tourist projects bring these 10-15%, which are perceived as normal rates of return, correspondingly, these projects over the long term are viewed as an alternative to construction of offices, shopping malls and warehouses, if we speak from the viewpoint of commercial real estate. Hotels and all things related to tourism are becoming more attractive. The reason why I am supportive of a comprehensive approach is that everything is very interrelated: one cannot just build a hotel, because it would not become a reason for a tourist visit and it would not generate tourist traffic on its own. A reason for a visit needs to be an attraction, which has to have a road leading up to it, utilities, an awareness campaign, and then it would require building a hotel, a restaurant and all the rest, and only then all these things will work together as a whole. And if you select some individual bits or focus on some "low hanging fruits", you could pick these, but it would not secure sustainable development in the future. Modular structures, glampings would work great at natural areas, and if we try to bring tourism to nature reserves, these would not fit in so well. We cannot say that now we are going to build modular hotels everywhere and then our job will be done, and we will have it all nice and easy. We need a comprehensive approach. CI



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AMERICAN- CHINESE TECH WAR

More and more sceptics are reluctantly recognizing the fact that despite the containment efforts made by the USA, the Chinese technology sector has gained such a strong momentum that anyone trying to block its way will be inevitably crushed.

In this connection, there is the illustrative case of American Micron corporation. According to Bloomberg, the American chipmaker saw its Chinese market revenues plunge by 40% over three months. In April of 2023 the American company failed to pass a cybersecurity audit, refusing to provide requested data.

But the Chinese were not the ones to start this confrontation, it had been initiated by the Americans. And now they have to suffer tangible losses. The unfolding struggle started several years ago, during Donald Trump's time in the office, when the then incumbent US administration had decided that they could with the help of sanctions and trade wars stop the technological development of China under the 14nm tech process, and also curb Chinese 5G sector developments,

where the Chinese had got a significant advantage. However, after the release by Huawei of a flagship 5G smartphone it became clear, that the Americans had failed in their aspirations. At the same time, it turned out that Chinese SMIC had mastered its own production of processors, comparable to 7nm and 5nm solutions.

An especially interesting fact of this conflict shows that if the Americans before anything else turn to sanctions and bans to resolve their tasks, then the Chinese have weaponized the "hand of the market". They are succeeding in getting ahead of their rival in competition.

This fall Qualcomm, an American microchip manufacturer, announced of its intention to cut jobs at its Shanghai office. Essentially, the American corporation failed to adapt to changing market conditions. Chinese Huawei and Xiaomi came snapping at its heels. Improved quality and performance of Chinese chips undermined the American dominance at the markets, and in Q2 2023 revenues of the corporation plunged by 23%, and its net profit went down by 52%. At the same time it should be noted that the sales in China amounted to about 60% of the global sales by Qualcomm.

It is of interest to note that Qualcomm personnel reductions are already underway in the US, the Californian HQ of the company already fired 232 employees this spring, then 415 more this summer, and yet another 200 employees are expecting dismissal at its Taiwan branch.

And speaking of Taiwan ...

Taiwan plays a special role in the Chinese-American tech

war. Taiwan is home for the largest and most advanced microelectronics factories, at present unmatched anywhere in the world. And this is the most complicated card in the Chinese-American solitaire. The current leaders of Taiwan stand for complete independence from China and are arming the country with the help of Americans, preparing to repel Chinese military aggression. The PRC, on its part, is simultaneously demonstrating both a carrot and a stick. Its military aircraft and navy are more and more often crossing the conditional median line in the Taiwan Strait, but at the same time Beijing is improving its trade links with the island and is also proposing integration projects for Taiwanese young people and business. It is not in a hurry to subdue the island with military force. The mainland China position was clearly demonstrated during the notorious visit of Nancy Pelosi, Speaker of the US House of Representatives, to Taiwan in 2022. At the time, many expected that China would give a strong response (for example, shooting down an American aircraft), and that China and America were on the brink of war over the "tech island". But China exercised restraint then. It is obvious that it is waiting for Taiwan elections and pro-Chinese forces coming into power. There are grounds for such expectations.

The race for the presidential office of Taiwan has been joined by Terry Gou, billionaire and founder of Foxconn, a major tech corporation, producing a broad range of computer components. His nomination as an independent candidate may indicate that he is not supportive of any local parties, which are more or less focused on promoting the island's independence from China.

Terry Gou speaks for major Taiwanese businesses, having tight economic links to the mainland China. According to American media, it was the Taiwanese business circles that helped China withstand the onslaught of American sanc-

tions. It seems that Taiwanese businessmen (at least some of them) perfectly realize that once the US is done building plants, that are alternatives to the Taiwanese ones, Taiwan with its plants will no longer be needed. In the event of war with China, their businesses will most likely be destroyed with the silent support of destructive activities by their overseas "allies". This is why peace with China could be a priority for Taiwanese business (definitely for a part of it).

This may very well explain delays in the construction by Taiwanese TSMC of a 5nm chip factory in the American state of Arizona. The Taiwanese company launched construction of the factory in 2021 under pressure from the USA.

It was expected that the factory would open by the end of 2024, but now the construction will probably finish in 2025. TSMC is undermining plans for construction of the Arizona factory, according to the company, there is a shortage of qualified personnel for the phase of equipment and utilities installation. TSMC called upon Washington to accelerate issue of visas for Taiwanese workers. But American trade unions are protesting and saying that this reason is only a pretext to hire cheaper foreign labor. We do not know whether this is the true reason for delay, but the point stands – Taiwanese high-tech manufacturing in the USA is delayed for now. This means that it would be too dangerous for Americans to start a battle over Taiwan now.

And this is just the first of the two Taiwanese chip-making factories, planned in the USA. At its second factory TSMC is going to produce 3nm components by 2026.

New rounds of the fierce struggle of the old and the growing up new global tech hegemon are very likely to be expected, if (and when) the Republicans win the upcoming US presidential elections. It is the Republicans that are proposing to drop the Ukrainian case in favor of China /Taiwan.



A man with short, graying hair, wearing a grey suit jacket, a white shirt, and a red tie, is leaning on a black bag. He is standing in an office environment with large windows and a green plant in the background. The text 'NEW DEVELOPMENT RAILS' is overlaid on the right side of the image.

**NEW
DEVELOPMENT
RAILS**

The exit of foreign manufacturers from the market became a major challenge for the Russian business. Ongoing processes demand tough decisions to set up national production from Russian partners of companies that have gone out. Many issues had to be resolved. Further details are provided in the following interview with Aleksey Shulepov, CEO of GCTEK-KOM.

Your company started out in 2007 as a product and service distributor for SKF, a major Swedish manufacturer of bearings. 2022 was a make-or-break year for you. Now TEK-KOM operates as an independent corporation. Please, tell us about the transition.

In the spring of 2022 SKF, just like most other European companies, made a decision to leave the Russian market due to the situation in the country. Our Swedish colleagues openly announced their intentions, and then we began a process of negotiations and search for an optimal solution.

Being the CEO of SKF in Russia and CIS countries, working

together with the leadership committee, I focused on keeping as much as possible of the resources, accumulated over 30 years: personnel, infrastructure and manufacturing. Our business is closely linked to a number of strategically important industries: almost everyone needs high-quality bearings. This is why we never considered a scenario with complete shutdown of the business and loss of experienced professionals.

In the end of the spring SKF left Russia. As per our arrangements, all key assets and most of the professional team remained in the country; a group of companies was put together with TEK-KOM, a distributor, we did a huge amount of work. Today TEK-KOM is a completely independent Russian brand.

Has the product range changed after the transfer of the business?

Yes, it has changed. After the exit of SKF we had to overhaul our portfolio, because all deliveries had stopped.

Starting from 2010, only railway transport products have been manufactured in Tver, namely tapered bearing unit for innovative railcars. Over the latest year we have managed to increase our production volume, achieve almost complete localization of components and launch assembly of TBU Class G bearings for locomotives.

Speaking of the automotive segment, we started out with bearings for trucks and light commercial vehicles. All products are also manufactured under the TEK-KOM brand, but for now it is based on OEM manufacturers that have passed our audit and have IATF 16949 quality management system certification. We control the design process for parts and run additional checks for each lot in our laboratory. Very soon we will start production at a TEK-KOM Manufacturing factory in Tver, we





are preparing our facilities for this.

Given our broad product range for the industrial segment, we provide products both under our proprietary brand and products by ZWZ and LYC, leaders of the Chinese bearing industry, under a distribution agreement.

In future our company will be focusing on concentration of key production facilities in Russia and on expansion of the product range with our own designs.

Have there been any changes in component part supply chains, or is everything that is required for manufacturing available in Russia?

Searching for new reliable partners is a challenge that we have faced. A lot of companies, just like ours, used to work with foreign raw materials and equipment, and the need for local solutions was minimal. As a consequence, there haven't been many suppliers of high-quality components left in the country.

Last summer at the SPIEF we signed a special investment contract (SIC) 2.0 with the Government of the RF and the Government of Tver region for 100% localization of components for railway bearings by 2027.

Our design office, procurement and manufacturing teams invested a lot of effort into developing new design documentation, setting up supply chains and almost completely switching over to Russian components at short notice. Over the next few months we will finalize this process. Conditions of the special investment contract will be met significantly ahead of schedule.

We are hopeful that the situation will change for the better, because demand begets supply.

How is the business doing under the new conditions?


I am happy to note that the group of companies is alive and is actively developing. At the same time, the business is heavily dependent on external factors, which are still unstable. We are counting on being able to build transparent infrastructure at all levels together with interested parties, and on resolving issues with hiring highly skilled personnel.

You produce bearings for railway rolling stock. Sales volumes could be indicative of the overall development of the railway network in the country. Are you observing any obvious dynamics here?

The whole railway industry is going through changes. I think it is still too early to speak about development, it's more like gradual recovery and the trend shifting towards local solutions.

For the most part, you work for the domestic market. Are there any plans to expand to other markets?

For starters, we would like to build a stable position on the Russian market, strengthen relations with our current customers and earn trust of new customers. We would need to resolve the most pressing tasks that they charge us with. And of course, we need to lead by example and dispel the myth that local products are inferior to their European counterparts.

After that we would speak of going to international markets, this scenario cannot be excluded. 

The World Bank has revised its forecast for Russian economic growth.

In the June report, the World Bank expected Russia's GDP to fall by 0.2% in 2023, but in the latest report the estimate was revised: experts now predict growth of 1.6% this year, as well as positive dynamics in 2024 and 2025 by 1.3% and 0.9%, respectively.

The positive change in the forecast is associated with increased spending on military needs and social benefits. At the same time, analysts note that in the medium and long term there may be difficulties in attracting investments and qualified personnel, as well as a decrease in imports of high-tech goods.



The XVII International Forum "Partnership of State authorities, civil society and the business community in ensuring international information security" concluded in Moscow.

Over 250 leading scientists and experts, representatives of business and civil society from 18 countries, the United Nations, the International Telecommunication Union, the Conference

on Interaction and Confidence Building Measures in Asia (CICA), and Interpol participated in the Forum. Indicative of the current geopolitical situation, the Forum saw highly representative participation of African and Asian, as well as the preservation of long-established interaction with experts from the Union State of Russia and Belarus, the CIS, the USA and the European Union.

The plenary session was dedicated to discussion of global threats to information security and strategic objectives for their reduction, which must be accomplished by authorized government agencies, law enforcement agencies, large businesses, as well as organization of effective international cooperation for these purposes.

During the round tables, topics were raised about strengthening international cooperation in the field of information security. In this regard, special attention was paid to new formats of interaction, primarily with the countries of the Shanghai Cooperation Organization, BRICS, the African continent, and Southeast Asia. The proposal to intensify joint scientific development of topical issues of international information security within the framework of the international Consortium received great support from the Russian audience and foreign participants.



In 2024, the Moscow authorities will continue all support programs, including preferential lending, development of innovative production, and the tourism industry. For industrial enterprises, there are programs for compensation of up to 50% of the costs of connecting to utility networks, subsidizing the purchase of equipment and preferential lending. It is planned to allocate 15.8 billion rubles for direct financial support of the economy. This was reported by the press service of the mayor and the government of the capital.

Another important area of stimulating investment activity is the creation of infrastructure for the location of new production facilities. To develop priority sectors of the economy, such as microelectronics, photonics, electric vehicles, pharmaceuticals, etc., the construction of infrastructure facilities in the Technopolis Moscow SEZ and the Rudnevo and South Port industrial zones will continue. 58.7 billion rubles will be allocated for these purposes in 2024.



SANCTIONS FOR NEW WORLD ORDER

Alexander Ageev

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



Size

States and corporations differ in size. Concentration of capital and influence of some is increasing consequentially or in zigzag fashion during competitive struggle, knocking others out of the race. The market game inevitably leads to rejection of a significant portion of players, their bankruptcy or takeover by stronger players. Apart from the market competition logic, the XX century saw accumulation of the experience in purposeful use of economic crises for accelerated reorganization of economic environment. This range of issues is rather elaborated under the hypercompetition theory, which, unlike the traditional market views, studies laws and tools for disruption of spontaneous nature of markets and establishment of market power via joint efforts of state structures and companies through methods that are summarized by “at any cost” formula. There is another equivalent to this formula – “nothing personal, just business”.

Economic power scope differences, measured with various metrics, paint a rather definitive and universally understandable picture of differentiation of countries into superpowers, great powers, regional and small powers. Each status is based on underlying economic power and determines range and methods of possible influence, though there are numerous examples of powerful players being incapable of efficient use of their power. The most powerful state of the global economy would be the state with the greatest GDP, financial, industrial

and academic and technological power, resource basis etc. A set of conditions for “greatness” would depend on an era.

Late in the previous century the whole world was divided in terms of territory and economy by only a few great powers, confining the XX century to inevitable corrections of imbalances, a “repartition of the world”. The core game, huge, furious and bloody broke out between few centers of power and their coalitions. At the time, the UK, France, Russia, Germany, Japan, China, the USA, Italy, Turkey were the major league of the global battle. Today the list is a bit broader, but this does not alter the essence of the matter. The sought-after goal of the game is leadership, regardless of what it may be called in any specific documents. Leadership in synergistic power enables establishment of a set of rules for others and extraction of a relevant revenue.

A significant part of current issues could be explained in terms of dimensions. Today there is not a single state that is capable of influencing the global economy and policy without a coalition of allies or at least supporters. The world today is literally ganging up into two or three huge packs, which are destined to fight for leadership in a new rapidly shaping up economy. This battle has already started, its intensity and fervor are increasing, and size and configuration of coalitions are probably the key story for the modern global economy. The structure of this very big game is projected through multiple elements of the global mosaics, manifesting itself especially vividly in financial realities. There are many of these – debt, investments, consumption, efficiency, stock exchange quotes, digital currencies etc.

Finances

The role of the finance factor ultimately boils down to establishing a currency and finance hegemony and its benefits, providing seigniorage, an exclusive economic effect for a global currency issuer. There could be multiple currencies in circulation, but historically world exchange players tend to use the most reliable and convenient currency, backed by the power of the strongest and most influential player. At the peak of its power and influence, the metropolitan Britain got up to a

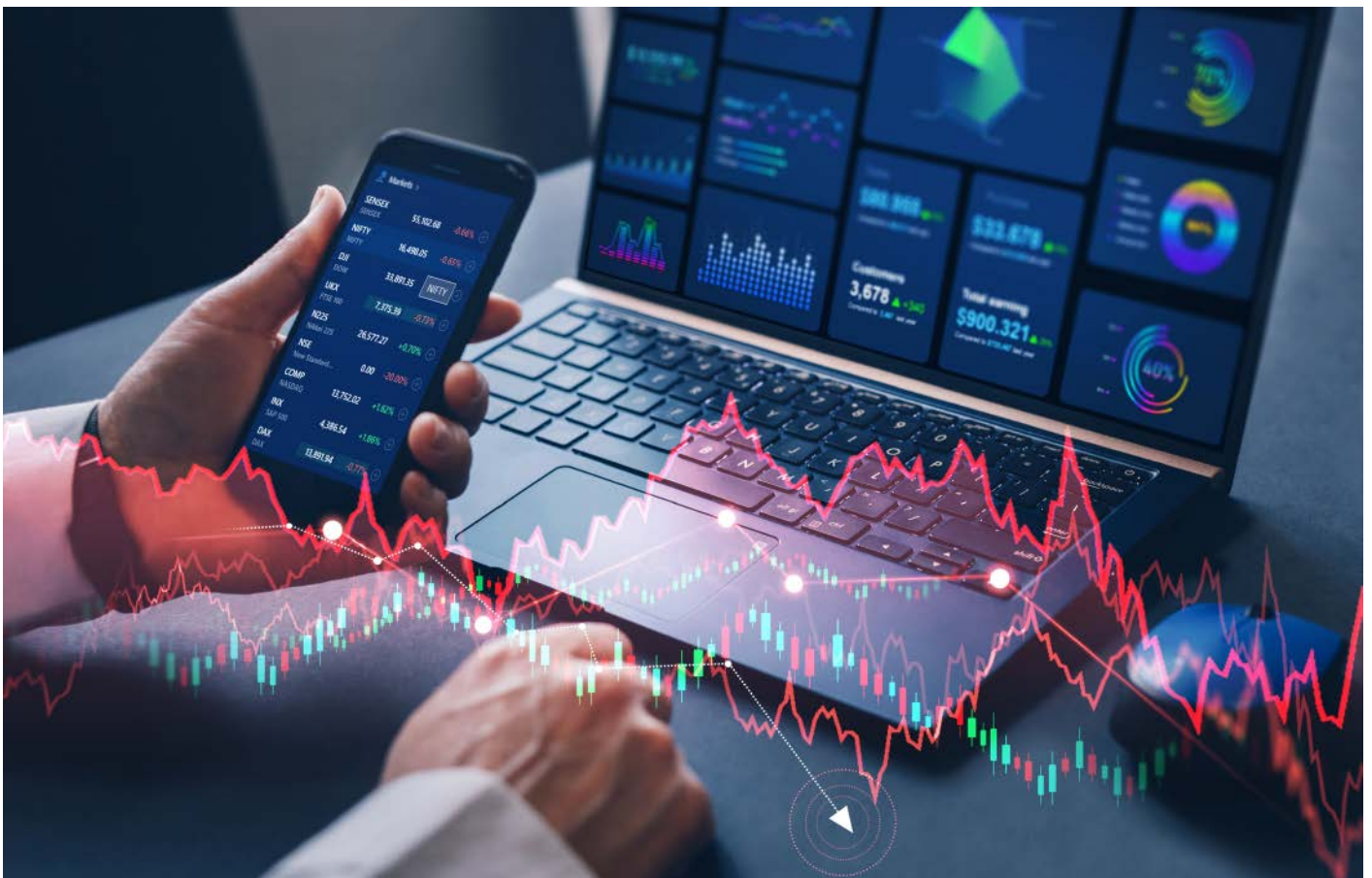
half of its per capita income from seigniorage. Only the largest, most successful and influential great powers could aspire to become a global hegemon. This is a countable parameter with clear criteria for every era.

The two world wars of the XX century were a way to change the global currency and economic hegemony and its concomitant effects. The US domination at the late stages of the World War Two was projected at the whole Western world and some of the third world, and it became global after the fall of the USSR. With the accession of Donald Trump to the White House, an attempt was made to stop the globalization flow, washing away the industrial base and sources of added value from the USA proper. The "Make America Great Again" motto carried a very specific economic message – getting capital back quickly and reducing dependence on various integrative bureaucracies. There are digital achievements now in place, enabling development of a new global management model. But in their efforts to alleviate the structural crisis, to find resources for jumping ahead of everybody else into a new technological world, Western countries increased their debt overhang, including globalization promotion efforts. Yet another serious strategic fact was demonstrated by the successful integration of China and other developing countries into institutions of the global economy. Outperforming economic growth rates of these countries became a problem for Western countries. Something had to be done to offset this imbalance. Specific actions were guided by experience.

Experience

Current political decisions are largely affected by the lessons of history. For the US elites, the history of the Great Depression, which broke out in 1929 following a crushing stock exchange and financial crisis and ending with the US entry to the world war, is of particular significance. At the time, the most sophisticated circles of the American elite came to understand that the only way to restart the economy, to switch it over to a new industrial and technological basis, to create millions of new jobs, to generate investment capital would be to join the world war. President Roosevelt's strategic designs were based on realization of long-term value of the US taking up the position of a global currency and finance leader, replacing the Great Britain. Pragmatic reasons for this choice were based on economic benefits of entering a war against Japan and Germany and concurrent takeover of the global economic leadership from Britain. This was a shrewd strategic choice. To this day the USA remain the global currency and finance hegemon, receiving about 15% of its GDP due to this status. Maintaining this status in the current situation based on the experience of the 1930s-40s has been the theoretical and ideological basis for the present-day policy of the USA. The action plan is similar to the former experience of curbing the Great Depression, and it could be implemented under any narrative whatsoever. CI

To be continued in the next issue



MOSCOW'S INTERNATIONAL COOPERATION

Konstantin Sukhoverkhov

Program coordinator,
Russian International
Affairs Council (RIAC)



Starting from the second half of the XX century, many cities on the planet, especially national capitals turned into full-fledged actors in international relations. Today capital cities of the most countries of the world operate as political, economic, cultural and other centers not only for their own countries, but globally as well. This inevitably creates a need and interest of such cities in international links, which in the modern world enable achievement not only of national development goals, but also of international cooperation, support and interaction.

National capitals today also act as institutions that provide for development of international links of cities, set trends for international activities of other regions of a country. Moscow is a spectacular example and a benchmark of such a city not only in Russia, but globally.

Before discussing the essence of “global nature” of Moscow’s interests and activities, one should take a look at the foundations of the city’s international interactions. International activities of the capital of Russia are determined by the Moscow City Charter. The Charter establishes powers of the Mayor of Moscow in the area of international and foreign economic relations. Along with the Mayor of Moscow, the Moscow City Council also has powers to conduct international relations. The powers of the city mayor and the city council enable pursuing goals and tasks of Moscow’s development, which could differ from interests of other Russian regions. These interests are rather varied and provide for maintaining contacts with the global community, developing cooperation

with foreign partners and resolving city issues.

These interests and objectives break down into several tasks. The first task is creating conditions for development of science and education in the city. Moscow is a leading national and global science and research center. The city has multiple universities and research centers. Consequently, the city has opportunities and potential for cooperation and interaction with foreign states and educational institutions for development of its educational and academic capabilities.

Moscow makes its contribution to the international activities and the image of the country due to the fact that it hosts many educational centers and research institutes. Moscow’s higher education institutions train thousands of foreign students. Studying in Moscow, these students will receive knowledge, experience and get to know the Russian culture, which will build positive attitudes and interactions of foreign professionals and leaders with Russia. Along with this, Moscow can export its education, expanding international cooperation opportunities both for the city and the country as a whole.

The second task is resolution of migration-related issues. The city has many migrants from neighboring countries. Despite the fact that the number of migrants has gone down after the pandemic, there are still issues requiring resolution, like marginalization of migrants, migrant crime, adaptation and assimilation issues etc. Experience of other countries may be helpful in resolving these issues.

However, migration to Moscow is related to the fact that the city is attractive both for domestic and external migra-



tion. The city has well-developed infrastructure, healthcare, education and services sectors. Moscow provides opportunities for development and there is always demand for highly skilled professionals and top-paying jobs. But it is beyond argument that the city needs to control migrant flows to ensure proper functioning.

The third important task is to ensure IT security of Moscow. The Russian capital is a city with sophisticated digital environment and infrastructure. Today digital technology crimes that hurt the residents of the city, are on the rise. One of the objectives of the city authorities is to ensure security of its residents, including the digital domain. Along with this, the city is also assisting in protecting not only the residents of Moscow, but citizens of the country as well, providing IT security for voting procedures at elections of various levels (from presidential to municipal elections).

And the fourth task is partially related to the previous one, it is protection of the infrastructure of Moscow. This includes not only physical security of infrastructure assets, personnel and customers, but also protection of infrastructure assets in the digital domain. Today we live in the world where a power station can be disabled by a couple of mouse clicks from anywhere in the world. Moreover, infrastructure security is relat-

ed to development of technologies, implemented for infrastructure projects, diversification of the energy industry (use of RES and conventional power sources) etc. Technological, economic and other forms of interaction with foreign partners could enable more efficient and expedient resolution of issues, faced by Moscow.

International forums are one of the ways to find solutions to the tasks, faced by the city. Such forums provide for exchange of experience, ideas and for development of various forms of international relations. The "Russian Energy Week" forum, held in 2022, where fuel and energy complex and RES experts and professionals discussed energy issues and challenges and ways for their resolution, is a vivid example of these activities of Moscow. Yet another example is the 2023 InfoSpace conference in Moscow, where digital industry experts discussed digital technology development issues, conditions for business development and IT security issues.

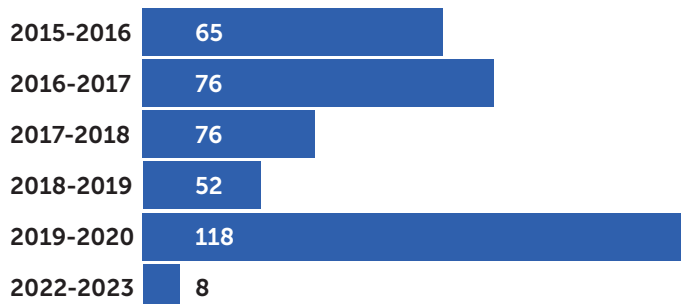
With the above in mind, one could note that the international activities of Moscow help the city not only achieve its own goals based on foreign experience and investments, but also guide such solutions in Russia and in the world with its capabilities and opportunities. **CI**



Studying in India Financed by Government: **ITEC Program**

The Indian Technical and Economic Cooperation Program (ITEC) has been operating since 1964. It was instituted by a decision of the Indian Cabinet as a bilateral programme of assistance of the Government of India for international capacity building. Participants of the program get an opportunity to take educational courses in India with duration from several days up to two years. Education is free of charge, and applications are accepted all the year round.

ITEC Participants from Russia



From the time of its launch, over 200 000 people from 161 countries have participated in ITEC. The program, instituted by a decision of the Indian Cabinet as a bilateral program of assistance of the Government of India, annually delivers about ITEC offers nearly 10,000 fully-funded in-person training opportunities through nearly 400 courses offered at 100+ eminent institutes in India each year. People from Asia, Africa, East Europe, Latin America, the Caribbean, Pacific and Small Island countries come to share in the Indian developmental experience.

ITEC involves more than 100 of the best Indian universities. Training subjects are often focused on specific fields: agriculture, audit, sustainable development, IT, project and risk management, forensics, leadership role in small & medium enterprises, yoga. But there are also courses for broader audiences; for example, English-language proficiency.

The standard requirements to participants specify age from 25 to 45 years old, minimum work experience of 5 years and knowledge of English language. Applications can be submitted 4 months before visit, or at least one month. Before travel, a limited medical examination and approval from the Chamber of Commerce and Industry or from the employer are required.

The key feature of ITEC is that it is fully paid for by the Government of India. The grant would cover every expense: from air travel tickets to food and lodging. Moreover, students are also paid an educational allowance.

Russia has partnered with ITEC since 1993. Currently over 1500 Russians have studied under the program in India. ITEC helps establish contacts between Indian and Russian businessmen and researchers, significantly expanding industrial and scientific sector prospects for both countries. The most popular courses with Russians are audit, English language and project and risk management.

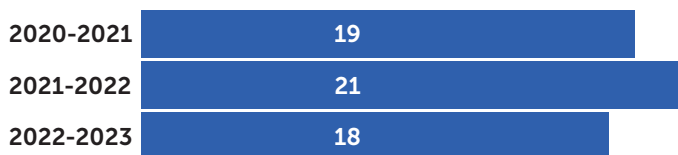
Since 2014, India has delivered almost 100 000 ITEC courses for specialists from all over the world. 2020 saw the launch of online e-ITEC courses, which are currently very successful and augment resident training. During the pandemic, healthcare and management online training courses by the Indian government were made available to about 10 000 specialists.

“After the relaxation in the Covid-related restrictions in the country and easing of air-communication, the physical ITEC courses are in full swing and currently there are hundreds of courses in 38 streams being offered by 75 Indian institutes on ITEC or e-ITEC program,” says Mr. Avinash Kumar Singh, ITEC Coordinator working at the Embassy of India in Moscow.



The program is regularly updated. Currently, there are e-ITEC (online courses), ITEC-Executive (short resident training for government officials), ITEC-Onsite and ITEC-Expert (local training for Indian nationals), Deputation of Indian experts abroad and Study Tours. Along with these, ITEC may prepare a field-specific training program upon request.

e-ITEC Participants from Russia



Upon return from training, course graduates are suggested to support contacts with Indian Embassies in their countries and also with their host university in India. The Indian Embassy in Moscow holds the ITEC Day every year. Participants gratefully recall their experience, which could be a real career stepping stone and an unforgettable journey.

ITEC brings together professionals from across the globe to share knowledge, establish useful connections and get a bigger picture of the world. During the courses one could visit Indian universities, laboratories and research centers, see with one’s own eyes approaches and practices, used in the country. And, of course, get to know India.

“The professionals and people from developing countries are offered unique training courses, both civilian and defence, in different centers of excellence in India which empower them with not just professional skills, but prepare them for an increasingly globalized world,” adds Mr. Avinash Kumar Singh. “The program has generated immense goodwill and substantive cooperation among the developing countries.” C

Nataliia Matushchenko

Ph.D. in Economics, Associate Professor
Vice-Rector for Academic Affairs
Oil and Gas Engineering Academy Sochi, Russia



I took part in the “Certificate course in General Management” at International Management Institute (IMI) in New-Delhi. Knowledge and experience I’d got during the program have brought positive changes to my professional work and my career. I passed with excellent grades and it would have not been possible without generous encouragement and support of my professors Deepak Chawla, Himanshu Joshi and many others.

This program was a source of new inspiration for me not only because of educational value but also thanks to the work in really international environment that is a key feature of the program. It was an honor to be a part of this program and I have and always will have the very best memories about my time in India.

And I’d like to add some words about the beautiful country that welcomed me and other foreign students with the unique culture, amazing history, incredible hospitality, bright exotic tastes and kind generous people. I do remember the words of my professor that India is not just a country - it is the whole continent. And I absolutely agree with him, admiring and loving wonderful India.

Anastasia Zadorina

Deputy Director for international S&T cooperation at the International Centre for Innovations in Science, Technology and Education



I participated in the ITEC course on science diplomacy that took place in Delhi.

The agenda was a mix of lectures, study and group discussions, field visits and technical sessions. Eminent experts and policy makers addressed us on a wide variety of topics, including Artificial Intelligence, Climate Policy, Genome Editing and Technology and Foreign Policy.

Moreover, we had a unique chance to enjoy Indian hospitality, visit India’s golden triangle and get acquainted with the diversity of India’s rich cultural heritage.

But more to that, everyone got an opportunity to establish contacts with like-minded people from all over the world – I personally stayed in touch and met long after the course with friends from Brazil, Serbia, Sudan, Dominican Republic. I see this as a very important benefit of a programme like ITEC, and I would like to thank the organizers for this great experience.



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