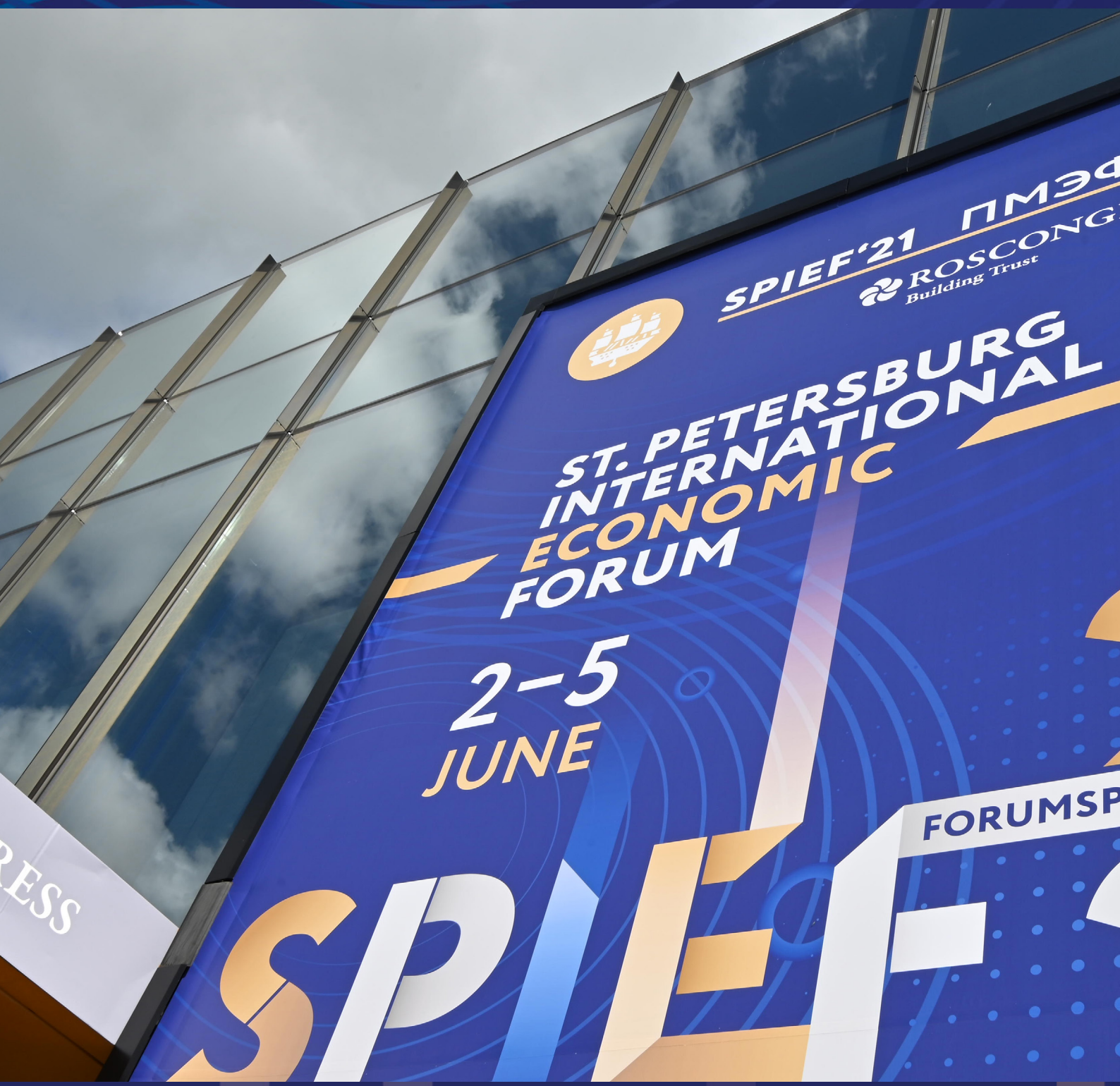


ANALYTICAL REVIEW

RC-INSIDER



OUTCOMES
OF THE 24TH
ST. PETERSBURG
INTERNATIONAL
ECONOMIC FORUM



INTRODUCTION

The 24th St. Petersburg International Economic Forum took place on 2–5 June 2021, and was held under the theme “A Collective Reckoning of the New Global Economic Reality”. In addition to SPIEF 2021 itself, the venue hosted a number of additional forums and initiatives focusing on specific themes. These included the SME Forum, Creative Business Forum, Healthy Life Area, Drug Security Forum, and SPIEF Junior – a special section for young people. Together, they encompassed more than 190 events.

Despite the rapid spread of online communication technology in the wake of the pandemic, SPIEF 2021 proved that there was still substantial demand for traditional face-to-face business meetings. Several global leaders took part in the Forum, including **Vladimir Putin**, President of the Russian Federation; Sheikh **Tamim bin Hamad al-Thani**, Emir of Qatar; and **Sebastian Kurz**, Federal Chancellor of Austria. Welcome addresses to participants were also given by **Alberto Fernández**, President of Argentina; **Jair Messias Bolsonaro**, President of Brazil; and **Félix Tshisekedi**, President of the Democratic Republic of the Congo and Chairperson of the African Union. The Forum’s many attendees included senior executives from major Russian and international companies and banks; and prominent scientists, journalists, and members of the business community.

In total, 13,500 people from 141 countries attended the Forum, with 1,100 Russian and international companies also participating. The main business programme encompassed more than 100 discussions, which indicated that Russia and the rest of the world is in effect at the threshold of a new economic reality. Attempts to identify ways of resetting the economy and modernizing the structure of the economy have therefore become matters of practical importance. Advisor to the President of the Russian Federation and Executive Secretary of the SPIEF Organizing Committee **Anton Kobayakov** commented that dialogue was both frank and open. “We have succeeded in holding a forum which has been engaging, far-reaching, and above all, safe. The safety measures which were put in place enabled the thousands of participants, speakers, experts, and journalists in attendance to get the very most from the event, just as they had done in years past. It has once again been possible to hold face-to-face discussions and network. SPIEF has yet again upheld its status as a unique international event and the world’s biggest and most progressive business platform to discuss key issues facing the regional and global economy,” he said.

KEY THEMES

**THE HUMAN FACTOR IN
RESPONDING TO GLOBAL
CHALLENGES**

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**NATIONAL DEVELOPMENT
TARGETS: FROM OBJECTIVES
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THE HUMAN FACTOR IN RESPONDING TO GLOBAL CHALLENGES

The COVID-19 pandemic has provided a stark warning that economic growth – and indeed, economic resiliency as a whole – can greatly suffer if insufficient attention is paid to human capital, particularly given the current environment.

Countries possessing the best workforces have been able to respond more rapidly to the challenges posed by the virus, both in the healthcare sector, and in terms of adapting to organizational and technological changes in society prompted by the pandemic. This has been particularly evident in the adoption of new working patterns and the digitalization of various sectors of the economy. In the post-COVID world, employees will be the ones responsible for securing high rates of growth, and a country's workforce will have a major bearing on its competitiveness on the global stage. At the same time, mobility and adaptability will not be the only key attributes for a workforce. Creativity will also play a vital role. Discussions at SPIEF 2021 revealed that Russia is entering the field in the global battle for mobile and creative people capable of implementing bold projects and transforming cities into hotbeds of talent.

"As a priority, resources must be allocated to create a comfortable living environment and to regenerate cities and other populated areas. In today's world, in which the economy is built around people, these are key factors to achieving economic growth and attracting investment," said Vladimir Putin at the Forum's plenary session.

"A key feature of today's world is that people are completely free to take decisions. They are not only able to move between cities, universities, regions, and countries, they can also move between professions," said Sergey Kirienko, First Deputy Chief of Staff of the Presidential Executive Office of the Russian Federation and mentor of the Leaders of Russia competition. In such an environment, issues surrounding quality of life, such as health, the environment, and working conditions take on particular significance. "All modern businesses and global companies which have enjoyed success are based on human capital. For a country to be successful, for it to achieve economic growth and positive results in all other areas, it first of all needs to offer a good quality of life," said Maxim Oreshkin, Aide to the President of the Russian Federation. Mayor of Moscow Sergei Sobyanin similarly remarked that cities which offered a high quality of life would undoubtedly be the ones to become leaders in terms of economic growth.

Head of the Centre for Culture Economy, Urban Development and Creative Industries Research Sergey Kapkov commented that Russia has the potential to attract talented people, especially from Russian-speaking countries. "We must declare our desire for talent. <...> If we do not attract talented



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SERGEY KIRIENKO
First Deputy Chief of Staff of the Presidential Executive Office of the Russian Federation

people from the 350 million-strong [Russian-speaking – ed.] world, then they will go instead to France, Germany, Hollywood, and so on," he said.

Chief of the Presidential Directorate for Social Projects Sergey Novikov noted that state initiatives to attract people are already in place. The Leaders of Russia competition, for example, received more than 11,000 entries from foreign citizens (based mainly in the CIS) who were willing to move to Russia to apply their talents. Competition winners are able to benefit from a simplified procedure for obtaining citizenship.



Businesses join the race

Major Russian companies have long been able to attract both workers and managers from abroad. The main factor to consider when attempting to attract people is the local environment. "The perception of whether a place is nice to live in or not has a major bearing on whether people move there to work. After all, talent is the most mobile resource there is, and that is a key fact," said **Dmitry Konov**, Chairman of the Management Board at SIBUR Holding.

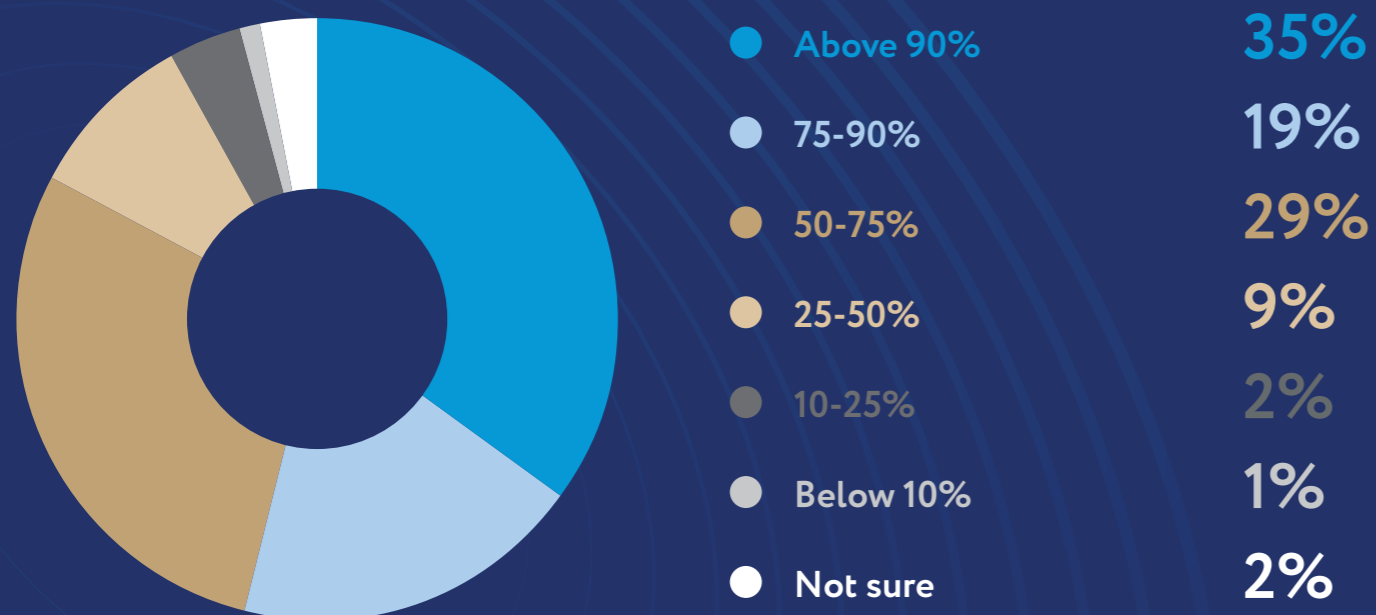
However, it is also important for companies themselves to apply changes. The pandemic has changed employees' sense of self, which has in turn forced companies to review their corporate culture principles. One of the conclusions voiced at SPIEF was that if at least a third of a company's employees work remotely, there needs to be an overhaul of their personnel management system. The pandemic has made it virtually impossible to avoid at least a partial move online, and companies will need to strike

a balance as they seek to ensure that employees are satisfied with their living environment.

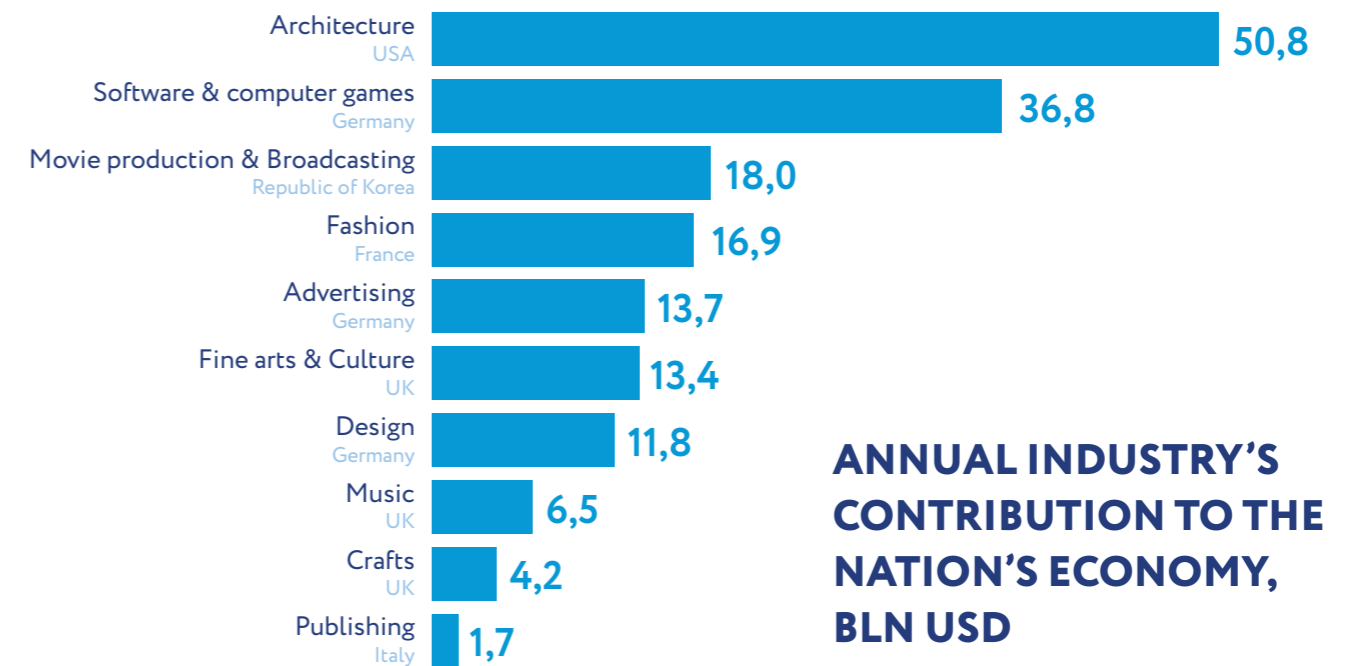
A creative choice

The rise of the creative industries has been one of the main trends to emerge in the new economy. These encompass traditional artistic pursuits, as well as design, advertising, music, showbusiness, the media, filmmaking, architecture, various startups, and online entertainment. The global creative economy is already worth more than USD 2 trillion, accounting for 30 million jobs and 3-6% of global GDP. And with annual growth of 14-15%, the sector is outpacing many other industries. What's more, it possesses excellent potential in terms of inclusivity. Deputy Minister of Culture of the Russian Federation **Olga Yarilova** claimed that the creative industries are opening up enormous opportunities to create new jobs, including for those with disabilities.

SHARE OF OFFICE WORKERS WORKING REMOTELY IN YOUR COMPANY DURING THE PANDEMIC



Source: Cnews Analytics



Source: Agency for Strategic Initiatives

ANNUAL INDUSTRY'S CONTRIBUTION TO THE NATION'S ECONOMY, BLN USD

Creativity set to overtake the resource economy

"We are entering a new era. It is the era of innovation, of invention. And over the coming decades everything will change – how we travel, how we communicate, how we treat people, how we share ideas, and so on," commented **Charles Hendry**, President of the Advisory Council at the Russo-British Chamber of Commerce. Continuing the theme, Chief of the Presidential Directorate for Social Projects **Sergey Novikov** noted that "If one were to directly answer the question of how quickly human capital will replace oil, then one could well say that human capital has in fact long-replaced oil. <...> In Russia, it is not only natural resources, or oil, or gas, which are important, but people – this is the most important form of capital that exists in the Russian Federation." Similarly, Vice President of the Russian Union of Industrialists and Entrepreneurs **Igor Vdovin** commented that "For our country, the creative industries make up a priority area. In effect, they are the lungs of the new economy. That is why we must direct all our administrative and financial resources to providing comprehensive support to them. If we do not do this, we risk losing a unique and fast-growing force which is capable of driving the economy."



"And over the coming decades everything will change – how we travel, how we communicate, how we treat people, how we share ideas, and so on."

CHARLES HENDRY
President of the Advisory Council
at the Russo-British Chamber of Commerce

Urban planning

A clear issue for cities aiming to compete on quality of life is the need to shift their developmental focus away from industrial zones and transport, and onto creating a pleasant urban environment. “The entire country – every populated area – is faced with the task of transforming itself, specifically with the aim of improving quality of life,” said Aide to the President of the Russian Federation **Maxim Oreshkin**.

Cities need to compete for people, while city authorities need to build dialogue with local residents. Moscow is an example of this kind of transformation. However, it would be an error to believe that the city was only able to achieve this thanks to its substantial income base, and that such a transformation could not be replicated elsewhere. “Where you have a group of people hungry for knowledge, where these people act and work together with others, you will see enormous changes, even in a town of 50,000,” said Chairman of VEB.RF **Igor Shuvalov**.

Government support

Like other sectors of the economy, the creative industries have suffered as a result of the pandemic. Indeed, losses in spring–summer 2020 amounted to around RUB 120–150 billion, according to the Russian Union of Industrialists and Entrepreneurs. Nevertheless, Minister of Culture of the Russian Federation **Olga Lyubimova** stated that Russia’s cultural institutions were highly successful at weathering the most difficult period, and that the government was quick to provide support to all sectors. She went on to note that Russia managed to avoid large-scale job losses in the cultural sector, unlike in the West, where performers retrained as couriers.

Looking forward, people working in the creative industries will need subsidized loans to fund businesses, education, and acceleration programmes, both to establish new ventures, and to attract investors. In addition, assistance will be required to sell goods and services on the international market. As noted by Chief Executive Officer of Gazprom-Media Holding **Alexander Zharov**, Russia’s creative industries are already

able to compete on the global market, including in developing high-quality content; however, national media platforms need to be developed in order to promote them. Meanwhile, as pointed out by Deputy Minister of Industry and Trade of the Russian Federation **Gulnaz Kadyrova**, a number of measures covering preferential tax rates for the IT industry had already been put in place. “Perhaps we should return to this area and examine it with regard to other creative industries,” she said.

However, people working in the creative industries not only need financial support – they also require a reduction in legislative barriers and red tape. Two such steps would be to establish a legal definition of the term “creative industries” and to optimize processes involving copyright and intellectual property rights, which are currently designed primarily for the offline world.

A demand for knowledge

As the competition for talent intensifies, so needs revolving around education are evolving. More specifically, there is a need for a new kind of education, one which encompasses ongoing training and a focus on specific requirements. As noted by Rector of MGIMO University **Anatoly Torkunov**, regardless of the topic discussed at SPIEF, the issue in question always boiled down to recruiting people who could help achieve each aim. For this reason, schools and universities need to react like never before to emerging requirements for practical skills. They also need to work in cooperation with one another, as well as with employers.

The science sector also needs to join the fight for talent, particularly in light of the Fourth Industrial Revolution, which could see many human roles becoming automated or replaced by artificial intelligence. A Russian nationwide study conducted in 2021 by the Russian Academy of Sciences’ Institute of Psychology and ZIRCON Sociological Group revealed that people were largely unaware of the latest scientific discoveries, and would cite Elon Musk as the world’s current leading “scientist”. However, in the same study, more than 60% of parents expressed a desire for their children to find their calling in research and development. “For Russia, this is a period of great excitement and promise, akin to the 1960s–1970s, because the country is on the ascendancy, it is at a turning point,” said President of the Kurchatov Institute National Research Centre **Mikhail Kovalchuk**.

However, the science sector has experienced difficulties in communicating with business and society. Currently, end products and services are the final link in



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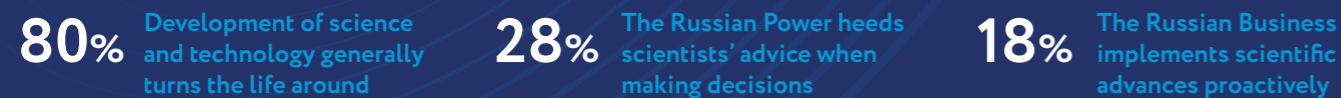
MIKHAIL KOVALCHUK
President of the Kurchatov Institute
National Research Centre

the “model – research – development” chain; however, it’s important to begin with basic human needs. “It’s crucial to explain that science protects you, science treats you when you’re ill, it feeds you, it warms you, it teaches you,” said **Alexander Dynkin**, President of the Primakov National Research Institute of World Economy and International Relations at the Russian Academy of Sciences. Minister of Science and Higher Education of the Russian Federation **Valery Falkov** also noted that the language of science should be made accessible. And **Mikhail Kovalchuk** highlighted the importance of making society much more knowledgeable about science than it currently is.

This being said, it is also essential to avoid science from becoming too closely bound to practical applications. As pointed out by Chairman of the Management Board of SIBUR Holding **Dmitry Konov**, the commercial sector does not see the whole picture. It should therefore not be able to dictate societal development priorities for the science sector in its own interests. Mikhail Kovalchuk added that “The government is the main customer, but it should by no means be the only actor. The role of the government should be to conduct and harmonize these processes.”

ROLE OF SCIENCE IN THE RUSSIAN SOCIETY

Demand for the Russian Science, % positive responses



What do you suppose the future of our country depends foremost on?



Source: IP RAS - ZIRCON. Phone survey 11-17 April 2021 according to the all-Russian representative sample. 1600 respondents

NATIONAL DEVELOPMENT TARGETS: FROM OBJECTIVES TO RESULTS

Overall, the Russian economy managed to weather the COVID-19 crisis, and the government is now in a position to return to issues concerning sustainable economic growth and attaining national development goals.



“Thanks to the implementation of timely and rapid measures, the Russian economy and labour market are already returning to pre-crisis levels,” said **Vladimir Putin** at the plenary session. Indeed, several international guests at the Forum also remarked on Russia’s success in this regard. “Russia’s economic policy during the pandemic was very timely and very decisive – both on the part of the Ministry of Finance, and the Central Bank. As a result, the Russian economy contracted relatively little compared to other countries around the world. <...> A divide between various groups in society did not occur during the pandemic, and this is thanks to the fact that Russia rapidly adapted to the new situation,” said **Kristalina Georgieva**, Managing Director of the International Monetary Fund.

Nevertheless, as was made clear during the Forum, problems do exist, which need to be tackled head-on. Unemployment is on the rise (particularly among young people), and people’s real incomes are falling. These are deep-seated issues which are not solely the result of the pandemic. It is therefore vital that Russia’s economic agenda moves away from crisis mitigation, and towards sustainable development. “It is clear that the main, systemic response to the challenges of unemployment, and the key to raising people’s income lies in economic growth. That is clear – everybody realizes that there need to be new, high-quality jobs across all industries, and across all regions of the country,” said **Vladimir Putin**.

Throughout the world, history has shown that revitalizing the economy following a period of turmoil invariably involves increasing investment in infrastructure, local development, new technologies, and training. And indeed, work on each of these areas is under way in accordance with a series of presidential directives setting out new national development targets to 2030, in line with the challenges of today.

Areas of growth

In order to drive growth, major investment projects capable of achieving a multiplier effect for the economy are needed. Accordingly, Deputy Prime Minister of the Russian Federation **Marat Khusnullin** commented that the focus will primarily be on developing the country’s transport infrastructure. There are plans to build a fundamental transport network made up of high-quality federal, regional, and municipal roads. “By 2024, we aim to ensure that 85% of roads in 105 of the

nation’s largest agglomerations, and 65% of regional roads are brought up to standard,” said **Khusnullin**.

In terms of the rail industry, the main project will be the expansion of the so-called Eastern Polygon, which, according to **Khusnullin**, will be comparable in scale to constructing another **Baikal–Amur Mainline (BAM)**. Of no less importance will be the development of urban railways, with eight regions having already been selected for a pilot project. **Khusnullin** noted that traditional urban transport largely remains a sore point, and is in need of investment. Approaches to air connectivity in the regions are under review, with development planned for both the major and light aviation sectors. And as noted by Minister of Transport of the Russian Federation **Vitaly Saveliev**, the country is again focusing on the development of river transport after 20 years of neglect.



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Managing Director of the International Monetary Fund

One knock-on effect from the development of the transport sector is the opportunity to unlock the tourist potential of the regions. The pandemic has caused people in Russia to turn to domestic tourism. The industry has been tasked with fulfilling extremely ambitious objectives over the coming years as it endeavours to offer high-quality products to tourists. Head of the Russian Federal Agency for Tourism **Zarina Doguzova** drew attention to a new national tourism project encompassing a key measure which has never before been applied in the industry – the creation of tourist masterplans for regions (or tourism-related regional projects). This will ultimately mean that tourists will not only be able to access information about travelling through Russia, they will also benefit from an infrastructure enabling them to both travel to their destination in comfort, and enjoy a relaxing experience for the duration of their stay.

Macroeconomic stability

Global inflation is a major issue to overcome on the path to sustainable development. However, the Forum demonstrated that economic officials from the Russian government were united in how they viewed inflation, interest rates, and future regulatory measures. In particular, the government has no plans to re-establish a state planning committee and regulate prices. Instead, the focus will be on a carefully considered response based on market mechanisms, fostering competition, and predictable long-term regulation. At the same time, the government is turning away from soft monetary and budget policies in favour of a more neutral approach.

“There needs to be absolute coordination between all monetary authorities in order to get out of such difficult situations. The Ministry of Finance and the Central Bank understand this very well, and are going to great lengths to synchronize their work in relation to monetary and budget policies,” said Minister of Finance of the Russian Federation **Anton Siluanov**. “We have begun reverting to a neutral monetary policy. Any delay would mean we would have to raise interest rates even higher and faster. We don’t believe that this is impacting economic growth. We believe that accelerating inflation is what impacts economic growth,” added Governor of the Bank of Russia **Elvira Nabiullina**, who also said there was no need to additionally stimulate demand. The reason for this was that it had virtually recovered already, with the exception of sectors which continue to be impacted by restrictions, such as oil production, transport, and services.



“We have begun reverting to a neutral monetary policy. Any delay would mean we would have to raise interest rates even higher and faster.”

ANTON SILUANOV
Minister of Finance of the Russian Federation

A menu for growth


Minister of Economic Development of the Russian Federation **Maxim Reshetnikov** commented that economic growth will still be possible provided that support is offered to investors and that development institutions are revived under the VEB.RF platform. The most important thing, he noted, was to employ the experience gained in tackling crises to address the lack of capital for major infrastructure projects, and to ensure that they remain economically viable.

In order to shore up the construction industry, the Russian government is planning to put in place a so-called “infrastructure menu”, consisting of 10 types

UPDATED INFRASTRUCTURE MENU

REACTIVE SUPPORT MEASURES	PROGRAM EXTENT AND SUBSIDY RATES	APPLICATION SPHERE	RECOVERABILITY
Infrastructure bonds	500+ BLN RUB (till 2024)	In-project infrastructure	Project returns (sale of apartments, land plots)
Infrastructure public loans	500 BLN RUB (till 2024)	Extra-project infrastructure (citywide)	Tax revenues of the Russian subjects
Loans to the public utility funds from NWF	500 BLN RUB (till 2030)	Reconstruction and modernisation of public utilities of low-margin projects	Tariff revenues of the Regional Construction Association
Forward financing of construction	100 BLN RUB + 100 BLN RUB NEED	Assistance to low-margin MIC projects	
Subsidy assistance to construction priority rates	30 BLN RUB (0.9 BLN RUB SUBSIDY)	Priority construction under state contracts	

Effects

 Ahead infrastructure construction for 150 mln m2 housing

 Attraction of private investment into infrastructure construction

of state support. These include publicly funded loans, money from the Russian National Wealth Fund (NWF), interest rate rebates, rescheduling of subsidies, and so on. Over the course of three years, the NWF alone is set to invest RUB 1.2 trillion. Industries set to receive support include transport, housing and utilities, comprehensive local development, sport, and culture.

Regional projects: a question of quality

There is currently a deficit of high-quality investment projects in Russia’s regions. Of the RUB 420 billion freed up from restructuring publicly funded loans as of the start of the Forum, a mere RUB 90 billion-worth of projects have been announced by various regions. However, the pandemic did not stop a number of regions from continuing to work on improving the business climate, as demonstrated in the Russian Regional Investment Climate Index, which was presented at SPIEF 2021.

The top five regions were revealed to be Moscow, the Republic of Tatarstan, Tyumen Region, Tula Region, and the Republic of Bashkortostan. These were followed by Khanty-Mansiysk Autonomous Area – Yugra and Nizhny Novgorod Region in sixth place; Moscow Region, Novgorod Region and Krasnodar Territory in seventh place; Samara Region, Sakhalin Region, Yaroslavl Region, Kaluga Region, and St. Petersburg in eighth place; Chelyabinsk Region in ninth place, and Tambov Region, Leningrad Region, Belgorod Region, and the Sakha Republic (Yakutia) in tenth place.

General Director of the Agency for Strategic Initiatives to Promote New Projects **Svetlana Chupsheva** noted that the index was based on the results of what was a challenging year, especially given the pandemic. However, in spite of this, 40 out of 85 Russian regions were able to improve upon their previous average across all categories. “A number of key areas are considered when compiling the index, including pressure on business. The time needed to connect to infrastructure, obtain a construction permit, connect to the electric power network, and register a company is also assessed.

NATIONAL INVESTMENT RATING

- | | |
|---|-----------------------------|
| 1 Moscow | 9 Chelyabinsk Region |
| 2 Republic of Tatarstan | 10 Tambov Region |
| 3 Tyumen Region | Leningrad Region |
| 4 Tula Region | Belgorod Region |
| 5 Republic of Bashkortostan | Republic of Sakha (Yakutia) |
| 6 Khanty-Mansiysk Autonomous Region – Yugra | 11 Republic of Crimea |
| Nizhny Novgorod Region | Kaliningrad Region |
| 7 Moscow Region | Lipetsk Region |
| Novgorod Region | Republic of Adygea |
| Krasnodar Territory | 12 Smolensk Region |
| 8 Samara Region | Kamchatka Territory |
| Sakhalin Region | Magadan Region |
| Yaroslavl Region | Rostov Region |
| Saint-Petersburg | Kemerovo Region |
| Kaluga Region | Astrakhan Region |
| | Ulyanovsk Region |
| | Republic of Karelia |
| | Republic of Kalmykia |



“Thanks to open data, we are experiencing a revolution in openness.”

ALEXEY KUDRIN
Chairman of the Accounts Chamber
of the Russian Federation

And each year, we are seeing these time frames going down, both in individual regions of Russia, and as an average across the country. <...> Less pressure is being exerted on businesses. <...> And last year saw a 30% reduction in the number of entrepreneurs who cited bureaucratic pressure,” **Chupsheva** said. She also noted that investors were benefitting from better direct links to regional government bodies. “I know that all regional governors personally met with business associations, entrepreneurs working in their region, and investors on a daily basis. <...> This is evident right across the country, with businesses saying that direct communication has improved almost twofold,” she stressed.

The results of the index were also reflected in the number of agreements signed by the regions at the Forum. These covered manufacturing and infrastructure projects, and the construction of recreation facilities. Leading regions included Leningrad Region (29 agreements signed worth a total of RUB 1.032 trillion), St. Petersburg (more than RUB 600 billion), Moscow Region (47 agreements signed worth a total of RUB 250 billion), the Republic of Karelia (15 agreements

signed worth more than RUB 236 billion), Krasnodar Territory (22 agreements signed worth a total of RUB 160 billion), Tula Region (26 agreements signed worth more than RUB 150 billion), the Republic of Bashkortostan (25 agreements signed worth more than RUB 122 billion), and Tver Region (more than RUB 91 billion).

Focusing on people

Russia’s national development targets encompass a key distinguishing feature – a focus on specific ways to improve quality of life. One of the main ways this is manifesting itself is in the transition to a customer-centric public sector. The aim is to make interaction between government authorities and the public clear, convenient, and easy, and for people’s requirements and values to be taken into account. “It is about people. All of this is for people. It revolves around people. People are at the centre,” said Deputy Prime Minister of the Russian Federation **Dmitry Grigorenko**. He went on to comment that in order to meet the needs of the public, the government must know its people, and view them with the aim of providing state services. Accordingly, the state apparatus is undergoing reform in order to shift the focus of the government administration system away from achieving formal targets, and towards solving specific issues concerning the public and businesses.

First Deputy Chief of Staff of the Presidential Executive Office of the Russian Federation **Sergey Kirienko** added that this amounted to much more than merely adopting the term “customer-centricity” from the commercial sector. “Customer-centricity is a recognition by the state that people require respect, care, and emotional support. We do indeed need to adopt best practices [from the commercial sector – ed.]. At the same time though, it is vital to understand clearly that this is a relationship between the public and the state, and not between a customer and the state,” he said.

Chairman of the Accounts Chamber of the Russian Federation **Alexey Kudrin** commented that government bodies need to focus on openness as the first step towards meeting people’s needs. People availing themselves of state services want to know what goes on at the government body in question. They want to have the ability to receive feedback and have a say in the decision. “Thanks to open data, we are experiencing a revolution in openness,” said Kudrin. It was a sentiment shared by **Maria Shklyaruk**, Scientific Director of the Digital Transformation Leadership Training Centre at



“Healthcare is an economic sector like many others. Its work has a direct bearing on a country’s economic stability.”

MIKHAIL MURASHKO
Minister of Health of the Russian Federation

RANEPА. “Openness paves the way to understanding, which in turn paves the way to trust, which in turn paves the way to having a say in the decision,” she said.

Healthcare as part of the economy

The pandemic has highlighted the need to change attitudes towards health, the work done by doctors, and the healthcare sector as a whole. It has also served to underscore the importance of national healthcare targets. “Healthcare is an economic sector like many others. Its work has a direct bearing on a country’s economic stability, as the events of last year have shown,” said Minister of Health of the Russian Federation **Mikhail Murashko**. “It is crucial to change our philosophy towards our health, our loved ones’ health, and our families’ health. We need to change overall attitudes towards doctors and healthcare. And this is the first

thing which is happening in society today,” said Deputy Chairman of the Federation Council of the Federal Assembly of the Russian Federation **Galina Karelova**.

Today, the healthcare sector – including the primary care and rehabilitation system – is in need of modernization. “Despite the measures taken in the healthcare sector, the entire system – the entire industry – needs to be recalibrated. Above all, this means taking a fresh look at modernizing primary care,” said **Karelova**.

One comprehensive solution is to revamp the training and retraining system for healthcare workers, modernize medical services, and develop a preventative healthcare programme employing digital technologies and artificial intelligence. According to Minister of Health of the Russian Federation **Mikhail**



“Despite the measures taken in the healthcare sector, the entire system – the entire industry – needs to be recalibrated. Above all, this means taking a fresh look at modernizing primary care.”

GALINA KARELOVA
Deputy Chairman of the Federation Council
of the Federal Assembly of the Russian Federation



“The fact that not enough young people are involved in global processes is of course posing a major risk with regards development for humanity as a whole.”

MAXIM ORESHKIN
Aide to the President of the Russian Federation

able to attend an event of global significance, they also had the chance to meet guests from other countries and participate in an open cultural exchange. In particular, they were able to talk about the role they are looking to play in addressing current social and economic issues.

Murashko, creating digital profiles for patients will provide cross-section overviews of entire regions and localities, and will help realign the healthcare system to meet specific requirements. In addition, Regional Director for Europe at the World Health Organization **Hans Henri P. Kluge** noted that by focusing on artificial intelligence, some roles could be performed by robots should there be a shortage of healthcare personnel.

Youth entrepreneurship

The economy is undergoing rapid transformation, and new technologies and industries are continuing to appear. Nevertheless, the potential of young people is not being fully unlocked in this evolving landscape. “The fact that not enough young people are involved in global processes is of course posing a major risk with regards development for humanity as a whole. <...> In Russia, the unemployment rate in 2020 for people aged 20–24 was 16.2%. This marks an almost 2% rise compared to 2019, before the crisis struck. It is a very serious and deep-rooted problem which needs to be addressed,” said Aide to the President of the Russian Federation **Maxim Oreshkin**. Solutions need to take the form of new government measures to support and foster youth entrepreneurship. A mentorship programme should also be established at universities, and entrepreneurship should be taught as a discipline.

SPIEF is playing an important role in this process. In 2018, the Forum venue hosted the first meeting of Friends for Leadership – a unique initiative bringing together young leaders and entrepreneurs. “We did not sit idly by over the past two years. Indeed, we have made a breakthrough. The Roscongress Foundation has worked together with its partners – including UN offices and experts – to establish the international organization Friends for Leadership, which has brought together leaders from more than 100 countries through a competition rewarding sustainable development projects. <...> This Forum has seen the next generation of international leaders hold a range of sessions, conduct meetings, and sign cooperation agreements. This is something we greatly welcome,” said Advisor to the President of the Russian Federation **Anton Kobayakov**.

Another new feature at SPIEF 2021 was SPIEF Junior, which provided school pupils from Russia and other countries with the chance to meet and discuss issues with leading professionals. Not only were they

JOINING FORCES TO ADVANCE DEVELOPMENT. INTERNATIONAL COOPERATION

The crisis, which began as a challenge to the healthcare system, rapidly escalated to affect all sectors of the economy, and highlighted the fact that the world was not sufficiently prepared for the pandemic. One of the main conclusions voiced at the Forum was that social inequality around the globe is hindering efforts to beat the virus.

“This pandemic has cast light on the enormous social inequality that exists. It has not only been the virus that has killed people, it has been inequality too,” said **Michael Ryan**, Executive Director of the World Health Organization’s Health Emergencies Programme. According to the IMF, wealthy nations accounting for 16% of the world’s population have cornered half of all available COVID-19 vaccines. As a result, a mere 10% of the world’s population has been vaccinated, while hundreds of millions of people have no access to a vaccine at all. Compounding matters is that fact that efforts by the global community to help poorer nations have so far been negligible. And unless universal access to vaccines can be ensured in all countries, there will continue to be hotbeds of infection, which will in turn pose a threat to the entire planet.

Speaking at the plenary session, **Vladimir Putin** noted that the result of all this has been that the economy has not recovered at an equal rate across the globe. This in turn is increasing the risk of further imbalances and disparities in quality of life, both between countries, and within them. This may well lead to political, economic, and social consequences, which will impact global security. Given that the disease knows no national borders, it is impossible to tackle the pandemic alone. Since the beginning of the pandemic, the UN has called for a cessation of hostilities in all armed conflicts, and for the lifting of unilateral sanctions. However, despite the fact that 160 nations supported the UN initiative, little has changed on the ground.

Russia has responded to the call for humanitarian assistance. So far, Russia is the only country to have not only launched production of its own vaccines, but also to offer other nations technology and assistance in developing and manufacturing vaccines and medication. Sputnik V, for example, has already been registered in 66 countries with a total population of 3.2 billion. However, Russian vaccines have yet to receive approval from Western nations.

Participants at the Forum expressed the view that regrettably, much remains to be done in terms of cooperation. All international participants stressed the importance of working together in the fight against the pandemic. However, in spite of this, many countries are still acting purely in their own interest, as **Vladimir Putin** observed.

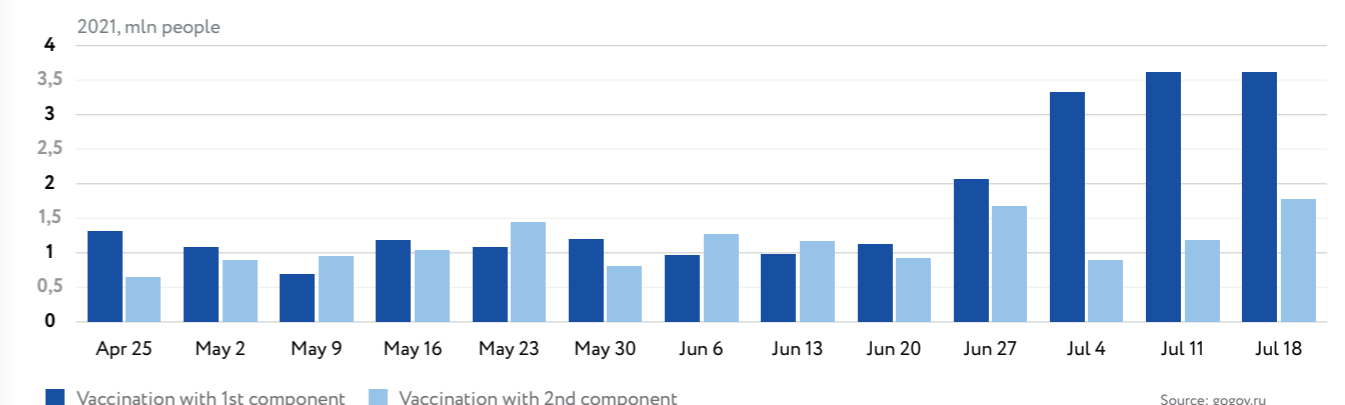
Nevertheless, both Russian and international participants were of the view that it was crucial to continue seeking and acting on opportunities for international cooperation, regardless of any political differences that may exist. After all, international cooperation can help pave the way to global economic recovery, overcome the socioeconomic consequences of the pandemic, and prepare countries to face systemic, long-term challenges which will inevitably shape the future of civilization. In effect, it is the only option that will allow people to return to their normal lives following the widespread disruption caused by the pandemic.

Speaking at the Forum, Emir of Qatar **Sheikh Tamim bin Hamad al-Thani** highlighted a number of effective ways to build the resources needed to combat epidemics and solve other international issues, such as climate change. These included economic development, increasing investment, fostering innovation, supporting manufacturing, and reinforcing universal human values. In addition, Federal Chancellor of Austria **Sebastian Kurz** commented that in spite of all political differences that exist, it will be essential to work together in various areas, and to identify and act on opportunities for cooperation.

Public health

Collaboration in healthcare was a prominent topic at the Forum, particularly given the need to vaccinate populations against COVID-19. The UN has urged nations to avoid politicizing the fight against the pandemic. In addition to supporting this position,

RATES OF CORONAVIRUS VACCINATION IN RUSSIA



A climate without borders

The climate agenda is becoming increasingly prominent throughout the world, and is clearly fertile ground for cooperation. One of the main challenges the world will soon have to tackle in the post-COVID era will be the creation of a carbon-free economy. Russian government officials and business representatives were able to use the Forum as a platform to demonstrate the country's potential to become leaders in green energy, while maintaining its traditional and strong role in oil and gas production. Meanwhile, international participants expressed the view that the ESG agenda could serve as the basis for improved relations between Russia and the European Union.

Vladimir Putin used his address at the plenary session to highlight the need for concerted global efforts to address common systemic and long-term challenges which are playing a decisive role in shaping the entire future of civilization. And first of all, this means focusing on the climate. "Let me be clear – there is no such thing as a separate Russian, European, Asian, or American climate. All of our nations share responsibility for today's world, and for future generations," he said. **Putin** went on to stress the importance of putting political and other differences aside, and not to turn efforts to achieve carbon neutrality into a tool of unfair competition. He also noted that restricting access to the latest green technologies would hold several countries and producers back.

"Compared to previous editions of SPIEF, it is clear that issues surrounding the climate and the energy transition are at the top of the agenda, because they are

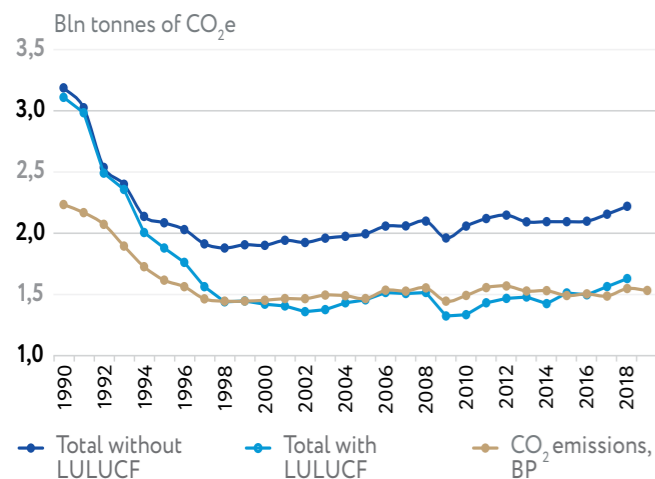


"Compared to previous editions of SPIEF, it is clear that issues surrounding the climate and the energy transition are at the top of the agenda, because they are a cause of concern for everybody."

ALEXANDER NOVAK
Deputy Prime Minister of the Russian Federation

a cause of concern for everybody," said Deputy Prime Minister of the Russian Federation **Alexander Novak**. And Aide to the President of the Russian Federation **Maxim Oreshkin** added that "It is important that Russia gains a key foothold in this nascent market." Executive Chairman of the Board of Directors of En+ Group **Lord Barker** commented that this was very possible, saying that "Russia could become a leader in the green economy thanks to its enormous stock of resources and substantial scientific base." Meanwhile, Ambassador of the European Union to the Russian Federation **Markus Ederer** noted that it was essential to take this opportunity to improve relations through enacting a green transformation, and building a green economy. "It

TOTAL ANTHROPOGENIC EMISSIONS OF GREENHOUSE GASES IN RUSSIA IN 1990-2019



Source – BP Statistical Review of World Energy 2020

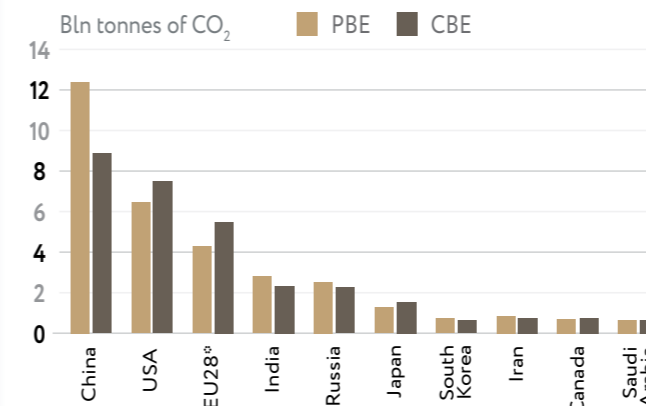
will be a new field for cooperation – one which members of our business community are interested in," he said.

As pointed out by Deputy Prime Minister of the Russian Federation **Viktoria Abramchenko**, Russia had in effect committed to even greater obligations with regard to the environment. That is because the country had already made substantial efforts to reduce greenhouse gas emissions. Indeed, in 1990, Russia's emissions accounted for 3.1 billion tonnes of CO₂ equivalent. This has since been reduced to 1.6 billion tonnes. And the President has set the objective of achieving a larger cut in greenhouse gas emissions by 2050 than what the European Union is planning. A substantial set of regulatory documents is currently being drafted, and on the eve of SPIEF, the Russian State Duma passed a law restricting greenhouse gas emissions. "This marks a major step forward. We have covered all bases. Our objective is to ensure that the basic configuration is fully in place in the first half of next year," said Minister of Economic Development of the Russian Federation **Maxim Reshetnikov**.

Carbon barriers

The main concern shared by businesses and government official alike is that carbon regulation may be used to put up barriers and hinder access to the international market. In particular, the European Union's desire to introduce a so-called carbon tax on imported goods is a cause of some apprehension. As Russian President **Vladimir Putin** stressed at the plenary session, it is essential that the transition to carbon neutrality and green technology is not used as a tool of unfair competition and as a means of holding certain countries back.

TOP10 EXPORTERS AND IMPORTERS OF EMISSIONS IN 2016



Source: Eora

* – including UK

This can be avoided if partners from various countries work together in a systematic and deliberate way. Minister of Economic Development of the Russian Federation **Maxim Reshetnikov** noted that numerous nations are raising the question of compliance with regard to transnational regulation of WTO rules. Meanwhile, Russia is currently working on its own carbon unit monitoring and processing system. This will enable countries to monetize investments in reducing emissions. **Vladimir Putin** has instructed his cabinet to ensure that a regulatory framework for climate-related projects is fully developed by July 2022. In Sakhalin Region though, a pilot project to develop a carbon unit processing mechanism is already in place, and the region is set to become carbon neutral by 2025. At the same time, the President has called upon companies purchasing or planning to purchase carbon units abroad to instead invest in climate-related projects in Russia, which will offer a better return.

In terms of the green agenda, Russia's nuclear energy and hydropower sectors also put the country in a strong position. As noted by Director General of Rosatom Group **Alexey Likhachev**, experts at the EU were able to prove that with its low carbon footprint throughout the entire lifecycle, nuclear energy is ahead of its competitors. Another area which could offer Russia a good chance of leading the way in reducing emissions is the hydrogen energy industry. A full range of hydrogen vehicles is currently in development in order to ensure substantial demand for hydrogen in Russia. In addition, the government has been tasked this year with developing and adopting a concept which will set out the development of hydrogen power in the Russian Federation. Unsurprisingly, the international business community expressed its desire to play a role in Russia's modernization and green agenda at a closed meeting with **Vladimir Putin**, which took place at the Forum. Among those to indicate their interest in joint hydrogen initiatives were investors from France, Germany, Austria, and Australia.

Fuel for the global economy

Despite these developments, collaboration in traditional energy sectors remains just as important for Russia and its partners. And while participants at the Forum noted that the transition to a carbon-free global economy was inevitable, they also pointed out that the role of traditional oil and gas is not fully acknowledged, and that the industry also has the potential to become green. As the world begins to recover from the pandemic, so the

growth in demand for resources has become increasingly evident. What's more, by 2050, the global economy will be 2–3 times the size of what it is today. This means that more resources will be required – a need that renewable energy sources will not be able to cover alone.

It was no coincidence that **Vladimir Putin** used SPIEF to announce the symbolically important completion of Nord Stream 2's first pipeline, in spite of the sanctions put in place to hamper the project. Chancellor of Austria **Sebastian Kurz** noted European nations' hopes that Nord Stream 2 would provide them with energy security. **Vladimir Putin** added that gas – particularly from Russia – remains the most environmentally friendly hydrocarbon, and would be the most optimal and in-demand product for the long period of time it will take to transition to green energy.

The role of oil producers is similarly not set to diminish. The world's major industry players used the Forum to reiterate the need for a balanced approach, as opposed to adopting the ill-thought-out position of rejecting oil entirely. The fuel and energy sector suffered a double blow as a result of the pandemic. On the one hand, demand and prices fell, while on the other, investment declined as economies recovered due to the climate agenda. "Investment in oil production has fallen to such a level that current reserves are not only not being replenished, but are left to run out," said Trafigura CEO **Jeremy Weir**. Exxon Mobil Senior Vice President **Neil Chapman** added that during this period of transition, oil companies have a double role to play. While they need to reduce their carbon footprint to give the world a chance to solve climate-related issues, they also need to provide reliable energy supplies over the coming decades so that people's quality of life in developing nations can improve. For this reason, the oil and gas industry has long been working to reduce greenhouse gas emissions. Today, the sector is leading the way in efforts to transition to low-carbon energy, investing billions of dollars in the development of green technologies.

Against this backdrop, Russia is preparing to open a "second Samotlor Field". Rosneft's Vostok Oil project is expected to result in the production of an additional 100 million tonnes of green oil annually. Its incredibly low carbon footprint will be achieved through production technologies, and the quality of the product itself. Among those already participating in the project are BP (through its stake in Rosneft) and leading traders including Trafigura and a consortium made up of Vitol and Mercantile & Maritime. According to BP CEO **Bernard Looney**, by achieving diversification through partnership



“The first trend is the stratification of states and the stratification of income. This is true in virtually all countries, with only very rare exceptions. Technologies have accelerated this trend.”

HERMAN GREF
CEO and Chairman of the Executive Board of Sberbank

(including on aspects that fall outside the scope of the industry), the fuel and energy sector will be able to meet growing demand for energy, as well as social requirements.

A world of ones and zeros

Participants at the Forum highlighted digitalization as another promising area of cooperation. There was little doubt that digitalization would play a key role in shaping the post-COVID world. And it was similarly clear that no one country or government alone would be able to deal with the technological demands and social consequences of this development.

Online communication during the pandemic was just one example of a surge in the use of modern digital technologies. The digital realm offered a new

way for people to talk to one another, hold cultural events, and even participate in major international forums. It also allowed meetings to take place between heads of state. Although restrictions on movement – both within and between countries – were in place, remote options meant it was possible for pupils and students to continue their education. Manufacturers were also able to maintain equipment without sending specialists, programmers based anywhere in the world could work on digital goods and components, and inspectorates could continue to operate without having to visit sites. Indeed, the digital realm opened up a wealth of possibilities. One clear outcome of this development was the growth of e-commerce, including between nations. "The only difference between this pandemic and previous ones is that the digital economy is growing apace. It has become possible for large segments of the economy to work without any physical contact – this is something new," noted political commentator, journalist, and CNN host **Fareed Zakaria**.

However, increased demands on communication channels have served to highlight the importance of



“Social media platforms are removed from legislative responsibilities, both at a national and supranational level.”

MARIA ZAKHAROVA
Director of the Department of Information and the Press
at the Ministry of Foreign Affairs of the Russian Federation

adopting new technologies and standards, which can only be developed by working together. "No one country or government alone will be able to fulfil these objectives. 5G, for example, requires concerted efforts, which is why the European Union and Russia need to work together to put this technology in place," commented **Arun Bansal**, Executive Vice President and Head of the Europe and Latin America Market Area at Ericsson. "Russia possesses fantastic technological potential, and fantastic companies too. <...> If we join forces, it would be fantastic – all of us would only stand to win," added **Johan Vanderplaatse**, Chairman of the Association of European Businesses and President of Schneider Electric for Russia and the CIS.

At the same time, the pandemic has spurred the development of technologies which will radically impact the structure of the economy and the labour market. This carries with it the risk of increasing social inequality. "We can clearly make out a whole range of global trends which are being viewed as challenges in the global economy. <...> The first trend is the stratification of states and the stratification of income. This is true in virtually all countries, with only very rare exceptions. Technologies have accelerated this trend," commented **Herman Gref**, CEO and Chairman of the Executive Board of Sberbank. One solution put forward at the Forum was to rethink relations between the government, business community, and society in the interests of the population. A regulatory framework should then be developed accordingly to enshrine these changes.

The rise of digitalization has also meant that issues surrounding digital sovereignty have become increasingly pressing. Today, international tech giants have in effect become supranational structures with the power to practice censorship and discrimination across entire nations. "Social media platforms are removed from legislative responsibilities, both at a national and supranational level. There are no regulatory provisions governing their approach to forming a national strategy, international strategy, and so on. It is controlled manually," said **Maria Zakharova**, Director of the Department of Information and the Press at the Ministry of Foreign Affairs of the Russian Federation.

The solution to this issue, as voiced by participants at the Forum, is to draft national legislation to protect a country's digital sovereignty, and also for countries to develop and promote their own platforms. "Offending platforms should be given the stick, while our platforms and users should be offered the carrot," said Chief Executive Officer of Gazprom-Media Holding **Alexander Zharov**.

NEW TECHNOLOGY FRONTIERS

Over the years, the Forum has become a platform for holding discussions on technologies with the potential to change people's way of life, and indeed, on technologies which are already doing so. The pandemic saw an explosion of growth in medical and life-saving IT projects, as well as IT projects supporting key processes in business, public administration and the provision of goods and services.

A key feature of these projects is the increasing popularity of digital platforms operating as an intermediary between the supplier and consumer of a product or service. Examples of such platforms include taxi services, consumer services, and medical services. Across the globe, digital platforms are becoming increasingly prominent in new areas of trade, employment and services. Indeed, the term "platform economy" is already being widely used in discussions at the Forum and around the world. However, as digital services become more widespread, so new interrelations take shape, and the lack of regulation in this area is hindering further growth.

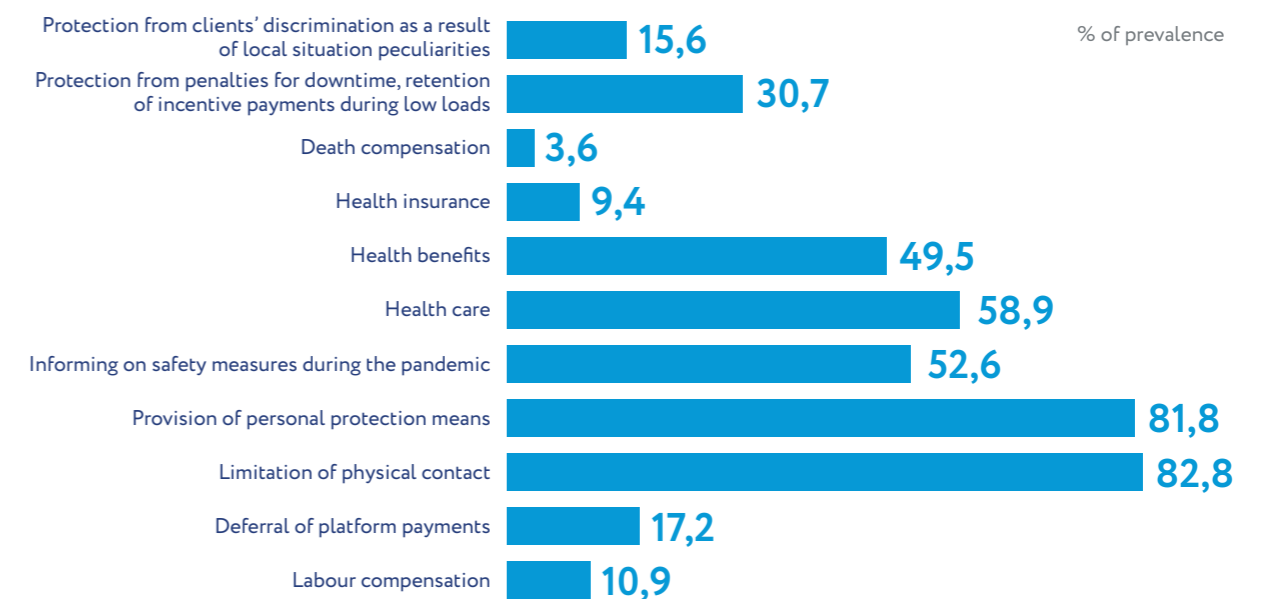
However, in Russia, and indeed most other countries, these platform workers are not usually classed as being self-employed. This means that they do not get any guarantees if they get sick, and have no access to risk insurance or retirement plans. "We are well aware that people working via digital platforms currently have no social guarantees," noted **Anton Kotyakov**, Minister of Labour and Social Protection. Deputy Director of the Institute for Social Policy at the National Research University Higher School of Economics **Oksana Sinyavskaya** added that this situation is risky for the platforms as well. It makes them vulnerable to courts ruling that they are in effect employers, which will in turn have social and economic consequences. There is therefore demand on all sides for regulation in the sector.

Working in the digital era

One of the most pressing issues for the post-COVID world is the availability of work for the most vulnerable members of society. That is why platform working is becoming more and more sought-after. It offers low barriers to entry, enables large groups of the population to earn money, and gives young people, women with children, disabled people, and people of pre-retirement and retirement age the chance to work episodically in a way that suits their needs.

Minister of Digital Development, Communications and Mass Media of the Russian Federation **Maksut Shadaev** highlighted the importance of balancing interests when regulating the industry in order to keep Russian platforms competitive. In the meantime, the only viable solution for industry participants is voluntary risk insurance, both for the workers and platforms. "We should not only incentivize workers, but the platforms too. <...> The competitive environment will largely make platforms turn to a form of co-financing. They will be interested in creating additional guarantees for their workers in order to attract the best providers," said Kotyakov.

DISTRIBUTION OF SUPPORT MEASURES FOR PLATFORM WORKERS DURING COVID-19 PANDEMIC



Source: compiled based on data from The Gig Economy ..., August 2020. Settlements for 191 platforms (including separately-localized versions of international platforms) operating in 43 countries.





“The competitive environment will largely make platforms turn to a form of co-financing. They will be interested in creating additional guarantees for their workers in order to attract the best providers”.

ANTON KOTYAKOV
Minister of Labour and Social Protection

The dangers of monopolization

Another danger facing the development of the platform economy is monopolization. “Only very large players are able to finance the platforms that boost the platform economy. And only a couple of platforms will remain if the government does not interfere. It is not a competitive environment if there are fewer than three players. The next stage will be higher prices for the consumer, which is often the case when there is a monopoly,” said Governor of the Bank of Russia **Elvira Nabiullina**.

Government support for platforms is one possible solution, but this should be provided in a

way that does not impede competition. One option, for example, is to employ elements of a national infrastructure and platforms which combine private and public entities. This model was used in the development of the Mir payment card, which was facilitated by a subsidiary of the Central Bank.

One successful example of this strategy could be seen in the signing of an agreement between Yandex and the National Payment Card System at SPIEF 2021. The organizations agreed to work together on developing joint initiatives, and to use the Quick Payment System in Yandex’s services. In addition, Tinkoff Group presented a payment system prototype at SPIEF 2021 which will enable people to use the Wallet mobile app to make purchases via the Quick Payment System. Wallet is one of the first non-bank apps to use the Quick Payment System. It is also the only Russian mobile payment service that allows people to make contactless payments around the world. In both cases, the companies are developing their new solutions and services under their competing platforms, while receiving government support.



“Whether we want it or not, I believe all forms of transport will become driverless in the next 10 years.”

KIRILL BOGDANOV
Russian Deputy Minister of Transport



The next big thing

Driverless vehicles are set to become a regular feature of our everyday lives. “The initiative that will cause the biggest breakthrough is driverless vehicles. Whether we want it or not, I believe all forms of transport will become driverless in the next 10 years,” said Russian Deputy Minister of Transport **Kirill Bogdanov**. Driverless freight transport will first be launched in Russia on the M-11 highway as early as late 2023 – early 2024.

Driverless vehicles are already a reality. They traverse the streets of many cities around the world (including Russian cities) as part of test initiatives. In Moscow and Tatarstan, for example, driverless vehicles are being tested on public roads. Among those testing their vehicles are Yandex, MADI, and KAMAZ. And the focus has not only been on testing passenger transport, but freight as well, which could potentially transform last-mile logistics in cities.

One such example to be presented at the Forum by SberAutoTech (part of the Sber ecosystem) was the FLIP electric car. In its current incarnation, it is a prototype of a fully autonomous electric passenger car. This means

that FLIP can be summoned via an app to give a ride to a passenger. However, the designers are also promising a freight and combined freight-passenger version soon.

Impediments

As with most breakthrough areas, the lack of regulation is proving to be an impediment. Regulation in driverless transport is an absolute priority in order to ensure people’s safety. “Driverless transport is 100% our priority. Having said that though, there are numerous practical issues to consider in order to make the service convenient both for people and for businesses. I think, among the many positive effects that driverless vehicles will have, safety is the main one. Driverless vehicles could bring about a huge increase in road safety levels,” said GLONASS CEO **Igor Milashevsky**.

The transition from response to prevention of road traffic accidents is becoming a crucial issue. “We think a whole ecosystem and a different approach to traffic are essential. We have developed a whole package of smart city solutions... as well as road systems. <...> These encompass management of traditional



“I think, among the many positive effects that driverless vehicles will have, safety is the main one”.

IGOR MILASHEVSKY
GLONASS CEO

traffic, assistance through display boards, traffic lights and so on; they transmit information to connected vehicles. We have already tested the fifth generation of driverless vehicles. We also tested the transmission of information on road accidents, integration with incident management systems, and warnings of pedestrians on the road. These solutions are generating interest not only in Russia, but right across the globe,” said **Aleksey Nashchekin**, CEO of National Telematic Systems.

Tomorrow’s world

Technologies of the more distant future were also a topic of discussion at the Forum. These included neuroengineering, which is set to pave the way to brain-computer interfaces. Elsewhere, genetic

technologies in medicine and the incorporation of cell technology in day-to-day practice are opening up unprecedented opportunities in the fight against diseases which are currently considered incurable.

“Discoveries in neuroscience only began to be made at the beginning of the previous century. However, since that time, there has been rapid development in neuroscience, and now the field is developing at a very fast rate indeed. We are continuing to find out more and more. On that note, I would like to draw attention to a very creative area – neurointerfaces. <...> A neurointerface is something which attempts to connect the human brain with external devices,” said **Michael Lebedev**, Professor at Skoltech. Neurocomputer technologies are already being used in Russia to help rehabilitate patients suffering from damage to their central nervous system – a fact highlighted by **Vsevolod Belousov**, Director of the Federal Center of Brain Research and Neurotechnologies of the Federal Medical Biological Agency.

Elsewhere, Head of the Federal Medical Biological Agency Veronika Skvortsova commented that her organization is already employing every method of genome-wide high-throughput sequencing, encompassing not only the 2–2.5% of the protein-encoding genome, but the entire regulating part of the genome. She also noted that throughout the world, approaches to understanding human genetics are being reconsidered. Rather than viewing the genome as a fixed mechanism linked to risk factors, it is now being referred to as a living multi-omics network which adapts to a person’s external environment.

However, developments in these fields are raising important questions, as society grapples with social and ethical implications, and with the concept of interfering in human evolution. Therefore, when it comes to subsequent development, it will be crucial to put mechanisms in place that will protect people’s rights and freedoms.

A quantum leap

Quantum technology is another field that is expected to result in huge changes to people’s lives and the global landscape. Indeed, it could hold the key to the world’s problems, but will also be a challenge that will require people to work together. “This is a race between humanity and nature, because it is so difficult to create quantum systems and manipulate them. The issue is that



“Machine learning is already on the way out when it comes to finance, credit scoring, and predictive analysis of client behaviour.”

DMITRY ZAUERS
Deputy Chairman of the Management Board
at Gazprombank

physicists, the academic community, and even entire nations will be unable to tackle the challenges if they work in isolation,” said **Tommaso Calarco**, Professor at the Jülich Research Centre and Author of the Quantum Flagship European Programme for the Development of Quantum Technologies. It was a sentiment shared by Rosatom’s Chief Digital Officer **Ekaterina Solntseva**, who noted that “On the one hand, quantum computers will be one of the greatest breakthroughs of the coming decade. However, they will also be one of our biggest challenges.”

Calarco went on to predict that quantum computing will achieve its first successes in creating new materials as early as the next 10–15 years. Breakthroughs are also expected to be made in calculating complex structures (such as aircraft wings), cryptology, and data analysis. “Machine learning is already on the way out when it comes to finance, credit scoring, and

predictive analysis of client behaviour. That’s because as soon as a quantum computer is made... entire industries – including the finance sector – will make an enormous leap forward,” said **Dmitry Zauers**, Deputy Chairman of the Management Board at Gazprombank.

However, the question of who should derive the main benefit is negatively impacting funding for inventions. **Tommaso Calarco** cited CERN as an example. Although the internet was invented at this European institution, the main beneficiaries ended up being the US tech giants. Today, the European industry wants guarantees that a similar situation will not happen again. In addition, the public often views breakthrough technologies with some caution, and quantum technologies are no exception. “It is essential that the use of these technologies is properly regulated from the off,” noted Calarco.

THE SME SECTOR

The government took urgent measures to support small and medium-sized enterprises during the pandemic. These steps help ensure the survival of this key sector of the economy. However, in order for it to develop further, the government needs to adopt a customer-centric approach to regulation. Small businesses, meanwhile, need to be willing to adopt digitalization, and to become fully legitimate in the way they operate.



“As soon as a company enters the digital realm, it becomes transparent to all interested parties.”

ANDREI BELOUSOV
First Deputy Prime Minister of the Russian Federation

The government has attached a great deal of importance to these issues, which was reflected in the fact that the Forum began with a series of discussions on small and medium-sized enterprises. In addition, Russian President Vladimir Putin used the plenary session to directly instruct the government to support SMEs.

The Forum opened with a presentation of the SME Corporation’s new strategy, which was attended by First Deputy Prime Minister of the Russian Federation Andrei Belousov and Chairman of VEB.RF Igor Shuvalov. “Everything currently surrounding us – this comfortable, modern city – is largely down to small and medium-sized enterprises. This modern environment, marked by quality and a range of services, exists thanks to a combination of small and medium-sized companies,” said Shuvalov. “In Russia one person in every three is employed by an SME, while one rouble in every five of public money is provided by small and medium-sized businesses,” added Head of the SME Corporation Alexander Isayevich.

Problems affecting SMEs

Digital inequality will be difficult for small businesses to overcome on their own. They need to have an integrated digital environment and access to training. Government programmes and professional associations have a role to play in this regard. Another issue small businesses face is the current relative lack of a digital culture. This extends to information security and working with personal data. However, small businesses often lack the time and money to implement new IT solutions. “Most of them are really very small [companies – ed.], often made up of one to three people. So, it is understandable that they do not have time to undergo training. They have to run around like the proverbial hamster in the wheel dealing with day-to-day matters, tax administration, landlords, and the fact their cashier didn’t show up to work that day. <...> They have a natural aversion to [digitalization – ed.],” commented Roman Chernin, Head of Small Business Services at Yandex.



US\$ 702,9 MLN

was invested to startups in Russia in 2020

Leading investment directions in 2020 were:

EDUCATION	HEALTH CARE
36	19
TRANSACTIONS	TRANSACTIONS
for	for
US\$ 119.1 MLN	US\$ 44.9 MLN

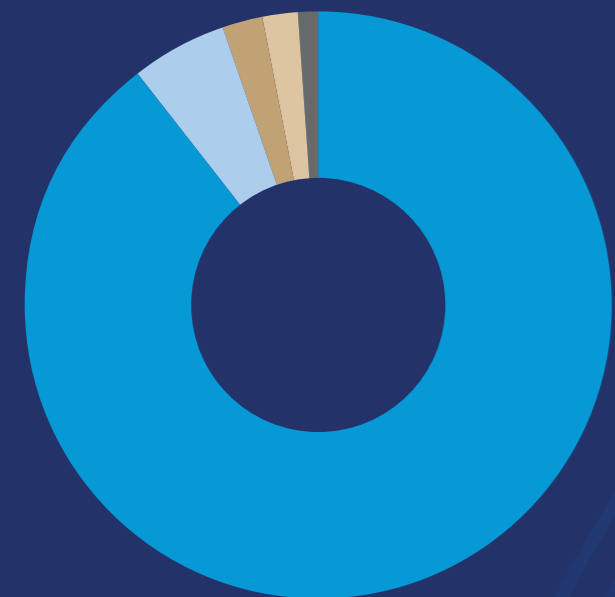
Source: RAEC

According to developers, out-of-the-box software could play a role in helping businesses go digital. “First of all, what they need is not so much knowledge as ready-made instructions and tools that will be effective for business,” said Lyubov Pshenichnikova, Director of Strategic Partnerships Development at Mail.Ru Group. And Head of Small Business Services at Yandex Roman Chernin noted

UNET ECONOMICS CONTRIBUTION TO RUSSIAN ECONOMY IN 2020

Total amount

6,7 TRILLION ROUBLES



Source: RAEC

By industries, bln roubles

- **E-commerce**
6 007,0 +22%*
- **Marketing and advertising**
349,8 +11%*
- **Infrastructure and communication**
152,3 +20%*
- **Digital content**
123,4 +44%*
- **Other**
67,5

* – growth relative to 2019

that “E-commerce platforms are, essentially, a tool for starting a huge number of new businesses.”

However, businesses also have needs other than training. Sometimes Russian SMEs simply do not have enough capital to grow and enter new markets. “In order for small and medium-sized businesses to undergo digitalization, they need to have access to finance. It can be the case, however, that companies do not have collateral for a bank loan. The first to invest in today’s tech giants like Google were angel investors. Last year, USD 2.4 billion was invested [by angel investors throughout the world – ed.]. However, for us here it is still a very new concept,” said **Elena Volotovskaya**, Vice President for Investments at Softline and Head of Softline Venture Partners.

“We compared the top 10 sellers from Russia to the top 10 sellers from China. The Chinese sellers, on average, sell 27 times more than the average Russian seller due to the numerous tools they use, including international shipping and working with online platforms,” said **Ilya Kretov**, General Manager for Global Emerging Markets at eBay.

Another advantage to digitalization is that it encourages SMEs to turn away from the informal economy. “Digitalization always brings companies out from the shadows. As soon as a company enters the digital realm, it becomes transparent to all interested parties,” said First Deputy Prime Minister of the Russian Federation **Andrei Belousov**.

Proposed solutions

Andrei Belousov noted that there are three key areas where the government is assisting entrepreneurs. The first one is helping people start their own business. “About a million new businesses are opened in the country every year, but it can be difficult for those taking on that risk,” he said. The second area is helping existing companies develop further. And the third area is ensuring that businesses have an easy relationship with the state.

Governor of the Bank of Russia **Elvira Nabiullina** commented that an online factoring platform would help solve the problem of a shortage of working capital and cash deficiency, thereby facilitating growth for SMEs. “We believe this will increase competition between factoring companies, but most importantly, will simplify the process for small and medium-sized businesses and reduce the cost of working capital for them. We plan to launch this platform by the end of this year,” she said.

International e-commerce is another area which should be exploited to help Russian businesses grow. “New players, new markets, new niches, new products, learning to be globally competitive in new niches – this is the result,” said **Alexander Kalinin**, President of the OPORA RUSSIA business association. “It is my great hope that we will launch an incentive programme this year for exporters, primarily SMEs, using Russian Post. A government resolution has been drafted, and the money is in place. The pilot project should be launched this year. The programme should effectively complement the work being done by the Russian Export Center and Russian Post on digital services,” said **Vasily Osmakov**, First Deputy Minister of Industry and Trade of the Russian Federation.

The focus, in effect, has been on building a customer-centric government platform offering digital services for small and medium-sized enterprises at all stages of their lifecycles. This platform should operate as a one-stop shop enabling companies to apply for various forms of support already offered by ministries and government bodies.

The concept of a digital reputation could also help companies turn away from the informal economy. “We believe that the right way forward is to focus on a company’s digital reputation or integrity. The more you open up and the more the state knows you – including through these electronic services – the lower your risk profile. This way you will end up having fewer, or even no inspections,” proposed Governor of Kaliningrad Region **Anton Alikhanov**.



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ELVIRA NABIULLINA
Governor of the Bank of Russia

Presidential directives

Vladimir Putin’s instructions to support small businesses, which he voiced at the plenary session, will provide specific solutions to numerous problems affecting SMEs. An umbrella guarantee mechanism covering bank loans for businesses is set to be launched this year by the SME Corporation. “This will allow entrepreneurs to attract additional resources for growth to the tune of at least RUB 600 billion by 2024,” said Vladimir Putin. Taken as a whole, the SME Corporation’s new development strategy puts the total volume of planned financial support under the national guarantee system for 2021–2025 at more than RUB 2.2 trillion, compared to RUB 1.6 trillion over the previous four years. There is a particular focus on supporting priority niches, such as high-tech projects, the creative industry, and folk crafts.

Vladimir Putin also instructed all major Russian banks to connect to the Quick Payment System by 1 July. The last one to do so was Sberbank, which on 1 July announced that it connected a pilot group of customers to the QR code payment service in the Quick Payment System. The bank plans to test the service for a month, and then begin to gradually introduce the service to all the users of Sberbank Online. In total, more than 200 banks have connected to the system. Small businesses, for example, will be able to take advantage of reduced bank commissions when using the system to conduct transactions. And this year, no commission will be applied at all. The reduction in banks' income from commissions will be partially offset by the state.

A pilot project exempting companies with revenues of under RUB 2 billion a year from VAT when switching to the general taxation system will be launched next year. Companies will also be able to maintain the 15% insurance premium rate if they employ up to 1,500 people (currently, this is only available to companies with up to 250 employees). The government will also double the sum for antimonopoly control, meaning that companies with revenues of under RUB 800 million will not be required to report to the Federal Antimonopoly Service. Government procurement departments will be required to raise the share of purchases from SMEs to at least 25%, while the settlement time will be reduced from 30 to 15 working days.

In turn, the government is expecting companies to go fully legitimate. "I think that it is fairly clear to all involved what is meant by going legitimate: all receipts must go through a cash register, employees must be officially hired, and purchases must also go through a cash register," said **Vladimir Putin**.

In total, eight key presidential directives were drawn up following SPIEF 2021. President Putin ordered the extension of the preferential mortgage programme – which offers a rate of no more than 7% for loans under RUB 3 million – until 1 July 2022. The Russian government was also instructed to expand the preferential mortgage programme for families with children. This programme, which will run until 31 December 2023, will offer mortgages at a rate of 6% a year for the entire term of the loan for families with a child born after 1 January 2018. This programme will cover mortgages for new homes and refinancing of previously issued mortgages of up to RUB 6 million (or RUB 12 million in Moscow, St. Petersburg, Moscow Region, and Leningrad Region).

Other directives cover the development of a roadmap to reduce greenhouse gas emissions and



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launch climate-related projects to clean up dirty air; the development and implementation of a long-term programme to promote youth employment (with an emphasis on those under 24) and to encourage entrepreneurship among young people; the establishment of a support system for new investment projects in all Russian regions by 2024; support for small and medium-sized enterprises, and more.

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