

Geography and Humility to Fuel Open Innovation Forum

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Dmitry Medvedev with Finnish counterpart Jyrki Katainen at a 2012 meeting.

Russia's straddling of Europe and Asia and its unpretentious approach to embracing all who strive to capitalize on new technology will make the Open Innovations Forum that starts Thursday in Moscow a success, the event's chief executive said.

World-famous innovators and visionaries will share their concepts and secrets of their success during the two-day event at the Crocus Expo International Exhibition Center, organized by a conglomerate of Russian development institutions and supported by the federal and Moscow governments.

Finnish Prime Minister Jyrki Katainen and French Prime Minister Jean-Marc Ayrault are set to join Prime Minister Dmitry Medvedev at the opening.

The goal of the forum is to reformulate the technology trends into economics ones, both

domestically and internationally, the forum's chief executive Olga Moiseyeva said in an interview.

"In the U.S., such a platform is not possible because there are two camps — Silicon Valley and everybody else. And discussions with players that are not part of Silicon Valley are looked down upon as not substantial," Moiseyeva said.

The plenary sessions and round table discussions will be based around technology trends, as identified by the MIT Technology Review, which are most likely to affect the world's economy in the near future.

Open Innovations is a unique arena where different countries can take a moment to contemplate what is happening technologically and find ways to capitalize on it, she said.

"Our advantage is that we do not compete with Silicon Valley or technology parks in Asia. All we do is provide a middle ground, neutral for many countries, for discussion of various questions. We are able to bring American leaders, European leaders and businessmen from Asia."

Deputy Prime Minister Arkady Dvorkovich also said he saw the forum as a place of international common ground. "Russia is ready and willing to do everything necessary so that those who possess money and those who possess innovative ideas can unite to work together for the creation and realization of new projects," he said in a statement.

In an interview with Nezavisimaya Gazeta Jean-Pierre Chevenement, France's special representative to Russia, said the forum would be used as an opportunity to talk about cooperation in the space industry and in the nuclear sphere, as well as a chance to promote student, university and scientific exchanges.

It is not, however, all about new ideas, startups and cultural exchanges. Foreign delegates are also eyeing opportunities to get involved in various infrastructure projects currently underway within the country.

"Of course, we would also address cooperation in the railroad industry," Chevenement said. "I know that there are some projects of interest to us, [such as] building commuter rail links around Moscow, tram projects and plans to build a high-speed rail link between Moscow and Kazan that undoubtedly will be of interest to French entrepreneurs."

Russia welcomes investments, which bring not only money but also technology, Moiseyeva said. The fact that the state plays such an active role in this process, by co-investing in projects with foreign funds or supporting discussion platforms like this forum, is a positive thing because it makes the government a guarantor, she added.

"From the early 90s, Russia is trying to catch up with what took a century for Europe and the U.S. to achieve," Moiseyeva said. "Some large scale infrastructure projects require the government's attention because no private investor can guarantee or service such investments on their own."

Moiseyeva said the foreign investors should not be disheartened by the long time it sometime takes for projects to go live. It is due to specifics of the Russian decision making process.

"We take a long time to saddle up but then we also run for a very long time," she added, quoting a Russian proverb.

Now is a favorable time to invest in Russia, said Daniil Markelov, an analyst from Investcafe. The Russian government continues to increase investments in innovation activities and high-tech, to stimulate the economy.

In 2013, the state allocated 2.18 billion rubles (\$68.5 million) for innovation activities, which is about 40 percent more than the year before.

"It is now better understood that without investment and diversification, the economy will remain at risk of further crisis or, more likely, an extended period of stagnation. The Kremlin appears not keen to have a sluggish economy become a major issue at the next election cycle," said Chris Weafer, senior partner at Macro Advisory.

While the government's desire to invest in innovation and high-tech has been seen as an effort at diversifying the economy away from oil and gas exports, during his trip to China earlier this month Prime Minister Medvedev said high-tech could also be applied to natural resource exports.

"I believe that when we talk about energy, it cannot be immediately assumed that it is a mere delivery of resources. It is not what we need. It all can be highly technological, if we put our minds to it," Medvedev said in an interview with Vesti.

But some macroeconomic analysts say Russia lacks the key ingredients — freedom and tolerance — without which innovation programs will not succeed.

The Kremlin does not understand what innovation is all about, said Anders Aslund, a senior fellow at the Peterson Institute for International Economics. Despite having certain preconditions for innovation, such as education, necessary infrastructure and plenty of financing, it often focuses on political control, which is the opposite of innovation, he added.

"Russia's space, aircraft, nuclear and armaments industries have only decayed after the end of the Soviet Union. The state cannot provide support for fundamental science, so Russian top scientists have emigrated to the West in the tens of thousands," Aslund said.

The government, however, is taking steps to reverse this brain drain. Founding the Skolkovo Institute of Science and Technology through the state-funded Skolkovo Foundation is designed to bring some Russian scientists back and provide conditions so they will stay.

Last year, the forum attracted more than 5,000 guests and 700 speakers from 39 countries and led to the signing of more than 20 agreements in construction, education, research and development, high-tech and the healthcare sector.

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