

... More on Real People, Creating Success Stories and Overcoming Challenges



Excerpts from Moscow 10th Anniversary Meeting
annual conference October 24, 2002.

Richard Dean, Coudert Brothers

"Our lawyers agree that this is the best time to invest in Russia in over 15 years, but it is also the riskiest time. We have a healthy appreciation of the risks. In the past, if a commercial dispute arose, it was unlikely to have a successful result in the regions, but at that time I was confident to get disputes rectified, at the appellate or Supreme Court level. Now, with the return of money to Russia, I am no longer confident of that. The return of wealth exposes weaknesses in Russian institutions."

Alexander Romanenko, Advecs

"Advecs is a real estate company started in 1993 in St. Petersburg. At that time we had one office and 15 agents. Now, we have over 1,000 agents and we close over 60 real estate deals each month. We have managed to transfer American real estate experience from California to St. Petersburg. We organized the first title insurance company and opened an independent escrow company in 1997 and built one of the first MLS services. We have seen excellent growth in the Russian real estate market."

Dr. Jonathan Schiffer, Moody's Investors Service

"Russia's current rating is on review for a possible upgrade. Russia has experienced a good two or three years of growth. A lot of that has to do with the devaluation of the ruble. In the two or three years since default, the ruble has gained a lot. . . We are watching developments in the non-resource base of the economy. Russia as a whole has had a spurt of investment. The key question for Moody's is from where will come the investment which will boost the economy? One potential source is foreign investment. Another source is from financial-industrial groups, and those who have bought up agricultural land. . . Moody's will focus on fiscal federalism. Mr. Putin has squeezed the regional governments and he has taken away the tax base, 63% of taxes go to the central government, at a time when the regional governments are given more functions. . . We are impressed that Russia is repaying its debt."

Bruce Bean

"This is one of the worst days Moscow has had (referring to the theatre hostage crisis). We hope for the best and will rely on the government to do what needs to be done. Business cycles are real. We have re-established our faith in that. We are in an up-cycle in Russia. Things will change. The World Bank predicts growth at 5.2%; this is positive compared with elsewhere. We need a lot more investment in Russia. . . IKEA is a great success story here. . . By 2008 some of the oligarchs will want to get into politics. This is Russia, you have to do things the way they are supposed to be done here. Court reform will be implemented, and judges salaries will be increased."

Christof Ruehl

"After the recession in 1998, the economy recovered nicely. There was a lot of excess capacity. We are now at a point, where future growth of the Russian economy will depend on investment. The good news is that the economy is doing well, there is a great deal of optimism. There are islands of competence. Now, the theory is, these islands will connect with each other. Linkages will give rise to a whole economy which will use this period to lift itself to a higher level."

Dr. Valery Semin

"The events in the musical hall underscore the need that we must all work together to decrease risks. In the last ten years, the Ministry of Foreign Affairs (MFA) has undertaken the task to try and reduce excessive amounts of nuclear stockpiles. A law was adapted on September 30 which will forgive foreign debt in exchange for nuclear stockpile reduction?"

Dr. Yevgeniy Velikhov, Russian Academy of Sciences, Kurchatovskiy Institut

"It is a tragedy what has happened in Moscow. We must fight against terrorism. There is a lot of activity between the U.S. and Russia in the field of nuclear power, and I will give you the example of one of the largest projects, the international nuclear fusion reactor. . . The Academy of Sciences with the National Science Foundation has increased internet connectivity by a factor of 10 to the U.S. and is working on the more complicated project of expanding the network around the globe. . . The next step after the Internet is to use the global mobilization of global computing power to build the future of international business." □