



NEWSLETTER

RUSSIAN-CANADIAN CLUB OF PRESIDENT'S FELLOWS

ВЕСТНИК РОССИЙСКО-КАНАДСКОГО КЛУБА ПРЕЗИДЕНТСКИХ СТИПЕНДИАТОВ • JOURNAL DU CLUB RUSSO-CANADIEN DES BOURSISERS PRESIDENTIELS

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SPECIAL EDITION ON THE YDFP FINAL CONFERENCE



Dear friends!

The Final YDFP Conference was held in Moscow on December 6-7, 2002 under the auspices of the Russian-Canadian Club of President's Fellows and with the participation of the Ministry of Economic Development and Trade of the Russian Federation, the Canadian Embassy and University of Saskatchewan (Canada).

The conference was attended by Canadian Ambassador, His Excellency Rodney Irwin, representatives of Canadian diplomatic and business communities, members of the President's Administration, Ministry of Foreign Affairs of the Russian Federation, Ministry of Economic Development and Trade of the Russian Federation, Institute of the USA and Canada of the Russian Academy

of Sciences and YDFP fellows representing business, government and non-government sectors.

Participants were greeted by the founders of YDFP - first Russian President Boris Yeltsin and former Canada's Prime Minister Brian Mulroney, as well as by Minister of Foreign Affairs of the Russian Federation Igor Ivanov.

The main theme of the conference was the YDFP role in the economic development of the Russian Federation. Russian and Canadian speakers demonstrated the results of training at the institutional and individual levels and presented proposals for developing Russian-Canadian cooperation.

A lot of attention was given to the Russian-Canadian Club of President's Fellows' activities in the context of the Russian-Canadian business cooperation.

Now that the program is fulfilled, we are responsible for the place it takes in the history of Russian-Canadian relations, as well as for the role experience thus gained will play in our own lives.

We are presenting you with a special issue of our newsletter as to the conference's results.

*Sincerely yours,
Andrei Sharonov,
President of the Russian-Canadian Club
of President's Fellows*



**From the "Izvestiya" newspaper
December 7, 2003**

The Russian-Canadian executive training program "Yeltsin Democracy Fellowship" celebrates its 10th anniversary.

"President's fellows who recently came back from Canada were the last to participate in this program," – said Andrei Sharonov, Deputy Minister of Economic Development and Trade. In the past 10 years more than 600 executives from public and private sectors were trained in Canada. Among them Jakhan Pollyeva, Deputy Head of the President's Administration, Lubov Kudelina, Deputy Minister of Defense, and others.



Address of Boris Yeltsin, First President of the Russian Federation

I welcome the participants and guests of the final Canadian Yeltsin Democracy Fellowship Program conference.

In 1992, Canadian Prime-Minister Brian Mulroney, and I created a program to train Russian professionals, which has become an example of successful cooperation between Russia and Canada.

In the past decade more than 600 officials from government, non-government institutions and private companies visited Canada.

The program helped Russian professionals to acquire new knowledge and experience, while also learning modern approaches to solving economic and social problems.

I wish the participants in the conference and alumni of the Canadian Yeltsin Democracy Fellowship Program success, good health and all the best.



Address of Right Honourable Brian Mulroney

In those heady days in June of 1992 when President Boris Yeltsin visited Ottawa, the Berlin Wall, or pieces of it, had already become collectors' items and freedom was ringing out from church steeples the length and breadth of Europe. The Warsaw Pact had collapsed, the Soviet Union was fracturing, and in Russia itself, communism was being consigned to the dustbin of history. It was an exhilarating time.

It was, also, a challenging time, more challenging than most realized, inside Russia and out, as the subsequent years have revealed. The transition to democracy and free markets was to prove more difficult than even the pessimists imagined.

We were not pessimists in those days. We had faith in the resilience and creativity of the Russian people. But we were realists. We knew that seventy years of communism had left Russian officials ill-prepared for the crucial tasks of accountable governance and public administration that awaited them. We knew that much needed to be done in both the public and private sectors, from laying a foundation for the rule of law to understanding the roles of government and industry in market economics.

To help out, we established the Yeltsin Democracy Fellowship Program, named after the man whose leadership was to shift Russia irrevocably away from communism. These fellowships were both theoretical and practical in their goals, giving recipients both an appreciation of the principles of democracy and a practical understanding of the basics of governance through assignments in the Canadian public service. In time, business people joined the program, accelerating and broadening the benefits. By the conclusion of the project, 600 fellows will have participated, from both the public and private sectors.

Graduates apply their experience throughout their careers and pass on their insights to colleagues, multiplying the beneficial impacts to Russia of the fellowship program. Canada, too, benefits as the precepts of democratic governance and private initiative take root and propagate in Russia. This contributes to stability and progress which together help not only to improve the lives of Russian people at home but also to enhance the constructive role they can play globally. We hope as well that the recipients of these fellowships take home sufficiently positive memories of Canada and Canadians that they become goodwill Ambassadors between our two countries. In these ways, the Yeltsin Democracy Fellowship Program is a sound investment in peace and prosperity for all concerned that will pay dividends for years to come.





Rodney Irwin

*Ambassador of Canada
to the Russian Federation*

I am delighted to address this conference devoted to examining the results of the Yeltsin Democracy Fellowship Program. I am pleased to see close Russian colleagues in the audience as well as Canadian visitors. On behalf of the Government of Canada -- including all of the departments and agencies, business people and civil society organizations with whom you have engaged over the years -- I am delighted to report that the impact of your work has exceeded our expectations.

Since 1992, the YDF program has succeeded in building enduring links between Canada and Russia. The program is about much more than training: it is a vehicle for building lasting partnerships which matter to Russia's reform process and the strength of our bilateral relationship. To date, the YDF program has trained over 500 reform leaders from a variety of government departments and private sector organizations.

We have been a proud host of the trainees. Nothing, however, rivals our feeling of accomplishment when YDF participants return and end up making a real difference in the future of Russia.

The YDFP has been, and will continue to be, a major feature of the constructive relations between our two countries. I view the Program as one of Canada's major contributions to the restructuring process in Russia. Russia, like Canada, needs creative individuals who see the global community as their

marketplace and who have a truly international perspective. That is the most important component of this programme -- the professional development of Russian business people for a new kind of business environment.

The growing exchange of professionals and civil servants between Russia and Canada reflects the new tone and substance of our relations that has emerged in the last few years. Over the past decade, almost all departments and agencies of the Canadian Government have established relationships with their new Russian counterparts, while business to business, person to person ties are multiplying.

Today what draws our peoples, and our governments, together are still our commonalities and shared experiences. Our cold winters, vast land, sense of nordicite and love of hockey. Our shared federal system with inevitable tensions between the centre and the regions. Our multiculturalism, and the richness of our natural resources.

This is as true in trade as it is in politics -- there is great promise in natural resource development, construction, infrastructure, energy, agri-food and other sectors. The tremendous participation from both the Canadian and the Russian side during the February 2002 Team Canada trade mission to Russia -- well over 1000 people -- shows how much potential our trading and other business relationships have to offer.

However our partnership in these areas will not come naturally: it will only proceed from commitment and action on both sides. The YDF program provides the sort of mechanism we need to build these partnerships and assist both Russia and Canada in capturing the potential of youth, trade and technology.

I wish you continued success in the program and thank you for your support and engagement over the years.





Address of Igor Ivanov, Minister of Foreign Affairs of the Russian Federation

The YDF Program, established 10 years ago, has become one of the most successful projects in the field of cooperation between Canada and Russia. It provided hundreds of Russian government officials, civil society leaders and business people with an opportunity to get first-hand experience on Canadian principles of governance in public and private sectors.

Another output of the program - the development of professional and personal contacts between the participants in the program is important as well. A good example of such networking are the buoyant activities of the Russian-Canadian Club of President's Fellows, which became one of the organizers of this conference. I believe that the conference will contribute to strengthening mutual relations between our two countries.

The YDF Program, having reached its goals, comes to an end. But other projects will be developed in the near future, preserving and expanding good traditions of Russian-Canadian cooperation in the sphere of professional training.

I wish you further success.

Igor Neverov

Director, North America Department, Ministry of Foreign Affairs of the Russian Federation

It is a great honor to speak at the conference devoted to the successful closing of the YDF program. Those who participate in it are sincerely interested in improving our relations with Canada and are ready to contribute to this task.

I should say that from 1993, when this program began, through to the present, cooperation between Russian and Canada has moved forward significantly. The Joint Efforts Plan, accepted by President Putin and Prime Minister, the Right Honorable Jean Chretien during the Team Canada visit to Russian in February 2002 and new important agreements reached at their meeting during the G8 summit are good examples of that. In Los Cabos the leaders of our two nations planned to meet for the third time this year, but for well known reasons Vladimir Putin could not take part in the APEC summit and the Canada's Prime Minister, the Right Honorable Jean Chretien had a meeting with Russian Prime Minister Mikhail Kasyanov.

Positive trends are most visible in intensive political dialogue between our countries. As a result, we share similar approaches to international issues as well as witness continuous strengthening of cooperation in the field of international security. In general, Canada becomes a more and more important partner for our country on the world arena.

Regional and industrial contacts continue to expand as well. The Honorable Robert Nault, Minister of Indian and Northern Affairs Canada, and the Honorable Lyle Vanclief, Minister of Agriculture and Agri-Food Canada, both recently visited Russia. In June 2002, during a visit to Canada by the Governor of St. Petersburg V. Yakovlev an agreement on cooperation was signed between St. Petersburg and the province of Quebec. More recently, a delegation of the

Sport Committee of Canada was in Moscow to sign a memorandum on cooperation with the Russian State Sport Committee.

The official opening of a Russian general consulate in Toronto will also benefit bilateral relations.

We in Russia have appreciated greatly the fact that the Canadian authorities immediately had offered assistance and support after the terrorist act in Moscow in October 2002. I should say that we are successfully cooperating in the face of new global challenges and dangers and first of all in the fight against international terrorism.

Last year when Canada presided over the G8 meetings Russia moved forward to a full membership in this organization.

An introduction at the Kananaskis summit of an initiative for a global partnership to stop proliferation of nuclear and mass-destruction arms was another important result of this. Bilateral cooperation in this field is successfully moving forward. Canada has agreed to provide substantial financing in the next 10 years for the chemical weapons and nuclear submarines utilization programs. The signing of a bilateral agreement on abolishment of chemical weapons by the Honorable William Graham, Minister of Foreign Affairs, during his visit to Moscow in November was an important step in this direction.

Of course, there are some problems in our relations. And the most important one – economic and investment cooperation between our countries is at less than satisfactory level. Unfortunately, trade volumes continued to decline in the first half of 2002. We hope that the 6th session of the Intergovernmental Economic Commission to be held in the first half of 2003 will help to improve the situation.

In this respect I would like to welcome the efforts of the Russian-Canadian Club of President's Fellows to encourage cooperation with the Canadian Business Association in Russia, Canadian businessmen and companies which hosted Club members in Canada. And our ability to bring economic cooperation to the high level of political dialogue depends, first of all, on the business circles in both countries.

At the same time there is good progress in several areas, such as technology. An agreement was reached to establish a Standing Commission on cooperation in this field, an memorandum of understanding in the field of cooperation

in non-military deployment of nuclear energy was signed, an agreement on space projects is being worked out. Dialogue on energy problems is another high priority.

Taking into account the fact that Russia and Canada are Arctic neighbors and have similar geographic and climate conditions, we believe that the Nordic dimension is a priority in mutual relations. There is an idea to make Nordic cooperation the focal point of the first visit to Russia of the Right Honorable Adrienne Clarkson, Governor-General of Canada, which is bound to be of historic importance.

Besides several other important events are planned for 2003 – Jean Chretien's participation in celebrations in St. Petersburg, the Right Honorable Dan Hays', Senate Speaker, visit to Russia and some others.

We believe that the above will help our countries to use the huge potential of cooperation that we have, and to bring Russian-Canadian cooperation to a new level.

The technical support program for Russia of the Canadian International Development Agency, an integral part of which is the YDF Program, is very important for mutual cooperation. I should underline that the Ministry of Foreign Affairs of the Russian Federation assesses highly this program, which was successful in meeting its goals, thus contributing to transition to market economy and democratic society in Russia.

The figures speak for themselves – in the past 10 years about 600 Russian executives were trained in Canada. I am sure that for each of them a visit to Canada was beneficial from the professional point of view. It is well known that the Canadian model of managing the state and society is one of the most effective in the world. That is why 75 per cent of the program fellows say that the training they received in Canada helped them to get knowledge necessary for their work. An illustration to this point is the fact that program fellows have established their own organization to help each other and to develop joint projects using experience and contacts acquired in Canada.

The success of the YDF Programs is proved by the fact that after its completion cooperation between our countries in this field will go on. Soon a new mechanism for training - a management consulting and assistance program - will be put into life. Its name may be not too impressive, but we are sure that it will preserve and develop the best features of the YDF initiative.



Peter MacKinnon,
President,
University of Saskatchewan

It is my pleasure to share with all of you present in Moscow the accomplishments of a decade of cooperation between Canada and Russia through the Yeltsin Democracy Fellowship Program. I sincerely regret that other pressing commitments here are keeping me away from being personally there to join with you in this pleasant occasion. As one who has been a part of the management team of the YDFP from the beginning of the Program in 1993, my heart is with all of you – the program alumni, the Russian cooperating stakeholders and others who have given so much to make the program a success.

The University of Saskatchewan has been proud to be the sponsoring institution for the Yeltsin Trust Fund, which the Government of Canada gave us to manage. Over the years my university has been the host to a number of Yeltsin Fellows from all across the Russian Federation, representing every segment of the Russian society that is instrumental in the process of democratic reform in Russia.

I fondly remember my visit to Moscow in connection with the Program and my interactions with the members of the Russian judiciary. I will also cherish the Honorary Membership of the Russian-Canadian Club of the President's Fellows that the Club gave me so generously.

We have the privileged of welcoming every Yeltsin Fellow to be an alumnus of the University of Saskatchewan and thus enlarge our alumni family in the Russian Federation. I have asked our office of Alumni and Development to explore ways through which there could be continuing communication between the President's Fellows in Russia and the rest of our alumni community throughout Canada and other parts of the world. I sincerely believe that such a linkage would enrich Canada-Russia cooperation and would allow the Fellows to remain engaged with their hosts and associates throughout Canada.

I wish you all the best in your conference deliberations.

Abstracts from the presentation of Nathan Hunt, *President of CBAR*

- Canada is a country of immigrants - all countries of the world have enriched our society. Because of this Canadians are more open to other cultures and receptive to their traditions than many other North American and European nations. We are also united by the factors that Mr. Ambassador mentioned: - weather- friendliness – tenaciousness. If we Canadians can be a little more Russian and our Russian partners can be a little more Canadian, everything will work.

- The program comes to the end, but the Club of President's Fellow continues its work. I believe that partnership is not made by statistics or ministries or government programs - it is made through personal contacts

- The King is dead! Long live the king! Or like Mark Twain wrote: "Rumors of my death are greatly exaggerated". I hope the "closing" of the Yeltsin Democracy Fellowship will mark the "opening" and expansion of commercial contacts between our two nations.



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www.usask.ca/alumni.

To obtain access to the On-Line Community:

E-mail the University of Saskatchewan University Advancement office at alumni.office@usask.ca to inform us of your interest to access the University of Saskatchewan On-Line Community.

Please include your name and indicate that you are a graduate of the Yeltsin Democracy Fellowship Program.





Sergey Rogov

*Director, Institute for the USA and Canada Studies
President, Russian Association of Canadian Studies*

Welcoming those present at the conference and members of the Russian-Canadian Club of President's Fellows I would like to underline a very important fact – today studying such a dynamic country as Canada is less a prerogative of academic science than it was 10 years ago. Today, thanks to the YDF Program, a large group of influential people representing various interests in Russia became acquainted with Canadian experience. And this aspect is very important at our country's present stage of development.

Russia stepped into the XXI century aiming to solve two problems: to build a political democracy and to create a market economy. At the same time the Russian Federation has to integrate into global economy, dynamics of which are to a large extent connected with information revolution. New knowledge about the world, its development, about the emerging international order, about the countries and their experience in solving modern problems, about opportunities provided by cooperation with these countries are important parts of the information revolution.

Interest in Canada becomes more and more crystallized in the broad specter of Russian international interests, since Canada is a young and dynamic country where there is a large and underemployed potential for productive cooperation. Comparing Russia and Canada we note huge territory of both countries, striking similarities in geography and weather. We should also add that unlike other countries Russia and Canada have a common agenda, common problems which we should address on a day-to-day basis, such as mechanisms for managing huge territories, fair and productive Nordic development, problems of federalism, preserving cultural and nature heritage for the future generations, making our multiethnic countries a real Motherland for every citizen.

Russia and Canada are also united by one aspect connected with a current geopolitical situation: its regrettable, but speaking about economic potential and political influence Russia today is closer to Canada, which traditionally positioned itself as a middle-tier nation, than to the US, the superpower with which we are more used to compare our country. That is why we are very interested in Canadian experience of gaining international authority, the task in which Canada succeeded in recent decades thanks to its efforts in peacekeeping, solving humanitarian issues and global problems, as well as its support for international organizations.

I hope that this conference as well as the Club's activities in general will benefit mutual understanding and cooperation between our countries.





Mikhail Moshnin

First Vice-President of the Club

Over the last 10 years, the YDF Program involved hundreds of Russians and Canadians, provided thousands of hours of training and seminars and invested considerable resources.

The Program is coming to its end... So, what is the result of it?

First, both the Canadian and the Russian sides gained a unique experience in transforming Soviet mentality into Russian professionalism.

Second, hundreds of energetic, young (and not so young) citizens of the new Russia had the opportunity to see the real

West in its pure form, or – if I am allowed to say so – “the West for domestic consumption”, rather than a promotional photo on a cover of a trendy magazine.

Third, and the most important, all who visited Canada thanks to the Program developed a taste for a maple syrup!

It would be regrettable, if such great achievements became part of history, deserving nothing more than a modest place in family albums and old letters. We had a chance to know each other well enough in order to work together in the future. On the one hand, many Canadian businesses want and can work in our rather peculiar Russian environment. There are successful cases. On the other hand, there are hundreds of YDF graduates all over Russia – from Vladivostok to St-Petersburg - who understand what a real “market economy” is, have warm feelings toward Canada and can communicate with Canadians in their own language.

Thus there is a unique opportunity to represent the interests of Canadian business and culture all over the Russian Federation through a network of the YDF graduates. No doubt, this won't be a one-way street for long.

Zufar Kamalov

*Head, Innovation Agency
of the Republic of Baskortostan*

Development of Regional Innovation System

In the middle of the 20th century American economists such as M. Abramovitz and Nobel laureate R. Solow claimed that more than 80 per cent of the GNP growth in the US was achieved through innovation. So only 20 per cent of growth was a factor of labor and capital. Studies in other countries also led to the conclusion that in the 20th century 75 to 80 per cent of GNP growth came through innovation (in our country this figure was about 70-80 per cent before 1990, but it is only 5-10 per cent today).

Development of innovation activities is crucial for effective economy. Without an innovative economy, scientists and research institutions – owners of intellectual property – will be unable to receive dividends and could not become more interested in applied research. So stimulating



innovation activities and development of technologically-advanced production is a very important part of industrial and economic policy.

Innovation climate in the Republic of Bashkortostan is captured by the following figures. In the corporate sector in 2001 99.5 per cent of corporate innovation financing came from their internal sources because the federal budget and commercial banks do not support innovation activities. About one third of the sums goes into R&D and equipment, and only 1 per cent is used for marketing support, underestimating its importance.

At leading companies in other countries nonmaterial assets may represent more than half of total assets. Nonmaterial assets of Russian industrial companies were only 0.1 per cent of their assets. In 2002 investment in nonmaterial assets was only 0.15 per cent of total investment, compared with 50 per cent invested in equipment.

This situation is quite typical of Russian regions. According to Goscomstat of Russia, only 4 to 5 per cent of companies develop innovative projects. In the US this figure is more than 35 per cent. If at the beginning of the 90s, Russia manufactured about 8 per cent of high-tech products in the world market, today this figure is only 0.4 per cent.

Is there an opportunity in Russia to built not only a natural resources-oriented economy but to take advantage of the R&D potential? What should we do for that?

Training in Canada in 1996 gave me some of the answers. At that time I worked as head of scientific and technological policy department of the State Commission on Science and Education of the Republic of Bashkortostan. Alexey Talonov from the Ministry of Education of the Russian Federation and I had numerous meetings in Canadian universities, technology parks, government agencies, funds, small innovation firms. Our program was superbly arranged by our tutor, Robert Armit, a well known figure in venture business.

I can formulate the following conclusions. Scientific activities naturally end when the results are available and published, while industry needs ready-for-use technology and equipment. So there is a problem to stimulate activity in the middle – in the sphere of innovation, which should bring scientific achievements to the level of a marketable product.

So the development of an effective innovation system is a common task for all governments. According to experts, it takes not less that 20 years for this system to emerge (in developed countries in was formed in 1970-80s). It is widely accepted that government should play an active role in this process, favorable conditions should be created for the innovation business which is risky by its nature, priority should be given to small companies which are more flexible in R&D, mechanisms should be created to evaluate and finance each project separately, support should be given to infrastructure institutions – information and consulting firms, technology parks, etc. Human resources

require special attention. In OECD, for each scientist there are 10 managers responsible for evaluation, patenting and promotion tasks. Vice versa is true of our country, where there are 11-12 scientists for each manager.

I tried to apply knowledge acquired in Canada while preparing a Concept to Develop Science and Innovation Activities in Republic of Bashkortostan in 2001-2005 and a corresponding program. Over the few years several important elements of a regional innovation system were created in the republic, such as Innovation Fund and a Council on Science, Technology and Innovation Policy of the Government of the Republic of Bashkortostan.

In Russia lack of support for non-government innovation projects is a serious and specific problem. The market innovation system should be created in place of a destroyed centralized system for promoting and financing innovation projects, on the pieces of fully-integrated scientific and industrial complexes. For example, the scientific complex designed to solve problems in oil exploration, production, transport, refining and petrochemicals in Bashkortostan worked for the petrochemical industry of the whole Soviet Union.

So there is a growing need for institutions which can help regional industrial complexes to take advantage of R&D complex at the regional and national level. For this purpose a non-for-profit Innovation Agency of the Republic of Bashkortostan was established by a number of research institutions, universities and small businesses with support from the regional government. The main task of the agency is to look for promising new technologies and equipment and to support their use in Republic of Bashkortostan, as well as promotion of new technologies, assistance in solving technological problems for the regional industrial companies, assistance in developing innovation projects and in attracting financing.

It is well known that personal relations are one of the main channels to obtain important information in the field of innovation business. Every person may possess knowledge about at least one technological innovation, used in his city or region. I will be very glad if someone among the Club members has ideas in this field and would like to cooperate with the Innovation Agency of the Republic of Bashkortostan.

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M. Kryanin
*Head of North America Division
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Russian-Canadian Intergovernmental Economic Commission and its standing commissions

The Russian-Canadian Intergovernmental Economic Commission (IEC) was established in accordance with the Agreement on Economic Cooperation Between Russia and Canada (1993). Five sessions of the IEC were held to date. The first took place in Ottawa (October 5, 1993), the second – in Moscow (October 16, 1996), the third – in Ottawa (October 10, 1997), the fourth – in Moscow (June 29, 2000), and the fifth – again in Ottawa (November 1, 2001). The sixth session is planned for May in Moscow.

The commission is co-chaired by V.B. Khristenko, Deputy Prime-Minister of the Russian Federation, and P. Pettigrew, Minister for International Trade of Canada.

Standing Commission on Mining

The Standing Commission on Mining was created in October 1997 at the 3rd session of the IEC in Ottawa. Its first meeting was held in April 1999 in Moscow. It is supervised by the Ministry of Natural Resources of the Russian Federation.

The following issues were discussed at the 4th session of the Standing Commission (March 14, 2001):

- participation of Canadian companies in exploration and production of non-liquid minerals in Russia;
- economic and social development of the Northern territories;
- exchange of information between the Russian Ministry of Natural Resources and the Canadian Department of Natural Resources, joint efforts in the world commodity markets, joint exploration and production projects in third countries;
- Canadian interest in Russian mining and processing technologies for precious stones, precious and non-ferrous metals.

A Memorandum of Understanding Between the Ministry of Natural Resources of the Russian Federation and the Department of Natural Resources of Canada on Cooperation in the Field of Exploration and Production of Mineral Resources and Investment was signed.

Work to develop cooperation in this field is carried out in accordance with the provisions of the Joint Statement on the Results of the 5th Session of the IEC.

A seminar, entitled “Mining Industry in Russia: Business Perspectives for Canadian Companies”, took place in Feb. 2002 in the framework of the Team Canada visit, continuing a series

of joint seminars and meeting which took place in Moscow, St. Petersburg, Toronto and Ottawa in 1998.

National sections of the standing committee met on a regular basis in 2002 to discuss current issues of the Russian-Canadian cooperation in mining, as well as the agenda for the next regular session of the IEC.

Standing Commission on Arctic and Nordic Development

This standing commission was created at the 3rd IEC session in Ottawa (October 1997). It is co-chaired by Leonard J. Edwards, Deputy Minister for International Trade, and M.M. Tsikanov, Deputy Head of the Ministry of Economic Development and Trade. The standing commission is supervised by the Ministry of Economic Development and Trade of the Russian Federation.

Arctic and Nordic cooperation is one of the main priorities of the Russian-Canadian cooperation. It is carried out in accordance with the Russian-Canadian Statement on Cooperation in the Arctic Region and in the North (December 17, 2000), which was signed during an official visit of V.V. Putin, President of the Russian Federation, to Canada, and a Russian-Canadian Plan of Joint Efforts to Expand Bilateral Cooperation.

Some issues are still to be settled concerning problems of the native people and joint projects initiated in accordance with the Memorandum of Understanding Between the State Commission on the North of the Russian Federation and the Indian and Northern Affairs Canada, signed in 1997 and prolonged in 2000.

The Department of Ecology Economics and Natural Resources believes that the standing commission and the IEC should support an initiative to organize round tables and joint conferences to encourage investment in the GEF project - “Russian Federation – Support for the National Plan to Protect Arctic Sea Environment”. Canadian side confirmed its financial assistance and participation in this project.

The development of cooperation requires participation of the Canadian side in the following projects:

- GEF/UNEP project “Complex Ecosystem Approach to Preserving Biodiversity in the Russian Arctic” (ECORA);
- Pilot project “Sustainable Social and Economic Development of the Native People of the North, Siberia and Far East of the Russian Federation”.

Taking into account huge Canadian experience on the problems of the Nordic native people, participation of the Canadian side in a full-size project for the whole Russian North is very important.

The following priorities are recommended for the Russian-Canadian cooperation development plan:

- participation of our countries in the Arctic Council Regional Efforts Plan to Protect Sea Environment from Dry Land Activities, which is supported in the Arctic Council by the Canadian side;
- development of cooperation to support projects in the framework of the National Efforts Plans (only Russia and Canada)

do have such plans);

- joint projects in Russia.

The importance of the Nordic dimension for the Russian-Canadian relations and the need for the Nordic cooperation programs to be included in the Russian-Canadian Joint Efforts Plan were underlined at the "North-North" symposium (Ottawa, December 2001), where M.M. Kasyanov, Prime-Minister of the Russian Federation, participated.

In particular, the co-chairman of the standing commission expressed an opinion that the draft of the Joint Efforts Plan should include the initiative to unite Nordic chambers of commerce. They also expressed interest (especially the Russian side) and readiness to support the idea of cooperation in the field of trans-Polar air transportation (the Winnipeg-Krasnoyarsk route) and underlined the importance of the program to use Canadian experience in working on legislative and institutional structures for the development of the Russian North.

A lot of attention in the Russian-Canadian Joint Efforts Plan to expand cooperation is paid to strengthening bilateral relations in the Arctic region and in the North. Despite the fact that these issues are discussed in the document in less detail than it was originally planned, the sides agreed to develop an agenda for Nordic cooperation with special attention to key economic issues such as development of the petroleum and mining industry, transportation and support for the native people.

Meeting with Canadian officials, which are working in this field (in the Department of Foreign Affairs and International Trade, the Indian and Northern Affairs Canada, Canadian International Development Agency, Export Development Corporation) showed that Canadians continue to consider cooperation with Russia in the field of developing mutual relations in the Arctic region and in the North as one of the priorities of their foreign policy and development of economic and trade cooperation.

An official visit to Russia of R. Nault, Minister of Indian and Northern Affairs, took place in September 2002. Canadian experts believe that it is the first important step to develop a "new strategy" of Russian-Canadian relations in the Arctic region and in the North and it can give them an additional impulse.

Among the possible projects, there are development of communications between the two countries in the Internet framework, creation of a united web-server for the Nordic board of chambers.

At the first stage, Canadians suggest to open a Center for Business and Services to provide consulting and information services to the business community. The fact that presently not everybody (first of all in the Russian North) have access to electronic databases is taken into account.

This project can benefit the general social and economic climate in the regions of the Russian North. Many economic problems of the Russian North can be solved by means of cooperation between small- and medium-sized businesses of the two countries. The development of the project, besides its information part, opens perspectives for creation in the region of new transportation corridors, which can partly solve the

problem of Nordic transportation (it is cheaper to deliver many goods from the Canadian Northern provinces than from central Russia). More active economic cooperation will lead to increased Canadian investment in the Russian North. It will be a new impulse for the current agreements, for example, the one on venison processing. Special Economic Zones legislation, which is being drafted by the Ministry of Economic Development and International Trade, can also play a positive role being timely for the northern regions of Russia.

Standing Committee on Cooperation in High Technology Industry

This standing committee was created at the 3rd IEC session (Ottawa, 1997) and replaced a subcommittee on new technologies.

It is co-chaired by R. Watkins, head of the International Trade Division of the Industry Canada, and V. Sergeev, head of the Defense Industry Department of the Ministry of Industry and Science.

The standing committee is supervised by the Ministry of Industry and Science of the Russian Federation.

The Ministry of Industry and Science is increasing its efforts in this direction in accordance with the Joint Efforts Plan.

Cooperation exists in the field of high technology, including aerospace, information technologies and communications, technology for the mining and steel industries.

In December 2001, a Memorandum of Understanding on Development of Cooperation in the Field of Telecommunications, Information Technologies, Systems and Projects was signed between the Ministry of Communications and Information of the Russian Federation and the Industry Canada. In February 2002, a seminar and a round table entitled "Connecting Canadians National Program. Canadian Experience for Electronic Russia" took place during Team Canada visit to Moscow. This seminar was the first step in accordance with the Memorandum. During the seminar an agreement to establish the Russian-Canadian Standing Committee on Telecommunications and Information Technologies was drafted.

Beyond IEC framework, an organizational meeting of the Russian-Canadian Standing Committee on Information Technologies took place in Charlottetown (Canada) on September 8-11. It was decided to establish three subcommittees:

- information society services;
- "electronic government";
- information infrastructure.

An agreement was reached that the new standing committee will be co-chaired by representatives of the Ministry of Communications of Russia and the Department of Industry of Canada at the deputy ministers level, while two of the subcommittees – on information society services and "electronic government" will be co-chaired by representatives of these ministries at the deputy heads of department level. Information infrastructure subcommittee will be co-chaired by representatives of the JSC Svyazinvest and Nortel Networks. From the Russian

side the standing committee will be co-chaired by A. Korotkov, Deputy Minister of Communications, who was nominated by L. Reyman, Minister of Communications.

The sides agreed that coordination of Russian and Canadian efforts to prepare 2003 and 2005 World Information Society Summits will be part of the standing committee's activities. Among other priorities – cooperation in developing a central register of population, development of distant education systems and telemedicine.

Standing Committee on Fuel and Energy

This standing committee was established at the 1st EIC session (Ottawa, October 1995) and its first meeting took place on September 27, 1996. It is supervised by the Ministry of Energy of the Russian Federation.

The standing committee is co-chaired by A. Turbin, head of the International Economic Activities Department of the Ministry of Energy of the Russian Federation.

The 4th session of the IEC approved a plan of activities, developed by the standing committee, which makes the oil and gas sector a priority in expanding cooperation. The plan provides for development of equipment supplies and oil and gas extraction services, management services in the field of oil processing, joint ventures and 100 per cent subsidiaries, supplying of environment protection equipment and services, several projects in Russia and in third countries, training of Russian oilmen in Canada.

Standing Committee on Construction

This standing commission was established at the 1st IEC session (Ottawa, 1995). Its first meeting was held on October 15-17, 1996 in Moscow (in accordance with the Memorandum of Understanding signed on October 5, 1995 in Ottawa). The standing committee is supervised by the State Committee of the Russian Federation on Construction and Housing-Communal Complex (Goscomstroy).

It is co-chaired by the Vice-President of the Canadian Mortgage and Housing Corp., from the Canadian side. From the Russian side it was co-chaired by A. Shamuzafov, head of the Goscomstroy, who retired in October 2001.

The main interest of the Canadian side is to continue joint activities in the field of certification and standardization.

Cooperation continues in the field of providing construction technologies at the regional level (Rostov and Irkutsk regions, Republic of Bashkortostan, Far East and Far North) with participation of such Canadian companies as FSC, Nascor, CANstroy, Canada North Project and others.

Representatives of the Russian construction industry express constant interest in starting and developing cooperation with the Canadian side. For example, there is an interest at the regional level in production of energy-saving equipment and super-firm construction materials based on Canadian technologies. There are applications for CRE credits for up to \$100 million.

The signing on February 15, during the Team Canada visit

to Russia of the Protocol on the Concordance Between the Goscomstroy of Russia and CMHC on the Creation of Conditions for the Spreading of Progressive Construction Technologies on the Russia Market Project was the main event of 2002. It was one of the steps to establish Russian-Canadian regulations for design and construction of individual residential housing, built on Canadian carcass technology with local maintenance systems.

As for the Agreement Between the Goscomstroy of Russia and CMCH on the Creation Conditions for the Spreading of Progressive Construction Technologies on the Russia Market Project, signed at the 4th plenary meeting of the standing committee (November 1998, Moscow), we should say that the Russian side with the assistance of Canadian technical experts developed and approved regulations for design and construction of various types of individual residential housing built on Canadian carcass technology with local maintenance systems.

Canadian International Development Agency and CMHC provided financial assistance for the project in association with Canadian National Research Council and Underwriters – Canadian Certification Laboratory. The project cost was US\$1.6 million.

The realization of this agreement enabled Canadian companies to become more active in the Russian construction market. The 10,000 New Canadian Homes Program received a new impulse. We should notice that there is a tendency that Canadians move from importing construction equipment and materials (windows, outside panels, carcasses, wallpaper, floor coverings and so on) to establishing full-size production of them with their Russian partners and from Russian materials with the transfer of corresponding licenses and technology. According to estimates of Canadian experts, Russian materials and equipment will cost 30 per cent less, which could cut the cost of Canadian housing.

From ten to fifteen Canadian companies work in Russia on a permanent basis. Most active among them are Nascor Inc., International Information Academy, CANstroy International, Ferguson Simek Clark, Canada North Project. As of 2002, the total value of contracts is about US\$99.6 million.

Subcommission on Agriculture

This subcommission was created at the 1st IEC session (October 5, 1995). It is supervised by the Ministry of Agriculture of the Russian Federation. The subcommission is co-chaired by J. Murta, President of Canadian Agro Co., and A. Mikhalev, First Deputy Minister of Agriculture.

A number of contracts and protocols of intentions concerning cooperation in the field of agriculture were signed during the 2002 Team Canada visit to Moscow. Canada continues to offer technical assistance to Russia in the agricultural sector (5 projects valued at C\$3.01 million). Recently opportunities emerged for Russian grain export to Canada, although the account should be taken for competition from Ukraine.

We expect cooperation to become more active after the visit

to Russia of L. Vanclief, Head of the Department of Agriculture. In the framework of the technical assistance program Canada offered its assistance to the Ministry of Agriculture of the Russian Federation in dealing with the WTO admission issues.

According to the Memorandum of Understanding (October 16, 1996) Russian and Canadian veterinary inspections agreed on veterinary certificates for the agriculture products exported to Russia. A number of veterinary certificates are yet in the process of discussion and reevaluation in accordance with the regulations of International Epizootic Bureau. Meat products are exported to Russia only from those processors, which were inspected jointly and received all necessary approvals.

In continuation of a joint cattle breeding project, meetings were held between the Simex Alliance Co. and representatives of the Ministry of Agriculture of the Russian Federation, and Moscow and Leningrad regions do discuss long-term cooperation in the field of cattle breeding with large Russian breeding enterprises.

In September 2002, a delegation of Canadian agribusiness representatives visited Altai. Five agreements were signed on cooperation in the field of growing and processing seabuckthorn.

Canadian Embassy in Moscow, the Ministry of Agriculture of the Russian Federation and the Russian Meat Industry Research Institute jointly organized a seminar entitled "Vertical Integration of Pork Processing in Canada", which was aimed at providing Russian business and official circles with information on purchasing, processing, quality control and marketing of pork.

The seminar took place on October 28 in Moscow and on October 30 in St. Petersburg with participation of representatives of Russian and Canadian meat processing enterprises and government officials.

According to the agreements reached during the Moscow visit (September 11-13, 2002) of L. Vanclief, Minister of Agriculture and Agri-Food, it is planned to develop Russian-Canadian cooperation in the following directions: broadening of cooperation within the framework of the joint Standing Committee on Agriculture, utilizing Canadian experience in connection with Russian position at the WTO talks, information support of contacts between the Ministry of Agriculture of the Russian Federation and the Agriculture and Agri-Food Canada by means of establishing an agribusiness web-site, encouraging Russian and Canadian companies to take part in exhibitions in both countries, joint activities in the field of cattle breeding, veterinary, agricultural science and education.

Establishing Standing Committee on New Technologies

The establishment of this standing committee is foreseen by the Joint Efforts Plan.

Canadian side believes that new technologies can be divided in several separate sectors. That is why Canadians suggested to discuss breaking the standing committee into three subcommittees: on telecommunications, aerospace, and information technologies.

Establishing Standing Committee on Transport

The establishment of this standing committee is foreseen by the Joint Efforts Plan.

Canadian interest to expand cooperation in the field of transportation was supported by the Russian side at the plenary session of the Standing Committee on the Arctic and the North (December 11, 2001) which was expressed in the resume on the results of the session. There is an idea to separate these issue in a special block in the framework of the abovementioned standing commission and to create a separate subcommittee in its framework for "continuing studies of transpolar routes and other aspects of transportation between the Northern regions of the two countries".

Establishing Standing Committee on Access to Markets

The establishment of this standing committee is foreseen by the Joint Efforts Plan.

The position of the Canadian side which insists on using the "ad hoc" principle while drafting working procedures of the group has not been changed. Canadians suggest the following topics for the discussion in the framework of the standing commission: commercial and investment disagreements and recommendations for cooperation between business enterprises, but not the problems discussed at the WTO talks.

Standing Committee on Cooperation between the Russian and Canadian regions and Territories Initiative

The Standing Committee on Regional Cooperation was established in October 2000 in accordance with the order of the Government of the Russian Federation (July 25, 2000) on realization of agreements, reached at the 4th IEC session, and to establish a mechanism for the Agreement on the Basic Principles of Cooperation Between the Russian and Canadian Regions and Territories and the Development of Mutual Regional Cooperation. Representatives of Russian regions and of interregional associations of economic cooperation are members of the standing commission.

The standing committee closely cooperates with the non-for-profit Interregional Business Forum for Economic Cooperation with Canada (the Forum) which was established with participation of Russian regions interested in developing cooperation with Canadian provinces and territories. The Forum cooperates on a regular basis with the Canadian-Russian Business Forum, a "mirror" institution which was established by Canadian organizations to promote cooperation with Russian regions and businesses. The Forum has close relations with the Province of Ontario and the Province of Alberta.



Dear friends!

Reading the special issue of the newsletter, you probably noticed that it is devoted not only to the final conference, but also covers current developments in Russian-Canadian relations.

We hope that President's fellows will familiarize themselves with the activities of the Russian-Canadian Intergovernmental Economic Commission and will think as to how they can contribute to its work.

Taking into account the broad regional appeal of the YDFP program, we would like to draw your attention to the issues of cooperation between Russian and Canadian regions. In this respect, the fundamental document is the Intergovernmental Agreement on the Basic Principles of Cooperation Between Regions of the Russian Federation and Canadian Provinces and Territories, which was signed during the visit of the President of the Russian Federation to Canada in 2000.

Presently, a regional contractual framework is partly in place: an agreement on cooperation between the Tumen region and the Province of Alberta (1992); an agreement on cooperation in the field of economy, science, technology, culture and education between the Samar region and the Province of Quebec (1994); a memorandum of understanding and cooperation between the Province of Alberta and the Hanty-Mansiysk autonomous district (1995), the Orenburg region (1995) and the Yamalo-

Nenets autonomous region (1997); a memorandum of intentions between the Republic of Saha (Yakutia), North-west Territories and the Province of Alberta (1996); an agreement between the Republic of Tatarstan and the Government of Quebec on cooperation in the field of economy, science, technology, culture and education (1998).

Main forms of cooperation are export-import deals, joint ventures and direct investment projects, equipment leasing, short-term project financing, consulting services and technical assistance.

Cooperation is developing successfully in such fields as residential housing, mining, petroleum industry, agribusiness, transport and communications. Moscow, St. Petersburg, Yakutia, Samar, Saratov, Rostov, Tumen, Irkutsk, Nizhniy Novgorod, Volgograd, Stavropol, and Habarovsk regions, Yamalo-Nenets and Chukotka autonomous districts, Sakhalin and Republic of Tatarstan are most active in establishing direct links with Canadian provinces and territories.

Such factors as unreadiness of Russian regions to develop international contacts and low quality of preliminary work on commercial deals and investment projects continue to affect negatively cooperation at the regional level. Another negative factor is the inflexible position of the Canadian side concerning credit conditions and bank guarantees, unwillingness to take into account the regional character of cooperation. The traditional view of Russia as a country with unfavorable investment climate and poor foreign investment legislation also hurts cooperation.

We believe that the resources of our Club should be more actively used for the development of Russian-Canadian cooperation, including its regional aspect. This point was expressed at the conference time and again.

The creation of a Russian Canadian Center for Business Cooperation on the basis of the Club is one of the ideas. We hope that we will be able to put this idea into life. We will be very thankful for your comments and suggestions concerning this subject.

And what about us?... Today in association with the CBAR we are organizing a Canadian business development mission to Novosibirsk.

I wish you all the best,

Elena Grigorieva
Vice-President of the Club



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