



Russian American Pacific Partnership

SUMMARY REPORT 20th Anniversary Annual Meeting



**October 7-8, 2015, Yuzhno-Sakhalinsk
Sakhalin Region, Russian Federation**

2015 RAPP Sponsors:



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LETTER OF THE RAPP SECRETARIAT

Our deep thanks to all the Russian American Pacific Partnership 20th anniversary annual meeting participants!

RAPP, the oldest and the only interregional forum between the United States and Russia, brings together the private sector, regional and Federal government, not only to expand trade and cooperation between the Russian East and the U.S. West, but also to continue the positive people-to-people relationships between our regions. This is particularly important now when the broader Russian-American relations are experiencing difficulties.

At this critical juncture in our bilateral relations and global affairs, we appreciate your participation in RAPP and support of trans-Pacific cooperation between Russia and the United States. The U.S. West Coast and Russian Far East have a long and unique history of regional cooperation. Preserving our special trans-Pacific relations matters, as they could in the future be the basis for re-establishing relations between Russia and the United States. The regions of our countries as well as international geographies (such as the Arctic), provide the greatest basis on which to normalize relations and restore a constructive dialogue for mutually beneficial cooperation.

During this RAPP meeting, after 20 years Director of the Russian Secretariat of RAPP, Anatoly Buryy advised it is time for him to step down as RAPP's Director in Russia. On behalf of all participants in the RAPP, I express special thanks to Anatoly Buryy for his significant contributions to advancing the forum over two decades. Personally, I've had the tremendous honor to work with him and I am grateful for his professionalism, valuable advice, patience, trust and support. We wish him all the best and many years of success as a Professor at the far Eastern Institute of International Relation in Khabarovsk.

Thank you for your participation and your productive work at this meeting. I look forward to seeing many of you at the 21st annual meeting in 2016 in the United States.

Derek Norberg
Director, RAPP Executive Secretariat

This meeting was possible thanks to the support of the Sakhalin Region Government, the federal and regional government delegations, the RAPP sponsors and Council members, and all the participants.

Promotional Partners:





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МИНИСТЕРСТВО ЭКОНОМИЧЕСКОГО РАЗВИТИЯ
РОССИЙСКОЙ ФЕДЕРАЦИИ

Ministry of Economic Development of the Russian Federation

To all participants of the Anniversary RAPP meeting

October 7-8, Yuzhno-Sakhalinsk

On behalf of the Russian Ministry of Economic Development I welcome all the participants of the 20th annual Russian American Pacific Partnership meeting.

Over the long history of its activities, this partnership has become an effective mechanism for promoting Russian-American trade and economic dialogue.

RAPP is continuing the tradition of Trans-Pacific ties between Russia and USA, one of the most striking examples of which was the cooperation during the Second World War.

In the current conditions, the significance of RAPP in maintaining a positive bilateral agenda and advancing constructive initiatives is only increasing. Particularly when we are talking about cooperation in the Asia-Pacific Region that is of fundamental importance to both our countries.

I wish all the participants of this anniversary meeting productive work and success in developing joint projects across a variety of sectors!

Minister

Alexey V. Ulyukayev

Joint Report of the Co-Chairs 20th Anniversary Annual Meeting Russian American Pacific Partnership (RAPP)

October 7-810, 2015, Yuzhno-Sakhalinsk, Sakhalin Region, Russian Federation

Executive Summary

The Russian American Pacific Partnership held its 20th anniversary annual meeting in Yuzhno-Sakhalinsk, Sakhalin Region, Russia on October 7 and 8, 2015. Nearly 85 public and private sector representatives from five Russian Far East regions (Primorskiy, Kamchatskiy and Khabarovskiy Territories, the Republic of Sakha (Yakutia), and Sakhalin Region, as well as Moscow, and from three U.S. states (Washington, Kansas and California), as well as from Beijing, China and Narita, Japan, participated in the meeting. The Sakhalin Administration Department of International Relations and Foreign Economic Activities of the Ministry of Investment and External Relations of the Sakhalin Region, with support from **Derek Norberg**, President of the Council for U.S.-Russia Relations and Executive Director of the Russian American Pacific Partnership, and **Anatoly Buryy**, Director of the Russian Secretariat of RAPP, was responsible for the preparation and running of the meeting.

A letter of welcome to the RAPP meeting from **Minister of Economic Development Alexey Ulyukayev** was presented to the meeting.

Vera Scherbina, First Deputy Chairman of the Government of the Sakhalin region, warmly welcomed the meeting participants to the Sakhalin region, and conveyed Governor Oleg Kozhemyako's regret he was unable to open the meeting due to the weather delay in his return to Sakhalin. She noted the honor of hosting the 20th anniversary meeting bestowed the Sakhalin Region as reflective of the significant contributions of Sakhalin in support of RAPP as a unique forum of Russian-American cooperation. The Sakhalin Region showcases examples of successful Russian-American trade and investment cooperation and the United States is among the Sakhalin Region's top four partners in foreign trade. In addition to the significant investment in the oil and gas sector, business is being done in a variety of sectors including construction, wholesale trade, food production, hotel hospitality and restaurant, transportation, financial services, as well as in power generation and in the educational field. Scherbina stated the Sakhalin Region sees great opportunity in mutually beneficial cooperation between Sakhalin and American businesses and hopes to see their activities flourish in the region. Scherbina praised the RAPP forum as a unique platform of twenty years affording constructive dialogue between the federal and regional governments with the private sector of both countries. Russia and the United States, each a great power, need to find mutually agreeable solutions to their current disagreements and establish positive relations on all levels. In the current condition of strained relations between our governments, the meeting of RAPP is of particular significance. The work of RAPP is important to preserve positive personal, interregional, and intergovernmental relations for the benefit of our citizens and business communities. In closing, Scherbina wished the attendees success and expressed her hope that the 20th anniversary RAPP meeting would be a meaningful and memorable event providing a catalyst to mutually beneficial projects and advancing bilateral dialogue.

The 20th RAPP annual meeting was co-chaired by **Derek Norberg**, President of the Council for U.S.-Russia Relations and Executive Director of the Russian American Pacific Partnership and **Dmitry Sazhin**, Deputy Director, Department of the Countries of Europe and the Americas and international Organizations, Ministry of Economic Development of the Russian Federation.

Anatoly Buryy, Director of the Russian Secretariat of RAPP, opened the plenary and noted that it is not by chance the 20th anniversary meeting of RAPP is being held on Sakhalin. At the end of the 20th century it was here the Foundation of Russian-American cooperation in the Far East was laid based the agreement on the oil and gas Production Sharing Agreements. In conclusion, he proposed that universities of the Far East and West coast of the US arrange special course curriculum on the history and present state of Russian-American relations.

Vladimir Vinokurov, Ambassador At-Large and Secretary of the U.S.-Russia Bilateral Presidential Commission, Ministry of Foreign Affairs of the Russian Federation, expressed his appreciation to the organizers, primarily Derek Norberg, for their hard work in preparing the jubilee session of RAPP. Vinokurov stated that over the year since the last RAPP meeting no positive change has occurred in Russian-American relations. He noted a certain irony in the policy of U.S. sanctions against Russia in light of the tacit recognition by the U.S. administration that the half-century of sanctions against Cuba were ineffective, if not misguided.

There are examples of successful cooperation between Russia and the USA, which confirm the necessity of uniting the efforts of the two countries in facing current challenges, in particular the settlement of the situation around the Iranian nuclear program. However, the freezing of institutional mechanisms for cooperation by the American side, and most particularly, of the Bilateral Presidential Commission, significantly curtails the effectiveness of our interaction.

Russia is open to mutually beneficial cooperation with the American business community, including across the Pacific. That is why RAPP, as the main and only mechanism of economic interaction across the Pacific, is in particular demand right now. In the conditions of an almost total freeze in the lines of contacts of the state institutions, the line of dialogue between businesses and regions is of particular importance.

In conclusion, Vinokurov noted that the Russian Ministry of Foreign Affairs will support all initiatives working on advancing Russian-American regional economic, cultural, scientific and other ties.

Erik Holm-Olsen, U.S. Consul General in Vladivostok, congratulated Governor Kozhemyako and Sakhalin Government for hosting RAPP for the fifth time in 20 years. This is a sign of the government's commitment to Russian-American cooperation. He advised that the U.S. Consulate in Vladivostok has long enjoyed close and friendly relations with the Sakhalin region government, as has the resident American business community. Companies like ExxonMobil and others work hard to be reliable partners and good corporate citizens and good neighbors through corporate social responsibility programs and other contributions to the community. This is a classic win-win situation. Holm-Olsen thanked the government of the Sakhalin Region for its support to the American business community in order that this positive relationship continue and flourish.

Holm-Olsen thanked all the organizers of the jubilee 20th anniversary RAPP meeting. In particular he noted the work of Derek Norberg in the context of RAPP as well as in building Russian-American friendship over several decades. Holm-Olsen noted as no doubt apparent to this audience that U.S.-Russian relations are at a much different point than they were two years ago when he spoke at the 18th annual RAPP meeting in Vladivostok. It is clearly not "business as usual" in the bilateral relationship. And as we have repeatedly stated, relations will not return to "business as usual" until Russia fully complies with implementation of its Minsk agreement commitments.

Despite very serious disagreements, Holm-Olsen characterized RAPP as an opportunity to engage in the kind of people-to-people dialogue that is the foundations of any bilateral relationship, a dialogue which can help move the overall relationship forward. At its core, RAPP is a unique mechanism for promoting inter-regional business cooperation between the Russian Far East and the Western United States. Thanks to the entrepreneurial spirit in both our countries, these business contacts and cooperation are ongoing, and happen every day with or without government involvement. When a Russia business person visits the United States to explore opportunities there, or an American come to Russia to do the same, that too is a form of public diplomacy or people-to-people contact. He emphasized we want Russian businesspeople to visit the U.S. just as we want Russian tourists, students, researchers and artists to visit the U.S. There is no substitute for seeing a place with one's own eyes and making one's own judgments and conclusions. The doors of the United States, therefore, remain open, despite any rumors you may have heard to the contrary. Holm-Olsen advised the Consulate continues to issue visas and the vast majority of applicants continue to receive the visa for which they applied and generally it is a 3-year validity, multiple entry visa. At the same time we want Americans to come to Russia, including those pursuing business opportunities and the Consulate welcomes the chance to help them, offer advice and provide introductions. Holm-Olsen advised that in recent weeks he met with American representatives of Rotary Club and Sister Cities programs, where business interests and relationships can also form the basis for friendship and help create mutual understanding and respect.

Holm-Olsen concluded that the networking and dialogue of RAPP participants over the next two days will only further help to build this foundation of trust and respect. Russians and Americans may not always agree, but the presence of the RAPP participants in this hall signifies at least one thing on which we do agree: When Russians and Americans cooperate, it is better for our two great countries, and better for the entire world.

Dmitry Sazhin, referring to the welcome address to the participants of the 20th anniversary RAPP meeting by Minister of Economic Development of the Russian Federation Alexey Ulyukayev, said that in the current environment, the value of RAPP increases as a mechanism of bilateral dialogue. He said that the government of the Russian Federation continues the work on creation of comfortable conditions for foreign investment and business. Foreign partners, including American businesses, recognize the improvements to Russia's business climate as reflected in the strengthening of Russia's position in international rankings. In the World Bank rating "doing business 2014" Russia has risen to the 62nd position, and in the ranking of world competitiveness the World Economic Forum (WEF) it holds 45th place in the world. The most recent report of the IMF mission in Russia praised Russia's economic stabilization policies, and

Bank of America noted signs of Russia's economic recovery.

To activate structural changes in the Russian economy and achieve macroeconomic stability, Russia has developed a complex set of measures, including the support of import substitution, non-oil exports, a reduction in business costs, and support for small and medium-sized businesses. At the same time Russia is not going to build barriers to foreign companies, is interested in attracting foreign investment, and opens up certain new opportunities in the conditions even when certain foreign countries are limiting exports to Russia of certain goods.

Sazhin informed that Russia is an active participant in the processes of integration. The Eurasian Economic Union was enacted as of January 1, 2015, and includes five countries: Armenia, Belarus, Kazakhstan, Kyrgyzstan and Russia. Established as a barrier-free environment for the movement of goods, services, capital and labour from the developed normative-legal base, it is especially attractive for business.

As regards Russian-American Commerce, Sazhin noted that in the period January–July of 2015, the trade volume decreased compared to the analogous period in 2014, by approximately 30% and amounted to \$12.8 billion U.S. One of the reasons for the decline in trade are the sanctions imposed by the U.S. Government.

However, despite the official position of the U.S. Administration, the constructive spirit of American business is noted. Sazhin cited several examples of successful project implementations with the participation of American companies (Alcoa, Boeing, Bell Helicopter, Wabtec). American companies are leading in investments in Russia's Special Economic Zones (SEZ) accounting for about 30% of the total investment to date.

In conclusion, Sazhin noted the success of the RAPP forum over its many years, and suggested in the future the forum better inform the U.S. business community about new measures improving the investment climate of the Russian Far East, provide information on projects for potential participation by American companies, encourage reciprocal visits of regional delegations and business missions, and seek to broaden the representation of participants at the RAPP annual meetings.

Albert Rakipov, Deputy Director of the Department of Foreign Economic Activity, Attraction of Private Investment, and Export Support, Ministry for the Development of the Russian Far East, made a presentation on the investment climate of the Russian Far East. He covered the nine Advanced Special Economic Zones (ASEZ) currently approved by the Government of the Russian Federation in six of the Russian Far East regions as a key part of the new model for advanced development of the Russian Far East. Rakipov shared information on the many ASEZ tax privileges afforded residents, administrative incentives. Rakipov also presented on the 2015 "Law on the Free Port of Vladivostok" that covers Vladivostok and the Southern ports of the Primorskiy krai and affords significant investment privileges for company residents. The Law serves as a catalyst to economic development and a pathway for the greater integration of all the Russian Far East regions with the economies of Asia and the Pacific Rim. Rakipov also provided examples of public and private capital investments in port and mining projects, and of the Far East Development Fund project financing activities.

Derek Norberg, delivered an address and presentation on the twenty year history of the RAPP forum covering early Pacific Northwest economic cooperation with the Soviet Union including Marine Resources Company International (MRCI), Alaska Airlines, the 1990 Seattle Goodwill Games, and the 1994 Seattle visit by President Boris Yeltsin. 1995 marked the first meeting of the U.S. West Coast – Russian Far East Ad-hoc Working Group (now RAPP) as well as the signing several months later of the Sakhalin Production Sharing Agreements. Norberg cited the promise of Russian American Pacific partnership as logical for both countries but perplexing. A true partnership remains more opportunity than reality. Norberg pointed to the success of numerous private sector projects including MRCI and the Sakhalin -1 project as testimony to the great potential of U.S.-Russian commercial partnership. He stressed that we should not wait for governments to create business opportunities, as it is the private sector that can best determine the new directions for partnerships. The purpose of RAPP is to support U.S.-Russian trans-Pacific cooperative opportunity and to expand that opportunity across a broader geography of both the Russian Far East and the Western U.S. states. In this purpose we seek to identify opportunities and eliminate impediments. He thanked the participants for their active participation in this important process.

Regional delegation perspectives addresses were delivered as follows:

For the Sakhalin Region: **Sergey Karpenko**, Deputy Minister of Economic Development of the Government of the Sakhalin Region, stated the main objective of his Ministry as realizing the unique economic potential of the Sakhalin Region. The only island region in the Russian Federation, Sakhalin has tremendous natural resource wealth in oil and gas as well as in fish stocks, coal and in developed and stable trade. Karpenko cited Sakhalin's gross domestic product figures as well as Sakhalin's \$340.9 million U.S. trade with the United States. Despite Sakhalin's strong foreign

trade surplus overall (92.5% export), the region runs a significant trade deficit with the U.S. with imports at 98.4% relative to 1.6% exports. Sakhalin remains among the leading regions of Russia in the attraction of foreign investment with a cumulative foreign investment total of \$45.8 billion USD. Of 700 legal entities with foreign involvement registered in the Sakhalin Region, 180 are with U.S. partners. Karpenko noted the Sakhalin oil and gas projects account for 95% of exports, 82% of the regional budget revenues, 65% of the gross regional product and 71% of foreign investment. By 2020, the Sakhalin Region projects to increase production levels of oil by 28%, gas by 49% and coal production by 25% over current year levels. Karpenko cited Sakhalin's plans to further develop liquefied natural gas capacities, as well as oil and gas and petrochemical plants including the production of methanol and polyethylene, as well as pursuing the commercial processing of peat moss and fuel pellet production. Karpenko also cited the "Sakhalin-Hokaido Electrical Energy Bridge" project as a conduit to export Sakhalin's excess electrical capacity to consumers in Japan's north. The fisheries and fish processing sectors are a priority area of development and Karpenko noted the strategic advantages of Korsakov as a fish processing cluster, as well noting the new Sakhalin Fish Exchange trading system launched just this year in conjunction with Sberbank. Agriculture broadly is an area of priority development and projects include dairy and meat production as well as horticulture and animal feed production. The construction industry envisions 1.975 million cubic meters of new construction from 2015-2020 with a 70 billion ruble budgetary investment planned. A variety of tourism development projects are planned from downhill skiing and sport complexes to a yacht harbor to health spas and cruise ships. In concluding, Karpenko noted the Sakhalin Region's favorable system of support for foreign investment including co-financing possibilities for infrastructure, as well as new federal foreign investment tools such as the Areas of Priority Development (TORs), the Corporation for the Development of Sakhalin and the Kurile Islands, and the Fund for Far East Development.

For the Republic of Sakha (Yakutia): **Georgy Nikonov**, Deputy Chairman of Government and Representative, Representation to the Far Eastern Federal District in Khabarovsk, Republic of Sakha (Yakutia), made a presentation on the development projects in the Republic of Sakha (Yakutia). In addition to Sakha's well known diamond resource representing 35 percent of the global reserve, Nikonov pointed to the Republic's vast reserves in timber stands, tin, uranium, iron ore, as well as coal and oil and gas. Nikonov noted the many state agencies supporting business and investment development in the Republic including the Investment Development Agency of the Sakha Republic (Yakutia), The Business Support Center of Sakha (Yakutia), The Business Incubator of Sakha (Yakutia), The Technopark "Yakutia", and the JSC Center of Cluster Development "Yakutia". Nikonov noted the \$52.8 million USD total trade turnover between the Republic of Sakha with the United States and provided details on the composition of exports and imports. Nikonov mentioned tourism development, scientific and historical research, Northern Sea route transportation corridor developments, and renewable energy and energy efficiency technologies applications as the priority areas for cooperation. In closing, Nikonov cited the 4th international conference on Renewable Energy Development in the Russian Far East to be held in Yakutsk in June 2016.

For the Kamchatskiy krai: **Dmitry Korostelev**, Minister of Economic Development, Business and Trade of the Kamchatskiy Krai Government, made a presentation on the investment potential of the territory. The creation of comfortable conditions for doing business is an important focus of the government of the Kamchatskiy Krai, and accordingly the investment strategy targets several priority areas.

One strategic project is "TOR "Kamchatka", the aim of which is the development of the Northern sea route (with port-industrial and tourism and recreation specializations). In its framework on 8 project sites over 2,000 new jobs are to be created, with first phase investment of \$36.5 billion rubles, of which 80% is private sourced. Another promising direction is the development of mineral resource base of the region: deposits of gold, platinum, copper and Nickel ores, in which the main task is creating the transportation and engineering infrastructure for large-scale mining projects. The next area is the development of all-season tourism on Kamchatka, in which a project is proposed to create a year-round downhill ski resort, and the close proximity to thermal hot springs will allow a combination of recreation and therapeutic treatment. Another direction is leveraging the hydroelectric potential of the rivers of the Kamchatka with implementation of the project "Construction of staged hydropower stations on the Zhupanova river", which will lower the cost of electricity. For the development of the Kamchatka fishing industry, which accounts for more than 20% of the total catch of Russia, the Government developed an aquaculture program envisioning the construction of 14 private fish farms.

In conclusion, Korostelev has underlined that the Government of Kamchatskiy Krai is ready to strengthen bilateral investment cooperation and to provide direct assistance in the implementation of specific investment projects.

RAPP Award for Achievement in the Advancement of U.S.-Russian Relations:

Derek Norberg and Anatoly Burry presented the 2015 award by the bilateral forum "Russian American Pacific Partnership" in recognition of achievement in advancing U.S.-Russian relations. In naming the recipient, Norberg stated that no other company over the past two decades has done more to create opportunity for U.S.-Russian cooperation in the Russian Far

East. The 2015 award was made to Exxon Neftegas Limited and the Sakhalin-1 Project. Wayne Warwick and Margarita Tsoy accepted the award for Exxon Neftegas Limited.

This concluded the Opening Plenary session of the 20th Anniversary annual meeting.

Thematic Presentations:

On the afternoon of 7 October, the following presentations along thematic lines were heard:

Energy:

Wayne Warwick, President, Exxon Neftegas Limited (ENL), presented on the international consortium Sakhalin-1 consisting of ExxonMobil, Rosneft, SODECO and ONGC highlighting the support ENL has received from the Sakhalin Region and Russian Federation (RF) Governments since the project inception and noted the 20th anniversary of the Production Sharing Agreement (PSA) under which the project operates. Mr. Warwick provided a historical perspective of the Sakhalin-1 project highlighting that Sakhalin-1 arrives at its 20-year anniversary having all three fields online. Sakhalin-1 first oil was produced at the Chayvo 10 years ago. The Odoptu production start-up 5 years ago, and first oil from Arkutun-Dagi was achieved at the Berkut platform in January this year. Over the decade since first oil, Sakhalin-1 crude production has exceeded half billion barrels and our gas supplies to Khabarovsk Region recently exceeded 17 billion cubic meters. The Sakhalin-1 project has deployed industry leading technologies and set numerous records for horizontal drilling, as well as providing significant tax and royalty payments to the federal and Sakhalin Region budgets. Since the beginning of the Project, \$13 billion got provided to the RF in royalties, state's share of oil and gas and taxes, including \$4,8 billion to Sakhalin region. "Sakhalin-1" investments to infrastructure (roads, bridges, Nogliki airport, hospitals) reached \$250 million. ENL is proud to model good corporate social responsibility in supporting infrastructure, educational, health, cultural and other charitable causes. Since the Project inception Consortium "Sakhalin-1" and ExxonMobil corporation supported hundreds of charitable contributions totaling \$28 million.

Maxim Ignatyev, First Deputy Director for External Communications, AO "SUEK", presented "*On the Activities of SUEK in the Far East*" covering the companies coal extraction and logistical/infrastructure developments.

Jingquan Gai, Vice President, Black & Veatch Engineering Design Co., Ltd (Beijing), presented on some of the company's innovative LNG applications in China "*Gas Supply using Distributed LNG Concepts*".

Electrification and Energy Efficiency:

Patrick Willems, Project Manager, IFC Russia Renewable Energy Program, moderated a session on Electrification and Energy Efficiency with panel participants from GE, JSC SakhalinEnergo, IFC and Black & Veatch.

Vladimir Shirayayev, Gas Turbines Sales Leader - Russia/CIS, GE Power & Water, presented on "*GE gas turbines in power generation projects on Sakhalin and Far East*"

Igor Butovskiy, General Director, JSC SakhalinEnergo, presented on "*Russian-American Cooperation in Sakhalin's Electrical Power Industry*".

Aleksey Zhikharev, IFC Russia Renewable Energy Program, Investors and government relations officer, IFC, presented on "*Opportunities for financing RES projects under current regulations*".

Vladimir Kantor, Vice President, Black & Veatch Corporation, *Reliable*, "*Innovative Energy Infrastructure*".

Historical Commemoration:

Craig Lang, Chairman and Founder, Bravo 369 Flight Foundation, provided a brief on the recreation of the historic Bravo 369 flight route "Alaska-Siberia" between the USA and USSR in 2015. Following the presentation, four Sakhalin Great Patriotic War veterans in attendance were recognized with a standing ovation.

Arctic Cooperation:

Derek Norberg read a series of proposals for U.S.-Russian Arctic cooperation and passed copy to the moderators for their consideration during the working session on 8 October.

Transportation:

Dash Hada, President, AirRussia.us/ InterPacific Aviation and Marketing, delivered a presentation on the *Status of Air Transportation between Alaska, Russian Far East and Japan* and on his company's four years of flight service between

Anchorage and Petropavlovsk-Kamchatskiy, as well as between Narita and Petropavlovsk-Kamchatskiy, and shared the company's plans for flight service in 2016.

Capt. Igor Loch, Foss Maritime Company, presented *Foss Maritime and the Sakhalin Projects* covering Foss Maritime's early 2003 and 2005-2006 heavy lift barge work for the Sakhalin-1 project and Foss's return to the Sakhalin island project in 2015-2017.

Tourism Development:

Ivan Shevchenko, Advisor, Ministry of Sport, Tourism, and Youth Policy of the Sakhalin Region, presented on the prospects for tourism development in the Sakhalin Region.

Lena Kurbanalieva, Deputy Minister of Entrepreneurial Affairs and Tourism Development of the Republic of Sakha (Yakutia) presented on tourism development in the Republic of Sakha (Yakutia).

Alexandra Filatkina, Dept. Director for Development, Kronotsky Federal Nature Reserve, made a presentation on prospective areas of cooperation in Kamchatka's tourism development.

Business as Unusual:

Sergey Lazarev, Managing Partner. Russin & Vecchi PLLC, provided an overview of the western sanctions on Russia.

Evgeny Kuzmenko, Manager Tax & Legal Services, ZAO Deloitte & Touche CIS, provided an overview of recent amendments to the Russian Civil Legislation.

RAPP Break-Out Session:

Through the morning of October 8th, RAPP attendees worked in a break-out session to define issues and compose recommendations to improve economic and non-commercial cooperation between the Russian East and the Western U.S. The two co-moderators, **Tatyana Konko** and **Craig Lang**, led discussions and, together with the participants, formulated recommendations covering topics including Energy, Energy Efficiency, the Environment, bilateral cooperation in the Arctic, expansion of educational programs and exchanges, strengthening of ties between Russian Far East and the West Coast U.S. cities, tourism, and the observation of historically significant events.

At the closing plenary, a summary of the break-out session was delivered by both Moderators to the meeting's Co-Chairs. The break-out session report developed at the 19th annual meeting is included in this Summary Report forwarded to the U.S. and Russian governments for distribution to the ministries, departments and agencies of relevance. The report recommendations will also serve the RAPP Secretariats in formulating current year priorities.

Anatoly Buryy advised that after 20 years of service as Director of the Russian Secretariat of RAPP he is relinquishing his duties and proposed to consider the possibility to pass the Russian Secretariat of RAPP functions to the Far Eastern Chamber of Commerce and Industry.

At the close of the meeting no announcement of dates was made regarding dates for the 2016 twenty first annual meeting of the Russian American Pacific Partnership but an announcement is expected by the end of 2015.



Co-Chair for the Russian government side
Dmitry Sazhin
Deputy Director, Department of the Countries of Europe, North Americas and International Organizations, Ministry of Economic Development of the Russian Federation



Co-Chair for the U.S. RAPP secretariat
Derek Norberg
President, Council for U.S.-Russia Relations
Executive Director RAPP

	<p>Breakout Session Report</p>
	<p><i>Russian Moderator:</i> Tatyana Konko <i>U.S. Moderator:</i> Craig Lang</p>

Discussion:

During the session, the RAPP participants discussed the following issues:

- Various areas for bilateral cooperation in the Arctic region;
- The need to resume priority working groups within the U.S.-Russia Bilateral Presidential Commission;
- Expansion of interregional cooperation;
- Improving U.S. partners' access to information on Russia's investment climate and new legislation;
- Issues of energy and energy efficiency;
- Expansion of educational and student and teacher exchange programs.
- Strengthening ties between the cities of the U.S. West Coast and the Russian Far East, with mention of the Russian and U.S. sister-city relations conference to be held February, 2016 in Gainesville, Florida;
- Discussion of a proposal to support the development of program activities in 2016 commemorating the 100 year anniversaries of the U.S. National Park Service and the Federal Reserve System of the Russian Federation;
- Sanctions and counter-sanction measures and their impacts on business development and consumers.

Recommendations:

1. Cooperation in the Arctic:

Recommend the Governments of the Russian Federation and the United States of America develop a bilateral plan of cooperation in the Arctic, in areas including Maritime transport, security and cooperation in emergency response, natural resource development and extraction, scientific research cooperation, environmental protection and territorial rights, etc. The plan would conform to the positions of both parties in the framework of international organizations, including the Arctic Council and the United Nations.

Recommend that issues of Russian-American cooperation in the Arctic be considered as a separate track of our bilateral relations as a constructive engagement based on common interests and objectives providing security in the Arctic.

2. Resumption of activities under the Bilateral Presidential Commission (BPC):

Recommend the governments of the Russian Federation and the United States resume the activities of the U.S.-Russia Bilateral Presidential Commission in its entirety, or of specific working groups within it according to their priority for the preservation of global prosperity, stability and security. These may include the working groups on Business Development and Economic Relations, Environment, Arms Control and International Security, Counterterrorism, Nuclear Energy and Security, Military Cooperation, Space Cooperation, Emergency Situations, Counternarcotics, and other working groups as the parties may agree;

Recommend the governments of the Russian Federation and the United States establish a working group (or groups) on Global Climate Change and/or Arctic Cooperation.

3. Interregional cooperation:

Pursuant to the new legislation "On the Free Port of Vladivostok" and "On the Targeted Areas of Development" (TORs), recommend that the Ministry of the Russian Federation for the Development of the Far East clarify evaluation mechanisms and procedures for Russian companies to obtain resident status in the Free Port, as well as for foreign companies to participate as investors;

Recommend that regional governments of the Russian Far East and states of the U.S. West Coast allocate resources necessary to support their mutual interest in strengthening interregional relations and collaboration in trade, education, and other areas.

4. Energy:

Recommend the governments of the Russian Federation and the United States, and the Bilateral Presidential Commission support the collaborative activities of the U.S. West states and Eastern Russia regions and companies in the fields of energy efficiency, conservation and environmental technologies, and in this effort, leverage the established capabilities of RAPP and its partners.

Recommend the Government of the Russian Federation improve legislation governing the modernization of the energy sector, and provide economic incentives, including tax considerations, in support of energy efficiencies and alternative energy development, and support the upgrade of existing power grids and related infrastructure employing the most advanced technologies or domestic or foreign manufacture. We encourage broader utilization of alternative energy to decrease fossil fuel consumption by implementing innovative "Feed-in Tariff" mechanisms, while factoring regional capacities.

5. Education:

Recommend universities in the Russian Far East and the Western U.S. states adopt specialized course curriculum on the history and condition of Russian-American relations.

Recommend that U.S. West Coast and Russian Far East institutes of higher education (universities) accelerate offerings for exchanges of students and professors.

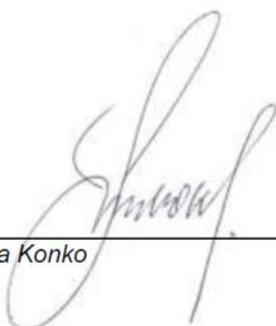
6. The 100th anniversary of the U.S. National Park Service and the Russian Federation Federal Reserve System.

Recommend bilateral support for developing presentations and planning of events commemorating the 100-year anniversary of the U.S. National Park Service and the Federal Reserve System of the Russian Federation.

Recommend expanding information exchange opportunities in the area of park and nature reserve management.

7. Sanctions:

Recommend the governments of the Russian Federation and the United States refrain from further application of sanctions, counter-sanctions, or other similar trade restrictions as a tool of foreign policy influence. Sanctions are detrimental to international trade and global economic stability, often fall short of their objective, compromise unrelated cooperation of mutual benefit and global significance, and have unintended and lasting consequences for the private sector including a loss of markets and increased unemployment.



Tatyana Konkova



Craig Lang

List of 20th RAPP meeting participants:

Count	Last Name	First Name	Title	Company / Organization	City	Region/State	Represent
1	Averyanov	Alexander	Commercial Director	Sakhalin Shipping Company SASCO	Kholmsk	Sakhalin Region	Russia
2	Blinov	Alexander	Vice President Marketing	Russian Forest Products Group (RFP)	Khabarovsk	Khabarovsk Territory	Russia
3	Bolsheshapova	Evgeniya	Acting Director	Sakhalin Project Development Agency	Yuzhno-Sakhalinsk	Sakhalin Region	Russia
4	Brady	Terry	Operations Manager	DRC Sakhalin Group LLC	Yuzhno-Sakhalinsk	Sakhalin Region	USA
5	Buryy	Anatoly	Director RAPP Secretariat in the Russian Federation	Deputy Director Far Eastern Regional Business Council	Khabarovsk	Khabarovsk Territory	Russia
6	Butovskiy	Igor	General Director	OAQ Sakhalinenergo	Yuzhno-Sakhalinsk	Sakhalin Region	Russia
7	Byankina	Irina	Deputy Director, Head of Division of Marketing and Event Organization	Sakhalin Project Development Agency	Yuzhno-Sakhalinsk	Sakhalin Region	Russia
8	Degtyarev	Vladimir	Minister of Transportation and Mass Communications	Government of the Sakhalin Region	Yuzhno-Sakhalinsk	Sakhalin Region	Russia
9	Denney	Douglas	President	DRC International Inc.	Federal Way	Washington	USA
10	Falaleyev	Andrei	Interpreter/ President RHTS	Russian House Translation Services	Monterey	California	USA
11	Filatkina	Alexandra	Deputy Director for Development	Kronotsky Federal Nature Biosphere Reserve	Yelizovo	Kamchatka Territory	Russia
12	Gai	Jingquan	Associate Vice President and Operations Manager Oil & Gas China	Black and Veatch (Beijing) Engineering Design Co., Ltd.	Beijing	Peoples Republic of China	USA
13	Galiulina	Maria	Branch Manager	Moore Stephens, Sakhalin Branch	Yuzhno-Sakhalinsk	Sakhalin Region	USA
14	Gazeley	Capt. Herb	Operations Manager	FOSS Teras Marine LLC	Seattle	Washington	USA
15	Gridchina	Tatyana	Advisor, Division of International Relations and Foreign Economic Activities	Ministry of Investments and Foreign Realitions, Government of the Sakhalin Region	Yuzhno-Sakhalinsk	Sakhalin Region	Russia
16	Grinko	Dennis	Partner	Gumboots LLC	Yuzhno-Sakhalinsk	Sakhalin Region	Russia
17	Hada	Dash	President	InterPacific Aviation & Marketing/ AirRussia.US	Tokyo	Chiba	Japan
18	Holm-Olsen	Erik	Consul General	U.S. Consulate in Vladivostok	Vladivostok	Primorskiy Territory	USA
19	Ignatyev	Maxim	First Deputy Director for External Relations and Communications	Siberian Coal Energy Company "SUEK"	Moscow	Moscow Region	Russia
20	Iljin	Vasily	Head of Project Service - Deputy Director	JSC Aurora Airlines	Yuzhno-Sakhalinsk	Sakhalin Region	Russia
21	Kantakov	Gennady	General Director	FEEC Ltd.	Khimki	Moscow Region	Russia
22	Kantor	Vladimir	Vice President and Regional Area Director - Eastern Europe & CIS	Black and Veatch Corporation	Overland Park	Kansas	USA
23	Khan	Dmitry	Deputy Minister and Director Department of Foreign Relations	Ministry of Investments and Foreign Realitions, Government of the Sakhalin Region	Yuzhno-Sakhalinsk	Sakhalin Region	Russia
24	Khotochkin	Sergey	Vice Governor	Government of the Sakhalin Region	Yuzhno-Sakhalinsk	Sakhalin Region	Russia
25	Khuseinov	Vadim	Branch Manager in Yuzhno-Sakhalinsk	Halliburton	Yuzhno-Sakhalinsk	Sakhalin Region	USA
26	Kim	Yana	Lead Consultant, Division of International Relations and Foreign Economic Activities	Ministry of Investments and External Relations, Government of the Sakhalin Region	Yuzhno-Sakhalinsk	Sakhalin Region	Russia
27	Kim	Alisa	Chief Specialist	Sakhalin Project Development Agency	Yuzhno-Sakhalinsk	Sakhalin Region	Russia
28	Kochnev	Oleg	General Director	Sakhalin Oil and Gas Technologies LLC	Yuzhno-Sakhalinsk	Sakhalin Region	Russia
29	Kolobov	Dmitry	Deputy Director	DRC Sakhalin Group LLC	Yuzhno-Sakhalinsk	Sakhalin Region	USA
30	Kolodeznikov	Alexey	Minister of Energy and Housing and Communal Services	Government of the Republic of Sakha (Yakutia)	Yakutsk	Republic of Sakha (Yakutia)	Russia
31	Konko	Tatiana	General Director	Vladivostokvneshtans Forwarding Co., Ltd.	Vladivostok	Primorskiy Territory	Russia
32	Kopylov	Valery	General Director	JSC Law & Investments	Moscow	Moscow Region	Russia
33	Korostelev	Dmitry	Minister of Economic Development, Business and Trade	Government of Kamchatskiy Krai	Petropavlovsk-Kamchatskiy	Kamchatskiy Krai	Russia
34	Koshelev	Oleg	General Director	Amur Shipping Company	Khabarovsk	Khabarovsk Territory	Russia
35	Kotlikov	Gennady	Deputy Minister of Transport and Roadworks	Ministry of Transport and Roadworks of the Sakhalin Region	Yuzhno-Sakhalinsk	Sakhalin Region	Russia
36	Kozhemyako	Oleg	Acting Governor and Chairman of Government	Government of the Sakhalin Region	Yuzhno-Sakhalinsk	Sakhalin Region	Russia

List of 20th RAPP meeting participants continued:

Count	Last Name	First Name	Title	Company / Organization	City	Region/State	Represent
37	Kret	Vladimir	Head of Directorate of the Ministry of Industry and Trade in the Russian Far East Territory	Ministry of Industry and Trade of the Russian Federation	Khabarovsk	Khabarovsk Territory	Russia
38	Krinitzskaya	Elena	Head of International Relations and Foreign Economic Activities	Government of the Sakhalin Region	Yuzhno-Sakhalinsk	Sakhalin Region	Russia
39	Kripa	Valery	Public and Government Affairs Advisor	Exxon Neftegas Limited	Yuzhno-Sakhalinsk	Sakhalin Region	USA
40	Kurbanalieva	Lena	Deputy Minister of Business Affairs and Tourism Development	Government of the Republic of Sakha (Yakutia)	Yakutsk	Republic of Sakha (Yakutia)	Russia
41	Kuzmenko	Evgeny	Manager, Tax & Legal Services / Legal Group	ZAO Deloitte & Touche CIS	Yuzhno-Sakhalinsk	Sakhalin Region	USA
42	Lang	Craig	Co-founder and Chairman	Bravo 369 Flight Foundation	Bellingham	Washington	USA
43	Lavrik	Lidia	Assistant, Department of International Relations and Foreign Economic Activity	Government of the Sakhalin Region	Yuzhno-Sakhalinsk	Sakhalin Region	Russia
44	Lazarev	Sergei	Managing Partner	Russin & Vecchi LLC International Legal Counsellors	Moscow	Moscow Region	USA
45	Lekomtsev	Alexei	Translation Supervisor	Exxon Neftegas Limited	Yuzhno-Sakhalinsk	Sakhalin Region	USA
46	Lindberg	Irina	Public and Government Affairs Representative	Exxon Neftegas Limited	Yuzhno-Sakhalinsk	Sakhalin Region	USA
47	Loch Jr.	Capt. Igor	Vice President Marine Operations & Assurance/DPA	Foss Maritime Company	Seattle	Washington	USA
48	Malofeeva	Elena	Interpreter	Russian House Translation Services	Moscow	Moscow Region	Russia
49	Matsuk	Alexander	General Director	Sakhalin Shipping Company SASCO	Kholmsk	Sakhalin Region	Russia
50	Nikonov	Giorgiy	Permanent Representative of the Republic of Sakha (Yakutia) to the Far East Federal District office in Khabarovsk	Government of the Republic of Sakha (Yakutia)	Khabarovsk	Republic of Sakha (Yakutia)	Russia
51	Norberg	Derek	President	Council for U.S.-Russia Relations	Seattle	Washington	USA
52	Nosov	Vladimir	Head of Representative Office in Yuzhno-Sakhalinsk	Ministry of Foreign Affairs of the Russian Federation	Yuzhno-Sakhalinsk	Sakhalin Region	Russia
53	Popov	Evgeny	Commercial Director	Amur Shipping Company	Khabarovsk	Khabarovsk Territory	Russia
54	Pushkarev	Vladimir	Director	NP "Russian Center for Arctic Development"	Salekhard	Yamalo-Nenetskiy Autonomous Region	Russia
55	Rakipov	Albert	Deputy Director, Department of Foreign Economic Activity, Attraction of Private Investment, and Export Promotion	Ministry of Far East Development of the Russian Federation	Moscow	Moscow Region	Russia
56	Romanov	Alexander	Minister of Natural Resources and Environmental Protection	Government of the Sakhalin Region	Yuzhno-Sakhalinsk	Sakhalin Region	Russia
57	Rusetskiy	Evgeny	Board Member	Association of Lawyers of Russia - Primorye regional branch	Vladivostok	Primorskiy Territory	Russia
58	Sazhin	Dmitry	Deputy Director Department of Countries of Europe, North America, and International Organizations	Ministry of Economic Development of Russian Federation	Moscow	Moscow Region	Russia
59	Semiannikova	Victoria	Head of Logistics	Halliburton	Vladivostok	Primorskiy Territory	USA
60	Scherbina	Vera	First Deputy Chair of Government	Government of the Sakhalin Region	Yuzhno-Sakhalinsk	Sakhalin Region	Russia
61	Shestakov	Oleg	Commercial Development Director - Far East Region	GE Global Growth Organization	Vladivostok	Primorskiy Territory	USA
62	Shirokov	Konstantin	Branch Director - Sakhalin	Modern Machinery Far East	Yuzhno-Sakhalinsk	Sakhalin Region	USA
63	Shiryayev	Vladimir	Gas Turbines Sales Leader - Russia/CIS	GE Power & Water	Moscow	Moscow Region	USA
64	Sidorov	Evgeny	First Deputy Minister of Federative Affairs and Foreign Relations	Government of the Republic of Sakha (Yakutia)	Yakutsk	Republic of Sakha (Yakutia)	Russia
65	Spicer	Marina	President	Express Pacific LLC	Seattle	Washington	USA
66	Statsun	Sergey	Head of Representation	Fluor Daniel Eurasia Inc.	Yuzhno-Sakhalinsk	Sakhalin Region	USA
67	Stupnitskiy	Boris	President	Chamber of Commerce and Industry of the Primorskiy Territory	Vladivostok	Primorskiy Territory	Russia

List of 20th RAPP meeting participants continued:

Count	Last Name	First Name	Title	Company / Organization	City	Region/State	Represent
68	Sudakova	Yelena	Minister of Investment and External Relations	Government of the Sakhalin Region	Yuzhno-Sakhalinsk	Sakhalin Region	Russia
69	Sunchugasheva	Maria	Volunteer	RAPP 20th Annual Meeting	Yuzhno-Sakhalinsk	Sakhalin Region	Russia
70	Sukhorebrik	Konstantin	General Director	JSC Aurora Airlines	Yuzhno-Sakhalinsk	Sakhalin Region	Russia
71	Tikhonkikh	Vera	Head of the Agency of Gasification and Infrastructure Development	Government of the Sakhalin Region	Yuzhno-Sakhalinsk	Sakhalin Region	Russia
72	Tishkin	Andrey	Senior Specialist/Expert, Department of the Countries of Europe, North America and International Organizations	Ministry of Economic Development of Russian Federation	Moscow	Moscow Region	Russia
73	Tsoy	Margarita	Vice President	Exxon Neftegas Limited	Yuzhno-Sakhalinsk	Sakhalin Region	USA
74	Turyk	Oleg	General Director	DalEnergInvest LLC	Yuzhno-Sakhalinsk	Sakhalin Region	Russia
75	Vinokurov	Vladimir	Ambassador-at-Large, Secretary for Russia to the U.S.-Russian Bilateral Presidential Commission	Ministry of Foreign Affairs of the Russian Federation	Moscow	Moscow Region	Russia
76	Voronenko	Alexander	Advisor to the Directorate	Interregional Association "Far East and Zabaikalye"	Khabarovsk	Khabarovsk Territory	Russia
77	Vorontsov	Vladimir	Deputy, Chairman of Budget and Tax Committee	Sakhalin Region Duma	Yuzhno-Sakhalinsk	Sakhalin Region	Russia
78	Vostrikov	Igor	President	Far Eastern Chamber of Commerce and Industry	Khabarovsk	Khabarovsk Territory	Russia
79	Warwick	Wayne	President	Exxon Neftegas Limited	Yuzhno-Sakhalinsk	Sakhalin Region	USA
80	Willems	Patrick	Operations Officer, IFC Europe and Central Asia Department - Russia Renewable Energy Program	International Finance Corporation (IFC)	Moscow	Moscow Region	International
81	Yefremova	Marina	Lead Specialist	Sakhalin Project Development Agency	Yuzhno-Sakhalinsk	Sakhalin Region	Russia
82	Zagidulina	Irina	Deputy Director, Department of Foreign Relations, Head of Cross-Border and Interregional Cooperation	Government of the Sakhalin Region	Yuzhno-Sakhalinsk	Sakhalin Region	Russia
83	Zaitsev	Anton	Minister of Sport, Tourism and Youth Policies	Government of the Sakhalin Region	Yuzhno-Sakhalinsk	Sakhalin Region	Russia
84	Zhikharev	Alexey	Russia Renewable Energy Program, Investors and Government Relations Officer	International Finance Corporation (IFC)	Moscow	Moscow Region	International

RAPP HISTORICAL PHOTOS 1995-2015:



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