

OUTCOMES OF THE 6TH EASTERN ECONOMIC FORUM



VLADIVOSTOK

SEPTEMBER 2-4
2021



INTRODUCTION

Vladivostok hosted the 6th Eastern Economic Forum on 2–4 September. This year's event took place under the theme "The Opportunities for the Far East in a World under Transformation". The main aim of the Forum was to identify practical solutions to unlocking the unmatched potential of the Russian Far East, find ways of boosting economic growth across Russia as a whole, and expand international cooperation in the Asia-Pacific region.

Following the unavoidable break caused by the COVID-19 pandemic, the Forum venue once again became a place for raising investment, sharing experience, identifying the most effective forms of interaction between business and government, and discussing the development of the region's transport, energy, industrial, and tourist potential. In total, more than 100 events, panel sessions, roundtables, and business dialogues took place as part of EEF 2021.

The Forum brought together more than 4,000 participants, including high-profile delegations from South Korea, Japan, India, China, and Kazakhstan. The central event of the Forum was the plenary session on 3 September, which was personally attended by President of the Russian Federation Vladimir Putin. Online participants included President of the Republic of Kazakhstan Kassym-Jomart Tokayev and President of Mongolia Ukhnaagiin Khurelsukh. There were also video greetings by President of the People's Republic of China Xi Jinping, Prime Minister of the Republic of India Narendra Modi, and Prime Minister of the Kingdom of Thailand Prayuth Chan-o-cha.

The Russian President's extensive and close involvement in the Forum served to underscore the strategic importance of the Far East to Russia, including in terms of boosting cooperation in the Asia Pacific region. Putin attended a ceremony via video link where a number of documents were signed covering major investments in the region (including foreign investment). He also saw the launch of new production facilities by resident companies at advanced special economic zones. Elsewhere, the President visited an interactive presentation at the EEF venue (the Far Eastern Federal University) covering recent growth in the Far Eastern Federal District. In addition, he led a video conference on socioeconomic growth in the region, and a meeting with EEF moderators and speakers.

"Russia is an integral part of the Asia-Pacific, and we will establish in our Far Eastern regions a powerful centre for capital and the new economy, and also create a space where people are able to implement the most daring business ideas and projects," said Putin.

Deputy Prime Minister of the Russian Federation and Presidential Plenipotentiary Envoy to the Far Eastern Federal District Yuriy Trutnev noted that thanks to government support, RUB 2 trillion has already been invested in the Far East since 2015. He also remarked that this figure would reach RUB 6.3 trillion once all agreements had been fully implemented.

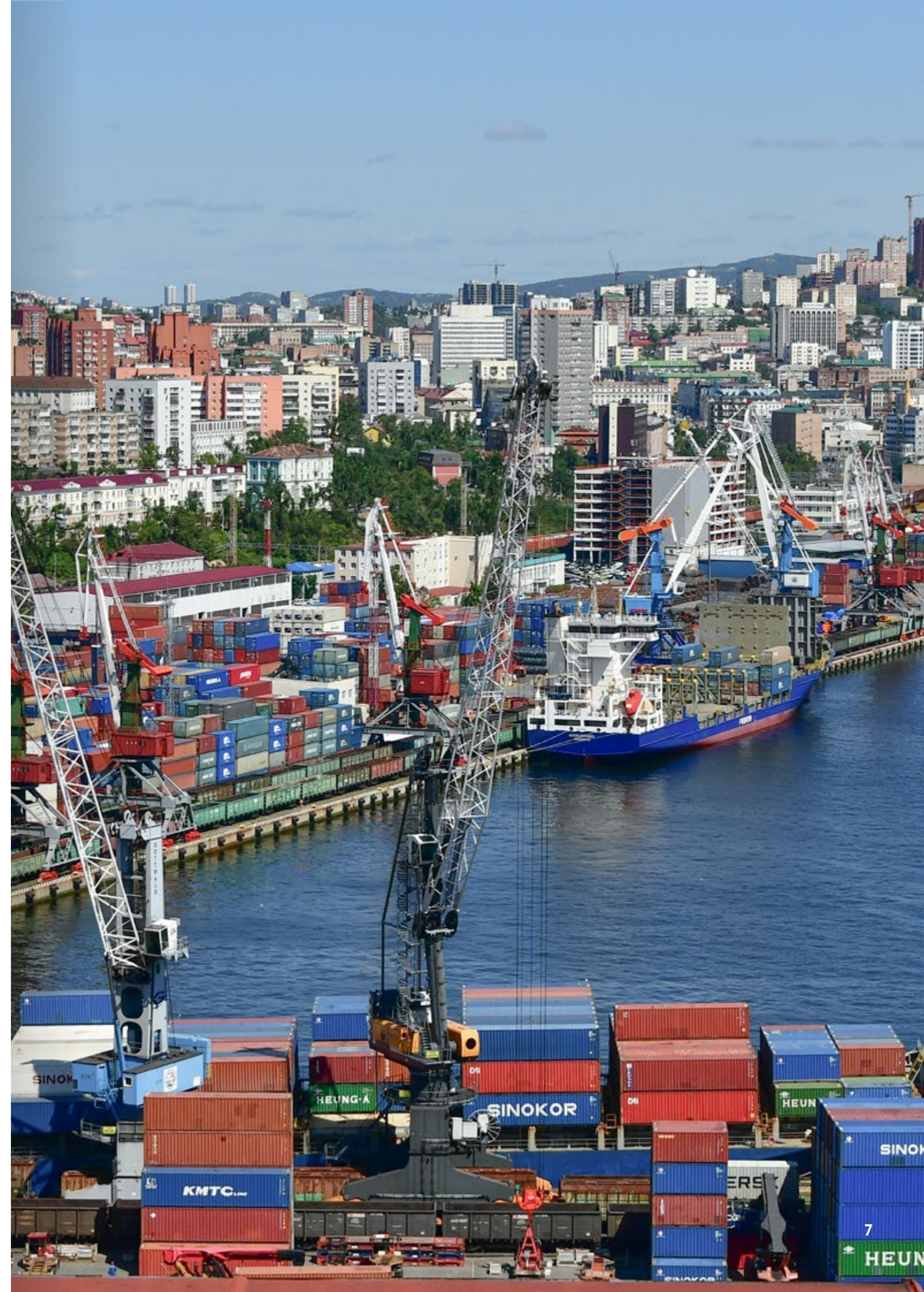
"A record 380 agreements were signed at the Forum worth a total of RUB 3.6 trillion. These figures pay testament to the practical benefits offered by the Forum, as well as to the role the event plays in the development of the Far East," said Advisor to the President of the Russian Federation and Executive Secretary of the EEF Organizing Committee Anton Kobayakov.

KEY THEMES

THE FAR EAST:
NEW CHALLENGES AND OPPORTUNITIES
8

**THE FAR EAST'S
GREATEST RESOURCE:**
ATTRACTING PEOPLE TO THE REGION
24

THE NEW ECONOMY:
OUR SHARED RESPONSIBILITY
IN A CHANGING WORLD
34



THE FAR EAST:

NEW CHALLENGES AND OPPORTUNITIES



The economy in the new reality

Despite the ongoing COVID-19 pandemic, economic life is gradually recovering and returning to normal. However, the business and sociopolitical agenda has changed considerably in just little over a year. Overcoming the socioeconomic impact of the COVID-19 pandemic remains a key issue. Reform of the healthcare sector, digitalization across various industries, and new employment models have all become urgent matters for implementation and development.

Attitudes towards climate change have shifted rapidly. The global energy transition to carbon-free technology and renewables has become central to leading nations' strategic plans. It has also heavily determined the practical steps that these countries have taken to date. The European Union, USA, Japan, China, and a further 100+ countries have already declared (or are about to declare) their intention to achieve carbon neutrality and reduce greenhouse gas emissions to a level which is no more than their carbon absorption or sequestration rate. And although the climate targets are not forecast to be met until the 2050s–2060s, they are already having an impact on global economic development.

Humanity is now faced with a number of new global challenges. However, other major issues, such as social inequality, economic imbalances, and political discord not only remained on the agenda, but became increasingly pressing during the pandemic. International cooperation, trade, and investment were all affected by the diminishing trend of globalization, the reduced role of supranational institutions, the imposition of various restrictions, and confrontation between centres of global economic growth.

Russia has consistently advocated for mutually beneficial partnerships with all nations, highlighting the necessity and importance of equitable cooperation in order to address both current socioeconomic problems, and the long-term challenges facing humanity. And particular attention is being paid to cooperation in the Asia-Pacific region, which is home to more than half the world's population, and has been a driving force for global economic growth in recent decades



New challenges and opportunities

The Russian Far East and part of the eastern Arctic form a natural bridge between Russia and the AsiaPacific region. It was for this reason that EEF focused on unlocking the potential of the Far East in order to speed up growth to the greatest extent possible. The strategic importance of the Far East to Russia and the need for accelerated development in the region were both stressed during discussions at the event. Issues surrounding the development of infrastructure and attracting investment to the region were among the main discussion points. Participants expressed the belief that with the development of roads, ports, manufacturing and residential clusters, and climate initiatives, the Far East is set to become a leading region in Russia by 2030.



“We have put RUB 80 billion into the region, and have seen tax revenue from companies benefitting from incentives reach RUB 123 billion.”

YURY TRUTNEV
Deputy Prime Minister of the Russian Federation
and Presidential Plenipotentiary Envoy
to the Far Eastern Federal District

A global objective

Back in 2013, President of the Russian Federation Vladimir Putin stated that the development of the Far East was to be a national priority for the entire duration of the 21st century. “I am convinced that this is not a figure of speech. No other country in the world has such an external framework, and no one has the Far East and the Arctic. This is an area on a scale comparable to the largest countries in the world, such as the United States, China, Brazil, and Australia,” said Minister for the Development of the Russian Far East and Arctic Alexei Chekunkov.

Plans are in place to raise RUB 11 trillion in investment and create 360,000 jobs in the Far East by 2030. Yury Trutnev called on those at the Forum to view investment in the region not as a way of supporting the local economy, but as a project offering high returns. “We were able to report at the Forum that

grants to the Far East have already been more than recouped. We have put RUB 80 billion into the region, and have seen tax revenue from companies benefitting from incentives reach RUB 123 billion. In other words, the public purse has already directly benefitted from development in the Far East,” he said, adding that the Russian government is ready to continue – and expand – efforts in this area.

Meaningful steps

A meeting led by the Russian President at EEF covering the socioeconomic development of the region marked an important step forward. Before it got under way, Vladimir Putin launched four major investment projects in the Far East, stating that the government would provide support to all initiatives of this kind.

A centre of focus in this regard was the new Mazda Sollers Manufacturing Rus plant in Vladivostok – a Russian-Japanese joint venture. According to Vadim Shvetsov, owner and head of Russian company Sollers, the plant will begin exporting engines from next year, with volumes expected to reach up to 30,000 units annually. However, the partners also have a more ambitious aim – to start manufacturing electric cars in Vladivostok.

Vladimir Putin also offered his support to prior initiatives. Joining via video link, the President opened a logistics centre in a district of Vladivostok which will service helium containers. The hub is needed to transport helium from the Amur Gas Processing Plant – one of Gazprom’s infrastructure projects in Russia’s Far East, which is set to form part of a larger gas processing centre in the region. According to projections, the plant will have a capacity of 42 billion cubic metres of gas per year. Once it reaches full capacity in 2025, the plant will expand to become the world’s biggest producer of helium, producing up to 60 million cubic metres per year.

Another notable development was the launch of the Rusagro-Primorye pig-raising cluster. This high-tech enterprise will produce fresh meat for both the domestic market, and countries in Southeast Asia.

Elsewhere, NK Lotos put a new greenhouse complex into operation which will produce more than 8,000 tonnes of vegetables per year. And this figure is set to more than triple to 25,000 tonnes once the next stage is complete.

In addition, research-led production outfit Arnika

Group launched a high-tech production facility under the name Kormbiosintez, which will specialize in feed vitamins and protected amino acids.

The bottleneck

Nevertheless, concerns were voiced both at the meeting with the President, and at the Forum in general over the main impediment to growth in the region – an insufficiently developed transport infrastructure. Plans to expand railway capacity have been hit with setbacks, meaning that businesses and the region as a whole have been unable to fully take advantage of the favourable situation on commodity markets.

“Today, transport remains a bottleneck that limits the development of one of the most promising regions in the world,” commented head of AEON Corporation Roman Trotsenko. In addition, First Deputy Minister of the Russian Federation for the Development of the Far East and Arctic Gadzhimagomed Huseynov noted that an additional 15 million tonnes of cargo could have been transported last year were it not for the region’s limited transport capacity.

“The Trans-Siberian Railway could serve as the basis for cooperation between our countries in the field of logistics. However, the situation around the Trans-Siberian Railway is fairly difficult,” said Jinseop Kim, Senior Vice President of Unico Logistics Co Ltd. “The implementation of the Eastern Branch project, incorporating the Baikal–Amur Mainline and the Trans-Siberian Railway, is playing a decisive role in increasing the volumes of coking and other forms of coal being shipped to India. This is because the coal industry, Kuzbassrazrezugol, and the port sector are now able to move higher volumes,” said Chief Officer for Seaport and Railway Projects at UMMC Irina Olkhovskaya.

The Eastern Branch project, involving the modernization of both the Baikal–Amur Mainline and the Trans-Siberian Railway, is one of Russia’s most important infrastructure projects today, and aims to address this transport issue. The first stage consists of increasing the carrying capacity to 144 million tonnes per year, which by 2024 will be increased further to 180 million tonnes for the second stage. “Today, the capacity is a fraction of what it needs to be. The world is changing so fast, and it’s vital to keep up. <...> It is necessary to create capacity reserves in order to attract investment projects,” said Oleg Belozerov, Chief Executive Officer and Chairman of the Executive Board of Russian Railways.

“The development of railway infrastructure to reach promising deposits is vital for an investment project. We need the railway infrastructure to be developed at an accelerated rate, because its very existence is viewed by the creditor as a guarantee of sales. It is important to design and build transport infrastructure to provide services on the basis of the long-term regional development plan,” said Anna Tsivileva, Chairman of the Board of Directors at Kolmar Group.



“We need the railway infrastructure to be developed at an accelerated rate, because its very existence is viewed by the creditor as a guarantee of sales.”

ANNA TSIVILEVA
Chairman of the Board of Directors at Kolmar Group

The Far East offers virtually unlimited potential for the logistics and container traffic sectors. “Last year, total transit through the region amounted to 800,000 20-foot equivalent containers. Container transit increased by around 30% this year <...> We estimate total cargo traffic from Asia to Europe and back to be 30 million containers,” added Alexandrs Isurins, President and Chairman of the Executive Board of TransContainer. Oleg Belozerov also commented that “We believe that containerization is the future. We will offer even better services.”

Waiting for the neighbours

As noted by Member of the Management Board of the Vietnam Businessmen's Association Quoc Viet Do, the logistics potential of the Far East offers unparalleled opportunities for development. He drew attention to the recent incident in the Suez Canal, which highlighted the need for alternative routes via Russia. "During the pandemic, we saw reduced air traffic, delays and congestion at seaports and in shipping, and increased freight costs. So, the focus is once again on the Trans-Siberian Railway and the Baikal-Amur Mainline. And as the flow of goods increases, attention will inevitably shift to modernizing and upgrading the port infrastructure. This is where our countries could cooperate in a lot of ways," added Chairman of the Board of Directors of Marubeni Corporation Fumiya Kokubu.

As noted by Quoc Viet Do, Vladivostok is in need of a new port with a capacity matching those which already exist in the region. "Cargo is processed very slowly due to outdated equipment at ports. Modernization is required. The carrying capacity of the railways needs to be increased, and consideration should be given to the construction of additional railway lines. Consideration should also be given to the construction of a new hub at the Trans-Siberian border," said Jinseop Kim, Senior Vice President at Unico Logistics Co Ltd.

This all being said, however, even the current capabilities of Primorye Territory's Vostochny Port have become a key focal point for building relations between Russia and Japan. "Vostochny Port has become a model for business cooperation between Russia and Japan, as the wonderful project that has been implemented there is of benefit to both countries," commented Roman Trotsenko, Chairman of the Board of Directors of AEON Corporation.

A new global transport corridor

The Russian Far East's biggest neighbours are also weighing up other opportunities with optimism. This is particularly the case in light of a new global transport initiative involving the region – the Northern Sea Route. India is working in partnership with Russia on the Northern Sea Route, according to Prime Minister Narendra Modi. "Russia is a very important country for us, it links the Far East – the place where most



"Russia is a very important country for us, it links the Far East – the place where most of the goods in the world are produced – and Europe."

SULTAN AHMED BIN SULAYEM
Chief Executive Officer of DP World

of the goods in the world are produced – and Europe. The Northern Sea Route is a very important and convenient thing. We are very interested in this new route – it offers a connection with China," commented Sultan Ahmed Bin Sulayem, Chief Executive Officer of DP World.

"Russia can produce colossal volumes of liquefied natural gas. This is an excellent market for imports: the current figure is 1%, or 1 million tonnes, and this will rise to 14%, representing 8 million tonnes of gas. The existing contracts for 16 million tonnes will rise to 40 million in the near future, so a significant share of these 20 million tonnes will go through the eastern sea corridor. This will account for 60% of all supplies by 2025," said Chairman of Chennai Port Trust Shri P. Ravendran.

The development of the Northern Sea Route is also a topic of interest in Japan. President of Japanese company Mitsui O.S.K. Lines Ltd. Takeshi Hashimoto commented that the development of the Northern Sea Route and the transportation of energy

resources from the Arctic will be in Japan's national interests.

"In order to develop Arctic resources, logistical routes need to be developed to bring the extracted resources to markets. In this sense, cooperation between Russia and Japan is expected to strengthen in areas such as the development of the Northern Sea Route and the construction of transshipment bases in Kamchatka and Murmansk," noted Chairman of the Japan Association for Trade with Russia and Newly Independent States (ROTOBO) and adviser to Mitsui & Co. Ltd. Masami Iijima. "With multilateral support, we would like to promote projects for the development of the eastern section of the Northern Sea Route, since it is a venture that meets the national interests of both countries," said Takeshi Hashimoto.

"Cooperation between Russia and Asia is deepening. We are talking about a strategic partnership. This certainly gives a boost to strong infrastructure development, which is exactly what is needed for active international trade along the Northern Sea Route," added Glenn Diesen, Professor at the University of South-Eastern Norway.

Russia is not entertaining the thought of a drawn-out process when it comes to the development of the Northern Sea Route. Speaking at the Forum, Vladimir Putin set the ambitious aim of launching the first regular shipping journeys along the route (including container shipping) as early as next year.

Another figure to speak about the speed at which the development of the Northern Sea Route was becoming a key issue was Special Representative of the President of the Russian Federation on Environmental Protection, Ecology and Transport Sergei Ivanov. "The ice is melting, and the chances for an ice-class ship to successfully pass the Northern Sea Route – even without icebreaker escort – are growing constantly. Earlier this year, a previously unthinkable thing happened, when in January a special Arctic ice-class gas carrier sailed east along the Northern Sea Route, and safely passed through the most difficult eastern section, thus proving that sailing was possible even in January," he said.

In turn, Director General of Rosatom State Atomic Energy Corporation Alexey Likhachev used the Forum to present an even more ambitious project – the Great Northern Sea Route, which will provide a transport link for Russia running from the Norwegian border to North Korea. "The Great Northern Sea Route from Murmansk to Vladivostok plays a key

role in ensuring transport security, and offers a sea link between the European part of Russia and the Far East. This is a maritime transport corridor which runs exclusively through Russia's territorial waters and economic zone, stretching from the country's sea border with Norway in the Barents Sea to the sea border with the Democratic People's Republic of Korea, and encompassing the Northern Sea Route. We are interested in expanding cooperation with Russian and international partners alike in this endeavour," he said. Likhachev went on to note that according to preliminary assessments, the Great Northern Sea Route's capacity may reach 250 million tonnes of cargo after 2035.



"The Great Northern Sea Route from Murmansk to Vladivostok plays a key role in ensuring transport security. We are interested in expanding cooperation with Russian and international partners alike in this endeavour."

ALEXEY LIKHACHEV
Director General of Rosatom State Atomic Energy Corporation



Other opportunities

Other sectors are similarly proving enticing to neighbouring countries. “We are enthusiastic about the opportunities we are seeing in the Far East. This is a region on the radar of India’s business community and our investors. We see a wide range of opportunities that the region can offer us. <...> These include projects to modernize airports, freight terminals and international airports. Agriculture is another attractive area we are looking at,” commented FICCI President Uday Shankar. Similarly, Ambassador Extraordinary and Plenipotentiary of the Republic of India to the Russian Federation Venkatesh Varma Datla Bala highlighted his country’s interest in working with Russia in tourism, education, and diamond production.

Elsewhere, Ambassador Extraordinary and Plenipotentiary of the People’s Republic of China to the Russian Federation Zhang Hanhui stated that his country was ready to strengthen its partnership with Russia on matters concerning the entirety of the Far East. He commented that China was ready to encourage all companies potentially willing to invest in the Far East, and to foster partnerships in production and processing, extracting resources, infrastructure, agriculture, the forestry sector, transport, and customs logistics.

Minister of Industry and Trade of the Socialist Republic of Vietnam Nguyen Hong Dien cited fuel and energy, agriculture, telecommunications, digitalization, transport, and green infrastructure as among the most promising areas of cooperation. In turn, Chair of the Philippine-Russian Business Assembly Armi Lopez Garcia expressed her country’s interest in working together more closely with Russia in medicine (the Philippines already use the Russian-developed Sputnik V vaccine) and in modernizing the energy sector.

Similarly, Russia is open to working with all ASEAN countries on research and development, particularly in energy digitalization and engineering services. A new R&D cluster is set to open in Vladivostok in 2022, which will focus on geothermal and hydrogen power. As noted by Deputy General Director of RusHydro Sergey Machekhin, Russia is in a position to be able to offer developments in these areas to its ASEAN partners. This was in reference to the engineering centres RusHydro is planning to open on Russky Island in cooperation with the Far Eastern Federal University. Indeed, all key companies were instructed to establish engineering and R&D centres on the island by Vladimir Putin back at EEF 2018.

The green challenge

The greatest potential for the Far East to make a quantum leap forward lies in the new global agenda. Participants at the Forum expressed their firm belief that the transition to a low-carbon future and to new forms of energy was already an irreversible trend. It was also their view that Russia risks losing a substantial proportion of its export revenue if it fails to find new niches in green energy and does not implement ambitious, ground-breaking projects. However, as things stand, many projects are already in the pipeline, with the Far East standing to benefit in particular.

Head of Sberbank Herman Gref stated that in order to achieve carbon neutrality across the globe by 2050, two thirds of all energy consumed needs to come from renewable sources. This will cost USD 140 trillion, or 3% of global GDP per year. As far as Russia is concerned, this could translate into a decline in energy exports to the tune of USD 179 billion by 2035, and USD 192 billion by 2050. “By 2050, production of oil and gas condensate in Russia could potentially decrease by 72%, gas by 52%, and coal by 90%,” said Gref.

At the same time, decarbonizing the Russian economy will prove to be a relatively costly undertaking. According to Vice President for Sustainable

Development at VEB.RF Andrey Bayda, “At the current technological level, a peak figure of up to RUB 15 trillion per year will be required every year until 2060. That is 14–15% of today’s GDP. That kind of figure is comparable to Stalin’s industrialization programme.”

“We have fairly rapidly gone past the time when people said the climate agenda does not affect us. We are a northern country, which is warming at a faster pace,” said Maxim Reshetnikov, Minister of Economic Development of the Russian Federation. Deputy Minister of Energy of the Russian Federation Pavel Sorokin added that the biggest risk Russia faces during the global energy transition was the loss of resource rents. “This rent is going to go down, whether we want it to or not,” he said.



“We are in favour of a balanced approach to the use of traditional and renewable energy sources.”

NIKOLAY SHULGINOV
Minister of Energy of the Russian Federation

Commenting on the situation, Minister of Energy of the Russian Federation Nikolay Shulginov said, “We are in favour of a balanced approach to the use of traditional and renewable energy sources.” A supporting example of such an approach is RusHydro’s first automated diesel/solar energy complex in the Republic of Sakha (Yakutia), which was launched during the Forum. The complex incorporates a 600kW diesel electric power station, a 400-kW solar electric power station,



“We are a northern country, which is warming at a faster pace.”

MAXIM RESHETNIKOV
Minister of Economic Development of the Russian Federation

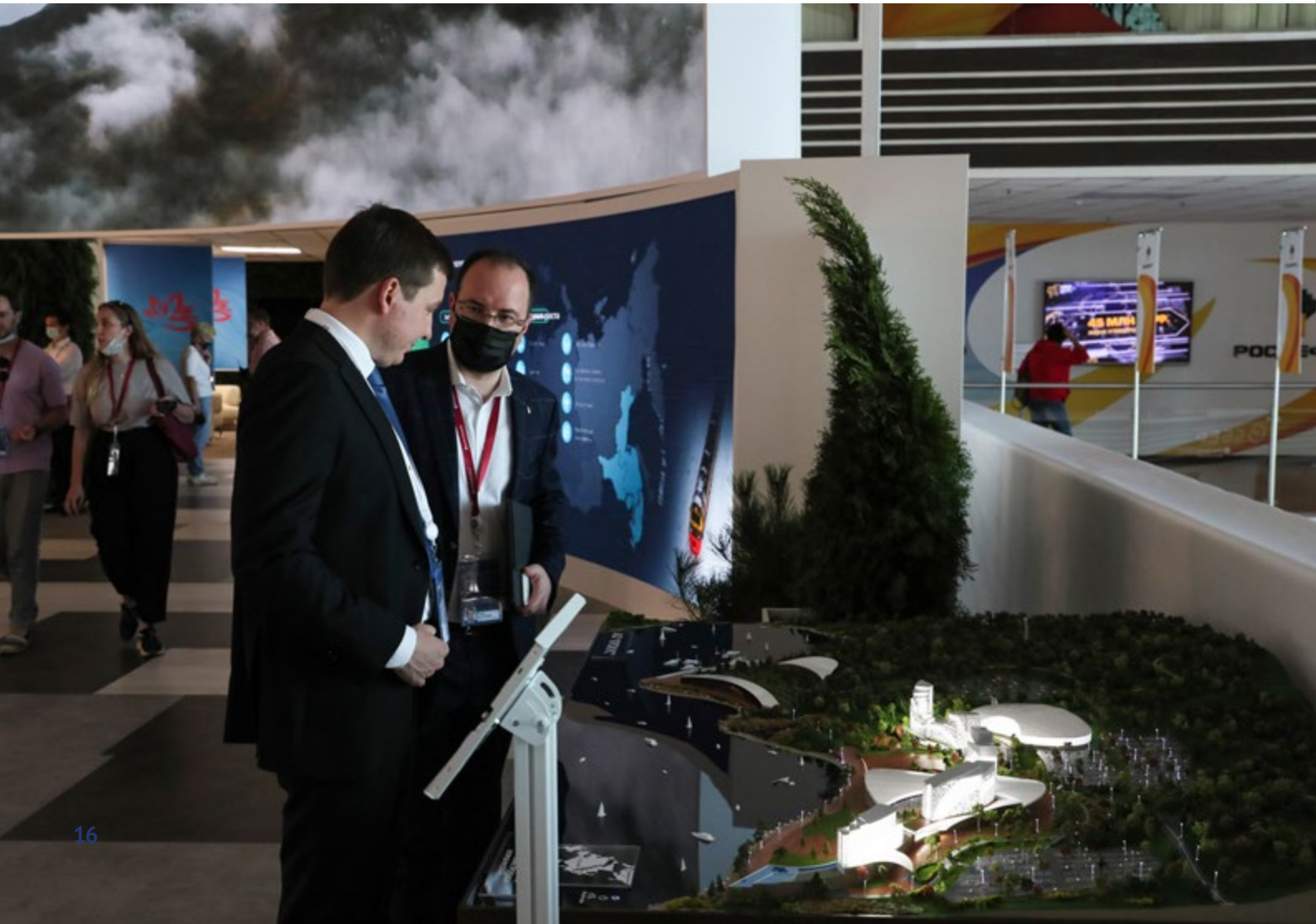
and a 125-kW electric power accumulation system. “Projects to modernize inefficient diesel generation in Yakutia are important both from a social and economic point of view. They are also significant in terms of the future development of self-contained power systems in the Far East,” Shulginov said.

Russian participants were not the only ones to underscore the importance of climate-related issues. “I would also like to talk about climate change, which is a very important topic. Like the pandemic, it brings us all together regardless of the structure of our economies,” said Kevin Michael Rudd, Prime Minister of Australia (2007–2010, 2013). He went on to say that enacting a transition to renewable energy sources is not only possible but also economically feasible. “It will allow us to create new opportunities for trade and investment that were not there before,” he said. “One factor bringing us together is the mission to decarbonize the world and reduce CO2 emissions. The best way of achieving this is switching to clean energy. Clean energy isn’t just an option, it’s a necessity if we want to meet our climate change targets,” added Chairman and Managing Director of GAIL (India) Limited Shri Manoj Jain.

The Far East as a pilot region

According to Minister for the Development of the Russian Far East and Arctic Alexei Chekunkov, the Far East is particularly well-placed to become a world-leading region in terms of climate initiatives. One standout example is an initiative to establish a free ecological zone called Export Far East, which will prioritize carbon neutrality. Work is under way on a hydrogen cluster, the production of green coal and green LNG, a wind farm, and a number of geothermal power stations.

The experience garnered by the region’s pilot schemes will be decisive in implementing the low-carbon development strategy for the entire country. And Deputy Minister of Economic Development of the Russian Federation Ilya Torosov commented that a low-carbon development strategy covering the period to 2030 could be reviewed and adopted by the government by as soon as the end of the year. “We are facing a challenge in the international arena, namely, to verify the entire architecture of low-carbon development within Russia and to prepare the



“We are facing a challenge in the international arena, namely, to verify the entire architecture of lowcarbon development within Russia and to prepare the country for the energy transition.”

ILYA TOROSOV
Deputy Minister of Economic Development
of the Russian Federation

country for the energy transition,” he said. Torosov added that while the energy transition would carry a degree of risk, it would also carve out new niches in hydrogen power (a sector where Russia could corner up to 10–15% of the market), and offer the chance to boost the country’s standing in nuclear energy.

According to Vice President for Marketing and Business Development at Rusatom Overseas Anton Moskvina, the Far East’s green energy initiatives could help Russia become a leading nation in the field, particularly with regard to exporting hydrogen. “In our opinion, the creation of refuelling centres, port infrastructure, and hydrogen storage facilities will make it possible to implement the idea of a hydrogen

economy on Sakhalin. The region should in effect become a testing ground for the application of such technologies. We should strive to become a leader in this market, at least in the Asia-Pacific region, and at best in the European market as well,” he said. “As soon as we learn how to safely transport hydrogen over long distances, we will be able to transform the planet’s entire energy landscape,” added RusHydro Deputy General Director Sergey Machekhin.

The Northern Sea Route could serve as a transport corridor for exports of new forms of fuel, in view of the short shipping times and transport safety it offers. What’s more, the Northern Sea Route itself could become a testing ground for new energy solutions. Indeed, Gazprom Neft and Sovcomflot struck an agreement at the Forum to work together on introducing alternative forms of marine fuel for shipments in the Arctic, including liquefied natural gas, hydrogen, ammonia, and methanol.



“We should strive to become a leader in hydrogen market, at least in the Asia-Pacific region, and at best in the European market as well.”

ANTON MOSKVIN
Vice President for Marketing and Business Development at Rusatom Overseas



Support from the President

Speaking at the EEF plenary session, Russian President Vladimir Putin stressed that the Far East in particular is playing a key role in identifying and developing further opportunities for international cooperation in environmentally friendly energy. “The Far East offers an opportunity to create a powerful industrial cluster for the production of green hydrogen and ammonia. The demand for these products will grow steadily for decades, especially here in the Asia-Pacific region,” he said.

Putin went on to note that a floating nuclear thermal power plant is already operating in Chukotka; the 90-MW Toreyskaya Solar Power Plant has been commissioned in Buryatia; and that plans are in place to produce methanol in Nakhodka and Amur Region, which will serve as a next-generation marine fuel. In addition, the President noted that Sakhalin Region is set to host a pilot scheme focusing on regulating the emission and absorption of greenhouse gases.

Once completed, the Tugurskaya Tidal Power Plant in the southern part of the Sea of Okhotsk could also open up a new market, with plans to use the energy to produce hydrogen. The amount of investment required has been assessed at USD 30 billion. Acting Governor of Khabarovsk Territory Mikhail Degtyarev commented at the Forum that investors from China are already expressing interest in the project.

“The Far East offers an opportunity to create a powerful industrial cluster for the production of green hydrogen and ammonia. The demand for these products will grow steadily for decades.”

VLADIMIR PUTIN
President of Russian Federation

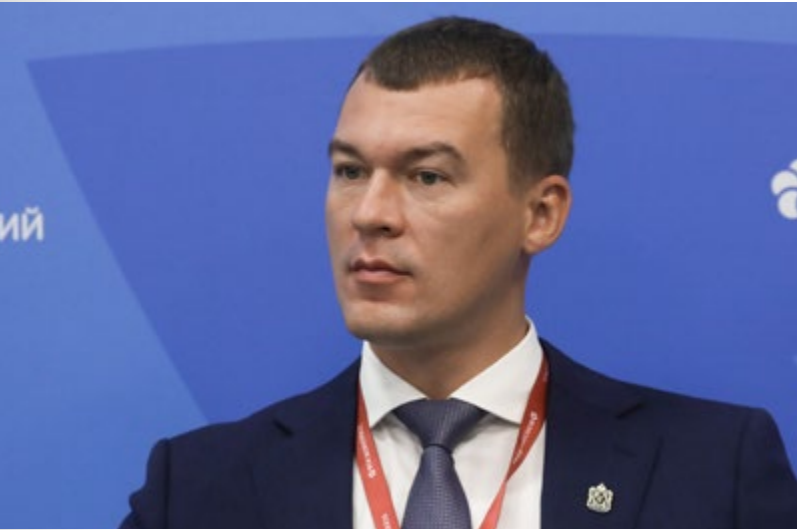
Degtyarev went on to say that the Tugurskaya Tidal Power Plant and the production of green hydrogen is the most ambitious project by the Khabarovsk Territory government currently in the works. The aim is to link the production of cheap electric power from renewable sources to the production of hydrogen from seawater.

There were plans to build an 8-GW tidal power plant on Tugur Bay in the Tuguro-Chumikansky District back in the Soviet era. However, the project never got off the ground, partly due to construction costs, and partly due to unresolved issues

surrounding the export of electricity to regions of Southeast Asian nations which were experiencing power shortages. The unique natural features of Tugur Bay in the southern part of the Sea of Okhotsk mean that the tidal lift upon entering the bay reaches 4.74 metres, with the water column reaching an aggregate height of 9.5 metres per day. According to calculations, the installation of around 1,000 hydroelectric units, each with a capacity of 7–9 MW, will help create a total capacity of 8 GW.

What’s more, the incorporation of hydrogen production will produce a synergistic effect. The hydrogen can be used to replace traditional hydrocarbons at CHP plants, and compensate for fluctuations in power generation during tidal changes. In addition, this green hydrogen (produced by electrolysis) will be in demand on the export market.

With its focus on cutting-edge technology and the development of new markets, this project could indeed give rise to a powerful industrial cluster for the production of green hydrogen in the Far East. And to reiterate the President’s words, the demand for this product will grow steadily for decades, particularly in the Asia-Pacific region. According to Degtyarev, plans are in place to produce around 5 million tonnes of hydrogen per year by 2030. This would represent a quarter of all Russia’s future hydrogen output.



MIKHAIL DEGTYAREV
Governor of Khabarovsk Territory

Following the Forum, Vladimir Putin gave the Russian government until 1 March 2022 to “look into building hydrogen and ammonia production centres which use energy from tidal power plants.”

Imposed fears

At the same time, representatives of the fuel and energy sector expressed their doubts at the Forum that the death of traditional energy and the dawning of a green future were upon us. Stepan Solzhenitsyn, head of Russia’s biggest coal company SUEK noted that Russia is largely following the European climate agenda at a time when the population is more worried about clean water and air, and waste processing. “And this is a huge risk, because we might look back one day and realize that we forgot about 95% of the agenda which is important to Russia today, and got carried away with the climate,” he said.

Meanwhile, head of Gazprom Neft Alexander Dyukov commented that traditional and new forms



ALEXANDER DYUKOV
Head of Gazprom Neft

of energy will coexist for a long time to come. A rapid wholesale change to new energy would, he claimed, be impossible both from a technological and economic point of view. Head of Novatek Leonid Mikhelson was similarly reluctant to talk about specific timeframes. “The energy transition will happen sometime,” he said. In addition, a number of representatives of the fuel and energy sector reiterated that there were as yet no proper alternatives to oil, coal, and gas in the chemical industry. That being said, companies are taking a flexible approach and are looking at future prospects with the view to setting more ambitious decarbonization targets.

“Of course, the factors that are now accelerating our understanding lie in many ways in the external agenda,” said Minister of Economic Development of the Russian Federation Maxim Reshetnikov. However, Anatoly Chubais, Special Representative of the President of the Russian Federation for Relations with International Organizations to Achieve Sustainable Development Goals drew attention to the fact that the US has rejoined the Paris Agreement, and that China not only stated its aim early this year to achieve carbon neutrality by 2060, but also successfully launched the world’s largest carbon market. He went on to state that Russia’s current energy strategy was unworkable, and that it would have to be revised in 1.5–3 years.



ANATOLY CHUBAIS
Special Representative of the President of the Russian Federation for Relations with International Organizations to Achieve Sustainable Development Goals

A win for investors

Incentives are the main way to encourage investors to play a part in the economy’s green transformation. As Ilya Torosov pointed out, the government is already examining the taxonomy of green finance, which will help raise Russian and foreign capital for investment in the energy transition.

And the Forum demonstrated that the interest in investing is there. “Asian investors are very interested in companies that are moving towards a green economy and sustainable development. They also understand that such changes do not happen quickly. I am sure that our investors will approve of the work that is being carried out in Russia today,” said Grace

Hui, Head of Green and Sustainable Finance at Hong Kong Exchanges and Clearing Limited (HKEX).

The New Development Bank is in a position to offer funding to green initiatives in Russia, according to the bank’s Vice-President Leslie Maasdorp. At the same time, the Japan Bank for International Cooperation announced that it was already looking into the option of working in partnership with the Russian Direct Investment Fund (RDIF) on solar and wind initiatives.

However, there are also more immediate projects which could help protect the environment and support the development of green technology in the Far East. The government of Sakhalin Region, for example, signed an agreement at the Forum with VEB.RF and Rosatom covering new public transport for the region, which will run on gas and electricity. Elsewhere, Sollers and RusHydro announced a new electric carsharing scheme, which will be launched in Vladivostok next year. This coincides with RusHydro’s plans to install 150 charging stations in the Far East in 2022.

Tools for the workers

Despite its vast potential, over the medium term the Far East is faced with the challenge of transforming its economy to cleaner energy sources. “The level of gasification in Russia stands at 71%, but the level of gasification in the Far East is between 19% and 24%. Five out of eleven regions in the Far East do not have pipeline gas. Coal generation accounts for 70% of the energy mix for heat generation in the Far East, and we are all aware of the issues arising from this,” said First Deputy Minister of the Russian Federation for the Development of the Far East and Arctic Gadzhimagomed Huseynov.

“Spaces here are large, territories hard to reach, and settlements scattered. The centralized energy supply covers only a very small percentage – approximately 36% – of the population. We have boiler houses that are still fuelled by oil. There is a very large number of coal-fired boiler houses that need to be converted to another fuel to meet environmental requirements and for logistical reasons,” stressed First Deputy Chairman of the Government of the Republic of Sakha (Yakutia) Kirill Bychkov. “On average, for the Republic of Sakha alone, we buy approximately RUB 5 billion-worth of diesel fuel per year,” added First Deputy General Director of RusHydro Roman Berdnikov.



“We understand that there are a lot of projects here that could be considered innovative but are still expensive for Central Russia. They could be very popular if they cost a half to a third of what they do today.”

VITALY KOROLEV
Deputy Head of the Federal Antimonopoly Service of the Russian Federation

“Traditional energy is extremely expensive here. In some places, it costs up to RUB 75 per kilowatt hour. We understand that there are a lot of projects here that could be considered innovative but are still expensive for Central Russia. They could be very popular if they cost a half to a third of what they do today,” observed Deputy Head of the Federal Antimonopoly Service of the Russian Federation Vitaly Korolev. He went on to say that mechanisms for obtaining electrical energy from the sun and wind that are not very relevant in Central Russia are in much greater demand in the Far East.

Phasing out coal

“The foundations for the development of gas supply and gasification in the Far East are now in place, with the creation of a backbone of main gas pipelines. Full-scale gasification in the Far East began in 2008, but a lot of work clearly remains to be done in order to accelerate gasification in the Far Eastern regions over the next ten years,” said Deputy Chairman of the Management Committee of Gazprom Vitaly Markelov.

“We have six modernization projects on the go. And the most important thing we are doing in this project is moving on from coal, minimizing its share, and switching over to gas. We plan to commission all the facilities by 2026, and after commissioning, 50% of our thermal generation will have moved on from coal, with gas generation and a modern technological solution in its place,” commented Roman Berdnikov.

The nuclear sector is helping in these efforts to phase out coal. “We are currently implementing the first pilot project for a low-power ground nuclear power plant together with the Republic of Sakha (Yakutia). This is a new approach to integrated territorial



“A lot of work clearly remains to be done in order to accelerate gasification in the Far Eastern regions over the next ten years.”

VITALY MARKELOV
Deputy Chairman of the Management Committee of Gazprom

development, a new breath of life for the development of neighbouring energy sources and for territorial industrial development. The development of lowpower stations will contribute to the sustainable development of the republic and country as a whole,” said Vice President of Rusatom Overseas Oleg Sirazetdinov.

Opportunities for investors

Thanks to an investor-friendly policy, efforts to create a favourable business climate, and effective government support measures, the Far East is one of the most attractive regions in Russia to investors. Indeed, since 2014, a total of more than 20 incentive regimes have been launched in the Far East. These include major initiatives such as advanced special economic zones (ASEZs), the Free Port of Vladivostok (FPV), special administrative districts, and a government socioeconomic development programme for the Far Eastern Federal District, which has allocated around RUB 380 billion in funding to 2025. In addition, special benefits have been made available to the public, which have also aided business development. These include subsidized air travel, a simplified visa application process, subsidies for car purchases, and two major programmes: the Far Eastern Hectare and the Far Eastern Mortgage.

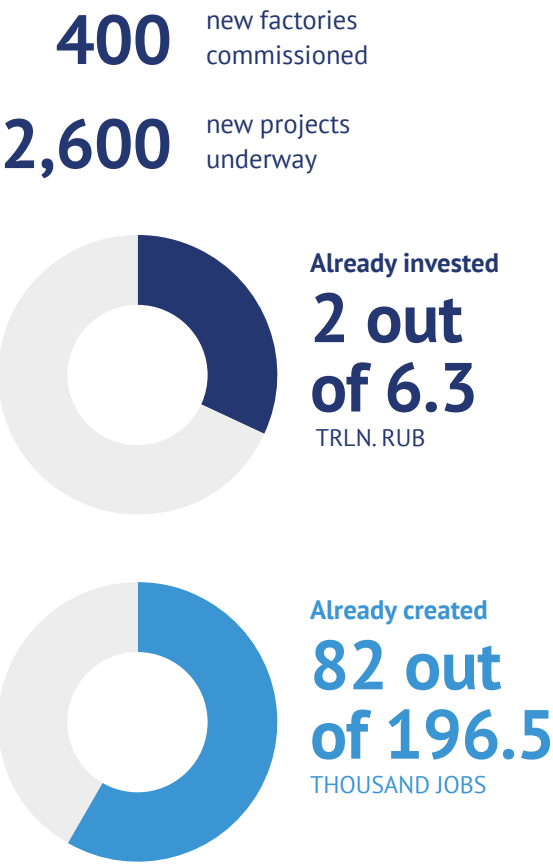
The separately established Ministry for the Development of the Russian Far East and Arctic is responsible for coordinating the implementation of government programmes and federal target programmes. What’s more, in spring 2021, various Far Eastern development institutions became fully integrated with the Corporation for the Development of the Far East and Arctic. The corporation’s mission is to attract new investment in the Far East and Arctic.

According to the corporation’s figures, more than 400 new enterprises have been commissioned in the five years since the ASEZs and Free Port of Vladivostok began operating. In addition, work is under way on more than 2,600 projects worth a total of RUB 6.3 trillion, with RUB 2 trillion already invested. And of the 196,500 new jobs planned, 82,000 have already been created. Thanks to government support measures, for every rouble of public money allocated, 30 roubles come from private investors.

Twenty-three ASEZs have been established, covering a range of priority industries for the Far East. These include agriculture, fishing, transport, manufacturing, mineral extraction, and tourism. ASEZ residents

TOP AND FREE
PORT MODES

5-year performance results



Data from the Far East and Arctic
Development Corporation

benefit from tax breaks and administrative incentives. A one-stop shop and application-based system is also in place to provide further support. ASEZ residents also enjoy some of the longest tax holidays in the country, which run from five to ten years. Corporate (profit) tax is 0% for the first five years, and 12% for the following five years. In addition, insurance contributions are 7.6% (as opposed to the usual 30%). And for the first years of a project, a zero tax rate is applied to land, property, and mineral extraction. At the same time, ASEZ residents are provided with a parcel of land, as well as utility connections, including electricity, water supply and disposal, gas, and heating.

In a similar vein, the FPV is a zone offering special customs, tax, and administrative incentives. These largely resemble the incentives offered by ASEZs; however, at the FPV, resident companies are responsible for connecting to the requisite infrastructure. An FPV regime is in place in 22 municipalities across 5 districts, including Pevek and Petropavlovsk-Kamchatsky. There are already around 2,400 FPV residents, with the ASEZ and FPV regimes set to operate for 70 years.

Speaking at the Forum, General Director of the Corporation for the Development of the Far East and Arctic Igor Nosov said that his organization had developed a package of measures aimed at making the current incentive regimes more competitive, and boosting entrepreneurial activity. “It is crucial that government support measures are implemented in cooperation with investors and ASEZ and FPV residents,” he added.

EEF participants also had the chance to learn about another new support programme. Currently, there are plans to finance almost 320 projects in the region worth a total of RUB 650 billion through the Far East Concession programme. The carefully developed programme is the result of a public-private partnership (PPP) to address infrastructure-related issues in the face of budgetary limits. It enables investors to be compensated for costs incurred on infrastructure within 10–20 years of commissioning a facility under a concession agreement.

Minister for the Development of the Russian Far East and Arctic Alexei Chekunkov spoke to the Russian President at EEF about the first six deals under the programme, which are worth a total of RUB 123 billion. “The Far East Concession is a new tool which aims to support the construction of infrastructure at a rate several times faster than it would otherwise take. This covers infrastructure for investment projects and social infrastructure for new workers. We have drawn major projects to our region. <...> There is a several-fold disparity in terms of the infrastructure they require and the resources we currently have at our disposal. <...> However, we have struck our first six deals with leading Russian investors at the Forum worth a total of RUB 123 billion. These will result in infrastructure being created,” he said. The biggest project is set to be implemented in the Chukotka Autonomous Area, and will involve the construction of a road servicing the Baimskoye deposit. Elsewhere, a social infrastructure project for the city of Magadan (Magadan Region) is in its advanced stages, as is a project in Khabarovsk Territory to build a children’s camp.

In turn, Deputy Minister for the Development of the Russian Far East and Arctic Anatoly Bobrakov commented that 30 projects under the Far East Concession programme were in the immediate pipeline. Together, they will be worth a total of RUB 250 billion, with 12 projects (worth RUB 180 billion) covering infrastructure for investors, and 18 projects (worth RUB 66 billion) covering social infrastructure



THE FAR EAST'S GREATEST RESOURCE: ATTRACTING PEOPLE TO THE REGION

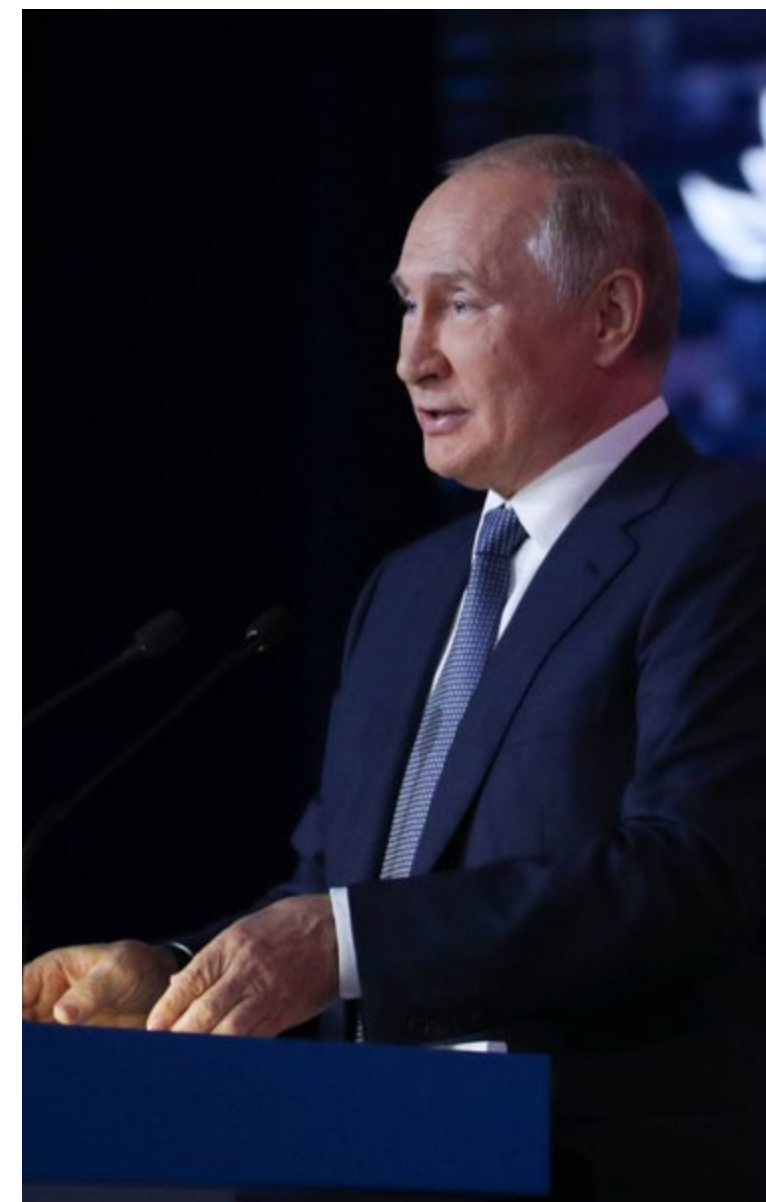
A wide range of ambitious projects are under way in the Far East: the construction of the Eastern Branch of the railways; the development of the Northern Sea Route; the development of numerous ports; the construction of new petrochemical production facilities, metallurgical plants, and shipyards; and several promising hydrogen initiatives. However, in each case, the problem is the same. Almost regardless of the project under discussion at the Forum (be it planned or current), participants spoke of the need to attract people to the region, particularly students, young entrepreneurs, researchers, and scientists. Much of the main business programme – and indeed, the youth programme – was dedicated to identifying solutions to this issue.

The scale of the problem

Despite the fact that the Far East accounts for a third of the territory of Russia, the region has a relatively small population. According to the Federal State Statistics Service, it is home to just 8.12 million people as of early 2021. What's more, the population has declined by almost 100,000 over the past three years. This is mainly due to people migrating to other regions. However, support measures have greatly helped to curb the flow of people away from the Far East, as was noted several times during the Forum. In 2020, fewer than 20,000 people left the region. In addition, fertility rates in the Far East reached 1.7 children per family in 2020, as compared to the Russian average of 1.5. However, people continue to leave the region. As Vladimir Putin observed at the EEF plenary session, this indicated that the current support measures are insufficient. Population growth in the region was, he said, a historic objective.

The foundation of support

Several core programmes to support the region's population have been in place for a number of years already. "A special mortgage programme was launched in the Far East in 2019, under which young families and those who are building their own houses, including on a plot of land granted under the Far Eastern



"A special mortgage programme was launched in the Far East in 2019. Around 24,000 families have already used this mortgage offer to improve their living conditions."

VLADIMIR PUTIN
President of Russian Federation



“The Far Eastern Hectare is a programme that made an immense step forward to accommodate people.”

MARAT SHAMYUNOV,
Deputy Minister for the Development
of the Russian Far East and Arctic

Hectare programme, can obtain a mortgage with a 2% interest rate. Around 24,000 families have already used this mortgage offer to improve their living conditions,” said Putin. He went on to propose extending this programme to other groups of people, including to specialists who are in demand in the Far East.

“The Far Eastern Hectare is a programme that made an immense step forward to accommodate people,” said Marat Shamyunov, Deputy Minister for the Development of the Russian Far East and Arctic. He noted that people could apply for a plot of land via a multifunctional public services centre, with the review process taking no more than 33 working days. As of autumn 2021, 95,000 people have joined the programme, and 65,000 hectares have been allocated and are in use, according to Shamyunov.

However, participants of the Far Eastern Hectare programme have admitted that even after five years, there remain issues regarding road infrastructure, the application process, and communication with the local authorities. There is also a degree of inconsistency in government support measures. Around a third of land allocated for agricultural purposes has gone to urban residents. “However, they are unable to get government

support for agricultural producers, because they are not registered in rural areas, which is one of the prerequisites for qualifying as an agricultural startup,” explained programme participant Natalia Bugaets. That said, participants are not about to abandon the idea. “A person who has land, equipment, and government support will never leave the Far East. They have got something to hold on to,” Bugaets added.

A mortgage boom

Russia is currently witnessing a mortgage boom, and the Far East is no exception. This is partly due to the government putting a subsidized mortgage programme in place in 2018, which offers 6% interest rates to young families. On top of this, the region has its very own Far Eastern Mortgage programme, which brought interest rates down to 2% in 2019. “DOM.RF is working on the Far Eastern Mortgage programme, which has helped around 24,000 families improve their living conditions,” said DOM.RF CEO Vitaly Mutko. And the trend is accelerating this year. “In the Far East, over the seven months of this year, there has been a significant increase overall in applications for the registration of equity participation agreements per day. Compared to last year, there was an increase of 30% for the same period,” said Deputy Head of the Federal Service for State Registration, Cadastre and Cartography (Rosreestr) Elena Martynova.

However, according to Vitaly Mutko, the mortgage programme has also significantly contributed to the growing cost of real estate in the region. Indeed, housing in the Far East is 14–15% more expensive than the Russian average. Compounding matters is the fact that there is a shortage of housing. “The provision of housing in the Far Eastern Federal District is 10% below the Russian average. In total, 2.6 million square metres of housing in apartment buildings are being built in the region. This accounts for less than 3% of the total in Russia,” said Mutko. Plans are in place this year to construct 2.7–2.8 million square metres.

The Far Eastern Mortgage has therefore fostered stable demand for housing in the region. That said, it has also contributed to a malaise associated with growth – that of supply being unable to keep up with demand. “Staffing at federal law enforcement and security bodies is often at 50%. Why aren’t they coming? Because there’s nowhere to live – it’s impossible to rent a decent place,” noted Sergey Nosov, Governor of Magadan Region.

“The question of housing is probably one of the biggest priorities there is when it comes to the development of the Far East. It is, essentially, fundamental infrastructure which has an impact on the development of human capital and attracting resources and professionals,” added First Deputy Minister of the Russian Federation for the Development of the Far East and Arctic Gadzhimagomed Huseynov.

However, the Forum demonstrated that a solution exists. The government is considering the option of offering the mortgage programme to other groups of people, as well as to specialists in particular fields. In addition, steps have been taken to increase construction in the region.

Building more

Construction companies have notably been tasked with achieving a 60% increase in housing construction in the Far East by 2024 compared to 2019 figures. In addition, the President has instructed the government to work in cooperation with Russian Railways, the Federal Road Agency (Rosavtodor), and major construction companies in the region to plan the construction of a cluster in Khabarovsk Territory which will address one of the main issues faced in the Far East – that of a lack of construction materials. “What other methods could help rein in costs? Encouraging competition and industrializing construction,” said Valery Limarenko, Governor of Sakhalin Region.

The President also voiced his support for proposals to put in place a major urban renewal programme for the Far East. In the next two years, every city in the region should have its own development programme drafted. The Far Eastern Quarter project, developed by the Ministry of Construction, DOM.RF, and regional governments, could be a core initiative in this regard. It enables companies working on comprehensive housing construction projects to become ASEZ residents, thereby benefitting from tax breaks. Regional governments are expected to provide assistance in land-related issues and in putting utilities and social infrastructure in place, and in return, the cost per square metre will go down. For most projects of this kind, the Forum served as a developmental boost. The government of Buryatia, for example, signed an agreement to establish a new Far Eastern Quarter in Ulan-Ude. Elsewhere, Yakutia’s implementation of the Far Eastern Quarter programme will result in the construction of 260,000 square metres of living space, while in Amur Region, 800,000 square metres will be built.

The residential construction plans announced at the Forum even led to a rivalry of sorts between Vladivostok and Khabarovsk to become the first city in the Far East with a population of a million people. Over the course of the forum, city mayors, governors, and federal ministers spoke of the potential – and sometimes even the need – to virtually double the population of both cities. The Vladivostok agglomeration could become the first 1+ million city in the region in as little as 10 years. The government intends to achieve this by building a new city – Sputnik – which will have a population of 300,000. The city of Artyom could also be incorporated into the agglomeration, along with a Far Eastern Quarter project for 50,000 residents. The population of Vladivostok today is around 600,000. Khabarovsk, meanwhile, is home to around 610,000 people. Starting in 2024, the city plans to offer an additional 1 million square metres of housing or thereabouts, which could potentially attract 500,000 new residents by 2034.

A new-look city

However, as noted by Deputy Minister of Construction, Housing and Utilities of the Russian Federation Nikita Stashin, there cannot be a focus purely on square metres for its own sake. “We need to raise living standards



“We need to raise living standards to an entirely new level.”

NIKITA STASHIN
Deputy Minister of Construction, Housing and Utilities
of the Russian Federation

to an entirely new level, so that people choose to live here, move here, and have children here,” he said.

A high-quality urban environment is a central need for people living in cities. With this in mind, a number of new approaches to urban planning are being adopted, particularly given the increased focus on public health today. “The creation of a high-quality urban environment designed for a healthy lifestyle, with abundant green spaces, and providing opportunities for working out is really important not only for treating diseases (as it is now), but also for creating conditions to prevent them, for contributing to the development of a healthy lifestyle culture,” said Ekaterina Kucheryavenko, Managing Project Director at KB Strelka.

Also speaking on the topic was Head of the World Health Organization Office in the Russian Federation Melita Vujnovic, who observed that the environment incorporates political, economic, social and physical aspects that determine the risk factors for chronic noncommunicable diseases. Together, these have a huge impact on life expectancy and premature mortality. “We now have a lower life expectancy than the Russian average. “According to Rosstat, the average in Russia is 71 years, while the average in the Far East is 69 years,” said Marat Shamyunov, Deputy Minister for the Development of the Russian Far East and Arctic.

A deeper focus on a robust infrastructure and healthy lifestyles would therefore help increase life expectancy. “An important product we are working on now meets all sustainable development requirements. It is a master plan, which incorporates a master layout and the region’s socioeconomic development strategy. And we can see that the master plan is a key document, and is recognized as such by investors, government and the general public,” commented CEO and Head of the Analytics and Marketing Unit at VEB. RF Group Andrey Samokhin.

Social support

The housing issue is not the only factor behind enticing people to the Far East – a region which the Forum has successfully promoted in recent years. Indeed, a number of additional measures have been put in place to support the healthcare, education, and social sectors. In 2022 alone, the Far East is set to receive additional funding to the tune of RUB

20 billion to modernize social amenities. And annual spending on healthcare in the region will receive a boost of more than RUB 6 billion, which will primarily be used to help remote and sparsely populated districts. A meeting on the region’s development focused on how medical care in small settlements could be provided differently. And the number of state-funded places at universities in the Far East will increase in tandem with efforts to raise the quality of education, update study programmes, and modernize infrastructure. Notably, Vladimir Putin stated that the Far Eastern Federal University should become a world-leading university in the next decade.

Support for business

“If everything was fine with the economy, then everything would be fine with us, both in terms of the social sector and keeping young people. So, one objective is to foster greater investment activity,” said President of the Russian Union of Industrialists and Entrepreneurs Alexander Shokhin.

An unprecedented package of incentives is set to be put in place on the Kuril Islands by the end of the year. These will provide 10-year exemptions



“One objective is to foster greater investment activity.”

ALEXANDER SHOKHIN
President of the Russian Union of Industrialists and Entrepreneurs



on corporate, property, land, and transport tax, as well as a reduction in insurance contributions to 7.6% for the same period. In addition, a free customs zone will apply, meaning that VAT will not be applied on goods which stay on the islands. These incentives are not only open to Russian investors, but foreign ones, too, and may be of particular interest to Japanese investors. However, they will not apply to certain groups, including intermediaries, goods subject to excise duty, production and refining of hydrocarbons, and high-value aquatic bioresources. Speaking at the EEF plenary session, President Putin said that the Kuril Islands should offer the best environment for doing business in the entire Asia-Pacific region.

The contribution made by the Forum

The Forum played a key role in helping to identify solutions related to bringing people – particularly young people – to the Far East. After coming

through a selection process, around 100 young entrepreneurs, managers, thought leaders, figures from the creative industries, and representatives of public and non-profit organizations were given the chance to visit EEF. This was the first edition of the Forum with its own separate youth track, which incorporated sessions held as part of the main programme, as well as 20 specialized sessions held on the event’s closing day.

As noted by President of the Moscow School of Management Skolkovo Andrey Sharonov, many governors are wondering how to make people stay instead of leaving to study or work in the nearest big city, regional capital, Moscow, or further still. “I think it is a dead end of sorts. The question is different: how do you make them come to you?” he said. And in a similar vein, President of the Russian Union of Industrialists and Entrepreneurs Alexander Shokhin commented that once specialists have been enticed to the Far East, the next objective is to keep them there. “They have to be able to enjoy the kind of living conditions which will make it an interesting place to live and work,” he said.



Training young leaders

The sheer scale of work and potential which is inherent in the Far East is something that adds to the region's appeal. According to Minister for the Development of the Russian Far East and Arctic Alexei Chekunkov, the region offers unparalleled opportunities to young people today. "Is there another place where you can build a company worth a billion from scratch? Is there another place offering USD 10 billion for a tidal power plant or a new hydrogen generation cluster? This is a place where you can build a career quickly – where you can become a governor at the age of 38 or a vice governor at the age of 30," he commented at the launch of the Muravyov-Amursky 2030 Programme, which will focus on training managerial personnel for the Far East and Arctic. As per the Leaders of Russia programme, the aim is to train some 150 leaders by 2026 at the municipal, regional, and national level with the development of the Far East specifically in mind.

Young people are also being enticed by the development of new industries. "Two years ago, the first IT park in the Far East was opened, and this initiative has been expanded to all municipal districts – 14 IT centres have been established in various districts across the republic," noted Minister of Economy of the Republic of Sakha (Yakutia) Maya Danilova.

Another programme to be announced at the Forum was the Export to Asia MBA, which will be offered by the Far Eastern Federal University. "We are about to launch it this year. People have come from across Russia: Kaliningrad, Tolyatti, Sevastopol, Tula, and Tver," said Tatiana Poltavets, Head of the Academy of Management's Programme at the Far Eastern Federal University. This is unsurprising, as the Forum demonstrated there to be a great deal of practical interest in projects being implemented in the Far East from countries such as Austria, Serbia, India, China, Japan, and South Korea.

Despite being a higher education institution, the Far Eastern Federal University also works closely with school pupils. In a new development this year, the university will hold online lessons to train prospective students from the Far East interested in enrolling at medical schools. The government has also got involved in encouraging school pupils to play a part in the life of the region. Under the new Ecology federal project, children will have the chance to go on paid work experience at nature reserves and national parks.

And it can certainly be said that school pupils' interest does not stop at education in the traditional sense. "School pupils are showing a huge interest in entrepreneurship. <...> This can be seen by the fact that last year the finalists of the Big Change competition proposed adding a new branch to it, entitled 'Get Down to Business'. This year, it proved to be one of the most popular, with more than 400,000 of the 2.5 million entries in Big Change being in the entrepreneurial section," said Ksenia Razuvaeva, Head of the Federal Agency for Youth Affairs. She went on to say that all the ideas developed by these people have gone into the heart of a programme which will be launched together with the Ministry of Economic Development. "It will be launched this year in 30 pilot regions, and we will test the main formats until March next year. If we see that it's working, then we will roll out the programme to the whole country by the end of next year," she added.

In addition, school pupils in Russia are demonstrating a keen interest in everything that is happening in their country. The second New Knowledge education marathon took place on 1–3 September, with the Eastern Economic Forum serving as one of the venues. Among those to speak at the event were Prime Minister Mikhail Mishustin, heads of major companies, key figures from the business community, scientists, and community leaders. The President of Russia expressed his support for the marathon and held a meeting with children at the Okean children's centre, which was streamed by the New Knowledge platform. On 3 September, the marathon had already amassed 85 million views, breaking the record set by the inaugural event.

The Forum itself contained a section entitled EEF Junior, which provided senior school pupils the chance to meet with global business leaders and government figures. The EEF Junior business programme included panel sessions and strategic discussions on a range of topics. These included the development of secondary vocational education, working

in industrial corporations in the Far East, the influence of new cultural spaces on regional development, and ecosystems for supporting youth-led startups in Russia and abroad. This section of the Forum was organized by the Content Foundation for Expertise and Analysis as part of the Point Junior project. It was supported by the Ministry of Education of the Russian Federation, the Roscongress Foundation, the Kruzhok Movement, and the Innopraktika nongovernmental development institution. EEF Junior partners included the National Cultural Heritage Social and Cultural Projects Fund, SIBUR Holding, Synergy Corporation, Innopraktika, and the Kruzhok Movement.

Famous throughout the world

The Forum also hosted discussions on key events held in the region. The question of holding the WorldSkills national vocational championship in Khabarovsk in 2023, for example, is now almost resolved. Proposals to hold the 2036 edition of the Olympiad in the region were also put forward. Events such as these can greatly help promote the region to the rest of the world, and increase tourist numbers.

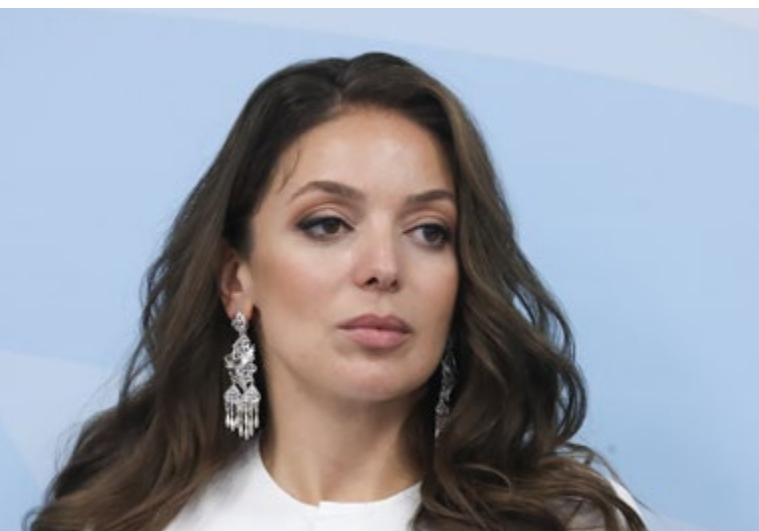
Indeed, this was a recurrent theme during discussions at EEF on the development of the Far East. "Russia's unique potential lies in the almost untouched nature of the Far East," remarked Irina Lindberg, Head of the Green Economy Development Department at the Amur Branch of WWF Russia.

And given the fact that the tourist and creative industries are interrelated, the development of the tourist sector will also help draw young people to the region. "The tourist industry has a lot to offer to small and medium-sized companies, and often provides young people with their first job. This is a strong reason to keep young people where they are – not only in large cities such as Vladivostok, but also in remote territories. There are villages and towns where young people stay because they see that tourism is starting to develop, new interesting products are emerging, and new companies are being formed. They stay there and arrange unusual tours, create new sights and creative museums, and begin to produce something interesting," said Elena Lysenkova, Deputy Head of the Federal Agency for Tourism.

A now-regular feature and integral part of the Forum is the Far East Street exhibition, which this year provided the chance for visitors to learn about the

most interesting aspects of the tourist sector and find out about the region's many unique destinations and events. The exhibition, located on Ajax Bay Promenade, featured all 11 regions of the Russian Far East. Together, they showcased their potential and accomplishments in culture, tourism, and the economy. In addition, three federal ministries were featured: the Ministry of Sport of the Russian Federation, the Ministry of Industry and Trade of the Russian Federation, and the Ministry for the Development of the Russian Far East and Arctic.

One standout project in the Far East is the construction of the world-class Three Volcanoes resort in Kamchatka, which will operate year-round. Sergey Bachin, General Director of Vasta Discovery (the company responsible for implementing the project) commented that more than RUB 40 billion is being put into the project by private investors alone. Construction



“The national project includes macro-planning provisions for the most popular tourist destinations. These are region-specific tourist projects which will be implemented across 12 macro-territories.”

ZARINA DOGUZOVA
Head of the Russian Federal Agency for Tourism

is slated to begin in 2023, and to be completed in 2026. Bachin also noted that the project will help create 3,000 new jobs.

However, the region's infrastructure is still insufficient to handle large numbers of tourists. As Elena Lysenkova observed, attractions in the Far East can be located 300–400 kilometres away from the starting point. And it is important for tourists to have a place to stop and rest every 1.5–2 hours on the road, i.e., every 60–100 kilometres. In addition, Vladivostok's airport is currently ill-equipped to handle a doubling of tourist numbers.

However, much is already being done, both in terms of enticing tourists to the region, and improving connectivity for residents themselves. One notable development is the establishment of Aurora – an airline operating flights in the Far East. The company will contribute to efforts to double passenger numbers by 2025 and expand the route network. EEF participants also suggested easing safety requirements at small airports and flight strips, and to construct aviation fuel plants in the Far East to bring down the cost of flights. As Deputy Minister of Transport of the Russian Federation Igor Chalik pointed out, more money is being spent on subsidizing air travel in the Far East. Around RUB 17 billion is expected to be allocated next year, against RUB 13 billion this year.

All these points of interest, support measures, and plans need to fit together as part of a bigger picture. Head of the Russian Federal Agency for Tourism Zarina Doguzova announced that a tourist master plan for the Far East will be drafted in 2022. “The national project includes macro-planning provisions for the most popular tourist destinations. These are region-specific tourist projects which will be implemented across 12 macro-territories. This tourist initiative will be put in place in the Far East next year,” she said. Doguzova went on to say that macro-planning for the regions will take around a year. This process will help gauge the tourist potential of particular regions, set out an action plan to develop the tourist sector (including through building infrastructure and investing in the regions), assess hotel capacity, and identify which forms of tourism to prioritize in accordance with each region's unique features. Once the macro-planning stage is complete, a set of proposals to amend each region's urban planning documents will be drawn up.

Supporting the creative industry

Sometimes, the focus need not be on large-scale projects. “We need to give small projects a try. One non-profit – a cultural organization – applied for a grant to open a workshop specializing in national costumes. Today it is the best ethnic workshop in Transbaikal Territory,” commented Minister of Culture of Transbaikal Territory Irina Levkovich. “Now any creative person who has an idea can submit an application, convince the experts, and get a genuinely substantial sum of money to realize their dream. It means a person is engaged in creative activities that can be scaled up. And when certain resources are obtained, it turns into a lifetime project,” added Roman Karmanov, CEO of the Presidential Fund for Cultural Initiatives.

The creative industries could help drive development in the regions, particularly during the pandemic. “The development of the creative industries should stimulate the development of the regions and tourism. We want to give regions which have a developed scene offering unique folk arts and crafts and which



“Now any creative person who has an idea can submit an application, convince the experts, and get a genuinely substantial sum of money to realize their dream.”

ROMAN KARMANOV
CEO of the Presidential Fund for Cultural Initiatives



“The development of the creative industries should stimulate the development of the regions and tourism. We want to give regions which have a developed scene offering unique folk arts and crafts and which form part of the creative industries a separate status.”

GULNAZ KADYROVA
Deputy Minister of Industry and Trade of the Russian Federation

form part of the creative industries a separate status. We want to amass various forms of support, and support these territories. They could be rural areas or cities with a population of 10,000–100,000 inhabitants, from which there has recently been a serious outflow of the population,” said Deputy Minister of Industry and Trade of the Russian Federation Gulnaz Kadyrova. CEO of the Far East Development Corporation Denis Tikhonov added that his all his organization's plans now take into account the creative component.

“This year, RUB 3.5 billion has been allocated to support the creative industries. Some 1,500 creative teams will be funded. The Far East ran a very good bid campaign. Yakutia led the field, with almost 300 applications. This puts it in the top 20 among 83 regions that submitted applications,” noted Roman Karmanov.

THE NEW ECONOMY: OUR SHARED RESPONSIBILITY IN A CHANGING WORLD



The Forum also touched upon issues which are not unique to the Far East, but which also affect the Russian and global economies. Healthcare was one such example, particularly in light of the challenges the sector faces as COVID-19 continues to spread. Participants at the Forum noted that traditional healthcare management systems proved to be ill-equipped to counter the pandemic. However, efforts to rapidly overhaul medical care systems have proven to be effective at combatting the virus. Now, looking forward, the future development of the healthcare sector across the globe is largely predicated on preventing similar crises and improving access to high-quality medical care regardless of location.

The COVID-19 crisis

“We have indeed felt there to be a crisis in the traditional management system over the past 18 months. Even at the beginning of 2020, we already understood very well that the classic models weren’t working,” commented First Deputy Minister of Health of the Russian Federation Victor Fisenko. “The pandemic that humanity has come up against has spurred the development of new anti-crisis strategies across all sectors, including healthcare,” added Head of the Federal Medical-Biological Agency Veronika Skvortsova. In particular, the pandemic cast light on the shortfalls of the compulsory medical insurance system in Russia.

These challenges can be tackled by accelerating the implementation of digital technologies and rapidly reforming approaches to medical care provision. “Telemedicine has progressed to a whole new level. The fact that we launched vertically integrated digital telemedicine systems and a one-stop online resource in 2018 – as well as a website for key specialists at the Ministry of Health – helped us a great deal. They actually became reference points for expert advice during the pandemic,” said Skvortsova. She went on to say that new principles have been adopted in creating mobile rapid response units, including major joint detachments of the Federal Medical-Biological Agency of up to 100 people, making it possible to deal with serious epidemiological outbreaks in a very short time (around two to three days)



“Literally in the initial months we summarized all global best practices with the help of leading specialists from outside the ministry.”

VICTOR FISENKO
First Deputy Minister of Health of the Russian Federation

at a number of remote enterprises and in remote regions throughout the country.

Victor Fisenko also commented that the establishment of a single, integrated procedural framework for tackling the virus marked an important step forward. “Literally in the initial months we summarized all global best practices with the help of leading specialists from outside the ministry. We put together everything we needed in order to issue guidelines to help doctors throughout the country deal with this threat in a consistent manner,” he said.

The sanitary shield

The pandemic has demonstrated that new protective systems need to be developed in order to combat biological challenges at a regional, national, and global level. “The pandemic revealed how important it is to ensure sanitary safety throughout the world. This will require significant effort from all countries,” said Dorit Nitzan, Regional Emergency Director for the World Health Organization’s Health Emergencies Programme (European Region).

Russia has already embarked on the creation of a so-called “sanitary shield” – a modern, proactive system to forecast epidemics, and to identify and react to them at an early stage. “Today, we are talking about building a sanitary shield, which does not mean that we are only building it around our border. Infections do not recognize borders – that is obvious,” said Anna Popova, Head of the Federal Service for Surveillance on Consumer Rights Protection and Human Wellbeing, and Chief State Sanitary Physician of the Russian Federation.



“Today, we are talking about building a sanitary shield, which does not mean that we are only building it around our border. Infections do not recognize borders.”

ANNA POPOVA
Head of the Federal Service for Surveillance on Consumer Rights Protection and Human Wellbeing, and Chief State Sanitary Physician of the Russian Federation



“Now, to prepare ourselves for new pandemics, we need innovations, and fast provision of services to people in other sectors.”

DORIT NITZAN
Regional Emergency Director for the World Health Organization’s Health Emergencies Programme (European Region)

The spread of infections can only be curbed through coordinated action, according to Director of the Irkutsk Research Anti-Plague Institute of Siberia and the Far East Sergey Balakhonov. “We can only effectively fight emerging epidemic threats through honest intergovernmental cooperation as it was done with Mongolia, and as it is being done with China regarding natural-focal diseases, and COVID-19,” he said.

“Countries are less and less willing to impose social distancing measures. Now, to prepare ourselves for new pandemics, we need innovations, and fast provision of services to people in other sectors. We must exploit emerging innovations as early as possible to undertake preventive actions,” said Dorit Nitzan. He also called upon countries to expand their vaccination programmes as fast as possible, and to eliminate vaccine inequality.

Overcoming political barriers is proving to be difficult in this regard though. CEO of the Russian Direct Investment Fund (RDIF) Kirill Dmitriev commented that with the current vaccination programmes under way, the world has been divided into two halves. The first half consists of the 70 or so nations which

have registered the Sputnik vaccine as being on a par with others. The other half is what could loosely be termed the West, which has not allowed the Russian vaccine into their markets, and in so doing, has effectively deprived their citizens of an effective means of combatting the coronavirus.

Digital medicine

Discussions at the Forum also revealed that effective risk management in public health directly hinges on the implementation of cutting-edge medical technologies. The future lies in applying hybrid models to the healthcare sector, which incorporate both traditional clinics, and digital aids for doctors and patients.

“Our objective is the soft integration of digital technologies into the medical care system. Under no circumstances do we view this as a substitution for traditional medicine, a substitution for seeing your general practitioner, having consultations, and so on. Digital technologies are rather a powerful aid in the medical care system, and we have pinned great hopes on them,” said First Deputy Minister of Health of the Russian Federation Victor Fisenko. He also commented that digital technologies should be used as a research aid in efforts to move away from very early disease diagnosis to prevention. Genetic data would also play a part in this regard. According to Chairman of the Board of Directors of Medscan Sergei Sidorov, the industry believes in the hybrid model, because digital technologies cannot replace physical care – the patient must be grounded somewhere.

However, one of the main dangers inherent to the digitalization of the healthcare system is the risk of creating “information graveyards”. Indeed, steps need to be taken to ensure that data is properly put to work and is made available to the medical and scientific communities. As Victor Fisenko commented, piles of documents and unstructured paperwork hardly indicate that information technology is being properly capitalized upon. “A medical organization needs to create a set of structured primary data which can then be lifted and analysed. And it needs to implement solutions accordingly,” he said. The Ministry of Health has already put in place a federal project to create an integrated digital space, which will lead to medical information systems in the regions becoming interconnected.

The infodemic

Countries attempting to combat the spread of the coronavirus have found the accompanying infodemic to be another serious issue. “The situation is developing – and developed from the very beginning – in a completely new information environment. There are incredible options for communication, and people’s trust in information coming from an official or a scientist – or a neighbour – turned out to be different,” said Anna Popova, Head of the Federal Service for Surveillance on Consumer Rights Protection and Human Wellbeing, and Chief State Sanitary Physician of the Russian Federation.

“Unfortunately, we lost the battle against the infodemic, which is to say disinformation, and our approach to dealing with disinformation was insufficient and not always systemic. Despite the fact that four vaccines have already been registered in our country, the number of vaccinated citizens in our country today is only 30%,” commented Guzel Ulumbekova, Head of the Higher School of Healthcare Organization and Management. At the same time, Vice Rector of the Higher School of Economics National Research University Lilia Ovcharova pointed out that studies have shown there to be growing demand for reliable information, now that the population has already been subjected to their fair share of unverified information.

According to Anna Popova, further work on developing new forms of communication is needed. “Information should be delivered differently even in different regions of Russia. This is all the more true when it comes to different social and age groups. Doing so will help ensure that this information is disseminated and received fast,” she said.

The fight against misleading content

Misleading content in the digital economy was a topic of some discussion among healthcare specialists at the Forum, particularly as the issue is indicative of a more general problem. “Global digital platforms have become an integral part of our life; they are everywhere where there is an internet connection: search engines, social networks, cloud services. Over the past few years, before our very eyes, those companies have grown into transnational monopolies,” observed Vadim



“Global digital platforms have become an integral part of our life; they are everywhere where there is an internet connection. Over the past few years, before our very eyes, those companies have grown into transnational monopolies.”

VADIM GLUSHCHENKO
Director of the Center for Global IT-Cooperation

Glushchenko, Director of the Center for Global IT-Cooperation. Indeed, a global trend has emerged whereby the state's interests are clashing with those of major digital platforms, and the regulation of online activity has become a pressing topic.

“Governments are engaged in combating digital platforms' monopolies, countering opaque content moderation, improving the taxation system, and protecting users' personal data. In 2021, many countries took a whole range of antitrust policy measures: the European Union, the United Kingdom, and the United States,” noted Glushchenko.

The main issue is that platforms have the ability to manipulate people's opinions and behaviour.

“The situation is changing now: digital platforms are not asking what the consumer needs; instead, they are shaping the consumer's opinion. They are framing the users' consciousness, and often this framing becomes manipulation, which is, in fact, dangerous. Of course, this problem should be controlled and regulated by the government,” said Deputy Head of the Federal Antimonopoly Service Petr Ivanov. There are numerous examples of platforms exercising the right to make politically motivated decisions about certain types of content. And when they do so, they are guided not by national legislation or international rules, but by an opaque corporate policy.

As Chairman of the Board of Skolkovo Foundation Igor Drozdov commented, the importance of the digital transformation to economic relations remains underestimated. “Digital technologies are changing



“Digital technologies are changing the ways in which people communicate and interact, essentially – social relations. We are used to seeing these relations be regulated by laws.”

IGOR DROZDOV
Chairman of the Board of Skolkovo Foundation

the ways in which people communicate and interact, essentially – social relations. We are used to seeing these relations be regulated by laws,” he said.

Choosing between regulation or development

When it comes to regulating the digital realm, it is crucial to strike a balance to allow the market to develop. “Only three countries, by and large, can boast of global and local platforms on their markets: the US, China and Russia. We have competitive and efficient platforms and ecosystems that successfully compete with global tech giants in our market without any pressure from the government. And it is important for us with all our regulatory measures not to disrupt this balance. This is where we need to act as carefully as possible; at the same time, we need to be consistent, because we understand that we need to take care of our own,” said Maxim Parshin, Deputy Minister of Digital Development, Communications and Mass Media of the Russian Federation.

Today, all leading nations are taking steps to ensure that online platforms work in a transparent way, and that global IT companies have locally based operations. “We are currently working on a legislative initiative aimed at protecting Russian users, so that there is public and government control over recommendation algorithms. We do not want to interfere, but we want transparency,” commented Anton Gorelkin, Member of the State Duma of the Federal Assembly of the Russian Federation's Committee on Information Policy, Information Technology, and Communications.

“All over the world, there is the need to ‘ground’ foreign IT platforms, since in most cases they do not have a local office in a particular country where they operate and make a profit. And the government cannot force them to comply with the national legislation,” added Vadim Glushchenko. He went on to note that Turkey's experience was indicative. Last year, the country passed a law which allowed leading foreign tech platforms, such as Facebook and Amazon, to be fined millions of dollars.

Protecting sovereignty

The view among participants was that the protection of digital sovereignty was a key issue for countries.

“We have search systems, search engines, voice assistants – and a number of other products – things we can use as a foundation to sustain and develop our digital sovereignty,” said Maxim Parshin. However, the development of digital sovereignty is directly linked to how strict regulation is. And this is a field where the rules are still being developed, and where there are no clear answers to questions concerning data ownership and movement.

Participants at the Forum expressed the need to create flexible regulations in the realm of data management. “Europeans have forbidden American transnational corporations from exporting personal data, and have started from the position that databases must be secured, that personal data must stay in the European Union. So, the concept of sovereignty has started appearing in real life. They have understood that those who lose digital sovereignty can also lose political sovereignty,” commented Tigran Sargsyan, Deputy Chairman of the Board at the Eurasian Development Bank.



“We have search systems, search engines, voice assistants – and a number of other products – things we can use as a foundation to sustain and develop our digital sovereignty.”

MAXIM PARSHIN
Deputy Minister of Digital Development, Communications and Mass Media of the Russian Federation

However, an approach which is too heavy-handed also carries a degree of risk. “If we close ourselves off, then the cool products and solutions that we have developed will exist essentially without competition – they will only compete domestically. And right off the bat, within a few years, they will degrade and we will lose them,” said Maxim Parshin.

Responsible consumption and production

The way consumers behave in the real world is also changing rapidly, even when it comes to the most commonplace goods and services. Environmental concerns, the protection of resources, and conscious consumption are all issues which are coming to the fore. “The consumer always wants something new. Consumption culture has developed this way. But now the situation is changing. Polls conducted



“Fast fashion – when you have to constantly update what you are wearing – is going out of fashion. Lean consumption really is turning into a trend of sorts.”

MAXIM PROTASOV
Head of the Russian Quality System (Roskachestvo)



“We need to work on our relationship with nature so that it has time to adapt to the rather speedy development we have.”

ALEXANDER SERGEEV
President of the Russian Academy of Sciences

by our international colleagues have shown that fast fashion – when you have to constantly update what you are wearing – is going out of fashion. Lean consumption really is turning into a trend of sorts” said Maxim Protasov, Head of the Russian Quality System (Roskachestvo).

“We have overloaded the Earth. We have to learn to behave properly in relation to nature, to our minerals, to the energy that we extract. We need to work on our relationship with nature so that it has time to adapt to the rather speedy development we have,” commented President of the Russian Academy of Sciences Alexander Sergeev. And this means a move to the circular economy, in which “waste” becomes a raw material and re-enters the production cycle.

At the same time, Nobel Peace Prize Laureate Chung Rae Kwon emphasized that one of the most important things about responsible consumption is the willingness to pay for the expenditure and consumption of the environment. He noted that the main

burden for reducing emissions falls on the shoulders of business, and that all calculations are made based on reducing emissions caused by the production process. However, this results in emissions being “exported”, with Europe’s practice of shifting production operations to China being one such example. At the same time, consumption creates vastly more emissions than the production process does. “Consumption is not green, because we do not pay for the destruction of the environment. From an economic point of view, we have to pay for it – we have to create a space where people will be willing to pay,” he said. Chung Rae Kwon also commented that there should be a shift away from calculating emissions and towards consumption, and that a fiscal system should be put in place whereby the consumer assumes responsibility for paying for environmental damage.

According to General Director of the Russian Environmental Operator Denis Butsayev, a market for recyclable materials needs to be created in Russia. He noted that 20% of waste in Russia is sorted, but only 5% gets recycled. “So, we sort more than goes into use as recyclables. We need a market for recyclable materials. <...> If the requisite tools to use recyclables in the process of making new products are not put in place, then we will not achieve a circular economy,” he said. Butsayev cited the example of South Korea, which recycles more than 60% of its waste. He also noted that Russia has set the objective of processing – i.e., sorting – 100% of waste, and utilizing 50% of it by 2030.

This represents a major challenge to Russian industry. “We have very low labour productivity. We expend more electricity and material than other countries for the exact same product. The material and energy intensity of Russia’s GDP is very low – a mere fraction of what it is in leading industrial nations. One need not speak only about industry; take housing and communal services, where energy consumption for heat supply, water supply, and so on, is also excessive,” noted President of the Russian Union of Industrialists and Entrepreneurs Alexander Shokhin.

At the same time, according to research by McKinsey, companies with an ESG policy in their agenda are worth an average of 10% more than companies which pay little to no heed in this area. Deputy Director General for Sustainable Development and Corporate Affairs at Udokan Copper Yuliya Shabala commented that an investment cycle of 10 to 15 years makes it problematic to invest immediately



“It is impossible to operate and be integrated into the global metallurgical industry without ESG.”

YULIYA SHABALA
Deputy Director General for Sustainable Development and Corporate Affairs at Udokan Copper

in modernization, in transitioning to hydrogen or installing carbon capture solutions. “Nevertheless, we acknowledge the rules of the game: it is impossible to operate and be integrated into the global metallurgical industry without ESG,” she said. “The only way to improve the situation is implementing innovative breakthrough technologies, implementing them into our lives and improving the efficiency of the processes that we encounter every day,” added President of Siemens in Russia Alexander Liberov.

“Reaching total carbon neutrality depends, of course, on the commitments taken on by the countries,” commented Ernesto Ferlenghi, Chairman of the Energy Committee and Chairman of the Steering Committee of the Green Initiative Project at the Association of European Businesses. Ultimately, however, the climate knows no borders. As Alexander Shokhin noted, the objective should not be to impose tax on Russian exports to Europe, but for countries to actually achieve carbon neutrality at about the same pace.

A scientific challenge

One thing binding the ESG agenda, the energy transition, urban development, and digitalization together is the scientific community's willingness to address these challenges. Given current trends across the globe, the countries which will be able to reach a new level of development will be those possessing advanced knowledge and technology. Countries endeavouring to become tech leaders are therefore taking steps to entice scientists and specialists from other countries, and are forging ties with foreign research and educational institutions.

So far, Russia has successfully encouraged scientific development in this regard; however, care must be taken not to lose ground. "The Far East is a region of particular interest to us, as it is not only becoming a leader in terms of economic growth, but also in terms of scientific development," commented Alexander Sergeev, President of the Russian Academy of Sciences.

"In recent years, Russian companies have rather successfully advanced in the applied sectors, such

as green technology, digitalizing companies, and making production facilities more economically, environmentally, and energy efficient. They have also advanced in developing materials for use in extreme conditions," said Dmitriy Pumpyanskiy, Chairman of the Board of Directors at the Tube Metallurgical Company (TMK) and President of Sinara Group. "We have talented people and excellent science and engineering schools. These people are capable of developing new aircraft and rockets," added Andrey Klepach, Chief Economist at VEB.RF. However, he also expressed the view that Russia needs to fundamentally change how it funds the sciences, because it will risk losing in the scientific and technological race in the next 10–12 years.

According to Alexander Sergeev, one of the biggest challenges is related to the fact that neighbouring countries – such as China – are in such a strong position. "We've now arrived at a point where nobody would even entertain the thought of colleagues from China coming to Russia to purchase equipment. That situation came to be over the course of just 15 years. First, the country became economically rich without having a particularly strong scientific base. Then, as time went on, so more was invested into science. There was an understanding that it would be impossible to advance further without developing their own scientific sector," he remarked. As a result, scientists are already migrating from Russia in growing numbers.

Andrey Klepach also noted that despite the existence of a whole range of strategic initiatives in the sciences, there remains an enormous need for the government to substantially increase spending on the fundamental sciences. And Alexander Sergeev commented on the importance of working together more closely with neighbouring countries. "However, when working together, we must learn from our neighbours and study what they are good at – turning knowledge into technology, and technology into a product," he said.

From development to production

In order to create cutting-edge products which are in-demand, it is not enough to have good researchers – qualified personnel are also needed. And in the modern economy, low-paid and low-skilled work has ceased to offer a competitive advantage.

Minister of Labour and Social Protection of the Russian Federation Anton Kotyakov commented that this indicated the requirement for education.

"If we look at how things are changing over a 10-year period, we can see that levels of education among working-age citizens are increasing. While around 24% of citizens had neither a higher education or secondary vocational education qualification in 2020, the equivalent figure today is 19%," he said.



"If we look at how things are changing over a 10-year period, we can see that levels of education among working-age citizens are increasing."

ANTON KOTYAKOV
Minister of Labour and Social Protection
of the Russian Federation

"We now find ourselves at the peak of the fourth industrial revolution, and the pace of change is only accelerating. This means that professions, jobs, and requirements for training personnel are changing drastically," said General Director of the Professional Skills Development Agency (WorldSkills Russia) Robert Urazov. "There will always be demand for renewed knowledge and competencies, and those who invest in lifelong education are the ones who are winning today. The potential for incentivizing households to improve their education has already been exhausted, which is why companies are already investing in education in our competitor nations, and are beginning to do so here too," added Vice Rector of the Higher School of Economics National Research University Lilia Ovcharova.

The solution, according to EEF participants, lies in the state becoming involved in developing and supporting lifelong education. "We have traditionally focused on primary training alone. For example, all educational reforms look exclusively at the student and the school pupil, which is to say the person receiving an education for the first time. What the experience will be like for adults is never discussed," commented Robert Urazov.

"My proposal for the Far East is that every investor who comes here and becomes an ASEZ resident is permitted to use budgetary funding to seek out specialists for the enterprises they are building here in the Far East," said Deputy Chairman of the State Duma of the Federal Assembly of the Russian Federation Irina Yarovaya. Meanwhile, the Ministry of Science and Higher Education of the Russian Federation is working with a number of leading Russian universities to develop a programme to establish centres of excellence in the country. These centres would form part of some of Russia's biggest universities. "The first one has now opened on the campus of RANEPA in Moscow. <...> WordSkills programmes allow for the introduction of technology into the educational process and for the skills that applicants acquire throughout the learning process to be assessed and evaluated at the end of the training programme on the basis of a practical exam in real-world conditions," said Anton Kotyakov.

Overall, discussions at the Eastern Economic Forum showed that the Far East's strategic development pathway lies in unlocking the potential of traditional industry along with scientific and technological aspects which are shaping the new global economy. The region offers a wealth of opportunities for international cooperation, and to drive growth across the entire country. And as new investors are being drawn to the Far East, the traditional issues surrounding the region – such as its remoteness from Russia's economic centres and lack of infrastructure – are gradually being addressed. Total foreign direct investment in the Far East has almost doubled in the last six years, reaching USD 80 billion. A national goal has also been set to improve quality of life in the region at a faster rate than the Russian average across all parameters over the next four years. And, as Vladimir Putin emphasized, the accelerated development of the Far East is a long-term priority for Russia, not just for the coming decade, but for the next 100 years.

"We have talented people and excellent science and engineering schools. These people are capable of developing new aircraft and rockets."

ANDREY KLEPACH
Chief Economist at VEB.RF



INFORMATION AND ANALYTICAL SYSTEM
ROSCONGRESS.ORG



TASS

RUSSIAN NEWS AGENCY