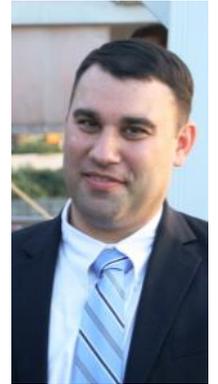
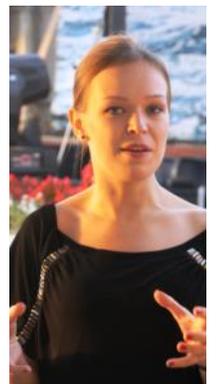




# Russian American Pacific Partnership



## SUMMARY REPORT 18th Annual Meeting Vladivostok, Russia September 17-18, 2013



**2013 RAPP Sponsors:**



# JOINT LETTER OF THE RAPP SECRETARIATS

**Our deep thanks to the Government of the Primorsky Territory and all the participants in the 18th annual meeting of RAPP!**

Now is an opportune time to advance U.S.-Russian cooperation across the Pacific. Both countries have placed a priority focus on the Asia Pacific as a key region in their respective economic strategies. Russia has established the socio-economic development of the Russian Far East as of its national priorities. The 18<sup>th</sup> annual meeting of RAPP demonstrated clear interest on both sides to expand bilateral economic relations between the Russian East and the U.S. West.

At this critical period in our economic and political relations, strengthening U.S.-Russian cooperation is of utmost importance for our citizens, companies, and communities, impacting the trajectory and pace of economic growth in our regions and countries. The United States and the Russian Federation have mutual interests and expanding bilateral commerce and cooperation across the Pacific is a key opportunity. We appreciate the contribution of the participants in the 18th annual meeting in developing our bilateral relations and in bolstering the relevance of the RAPP forum.

We support the suggestion to hold more RAPP activities between the annual meetings. We will be working with the regional governments and key supporters and participants of the forum on broadening RAPP activities over the course of the coming year.

We thank you for a very productive meeting and look forward to welcoming you to the 19<sup>th</sup> annual meeting in 2014 in the United States.

Anatoly Buryy and Derek Norberg  
Directors, RAPP Russian and U.S. Secretariats

*This meeting was possible thanks to the Government of the Primorsky Territory, the support of the RAPP sponsors, the federal and regional government delegations, and its participants.*

**Promotional Partners:**



**Joint Report of the Co-Chairs  
18<sup>th</sup> Annual Meeting  
Russian American Pacific Partnership (RAPP)**

September 17-18, 2013, Vladivostok, Primorsky Territory, Russian Federation

**Executive Summary**

The Russian American Pacific Partnership held its 18<sup>th</sup> annual meeting in Vladivostok, Primorskiy Territory, Russia on September 17 and 18, 2013. Nearly 100 public and private sector representatives from five Russian Far East regions (Primorskiy, Khabarovsk, Kamchatskiy Territories, Sakhalin Region and the Republic of Sakha (Yakutia), and Moscow, and from five U.S. states (Alaska, Washington, Connecticut, Alabama, and California), and the District of Columbia participated in the meeting. **Anatoly Buryy**, Director of the Russian Secretariat of RAPP and **Derek Norberg**, Director of the U.S. Secretariat of RAPP were responsible for the preparation and running of the meeting. Organizational duties were assigned to the Department of International Cooperation and Tourism Development of the Primorskiy Territory Government, with **Alexey Starichkov**, Director.

First Vice Governor of the Primorskiy Territory **Sergey Sidorov** opened the meeting. He advised the attendees that the Primorskiy Territory Governor, **Vladimir Miklushevskiy**, had wanted to personally greet the RAPP attendees, but circumstances requiring his attention outside the Primorsky Territory did not allow him to open the meeting. Sidorov emphasized that the suggestion to hold the 18<sup>th</sup> RAPP meeting in Vladivostok was not by chance, in so far as the Primorsky Territory is one of the most dynamically developing regions in Russia. The administration of the Primorsky Territory is demonstrating to partners the important changes that have taken place in the region, and is showing the territory's potential and openness to cooperation. He spoke of the work in the Primorsky Territory on creating favorable organizational, financial, infrastructural and social conditions for investors, and listed the areas of priority for economic trade partnerships with the U.S., including tourism, energy sector, transportation-logistic complex, including Port Special Economic Zones, high-technology production, innovative agriculture, and fish processing and aquaculture.

The 2013 annual meeting co-chairs, **Dmitry Sazhin**, Deputy Director, Department of the Americas, Ministry of Economic Development of the Russian Federation and **Joseph Wereszynski**, International Trade Specialist Russian Affairs, U.S. Department of Commerce, addressed the plenary.

**Dmitry Sazhin** welcomed the participants and noted the RAPP forum as a unique platform for identifying new opportunities for interregional Russian-American cooperation. He directed attention on the continuing evolution of the Russian economy and the establishment of a favorable business climate therein. Sazhin cited the Russian Federation's improved its position in the World Bank "Doing Business 2013" rating (moving from 120 to 112), and noted President Putin's goal for Russia to achieve a top-20 rating by 2018. Russia recovered from the financial-economic crisis of 2008 avoiding serious losses and maintaining favorable macro-economic indicators. Russia's economy is steadily developing, maintaining the trend of diversification of industry in which the deeper domestic utilization of resources as a market segment will expand while raw resource commodities will decrease. By the assessment of the Ministry of Economic Development, growth in GDP between January and July of 2013 was 1.4 percent over the analogous prior year period, unemployment is 5.5 percent (a 20 year record low), and inflation has decreased twofold from 13.3% in 2008 to 6.6 percent in 2012. Russia's foreign trade in the first half of 2013 is at 405 Billion Dollars, with the U.S. now ranking tenth among Russia's foreign trade partners. Sazhin referenced data on the volume of U.S.-Russian trade in 2011 having reached a record level of \$31.2 Billion, followed by a modest decline in 2012 (28.3 Billion), continuing in the first half of 2013 (15.2 Billion) – down 8.1 percent compared with the same period in 2012.

Factors to the decreased volume in trade value were international oil prices as well as increased production of North American shale oil and gas. Sazhin cited the strategic interest to increase and diversify Russian trade relations with the U.S. as the best means to lessen the political swings to our bilateral relations. Accordingly, Russia's leaders are continuing a pragmatic economic dialogue on the most promising bilateral projects. Sazhin recited several new U.S. investment projects in Russia in 2013 including specific reference of John Deere, Guardian Industries, and Ford. Over the first half of this year, U.S. investments in Russia grew from \$7.5 Billion to \$11.5 Billion.

Sazhin listed steps Russia has taken to improve its investment climate – a lessening of administrative barriers, including the lessening of administrative barriers, improvements to migration legislation, simplified regulatory procedures in construction, and tax incentives for international innovation businesses. Under the Entrepreneurship Initiative, formulated by the private sector based on the best international and Russian models, there are a range of

events designed to improve the business climate, and eight “road maps” focusing on areas of government regulation of greatest concern to business including construction, overseas market access and export support, Customs procedural reforms, access to energy infrastructure projects, etc. have already been created. This initiative is already yielding positive results for exporters in simplifying the documentation reporting requirements to the Customs Service and banks. Sazhin mentioned the government program “Development of Foreign Trade Activities” and also Russia’s Special Economic Zones as an effective public-private mechanism for attracting investment capital and leading production technologies. Ten U.S. companies already participate in the Russia’s Special Economic Zones including Pfizer, Ford, 3M, Armstrong and others.

Sazhin stressed the importance of interregional cooperation as reflected in the Bilateral Presidential Commission’s Business Development and Economic Relations working group’s 2013-2014 Work Plan. The Commission recognizes the particular importance of economic, investment and cultural ties between the Russian Far East and the Western United States –the very focus of the RAPP agenda. Nonetheless, U.S. investment in the Russian Far East in 2012 was only 0.04 percent of the total investment in the region. The Russian federal government is implementing the Federal Program on the Economic and Social Development of the Far East and Zabaikalye through 2018, in which there are measures for attracting investment to the region including that of U.S. partners. Sazhin mentioned the Development Fund for the Far East and Baikal Region with Russian Ministry of Finance capitalization of \$500 Million, as well as the Russian Direct Investment Fund, as two important mechanisms for stimulating foreign investment growth, including to the economy of the Russian Far East.

During his visit to the Russian Far East in August 2013, President Putin placed a priority on transportation infrastructure as key to the Far East development, including international transportation corridors, modernization of roads, ports and related infrastructure, including ship building. For many years, the question of direct passenger flights between the Russian Far East and the West Coast U.S. has been included in RAPP recommendations. In May 2013 at the Russian Embassy in Washington D.C. a seminar held on the issues of aviation between Alaska and the Russian Far East concluded this question should be discussed further within the RAPP forum. According to a recommendation made at the 16<sup>th</sup> RAPP meeting, an international tourism development conference was held on 12-16 September 2013 on Kamchatka with over 100 participants. RAPP is an effective platform for economic development and cooperation between the regions of the Far East and the U.S. West Coast and the Russian government welcomes the active participation of American colleagues in further developing our bilateral cooperation. In conclusion, Sazhin congratulated the Primorsky Territory citizens on the 75<sup>th</sup> anniversary of their region, thanked the Government of the Primorsky Territory for their hosting of this RAPP annual meeting, and presented Vice Governor Sidorov a letter communique from Minister of Economic Development of the Russian Federation Alexei Ulyukaev.

**Joseph Wereszynski**, International Trade Specialist Russian Affairs, U.S. Department of Commerce, thanked the meeting host and the Russian and U.S. federal and regional government officials and all the participants. Over nearly two decades, RAPP has shown itself a useful platform for open dialogue between the U.S. and Russian public and private sectors and better tap the potential of our bilateral relations and strengthen ties across the Pacific. The RAPP discussions are relevant to the business communities and also important for our federal-level dialogue. Commercial ties are a critical aspect of our bilateral relationship and Russian and American businesses have crucial roles to play in achieving our broader goals.

American businesses recognize Russia’s commitment to develop the Russian East through infrastructure projects and investment incentives, and are interested in learning more about these plans and opportunities for involvement. Russian business representatives are interested in leveraging contacts with American partners with the objective of diversifying the economies of the Far East regions beyond natural resources and into deeper processing and knowledge-based industries and to gain access to regional and international markets.

As the world’s 5<sup>th</sup>-largest economy (according to the purchasing power parity measure), Russia is one of the “priority countries” under President Obama’s National Export Initiative. And although Russia’s economic growth slowed this past year, over the past 5 years, Russia’s economic growth has been outpacing most of Europe in percentage terms. U.S. exports to Russia over the past two years have been encouraging and reached an all-time high of \$10.7 billion achieved in 2012. According to our Department’s data, from 2010-2012 U.S. direct investment in Russia rose from \$10 billion to \$14 billion dollars. However, trade and investment in both directions is certainly less than what it could be. U.S. imports to Russia in 2012 were roughly 3.5% of Russia’s total imports, while Russian imports to the United States were roughly 1% of total imports to the United States. These numbers show much room for improving bilateral trade.

Russia’s World Trade Organization accession in 2012 provided real momentum to U.S.-Russian trade relations.

Beyond legal obligations and negotiations, the U.S. Department of Commerce and Russian Ministry of Economic Development are working cooperatively in the Business Development and Economic Relations Working Group of the U.S.-Russian Bilateral Presidential Commission. The Working Group is pursuing a “business development plan” envisioning a new chapter of federal level economic cooperation, including capitalizing on new trade opportunities, increasing two-way direct investment, and removing obstacles to trade and investment in sectors with high growth potential. Recent Working Group activities supporting trade and investment growth include cooperation between our two government’s standards system, to increase transparency, competitiveness and interoperability for companies in both countries. The working group is also developing cooperation between the private sector and government to look at ways businesses can use technologies to improve the environment. He noted that there are also lucrative investment opportunities for Russian companies to explore in the United States, with the United States holding the world’s largest consumer and industrial markets. At the end of October the U.S. Federal government will hold an “Investment Summit” in Washington for potential foreign investors, including Russian, to familiarize with U.S. economic development resources at regional, state and local levels. Wereszynski confirmed the United States is open for business and welcomes Russian investors to the U.S.

Wereszynski noted the U.S. Department of Commerce’s support of regional activities beyond the capitals in Moscow and Washington, encouraging interregional cooperation. RAPP serves as a unique forum accomplishing this very objective. There are a number of well-known American companies active in the Far East, many of which are RAPP sponsors – such as Exxon Neftegas Limited, or Amur Machinery CAT, Cisco Systems, and General Electric, and others, but we certainly want to see this list expand in the coming years.

Wereszynski concluded the continued exchange of ideas between various levels of government officials, non-governmental associations, and businesses, is key to achieving our goals. He expressed his interest to hear from attendees the ways the governments can help and wished the attendees a very successful annual meeting.

**Vladimir Vinokurov**, Ambassador Extraordinaire and Secretary of the U.S.-Russia Bilateral Presidential Commission, Ministry of Foreign Affairs of the Russian Federation extended his welcome to the attendees and underscored the important role of meetings like RAPP to provide the Bilateral Presidential Commission (BPC) practical approaches to expanding bilateral cooperation, particularly across the Pacific. The Pacific Basin is a particularly dynamic region for developing our bilateral relations in the context of our involvement in APEC, WTO and Arctic developments. Vinokurov cited environmental projects, the Illegal Fisheries Agreement, the Berengia Shared Heritage project, cooperation in science and education (such as between Far Eastern Federal University and Stanford and Berkeley) as current fields of cooperation worthy of expansion. Vinokurov stated that the bilateral energy efficiency projects mainly located in Western Russia should be replicated in the Russian Far East. Vinokurov referenced the new conditions for U.S.-Russian cooperation in innovation and education and youth exchanges, and the Fort Ross dialogue. Vinokurov concluded that RAPP, as the primary mechanism for Pacific theater U.S.-Russian cooperative dialogue, will continue to play a major role in the evolution of our trans-Pacific bilateral relations.

U.S. Consul General **Erik Holm-Olsen** cited the clear commitment of Russian Far East leaders to increasing trade and investment. Holm-Olsen stated that the RAPP forum has provided an important platform for promoting bilateral economic cooperation between the U.S. and the Russian Far East, and he commended the many regional delegations for attending the RAPP meeting. While acknowledging that the current trade levels are less than desired, Holm-Olsen stated that trade between the U.S. West Coast and the Russian Far East has almost limitless potential for growth. Holm-Olsen cited several key developments of the past three years as facilitating trade opportunity – the extensive infrastructure development around the APEC 2012 Summit; the bilateral visa agreement simplifying travel between the two countries; the Bilateral Presidential Commission and its 20 working groups including the Business Development and Economic Relations working group; Russia’s accession to the World Trade Organization (WTO); the repeal of Jackson-Vanik and Russia’s attaining Permanent Normal Trade Relations status (PNTR). Holm-Olsen noted American companies who prior to these developments forged solid and successful businesses in the Russian Far East, citing Exxon Neftegas Limited and Amur Machinery CAT. But he also noted smaller scale successes in U.S. material and equipment supply mentioning KRB Machinery, Gomaco, Terex Corporation, and Lowe Manufacturing Corporation as examples. He encouraged the private sector leaders at RAPP to share their ideas on how the governments can assist in improving the business climate to allow them to succeed. Holm-Olsen quoted Ambassador McFaul as stating that “Russia is a tremendous opportunity in trade and investment”, and concurred with Mr. Wereszynski that Russian investment in the U.S. is good for both sides and is welcomed by the United States.

Holm-Olsen acknowledged the U.S.-Russian relationship is complex and will continue to have ups and downs, but the two countries have a solid record of working constructively on common interests. Less publicized ex-

amples of U.S.-Russian cooperation include environmental projects between our forestry agencies on sustainable forestry management and illegal logging. Our wildlife agencies collaborate on conservation projects including the protection of polar bears and our National Park Services are working together. Much of the work in these three areas is done here in the Russian Far East. One large project undertaken would develop a trans-boundary shared heritage park arrangement between Alaska and Chukotka. The two sides are working hard to complete a Memorandum of Understanding to formally establish ties between the Russian and U.S. parks on each side of the Bering Strait.

In conclusion, Holm-Olsen referenced Ambassador McFaul's assessment that a positive bilateral trade and investment relationship "creates ballast and steadies our course" as we navigate forward in a complex world, benefiting not only our economies but also serving to strengthen the overall U.S.-Russia relationship. He wished the participants success and looked forward to meeting with them over the two days of the meeting.

**Vladimir Kret**, Head of Representation in the Far East Region, Ministry of Industry and Trade of the Russian Federation, referencing the critical role of foreign economic cooperation, noted particular opportunities for the development of investment cooperation in the industry sector, foremost in infrastructure projects in oil and gas. Kret cited various active projects such as establishing in Eastern Siberia and the Far East a unified system for gas extraction, transportation and supply to the Asia Pacific region, the Program for the Development of Hydrocarbons on the Russian Shelf through 2030, the Program for the Development of the Arctic, the development offshore blocks and of shipping.

Kret confirmed that the task on the agenda is the implementation of large-scale oil and gas transportation infrastructure projects such as the deliveries of LNG gas and oil via the Arctic Northern Sea Route by 2018, which envisions the use of specialized transportation equipment. Kret told the RAPP attendees, based on ship building demand for the oil and gas sector and the development of offshore Shelf projects, the Ministry of Industry and Trade developed the Strategy for the Development of Civil Shipbuilding, the government program "Development of Civil Shipbuilding and Maritime Technology", and created the Unified Shipbuilding Company. In accordance, it is proposed that the construction of ships will be localized and the production of foreign componentry will be performed in special economic zones for shipbuilding, and a new specialized center for the production of maritime equipment for Shelf projects will be created.

The President of the Russian Federation has set a goal to bring overseas investment capital and foreign equipment and technology to the realization of the projects. In conclusion, Kret suggested American companies consider participating in these grand strategic projects.

**Benjamin Pierce**, Economic Officer, Russia Desk, U.S. Department of State, expressed hope the RAPP meeting would be successful and would generate new ideas and open opportunities for business. Pierce noted the underlying trade and investment relationship between the United States and Russia is strong and improving. He cited ExxonMobil and Rosneft's cooperation to include Kara Sea exploration, and Boeing's long-standing cooperation with Russian partners as examples of successful alliances. Pierce cited Russia's WTO accession as a milestone event affording opportunities for our two economies. The U.S. is working closely with Russia on its membership to the Organization for Economic Co-operation and Development (OECD) which will further improve Russia's economic competitiveness. Pierce acknowledged our bilateral economic relationship remains underdeveloped and in need of a more ambitious approach to growth. Russia remains only the 28<sup>th</sup> largest export market for the United States, and U.S. foreign direct investment in Russia totals only \$10 billion. To better utilize Russia's remarkable pool of talent and attract greater investment, Pierce suggested Russia should continue to level the playing field for foreign and domestic firms with better legal protections, and transparent and predictable rules and enforcement. The U.S. has expressed readiness to help Russia achieve its goal to improve its current 112<sup>th</sup> ranking in the World Bank's "Ease of Doing Business" to a top-20 ranking by 2018 for the benefit of the Russian and global economies. There is work to be done on both sides so that Russian and American businesses invest more actively in each other's economies. Pierce mentioned the opportunity for greater sharing of market forecasting, best practices and effective regulatory models in our energy sector industries that are interconnected in the global market place. Pierce noted the important work of the Bilateral Presidential Commission working groups together with businesses to increase interactions and exchanges of technologies. Pierce recognized the RAPP attendees' role in the process to build on our shared strategic interests for the benefit of our respective economies.

Addresses were delivered by the regional delegations as follows:

**Marina Subbota**, Deputy Chair of Government from the Kamchatsky Krai Government

**Ekaterina Khotova**, Minister of Investment and Foreign Relations of Sakhalin Region

**Ben Ellis**, Director of Parks and Outdoor Recreation, Department of Natural Resources, State of Alaska

**Valeriy Maksimov**, Minister for Federative Affairs and External Relations of the Republic of Sakha (Yakutia)

#### **Thematic Presentations Delivered at the 18<sup>th</sup> Annual RAPP Meeting:**

**Andrey Aksynov**, Director of Primorye Investment Promotion Agency, **Alexander Filkine**, Head of Representative Office in the Far Eastern Federal District, European Bank for Reconstruction and Development (EBRD), and **Dan Kendall**, Mayor's Chief of Staff, City of Anchorage, delivered presentations on international cooperation and regional development.

**Bryan Wesley**, Vice President of Exxon Neftegas Limited, **Pierpaolo Mazza**, General Manager Distributed Power, Russia/CIS, GE, and **Vladimir Semchev**, Director, Regional Center for Development of Energy and Energy Efficiency, presented on energy production and energy efficiency.

On law and legislation presentations were made by **Viktor Gorchakov**, Chairman of Legislative Assembly of the Primorsky Territory, **Sergey Milanov**, Partner, K&L Gates LLP (Tokyo Office), and **Sergey Lazarev**, Managing Partner, Russin & Vecchi LLP.

**Vladimir Sidorov**, Head of the Center for Environmental Education, and **Artem Rimer**, Partner Account Manager Far East, Cisco Systems, presented on topics of science and technologies.

Presentations were made by **Adam Brunets**, Lead for Russia and CIS, Global Trade Controls, The Boeing Company, **Michal Frydlich**, Frist Deputy CEO, Commercial Port of Vladivostok, **Mark Dudley**, Regional Director North America, InterPacific Aviation and Marketing Inc./AirRussia.us, and **Dmitry Tyshuk**, General Director, Vladivostok Air JSC, on issues of transportation.

**Aleksandra Filatkina**, Deputy Director, Federal State Institution "Kronotsky State Nature Reserve", spoke on Tourism, and **Konstantin Zgurovsky**, Head of Marine Programme, and **Yevgeny Chuvasov** and **Aleksey Karasyov**, Forestry Projects, contributed with presentations on issues of environment and sustainable development, for the World Wildlife Fund Russia (WWF).

#### **RAPP Break-Out Sessions**

Through the morning of September 18<sup>th</sup>, RAPP attendees worked in break-out sessions to define issues and compose recommendations to improve economic and non-commercial cooperation between the Russian East and the Western U.S. Co-moderators from each side led discussions and, together with the participants, formulated recommendations in each of the following breakout sessions:

Energy, Energy Efficiency and Environment,  
Moderators: **Peter Baklanov** and **Ben Ellis**

Trade, Transportation and Tourism,  
Moderators: **Vladimir Rubakhin** and **Mark Dudley**

At the closing plenary, summaries of the break-out sessions were delivered by the Moderators to the meeting's Co-Chairs. The break-out session reports developed at the 18<sup>th</sup> annual meeting, to be included in the Summary Report, are forwarded to the Russian and U.S. government, for distribution to appropriate ministries, departments and agencies therein. The report recommendations will be considered by the RAPP Secretariats in forming current priorities and initiatives.

No announcement of dates for the 2014 19<sup>th</sup> annual meeting of the Russian American Pacific Partnership was made at the close of the meeting but a decision is expected by the end of 2013.



Co-Chair for the Russian side

**Dmitry Sazhin**

Deputy Director, Department of the Americas  
Ministry of Economic Development  
of the Russian Federation



Co-Chair for the U.S. side

**Joseph Wereszynski**

International Trade Specialist Russian Affairs  
U.S. Department of Commerce



Breakout Session Report  
Trade, Transportation and Tourism

*Russian Moderator:*

**Vladimir Rubakhin**

*U.S. Moderator:*

**Mark Dudley**

**Summary of Discussion:**

Participants in the "Trade, Transportation and Tourism" breakout session representing the regions of the Far East and Zabaikalye of Russia and the West Coast United States:

- discussed the numerous obstacles to the development of tourism in Kamchatka: the inadequate airport (including its shortage of sanitation facilities, low processing capacity, and inconveniences for transit passengers), lack of range of activities and services when weather does not permit fishing or helicopter trips, and the lack of a promotional platform to advertise the tourism potential of Kamchatka and the Russian Far East to potential foreign tourists;
- noted there are problems with compiling statistical data about the numbers of tourists to various Russian Far East areas, the numbers of visas applied for and rejected, and the volumes of cargo moving through Russian Far East ports.
- the City of Anchorage welcomed the intent of the Kamchatsky Krai to send a delegation consisting of representatives of the Chamber of Commerce and the Yelizovo region to Alaska in February-March 2014 to study the experience of the Iditarod race.
- noted issues persist with U.S. visa processing, particularly for Russians residing a great distance from the nearest U.S. consulate in Vladivostok.
- agreed that Alaskan experience can be beneficial to developing tourism in the Russian Far East as Alaska overcame many challenges similar to those in the Russian Far East.
- drew attention that the poor throughput capacity of some Russian Far East ports hinders the development of bilateral trade. Maritime transportation is negatively impacted by variances in vessel standards and requirements for insurance.
- suggested to expedite U.S. air mail and air freight deliveries to Eastern Russia by their routing via Alaska to the Russian Far East. Currently the U.S. Postal service routes all mail through the Moscow sorting facility, even for mail addressed to the RFE.
- brought attention to problems in the trade of civil aircraft and their parts as hindered by import duties and burdensome customs procedures.
- discussed the importance of the cruise ship industry to the development of tourism.
- noted that general (small craft) Aviation is poorly developed in the RFE. Its further development could contribute to tourism and accordingly to the economic growth of the region.
- expressed interest to encourage and support student exchanges for study, work or tourism.

**Recommendations:**

1. Recommend that the Ministry of Natural Resources and Ecology of the Russian Federation, with the assistance of relevant U.S. federal, state and non-governmental agencies, develop and implement a plan to create and promote “Eco-tourism in the Russian Far East” as a product to promote growth in tourism flows.
2. To the Government of the Russian Federation:
  - 2.1 propose to set up seasonal or temporary customs and border check points in the key protected areas in the Arctic and in the Northern part of the RFE.
  - 2.2 to amend the Administrative Procedure for issuing passes to the border areas, i.e. to streamline the application procedure and to shorten the time for issuance of passes to both Russian and foreign nationals.
3. Recommend the Russian Far East regions collectively to develop and promote a Russian Far East tourism brand.
4. The administrations of Russian Far East ports should collaborate to provide better quality and consistency of rates and service provisions to cruise companies to facilitate growth in the industry.
5. To the RAPP Secretariats:
  - 5.1 Send a request the U.S. Postal Service to consider routing mail to the Russian Far East and Eastern Russia via direct flights from Alaska.
  - 5.2 RAPP should participate in Arctic Council meetings to standardize environmental protection requirements for arctic shipping.
  - 5.3 at the 19th Annual Meeting convene a panel of experts on trade facilitation and financial support of bilateral agriculture export/import operations.
6. To the Government of the Russian Federation and the Russian Customs Service:
  - 6.1 extend the term of the Custom Union Decision #328 of July 6, 2010 to provide full exemption from customs duties and VAT for certain categories of western built aircrafts when imported for lease purposes set to expire on December 31, 2013. Recommendation is to extend the exemption at least until 2016 when the first wave of customs duties reduction under WTO will be implemented.
  - 6.2 consider the possibility to sign the WTO Agreement on Trade in Civil Aircrafts allowing member-signatories to eliminate tariffs on civil aircrafts, engines, flight simulators and related parts and components in order to simplify the temporary export of parts or aircraft for repair. Russia, in its WTO accession, took the decision not to sign on to this agreement.
  - 6.3 review and streamline the non-standard customs procedures – such as for outward processing of products temporarily exported for repair or replacement – that are not commonly used by customs and currently result in burdensome delays for exporter/importer.
7. To the Ministry of Transportation of the Russian Federation:
  - 7.1 consider the future use of the Petropavlovsk-Kamchatsky airport as a regional air hub for U.S. West Coast and return round-trip flights, and in connection, consider providing tariff rate support to an Anchorage – Petropavlovsk flight route.
  - 7.2 together with the regional governments facilitate the expansion of logistical port infrastructure to increase the cargo flow through the ports of Vladivostok, Pertopavlovsk-Kamchatsky and Magadan.
  - 7.3 facilitate the further development of civil “small-craft” aviation in the Russian Far East.

8. To the Ministry of Foreign Affairs of the Russian Federation and the U.S. Department of State:
  - 8.1 study the possibilities to further simplify and reduce the cost of visa application and issuance. Recommend U.S. Consular authorities study options to allow Russian citizens in regions of the Russian Far East most remote from Vladivostok to apply for U.S. visas without personally appearing at the U.S. consulate, including the possibility to stage periodic visa interviews and biometric data collections in several major cities of Russian Far East most remote from Vladivostok.
  - 8.2 while maintaining reasonable security controls, each independently consider the possibility, on a non-reciprocal basis, to enact a visa-free regime or radically simplified visa procedures for citizens of the other nation, in the interest of increasing travel and tourism and expanding bilateral business opportunity.
9. Recommend to the Ministry for the Development of the Far East to affect coordination of the foreign economic activities of the regions of Eastern Russia with the aim to expand trade and economic relations between the U.S. West Coast.
10. Recommend that the regions of Eastern Russia and the West Coast U.S. make joint efforts in support of event-based, ecological and business tourism to increase reciprocal passenger flows between the two countries.



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Vladimir Rubakhin



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Mark Dudley



Breakout Session Report  
**Energy, Energy Efficiency, and Environment**

*Russian Moderator:*

**Peter Baklanov**

*U.S. Moderator:*

**Ben Ellis**

**Summary of Discussion:**

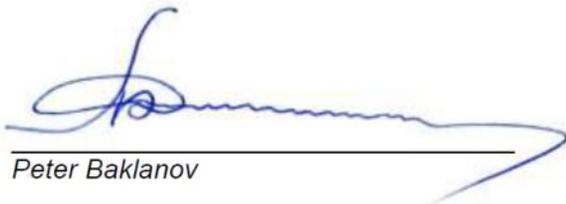
The Participants in the session “Energy, Energy Efficiency, and Environment”, representatives of the Far East and Zabaikal regions of Russia and the U.S. West Coast:

- considered the relevant issues of the various types of energy fields, technologies of energy efficiency and environmental protection in the context of developing bilateral relations between Eastern Russia and the West Coast of the United States;
- noted strong potential for economic and scientific cooperation between Russian and U.S. governments and non-government agencies.
- discussed opportunities to use technical innovations in the area of small and medium scale power engineering, and to employ the energy conservation technologies in construction widely used in various U.S. states, such as California and Alaska.
- noted as advisable to organize a school for the study of new technologies in energy and environmental protection, and to attract U.S. specialists.
- noted as advisable to study the U.S. experience in approaches to energy rate regulation.
- discussed the necessity to strengthen the adherence to environmental protection requirements during the planning phase of hydro energy projects, as well as to coordinate the interests of resource extraction sector players working in those same areas.

**Recommendations:**

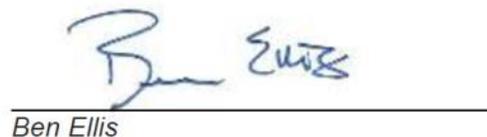
1. To the federal governments of the Russian Federation and the United States:
  - 1.1 provide support for further development of relations between the northern regions of the Far East and the U.S. in the area of construction materials and technologies affording effective use of energy resources and employing sustainable forest management practices.
  - 1.2 accelerate the development of economic ties between the regions of eastern Russia with U.S. West Coast companies producing energy efficient equipment for small and medium-sized power generation utilities.
  - 1.3 strengthen controls on fulfillment of existing international agreements on the oversight of Arctic maritime traffic in order to avoid and combat oil product spills in this region.
2. To the government of the Russian Federation and the regional governments of the Russian Far East and Zabaikalye:
  - 2.1 recommend the federal and regional authorities of the Russian Federation perform a science-based zoning of the maritime and coastal zones, factoring alternative approaches to nature management, including the use of alternative energy.
  - 2.2 implement various proven mechanisms to stimulate the growth of the small and medium-size business activity in the areas of energy, energy efficiency and environmental protection.

3. Recommend that regional authorities of the regions of the Russian Federation of the Far East and Zabaikal create a working group to study and evaluate alternative options for the development of regional energy systems, including taking into account the promising development potential of energy resources of the Okhotsk Sea shelf, as well as coastal hydropower resources, including those of tidal energy.
4. To the government of the Russian Federation:
  - 4.1 optimize new economic incentive mechanisms to stimulate energy efficiency and slow the growth of energy rates.
  - 4.2 develop a series of events supporting the effective implementation of the new federal law, "On the Protection of the Seas of the Russian Federation from Oil Pollution".
  - 4.3 support the establishment of a school at the Far Eastern Federal University for the study of modern technologies in the energy and environmental protection fields using international experience, including that of American specialists.
  - 4.4 ensure adherence to requirements for environmental impact assessment in the early stages of planning of hydroelectric power facilities, and likewise to coordinate the interests of resource extraction industries working in those same areas.
  - 4.5 support an initiative to establish in the regions of Eastern Russia specialized education centers on Russian and American experience with, and application of, modern technologies in energy and environmental protection.



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Peter Baklanov



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Ben Ellis

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**18th Annual Meeting Russian American Pacific Partnership (RAPP)**  
**17-18 September, 2013, Vladivostok, Russia**

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Photography courtesy of the Government of the Primorsky Territory.

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