

Q&A: Chess Not Just a Game for Infrastructure Oligarch

By [Howard Amos](#)

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Filatov sees proper calculation of risk as an essential element of success.

Though he said he hadn't played chess for a year, infrastructure oligarch Andrei Filatov knew the risk of defeat was negligible when he agreed to a match with a less-than-talented Moscow Times reporter in the offices of the Russian Chess Federation.

Within a few moves there was little doubt about the outcome.

"You can't start a military campaign without setting up your troops," Filatov said, half-kindly, when asked for his analysis after the inevitable had happened.

Before entering business in the 1990s, Filatov — ranked by Forbes as the 74th-richest man in Russia with a personal fortune of \$1.3 billion — trained as a chess player. He said he would have become a professional were it not for the collapse of the Soviet Union.

Andrei Filatov

Education

1993 — Academy of Physical Education and Sport of the Republic of Belarus, sports-teaching and chess-coaching degree

Entrepreneurial Experience

1996 — Co-founded SeverstalTrans with Nikita Mishin and Konstantin Nikolayev to serve the transportation needs of a then-small steel manufacturer, Severstal.

2008 — GlobalTrans, the rail freight part of N-Trans (the new name for SeverstalTrans), lists on the London Stock Exchange.

2011 — N-Trans' oil terminal and container business Global Ports raised \$534 million via an IPO in London.

Favorite book: "Children of the Partisan Forests" (a Soviet children's book)

Reading now: "Memoirs of a Terrorist" (1917) by Boris Savinkov

Favorite restaurant: Italyanskoye Kafe La Torra, 10 Testovskaya Ulitsa, Moskva-City

Weekend getaway destination: Valaam, an island in Lake Ladoga, republic of Karelia

Confirming the suspicions of his unworthy challenger, Filatov, 40, admitted that he could have won even more swiftly if he had wanted. "What does it matter how long the game will take when the result is obvious?" he said. He had been toying with his opponent.

The Ukrainian-born businessman stepped publicly into the colorful world of Russian chess late last year when he said he would sponsor the World Chess Championship. The match — the biggest in the chess calendar — will be played by Soviet-born Boris Gelfand and India's Viswanathan Anand in Moscow this May.

The event will also be sponsored by billionaire oil trader Gennady Timchenko who is rumored to have close ties to Prime Minister Vladimir Putin.

While he plays infrequently now, Filatov said his knowledge of chess was key in formulating his business strategy. The ability to calculate risk is essential for both. Filatov was dismissive of the difficulties facing foreigners looking to invest in Russia and pointed to his own experience and Russia's history as evidence.

Since the early 1990s, Filatov has been in partnership with schoolmates Konstantin Nikolayev and Nikita Mishin. In 1996, they set up SeverstalTrans with Alexei Mordashov, now the owner of steelmaker Severstal and Russia's third-richest man. Filatov and his partners bought Mordashov out of SeverstalTrans in 2008, creating N-Trans.

From 1998 until 2004, the deputy director of SeverstalTrans was Igor Levitin, the current transportation minister.

Through the Cyprus-registered N-Trans, Filatov and his partners have stakes in numerous infrastructure ventures. The most high profile are GlobalTrans, Russia's biggest private freight rail group, and Global Ports, which controls 30 percent of the country's container traffic. Via their holding company Marc O'Polo Investments, the businessmen also have a stake in infrastructure company Mostotrest, which specializes in bridge construction.

N-Trans works not only in Russia, but also has interests in the countries of the former Soviet Union. Filatov, who Forbes placed amongst the top 1,000 wealthiest men in the world in March, said he was probably the biggest private investor in Estonian history.

Filatov elaborated on the links between railway wagons, oil terminals and chess in an interview with The Moscow Times, which has been edited for length and clarity.

Q: When did you become interested in business?

A: I started doing business during my student days — I was studying chess in Minsk. When the Soviet Union started to fall apart and the country began to open up, I became involved in typical student business ventures. I went abroad for the first time for an international chess tournament in Poland, but the tournament didn't happen. All the participants in the tournament were supposed to go home, but they were experienced and had brought goods with them and began to sell them. I didn't know [that was possible]! But I saw that it was very profitable. The next time I went, I sold electrical goods that I had brought with me.

Q: How profitable was it?

A: I had a stipend of 40 rubles. At that time about 16 rubles would get you a dollar. I had a grant of \$2 or \$3 — to live on it was not easy. For me to earn \$100 [selling electrical goods in Poland] was very profitable. You could live well.

Q: Which people have influenced or inspired you?

A: There was no such person in business. In chess, it was my coach Alexander Sinitsyn who worked with me from the age of 10 to 16. He was a good man.

Q: When did you first become interested in chess?

A: My father played chess with his friends, and, as a child, I watched. That's how I became interested. It is hard to say whether my father was a good chess player or not. He died when I was in first grade. I went to training sessions from the third grade and began to understand something about the game.

Q: What are the chess matches that you remember the best?

A: A child's emotions are always stronger. We won a regional competition at school that we really wanted to win, and the victory allowed us to go to a tournament in Odessa — for fifth graders it was real travel! From Dnipropetrovsk to Odessa.

Q: When did you stop playing chess?

A: In 1991. I finished [university] but had already given up playing chess and become distracted by business. I had discovered a great interest in business — it was similar to chess. I was captivated. It was also necessary to survive — those were difficult times.

Q: How do chess and business influence one another?

A: You have to evaluate risk everywhere. When you make a move you are always judging what

the answer will be. You are calculating the risk — what the probability is of a certain chain of events. There are a lot of similarities between chess and business.

In more concrete terms, I will admit that I played chess for big money in the early 1990s. Very big. The time I wasted as a child on chess, I bought back in its entirety! It was more money than the prize fund for the World Chess Championship [\$2.5 million]. One game was with a respectable oilman. He put up mazut [fuel oil], and I put up a contract for transportation services. Russian style. We played very seriously. My hands were trembling. But I won.

Q: What were the key moments in your business life?

A: The important moment in my student business days was when I became interested in how business happens on a global scale. When the Soviet Union's system of external trade collapsed and enterprises entered global markets — without understanding them — I started to talk with the heads of these enterprises. They said there was such chaos that they didn't know how to sell their goods. With my friends — my future partners — we understood that there was a niche.

We didn't have any capital to start trading on a large scale. But we began to work on organization and services — we helped big factories to affect sales and organize forwarding and transportation-

logistical chains. We earned a large amount of money relatively quickly. And then we understood that we wanted to do it on an even bigger scale.

We made a proposal to a young businessman who was just starting out — Alexei Mordashov — to establish a joint company. We created SeverstalTrans, and it provided services not only for Severstal but for others. It began earning money, and we started investing that money in industrial enterprises and transport companies. This is how we created a business.

I remember how we purchased our first freight car for GlobalTrans. It was bought in Ukraine, from the Azovmash factory. Businesses were suffering from a physical absence of freight cars. The fleet was aging and falling apart. We saw that there was a role for leasing. So we got credit and started to buy freight cars and organize transportation services. Eventually, we needed more capital, so we went to the public market. That's how the company grew. All the assets that are a part of N-Trans we bought, created value, built into companies and took public.

Q: Why did you pick Konstantin Nikolayev and Nikita Mishin as your partners in the early 1990s?

A: We thought the same way; we looked at things the same way. All young people back then were looking for a way to make money. You spoke to people and discussed different ideas with your friends. Such tasks are not taken on in solitude; they are handled by big organizations or groups of people. We all thought the same.

Q: Why did you decide to sponsor this year's World Chess Championship in Moscow?

Boris Gelfand [the challenger] is a friend from my student days. When he won the Chess World Cup, I understood that there would be a World Chess Championship — a serious event. Russia will host the football World Cup, the Olympics in Sochi, and it was only missing the Chess

World Championship. I thought, why not me?

That was my first motivation. But the second was more serious and that's why it's being held in the Tretyakov Gallery. Russia, unlike any other country in the world, has survived enormous shocks in the 20th century. Passions and emotions raged. And yet people simply don't know about our Soviet artists. When they find out, the world will be richer. Who has heard of Soviet impressionists? They are fantastic!

Q: Who is your favorite artist?

A: Viktor Popkov. He is the only Soviet artist who won the [French art festival] Biennale de Paris. Museums bought the works he produced as a student. He was a genius.

Q: What advice would you give to a foreigner who wanted to invest in Russian infrastructure?

A: A local partner with a good reputation is important in any market, particularly those markets that aren't very well known.

And Russia is a country that sells raw materials. Today's oil and gas fields are being depleted and have a remaining lifespan of about another 10 years, but not more. New oil and gas fields must be exploited, and it will be essential to build the infrastructure to support them. The state does not have enough money to build this infrastructure — not even close.

There are a lot of myths. But there are also facts. We are seeing a new stage in the modernization and industrialization of Russia, and, of course, big international companies will take part.

So much funding is needed that it is obvious the current infrastructure market will be liberalized. It will be opened up, and the conditions for inflows of international capital will be created. It's always been like that. Russia's railway infrastructure began with the arrival of international capital. The first railway in Russia, between St. Petersburg and Tsarskoye Selo [a palace 25 kilometers from St. Petersburg] was built with capital from the United States, Europe and Russia.

Nobody talks about this — but under Stalin there were gold concessions and an English company mined gold. The electrification of Russia was done by an American engineering group. There is a photograph where Lenin is accepting [delivery] of a locomotive from General Electric.

Q: Would it be fair to say you have a particular view of history?

A: I am interested about why things happen one way or another. Nobody talks about how there were thousands of Chinese mercenaries in the Red Army. Nor that the Kremlin was guarded by Chinese machine-gunners.

And if you look at the economics, your understanding of the 1917 Revolution will be different. It's very easy to say Lenin was a German spy and that Germany's military organized a revolution in Russia. But why were the contracts for electrification awarded to other players? It's strange.

Another example: Was Stalin so naive in 1941 that he didn't know that on the other side of his border a gigantic force of German troops was being assembled? Was Hitler a complete idiot? He decided to invade Russia with his troops in summer uniforms — after the frosts in 1940 were so strong that birds fell dead from their branches, canals were frozen in Holland and people died in Germany.

There was a different game being played. A chess one. They were planning to drive their [joint] forces via the Soviet Union and through Afghanistan into Iran. Together they would have occupied Iran and knocked out Britain's oil and gas reserves — three-quarters of Britain's oil and gas came from Iran. And then they would have used an allied fleet and Iranian ports to hit India.

Q: So Hitler and Stalin were working together?

A: They were planning to combine forces on a massive scale.

Q: So why didn't it happen?

A: Now that's a question! Which can only be answered when Britain opens up the archives of Rudolph Hess [the Nazi leader who mysteriously flew to Scotland in 1941]. But they never will.

There are so many questions. Everything is different to what you think. We haven't seen the truth about the October Revolution. Nor about the World War II. There's no truth yet.

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