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**ИНВЕСТИЦИИ В РЕАЛЬНЫЙ СЕКТОР**

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**R. Chilcote:**

Thank you very much for coming. This is perhaps one of the last briefings of the St Petersburg International Economic Forum today, before you all go to the Friday evening parties. Mr. Dvorkovich, Deputy Prime Minister of the Russian Government, has made himself available to answer any questions that you might have about issues involving investing in the real economy, if we can put it that way. He has just come back from some talks, I understand, with the Chinese delegation, presumably about gas, so maybe we can ask him a little bit about that.

But the main topic, again, is investing in the real economy. I think that perhaps we should let Mr. Dvorkovich speak for a minute or two first, and then I will ask some questions. Please do feel free to ask as many questions as you would like of Mr. Dvorkovich. Thank you. I am Ryan Chilcote from Bloomberg Television.

**A. Dvorkovich:**

Thank you.

**А. Дворкович:**

Добрый вечер, уважаемые коллеги, прошу прощения за задержку с брифингом – я принимал участие в переговорах Президента России с заместителем Председателя Китайской Народной Республики Ли Юаньчао. Этот разговор был продолжением как сегодняшних выступлений руководителей наших стран, так и визита Президента в Китай. В рамках этого визита, как вы знаете, было подписано беспрецедентное количество важных, содержательных соглашений. У всех на устах прежде всего газовый контракт, но подписанных соглашений было в общей сложности более 40. И каждое из них является важным шагом вперед.

Форум проходит очень интенсивно, присутствие бизнеса здесь абсолютно полноценно. Мы благодарны всем, кто принимает участие в Петербургском

форуме. Он подтверждает свою репутацию основной площадки переговоров и дискуссий среди аналогичных мероприятий; на нем также подписываются важные соглашения и контракты. Я могу дать свою оценку по встречам, в которых уже принял участие. Все компании, которые работают в России, а также ряд тех, которые рассматривали возможность ведения бизнеса в нашей стране, – собираются инвестировать, наращивать инвестиции в российскую экономику. Все готовы к партнерству, к серьезным решениям по созданию новых бизнесов и новых продуктов на территории России. Это касается и американских компаний, и европейских, компаний Ближнего Востока, Индии, Юго-Восточной Азии и, конечно, Китая. Наблюдается большой интерес к нашим планам, к инфраструктурным проектам, к мерам, которые мы принимаем по снижению издержек ведения бизнеса в России. Несмотря на сегодняшние трудности, на то, что, в частности, американское правительство фактически в открытую говорит компаниям — не только американским, но и китайским, европейским — не работать с Россией, компании этим рекомендациям не следуют. Это логичный, долгосрочный и конструктивный подход. Мы благодарны всем им. Теперь я готов ответить на ваши вопросы.

**R. Chilcote:**

Maybe I could ask you just a quick question about that, then, because naturally, this is a question that I put to members of the Russian Government and Russian CEOs here. Many US CEOs, as you know, did stay away. We have heard from the Economic Minister. He told me that sanctions, or the threat of sanctions, are kind of like a nuclear weapon: they serve as a very good deterrent to prevent people from investing in Russia. But he does not believe that economic sanctions will actually happen, because they would be mutually destructive. Nonetheless, it is a deterrent from investing.

In your conversations, and obviously, you do not have to reveal any secrets, but did you get a sense that people are willing to invest, but holding back until they see how this is going to play out? What is your personal, anecdotal sense?

**A. Dvorkovich:**

I do not know any single company that has decided not to invest in Russia, even with the threat of sanctions present nowadays. All companies that have considered investments and have made preliminary decisions, were preparing investments, or even those not preparing them but thinking about it, did not change their minds. The only change is that they are thinking about an optimal structure of financing the investment projects, given the pressures that exist in the financial sector under the threat of sanctions. That is the only deviation from business as usual. As far as projects are concerned, all companies in the consumer sector and machine building have reconfirmed the investments they were planning.

**R. Chilcote:**

One of the topics that the Russian President just introduced in his speech was the idea that Russia must develop production of its own goods, as opposed to goods from abroad, which is known as import substitution. I wanted to ask you if you could give us some thoughts on exactly what that might mean. It was an interesting idea, but obviously you could flesh it out a bit for us. Specifically, what does Russia want to encourage?

**A. Dvorkovich:**

First, import substitution is a classical concept, and one of the classical economic policy instruments or economic policy stances, which have been applied by various countries at various times. It is natural, given the advantages that we

have in some particular sectors, that we are looking for opportunities for import substitution.

One example where we are already doing this is car manufacturing. We started the programme approximately five years ago, first simply assembling cars produced in other countries with Japanese, German, French and American partners. Ford has already been here for a long time. Then we concluded investment agreements with those companies, requiring them to increase the level of localization in Russia, first to 10%, then to 30%, and then to more than 50%.

Those agreements have been reconfirmed, even after the completion of our WTO negotiations, and we negotiated with our WTO partners that we could complete those agreements before 2020. Some agreements are due before 2018, some before 2020. So all those agreements will be implemented. Already now, the production of cars by our foreign partners, including Nissan, Toyota, Ford, BMW, Volkswagen, Renault, etc., is playing a very important role in the Russian market, and it is growing year by year. Even now, when the market as a whole is a little bit down, by approximately 2-3% in the first quarter compared to the first quarter of last year, the production of cars assembled and produced by foreign companies in Russia is still up by 7-10%.

Those projects are successful, and they are import substitution: before, we imported those cars, and now the production is here, with a localization level that is going up according to schedule.

There are a few other industries where we are going to do the same. One of the most important industries or sectors is agriculture. We have quite a few agricultural imports in meat, in particular some chicken and milk products. Our plans are to produce more than 90% of those goods in Russia. That is the goal. Not 100%, it is not absolute import substitution, but more than 90%. Now, for some goods, the goal is 70% or 80%: it does not mean that we are not going to

import French wine any more. We are going to import things for which demand exists, but we are going to produce the bulk of those products in Russia.

We are also going to export more. Now we are only exporting grain, and almost no meat. We are going to export beef, we are going to export chicken, we are going to export pork and milk products. It is not only about import substitution, it is also about creating export potential.

Other examples include agricultural machines, and chemical products with higher value added from the oil and gas that we extract here in Russia now. We export more crude products now, but we will have more refining facilities and more chemical factories that will produce final goods. We will import less of those products.

There are many more examples but, again, it is not about closing the country. It is not about detaching Russia from the rest of the world: it is about using our natural advantages where we have those advantages, while having even more trade in things we do not have.

### **R. Chilcote:**

Let us open the discussion up for questions, if anyone would like to ask something, perhaps starting with that subject.

### **From the floor:**

I have two questions. Further to the question of manufacturing locally, the President talked about how the question of whether manufacturing is foreign-owned or Russian-owned will not make a difference. Can you talk a little bit about the details? When you get from things like hardware to something like software, which has origins, sometimes, all over the world, how will something like that be treated? That is question number one.

Question number two is about the fact that Wall Street analysts are already talking about the Gazprom deal as being value-destructive for Gazprom, NPV

negative. But there are very positive attributes to the Russian budget and also to the multiplier effect on the local economy. Can you talk a little about the multiplier effect on the local economy and what you are expecting in terms of labour force increase, increased investment, and GDP increase in the eastern regions of Russia?

**R. Chilcote:**

Just to add something: if I am not mistaken, the assumed price when it comes to the Gazprom deal is USD 360. That is what the analysts are assuming, because we do not know for sure, although we think it is somewhere around there.

**A. Dvorkovich:**

Starting with the first question, as our President has said, when we are talking about import substitution or localization, it does not matter who the owner is, whether it is a foreign company or a Russian company. It is about production in Russia, that is it, and who gets the dividends does not matter in this case. There are some sensitive industries where we have specific rules, as most countries do: the United States does, and France is now changing its law to include energy, transport and some other industries on the sensitive list.

We do have large oilfields and large gas fields on this list. We have gold and other metals on this list. We have vaccine production, for instance, on this list. We will have huge growth in the pharmaceutical industry with the participation of foreign companies. All big pharmas are going to invest in Russia. Actually, they have started already, and they will invest more. But with vaccines, it is more sensitive. We will have special behavioural restrictions and special rules where foreign companies can participate, but not as majority shareholders, only in partnerships with Russian companies with some special requirements and rules.

As far as software, etc. is concerned, we do not have any restrictions. If it is about government procurement, we can take decisions that we do want local



producers or production, but when it is about commercial use in the market, there are no restrictions whatsoever.

The Russian situation is normal, as in any country, but not excessive, and there is the possibility to get permission under the rules that we have, going through the procedures that we have.

As far as the Gazprom deal is concerned, it is complete nonsense what some analysts are saying about it losing value for Gazprom. It is a profitable project for Gazprom, and there is a normal return on investment for this project.

**R. Chilcote:**

Is that because the analysts are wrong about the price?

**A. Dvorkovich:**

They are wrong about the whole contract. The price is only one element of the contract. There are more elements in the contract that are important for calculating the return on equity and the value of the contract. We are sure that it is not only about budget income, and it is not only about multiplier effects: it is about Gazprom profits and value. It is profitable for Gazprom, and investments will bring normal returns on equity.

But the side effects are also important, of course, for the Russian Government, and we decided to have some tax preferences for Gazprom to make this project profitable. Those preferences are important, but we will still get huge taxes to the budget, even with the tax treatments that we will establish to ensure that this contract is profitable. We are not going to eliminate export duty, for instance. Export duty will exist, and it is a big chunk of revenue. But we will have some other deductions from other taxes that we have in Russia, for Gazprom.

The multiplier effect is huge. We are looking at more than USD 50 billion of investments over the next five to six years, mostly in the eastern part of Russia, and the President gave lots of details about this. Pipes, steel, equipment, the

construction business: all those things will be really big. The normal multiplier of these investments is usually more than two, nearer three, actually, so we expect a substantial addition to our GDP from those investments.

**R. Chilcote:**

I am guessing that that is in a part of the country where there is not an incredible amount of investment at the moment.

**A. Dvorkovich:**

Yes, and in that region it is particularly important.

**R. Chilcote:**

Sir, please identify yourself and do ask your question.

**From the floor:**

Good afternoon. Dear Arkady, this is very good. My question is: all the attention in the past two years, and especially recently, has been given to China. Russia has offered a lot to China, but what have we got back in return? China has not invested anything significant in the real sector of Russia. Then I will ask you a second question.

**A. Dvorkovich:**

Well, first, we have several stages in our cooperation with China. As the President and the Deputy Chairman of China mentioned today, now we have come to a completely new stage of comprehensive cooperation between our countries. We started with trade, mostly, and now we have a trade volume of about USD 90 billion. It will probably reach 100 next year, and the goal is to reach USD 200 billion in trade by 2020.

Now, I will say something about investments. Direct investments from China are small, just USD 1.5 billion now cumulatively. But full investments are quite big, dozens of billions of dollars. What is important is that we are getting more and more funding for our investment projects from China. It is not about investments by Chinese companies into Russia, but they provide funding, and that simplifies the implementation of projects in Russia. We have joint investment platforms and facilities with China. In particular, Vnesheconombank and the Russian Direct Investment Fund have platforms that allow the use of joint funds for investment projects in Russia, mostly for infrastructure and industrial projects.

But at this new stage, we are also starting to get more investments from China. One example is a signed agreement about the construction of a car manufacturing factory in the Tula region: 150,000 cars will be produced in the region with a localization level, again, at the first stage, of 30%, and then more than 50%.

This will be a real example of big investments from a Chinese company, and we will have more in various fields. There are no obstacles for Chinese investments now, and we are confident that at this new stage, we will have not just trade, but also big investment opportunities.

**From the floor:**

Why is investment cooperation not expanding with other BRICS partners and traditional allies? Is it that China has a better lobby in Russia?

**A. Dvorkovich:**

We are looking into the opportunities to have more projects with other BRICS countries, including Brazil, South Africa and India. The investment situation in other countries is, as was mentioned by one of the panellists today at the plenary session, a little bit more complicated than with China.

Put it this way: one of the examples in India is our telecom company, Mobile TeleSystems, that has huge problems with its investments. Now those problems are resolved, but they spent two years resolving them. This is one of the examples of complications that may arise.

But we have some success stories about cooperation building nuclear power stations and some other projects. We do want to have more, with India in particular.

We are also trying to find interesting projects in other parts of the world. Brazil is very far away, but negotiations are ongoing on electricity projects, building power generation facilities, transport, aircraft production, and some other things. In South Africa, it is mostly natural resources at this point, and again, power generation and power grid systems.

We are in active consultations and negotiations with our partners, and I hope that we will see more projects in the future, not only with China, but with other BRICS countries.

**R. Chilcote:**

I just wanted to ask something on the topic of China. Everyone is trying to figure out, at least in the West, how meaningful and significant the President's trip there was this past week, given everything that is going on geopolitically. There is a school of thought that some people, perhaps in the Russian Government, maybe the Russian President himself, have decided that the sanctions that have been introduced thus far by the United States in particular, but also the European Union, are going to be around for a very long time, that those sanctions have very little to do with Russia's position on Ukraine, and that they are about regime change, and so the Kremlin has decided that in fact, because it is not agreeing to regime change, it is time to find new partners. I just wanted to hear what you have to say: I know you are going to tell me that it is about opening a second market and taking advantage of everything that all of the markets have to offer,

and not about excluding one, but I wonder if you could speak a little bit about this pivot towards Asia.

**A. Dvorkovich:**

Well, the first part, you already basically answered for me! Yes, we were planning a substantial expansion of our cooperation with the Asian-Pacific region for a long time, not only with China, but with Japan, Korea, and some other countries. Right now, we have many more business opportunities with, for example, Japan, than ever before.

Japanese companies have started to become very active, and despite the fact that Japan joined some of the sanctions, they are not telling their companies to stop doing business. They are telling their companies to continue doing business with Russia. I think this is far-sighted: it is very important to Japan strategically to have Russia as a partner overall.

We were planning and preparing this long before. Some of those things are probably going a bit faster now, with China in particular, but it does not mean that those things have occurred only after the sanctions were introduced. That is just not true.

A second point about the sanctions is: even if sanctions are for a long period of time, and even if sanctions are expanded, that will hit the global economy and the countries that introduce sanctions more than it will hit Russia.

**R. Chilcote:**

I guess the point is that if you look at trade restrictions like the Jackson-Vanik Amendment, which was introduced a very long time ago for a set of conditions that perhaps do not exist anymore in Russia, one wonders how quickly sanctions or trade restrictions go away.

**A. Dvorkovich:**

I just hope that the current or future US leaders after the elections will be smarter. The sanctions are stupid. The Jackson-Vanik Amendment was introduced at the time when Jewish emigration was forbidden. And yet we had those sanctions until recently, although the problem disappeared a long time ago. You are correct in saying that our partners are using sanctions, not because of a particular event, but just because they do not like us, probably. They do not like how we behave, they do not like how we work. I do not know how the policy on Ukraine should be changed. President Putin said today that he does not understand the reason for the new set of sanctions. Any changes will not lead to any immediate change in the position of our partners.

I think first it depends on whether they will be smart enough. If they are smart, they will not use sanctions any more. If not, well, we will see. I think first it is important to continue business, and we are sure that it is to our mutual benefit to have business together, rather than sanctions.

**R. Chilcote:**

Sir, please, identify yourself and your question.

**А. Симонян:**

Армен Симонян, предприниматель. Имею свое производство, занимаемся сейчас именно тем, что делаем импортозамещение, то есть выпускаем продукцию, аналогичную западной, но дешевле.

**А. Дворкович:**

В каком секторе?

**А. Симонян:**

Торговое холодильное оборудование. Обращаясь к тому, что говорил Президент. У нас есть план и желание создать новый, хороший,

высококачественный завод, с абсолютно новыми технологиями. Можно ли рассчитывать на какие-либо преференции, либо хотя бы на инфраструктурную помощь со стороны государства? Современный завод — это ведь целый комплекс: логистика, электроэнергия, канализация.

### **А. Дворкович:**

Я знаю десятки примеров, когда такие проекты реализовывались при взаимодействии государства, прежде всего в лице регионов, и бизнеса. Таких заводов создано, хотя и не с этим видом оборудования, уже много. Известны самые успешные регионы — это не окончательный список, — где эти вопросы решаются быстрее всего, удобнее всего для инвесторов. Эти регионы, кстати, сегодня были перечислены Президентом во время выступления: Калужская, Костромская, Ульяновская область, республика Татарстан. Я бывал на этих заводах, говорил с владельцами, все они были полностью довольны взаимодействием с правительством регионов. Именно региональные правительства решали для них эти непростые вопросы. Это не значит, что все бесплатно, но быстрее и дешевле, чем могло бы быть.

Что может сделать федеральное Правительство? Здесь есть несколько конкретных инструментов. Первое — если соответствующие компоненты, например, не производятся в России, то возможно освобождение от таможенных пошлин на ввоз. Есть специальная процедура, которая уже осуществляется в отношении десятков проектов. Если завод будет размещаться на территориях, где есть специальные режимы — я имею в виду прежде всего Дальний Восток, — то там есть большие дополнительные льготы по налогу на прибыль и налогу на имущество, а также налогу на землю. В Калининграде также есть подобные льготы. В других регионах пока есть возможность освобождать от налогов только на 4 процентных пункта, которые находятся в региональном ведении. Однако Президент сказал о дополнительном инструменте, который будет введен в действие

уже в ближайшее время — это льгота по налогу на прибыль для проектов greenfield, для новых бизнесов, на сумму инвестиций. То есть после инвестирования на протяжении нескольких лет, пока сумма налога на прибыль не достигнет уровня инвестиций, бизнес освобождается от налога. Этот инструмент вводится по всей стране, независимо от региона. Так что, если наберетесь терпения, пока будете готовить проект, то сможете воспользоваться этой льготой.

Наконец, со следующего года будет также действовать льгота для регионов, которые участвуют в создании инфраструктуры в рамках промышленных проектов. Регионы смогут потом получить деньги обратно за счет федеральных налогов. То есть регион вкладывается, а затем в течение какого-то времени будет оставлять у себя часть федеральных налогов, окупая таким образом эти инвестиции.

**А Соколов:**

Здравствуйте, меня зовут Аркадий Соколов. Насколько я знаю, Китай сейчас активно развивает IT и телеком-технологии и по ряду направлений опережает американцев и европейских производителей. Есть ли планы по кооперации с китайскими производителями в направлении IT и телеком? Спасибо.

**А. Дворкович:**

Это вопрос сугубо коммерческий: компании договариваются сами, у нас могут быть только преференции в рамках госзакупок. Однако отмечу, что в числе более чем 40 документов, которые были подписаны в Шанхае, было и большое соглашение между компанией «РЖД» и компанией Huawei. За ним должен последовать контракт на поставку отдельных видов оборудования для железнодорожной инфраструктуры. Речь идет именно о телекоммуникационном оборудовании.



**R. Chilcote:**

Please go ahead.

**From the floor:**

Good afternoon. I am Roger Latchman from South Africa. I am from business. Thank you, Deputy Prime Minister, for giving us the opportunity. I am encouraged by your comments about continuing business with your partners in BRICS, but we should not lose sight of the fact that there is a growing economy in the whole of the African continent, which has more than one billion people. Also, more than five of the fastest-growing economies in the world are in the African continent. What can we do as your friends in South Africa to attract further investment into the African region? Thank you.

**A. Dvorkovich:**

Well, there are two things. One is establishing contacts: bringing our businesses to Africa and putting them into contact with people you know in various countries, not just in South Africa but across the region. Starting communications and establishing trust is an important stage in any project, so that is one thing.

The second thing is the efforts that South Africa and other countries are undertaking to ensure security in Africa. We have had some problems in some countries with security, particularly in Guinea and a couple of other countries. The efforts that Africa is undertaking now are leading to a more stable situation. Not everywhere: there are some difficult cases like Sudan and places like that, but otherwise it is very active.

We have very good perspectives, I think, in some countries, particularly Nigeria, Namibia, Angola, Ethiopia, and a few others, where our companies are already very active and trying to start new projects and establish partnerships.

**R. Chilcote:**

Please go ahead.

**From the floor:**

Good afternoon, I am from Argentina. As far as I know, you have some important projects in Argentina, like Inter Rao, some electrical projects and Rosneft in Vaca Muerta, the second biggest unconventional oil and gas basin. Do you consider Argentina as a strategic partner? That is the first question.

Secondly, in July there will be a congress of the BRICS countries in Brazil. One of the topics which will be discussed is whether Argentina can be part of BRICS. Thanks.

**A. Dvorkovich:**

Yes, our companies already have cooperation with Argentinian companies, and there is good potential. I do not see any objections or obstacles to more investments in Argentina. I know that our energy companies are very active and are looking for opportunities. Some government approvals are needed, of course, so we need to have more contacts on a governmental level, but I am optimistic about future projects.

On the subject of BRICS, you know that before it was BRIC, then the consensus was to add South Africa. It is about consensus. I do not think that Russia should express any opinion before all the countries come together and discuss any prospects for expansion, but we have very good cooperation with Argentina in the G20, and very good dialogue. When leaders meet, they always have some conversations about cooperation. Regarding BRICS, again, it is up to the leaders to discuss this. I am not in a position to comment on that.

**Е. Шатурский:**

Здравствуйте, меня зовут Егор Шатурский. Уже примерно 1% населения земного шара использует криптовалюты. Криптовалюты, биткоины, лайткоины набирают все большую популярность в Европе и в ряде других стран. Уже есть и торговые операции, которые в англоязычных странах осуществляются в этих единицах. Россия до сих пор криптовалюты не признает. Что должно произойти для того, чтобы началось регулирование в этой области?

**А. Дворкович:**

Это вопрос не в моей компетенции, а в компетенции Центрального банка и отчасти Министерства финансов, поэтому детальный ответ дать не смогу. В любом случае вопрос валютного законодательства — это вопрос прозрачности и понимания того, как использование суррогатных инструментов, криптовалют будет влиять на макроэкономический баланс в целом, в том числе на инфляцию. Здесь нужен очень аккуратный подход. Более детальный ответ может дать только представитель Центрального банка.

**Е. Шатурский:**

На текущий момент — это признание пока не планируется?

**А. Дворкович:**

Насколько я слышал от представителей Центрального банка — нет, но, повторяю: я не занимаюсь этим вопросом и не могу дать компетентный ответ.

**Л. Митринская:**

Лариса Митринская, представитель строительного сектора. Я задам вопрос как член Экспертного совета Комитета Государственной Думы по природным ресурсам, природопользованию и экологии.

Вы активно участвовали в обсуждении закона «Об отходах производства и потребления». На какой стадии сегодня этот закон?

**А. Дворкович:**

Поправки к Закону во втором чтении находятся на стадии выхода из Правительства в Государственную Думу. Я думаю, осталось еще несколько дней обсуждений. Сейчас эти обязанности постепенно переходят к моему коллеге Александру Хлопонину, я ему передам всю информацию. Мы примем решение, получим соответствующие указания Председателя Правительства, и поправки будут внесены.

**Г. Дубовицкий:**

Григорий Дубовицкий, «Россия сегодня». Как известно, Россия рассматривает планы по освоению шельфа в районе Крыма. Скажите, пожалуйста, будут сохранены такие же условия, как и на другой шельфовой территории России, или, например, иностранные инвесторы смогут получить туда доступ? Спасибо.

**А. Дворкович:**

У нас уже есть шельфовые проекты на Черном море, и пока режим планируется точно такой же, как по другим черноморским проектам. Естественно, мы будем смотреть на экономику проектов, и я не исключаю, что не только по этим проектам, но по любым другим могут быть введены дополнительные льготы и преференции. Повторяю, это зависит от экономики каждого конкретного проекта.

**R. Chilcote:**

Since the issue of Crimea came up, what will happen about the international oil companies that had already concluded agreements with the central government in Kiev? What will happen with those agreements for the shelf in Crimea, involving, for example Shell, I believe, and Exxon, if I am not mistaken?

**A. Dvorkovich:**

It is up to the companies to decide what they want to do with these projects. If they want to have projects in the Black Sea, in the zone that is now under Russian jurisdiction, they are welcome to discuss how to do this with us.

**R. Chilcote:**

And do you think that they would be able to do that without any problems, given the fact that no one recognizes, other than Russia, of course, that Crimea is part of Russia?

**A. Dvorkovich:**

Well, recognition is a state issue, it is not a company issue. If companies decide to do it, we will have to look into our corporate structure of potential projects, since we have special rules for sea projects, and we will have to take a decision. But, again, we are flexible about projects in Crimea: we can have transition periods and we can have some special arrangements. But, again, the first step should be from a company.

**R. Chilcote:**

Have any international oil companies expressed interest in developing or looking for oil and gas?

**A. Dvorkovich:**

I have not heard about any. I think they are holding back a little bit. They are waiting for the resolution of bigger things before that.

**R. Chilcote:**

In Ukraine, yes. And you are headed yourself to Crimea. What is the goal of your trip?

**A. Dvorkovich:**

Well, I was there with the whole government. We had a whole government meeting a few weeks ago in Simferopol, and we visited Sevastopol as well. The purpose was a government meeting. We had a normal, regular government meeting, but not in Moscow: in Crimea. I will be going more, and I will inspect fields that I am responsible for: transport, energy provision, agriculture, and some other issues. We will have to take decisions on fiscal support, on investments in Crimea by our big companies, including state-controlled companies, and on infrastructure in particular. We will now fully include Crimea in our agricultural programme, so I will have to look into it more closely.

**R. Chilcote:**

So now, post-annexation, although I guess in Russia you would argue it was not annexation but the joining of Crimea to Russia, there are obviously some significant issues there. Ukrainian banks have left, but Russian banks have mostly not started working. There is the issue of actually how one gets to Crimea, either by plane or by crossing the Kerch Strait by ferry. There is a lack of water, when it comes to agriculture. What do you think the biggest, most challenging issue facing you for Crimea is right now?

**A. Dvorkovich:**

We are integrating Crimea and Sevastopol into the Russian legal system and the Russian economy now. It is a huge project, so it requires special project management. The difficult thing now is to have this transformation from one legal system to another, from one tradition to another. The Ukrainian tradition is different, both in terms of fiscal management, economic management, and general relationships between the central authorities and regional authorities. Everything is different.

This transformation is a difficult thing, but it is a project. We can go through this project smoothly. Particular issues exist, of course, including airlines and water. What Ukraine did with water is completely inhuman, of course, it is beyond any human thinking. They just cut the water supply to a huge region. I think it is just not normal. We will find a solution, of course, but it will take some time and money. The agricultural sector will not be doing well this year in Crimea, but I think that we will find solutions.

**R. Chilcote:**

And what about some of the international businesses, McDonalds being the most iconic of the American ones?

**A. Dvorkovich:**

I think they only have one restaurant or two. They can continue, no problem.

**R. Chilcote:**

There was one in Yalta and one in Sevastopol. Not that I know! But they have discontinued.

**A. Dvorkovich:**

Well, they can start working from the Russian office easily. There are no obstacles for that. It is their decision.

**R. Chilcote:**

Do you think that they are going to do that? Have they approached you?

**A. Dvorkovich:**

I do not know. They can take the decisions themselves, they do not even need to approach anyone. They can just open those restaurants any time.

**R. Chilcote:**

I guess the same would go, although this is probably not your sector, for international banks. UniCredit, for example, is very active there.

**A. Dvorkovich:**

There are no obstacles for anyone to work in Sevastopol from the Russian side.

**R. Chilcote:**

From the Russian side.

**A. Dvorkovich:**

Not a single obstacle.

**R. Chilcote:**

Thank you to Mr. Dvorkovich for his time.