

BIGMOSCOW

OCTOBER – DECEMBER 2015 | DIGITAL MAGAZINE

ENGLISH VERSION

How business can localize itself in Russia



**Import Phase-Out
is Serious
and for the Long Haul!**

Belgian Pete

opened a chocolate
boutique in Moscow

Indian Premkumar

increased his fabric
sales by half

The Swiss Burniers

produced premium
wines in Russia

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BIGMOSCOW

OCTOBER – DECEMBER

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GOING TO WORK IN MOSCOW



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TRADING WITH MOSCOW

2015





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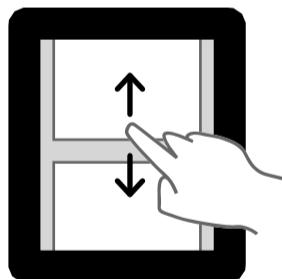
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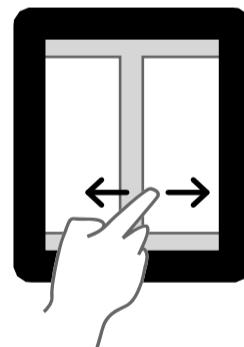
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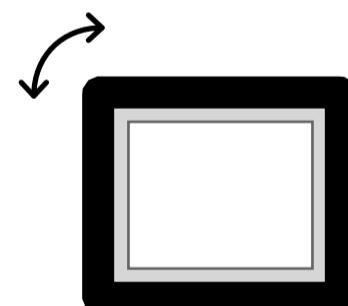
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***Michael Harms,
head of the Russo-
German Chamber
of Foreign
Commerce,
considers that
even today,
there is sufficient
motivation for
a foreign investor
to open a business
in Moscow
or another part
of Russia***



Deutsch
Ausland
Российск
внешнет

**Passions
should not be
Whipped up!**

BY: NIKOLAI MIROSHNIK | PHOTO: FRANCESCO ROSSINI | TRANSLATION BY: JACK DOUGHTY

Michael Harms built his first bridge in the development of bilateral relations way back in the Gorbachev perestroika era, when he came to Moscow from Berlin for oriental studies. For the past eight years, as head of the Russo-German Chamber of Foreign Commerce, he and his colleagues have been building new bridges and keeping existing ones in working order. These bridges firmly link the economies of Russia and Germany.

– Herr Harms, firstly, with your permission, a clarification question: apart from everything else, you hold the post of speaker of the world network of German foreign chambers of commerce. What does this post involve?

– German business abroad is supported through a network of bilateral chambers of foreign commerce. Today they cover 90 countries. This network is self-managing and self-regulating. In each region of the world, the chambers operating there select their speaker, i.e. their official representative who on their behalf discusses and decides on questions connected with the specifics of the operation of German companies there.

– Discusses with whom?

– With the authorities, business associations and other German organizations. The regional representatives in turn select one speaker, to whom is delegated the authority to speak on behalf of all the foreign CFCs, representing their interests in Germany.

– So, for example, only you have the right to discuss general problems with Frau Angela Merkel?

– That is perhaps too categorical. But for example, I am certainly the one who deals with our Minister of Economics when questions concerning the activities of the CFC network arise.



– *The Russo-German chamber currently has 848 members, German and Russian. Which are the more numerous?*

– Seventy per cent of the chamber's members are German firms, about 20 per cent are Russian and 10 per cent are companies from both countries. Although this is a very arbitrary division: many companies with German capital operating in Russia are not registered as German legal entities, but, for example, as Russian ones.

– *What are the dynamics of the membership base? Has it been expanding or contracting recently?*

– We had been growing well in recent years, but I think a certain contraction is now taking place. And not so much due to firms leaving the Russian market – there are some,



but very few. More than 90 per cent of our members are small and medium businesses, and they are having to count every kopek at present. Some of them say directly: "Sorry, we value your work, but we are having to economize on everything, including membership contributions".

– *How many German companies altogether are working in Russia today?*

– Six thousand. Of all varieties: German firms, firms with participation

Seventy per cent of the chamber's members of the Russo-German Chamber of Foreign Commerce are German firms, about 20 per cent are Russian and 10 per cent are from other countries.



***On the DMG-Mori Seiki
precision machine tool
production factory in
Ulyanovsk oblast***



of German capital, Russian branches of German companies and their offices.

– Are many of them based in Moscow?

– Moscow is the clear leader: there are more than 3,000 of them in the capital. There are about another 760 in St. Petersburg, and the rest are in other regions.

– You first came to Moscow during perestroika. You have observed just about all the periods during which the modern Russian economy was formed. Do you think that the present is the most difficult period for German business in Russia, or have there been worse?

– There have been worse. For example, in the nineties business was much harder. If you take out the politics, the present difficulties are just a combination of circumstances forming a crisis, connected in particular with the fall of the prices

for oil and other resources. It is a crisis which in another situation people would just calmly get through. Actually we consider, and always say, that in recent years, conditions for doing business in Russia have improved considerably. And German goods are valued here, and we have very close links, many joint ventures. Of course politics are causing us a lot of trouble just now by introducing uncertainty and lack of confidence.

– According to the Federal Statistical Office of Germany, trade turnover between Russia and Germany fell by 11.7% in 2014. Is that all because of sanctions?

– I don't think so. According to our estimates, if you call the effect of all factors on our economic relations 100%, sanctions account for no more than 20%. The main reasons are the fall in oil prices, the worsening of international market conditions and the devaluation of the rouble. And of course the general geopolitical uncertainty.

Moscow is the clear leader in the number of German companies: there are more than 3,000 of them in the capital.

***About the Russo-German
Chamber of Foreign
Commerce***



– *Purely from the point of view of the moral climate in Moscow and the regions as it affects the chamber and your companies: has it changed recently?*

– I can't complain in that respect. The Russian authorities take a very positive attitude towards us. They value us and German business. They do what they can to keep politics out of our relations with each other. That is our position too. Therefore we continue to conduct an excellent dialogue with the Moscow, regional and Federal authorities. We all understand the significance of foreign investments to create jobs, to develop technologies and from the point of view of tax collection.

In fact it is not so much a question of relations, but of what is actually being done to improve the investment climate. To compare Moscow with the other regions is probably not quite right. But we can name the leaders among the regions – namely Kaluga and Ulyanovsk oblasts, and Tatarstan. That is where they are most concerned

about investors, and have created their development corporations and industrial parks, working on the “single window” principle.

– *A few years ago, discussing the investment climate in Russia, you said in an interview: “The most important thing in Russia is the uncertainty. There should be clear regulation, so that entrepreneurs know that an approved standard will be valid for 10 years, for example, so that investors can adapt and build their strategy”. How do you assess the situation today? Again, leaving politics out of it.*

– The situation has undoubtedly improved. The extent of legal regulation has increased. This is shown both by the ratings, including international ones, and by our own practice. There are still problems, of course. But I have now been working in Russia for almost eight years on the trot, and I can confirm that progress is very noticeable.

In recent years, conditions for doing business in Russia have improved considerably.





– How difficult is it today for a Western businessman to open a small or medium business in Moscow?

– It is not difficult at all.

– All right, let me put the question another way. What difficulties can a German entrepreneur expect to face in Russia?

– Firstly I would like to say that the problems for foreign businesses in Russia as they are currently being

described in the West are greatly exaggerated, to put it mildly. There is no need to whip up passions! This is not just my opinion. I meet with a variety of experts who know the world markets well. If for example we take Holland for comparison, then yes, the situation in Russia is worse. But if we look at the BRICS countries – Brazil, India or China – then Russia does not look at all bad by comparison. To open a business, develop it, to work at it, and without corruption, is quite possible here. This is how most of

our entrepreneurs work. The most important thing is to find a market, your niche, to offer the right product, to find your client. To convince him that you are a reliable partner. That though German goods are more expensive, they are better. This takes time and skill. However, these are all just the complexities of the market. But opening a firm, obtaining support in a region – none of this is difficult today.

– *What attracts the Western investor to the Russian market today? What are its main advantages?*

– The main advantage is that Russia is a large strategic market, and until very recently, it was a growing market. One of the few growing markets in the world. No-one can say for certain at present, but I think that after a little time, a year or two, the market will return to growth.

Furthermore, the rouble is very cheap today. It is difficult to export from the eurozone to Russia, goods have become expensive. On the other hand a company or a plot for

an enterprise can be bought cheaply here, and production is quite cheap too if you use Russian components. This also give a Western producer the opportunity of putting a “Made in Russia” mark on his products. In the conditions of an import replacement strategy, this is very important. In my view, these are the two most important incentives for an investor planning to put money into Russia today.

– *But is this motivation effective? Are there German firms which are now ready to open production in Russia?*

– I don't want to name specific companies, because the final decisions have not yet been taken. But there are projects on which serious work is in progress. There are not as many of them as there were before, but they do exist, and they are being developed taking the incentives I have mentioned into account.

– *Can you give an example of a German investor who*

We continue to conduct an excellent dialogue with the Moscow, regional and Federal authorities.



has already invested in such a project?

– A factory for producing precision metal-cutting machine tools, built by the German company DMG-Mori Seiki, will be started up in Ulyanovsk at the end of September. This is the first really large investment in the engineering industry. Tens of millions of euros.

– So despite the crisis, you would still not advise entrepreneurs coming to the chamber to wait till the storm ends and sunny weather returns to the economy?

– Well, if we assume a company comes to me now with the idea of opening a large motor vehicle assembly plant in Russia, I would probably say: gentlemen, the motor

vehicle market has fallen by half, you should think very carefully about this and recalculate everything several times.

But if a firm were to come and say that it had been doing very well selling its equipment to enterprises in the Russian oil and gas complex, but that it was now much more expensive, and the clients were considering going for Russian-produced equipment... So invest and localize production here! I am sure that the policy of import replacement is a serious matter, and will continue for a long time. And from the point of view of the Russian leadership, it is absolutely the right policy: any country wants to increase its own production. So if it is economically beneficial to you, it makes good sense to localize. ■

Invest and localize production here.



PIECES OF ADVICE
FROM **MICHAEL
HARMS**
FOR THOSE WHO WANT TO START
A BUSINESS IN MOSCOW



Behind each piece of advice lies the experience and knowledge of a man who has worked in Moscow. Touch here to find out.

PIECES OF ADVICE

GET TO KNOW THE COUNTRY.

Don't think that working in Germany and in Russia amounts to the same thing. Each country has its own specifics.



Behind each piece of advice lies the experience and knowledge of a man who has worked in Moscow. Touch here to find out.

PIECES OF ADVICE

ESTABLISH PERSONAL
RELATIONS
WITH PARTNERS.

Good relations with the people
with whom you are working play
a very important part in Russia.



Behind each piece of advice lies the experience and knowledge of a man who has worked in Moscow. Touch here to find out.

PIECES OF ADVICE

BECOME A MEMBER
OF THE RUSSO-
GERMAN CFC.

The experience accumulated by
your other colleagues could be
very useful to you.

A BUSINESS



Behind each piece of advice lies the experience and knowledge of a man who has worked in Moscow. Touch here to find out.

STUDY THE RUSSIAN THE LOMARKET.

It is not enough just to read reviews and expert assessments.

To understand the processes, you have to see them with your own eyes.



Behind each piece of advice lies the experience and knowledge of a man who has worked in Moscow. Touch here to find out.

PIECES OF ADVICE

**COME HERE FOR
THE LONG TERM.**

You will not achieve great results quickly. You must have patience.

FOR THOSE WHO WANT TO START

A BUSINESS IN MOSCOW



Behind each piece of advice lies the experience and knowledge of a man who has worked in Moscow. Touch here to find out.

PERSONAL EXPERIENCE



*Belgian
Pete
has opened
his first
chocolate
boutique
in Moscow*



*Indian
Premkumar
is increasing
his fabric
sales
by half
year on year*



*The Swiss
Burniers
have produced
premium
quality
Russian
wine*

*In spite of the crisis
and sanctions,
the Belgian **Thierry**
Pete is opening
his first chocolate
boutique in Moscow
this autumn*

Mentality and Chocolate

*In spite of the crisis and sanctions, the Belgian **Thierry Pete** is opening his first chocolate boutique in Moscow this autumn. He started production even earlier, delivering exclusive chocolate to five-star Moscow hotels. The surprising thing is that he calls his growing business simply a hobby, to which he devotes all his free time from working in a major IT company.*

– What a strange metamorphosis. An IT specialist becomes a chocolatier. Why?

– The idea of this business grew from my childhood memories. On festivals, my parents used to hide chocolate eggs and figures in the grass, and we competed to see who would find them first. That was when I started dreaming of finding “my own” chocolate. It is my hobby! I devote all my spare time to it. At first it was simple, but now the chocolate production is building up, and it is becoming more and more difficult to manage the business processes. I repeat, for me, this is not work, I devote my whole life to it. As for my IT company, the business is running well and brings in a steady income.

– You spent around 300,000 euros on setting up your own chocolate production in Russia. How successful has this investment been?

– I already had experience of opening a chocolate business in the Czech Republic. But I can't get my tongue around calling it successful. Prague, where I started it, is quite a large city by European standards, but the Czech market as a whole is quite small. I delivered Belgian chocolate to several shops in Prague. At the time, it was not in demand. I lost a lot of money then. But you learn from your mistakes, as they say. In Russia, everything is far more attractive:



About Thierry Pete

We sent our chocolatier to Belgium on courses to improve her skills. She is always up-to-date with all the most fashionable trends.

a huge market, great opportunities. More than twelve million people live in Moscow alone. For the number of inhabitants, this is more than all of Belgium. After looking at the way things are in Russia, I decided not to open in Moscow itself due to the high costs of running a business there, so I opened in Dubna, not far away. All our main clients are in the Russian capital, by the way.

– Your company *Alexandra Le Chocolat* is so far only aiming at quite a narrow and specific market. You mostly deliver Belgian chocolate to expensive hotels. Are you planning to develop your business?

– This autumn we are opening our first shop of our own in Moscow. All the confectionery recipes have been developed especially for the Russian market, using chocolate with a minimum cocoa product content of 71%. We want to test the market. We make chocolate for clients who need

better than the average, and there are quite a few of them in Moscow. We are now producing exclusive things, hand-made chocolates One-off products! But in the near future, we shall start mass producing chocolate decoration components for companies which make cakes and gateaux. We are engaged in what is customarily called “import replacement” in Russia. We also plan to sell our firm’s chocolate online.

– How do you make your chocolate products?

– We use exclusive chocolate which we produce ourselves from aromatic varieties of cocoa beans. In preparing it, we carefully stir the raw semi-finished product and add the required ingredients by hand. The whole mass is then poured into moulds for sweets or figures, and we add fillings made to our own recipes: fruit, coffee, chocolate, praline, truffles – more than 20 kinds altogether. We buy the cream, vegetable oil and butter for

In Russia, everything is far more attractive: a huge market, great opportunities. More than twelve million people live in Moscow alone.





**In Europe we have everything,
but people are discontented.
In Russia they know how be happy with little.**

the fillings from Russian suppliers, and import the rest from Belgium.

– You spend the greater part of your life in Brussels. That is where all the decisions about sanctions against Russia are taken. What do your fellow countrymen think about what is happening in Russia, and about the fact that you are working in that country?

– All the European politicians are in Brussels. The people of Brussels and Belgians in general are not happy about what is happening. These are political decisions, and the population does not like them. Those

who have a business relationship with Russia suffer the most. They do not support these decisions. The closure of the Russian market results in serious financial losses for businessmen. At the same time, I personally very much like the policy being pursued by the Russian president. He is arranging contacts with China and the BRICS countries, developing the internal markets and replacing imports.

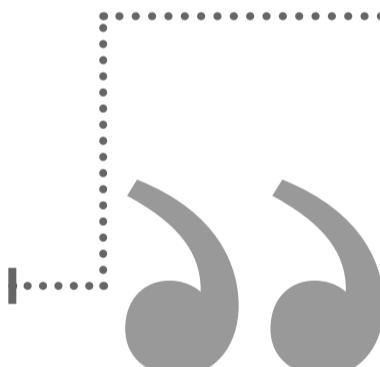
– Does your chocolate business in Russia bring you any money, or only worries?

– I had hoped it would proceed more quickly. But sometimes the

Opinion



Olga Serebriakova,
Store Manager
at "Lavka Sladostey"



Our market is different from the European one, and consumer tastes differ too. Europe is experiencing stagnation, whilst our experience is different, one of rapid growth. And the culture of consuming handmade confectionery here is in an embryonic state. Every day, we have people coming to us who have never eaten confectionery other than that which is mass-produced. We have tastings where we tell people about natural chocolate and how it differs from substitutes. How wonderful it is when a customer comes back again and no longer wants to run with the "herd".





circumstances are too strong for us. At the present time, we are working towards the business paying for itself in the “high season”. So far, production is no more than 300 kg, but virtually all of that is sold. Now we are on the up and up. We have begun preparing for the “high season”. That is what we call the autumn-to-spring period, in which the main festive celebrations take place in Russia: a sequence of corporate festivals, the New Year, Christmas, 23rd February and 8th

March. After that the season is in decline. And in summer, there is little desire to eat chocolate. Sales fall by 50-70%. Even the big chocolate-making firms know this very well.

– How many people work in your business?

– In summer we have a skeleton staff of 7-8 people. In the “high season” we bring in more; there are then about 15 people making chocolate. Our head chocolatier is

a Russian woman, Larisa Belyakova, a top-class confectioner. We sent her to Belgium on courses to improve her skills. She is constantly going to master classes which are held by the Belgian chocolate companies, and she is up-to-date with all the most fashionable trends. I only opened my first production two years after I first came to Russia – in 2009. I named it in honour of my 27-year-old daughter, Alexandra Le Chocolat. She is a fashion designer by profession, and worked out a logotype and style for the firm.

– Let's talk about your varieties of products. What are they?

– Sweets with various fillings. Chocolate figures: cars, hares, pistols, musical instruments. For each New Year, we cast figures with the current sign of the horoscope. As it turned out, in spite of the fact that virtually every large hotel has its own chocolatier and confectionery workshop, it was of interest and profitable for some of them to have us produce Belgian mini-chocolates with the logotype imprinted on the wrapping and on the chocolate itself. In external appearance and quality, they were better than anything else on the market at that time. Some were interested in the taste itself, and the complex production

Expert



Julia Mosina,
CEO at the market
research agency
BCGroup



Moscow's chocolate confectionary market, like other markets, is feeling the effects of the crisis. Chocolate is not on the list of sanctioned goods; some goods, and several ingredients, are imported. Consequently, it is the weakening of the rouble which is having an effect on the final cost of chocolates. On the face of it, the situation appears tolerable: the market volume of chocolate goods in terms of financial indicators grew in comparison to 2013. But, if the figures are adjusted to take account of inflation, it is clear that the market has





The closure of the Russian market results in serious financial losses for Belgian businessmen.

technology, at an acceptable price. Our service for printing photographs on chocolates is also of benefit to us, It is in great demand at any time of year. And now we are fulfilling a large order for the Swiss Hotel “Krasnye Kholmy”.

– Belgians are selling their chocolate to the Swiss?

– We began working with them when their management was French. We spoke French with them; that was unusual for them! Since then, we have been cooperating. This year is their tenth anniversary, and they have ordered a chocolate tower from us, a copy of their hotel on Paveletskaya. This is also a very interesting and creative line of work.

– You have lived in two countries, Belgium and Russia. How do they compare?

– I very much like Russia as a whole. I want to stay here to live, and I have Dubna in mind. It has long been my dream. Firstly, I like the town. Secondly, I am

not bothered about comfort, life here satisfies me completely. In Europe we have everything, but people are discontented. In Russia they know how be happy with little. A Belgian would not be particularly pleased even by a big present. But a Russian is as happy as a child to receive a small one. I am here because of the Russian way of thinking. And, of course, the Belgian chocolate.

And what about having friends to a meal in Belgium and Russia? Chalk and cheese! I was invited to a cheese and wine party by friends in Belgium. Eight people just sitting there, all quiet, calm and peaceful. I week later I held just such a party in Dubna. It was fantastic!

– How do you like the Russian river Volga?

– I dived into it last October. It was my birthday. I have a dacha in Dubna. We held a picnic on the bank and went for a dip after a sauna. A fortnight ago, I took a boat trip on it. It's impressive!

We make chocolate for clients who need better than the average, and there are quite a few of them in Moscow.





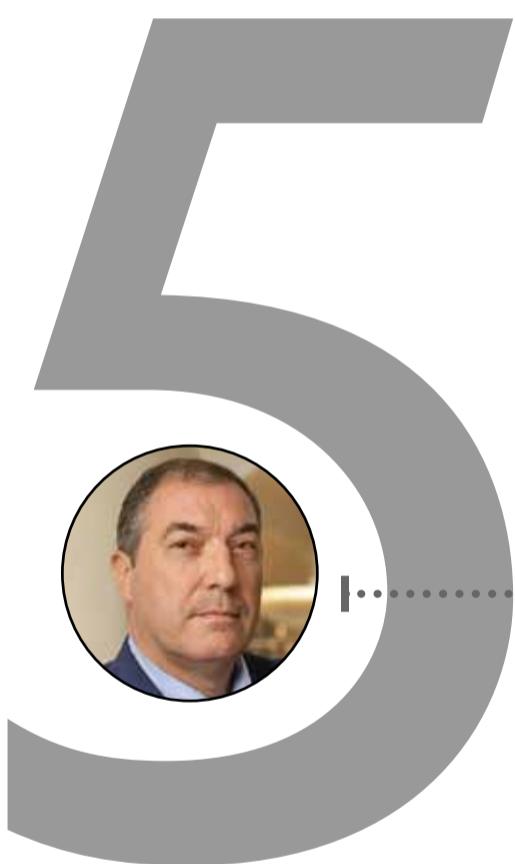
**Step by step, I am developing a culture
of the consumption of Belgian chocolate.**

– Seventy per cent of your sales are corporate orders and deliveries to Moscow hotels – the Atlas Park Hotel, Lotte, the Swiss Hotel “Krasnye Kholmy” and others. In your view, why do big clients prefer the products of a small company?

– We achieve the same quality as in Belgium but for significantly less money. The crisis has lowered our margin by 10%, but it has not

influenced our recipes. otherwise it would not be Belgian chocolate. When Alexandra Le Chocolat is bringing in enough profit, I plan to move to Russia completely. But for the time being, step by step, I am developing a culture of the consumption of Belgian chocolate. We shall be opening our shop in Moscow, and I will be very interested to see what comes after that. ■

PIECES OF ADVICE FROM THIERRY PETE



1 LISTEN TO PEOPLE.

1 Listen to everything people say. Try to understand what those round your business want.

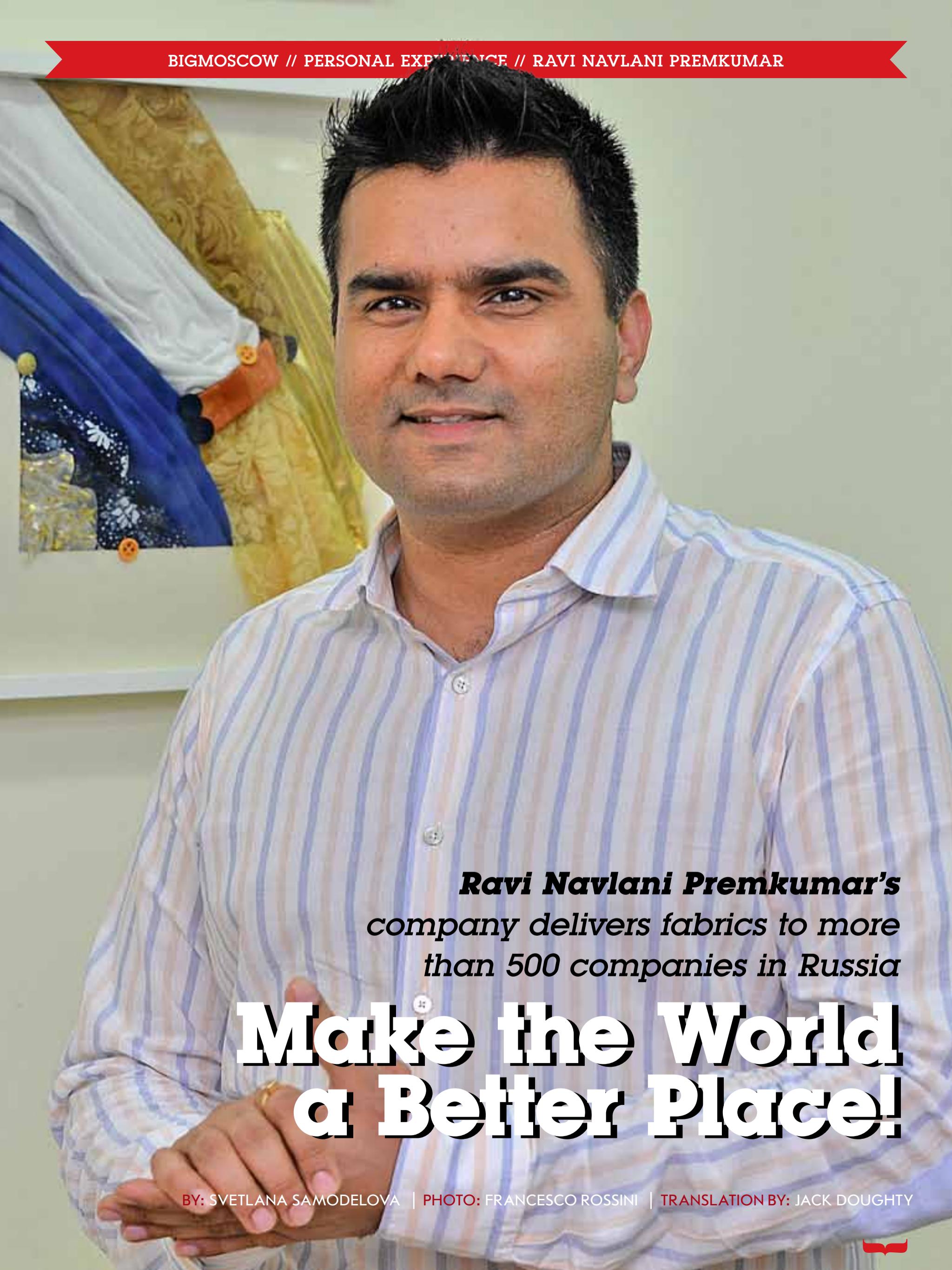
2 STUDY THE MARKET CAREFULLY.

One of the key tasks for a businessman is to understand what the market wants at each specific moment. Conditions for doing business here change very rapidly.

3 MOVE GRADUALLY.

Not without reason is there a proverb in Russia: “If you hurry, you’ll make people laugh”. Carry out your business plans cautiously, step by step.





Ravi Navlani Premkumar's
company delivers fabrics to more
than 500 companies in Russia

Make the World a Better Place!

BY: SVETLANA SAMODELOVA | PHOTO: FRANCESCO ROSSINI | TRANSLATION BY: JACK DOUGHTY



Ravi Navlani Premkumar is the managing director of the Surya Group holding with international management and branches around the world.

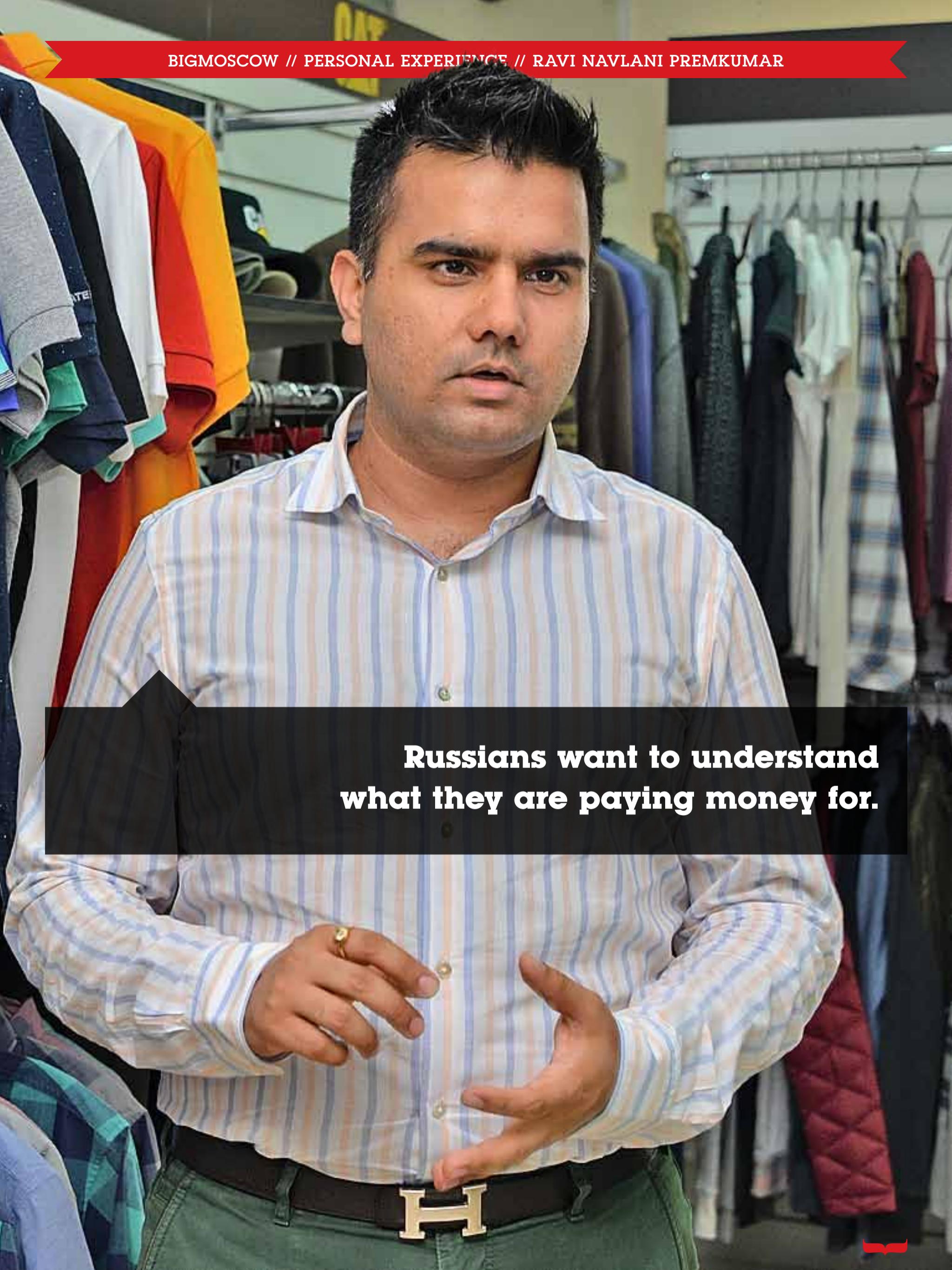
The company specializes in supplying fabrics and furnishings. He has been developing his business in Russia successfully for 14 years. In November 2013, by the decision of an independent jury of the international Entrepreneur Of The Year Award, Ravi won the "Success in Russia" prize. For the first time in the history of this prestigious competition, one of the awards went to someone in the wholesale trade in textile articles.

Ravi Navlani talked to BIGMOSCOW magazine about startup capital, and business as a knowledge game.

– I was born in India and grew up in Dubai, but all my life I have been attracted to Russia in some strange way. I felt a certain spiritual connection with this northern country. Here many religions, cultures and ethnic groups were bonded together in

a strong fusion. The first time I came to Russia, it was to visit a friend who had built up a business here, and I realized at once that this is a country of huge opportunities. Our Surya Group company, which was founded by my father in the nineties, delivered household equipment and textiles from Dubai directly to Russia. I was the youngest of three brothers in the family, I was raring to go, I wanted to prove to my parents that I was worth something, and at 21 I went to Russia to develop





Russians want to understand
what they are paying money for.

the family business. I didn't know the Russian language or anything particular about the country or its laws or local business nuances. But I had a great dream: to create my own enterprise in Russia and to become successful.

– *Did you carry out any market research beforehand?*

– It was not necessary. After the collapse of the Soviet Union, the production of fabrics in the country virtually ceased. Ninety-five per cent of all fabrics used were imported. At the beginning of the 21st century, all our goods were literally sold from the trucks. It was at that time that a middle class began to appear in Russia. We sold goods by the wagonload, thus helping to develop homeland production facilities and the new brands appearing in the market.

– *How difficult was it to register your enterprise?*

– I opened it in three days. Contrary to the general misconception, there is

much more bureaucracy in India than in Russia.

– *How did you select storage and office premises?*

– Many companies supplying textiles were based on Selskokhozyaystvennaya Street in Moscow. That was where we found the premises for our first office. With no Internet, goods were advertised through a specialist journal. Clients rang us, came to the base and selected their fabrics. It was not hard to lease storage premises with an area of 500 square metres.

– *What was your initial capital?*

– We had a strict upbringing in our family. My father said: “You won’t get anything just like that. You are 21, we are taking a risk, so we’ll give you a loan of \$500,000 at 40% annual interest.” In 2001, this was not a bad investment. As a pledge that I would fulfil my obligations, I took out a policy on my own life with my father as the beneficiary.

There are no smugness or pretended emotions in the behaviour of people here. If they smile, they are really pleased to see you.





I had a great dream: to create my own enterprise in Russia and to become successful.

– What can you say about the Russian mentality?

– In England or India, people are very diplomatic, they smile at you, say certain formulaic pleasant words, behind which there is very often absolutely nothing. There are no smugness or pretended emotions in the behaviour of people here. If they smile, they are really pleased to see you. If they ask how things are with you, they are really interested. This was in sharp contrast to the world I had come from. I had to get used to the sincere display of feelings. To many foreigners, the Russians seem very reserved. But if you really make friends with someone, that person will become virtually a brother to you,

will come to help you at any time, will give you his all. And such a friendship usually endures for many years.

– How have Russian customers changed over the years you have been working in Moscow?

– At one time we used to sell a lot of polyester. Few people understood what was fashionable and what was not. They all dressed in the same way, clothes were usually in dark colours. I remember the days when many Moscow women used to wear only black synthetic skirts. There was no design, no patterns, no bright colours. Gradually Russia's economy began to grow, and the standard of

Opinion

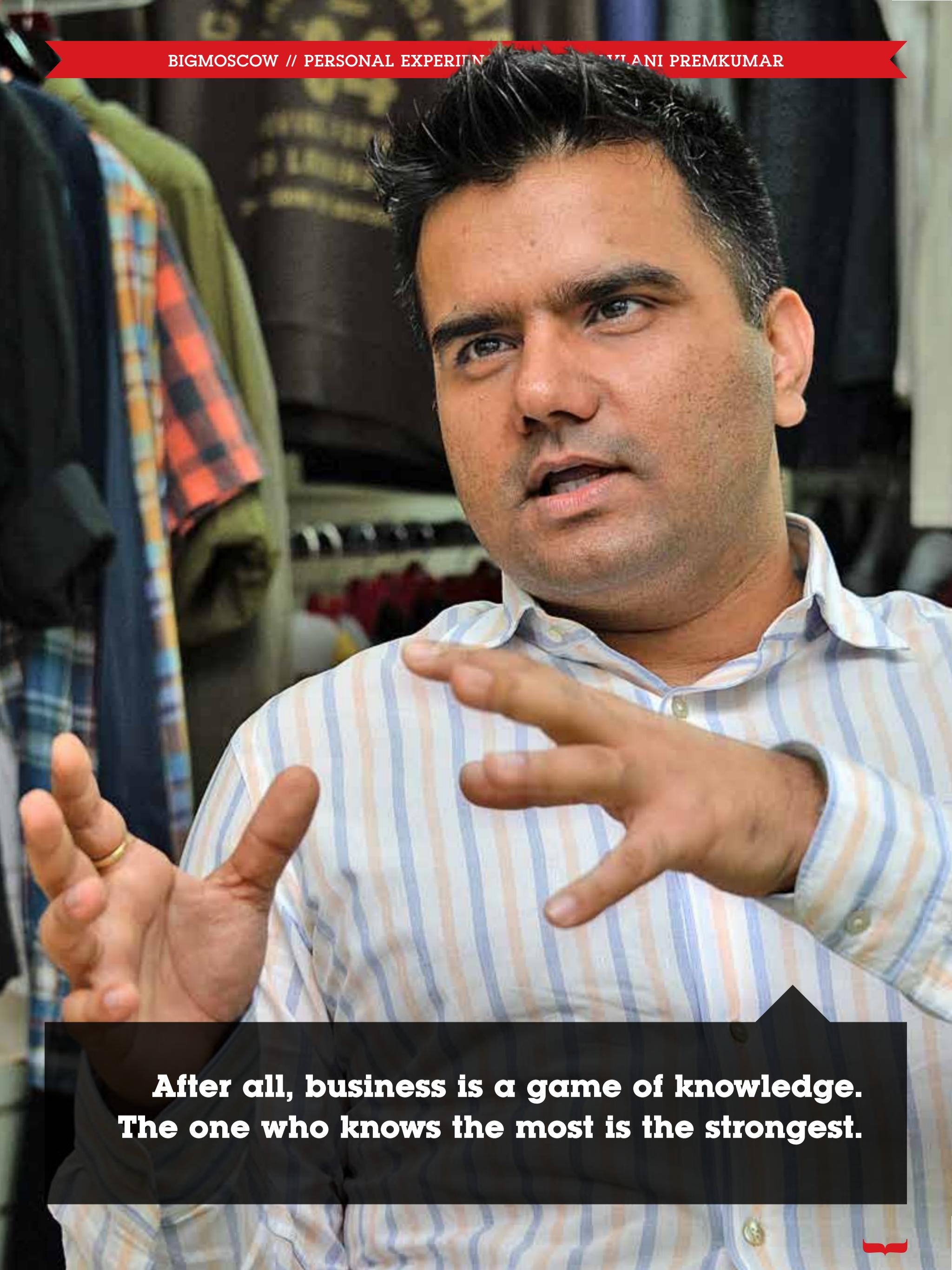


**Kishore Kanayalal Mordani,
founder and CEO
of Raduga Textiles**



In Russia, the Moscow region enjoys a very great demand for quality clothing, including work clothes for women, and casual and eveningwear. Over the last decade, the rate of growth for all our customers, who include manufacturers of school uniforms, outsize clothing, evening gowns, and business attire for women, is in double figures. However, the current state of the market with the rouble's low exchange rate makes things difficult for clothing importers, but with this, businessmen should look upon it as an opportunity to increase the volume of domestically produced clothes.





**After all, business is a game of knowledge.
The one who knows the most is the strongest.**

living rose with it. Russians' wages became sufficient for them to buy more clothing and footwear. They began to follow trends in fashion. Many new Russian designers and brands appeared which were not there ten or fifteen years ago. Now Russians greatly appreciate quality. Fifty-four per cent of people aged from 25 to 64 have higher education. Russians want to understand what they are paying money for. In India, for example, people economize, so they prefer cheaper fabrics, often ignoring quality.

– How hard is it to find clients in Russia?

– My father always says: “You may earn a million dollars today, lose it tomorrow and get it back after a few days. But if you lose face, you won’t

get it back.” We value our reputation above everything. This is why we work with people for the long term, and our business model is based on relations of trust. The client is God for us. Beginning from 2001, and for the following eight years, sales volume increased every year by 50-70%. We now sell hundreds of thousands of metres of various fabrics every month. We were very lucky in finding reliable long-term partners. After all, business is a game of knowledge. The one who knows the most is the strongest.

– Are Russian partners reliable?

– What I like most about Russian entrepreneurs is that they always talk openly about problems. We have never had a situation in which a partner, after promising to pay money

Expert



Sergey Gvozdovskiy,
founder of
the Goldy Group,
member of the EO
(Entrepreneurs'
Organization)



Russia's woven and knitted fabrics market has a very interesting structure. After the collapse of the Soviet Union, production of raw materials for light industry came to a virtual standstill. But historically, people here have always loved making things themselves. Therefore 100% of raw materials and accessories are imported. It's an interesting fact that there are a large number of factories producing finished products, but that hardly any cotton is grown, and there are no enterprises which





**Sanctions help us
develop the market.**

tomorrow, has suddenly disappeared. If difficulties have occurred, everything is set out frankly, and we have found a constructive solution together.

– *What about cheap textiles? Are they competition for you?*

– There are grades of clothing fabrics: economy, medium, medium plus, premium and de luxe. We are right in the middle. We supply fabrics of the medium and medium plus grades. Everything that comes from Vietnam, Bangladesh and Sri Lanka is economy grade. Such fabrics are often sold not by the metre, but by the kilogram. So you might say that each company occupies its own niche.

– *What do you think of the activities of Russian textile factories?*

– There are many factories in Russia which produce fabrics for the home: those which are used for blinds, curtains, bedspreads, plaids and covers for decorative cushions. But in the ready-made clothing market, producers such as China and Turkey have very few competitors. The companies supplying fabrics to Russia include very few with international management. This is a strong point of the Surya Group.

– *Tell us about fashion trends. What fabrics are most in demand in Russia now?*

– On the whole, clients have become more demanding. People travel to other countries more. Fabrics with abstract patterns and natural fabrics are in fashion. For example, to meet the requirements of Rospotrebnadzor, cloth for school uniforms must contain at least 35% of natural fibre.

– *From which countries are you currently buying fabrics and furnishings?*

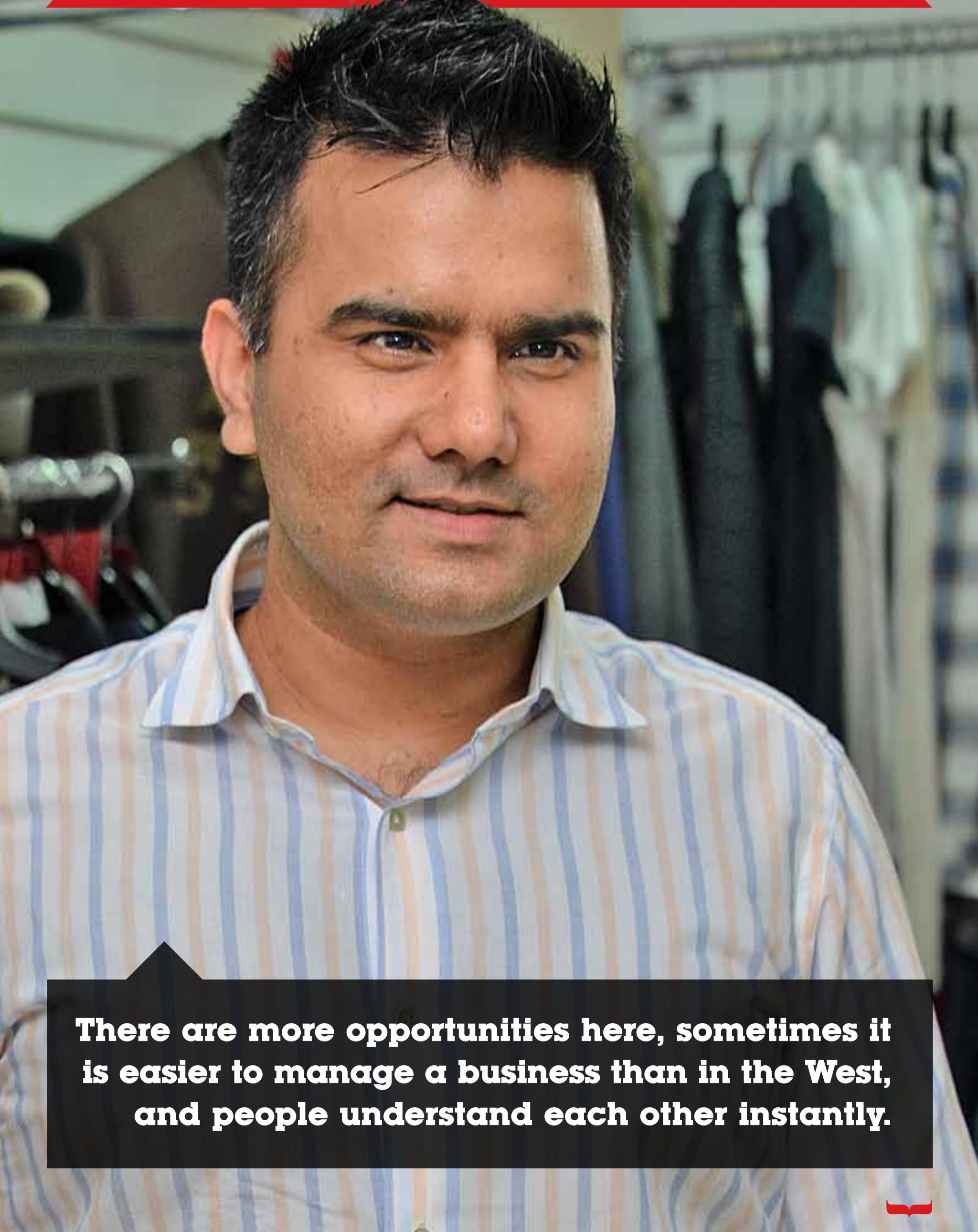
– Our main suppliers are in China, India, Turkey, Korea, Taiwan and Indonesia. Each season we compile a new selection. We cooperate with 115 factories throughout the world.

– *Do you supply both wholesale and retail?*

– Our company has four offices in Russia and one each in Belarus and China. For fabric deliveries alone, about 500 clients actively cooperate with us. It is worth making special mention of the fact that we are beginning to develop actively in the retail trade. This is a Surya Group startup which appeared two years ago in response to the huge potential of the retail market. We also have the concept of online sales, and combining offline and online sales for our partners.

– *How many people are working in your company in Russia*





There are more opportunities here, sometimes it is easier to manage a business than in the West, and people understand each other instantly.

now, and what is their average monthly salary?

– We have 75 employees, On the whole, our staff receive a salary higher than the average wage for Moscow (56,000 roubles in July, according to research by hh.ru) and higher than that of our competitors. I am very proud of our team. I like it when people work not because they are forced to, but in pursuit of their own dream, striving in every way to achieve what they have thought up.

– How have the sanctions against Russia affected your business?

– I am convinced that as soon as a problem appears, an opportunity appears too. If certain companies and states look sceptically on Russia, we, as foreign investors, look for ways of making use of new opportunities here. Sanctions help us develop the market. We give some kind of discount to our clients and they reduce their part of the profit. This evens out the influence of currency rate changes.

– How do the police in Moscow treat foreigners?

– Previously, if a policeman saw a foreigner, even from a long way off, he would turn his car and stop him to check documents, insurance and registered place of residence. I, for example, was always being checked. Yet for the past

few years, I have not been stopped even once. But anyway, I have now learned the language and understand the mentality, so I know very well how to talk to the guardians of law and order.

– You speak excellent Russian. How long did it take you to learn the language?

– I am sure that the secret of success is simply practice. I talked a lot with partners, clients and friends. Apart from that, I was lucky in having a natural talent for learning foreign languages easily. There are businessmen who came to Moscow at the same time as I did who have still not been able to master it. I can speak Hindi, Sindi (the native dialect of my ancestors), English, Arabic and Russian. But for some reason it is my knowledge of Russian which has been of the greatest help to me when I travel about the world. In any country, I meet people who speak Russian.

– Is your wife Natasha Russian?

– No, she is Indian. She was born in Hongkong and graduated from university in England. It just happened that her parents gave her a Russian name. I now realize that there was a purpose in my meeting her.

– Do you rent an apartment in Moscow or have you bought a place of your own?



– From the security point of view, ever since I came to Moscow in 2001, I have preferred to rent an apartment in a diplomatic block on protected fenced-off territory. Unfortunately these apartments are not for sale.

– *Where do you like to spend your leisure time in Moscow?*

– I am very fond of walking in the grounds of the Danilov monastery.

– *What makes you personally most proud?*

– I am proud of our active support for Russian children's homes. I am very glad that the staff of our Russian branch are actively involved in various social events and actions. For example. Instead of a corporate event for staff in honour of the 14th anniversary of the founding of our company in Russia, we organized a party at No. 19 Children's Home. The smiles of the children give us energy for new successes in business. The global mission of the Surya Group is to make the world a better place.

– *What is the main advice you would like to give to foreigners who want to open a business in Russia?*

– Don't believe all the negative information about Russia you find in the press. You won't understand what this country is really like until you come here. There are more opportunities here, sometimes it is easier to manage a business than in the West, and people understand each other instantly. ■



View the video of the interview with Ravi Navlani Premkumar

A photograph of a man and a woman standing side-by-side, both holding wine glasses. The man on the left is wearing a blue button-down shirt and has a slight smile. The woman on the right has long brown hair and is looking directly at the camera with a neutral expression. They appear to be in a dimly lit indoor setting.

The Swiss Renaud and Marina Burnier invested 12m dollars in producing premium Russian wine to go on sale in Moscow

A Winemaking Paradise

BY: OLGA SENATOROVA | PHOTO: NATALI BECKMAN | TRANSLATION BY: JASON J SHAW



*During the Sochi Olympics in 2014, the official wine of the Swiss House was that from the Russian vineyards of **Renaud and Marina Burnier**. Eighteen years ago, they came to Russia to grow grapes and make premium quality wine. The great acclaim it has received from international experts confirms that their mission was indeed a successful one.*

This summer, at the residence of the Swiss ambassador in Moscow, there took place the latest tasting of the wine made by the Burnier husband and wife team. One can sample this wine in the Russian capital's most expensive restaurants, and it is on sale in well-known wine vaults such as "Vinny Rynok", "Massandra. Legenda Kryma", Wineroom, and "Russkaya Vinoteka". And it all started in 1997, when Renaud received a request from the Russian embassy to make a wine to celebrate the 200th anniversary of the Russian army crossing the Alps under the command of Alexander Suvorov. And so the wine bearing the name "Suvorov" was born. The

Swiss vintners were astonished when, at the Russian embassy after the wine tasting, people started to approach them and ask for it to be brought over to Russia.

The Burniers' wine was first presented in Moscow in 2006 at the Bolshoi Theatre at a banquet marking the premier of a Swiss ballet by Maurice Béjart. On that occasion, it received a warm reception from the guests.

– What objective did you set yourselves at the start of this journey?

Marina Burnier:

– Before, we hadn't even considered supplying our product to the Russian market. The Swiss are great admirers of fine wines as well as being patriotic: they always prefer Swiss wine. But it is hardly





In Russia, it is possible to make not just good but outstanding wines.

known outside Switzerland as all of it is drunk within the country. Furthermore, on the domestic market it only makes up 40% of overall consumption. So, there wasn't even enough of our wines for our regular customers.

Renaud Burnier:

– Our wine was met with great interest from the Russians. So we went to Moscow to see what was happening there on the wine market. That was towards the end of 1998. In the Russian capital in those days, it was almost impossible to find good wine, all the more so at a reasonable price. We were struck by the fact that there wasn't even any in the very heart of the capital, in the hotel "Moskva". But what surprised me most of all was that there wasn't any Russian wine anywhere to be found. In the shops and restaurants, they told us that wine isn't produced in Russia or that, if so, it was of terrible quality. But when we were students at the School of Higher Education for Winemaking at Changins, they told us that the south of Russia has unique conditions for viticulture and winemaking. So then we decided to go

down to the south and find out why there isn't any Russian wine.

– *Your first impressions from this trip?*

Marina Burnier:

– When we first went to a Russian vineyard outside Anapa, Renaud, like a true winemaker, tasted one of the grapes to evaluate its quality. It was a grape of the Krasnostop variety. Renaud was impressed by the potential incumbent in the grape and in the terroir itself. He said that here it is possible to make not just good but outstanding wines. And that Russia would be able to be no less proud of its wine than France or Italy. We decided to create a proper family wine estate here in the château style, and to produce a wine which is of the very highest quality by international standards.

But in 1999, the situation in the south of Russia resembled a post-war scene. Many vineyards stood derelict, or people were only just about managing to work them due to a lack of money. Equipment was being turned into scrap metal. No one wanted

The opportunities for business in Russia are huge: many niches are completely unfilled.





**Our vineyard and wine
are like our children.**

to invest in agriculture; no one was interested in vineyards.

– How did you solve these problems? Where did you start?

Renaud Burnier:

– We started by spending three years looking for land. In August 2001, we found the land we had been dreaming of: a plot which, with its relief and layout, was very similar to our vineyards in Switzerland. We bought the leasehold from a local farmer, carried out large-scale drainage works,

Renaud Burnier:

— At the initial stage, the investor in our project was the Swiss Department for the Economy. At the time there was a special programme run by the Swiss government to provide assistance to Russia in developing its economy. We received not only a loan from the economic department to develop our business, but also the help of numerous experts in, for example, drawing up a business plan. In terms of our own money, for the initial stage we invested over 1m Swiss francs.

In Russia, the problem lies not with competitors but with the consumers. They are convinced that it is not possible to produce quality wine in this country.

prepared the soil, put down 30 hectares of vines. In Russia then it was almost impossible to buy anything: tools, materials, seedlings, equipment, farm machinery. We had to import all of it from Europe.

– How much money did you need for the initial stage, and how did you finance the project?

The Swiss department is still helping us today. This project already has a political undertone as an example of Russian and Swiss collaboration. Our wine is served at receptions both at the Swiss embassy in Moscow and at the Russian embassy in Bern. We are happy to play a part, in our own way, towards strengthening Russian-Swiss relations. By the way, history is repeating itself: 200 years ago, Swiss winemakers played an important part





in developing viticulture and vineyards in the Russian Empire.

– *Will your enterprise require new investment in the future?*

Marina Burnier:

– In 2005, our first wine was ready, and literally all the international wine experts gave it a very high rating. Nobody could believe that this wine was from Russia. This praise spurred us on to develop our project further. We decided to build a winery at the vineyard itself following all the environmental and energy-saving rules set out for producing the very best

quality wine. This decision increased the cost of the project considerably as well as the length of the recoulement period. All the building work had to be done from scratch. At the vineyard, there was no electricity, no water, no roads. We had to get a loan from the bank. In total, a further 12m dollars was invested in the project. The investment period for our business ended not so long ago, and we only reached the breakeven point recently. It took a lot of time to be granted all the types of permits and licences you always have to have in Russia: for the production, storage, and selling of wine.

– What are the mistakes you can reproach yourselves with now that you have the experience of working in Russia behind you?

Renaud Burnier:

– Of course, we didn't get away without making some mistakes, but they did teach us a lot. For example, now we realise that we should have found the financial and legal experts who could have helped our enterprise on a permanent basis with their knowledge and understanding of all the nuances involved in our work, right from the start.

– What has changed over the last few years, and how do you

evaluate the situation at your estate and its prospects for the future?

Marina Burnier:

– We came up against all manner of difficulties, ones which you can only come up against in Russia. We lived through a time when a new regime was being established, and we bore witness to a new system being set up and consolidated. Over those years, the laws and rules governing agriculture and alcohol production have changed several times. This created a raft of problems. All the same, we never gave up. A lot of good people in Russia, in Moscow, are supportive of us. Our vineyard and wine are like our

Opinion



**Ivan Romanov,
Managing Director
of Alta Vina - Moscow**



Over the last ten years, the Moscow wine market has grown and strengthened considerably. A number of serious operators have appeared with some respectable and highly interesting beverages in their portfolios. In the main, Moscow's chains of wine sellers are the retail outlets for a parent wholesale company engaged in supplying imported alcohol from Europe and the New World. There are independent specialist shops, as well as shops without their own imports direct from producers, but they are in extremely small numbers. A decisive role in creating this structure is



BIGMOSCOW /

ANCE // RENAUD AND MARINA BURNIER



children. The main problem is that up until recently, in Russia we have had to adhere to the demands of a very complicated and stringent regulatory system regarding the production, storage, and trading of wine. It is good that the situation is now changing. Winemakers are now recognised as agricultural producers, and the requirements of them are not as strict as they are of other organizations. Unfortunately, the process of changing the law is happening very slowly. But the main thing is that this process has actually started.

Renaud Burnier:

– We have had some remarkable successes. We have grown quality

grapes in Russia and produced excellent wine. We consider it a huge achievement to have revealed to the world an ancient variety of Russian grape, the Krasnostop Zolotovsky. Our market sector is the niche for premium terroir wines made exclusively from one's own grape. In Russia, there are all of three or four such enterprises. So there is enough room on the Russian wine market for everyone. To make a comparison, on the Swiss market there are over a thousand producers of such wines. In Russia, the problem lies not with competitors but with the consumers. Consumers have an unshakeable preconception that it is not possible to produce quality wine

Expert



Vladimir Tsapelyk,
*President of
the Independent
Wine Club*



The average Russian annually drinks around seven litres of wine, including still, sparkling, and specialized (fortified) wines. This is significantly less than in the USSR where wine consumption was up to 20 litres per person. Russians love sparkling wines and drink them most of all, especially on festive occasions. The greatest demand is for semi-sweet wines, though in recent times consumption of dry wines has been on the increase. In terms of the percentage of imported wine on the market, one can make the following comparisons: of every three bottles consumed by Russians, one is





in this country. All Russian producers encounter this stereotype. We think that Russian producers of quality wines should unite and fight against this together.

– *Where is your wine sold?*

Marina Burnier:

– In Russia, it is difficult arranging direct sales of wine, as you have to have a licence both to store it and to sell it. So we started selling it from Switzerland. Over the last few years, we have built up a circle of regular customers which keeps on expanding, made up of restaurants, shops, and private individuals. During the Olympic

Games in Sochi, our wine was the official one in the Swiss House. Many Swiss, once they had tried it, started to order it direct from us. The main buyer of our wine in Russia is the METRO Cash and Carry hypermarket chain.

– *What advice do you have for foreigners interested in the business opportunities in Russia?*

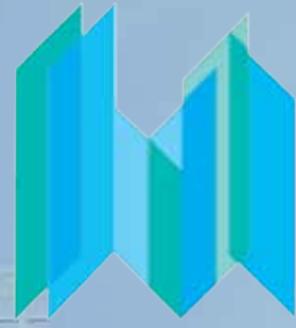
Renaud Burnier:

– The opportunities for business in Russia are huge: many niches are completely unfilled. We are always finding a lack of goods or services we need. But the business development conditions in Russia won't suit

everybody. You need a lot of patience, perseverance, and a fighting spirit. The main thing to remember is that in Russia everything is possible. The most important thing is to find reliable partners you can trust to minimize any unpleasant surprises, as the business

culture in Russia is not particularly developed yet. And you have to have a love of Russia and the Russian people. Without this love, in Russia, it is not possible to do anything at all. ■

**We are happy to play a part,
in our own way, towards strengthening
Russian-Swiss relations.**



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The Unified Moscow Investment Portal





Greeks Don't Eat Greek Grain

*Greek **Fillistor Destempasidis**
has set his sights on making
Hellenic cuisine popular
in the Russian capital*

*Greek **Filistor Destempasidis** came to Moscow to pay a visit six months ago, but this renowned chef was unable to resist the temptation to show the Russian capital his capabilities. Now he is brimming with plans and ideas on how to introduce Moscow to the little-known gastronomic qualities of his homeland.*



— *What gave you the idea of visiting Moscow?*

— I have wanted to come here since I was a child. My grandfather was born in Russia, in the Caucasus, but he left for Greece in 1922. I am familiar with Russian culture: I especially like your poetry. And so, finally, this year, in April, on the day before Easter, I turned up in Moscow by invitation of the owner of the Greek restaurant “Molon Lave”, Alexey Karolidis. Since Greek and Russian orthodox Easter fall on the same dates, the restaurant was putting on a big holiday celebration. I cooked the traditional Greek Easter menu: lamb and kokoretsi (grilled lamb’s offal), and chicken magiritsa soup.

— *What surprised you most of all about Russia?*

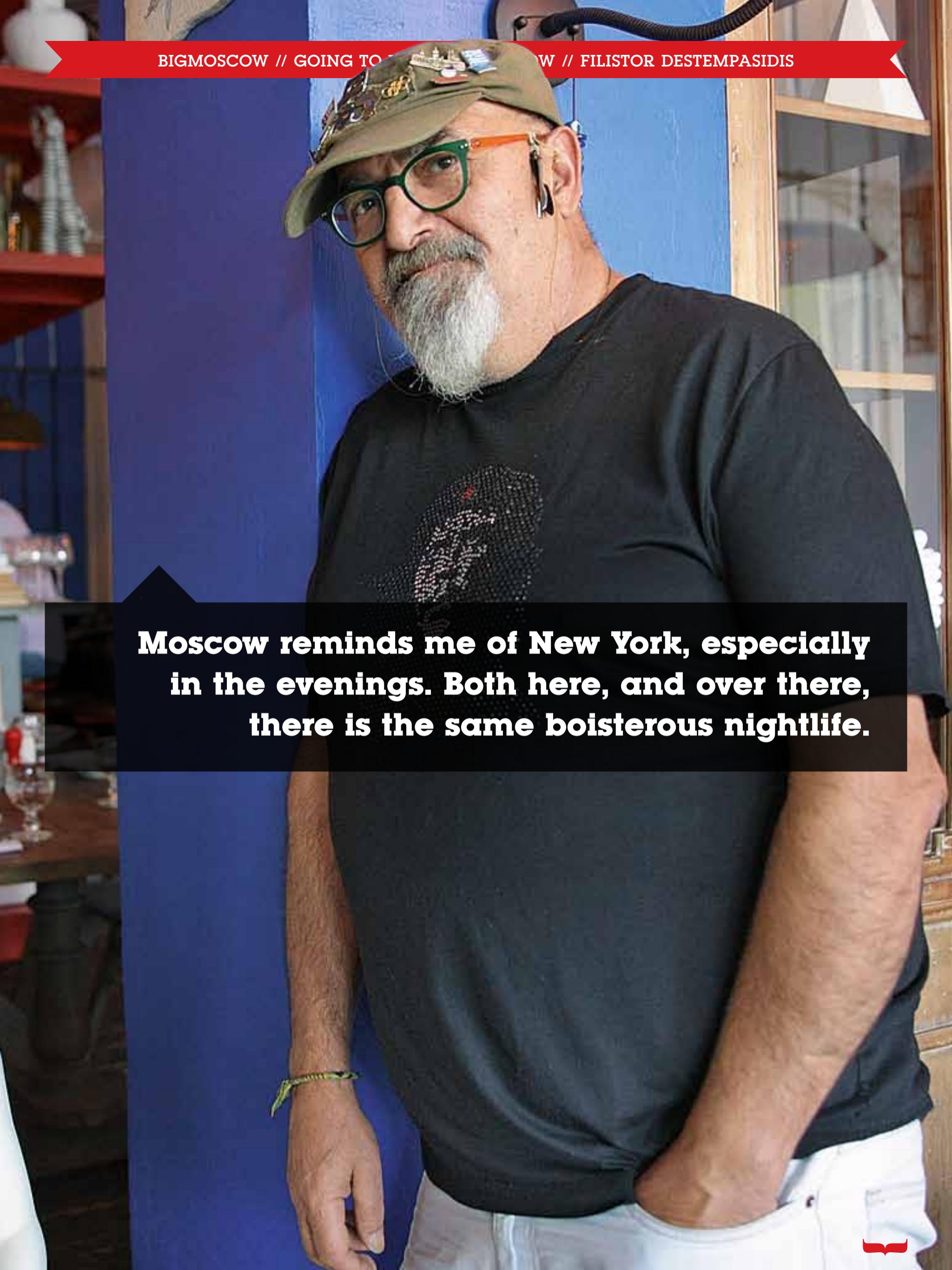
— I was very pleasantly surprised by the way in which people received me. Russians are very well disposed towards Greek people: I hadn’t expected that. I went to the Easter Service at the Church of All Saints in Kulishki. There, in that church, I had my first ever taste of Russian paskha. It’s very good. I was happy to come back here again as soon as that summer. This time to take part in the Moscow gastronomic festivals

“O, da! Eda!” (“Oh, yes! That’s food”) and “Taste of Moscow”, where I was giving masterclasses. The sights in Moscow left the very best impressions on me. We wandered around the Kremlin, Red Square, the Luzhniki; went around on the metro. The only downside was that I don’t know Russian, so I wasn’t able to speak freely to the people here. But what I liked most of all in Russia were the ladies! What can I say? I always speak the truth. I cannot tell a lie.

— *Filistor, you travel around the world a lot. You have something to compare it with. In your view, is Moscow like any other world capitals at all? Are Russians and Greeks kindred spirits?*

— I can say that Moscow reminds me of New York, especially in the evenings. Both here, and over there, there is the same boisterous nightlife. The same traffic jams. But I wouldn’t change Russia into any other country. Russians, however, are not like Greeks at all. We are very different. Although, there are a large number of Greek words in the Russian language. We do





**Moscow reminds me of New York, especially
in the evenings. Both here, and over there,
there is the same boisterous nightlife.**

share the same faith, and that brings us closer together.

— *What are your impressions of Russian establishments like coffeehouses, cafes, and restaurants?*

— Other than “Molon Lave”, I have been to the restaurants “Pushkin” and “Turandot”. I have to admit, the service and food there are excellent. I tried the borscht and pirozhki. The chicken which I was served was also very refined in its taste.

— *How well qualified would you say the staff in Russian restaurants are?*

— I can only judge by the work in our Greek restaurant. The local staff are great: they try their best to reproduce the dishes of Greek cuisine, the traditions of Hellenic cuisine. The thing about the restaurant business in Moscow is that here there are long distances involved. Our colleagues have to spend a long time getting to work; people get tired. Therefore, they have a lot of days off; a lot more than in Greece. In Greece, due to the protracted crisis, people are happy to have work, so the staff work seven days a week.

Another thing I noticed is that Moscow chefs work more slowly than Greek ones; there are more relaxed. I

would advise restaurant owners to be a little firmer with them if they want everything to be perfect. Although, amongst the Russian head chefs, there are genuine professionals in their field too.

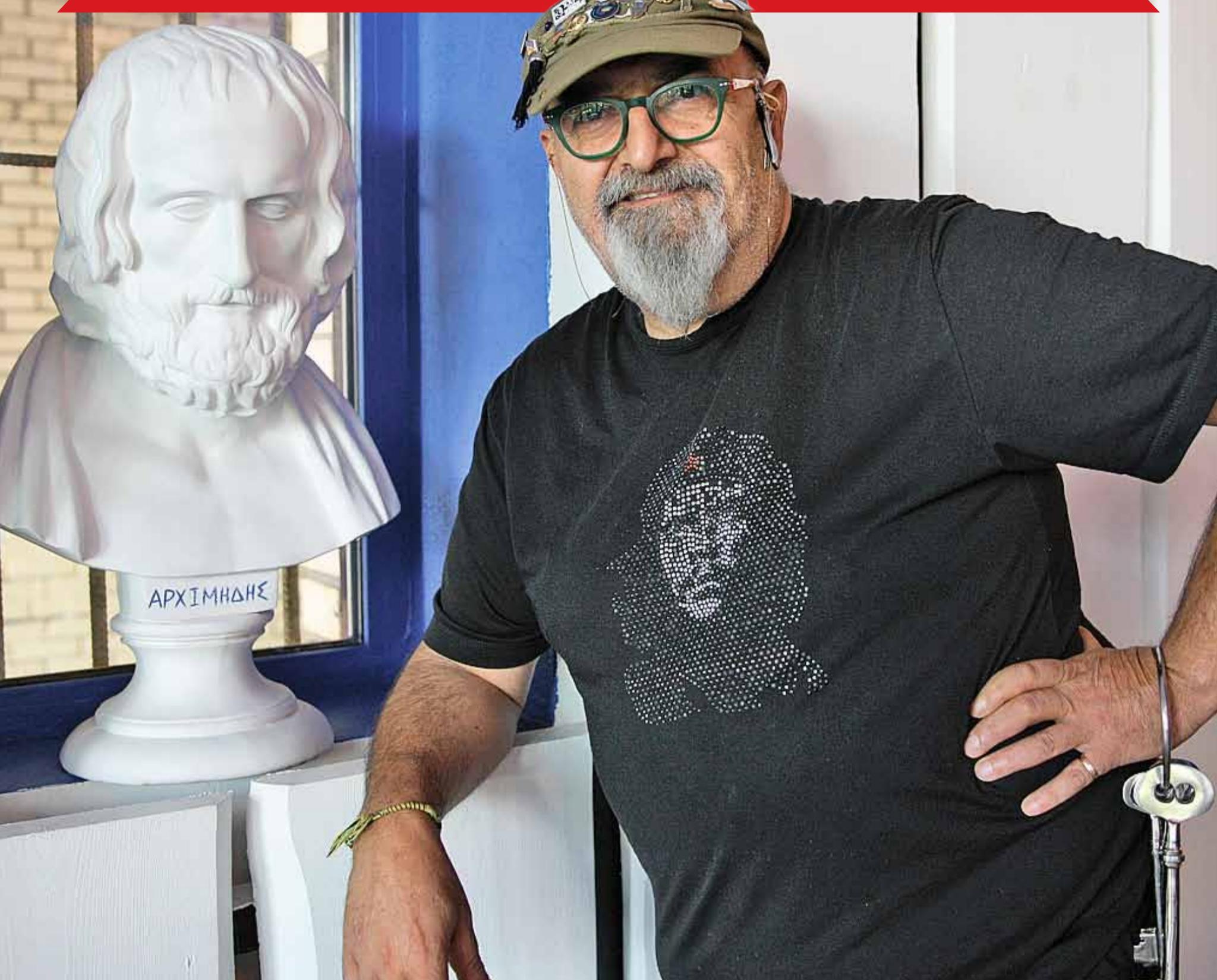
— *Is there a particularly “Russian style” of interaction in restaurants?*

— In Russia, it is not the done thing to chat to the waiters. Such a casual attitude doesn’t go down very well. In Greece, it is completely different. The waiter considers it his duty to lavish attention upon the guests. Nobody would be surprised if he pulls up a chair next to them, recommends what to choose, explains how a dish is prepared. The main reason many people go to a certain restaurant is because they are impressed by the waiter and like the level of service. But in Russia, a guest may not like such treatment and so they won’t go back there. We endeavour not to infringe upon the rules of hospitality as they are in your country.

— *What is your take on the opportunities and prospects in the restaurant trade in Russia? Is it worth it for the foreigner to open one here?*

— During the economic upturn in Russia of the last few years, there was a trend in the restaurant business





for complicated technology along the lines of molecular gastronomy. It looks good, but I don't think that there is a future for it. In difficult times, the best prospects are for those who don't spend money just for the sake of effect. Flashiness and glamour: their time has gone. The way I see it, for an establishment to enjoy popularity, it is not at all obligatory to serve a dish ingeniously arranged as if for a photo shoot. The main thing is not

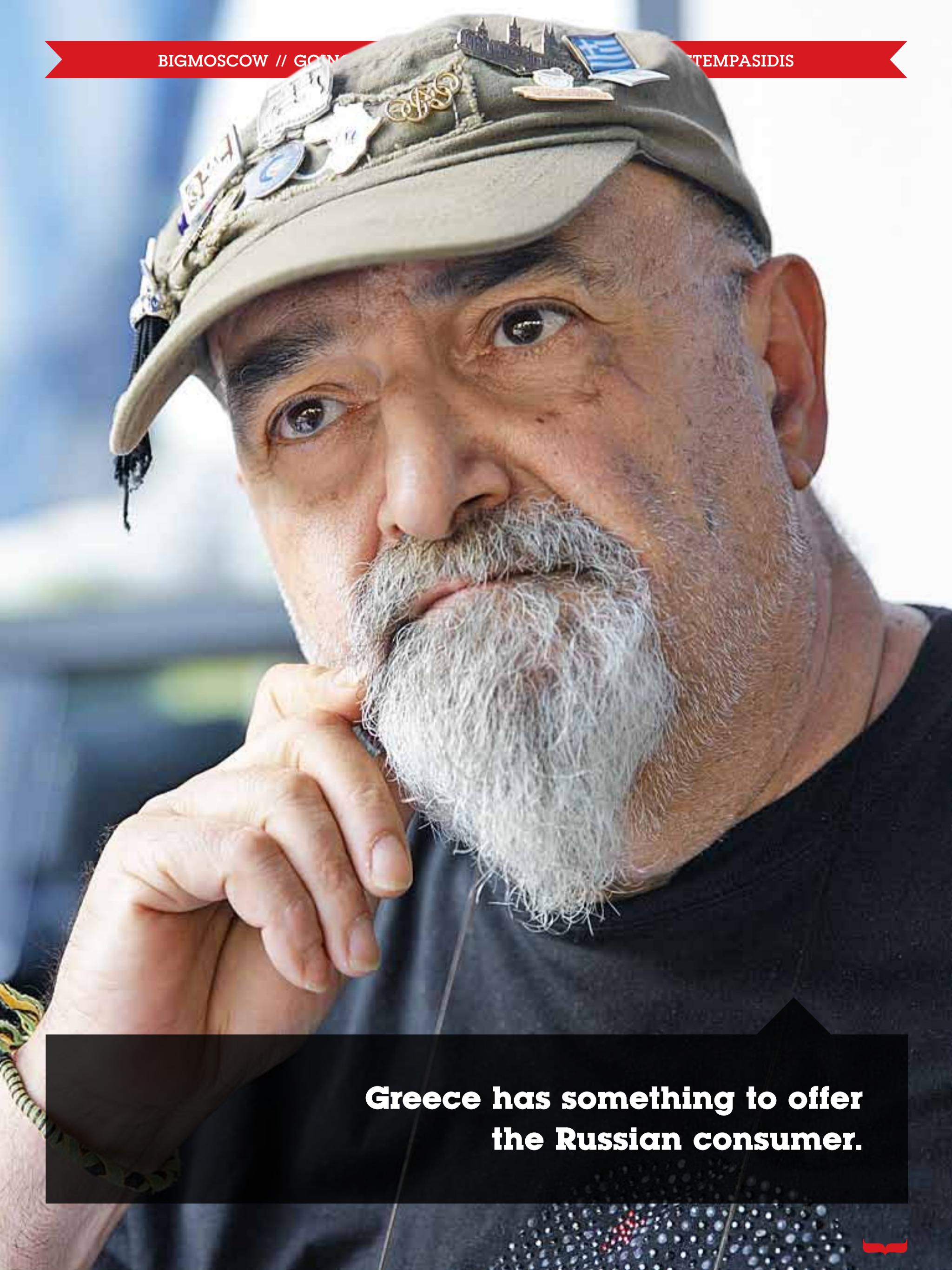
the form but the content. It should taste good! And for that you shouldn't overcomplicate the dishes. A restaurant should have its own style, and a warm and welcoming atmosphere. The restaurants succeeding now are the ones which count on quality and don't hoick their prices. In Moscow, there are lots of restaurants, Russians know a thing or two about food. Opening a new establishment is worth it if you can come up with an original idea.



— What would you say about the choice and quality of Russian food? When planning to open a restaurant business in Russia, can the foreigner count on supplies from local producers, or should they be prepared to order food from abroad?

— The traditional motto of every Greek restaurant is “everything the freshest”, so the quality of ingredients is something to which we pay the very closest of attention. It is possible to use local ingredients if you don’t cut costs and pay for quality, even if that

means making a little less money. For example, most of our ingredients are produced in Russia with the exceptions being fish, oil and spices. Imported food is more expensive anyway, which means that the price of the dishes will be higher. But you cannot manage without supplies from abroad. Some of the ingredients can’t be replaced with local ones because there are no equivalents. Even in Greece, ingredients in various parts of the country vary in taste: they have their good points and their bad points. Incidentally, you can buy genuine



**Greece has something to offer
the Russian consumer.**

Greek ingredients in Moscow; you don't have to order them yourself from Greece. I have already met one such supplier. He has his office here and a chain of shops. If I manage to stay on in Russia a little longer, I want to cook dishes with purely Russian ingredients: especially buckwheat ["Greek grain"]. By the way, despite the name, we hardly ever eat this in Greece. We don't use it in any traditional dishes.

— *What do you think about the food sanctions introduced by Russia limiting the imports from EU countries?*

— I've heard that they are talking about maybe lifting sanctions from some countries which enjoy good relations with Russia: Greece, Bulgaria, Hungary. I hope that will be the case. It will be of benefit to all of us. Greece has something to offer the Russian consumer. It produces 140 varieties of cheese alone. Feta, which is popular in Russia, is but one of them. Many types are a lot tastier than the Italian and Spanish cheeses

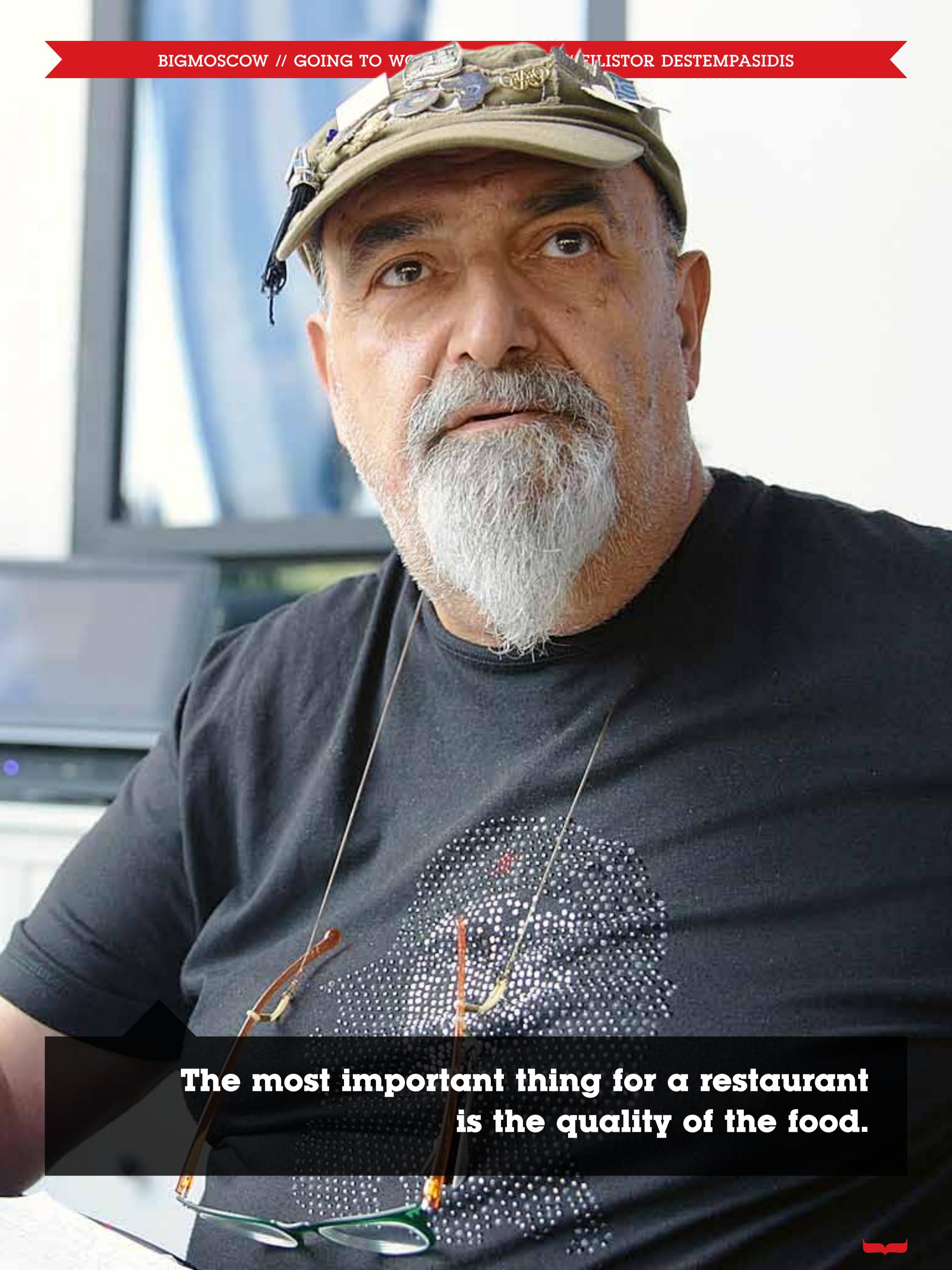
which are heavily marketed in Russia. But Greeks don't put as much effort into promoting their food. Recently I have taken part in dozens of different international exhibitions devoted to the restaurant trade and foods, where I have tried to introduce people in other countries to Greek cheeses.

— *The economic crisis in Russia, like the world over, is reducing people's buying power. They are economizing; visits to restaurants and cafes are going down. How is the food industry reacting to this? Have there been any changes in the approach to the business?*

— It is logical that the crisis has led to a drop in trade for restaurants. People's priorities are the very basics, and not everyone has the money to spend enjoying themselves. In Greece, many good establishments have closed down due to a lack of customers and simply not having the means to pay their staff. I don't like the growing trend of cutting costs on the quality of ingredients for the sake of lowering prices. Instead of proper meals,

Greek cuisine is a celebration, a form of cultural expression, a passion.



A close-up portrait of Filistor Destempasidis, a middle-aged man with a full, grey beard and mustache. He has dark hair and is wearing a light-colored cap with a decorative band. He is wearing a dark t-shirt with a patterned pocket square visible. He is looking slightly to his left with a thoughtful expression.

The most important thing for a restaurant
is the quality of the food.

people are eating more and more unhealthy fast food.

— Cooking now in Moscow has become a fashionable hobby. There are cookery shows, master classes, festivals all over the place. Does the same kind of thing happen in other countries?

— Yes, it is popular in many places. A certain friend of mine, a renowned chef, runs such courses in the US. If I stay in Russia for a while, I would also like to conduct similar master classes for those who want to learn how to cook Greek food. For me, Greek cuisine is a celebration, a form of cultural expression, a passion which is impossible to resist, and I would be happy to help make it popular in Russia.

— Filistor, in your view is it straightforward for a foreigner to live and work in Russia? Would you recommend running a business here to your colleagues?

— I haven't noticed any serious obstacles to the running and developing of a foreign-owned business in Russia. I think that whoever has started a business in your country should count themselves lucky. That said, in Moscow, a nice place to live in costs an awful lot of money. Of course, everything here works differently, and you first need to learn the local ins-and-outs. Find out how the laws operate. Build relationships with government officials, suppliers, customers. Here public relations are hugely important. If you compare with Europe, the business infrastructure is completely different. Due to the long distances, you have to factor in the logistics of food supplies. But the restaurant market in Moscow is very big, and there is room in it for everyone. ■



The Moscow Directory of Alexei Si

*Chinese **Xi Hongbo** knows how
to make furniture in Russia with
the energetics for success*

*In China, he is **Xi Hongbo**, in Russia he is known as **Alexei Si**. In 1991, he started working as a translator in Vladivostok. Now, he is the founder of the company Directoria, under whose wing are two furniture factories: one in Guangzhou and one in Moscow. His company's product catalogue features both high-end furniture (the "Luxury" office, the "President" office), and furniture which would grace any office.*



The furniture trade in the mid-90s began to expand rapidly in China.

“I come from a long line of cabinet-makers,” Alexei Si tells us. “Both my grandfather and father were in the trade. When I finished at the Institute of Technology in 1991, I went to Russia to work as a translator. I knew Russian from childhood. I began learning it whilst still at school as I grew up in Harbin which they call “A city with Russian roots and a Chinese soul”.”

A year and a half later, translating had already ceased to be of interest to him, so Si decided to start his own furniture business. In 1993, he became Managing Director of a joint Russo-Chinese enterprise in Primorye. It fell to him to run the business in the most turbulent of times. Vladivostok then was awash with crime: something which could not but have an effect on his company.

“But our customers saw that we were

decent and hardworking people, that we had interesting goods and so, naturally, they came to us. Practically all of the tax authorities, customs authorities, and migration services in the Far East of Russia bought the perennial metal filing cabinets off us which were very handy for storing classified documents in,” remembers Si. “Our biggest deal from those times was with a branch of MGIMO (Moscow State Institute of International Relations) which opened in Vladivostok in 1996. We won the tender to supply all their furniture requirements. Then we were supplying desks to regional colleges. Primorye had been covered, so I started to think more and more about “conquering” Moscow. I wanted to spread my wings in Central Russia where there were further opportunities, further tests. I sold the business to my colleagues, and in 2002 I set off for the Russian capital.”

– ***So it was a challenge of sorts?***



directoria-mebel.ru



A portrait of a middle-aged man with short dark hair, smiling slightly. He is wearing a black polo shirt with white stripes on the collar and three white buttons. The background is a light-colored wall with some foliage on the right.

**Buying and selling was a temporary niche,
and the future lay in our making
products ourselves.**

– Without doubt. I arrived in Moscow alone, and didn't know the city. I was young then, so all the difficulties were like water off a duck's back to me. I took a map, came out of the metro, and saw the sign for a property dealer. I rented premises on Vyazemskaya Street, near to the Mozhaiskoye highway, not far from the Moscow Ring Road. On the ground floor, there was a delicatessen, and our Directoria was set up on the first floor, where we had an office and a

China. We started to use the very latest technology, and to work in the European style. We learnt, in the main, from the Italians and Spanish. And now, we constitute fairly stiff competition for all of the leading global brands. Our company has eight retail outlets in the capital's large shopping centres like "Grand", "Tri Kita", and "Vegas". Customers can come up, take a look, open everything, feel it, and get a sense of how high the quality is.

The work prospects for Chinese people in Russia are great.

showroom. In the initial stages, then fashionable computer tables with metallic frames were doing well. We were also doing our best to sell office furniture.

– Unfortunately, many Russians in the 90s formed the opinion that Chinese goods were low quality.

– These days, many Russians fly to China. They see for themselves the changes going on in our country. As for the furniture trade, in the mid-90s it began to expand rapidly in

– Where do your supplies come from?

– We have two factories. In China, we have large-scale furniture production in Guangzhou. The production areas cover 22,000 sq. metres. It is there that all the cabinet furniture comes from. 200 people work at the factory. In 2005, on the edge of Moscow, we opened another factory where we make office armchairs and divans in the classic style, as well as the "President" offices. 150 people work there.





**In Russia, people are bigger.
The specifications are different here:
we make the armchairs and chairs
wider than they are in China.**

– What made you decide to start producing it yourselves?

– We were dealers, we used to resell furniture. But the market here was developing quite intensively. We were experiencing very high demand. Like in the West. When we were buying in furniture, we couldn't meet all of the orders from our clients here. This situation forced us to open our own factories. We realised that buying and selling was a temporary niche, and that the future lay in our making products ourselves. We decided straight away that we were going to use only the highest quality natural materials: solid beech, pine, and maple; natural veneer from valuable types of wood: olive tree root, camphor tree root, walnut, American cherry, oak, ebony, as well as real leather. And absolutely no toxic paints or lacquers! All of our furniture meets environmental standards.

– Weren't there any problems with staff in the Moscow area?

– Finding the right experienced master cabinet-makers really was

very difficult. If we had our choice of suitable joiners, then there were virtually no upholsterers. In the early days, we had to bring in several teams from China. They set about training the local workers.

– How much did you have to invest in the production?

– Several million dollars. All money earned then went on the further development of the factory. We have a joinery section, a cutting-out zone, sewing section, an area where people work with “porolon” (a polyurethane foam), and an assembly area. All the work in each section is carried out by hand. The equipment is Taiwanese, Chinese, and Italian. All the parts are bought abroad, and the leather – over 1,000 shades – some of it is bought in Italy, and some in Moscow. We are focused on producing the order as quickly as possible.

– Does furniture for the Russian customer have any particular construction characteristics?

For us, the deal with the customer doesn't end after the “buying and selling” stage.





– In Russia, people are bigger. The specifications are different here: we make the armchairs and chairs wider than they are in China. And the quality of the goods is higher because we use the very best, expensive materials. The Chinese and Russians have different requirements. In Russia, fundamentally so. The collections are the most diverse: we have to keep up with innovations and are constantly making changes to the catalogue. In China, there is demand for both budget

and expensive furniture. In Moscow, though, it is hard to sell the cheaper version.

– So there is fashion in furniture too?

– Classic sets of furniture are timeless. The demand for them is stable. The only things which change are the sizes, some of the parts, shades, contents. In Russia now, more and more young people with new ways of thinking are taking up positions in

government and management. They look to the West and, on the whole, prefer light shades of furniture. But generally in Russia people still prefer dark furniture. In their opinion, it better suits their mentality and emphasises their status.

– Who are your clients?

– We operate in several different ways. We are in wholesale in a franchising capacity. With our trademark, under the Directoria logo, there are over 10 shops across Russia: St. Petersburg, Siberia, Ural, the Russian Far East... Also we have our own retail sales network in Moscow. There are also corporate sales, where we work for a particular site. Our clients are people who are looking for the ultimate correlation between a fair price and excellent quality. Those seeking to evoke respect towards themselves and visitors to the company.

– What about the competition?

– The furniture business has always been competitive. But our company is unique in that as a manufacturer we offer the best price for our products and the shortest delivery time. We have the capability to produce furniture in a unified scheme regarding style and colour. The people who come to us are those who intend to cooperate with us in a business-like fashion. For us, the

deal with the customer doesn't end after the "buying and selling" stage. The deal ends only when the client is satisfied, and has been using our furniture for a year at least. In that sense, our business has an ethical aspect.

– *Have any difficulties arisen out of the sanctions imposed upon Russia?*

– Russia now finds herself in something of a predicament. Demand for furniture has fallen, the population's disposable income has gone down. Russians are now in need of cheaper ranges of furniture. Our company has been operating in Russia for 13 years now. If the firm was able to withstand all of the crises, that tells you a lot. It is possible to remain successful in any, even the most difficult of economic circumstances, if you love what you do, and are good at it.

– *How easy did you find it to adapt to Russia? Is the Russian mentality familiar to you?*

– I am from North East China, Harbin, where, as they say, "The Russian past overlaps with the Chinese future". Russians and the northern Chinese are similar in many ways. Our countries are from the former Socialist Bloc: we had similar economic systems, Communist Party, education. I have always found it easy to communicate with Russians.





– Have you discovered any places in Moscow where you particularly like to go?

– Red Square, Alexander Gardens. And also Victory Park with its grandiose monument, the Museum of

the Great Patriotic War, the Church of Saint George, the outdoor exhibition of military equipment and weaponry. I rented, in my time, an apartment on Kutuzovsky Avenue and I used to go there for a walk very often.

– You live in two cities and shuttle between Moscow and Guangzhou. What do you take over to China, and what do you bring back to Russia?

– In Russia a lot of my friends like to give me chocolates, and I take those to China. And I always travel to Moscow with the best quality teas as presents.

– Would you recommend starting a business in Russia to your compatriots?

– Russia and China have now become close in many ways: economically, politically, in terms of

military cooperation. This year Russia had a record number of tourists from China. There is also increased business activity at the level of state institutions, state-owned companies, and the private sector. The work prospects for Chinese people in Russia are great. The opportunities are far from exhausted. If they feel inspired, let them come and give it a go. For my part, I would like to remind people that when working abroad you have to obey the laws just as you do in your own country. And don't forget the Russian proverb: "You don't go to another's monastery with your own rulebook". ■





zingaya.com



Website Instead of Telephone

MSTU (Moscow State Technical University) graduates have started up a platform enabling companies to create their own communication services

*Advanced technologies, faultlessly operating service and functions which any business needs – by concentrating on what is most important, the **Zingaya** startup team has created two successful projects and gained a reputation as a highly efficient startup which inspires foreign investors.*

Alexey Aylarov, a graduate of the Bauman MSTU, together with others from his course, has created a service for calls from the Zingaya browser, through which more than one million calls a month are now made. The entrepreneurs decided not to rest on their laurels, so after attracting funds from Russian and foreign investors, they started up a whole platform, enabling developers to create their own communication services.

“When this story began, we were studying at the Bauman MSTU”, says Alexey. “I and some of my

colleagues were working at that time in a company concerned with developing IP- telephony. At a certain point, the idea occurred to us that this functionality could be carried over into a browser. We resigned from our jobs and began work on our own project.

“As a result, a technology was developed making it possible to call directly from the browser, without installing any software. On this basis, in 2010 we started the Zingaya service. Using it, an online call button can be placed on the client’s website so that

As a result, a technology was developed making it possible to call directly from the browser, without installing any software.



users can call the company without installing any software, using only a microphone and the Internet. The call goes to one of the organizations standard telephones or to an IP-telephone, after which staff can talk to the client. The concept is an alternative to the 8-800 numbers, when someone calls from a telephone free of charge, and the company pays for the call. It's the same with us, but the main parts are played not by a telephone, but by a computer. It has its advantages:

In 2012 we attracted the first (and so far the only) tranche of investments totalling \$11,150,000 from a group of investors, including Esther Dyson.

Later we started to get ideas about other ways of using our developments. For example, one bank wanted to use Zingaya so that its managers could call clients directly from the CRM system. We decided that we would be able to adapt our technology and make it more flexible, so as to create other modifications of the service connected

In 2011 we attracted the first (and so far the only) tranche of investments totalling \$11,150,000 from a group of investors, including Esther Dyson.

in our case it is even cheaper than 8-800, and furthermore it is available globally, regardless of country. You've gone abroad, something has happened to your credit card, you need to call the bank. You go to the bank's website, press a special button and communicate with the company directly through the website to solve the problem. This does not incur any roaming charges, it is free (the most you might have to pay is for the internet connection itself).

with communications – to integrate with CRM, to set up a return call and to organize the work of a call centre. So in 2013 we launched our second product, VoxImplant – a platform for the creation of communication services. In effect, this is a set of tools enabling developers to set up IP-telephone services, audio and video calls and other functions in their apps and services. On the basis of VoxImplant, a number of integrations



with CRM were made (for example with “Bitrix-24”, “Magellan” and InSales) and call-back services (such as Callbackhunter). Major companies, for example the “Yulmart” internet store, make use of the platform for the automation of their calls.

“We are now developing VoxImplant, taking account of the requirements of the market and the clients, and of new possibilities in the technology. This includes the active development of video conferences and video-recording. We are also working with

voice recognition companies so that key words in speech can be sought, and the subject of the call can be determined automatically. We have not yet by any means put all of our thoughts into practice, so we still have a lot of work ahead of us. ■



The interview with Esther Dyson, an investor in the Zingaya startup.



Invest in What You Believe in

*American investor **Esther Dyson** considers the Russian market encouraging, and recommends investing in human capital*



American entrepreneur **Esther Dyson** has much experience of investing in companies in different companies and different fields, from IT and medicine to space. Among them are several projects from Russia, including the Zingaya IP-telephony service, to which **Dyson** was attracted by its front-line technologies and the persistence of the team. The entrepreneur told BIGMOSCOW what is important in making investments in foreign countries, and how the Russian startup market has changed recently.

The world-famous investor Esther Dyson talks about why you should invest in startups you like, and how to take risks sensibly when investing in foreign projects.

– Why did you decide to invest specifically in a startup connected with IP-telephony? What other projects in this field have you invested in, and why?

– The idea I was told about by Alexey Aylarov (one of the founders of the

startups Zingaya and VoxImplant) seemed to me to be interesting and to have good prospects. Furthermore, he gave the impression of a man having enough stubbornness and persistence to turn his ideas into a working business. But there was another aspect which caught my attention. In my experience, people of a technical turn of mind often forget the importance of communication between people. And the Zingaya/VoxImplant technology

I invest in on the consumer market, and also companies in the b2b field, where the second “b” is small business.



is precisely a communication service. It shows that here we have technicians who are suddenly concerned about simplifying human communication. I could sympathize with this. This is the only startup in the IP-telephony field in which I have invested.

– *In what other countries do startups interest you? Could you describe the difference between these countries from the investor's point of view?*

– I have invested a lot in the USA and Russia. Apart from that, I have invested money in startups in Britain, India, several African countries, the Czech Republic... and that is not a complete list. On the whole, foreign startups (regardless of which country they are from) are always in less of a winning position by comparison with those working in a familiar market in a familiar country. Any investor finds it preferable to invest assets in a team playing in a field he knows. But

I personally have spent much time in Russia, from 1989 onwards. I know the language (as a foreigner, of course) and I am familiar with the way of thinking. To put it in a nutshell, I decided to risk investing in Russia too, relying on my experience and knowledge. In many ways investors from different countries are more like each other than like those of their own cultures; in other words, they think as entrepreneurs first and only then as Russians, Americans or English. But of course, the consumer traditions and laws under which people live in different countries vary considerably.

– *How did you happen to learn about the Zingaya project? How did the relationship develop initially? How did you realize that this was the right one?*

– To be honest, I don't remember the details. I can only say that initially I was inclined to be sceptical, but Alexey

Investors from different countries are more like each other than like those of their own cultures; in other words, they think as entrepreneurs first and only then as Russians, Americans or English.



kept making promises (he set aims for the team and the project) and keeping them, therefore he came across as a serious entrepreneur. This is a very effective approach!

– Why was it Zingaya that interested you? How did the service differ from its competitors?

– It was the leading one, it was the earliest to use this technology. Furthermore, the service kept on improving, and in that respect it appeared to have great prospects.

– What is your role in the project? How do you take part in its development, how do you interact with the team?

– You could hardly call my role in the project a large-scale one. From time to time I learn about the state of affairs and give some sort of advice. But I have no technical knowledge whatever. I am not competent in such matters and I cannot advise or recommend anything. Therefore I rely on the team's knowledge and decisions.

– How do you see the future of the project?

– I would like us to be able to offer companies more auxiliary services to help them improve their efficiency in dealing with clients, doing so by means of voice communication.

– Taking your “space” interests into account, is Zingaya planning to organize IP-telephony on the International Space Station (ISS)? (Esther Dyson went through complete training for a space flight as the backup for the flight to the ISS by space tourist Charles Simonyi. Ed. note)

– Yes, certainly! And don't forget about Mars either!

– Zingaya is far from being the only startup in your investments in Russia. What Russian startups do you now think should be invested in? Are the risks great? What are the main difficulties in the startup market?

– Of course it is risky to invest in Russia, just as it is risky to invest in any other foreign market. And the situation is certainly worse now because of the problems in political relations between Russia and the USA. I try to avoid companies working at state enterprises. I focus on the consumer market, and also companies in the b2b field, where the second “b” is small business. In Russia I have invested in “Yandex”, the “Ostrovok” tourist service, the “Medex” medical information system, and the software developer Luxoft, which is now based in Switzerland.

– You have long been working with Russian startups. Tell us



about how the infrastructure venture investment market has changed over this period. How much more interesting have startups become?

– On the whole, the market has become more encouraging and inspiring. Top managers have finally learned how to manage and develop people properly rather than just giving orders. The most important capital is human capital. It is worth investing in it in order to develop.

– What advice can you give to potential investors in the Russian market?

– My advice to investors, whatever market they are interested in, is as follows: invest in what you believe in, in what matters to you. Even if it fails, you will not regret the money spent. And if a deal is successful, you will not only get rich, you will be proud of its success. ■

If a deal is successful, you will not only get rich, you will be proud of its success.



The Benefits of Localization

*The difficulties and advantages
of transferring production to Russia*



What are the benefits of the localization of production on the territory of Russia for foreign companies? What problems do they face in transferring their production to the RF? What are Russian industrial parks like? How does localization of production work in practice? **Alexander Zarekhin**, project manager of the "Alt" consultancy company, a member of ASCONCO (the Association of Consultancy Companies), shares his thoughts on these and other questions.



The transfer (localization) of production, caused by various economic factors, is by no means a new process. But if we are talking about the appearance of a deliberate policy to support the transfer of production to Russia, it began in the nineties, when the first "screwdriver assembly" companies appeared in our country. The term itself came into general use even later. But it is now firmly established not only in the consciousness of businessmen, but also in Resolution No. 166 [1] of the Government of the Russian Federation dated 08.12.2010 (localization of production is a term for the profitable location of production with the aim of reducing competition and the cost of getting the products to the customer).

Usually there is a real war going on between the developed countries for getting major production facilities located on their territories. A company must want to locate it specifically in our country/republic/territory/oblast, so the most convenient possible conditions must be provided for it, primarily in regard to



THERE IS A REAL WAR GOING ON BETWEEN THE DEVELOPED COUNTRIES FOR GETTING MAJOR PRODUCTION FACILITIES LOCATED ON THEIR TERRITORIES.

taxation, infrastructure and logistics. Industrial parks are intended to solve all these questions. As a rule, they have all the necessary modern infrastructure, making it possible not only to organize your production, but also to place nearby the associated facilities (production of components/storage complexes) to create what is called a cluster.

In practice, this takes place as follows. As a result of long negotiations and the reaching of agreements with the local administrations, each party undertakes a whole series of obligations. The state bodies, as a rule, undertake to provide the infrastructure at their expense by a certain date, and to provide tax benefits. The investor undertakes to provide jobs, and sometimes to meet a timetable for reaching a certain level of localization (which assumes the need not simply to assemble an article from imported components, but to make partial use of an existing production facility, or to organize one, in Russia).

Key features of localization in Russia are: the need for targeted and continuous attention from the state authorities, and also the targeting of major companies and corporations, from whom a significant social and budgetary effect can be expected. It is not surprising that successful projects are carried through only in those industries which are considered a priority: in particular, in the motor vehicle industry and in the production of pharmaceutical preparations. Let us dwell a little more detail on the production of pharmaceuticals.



IN LOCALIZING THEIR PRODUCTION ON RF TERRITORY, FOREIGN COMPANIES COME UP AGAINST MANY DIFFICULTIES.

In one of the “May decrees” of 2012, Vladimir Putin set the aim of raising the volume of production of products of strategic importance to the country to 90% by 2018. A targeted Federal programme was adopted: “The development of the pharmaceutical and medical industry of the Russian Federation for the period up to 2020 and the longer term”. Fifteen-per-cent preferences were introduced for Russian pharmaceutical manufacturers for state procurements. A “third not needed” Government resolution is awaited shortly. This will mean that if two manufacturers from any country of the Customs Union take part in state procurement, manufacturers from third countries will not be permitted to participate in the tender.

All this has enabled Russian companies to believe in the possibility of state support, and caused foreign ones to recognize the advantages of localization of production. Since the construction of production capacities in the pharmaceutical field is not easy, many of them came to the conclusion that it was necessary to enter into partnership with Russian players. Here are just a few examples of Western companies which came under pressure in the market because they had not localized production in Russia in good time.

In 2010-2012, the Russian companies “Biocad” and “Generium”, having arranged for the complete cycle of production of the products “Ronbetal” and “Infibeta” in Vladimir oblast, forced the original preparation “Betaferon” from the Bayer company and the generic product “Extavia” from the Novartis



company completely out of the market. In 2011, the Argentine company Laboratorio Tuteur, together with the Russian company OOO “Bioteck”, brought onto the Russian market their generic product “Genfaxon”, and almost completely forced the original product “Rebif” of the Merck-Serono company out of the market. In 2012, the company “F-Sintez”, located in the Krasnye Gory district of Moscow oblast, with its generic product “Filachromin”, was able to take 25% of the market, forcing out the original Novartis product.

As an important example, I should like to single out those Russian companies which have built their growth on helping in the localization of production of Western products. In particular, this applies to the company “Pharmfirma Sotex”, which is located in Belikovo settlement in Moscow oblast. It has a considerable portfolio of successful under-liscence projects with such well-known pharmaceutical companies as Takeda, Bayer, Sanofi and Novartis. “Sotex” developed a special programme which gave its partners unique opportunities for access to the Russian market. Alexey Chekalov, the development director of “Sotex”, mentioned in an interview that “the main competitive advantage of the programme is the opportunity to offer a full range of services, from production and distribution to retail sales with full marketing support for projects”.

In localizing their production on RF territory, foreign companies come up against many difficulties, which mostly depend on the field of activity, but I shall try to select the main ones:



NOW, AFTER
A CONSIDERABLE
FALL IN THE RATE
OF EXCHANGE OF
THE ROUBLE, THIS
ADVANTAGE WILL
MAKE ITSELF FELT
PARTICULARLY
CLEARLY.

1. The difficulty in finding suitable quality suppliers. Unfortunately, Russia does not have a culture of production with minimum rejected products, and Russian companies sometimes refuse to meet exacting Western requirements, or are simply unable to do so. Certain OEMs (Original Equipment Manufacturers – Ed. note) complain that they cannot even find metal of the required quality, although metallurgy in the RF has always been considered one of the driving forces of industry. From the point of view of the quality of components, the experience of the enterprise “GM-AVTOVAZ” is of interest. It began producing motor vehicles in 2003 with a localization level of 95%. This level gradually fell, and now stands at only 47%. The company had to give up some of the Russian-made components due to constant complaints about quality.

2. The lack of qualified specialists: there is no strict specialization in the RF, and they are not accustomed to carrying out what is written in their job instructions down to the last detail, whereas at many Western production plants, all actions are written down in detail and regulated. There the whole manufacturing process is built on the literal fulfilment of instructions.

But even allowing for these negative factors, foreign companies working in our market clearly feel the advantages of localizing their production. I would single out three main groups of benefit:

1. Low prime cost of production. Now, after a considerable fall in the rate of exchange of the rouble, this advantage will make itself



felt particularly clearly. Production resources in Russia are quite a lot cheaper, and this applies to almost everything: staff wages, electricity, water etc.

2. Closeness to a huge sales market – more than 140 million people, and with average incomes much higher than in Eastern Europe.

3. A much less competitive market. There are far fewer competitive manufacturers in Russia than there are in Europe.

All this makes Russia highly attractive as a place to localize production. ■



You've Got Email!

Double Opt-In Required



*Telling you how you can make email-outs more effective, and what the entrepreneur entering the Russian market should know regarding the rules around email marketing, is **Leonid Nikolaev**, CEO of GET-N-POST, one of the leaders in email marketing in Russia.*

DOUBLE OPT-IN AND CATCH-ALL EMAILS

E-mailshots are a popular advertising tool, and are part of the marketing strategy of many a company. But why do the emails sent from your company account keep ending up in the spam folder? What does the effectiveness of promotional emails depend upon? Let's have a look.

Legitimate email marketing in Russia is based on two things: RF legislation

and the rules of local Email Service Providers. The largest are the Russian companies mail.ru, yandex.ru, rambler.ru and the foreign one Gmail.com. Gmail operates according to the rules in effect on the territory of the Russian Federation.

In Russia, the rules on emails often regulate the sending of bulk emails more strictly than the letter of the law provides. For instance, to send mailshots from a company's existing

**IN RUSSIA, TO SEND MAILSHOTS FROM
A COMPANY'S EXISTING MAILING LIST,
A SO-CALLED DOUBLE OPT-IN IS REQUIRED.**



mailing list, a so-called double opt-in is required. Your client not only provides you with his address, but confirms it via a special link which comes with the confirmation email sent from your company. The owner of the mailing list (that can be your company or a company you have hired which specializes in performing mailshots) has to be sure that the email address provided belongs to the person who expressed an interest in receiving your mailshots. In America and many European companies, this rule doesn't exist. There, all it takes is for you to leave your address at the store when completing a purchase, or taking advantage of a promotional offer, or when making a visit to an exhibition or restaurant, for your inbox to start overflowing with bulk mail.

In Russia, the western thinking that if someone has left you an email address then he or she is your client is not permitted. That doesn't work here. Those companies which use similar mail-shots as a marketing tool



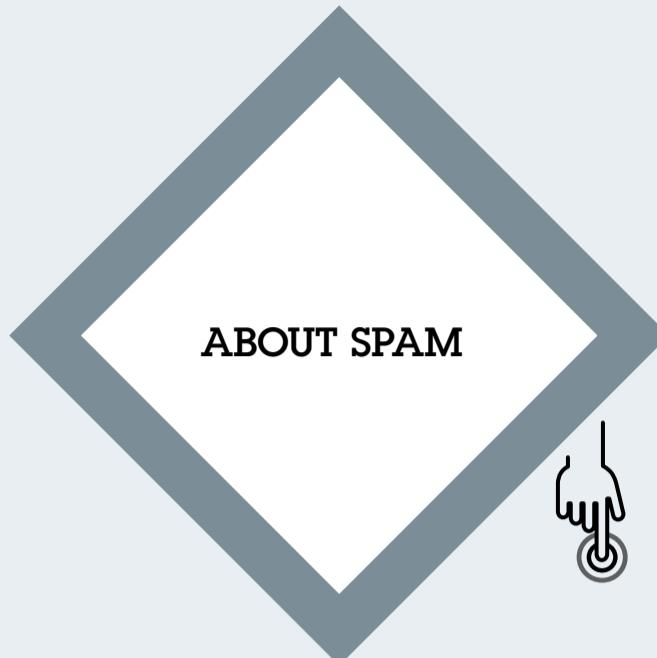
can immediately begin to experience problems. Complaints about such mail start to be made, the ESP employees examine such incidents and discover that the double opt-in procedure hasn't been followed. If this applies to a lesser extent to small and medium-sized business, then the Chinese online store jd.com, for example, came hard up against this problem, with the overwhelming majority of their ads ending up in the spam folder.

It can happen that a database contains many invalid addresses. Email services have their own catch-

**THE NUMBER OF COMPANIES ON
THE LEGITIMATE E-SHOTS MARKET IS NOT
SO LARGE: THERE ARE ABOUT 10-15.**

all mailboxes, so when mailshots appear in there, that is saying that the sender hasn't received the double opt-in confirmation. No sooner does an email arrive in such a catch-all mailbox than the sender is automatically blocked or other measures are taken against it such as the mail being diverted to the junk mail folder. Mail services undertake the interception of these emails themselves.

A number of foreign companies which come to Russia have their own mailing lists. They should be aware that as regards business in general, and for foreign companies operating in Russia's small and medium-sized business sector, in particular those using internet marketing services to promote their goods, as of the 1st of September, the rules of the game changed. In accordance with the amendments to the RF Law "On Personal Data" №152-FZ, the personal data of clients can only



be stored on servers located within the territory of the RF.

In Russia, there is a very low permissible threshold for complaints regarding spam. If one complaint or less arises from a hundred emails

sent out, then they will go to the inbox as normal. In the USA, for example, 3-7% is considered the norm regarding complaints about spam. The number of non-existent email addresses permitted in a mailing list also has a specified limit: 4-5%. In the West, this figure is considerably higher.

The strict rules on Russian email services do have an upside. In Russia, system support services operate where experts can respond to the questions of bulk mail senders and suggest ways of resolving the situation should problems arise or blocking occur. There is no such support service with

**BIG BUSINESS REQUIRES MILLIONS OF CLICKS-THROUGH,
WHEREAS FOR SMALL AND MEDIUM BUSINESS 10-20,000
IS SUFFICIENT FOR EFFECTIVE COMMUNICATION.**

Gmail, for instance. You will not get a reply from an actual person regarding what is happening to your mailshots. Automatic filters are in operation, and your email will end up where it was meant to only if you configure everything yourself, but that is pretty complicated given the large number of technical intricacies involved.

STRATEGY ABOVE ALL ELSE

For the foreign entrepreneur starting a business in Russia, it is essential to develop a strategy to market its goods and services on the internet. If it already has a database of potential customers, then it really is necessary to identify where it originated. If there is no such database, then it is possible to develop a strategy to attract subscribers. There are companies in Russia which know how to this properly. They can provide virtually any kind of assistance: from providing a database, to the handling of a large number of messages (up to 1 million in a matter of minutes). For example, our company is a “one-stop-shop” on the email promotion market: coming to us, the customer will receive the whole range of essential services, from A to Z. The number of companies on the legitimate e-shots market is not so large: there are about 10-15.

The channels for communication are many, and marketing mail is but one of them. Once you choose it, you need

to understand about the frequency of electronic mail-outs. Their effectiveness is dependent on several factors. They should have interesting content with a description of the goods and services which your company offers, or a particular product proposal made specially for the customer. The email shouldn't pressurize the person receiving it. In principle, people don't unsubscribe from emails which they need or find interesting.

Depending on the internet strategy selected, specialized agencies will propose a package of tools to implement it: the so-called omnichannel. This is a modern way of approaching the consumer via various accessible channels: mobile internet devices, computers, television, radio, letters sent direct to the mailbox. If the synergy between them is set up correctly, then all these lines of communication will have nothing but a positive effect on your business.

PERSONALIZED LINKS

If we are talking about where the most requests for setting up mass emails come from, then that would be the large retailers. This type of marketing channel is popular amongst foreign companies providing “home shopping” services. Through their call-centres which process the orders, they collect customers' email addresses and then, via newsletters, direct their latest



offers to them. Active users of mail-outs are also companies involved in foreign language teaching: not only to attract customers but also to test knowledge, communicate with teachers, and send teaching materials. Anything better for distance learning than such emails has yet to be invented. For the exhibition business, it is one of the main ways of drawing people to their events.

Particularly satisfied with mail-outs are the social networks: they use a special kind of message which enables the user to be returned to the network.

Regarding other internet-based channels, mail-outs can be applied to the mid-price segment. For example, an agency offers you to carry out performance-based mail-outs. A click-through costs around 50 roubles. The advantage over Pay Per Click advertising, where you can buy one click for 1 cent, is that with mail-outs it isn't possible to inflate the figures. Each link is personal and is opened in the user's own email account.

Those mailing lists which agencies like ours work with contain around 10-12 million email addresses. Using them for a certain amount of time can garner the required number of clicks. This is exactly the reason why mail-outs are an attractive tool for small and medium-sized businesses. Big business requires millions of clicks-through, whereas for small and medium business 10-20,000 is sufficient for effective communication with their clients for a designated length of time. ■





Concessions for Professionals

*Receiving a Russian work permit
for highly qualified foreign
specialists has now become
considerably simpler*

BY: FRANK SCHAUFF | PHOTO: FRANCESCO ROSSINI | TRANSLATION BY: JASON J SHAW



In the summer of 2015, the Federal Migration Service of the RF and the Association of European Businesses presented a new service for granting work permits to highly skilled foreign specialists. BIGMOSCOW magazine reveals what they now need in order to receive such authorization, and what the procedure itself involves.

The service developed by the Federal Migration Service of the RF and the Association of European Businesses for Highly Qualified Specialists (HQSSs) is a completely new solution without parallel. Before, in order to receive a work permit for a specialist in Russia, company representatives had to visit the offices of the FMS on several occasions, and present all documentation in paper format. Often

this required much time and effort, so the idea of creating a special service arose, one which allows employers/representatives from a foreign company to submit applications and all accompanying documents in an electronic format. In addition, all document originals are presented at a visit in person to the FMS of Russia to pick up the papers which, by then, will have been processed. In such a way, the

**FOR THE HQS, THE NUMBER OF TRIPS
TO VARIOUS DEPARTMENTS OF THE FMS
OF RUSSIA TO RECEIVE A WORK PERMIT
IS REDUCED TO JUST THE ONE.**



number of trips to various departments of the FMS of Russia is reduced to just the one.

It should be pointed out straight away that only companies which are part of the Association of European Businesses are able to make use of this new service. To do so, the company must be registered on the system, and for the AEB to confirm that it is indeed an Association member. Once registered, the company will have access to all of the services provided by the FMS. Company representatives should put together the whole package of documents needed to apply for the Highly Qualified Specialist work permit, and send it to the AEB by email. The package of documents will be examined by the Association and, if it is free of errors, it will be sent on to the FMS. The Federal Migration Service will check the documents once more and, if everything has been filled in correctly, they will send confirmation that the documents have been accepted. Over the course of 14 working days,



the documents will be subjected to a full inspection. On the 15th working day, the work permit will be ready for issue and it will be possible to receive it in person on presentation of the original documents previously downloaded electronically.

Unveiling the service, Director of the FMS of Russia, Konstantin Romodanovsky declared that the status of Highly Qualified Specialist confers upon foreigners unprecedented benefits. Directors of many foreign companies often ask us what benefits these are. Experts with high levels

**ALL DOCUMENTS CAN BE SUBMITTED
ELECTRONICALLY, AND THE PERMIT CAN BE
RECEIVED IN AS SOON AS 14 WORKING DAYS.**

THE ALL-OUT “EXODUS” OF FOREIGNERS, AS MENTIONED IN THE PRESS, HAS NOT COME TO PASS.

of skills coming to work in Russia are indeed provided with a range of benefits. Amongst them being the issuing of a work permit and visa which is valid for 3 years both for the employee himself and for accompanying members of his family. By comparison, ordinary specialists are issued with a visa and permit valid for no longer than a year. The HQS has 90 days to register at his place of residence, whereas the ordinary citizen has to do so within seven working days.

Aside from which, the process whereby one is granted a permit is becoming much simpler and quicker. All documents can be submitted electronically, and the permit can be received in as soon as 14 working days. Usually this process takes at least two months. Also, there are no quotas or permits applicable to a company relating to the courting of a foreign

expert. Amongst other benefits are, for example, not requiring a medical certificate, and there are a host of other concessions.

We are also often asked, in which sectors of the Russian economy foreign professionals are utilized the most. In light of the sanctions against Russia, how is the Russian labour market changing? According to our figures, the number of foreigners coming to Russia has dropped by 30%, which is linked to new projects being suspended. That said, the all-out “exodus” of foreigners, as mentioned in the press, has not come to pass. In terms of individual industries and sectors, it is only with the oil companies that a substantial reduction of the number of experts coming here to work has occurred: the remaining sectors of Russia’s economy have stayed at much the same level. ■



WE SIMULATE SITUATIONS



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Factoring in All the Risks

Business in Russia carries certain risks not commonly found in other countries, so the standard ways of assessing new projects can sometimes fall short

BY: OLGA SENATOROVA | PHOTO: TIMOFEEV-CHEREPNOV-KALASHNIKOV | TRANSLATION BY: JACK DOUGHTY



*Foreigners in Russia don't always consider the risks associated with the specifically local nature of business practice. But such risks exist, and may inflict serious damage on your business. Telling how foreign companies can sidestep some particularly Russian problems is **Oleg Timofeev**, Managing Partner at the law firm Timofeev-Cherepnov-Kalashnikov.*

SITUATION



A French chemical company has embarked on a project to build its first factory in Russia. Having procured the land for it, however, it has come to light that connecting the manufacturing facilities to the utilities network will work out far more expensive than anticipated in the costing. The problem has failed to be resolved, and the French have had to build their factory in another region. As a result, the deadline for the production launch has passed. The company has incurred losses associated with

In order to avoid the problems associated with connecting a business to the utilities network, the French should have carried out a so-called energy audit at the time of the investment risk assessment. This would have indicated the costs required to connect the manufacturing facilities to the electricity and gas networks.

THE FRENCH SHOULD HAVE CARRIED OUT A SO-CALLED ENERGY AUDIT AT THE TIME OF THE INVESTMENT RISK ASSESSMENT.



SITUATION

2

A German manufacturer of car components decided to expand its production network in Russia. They set up a new manufacturing works on an industrial estate. A year after production was launched, the company was issued with a writ regarding a breach of health and safety regulations. It turns out that those running the industrial estate provided the German company with premises next door to a food warehouse, which, under Russian law, is prohibited. The enterprise had to either shut down production or carry out a complicated and expensive refitting. In the end, the company was forced to relocate, which required a large outlay not envisaged in the budget. In addition to this, the company missed its product delivery deadlines.

The German company brought these problems on itself by not assessing the risks associated with the location of production premises. The Germans trusted the industrial estate's management company insofar as the lease agreement stated that no kind of risks or consequences would be incurred from their being located on their industrial estate.

The foreign company did not take into account that it is virtually impossible to call the management company to account for breaching this clause of the contract, or to claim back losses resulting from it. Europeans are accustomed to contractual parties being scrupulous operators who discharge their responsibilities in good faith. But even a respectable Russian company can let its partner down and avoid taking responsibility for the consequences.

EVEN A RESPECTABLE RUSSIAN COMPANY CAN LET ITS PARTNER DOWN AND AVOID TAKING RESPONSIBILITY FOR THE CONSEQUENCES.



SITUATION

3

An Italian producer of glass for general use built a factory in one of Russia's peripheral regions. In doing so, they did not take account of the fact that they built their works in an agricultural area where the population are unused to working in large-scale industry. A year later, they had to release around half of the workforce due to their inability to maintain workplace discipline. The management of the enterprise was compelled to bring in workers from neighbouring areas and even another region entirely.

When choosing somewhere to set up production facilities, a foreign company has to bear in mind more than just the legal and financial risks.

The first thing must be to analyse the socio-economic situation in the region, particularly the availability of a labour force. Inattention to this issue complicated the operation of this Italian enterprise, and led to a rise in its costs. Given the circumstances, resolving the problem in any other way was impossible.

Amongst foreigners, there is the widespread misconception that it is always possible to motivate its workforce and achieve the desired result. But counting on a satisfactory outcome with an ill-prepared labour force is a non-starter.

**AMONGST FOREIGNERS,
THERE IS THE WIDESPREAD
MISCONCEPTION THAT IT
IS ALWAYS POSSIBLE TO
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AND ACHIEVE
THE DESIRED RESULT.**





With Italian Chique!

The international trade shows taking place in Moscow are surprising in their diversity





**THE PIR EXPO
INTERNATIONAL
TRADE FAIR.
RUSSIAN HOSPITALITY
WEEK 2015**



pirexpo.com

05.10 – 08.10

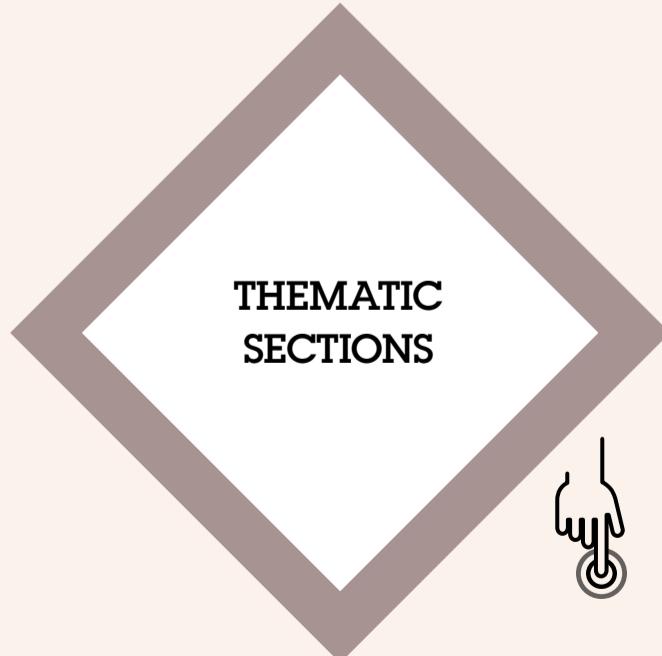
Venue: Crocus Expo IEC

**Profile: hotels, restaurants,
catering, trade and warehouse
equipment**

The international PIR EXPO exhibition is the main professional event in the hospitality industry in Russia and the CIS. PIR EXPO comprises 5 specialized international exhibitions, encompassing all the key development areas of the HORECA industry in Russia. They constitute the fullest and most accurate representation of the latest trends and developments, and successful business solutions, for all groups of HORECA industry professionals. Amongst the participants in the expositions and events programme are companies and specialists from more than 30 countries: France, Italy,

Japan, the United States, Great Britain, Germany, Belgium, Brazil, China, Denmark, Switzerland, the Netherlands, Greece, Turkey, Estonia, Israel, Iceland, Lithuania, Latvia, Rumania, Serbia, Thailand, Croatia, South Korea, Ukraine, Afghanistan, Belarus, Bulgaria, Georgia, Kazakhstan, and others.

**THEMATIC
SECTIONS**





I SALONI WORLDWIDE MOSCOW—2015 INTERNATIONAL TRADE SHOW

www.salonemilano.it

14.10 – 17.10

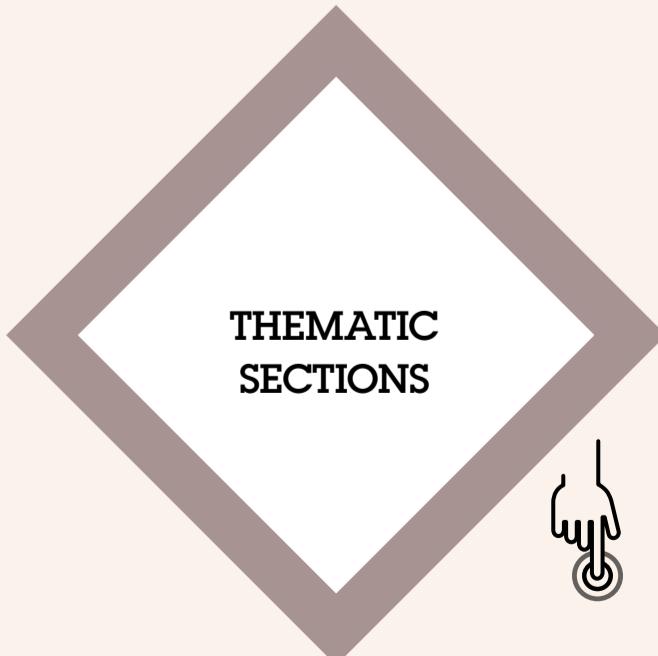
Venue: Crocus Expo IEC

Profile: accessories, interior design, house and home, glassware, furniture, lighting, domestic appliances, furniture manufacturers

I Saloni WorldWide Moscow is a furniture and home decor exhibition unique to the Russian, CIS and the Baltic states markets, where there will be the opportunity to see specially selected items from the classic and contemporary design sections of the April 2015 Milan Furniture Salon (Salone del Mobile. Milano). As usual, part of the exhibition will be given over to the SaloneSatellite young designers' competition, considered a launch platform for young designers from Russia, the CIS, and the Baltic states. Also on once again this

year is the MADE expo WorldWide: an exhibition dedicated to interior architecture and the manufacture of household decorating materials, doors, and windows. In the 2014 exhibition, 526 companies (454 from Italy and 72 from other countries) took part in the exhibition. That year, however, Italy took second place to a number of countries from which Russia imports most of its items of furniture and home decor. As part of these exhibitions, there will be master classes giving visitors the chance to learn much that is new, and to participate in some interesting discussions.

**THEMATIC
SECTIONS**





ZDRAVOOKHRANENYE-2015. XXVTH INTERNATIONAL “HEALTHCARE, MEDICAL TECHNOLOGY AND PHARMACEUTICALS” EXHIBITION

zdravo-expo.ru

7.12 – 11.12

Venue: Crocus Expo IEC

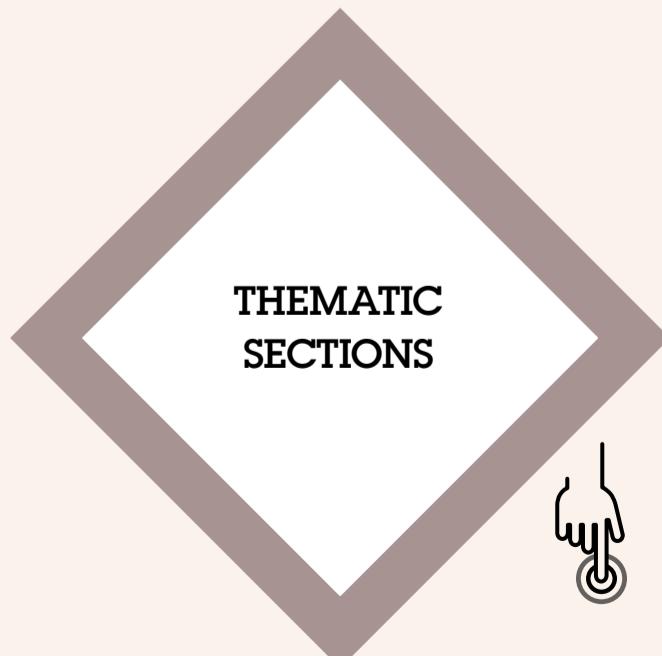
**Profile: Healthcare,
Medical Technology, and
Pharmaceuticals**

“Zdravookhrananiye” is Russia’s biggest and best-known exhibition of medical equipment, disposable materials, and medical supplies. Of particular note regarding the Zdravookhraneniye exhibition and the “Russian Healthcare Week” forum is its unique format of a combined information and exhibition space, bringing together leading producers of medical technology and equipment and pharmaceuticals, healthcare professionals, representatives of government agencies and business circles, and a broad cross-section of the medical fraternity from the country’s regions.

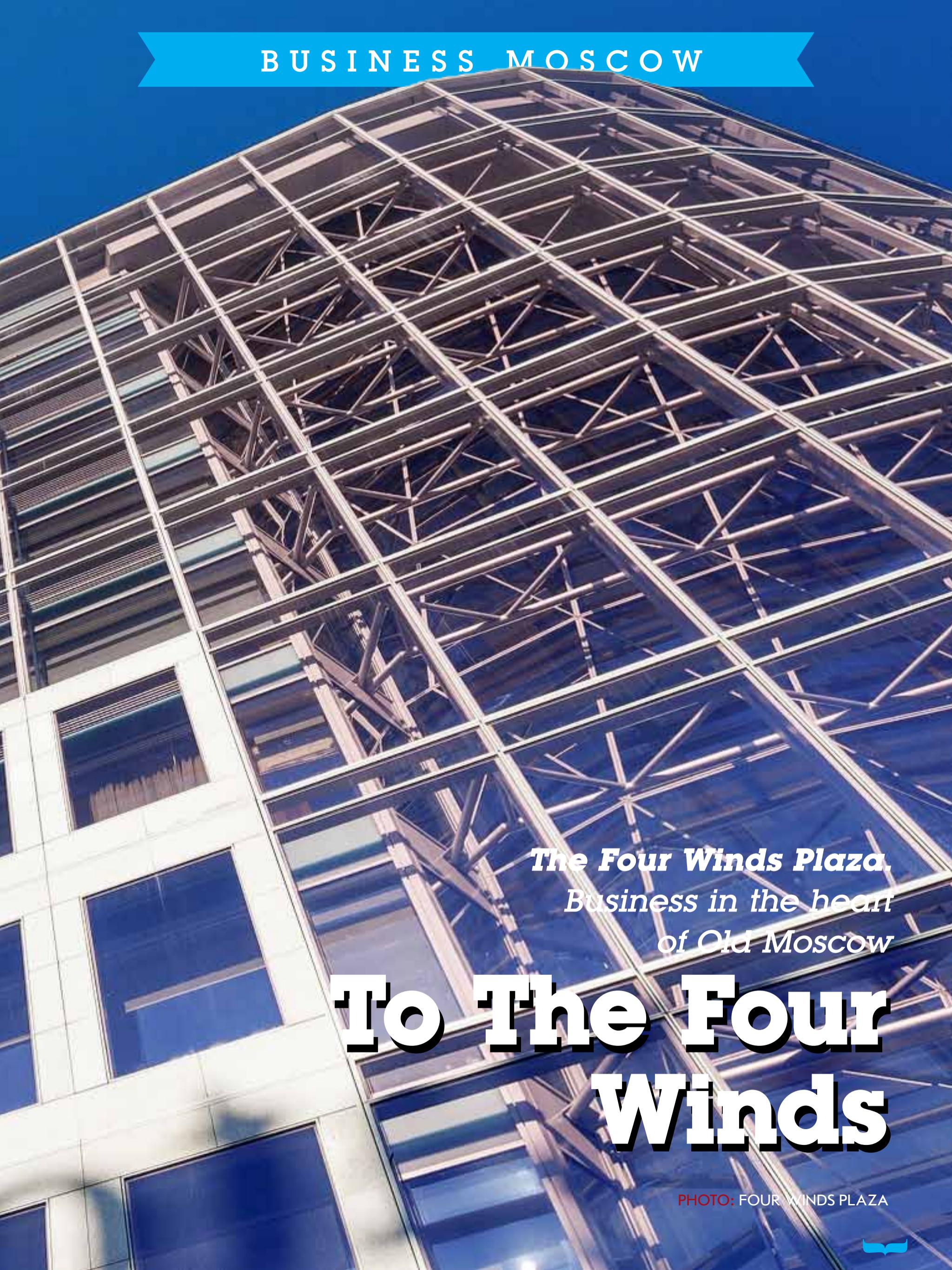
The main events of Russian Healthcare Week will be the Vth International Forum on the prevention of non-infectious diseases and creation of a healthy lifestyle: “For Healthy Life”, and the international exhibitions “Healthy Lifestyle” and “Healthcare”.

Taking part in the exhibition programme will be 1,141 companies from all of the federal regions of Russia and from 42 countries. There will also be 10 national expositions from Belgium, Great Britain, Germany, the People’s Republic of China, the Republic of Korea, Norway, Taiwan, Turkey, the Czech Republic, and Sweden. ■

**THEMATIC
SECTIONS**



B U S I N E S S M O S C O W



The Four Winds Plaza.
*Business in the heart
of Old Moscow*

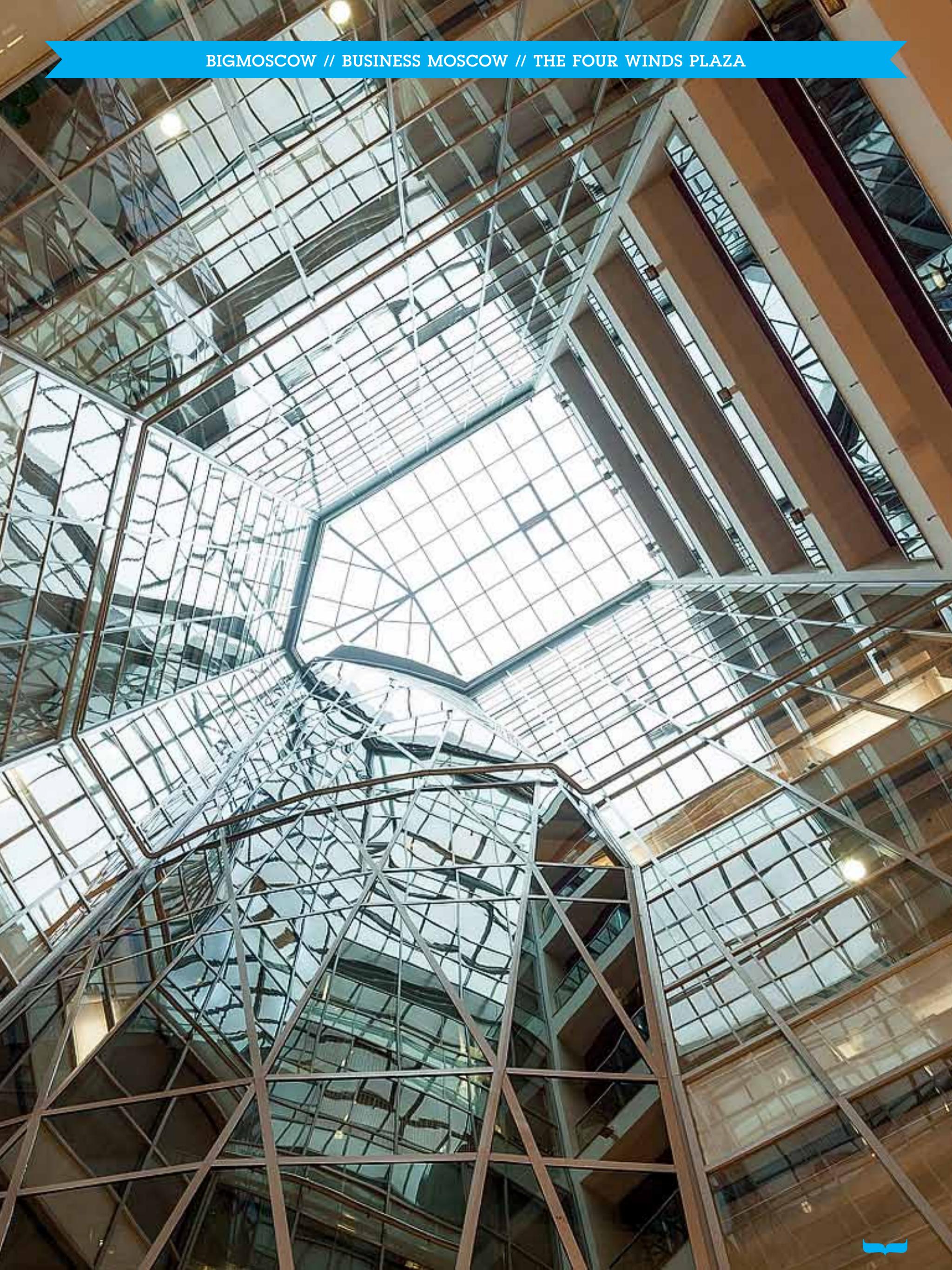
To The Four Winds

PHOTO: FOUR WINDS PLAZA

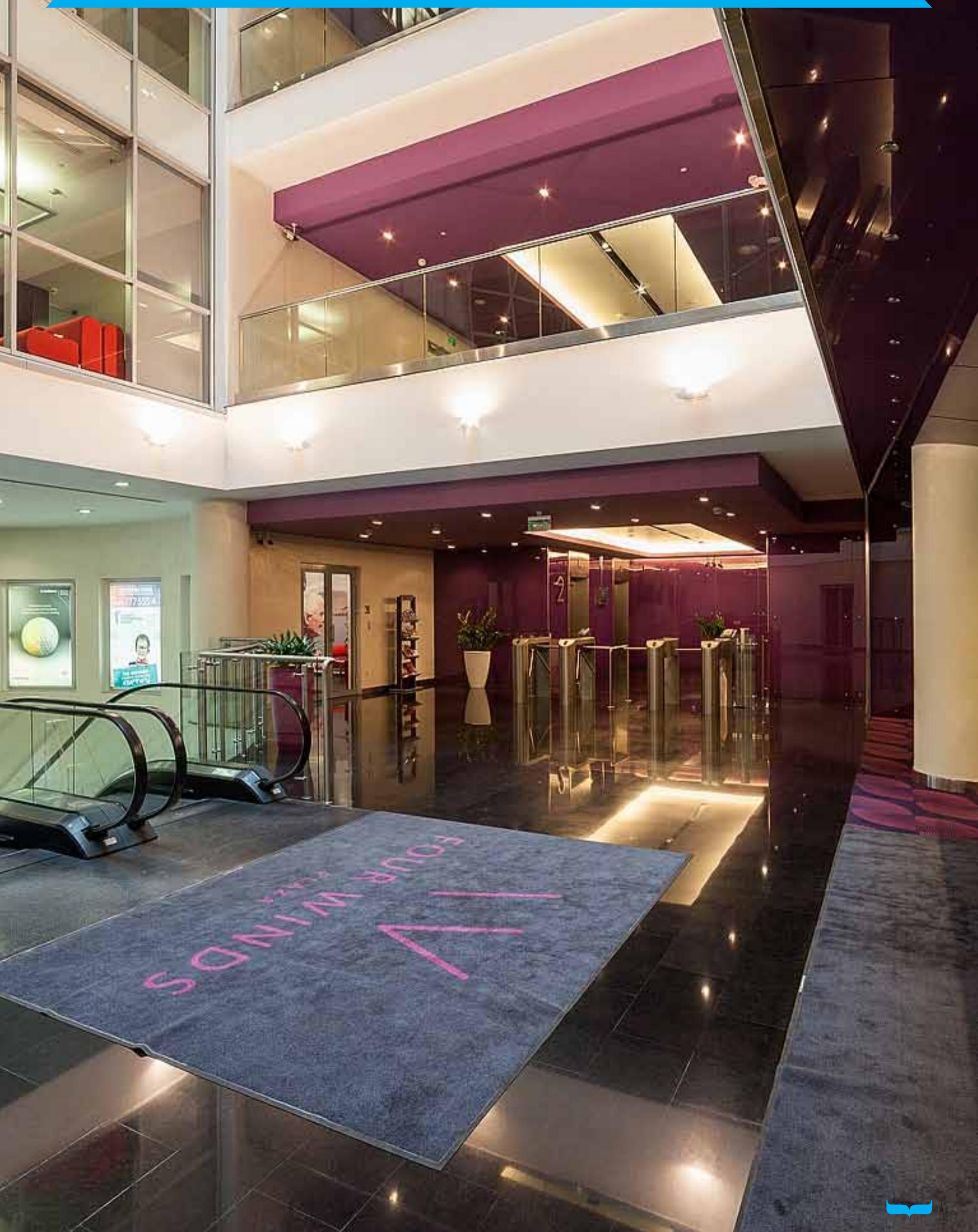




BIGMOSCOW // BUSINESS MOSCOW // THE FOUR WINDS PLAZA



BIGMOSCOW // BUSINESS MOSCOW // THE FOUR WINDS PLAZA



BIGMOSCOW // BUSINESS MOSCOW // THE FOUR WINDS PLAZA







Italian Domenico Giordano is steadily bringing companies from his native country into the Russian market's orbit

In Full Sail

BY: SVETLANA SAMODELOVA | PHOTO: FRANCESCO ROSSINI | TRANSLATION BY: JASON J SHAW

Domenico Goirdano is a native of baking-hot Bari, a port city in the south of Italy. He has now been working in Russia for 12 years. He is a senior expert at the Italian-Russian Chamber of Commerce. For many years, he has headed a consultancy company, and knows all the nuances of the Italian market in Russia.

– Domenico what were your impressions when you first arrived in Moscow?

– I learned Russian at the university in my home town of Bari. In 2003, I came for a six-month language course in St. Petersburg. One weekend, two Swedes and I travelled to Moscow. Straight off the train, we went to Red Square, saw the Manege, the fountains, Alexander Garden. Hanging in the air was the “smell” of money and wealth. I have long since associated Moscow with that “smell”.

Knowledge of a language is not a profession in itself: it is a tool. I decided to open up a consultancy firm. I really wanted more products from my native Apulia to be represented in Russia. I soon realised that living in Italy whilst working in Moscow was impossible. You

needed to get a feel for the city, to be sensitive to the minutest of fluctuations in the market, to keep in constant contact with your partners in order to understand the Russian mentality and win people’s trust. For the first two years, I lived in St. Petersburg, but I started to spend more and more time in Moscow, and soon I realised that it was my city. I love speed, I love taking risks. And Moscow is just like a brigantine scudding ahead in full sail.

– What does your work entail exactly?

– There are a good number of Italian manufacturers – of plates, oil, cheeses, ovens, cookers, and so on – who want to sell their goods in Russia. The ideal partners for them are importers, distributors, but you still need to establish contact, using





various tools. You can, for example, take part in an exhibition, come to Russia and participate in some kind of events, or go and see professionals already working in that field and who already have good contacts. Our consultancy firm Brokerage-Est is

such an intermediary. We evaluate the Italian manufacturers' potential, examine the product pricing, and choose possible partners for them. The initial result is a long list which is whittled down to the most likely partners: the shortlist. An Italian

Knowledge of a language is not a profession in itself: it is a tool.

representative arrives with the relevant samples or technology, and there are further, more detailed negotiations. We assist the manufacturers from Italy at each of these stages. For this we have experts on certification, solicitors, lawyers. For a certain percentage, we also work with those involved in the retail trade.

– *Have there been any companies which you have advised not to enter the Russian market?*

– We carry out a preliminary analysis. Russia is open to everyone, but not everyone is suited to Russia. The market here is big. There is a lot of buying and selling. But not all products are suitable in terms of price, style, or packaging. Or there is, for example, a strong market leader, and it won't allow room for anybody else. Or there are problems with the

customs authorities with importing certain goods. Now, for example, it is difficult to find an importer for expensive high-quality wine. There simply isn't the demand for it in Russia.

– *Do Russian partners differ from Italian ones in any way?*

– I don't agree with those who say that Russian partners do everything slowly. I've had negotiations where we signed the contract in one day. And there have been negotiations which dragged on for two years and never led to anything. Russian businessmen are aggressive and temperamental: the country's scope permits it. To not hurry here is not allowed.

The situation in Italy now is difficult, as it across Europe. I don't sense amongst businessmen there the passion, the burning desire to do something. Whereas that is here in Russia.





We assist the manufacturers from Italy at each of these stages.

– Since the embargo on many goods from Europe was introduced, how has the situation changed?

– For suppliers who continue to import banned goods into Russia, turnover is near to nothing! Some of them have started seriously considering setting up joint production enterprises with their importers. In particular, the embargo has struck a blow to emerging small cheese factories. Or, here is another example. In a recent interview for the magazine RBC, one of the majority shareholders of the Cherkizovsky meat factory, Igor Babayev thanked Barak Obama for the sanctions. He explained this by pointing out that as a result the Russian government had reverted to granting additional funding in order to develop the agrarian sector. His factory was able to expand. Now they are buying more Italian equipment. We are assisting in some of those deals.

Any thinking person with initiative can find ways of developing a business in any crisis. We, for example, have now launched four projects. For instance, in 2008, one of my friends, at the very height of the crisis, started a company along some very original lines. He studied the market and saw what was lacking. He is now developing an original food service. This is it in a nutshell: for example, he offers not the usual salt, pasta, tomatoes etc. but particular types of these products, and explains what you can do with them. Many people know, for example, only one use for salt, but he shows them several other ways in which it can be used. He takes on all the training programmes himself. Those who have worked with him have changed the way they cook and have hugely benefitted. When you offer the market something unique, you are a winner!

– In Moscow you have managed to acquire a house and to get married, is that right?

Russia is open to everyone, but not everyone is suited to Russia.



– I met my wife by chance. A chap I know came up from Kislovodsk, and was telling me passionately about a local dance there, the lezginka. We watched a video together: it is indeed a very lively dance. I went to a dance school and learned how to do the lezginka. Luckily, the school had opened up next door to me. It was there that I met my future wife. She is Azerbaijani, born in Derbent, Dagestan, a doctor by profession.

but for Muscovites, it is an everyday occurrence. At first, I was surprised when I went to the theatre to see people wearing casual clothes, sometimes even jeans and trainers. Then I saw that for Muscovites, the theatre is everyday life, like going to the cinema after work.

I have been living in Moscow now for 12 years but I don't have a car. I get about by taxi. About three or four years ago, I would quite often catch an unlicensed cab, which here they

Russian businessmen are aggressive and temperamental: the country's scope permits it.

Destiny brought two southerners to Moscow: me from the south of Italy, and my wife from the south of Russia. A year later, we had a daughter.

– How comfortable do you find Moscow as a city?

– Comfortable enough. But the main thing is that it is flourishing. In terms of the number of parks, it is second only, perhaps, to London. Here there are a huge number of theatres and concert venues. In Italy, for example, going to the theatre is a particularly rare treat,

call "bombers". You had to wait quite a long time for a taxi then. Now the situation has changed, a large number of companies have sprung up which are quick and provide a taxi at any time for reasonable prices. You can order either economy or business class cars. This segment in Moscow now enjoys a high level of service. I am also impressed by the fact that Moscow has quite a number of shops open twenty-four hours. After a club, you can go out into the dead of night to a supermarket and buy food. Before, because of the advertising





**Russia is a very promising proposition.
It has a future before it.**

hoardings and banners along the roads, and hanging above the streets, you couldn't see the buildings. It was easier to pay a miserable fine than it was to take down an advert. No sooner was there a new mayor of Moscow, than the invasive adverts disappeared from the streets.

– And what would you undertake if you were the boss of the city?

– I would make a separate lane for public transport. And I would also severely penalise car owners who obscure part of their number plates. This makes it impossible to collect photo evidence of car parking offences. It is disconcerting to see an expensive car with a piece of cardboard pasted over its number plate. Does that mean that the driver of an ancient Lada has to pay, while someone sitting behind the wheel of a Mercedes is unwilling to?

– Can you call the capital of Russia a safe city?

– Without doubt. I have been to many European cities, so I have something with which to compare it. There are quite a lot of police officers on the streets of Moscow and on the metro. And if you do come across drunk people, then they aren't aggressive on the whole.

– What can you say about renting office space and apartments?

– In that sense, Moscow is an expensive place. Rents for office premises are substantially higher than in Italy. A third of offices in business centres now stand empty. Many companies, in the interests of economy, have moved over to cheaper premises, both changing location and downsizing. To rent a “one-roomer” in the centre of Moscow, you have to fork out about 1,000 euros. It's about as much to rent a flat in the centre of Milan. As far as hotels are concerned, there are plenty of pricey 5-star ones, but very few good 3-star ones. But, as far as I know, a programme to build economy class hotels in Russia has been approved.

– So is it worth it for foreigners to come to Russia?

– In 21st century Moscow, as in 19th century Paris, there is a lot going on and history is being made. I would like to address, in the first instance, my fellow countrymen. You should regard Russia not only as a place to sell goods, but also as a place to produce them. You can expand your business here, and export goods elsewhere, including the CIS countries. Russia is a very promising proposition. It has a future before it. The advice I would give to those from





The embargo has struck a blow to emerging small cheese factories in Russia.



abroad coming here to Russia to work is: sleep less - an active nightlife is a must – learn the language, work with passion, be genuine with people, and don't be afraid to make contacts. And I ask my compatriots not to forget that we are still Italians: you must maintain your style.

– How, in your opinion, are Italians different from other foreigners?

– Italians are considered to dress well, to be ever smiling, easy to get on with, they don't "overburden" anybody, and know how to enjoy life. It is easy to tell an Italian by the quality of their footwear. It does happen that if you look, there is a German wearing a fabulous suit but his boots are, as they say, "neither here nor there". And socks...! There are no such thing as short socks. They really are supposed to be long! ■

BIGMOSCOW

iPad magazine on how a foreigner can conduct
his small and medium business in Moscow

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