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Q&A: Viktor Semyonov Grows Vegetables and Relationships

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Viktor Semyonov, a State Duma deputy and former head of Belaya Dacha, inspecting vegetables in a Belaya Dacha greenhouse in the Moscow region town of Kotelniki. In an extensive interview, he offered a
Igor Tabakov

KOTELNIKI, Moscow Region — If it weren't for Viktor Semyonov, "hold the lettuce" would have been the norm for the first Big Macs served by McDonald's when it entered Russia back in 1990.

Semyonov headed Belaya Dacha, a greenhouse farming company that he transformed from a Soviet collective farm into what is now a multimillion-dollar leader in the produce sector.

Semyonov had the vision to form a partnership with McDonald's that is going strong 20 years later. Along the way, he gleaned best practices from the fast-food chain's corporate culture and managed to educate its management on a few keys to success in modern Russia.

Semyonov, now 53, also held the post of agriculture minister in 1998 and 1999 and is currently serving his third term as a State Duma deputy, representing the United Russia party.

He has surrendered his seat on the Belaya Dacha board, as per the rules governing elected officials and commercial activity — but he's none too happy about it.

"I think it was wrong that I had to leave the post of board chairman of my company," he told The Moscow Times.

"If I were allowed to conduct a board meeting once a year, nothing would really change. I can't influence the market as the head of my business," he said.

Semyonov said the rules that are supposed to separate politicians and businesspeople are not necessary for those with "integrity" and are easily circumvented by those without.

Semyonov spoke about foreign investors, politics and the recent EU vegetable ban in a far-ranging interview at his office at Belaya Dacha's headquarters, just south of the Moscow Ring Road in the Moscow region town of Kotelniki.

Leaning on his experience with McDonald's, Semyonov said foreigners should take a two-pronged approach to find success in Russia. On the one hand, he said, foreigners need to stand up to petty bureaucrats and corrupt officials that hamper all businessmen by asserting their rights and using the legal levers that are available.

But at the same time, they must form long-term partnerships with like-minded Russian businesspeople based on mutual interests and respect, he said.

"The ideal thing is to find good partners. When I am asked why I import some products from Europe and don't just rely on local suppliers, I respond that I don't keep all my eggs in one basket," he said.

"During last summer's drought, when my Russian partners jacked up prices, my European ones didn't, even if it meant that their profits would suffer. Of course, I will continue to sign contracts with such a partner."

Semyonov also thinks that a little more pluralism in the political arena would lead to a healthier decision-making environment. He has sympathy for billionaire Mikhail Prokhorov, who was elected head of the pro-business Just Cause party last month — because he knows how difficult it can be to make the transition from successful businessman to politician.

Below are edited excerpts from the interview with Semyonov.

Q: As a businessman who became a politician, what do you think of the rule barring politicians from engaging in commercial activities?
A: If I need to see how bills concerning agriculture might affect the sector, I give a draft to the Belaya Dacha economist or accounting manager to ask their opinion. It's natural.
Belaya Dacha even provides me office space as a Duma deputy. It is useful for me, because I live nearby, my voters live here too, and the state doesn't need to pay for it.
Speaking of the law, I think it could be more flexible, but we have to become mature enough for it. There is no mutual trust between business people and society. Average people view

businessmen with suspicion, like crooks.

Q: What steps can be taken to improve the way society views businesspeople?
A: Businesses should do charity work, not only within the company but also in the community. It's a sin to advertise your charitable efforts, but it has to be done to some extent so people can understand. We've cleaned up parks and supported church activities.

Q: How can businesspeople lobby their interests in the absence of a formal legal framework regarding lobbying?
A: There is no law, but there is lobbying. I represent a lobby not as a party member but as head of the Agriculture Trade Union Association — an organization I founded soon after I left the minister post — and as head of the Russian Chamber of Commerce's agriculture committee. In both organizations we are acting as a lobbying group, which is not connected with any party because we have members from the left and right. We address issues with the president or sometimes even with a minister. Sometimes bureaucrats don't like it when we ask them difficult questions. But I care more about the results we achieve.
When I was in the Agrarian Party, we achieved much less than after we joined United Russia. Then, it took us seven years to get the government to provide 20 billion to 30 billion rubles of annual support to the agriculture sector. Then we managed to secure 130 billion rubles in four years.

Q: But do you think legislation on lobbying is needed?
A: I don't see a big problem right now. The main thing is lobbying without taking bribes. We don't take money for our services. Maybe we act more primitively, but we are trying to stimulate public opinion about events.
I can give you one example. A few years ago, when the state wanted to create a grain corporation and intervene in grain prices, a key market player drew my attention to the draft legislation. When I read it, I was shocked. It was like allowing the traffic police to set their own rules and generate a profit for themselves from fines. I called Agriculture Minister Alexei Gordeyev and asked him to look at the draft. He created a task force to invite all interested parties to help draft better legislation that would make sense for everyone.

Q: Does your status as a former minister help you to achieve your goals?
A: Of course. Some people say, "Once a minister, always a minister." This status stays with you and helps you organize people.

Q: Do you think it is important for the Duma to create a fast-track process that allows investors to quickly resolve problems?
A: The main issue is not with the Duma. You can do this even with existing legislation, but it depends more on the attitude of the people on the ground. As long as we have bureaucrats who believe that people should pay them money for the right to invest, nothing will change.
Of course, they are more educated now and don't demand bribes, but they will advise you to contribute to such-and-such a fund that, let's say, helps the disabled. I doubt that any disabled people would get any assistance because those funds would be under control of local "princes."
No fast-track process will be possible while this mentality pervades. But there are changes. Look at the Belgorod region, the Kaluga region and the Moscow region. All of them have been

quite successful in attracting investors.

Q: What advice can you offer foreign investors who are facing this mentality?
A: Take as an example McDonald's, a company I worked with for many years. Once when I was talking with its director, Khamzat Khasbulatov, I asked how he defended himself from fire inspectors. Did he give bribes? He told me that when an inspector tells him that a door is 10 centimeters off from the technical standard, he hands them the key to the facility and asks them to seal the whole place off. But he also tells him that he will sue the inspector himself and his organization — and has a good chance of winning because his company's fire-safety standards are more stringent than the official norm and the inspectors will have to pay compensation equal to revenue lost due to the closure.

Q: What was your view of the recent ban on European vegetables?
A: It was too sudden. It's not right to destroy things that men make. I mean, they could have introduced the ban slowly so truckloads of vegetables didn't have to be destroyed. Sometimes I really want to say, "Dear government, please try to care about businessmen and what they are trying to achieve."

Q: Do you think society suffers today because of a lack of public criticism?
A: I have recently gotten involved in winemaking, so I can compare the political process to the steps toward making wine. Society reminds me of a young wine, with a rich bouquet like beaujolais, but we knew that it could not last long and that it was cheap. The fermentation process has to be stopped so the wine can mature and get better. The beginning of this millennium was when the foam began to be removed. But we know that if this stage goes on too long, the wine will die or turn into vinegar.

Q: Is there an understanding within United Russia that change is needed?
A: If the party won't change from within, it will turn into vinegar. If it were true that nothing needed to be changed, the All-Russia People's Front wouldn't have emerged. Frankly, the front is a headache because it is unmanaged and makes some people feel uncomfortable. Many things look artificial. As the saying goes, "Force a fool to pray, and he will smash his forehead against the ground." But we were all born in the Soviet Union and have a bit of that totalitarian system inside us.

Q: What do you think about the political chances for billionaire Mikhail Prokhorov and his Right Cause party?
A: I feel a bit sorry for him because he is going have a hard time. He is a businessman, and that's different from being a politician. I know that. He has to bend without breaking himself in two. But I am really glad that he became the head of the party, because I believe that Right Cause's agenda is not felt in the Duma. We, as United Russia, need them. If we want to hold on to our status as the core party, we have to have different opinions around us to choose from because our opinion is not always right. As a businessman and as a politician I like to hear different opinions, not just the same one repeated by different people.

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