

# Russia – Germany

#6 (40)

**Interview with Ambassador Ulrich Brandenburg 4** Promises and pitfalls of doing business in Russia **6** **German tech fuels Sapsan expansion 8** Russian lit finds new fans in Germany **10** **Discover little-known destinations 12**

ПАРТНЕРСТВО PARTNERSHIP

**XI**

BEK CENTURY



# Your World. Your Airline.

Fly with airberlin, e.g., to Berlin,  
Paris or New York.

Learn more about our free  
bonus program for companies:  
[businesspoints.airberlin.com](http://businesspoints.airberlin.com)



**airberlin.com**  
Your Airline.

# Russia and Germany: An Enduring Partnership

**CEO** Jean-Emmanuel de Witt  
**Board of Directors** Nicholas Dadiani,  
 Mikhail Doubik, Elena Razumova,  
 Tatyana Shalygina, Tatyana Shishkova

**Publisher** Ekaterina Movsumova  
**Editor** Lara McCoy  
**Art Director** Maria Georgiyevskaya  
**Project Team** Alla Naumova,  
 Anastasia Gromova  
**Client Services** Irina Zavenyan

Issue No. 6 (40)

Publication Date 11.12.2013

Cover fotoimedia / imagebroker /  
 Thomas Haupt

**Editorial address:**

3 Ul. Polkovaya, Bldg. 1, Moscow, Russia,  
 127018  
 Tel. +7 (495) 234 3223  
 Fax +7 (495) 232 6529

Information product category 18+

**Founder and Publisher :**

**000 United Press**

3 Ul. Polkovaya, Bldg. 1, Moscow, Russia,  
 127018

**Extra-M PK**

Baltiia Highway 23 km,  
 Krasnogorsk region, Moscow region,  
 p/o Krasnogorsk-5  
 Tel. +7 (495) 785 7230  
 Fax. +7 (495) 785 7232/7240  
 www.em-print.ru, info@em-print.ru

Magazine "Partnership XXI Century /  
 Партнерство XXI век",  
 ПИ № ФС77-37549 от 17.09.2009  
 Certifying Body Federal Service for  
 Supervision of Compliance With Legislation  
 in the Sphere of, Information Technology  
 and Mass Communications

**Total Circulation:** 93,000 **Price:** Free

Welcome to the second edition of the Russia-Germany special country supplement, published by the Moscow Times. Each year this publication is a chance to examine the close ties between Russia and Germany and to remember that, despite the complicated history of their bilateral relations, today the countries are vital trading partners and important allies on the international stage.

Germany is Russia's third-most important trading partner, and trade ties are not limited to gas exports via the Nord Stream pipeline. German investment in Russia totaled nearly \$25 billion in 2012. One important German investor in the country is Siemens, which announced in April its intention to invest 40 million euros into the country and set up as many as 90 R&D centers. One Russian project already benefiting from Siemens' expertise is high-speed rail. You can read about Siemens' role in building the Sapsan and plans for expansion of state-of-the-art rail travel in Russia **on page 8**.

But relations between Russia and Germany aren't just about business. Last year's Russia-German bilateral year served as a catalyst for numerous art exhibitions and cultural exchanges between the two countries. This year opera companies and symphonies all over the world highlighted the works of Richard Wagner on the occasion of the 200th anniversary of the composer's birth, and the Bolshoi Theater is no different, reviving its 2004 production of *The Flying Dutchman* with direction by German Nina Gulsdorf to celebrate the occasion. Performances continue into 2014.

Additionally, contemporary Russian literature has found a captive audience in Germany, building on a tradition of literary exchange established nearly 100 years ago. Today, up-and-coming Russian writers are more likely to have their works translated into German than into English. This year's Frankfurt Book Fair featured a special edition of the Read Russia project and numerous Russian authors attended the celebration. Find out what Russian novels Germans are reading now **on page 10**.

And as Russians continue to expand their interest in traveling abroad, Germany remains a popular destination. For those looking for interesting ski holidays, the upcoming Sochi Olympics have renewed interest in Garmisch-Partenkirchen, the site of events in the 1936 Winter Games. Olympics fans can also find much of interest in Munich, home of the 1972 Summer Games. Another new way to explore the country this year is the "Romantic Way," a 250-mile-long route across the country linking sites important to German romanticism. A focus on Germany is also a good reason to explore Russia's most German region, Kaliningrad. Learn more about it **on page 12**.

We hope this latest edition of Russia-Germany will offer you insight and inspiration, whether your interests are purely business, purely cultural or something in between.



MARIA LEONKO

Lara McCoy, Editor

The Business  
Promotion Agency  
of the State  
of Bavaria

invest  
in  
bavaria

## Bavaria is more than you think.

Economic competence. Innovation potential. Technological know-how.

Bavaria is the ideal business location for your company. Invest in Bavaria is the expert partner at your side and assists you to set up and expand business operations in Bavaria.

Invest in Bavaria  
The Business Promotion Agency of the Free State of Bavaria

Svetlana Huber  
Prinzregentenstr. 22  
80538 Munich | Germany  
Tel.: +49 89 24210-7505  
svetlana.huber@invest-in-bavaria.com  
www.invest-in-bavaria.com

Bavarian Ministry of Economic Affairs and Media, Energy and Technology

advertisement

# Russia an “Attractive Location” for German Investment

GERMAN  
AMBASSADOR  
ULRICH  
BRANDENBURG  
SPEAKS ABOUT  
RUSSIAN-GERMAN  
RELATIONS



**The relationship between Germany and Russia is not in its best shape at the moment. Since Vladimir Putin has returned to the Kremlin, the relations have cooled. How would you evaluate the situation?**

Ulrich Brandenburg: The relations between Germany and Russia are based on a very solid foundation and involve many areas — civil society and cultural exchanges, economic and scientific cooperation, and political relations at a variety of levels. This is proven by regular bilateral meetings at the highest level: President Vladimir Putin was last in Germany in April 2013, when he visited the Hanover Fair together with Chancellor Merkel; in June, they met at the St. Petersburg Economic Forum. President Putin and Chancellor Merkel agreed to hold the next German-Russian intergovernmental consultations as soon as possible after the new German government will have assumed its offices. Such intergovernmental consultations take place every year. In their framework, not only the Heads of State and Government use to meet, a number of ministers do as well. Germany is interested in working closely together with Russia on questions of international security, the global economy and in solving international conflicts. On all of this we hold regular consultations. We look forward to Russia's G8 presidency next year.

**Germany and Russia have recently completed a bilateral year, which had as its motto “Shaping the Future Together”. It**

**featured a lot of projects in the areas of culture, education, science, politics and economy. Was this successful in promoting mutual understanding among people in both countries?**

**U.B.:** With over 1,000 events in 50 subjects of the Russian Federation on current, relevant topics and an above-average public feedback and media coverage, the year of Germany in Russia can be qualified as a remarkable success. The bilateral year started in Moscow with the exhibition “Russians and Germans: 1,000 Years of History, Art and Culture” which was been

seen by more than 300,000 visitors when it later came to Germany. It ended this year in June, when President Putin and Chancellor Merkel opened the exhibition “Bronze Age — Europe without Borders.”

For people of our countries to communicate, foreign languages skills are an important requirement. Here lies a lot of potential for further improvement on both sides. Hence, in 2014-2015 Germany and

Russia want to organize a year of German language and literature in Russia and a year of the Russian language and literature in Germany.

**German businesses constantly praise relations with Russia. How happy are you with the economic ties between Germany and Russia?**

**U.B.:** I can only add to this praise. The development of economic relations between Germany and Russia over the last decades has been quite a success story. But success is subject to regular confirmation. Now it is

important to set the course for cooperation in the future. The policy of modernization has turned Russia into an interesting and receptive market for German products, last but not least in the high-tech sector. At the same time, it is aimed at increasingly transforming Russia from a mere customer into a partner of foreign businesses, leading to an increase of investments by German enterprises in manufacturing plants in Russia.

**What are the most important industries for German companies in Russia?**

**U.B.:** Our main exports to Russia are vehicles and vehicle parts, products of mechanical engineering, electrical engineering, products of the chemical industry and pharmaceuticals. This is actually a reflection of the traditional strengths of the German economy. These areas are also the main focus for German investments in Russia.

**How important is the “partnership for modernization?”**

**U.B.:** The German-Russian partnership for modernization, established in 2008, aims at economic modernization as well as the modernization of state and society. The emphasis of the bilateral partnership is on the rule of law and legal cooperation, health care policy and demography, energy efficiency, education, research and development, transport infrastructure and logistics. Let me just highlight the dual vocational training, which is finding more and more interest in Russia. Another example: an additional potential for German companies is reflected by the initiative — launched in September 2013 — for the roll-out of high-speed rail traffic in Russia.

**Where else do you see additional potential for German companies in Russia?**

**U.B.:** In the future, I hope that we will strengthen our cooperation in the area of high technology. This can already be observed in the IT and telecommunications sector, where Russia does have quite a few young, innovative companies, part of which have already gained a foothold in Germany. But there is still a lot of potential in fields like new materials, nanotechnology, environmental technology and, last but not least, renewable energy and energy efficiency.

**This year, the number of German enterprises active in Russia dropped for the first time — from 6,300 to 6,100. What might be a reason for this and how can the number be increased again?**

**U.B.:** I am not quite sure to what extent one can interpret these numbers, which are the result of a survey by the German-Russian chamber of commerce (AHK), as a trend. It is correct that currently in Russia there are about 6,100 enterprises with some level of German investment. They are located in 81 of Russia's 83 Federation Subjects. In 2012, they generated a turnover of approximately 40 billion euros (\$54 billion), and they employed about 270,000 people. These are impressive figures without a doubt.

**What can Russia do to improve the investment climate?**

**U.B.:** The investments of German companies over the past few years — for example, Volkswagen and Continental in Kaluga, Siemens near Yekaterinburg, Mercedes-Benz in Tatarstan, Gildemeister in Ulyanovsk and

Claas in Krasnodar — prove that Russia can be an interesting and attractive location for foreign investments. Additionally, lately we have observed a stronger competition for foreign investments between the Russian regions. From my point of view, this is a healthy development, contributing to an improvement of the investment climate overall. The economic department of our embassy hosts a “regional archive” in which suitable information are gathered. I myself regularly invite governors to meet with business representatives. And the German-Russian Chamber of Commerce (AHK) has set up a “regional portal” on the Internet that companies can access.

**Corruption is still one of the most serious problems for businessmen in Russia. What do German companies complain about?**

**U.B.:** On April 21, 2010, 50 member companies of the German-Russian Chamber of Commerce signed an initiative entitled “Corporate Ethics Initiative for Business in the Russian Federation.” In doing so, the signatories of this initiative — more than 100 companies — committed themselves to a zero tolerance policy within their companies and in their relationship with business partners concerning bribery and corruption. At the same time, by signing the initiative, they want to send a clear signal toward a long-term improvement of the investment climate in Russia, and promote fair competition between enterprises.

**Not too long ago President Putin also started to take a stronger stand against corruption. How do you evaluate these efforts?**

**U.B.:** I appreciate that the fight against

corruption and bribery is receiving more attention due to personal engagement of President Putin. Representatives of German enterprises confirmed to me that these efforts are raising awareness among the business community. Overall it seems to have become a bit easier to do business in Russia without violating the principles of business ethics. However, I still believe that more can be done.

**German enterprises have asked for visa-free travel between Russia and the EU, and Moscow has also pressed for this for years. Meanwhile, the EU in general and Germany in particular admit that there**

**Overall it seems to have become a bit easier to do business in Russia without offending principles of business ethics. However, I still believe that more can be done.**

**has only been slow progress towards this goal. What difficulties remain on the road to visa-free travel?**

**U.B.:** The long-term goal for Germany and the European Union with Russia is the abolition of visas for short-term stays. Russia and the EU have agreed to a series of steps toward this goal. The implementation of these agreed measures is a process on which both sides are working intensely. At the same time, the EU and Russia are negotiating about other ways to ease the visa policy. In the meantime we have suc-

ceeded in making visa applications a lot more customer-friendly. We opened eight visa application centers in Russia and we plan to open another four. The number of visa applications has been rising for several years, and this year alone we expect an increase of around 15-20 percent.

**Soon you will leave Moscow. Are you happy to move on to another country or would you have liked some more time in Russia?**

**U.B.:** I very much like being in Moscow, and not just because Russia is an especially important partner for Germany. I

and over again — as well as the incomparable cultural life which I could not take advantage of often enough.

**Do you have a favorite place in Moscow or an activity you especially enjoyed doing here?**

**U.B.:** If the weather was nice, on weekends I sometimes took a ride on my bicycle and explored the city. Of course it is an advantage, if you live in downtown Moscow, as I do.

**Do you have any practical advice for a traveler or expat coming to Russia? Is there something you would have liked to know before you came?**

**U.B.:** Whoever comes to Russia, should be used to drawing upon the Internet for his or her information. The Internet plays a much bigger role as a source of information even within the country than, for example, in Germany. Foreign newspapers and magazines — which you can still buy every day at the kiosk in most Western European capitals — can be found here only infrequently, and when you do find them, they are often out of date and expensive. The Moscow Times helps to close this gap. Also, if you come to Russia, you should make an effort to speak the language.

**Although you are about to leave for Portugal, will you remain connected to Russia in the future?**

**U.B.:** Of course I will stay in contact with Russia and pursue what is going on. I have done this before for many years — from Bonn, Berlin and from Brussels. My interest in this country will not fade. 

# DENTONS in RUSSIA

*Florian Schneider, Managing Partner of Dentons' Moscow office, Head of the European and Russian Retail Practice, and a German national living and working in Russia since the end of the 90s, speaks about Dentons' German Practice Group in Russia.*

**Three leading international law firms (Salans, FMC and SNR Denton) combined to form Dentons in March 2013. How has the combination affected the Russian Practice?**

Now our clients benefit from 2,600 lawyers and professionals in more than 75 locations spanning 50-plus countries across Europe, the CIS, the US, the UK, Canada, Asia Pacific, Central Asia, the Middle East and Africa. In October 2013 Dentons entered the ranks of the top 20 legal brands just six months after the firm's launch.

Dentons has become probably the largest international law firm in Russia and the CIS, combining legacy practices from Salans and SNR Dentons. The combination has strengthened our Russian and CIS practice in terms of unique experience, capabilities, geographical coverage and size. In particular it has strengthened our corporate/ M&A,

banking/ finance, energy/ natural resources and TMT practices. We provide clients with legal talent from diverse backgrounds and countries with deep experience in every type of law.

**What was the reason for establishing the German Practice Group at Dentons?**

Clients from Germany, Austria, and Switzerland traditionally make up a significant part of Dentons' clientele worldwide. In order to serve their global needs, the firm opened offices in Berlin in 2006 and Frankfurt in 2008. Our German-speaking lawyers and tax advisers throughout the firm were integrated into our German International Practice Group (GIPG).

We attend to the particular need for German-language advice in international markets by setting up German-speaking teams in almost all of our offices. The members of the GIPG speak our clients' language and also know their business practices and culture. As a result, they effectively build bridges into local markets.

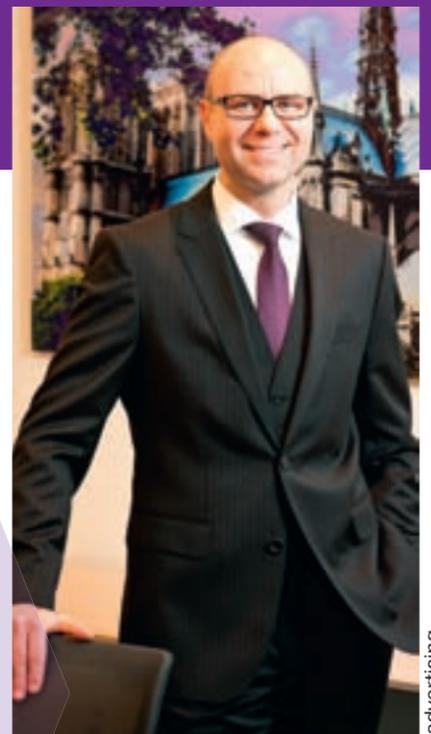
Though the firm has worked with German companies before, the German Practice Group was officially established

in Russia in 2007 when Moscow partner Roman Kozlov and I joined the firm with a team of seven German-language associates. Since that time, our practice has developed considerably and now German companies form an important part of our client portfolio in Russia.

This year Alex Stolarsky, German Attorney-at-Law from Beiten Burkhardt's Moscow office, joined Dentons' German Practice in Russia. Alex has outstanding experience of finding effective solutions for German businesses in Russia and Germany and his arrival will further expand and strengthen our German Practice.

**What type of work is Dentons best known for among German companies in Russia?**

The German Practice Group in Russia acts for major clients in Germany and Austria who are active in various sectors, including real estate, financial services, automotive, retail, life sciences, luxury goods, chemical industry, infrastructure and others. In Russia, the firm is well-known for its corporate/ M&A, tax, banking/ finance, IP, employment, WTO and dispute resolution practices.



advertising

We work on our clients' projects, especially those concerning greenfield and brownfield investments, not only in Moscow and St. Petersburg but also Russia's regions, including Rostov-on-Don, Krasnodar, Kaluga, Ryazan, Chelyabinsk, Nizhny Novgorod, Veliky Novgorod, Yekaterinburg, Samara, Penza, Barnaul, Naberezhnye Chelny, Togliatti, Tomsk, Novosibirsk, Novokuznetsk, Cherepovets, Tver, Ulyanovsk and Volgograd.

**DENTONS**

# Doing Business in Russia: German Companies Positive About the Future

ALTHOUGH THERE ARE CLEAR CHALLENGES TO WORKING IN THE RUSSIAN MARKET, FOREIGN COMPANIES THAT OPEN THEIR RUSSIAN OFFICE PREPARED ARE LIKELY TO FIND SUCCESS



by Ian Pryde

According to a survey on the Russian business climate carried out by the German-Russian Chamber of Commerce in September 2013, two-thirds of German companies working in Russia remain affected by trade restrictions despite Russia's accession to the W.T.O. Even though import duties have fallen from between 7.8 and 10 percent, the Russian government introduced tariff and non-tariff trade barriers to protect domestic industry immediately after the ratification of the accession document, disappointing German firms who had looked forward to easier access to the Russian market. In addition to the more than two-thirds of the companies that said they faced barriers to trade, over 90 percent of respondents said that in the 12 months since Russia joined the W.T.O., nothing had changed. Despite this, however, the vast majority of German companies sees significant potential for growth in trade in the medium term. After all, Russia's market

is worth 80 billion euros and is particularly attractive for German small and medium-sized enterprises (SMEs).

Particularly troublesome to German companies, however, is the level of the duties. Protectionist measures impact the automotive, healthcare, agricultural and food industries in particular, with car manufacturers suffering most. They have to pay a so-called recycling fee on imported cars which compensates in full the amount saved by the lower import duties and in some cases even leads to a price increase — a situation that prompted the European Union to lodge a complaint against Russia with the W.T.O. Restrictions on imported agricultural machinery, agricultural products, food and healthcare products face similarly large restrictions.

There are a wide variety of reasons for these problems, ranging from the certifi-

cates, tests and approvals that only have to be provided through regulations that have not yet been passed to uncertainties when calculating the proportion of local production. German producers and importers are particularly affected by the preference for local suppliers in Russian legislation. "Russian companies can obtain subsidies for agricultural technology, but German companies are excluded, even though they use local technology and Russian on-site staff," said Bernd Hones, Russia correspondent of Germany Trade & Invest. The simultaneous harmonization of rules governing the Customs Union between Russia, Belarus and Kazakhstan is delaying things yet further.

It should hardly be surprising, then, that half of the companies in the survey answered "yes" on the question of whether the W.T.O. had a direct impact on their business and

nearly one-third of the respondents said that trade restrictions also affected their decision whether or not to invest in Russia. Nevertheless, nearly 60 percent of companies said Russia's accession to the W.T.O. had no effect on whether to invest or not.

"We rather understand that a smoother transition to global markets should be facilitated for some individual sectors in Russia," said Rainer Seele, President of the German-Russian Chamber of Commerce. "But now, the main point is to create equal opportunities for all market participants and to ensure transparent rules and tenders."

Jürgen Friedrich, C.E.O. of Germany Trade & Invest, said that the trade restrictions put in place by the Russian government were part of a larger trend. "Globally, we are seeing an increase in protectionist efforts and Russia is just one example," Friedrich said. "In the long run, however, trade barriers hurt the development of every economy, hinder competitiveness and lead to rising prices. Russia therefore has to start implementing reforms urgently in order to survive in the world market."

In view of its weak growth at the moment, the Russian economy is very dependent on foreign investment, but this in turn depends on greater market confidence. The German-Russian Chamber of Commerce has therefore called for a series of measures Russia should take. In particular, the trade body asks that Russia comply with its W.T.O. obligations; harmonize W.T.O. rules with the provisions of the Customs Union; provide equal opportunities for all market participants and equal treatment in bidding on tenders; introduce clear, understandable and universal rules for product licensing and certification and reduce significantly their procedures; ensure consistent implementation of anti-trust rules and apply appropriate sanctions for violations; as well as provide more general support for and development of an innovative and capable middle class and free and liberal market access.

Despite the existing trade restrictions, however, the vast majority of German companies see good growth prospects for business in Russia. Well over 50 percent of respondents to the Chamber of Commerce survey said that in the first half of 2013 their revenues had increased, in some cases very significantly, and forecast strong growth both for the full year and in 2014. This compares with just over 10 percent that experienced a decline or expect one in the future.

The continuing economic difficulties in Europe mean that Russia is becoming increasingly important as a global market

**“The Russian economy is very dependent on foreign investment, but this in turn depends on greater market confidence.”**

## Russia's foreign trade with select partners in billions of euros

First half of 2013		
China	43.7	Germany remains Russia's third-largest trading partner behind China and The Netherlands
The Netherlands	38.5	
Germany	36.4	
Italy	26.8	
Ukraine	18.8	
Belarus	16.3	
Japan	16.2	
Turkey	15.9	
Poland	13.5	
United States	13.4	

Source: The German-Russian Chamber of Commerce

## Bilateral trade between Russia and Germany in billions of euros

First half of 2013			
	2011	2012	2013 (first half)
Exports to Germany	24.6	27.8	15.6
Imports to Russia	27.1	29.9	15.9
Trading volume	51.7	57.7	31.5

For the first time in 25 years, Russia's imports from Germany performed worse than Russian imports as a whole. In the first 8 months of 2013 imports from Germany fell by 1.5 percent.

Source: The German-Russian Chamber of Commerce

for German companies. Nearly one-quarter of the companies surveyed already ranked Russia as their most important global market, another third said it was in second or third position and another quarter ranked it between fourth and 10th place.

German companies are even more optimistic about the mid-term prospects until 2015, with nearly 90 percent of companies expecting Russia to be among their top 10 global markets. "There is no doubt that Russia's importance for Germany's export-oriented economy is growing steadily. We therefore consider ourselves as partners both in modernizing the Russian economy and in training a skilled and capable Russian middle class," said Rainer Seele on the prospects for bilateral economic relations.

Clearly German companies can do little to force the changes Russia needs to make in order to comply with W.T.O. rules, but a few simple guidelines will go a long way to improving their chances of success, particularly SMEs.

Most SMEs do not have a representative office in Russia and thus leave customs clearance for their exports to the country to their local trading partner. Given this situation, the best approach is to prepare shipments together with local partners to ensure that the requisite documents are in order.

Often Russian partners commission "customs brokers" to handle the procedures, sometimes in one of the Baltic republics. This runs the risk that the German SME then receives no proof of export if the original documentation or price is changed.

SMEs and their partners should also agree beforehand on product descriptions — not least because the German custom tariff number has two digits fewer than the Russian one — and ensure that the documentation is correct. Since the description has to be in Russian, the Russian side again has to help.

In the last year or so, over 100 customs offices in greater Moscow have been closed, leading to long delays at the remaining ones, which are understaffed and underequipped. As a result, trucks can wait for days before being cleared. SMEs should therefore look to customs offices in the regions — but they need to ensure that the importer or broker is registered at the office where the goods will be cleared. Perhaps surprisingly, registration only takes three days and can be done online, so it is worth doing for multiple customs offices. Registration must, however, be completed before the goods arrive.

Ultimately, however, success is often a question of sheer common sense. SMEs often enter the Russian market without adequate preparation, so thorough research is essential on topics ranging from the country's legal system, dispute resolution and redress to the banking system and making and receiving payments. **XXI**

# Long-Term Strategy Needed for Success in Russia



GERMAN-RUSSIAN  
CHAMBER OF  
COMMERCE HEAD  
ON THE POTENTIAL  
OF RUSSIA

**M**ichael Harms, Chairman of the German-Russian Chamber of Commerce, is bullish on doing business in Russia, but encourages foreign investors to take the long view of working in the country.

## What are some of the general challenges of working on the Russian market?

There are both current issues and strategic challenges. Since about 2009 and the financial crisis, the Russian economy has been largely stagnant and the high growth rates in turnover before the crisis of 20 percent, 30 percent or even 50 percent per annum are now over and growth is much slower.

On the strategic side — and this is widely known — both German and Russian companies suffer from the country's excess bureaucracy. In addition, state enterprises are too dominant in several sectors, such as energy, infrastructure and banking, and both the infrastructure and technical certification are inadequate. There is also a lack of trained personnel. A further problem is that the regulatory regime lacks predictability and reliability — companies really need to know that regulations will remain in force for, say, 10 years, and that there will be no retroactive rules.

## In what ways, if any, is working in the Russian market easier than in Germany? What advantages are there, if any?

It isn't widely recognized, but the Russian market has many advantages. It is still very

open and a lot of niches are still available. German companies in particular have strong advantages here in areas such as advanced, high-value manufacturing, where the German Mittelstand, our small and medium-sized enterprises, are traditionally very strong. So German suppliers in particular are in a strong position and companies in general can earn high margins. The people here are very consumer oriented.

## How do German companies have to adjust their business models to the Russian market?

The most important thing is to realize that it takes time to get things done here. Companies have to think long-term and get to know their clients and customers. They also have to convince their Russian partners that their products are good because although German products have a very high reputation for quality and reliability, the market is also very competitive, with companies from the rest of the world are also looking to expand into the Russian market.

## What advice would you give to other Germans considering accepting a position here?

If you get offered a job in Russia, take it! Life and work here is very interesting, very intensive, things are always changing, and there are lots of business opportunities. So it's a very enriching personal experience. But you do have to make sure you get a good salary because the cost of living here can be very high. **XXI**

Interview by Ian Pryde

**LIGHTWEIGHT DESIGN ENERGIZED BY LANXESS**

Being lightweight pays off — especially when it comes to the automobile industry. We have taken on this challenge and are providing efficient lightweight solutions for serial production. With our high-performance plastics and hybrid components, an average of 50 kg per vehicle can be saved. This is equivalent to around 3–4% fuel consumption savings, as well as a decrease of more than 0.5 kg CO<sub>2</sub> emissions per 100 km. Find out more about our lightweight innovations and further contributions to the future of GREEN MOBILITY®: [www.green-mobility.com](http://www.green-mobility.com)

**GREEN MOBILITY®**  
ENERGIZED BY LANXESS

advertising

**ZAO «Militzer & Münch»**  
WE ACHIEVE THE AIMS

- More than 120 branches in over 30 countries
- Professional logistics solutions for FCL / LCL cargoes from Europe, USA, Asia, Australia by auto, sea, rail and avia transport to Moscow and to the whole Russia including shipments of export cargoes
- Land, sea and avia freight shipments of over-sized and heavy-weighted cargoes, including dangerous (ADR) cargoes and cargoes subject to special temperature control
- Shipments all over Russia of FCL and LCL cargoes
- Warehouse logistics and terminal handling of cargoes
- Customs brokerage services
- Logistics of sport and other show events in Russia and abroad
- Insurance service
- Strict control of cargo movement as well as arrangement of convoy and security
- Arrangements of business trips and individual travels, valid license of tour operator

Corporate Office ZAO «Militzer & Münch»  
115088 Moscow, Sharikopodshipnikovskaya str. 4  
Tel.: 007 495 933 53 53. Fax: 007 495 788 90 80  
info@mum-net.ru, www.mum-net.ru

**M&M**  
MILITZER & MÜNCH

advertising

# German Technology Helps Russian Railways Run on Time



SERGEI NIKOLAYEV / VEDOMOSTI

COOPERATION BETWEEN RUSSIAN RAILWAYS AND GERMAN ENGINEERING GIANT SIEMENS REVOLUTIONIZED TRAVEL BETWEEN RUSSIA'S TWO LARGEST CITIES AND ENABLED TRAINS TO COMPETE WITH PLANES.

By Oliver Bilger

For many years, traveling by train between Moscow to St. Petersburg was not particularly pleasant. During the day, the journey between Russia's two largest cities took up to six hours. Regular night trains made the trip in eight hours, but for most business travelers, the best option was to board an airplane. That changed in late 2009 with the arrival of the Sapsan. The fast-track train, a joint project by Russian Railways and German engineering giant Siemens, was a flagship initiative for commercial ties between Russia and Germany.

The project began in 2005. One year later, Russian Railways signed a contract to buy eight high-speed trains. The trains, which are technically called Velaro RUS but are better known as Sapsan, were built in Germany. This deal was followed by a contract in 2007 for a maintenance facility near St. Petersburg. In 2011 Russian Railways ordered another eight trains, scheduled for delivery in 2014. Each train costs \$50 million.

Siemens declared last summer that the company has the technical capability to localize production of the high-speed trains in Russia's Sverdlovsk Region, if there are enough orders. "There are all conditions for the production of these trains on the territory of the Russian Federation," ITAR-TASS quoted Dietrich Moeller, president of Siemens Russia and Central Asia as saying at the St. Petersburg International Economic Forum in June. So far, however, these plans are just theoretical. According to Moeller, the economic benefits of localizing production begins at an order for 30 trains.

Sapsan introduced Russians to the fast train ride. Now it takes just under four hours to travel between Moscow and St. Petersburg and the airlines have taken notice. When service began on the Moscow-St. Petersburg route in 2009, Russian business daily Vedomosti reported that air traffic between the two cities decreased by 30 percent. When a Sapsan began operating between Moscow and Nizhny Novgorod, in 2011, the international airport in that city on the Volga reported that airlines had to cut their fares to attract passengers.

Sapsan is the Russian word for peregrine falcon. The peregrine is renowned for its speed, reaching up to 320 kilometers per hour during its characteristic high-speed dive while hunting. The Sapsan on tracks is not as fast as its living counterpart, but

**With the Sapsan, traveling by train in Russia has never been as fast as it is today. The showcase project is an important cornerstone of Russia's route to modernization.**

nevertheless Russian Railways considered the name "appropriate for this train, which can reach speeds of up to 250 kilometers per hour," according to the company's press material.

With the Sapsan, traveling by train in Russia has never been as fast as it is today. The showcase project for Russian Railways is an important cornerstone of Russia's route to modernization. And there is more high-speed travel to come. In the future, trains will be even faster — and connect more Russian cities with the capital.

The next key date for improved rail travel is 2018, when a proposed rail corridor from Moscow to Kazan will hopefully open. The goal is to have super fast service on these 770 kilometers in operation by the time of the 2018 FIFA World Cup. The route to Kazan, Russian President Vladimir Putin explained, is an initial step that could become "a pilot section of a route to connect the center, Volga region and the Urals economic region."

Vladimir Yakunin, president of Russian Railways, emphasized that new railways are indispensable and are the way forward for the country. "Nearly all developed countries implement high-speed railway service programs," said Yakunin earlier this year. "Railway transportation is the most environment-friendly, affordable and safe mode of transport."

In 2015, a tender is planned to supply the new railway with trains that can run at a speed of 350 to 400 kilometers per hour.

Russian Railways has estimated that 7.5 million people will use the link between Moscow and Kazan, the capital of the Republic of Tatarstan, in the first year. Travel time to Kazan will drop from up to 14 hours to 3.5 hours. According to Russian Railways, an economy-class ticket will cost about 3,400 rubles (\$109) and a seat in business class will run up to 6,000 rubles (\$193).

The project's costs are estimated at \$30

billion, with a presumption that the government will cover 70 percent.

The new line to Kazan is meant to be the first stage of the railway connecting Moscow and Yekaterinburg, a journey of another 900 kilometers eastward.

The next step will be to conduct an open tender for a contract to perform engineering surveys and develop the project documentation for the construction of the Moscow — Kazan section of the Moscow — Kazan — Yekaterinburg high-speed main line in 2013-2014, Russian Railways announced.

"The tender's winner must be decided before the end of 2013," said Alexander Misharin, First Vice-President of Russian Railways, who is also responsible for the development of high-speed rail. According to media reports, two international consortiums have already submitted preliminary applications, among them Germany's Deutsche Bahn subsidiary DB International.

Russian Railways and the government are planning to develop the fast and high-speed network to more cities. Another priority is a railway to the city of Adler in the Russian south, via Rostov-on-Don. Studies also show that promising routes that might be pursued in the future are connections to Samara, Perm, Ufa and Chelyabinsk. "These lines will reduce the travel time between neighboring conglomerations to 1-1.5 hours and enable more than 100 million people living in the catchment areas of these routes to take advantage of high-speed services," Russian Railways said in a statement.

The construction of a fast and high-speed network is highlighted in the Transport Strategy of the Russian Federation to 2030. The plans assume increased investment in economic growth based on the creation of modern transport infrastructure and high-tech industries. As Russian Railways explains on its website, The general scheme for the Development of the Rail Network includes the construction of more than 4,000 km of high-speed railways and almost 7,000 kilometers of fast lines. According to the company, a fast track generally has a speed of up to 200 kilometers per hour, while high-speed is up to 400 kilometers per hour.

The services are in high demand by Russian consumers. In addition to the Sapsan between Moscow and St. Petersburg and Moscow and Nizhny Novgorod, high-speed Allegro fast trains run between St. Petersburg and Helsinki, and fast Lastochka trains between St. Petersburg and Veliky Novgorod and between Moscow and Nizhny Novgorod. In 2012, the Sapsan and Allegro trains carried 3.4 million passengers; since they began operating they have been used by over nine million passengers. Lastochka trains have carried about 50,000 passengers since their start in January 2012.

At the same time the planned development of a high-speed connection between Moscow and St. Petersburg has no longer top priority. Making the connection between the cities faster — down to 2 ½ hours, will required the construction of a rail line especially designed for high-speed trains. Currently, the Sapsan uses the existing railway lines, which are shared with cargo freight and slower passenger services. The project to construct such a line has been postponed indefinitely. Experts assume this is because the current service is already efficient enough.



PHOTO COURTESY OF TOBIAS SCHUBERT

# If You Are Ready to Face the Challenges, You Can Grow

DAILY DEAL SITE Groupon HAS BEEN OPERATING IN RUSSIA SINCE 2011. GERMAN NATIONAL TOBIAS SCHUBERT HAS BEEN COO OF Groupon RUSSIA SINCE AUGUST 2012. IN THIS INTERVIEW, HE SPEAKS ABOUT THE CHALLENGES AND OPPORTUNITIES THAT AWAIT EXPAT BUSINESSMEN IN MOSCOW AND HOW HIS INDUSTRY HAS ADAPTED TO THE MARKET.

## What are some of the challenges you have faced working in the Russian market?

Coming to Russia is easy; from Germany it is only a three-hour flight! Living and working in Russia is already more challenging.

Personally for me, the first main challenge was of course learning the Russian language. This is manageable, if you are willing to. In parallel, of course, you really need to get into the culture, which is also rather easy if you are willing to try — but this can also be tricky.

Russians do expect on the one hand that you have a good time with them and respect their history and culture, on the other hand you should not make the mistake and abandon your own cultural values. For example, if you are German and live in Russia, you should be punctual. Russians do expect this from you, although they might not be punctual themselves.

What is a major challenge in Russia, though, is to apply your knowledge of language and cultural nuances in your day-to-day business. In Russia you must be much more of a micromanager than in Western countries. You must control everything in detail and need a more hierarchical management style. Russians do respect discipline and want to have clear instructions about what to do.

## In what ways, if any, has working in the Russian market been easier than working in Germany?

I am sure that working in Russia is much more progressive than in Germany. Germans often see a black line, a full stop, if there is a small problem; Russians are super creative

and are used to finding a way around difficult situations. Also the majority of people are very hungry for success.

If you are the kind of person who will start complaining about every small thing that does not work, do not go to Russia. In Russia, you must look forward and must be an optimist! There is a famous citation from poet Fyodor Tyutchev, which I think fits very well: "Russia cannot be understood with the mind alone,... In Russia, one can only believe." If you are a believer in the country, its people and yourself, you will have good times! As soon as you lose one of those three beliefs, your energy will disappear.

## How have you had to adjust your business model to the Russian market? Has mobile technology played a bigger role in what kind of deals you can offer?

Groupon is present in 48 countries around the globe and wants to be perceived as one brand worldwide. One of our goals is to provide the same products, tools, functionalities and designs for all countries. Nevertheless, there is always a local flavor. To give you an example — in Russia we offer a wider variety of medical deals than in Germany, because in Russia high quality health services need to be covered privately.

With regard to mobile commerce, we are just about to start. Of course in the States a significant part of the turnover is done already via mobile applications. For the Russian market we do already offer an application for iPhone users, an android application will come soon.

## Can you give a little of the background of the company, it's current place in the market and outline some plans for future development?

Groupon is one of the largest e-commerce companies in the Russian market. Our current task is to further strengthen our achievements by ensuring the best possible experience and service for our customers and partners. I am confident that we have everything to achieve this — the most reliable subscribers in the market and a long-term and quality relationship with our partners and clients.

## Are you involved at all with the Association of European Businesses or the American Chamber of Commerce? Do you feel these organizations contribute to an improvement of the working environment for foreigners in Russia?

I am not a member of any of such organizations, but I visited some of their events. I am sure that such organizations do not only serve as an anchor for expats, especially when first arriving to Russia. Also they surely intensify the exchange of ideas between Russians and foreigners. If you visit their events, you quickly get to know people from various countries and backgrounds and always get the chance to have interesting conversations and get new perspectives on Russia.

## You are a German working in an American company in Russia. How does this combination of factors affect you? Do some of the stereotypes about Germans/Americans/Russians come into play in

## your interaction with your employees or your peers?

On one hand, Russians do expect me to act as a German — to be punctual, structured, etc... On the other hand Americans expect me to explain Russia to them. Both expectations are justified and correct. That is my job. But it sometimes is challenging to explain what is happening in a country that is 48 times bigger than Germany.

## What are some of the opportunities that working in Russia has allowed you that you might not have had in Germany?

If you are ready to face the challenges, you have the chance to grow much faster career-wise in Russia than in Germany or Western Europe. In Russia, there is a lack of professionals with a Western management education and way of thinking. But to be honest, in the e-commerce industry, where I am working, you have great career opportunities anywhere in the world, as it is a new market, which is just about to take off.

What you experience in Russia in one year is probably what you would experience in Germany in five years. The learning curve is surely steeper than in Germany, but you must be ready to experience very early situations you maybe would never face in Germany in your entire working life.

## What are some of your favorite and least favorite things about living in Moscow?

*Favorite:*

The energy of the city and its people. Having a run over Red Square at night in the snow.

Getting a ride with gypsy cab drivers in an old Lada or Volga.

Cross country skiing in the winter, followed by a nice banya session with friends.

*Least favorite:*

Bad air and noise 24/7.

Street dogs chasing you while running — but I'm learning to deal with them

## What advice would you give to other Germans considering accepting a position here?

If you have an honest long-term interest in Russia and its people, are adventurous and like to challenge yourself and others, go for it!

If you are interested in Russia only, because of its growth rates or market potential, and think that you as a German know everything better, stay at home. ❌

*Interview by Lara McCoy*

**KÖLN > MOSKAU\***  
Ab 16. Februar 2014 4x pro Woche  
montags, mittwochs, freitags und sonntags\*\*

Tickets auf der Webseite [www.uralairlines.com](http://www.uralairlines.com) und bei allen Reisebüros\*\*\*

УРАЛЬСКИЕ АВИАЛИНИИ  
**URAL AIRLINES**

\* Cologne - Moscow \*\* Starting Feb. 16, 2014, there will be four flights a week. On Mondays, Wednesdays, Fridays and Sundays. \*\*\* Tickets on the airline's website: [www.uralairlines.com](http://www.uralairlines.com) and at all airline ticket booths.

# Admiration and Rejection: Germany's Enduring Fascination With Russian Literature

By George Butchard

GERMANY'S UNIQUE HISTORICAL AND CULTURAL CONNECTIONS TO RUSSIA HAVE MADE IT A GATEWAY TO THE REST OF THE WORLD FOR RUSSIAN CONTEMPORARY FICTION. HOWEVER, THIS RELATIONSHIP IS LARGELY ONE-SIDED, AS DISTRIBUTION ISSUES AND LARGE RUSSIAN PUBLISHERS' FOCUS ON CLASSICS ARE PREVENTING MOST CONTEMPORARY GERMAN FICTION FROM REACHING THE RUSSIAN MARKET.

**G**ermany and Russia have a complex cultural, linguistic and economic history. Despite the country's long status as an enemy or an occupying force, German readership has never lost its interest in Russian literature. Thomas Wiedling, a literary critic and agent, said, "There's a strong and strange attraction between German and Russian culture that's marked by both admiration and rejection, but it's never non-emotional."

"Returning German prisoners of war did not have bad feelings towards the Russians;

## THE GERMAN ADVANTAGE

This shared history has given Germany an immense advantage in its access to contemporary Russian literature. Said Wiedling, "In Germany we can usually submit a book in Russian — we don't even need sample translations, because there's a network of expert Russian readers and translators whom editors trust."

According to the German Association of Booksellers, there were 70 fiction titles translated from Russian into German in 2012. According to the University of Rochester, which keeps an informal record

is little known about her in the U.S. Indeed, only two of her books have been published in English so far.

Her latest book, "Second Hand Time" (published as "Secondhand-zeit" by Hanser, Berlin) explores the lingering psychological effect of the Soviet system on the older generation. As in her previous efforts, which focused on subjects such as Chernobyl and Afghanistan, Alexievich weaves together firsthand accounts and interviews to create a powerful documentary-style work.

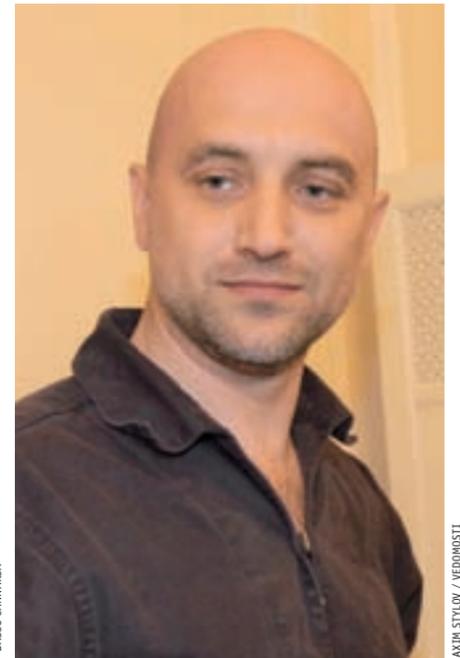
Vladimir Sorokin, a former dissident writer who was published in France and Germany

including authors like Sorokin, who could now speak more openly."

## UP ON THE LATEST TRENDS

The German readership's tastes are changing when it comes to Russian novels. While a fascination with Gorbachev and a subsequent interest in Russia's "wild" 1990's may have been enough to drive book sales in the past, readers now want a more refined product.

Yulia Dobrovolskaya, a partner in the Elkost Literary Agency, which represents Ludmila Ulitskaya in Germany, said, "Some years ago, you could be guaranteed at least



Contemporary authors like (L-R) Svetlana Alexievich, Vladimir Sorokin, Ludmila Ulitskaya and Zakhar Prilepin who write in Russian have found a substantial fan base in Germany.

they were able to separate Russian culture from Stalin, and even had positive memories of the Russian Gulag."

Galina Dursthoff, a literary agent of Russian heritage, traces the connections back even further. "A lot of immigrants came to both Berlin and Paris after the October Revolution and lived there for years, which led to the establishment of small Russian publishing houses in Berlin," Dursthoff said.

This "Russian Berlin" of the early 20th century was soon snuffed out by economic crisis and the subsequent advent of Nazism; Paris replaced the Germany capital as the preferred destination for intellectual émigrés. However, this early émigré community set a precedent for interest in Russia in the city.

Later, after the fall of the Berlin Wall and the reunification of Germany, East Germans brought with them a cultural and linguistic knowledge of Russia that still resonates today.

**According to the German Association of Booksellers, there were 70 fiction titles translated from Russian into German in 2012. For comparison, in the U.S. market, there were only 20.**

of new translations for the U.S. market, there were merely 20 titles translated from Russian into English in 2012. This is an unofficial figure, but even allowing for a substantial margin of error, it is clear that the United States is missing many contemporary Russian-language works.

An example of this phenomenon is Svetlana Alexievich, a Belorussian writer who was recently awarded the Peace Prize of the German Publishers and Booksellers Association. She was also a rumored contender for the Nobel Prize for Literature, yet

before Russia, has only had three books published in the United States. In Germany, all 15 of his books have been published. His latest novel, *Telluria*, has shot to the top of Russia's bestseller lists, and a German edition will certainly follow soon.

In Germany, Sorokin benefitted from a Perestroika-induced interest in Russia and Russian culture in a way he did not in other countries. Galina Dursthoff said, "Perestroika opened the door for cultural exchange and made it interesting again to look at what was happening in Russia —

12,000 in sales purely on the basis of a Russian name on the cover, but now the readers are demanding something that resonates with them emotionally."

Indeed, for Thomas Wiedling, the German book market is on the cusp of a third wave of interest in Russia since the collapse of the Soviet Union. Wiedling believes that German readers want to hear ordinary Russian voices, a phenomenon he describes as a "longing for the depth of Russia." He represents Elena Chizhova, a successful author who, like Alexievich, has created powerful works by collecting Russian voices and writing non-fiction. Similarly Anton Ponizovsky, who writes non-fiction with a surrounding fiction plot, is successful because he conveys, as Wiedling puts it "the emotions and feelings Germans expect and want to hear from Russia."

But although the outlook may be positive, it is important that the market avoids the pitfalls it faced 10 years ago, when there was a second upsurge in interest in

Russia following President Vladimir Putin's landmark 2001 speech to the German parliament. Russia was then the guest of honor at the 2003 Frankfurt Book Fair, and numerous Russian books were published.

However, according to Wiedling, "80 percent of the authors that were translated and published as a result of the 2003 fair have disappeared again." The reasons for this are complex, including a subsequent lack of coverage at literary events and festivals, as well as changes in the highbrow, hardcover end of the market, which is where most literary fiction from Russia is sold.

#### NEW INITIATIVES

Recent years have certainly brought more stability to the market, as well as funding and promotional initiatives from both countries. Read Russia, which was founded in 2011 with the intention of promoting Russian literature abroad, had a strong presence at this year's Frankfurt Book Fair.

According to Read Russia's president and executive director, Peter Kaufman, the organization's screening of an upcoming film called "Russia's Open Book: Writing in the Age of Putin," was well-received at the fair. The film showcases six contemporary Russian authors: Zakhar Prilepin, Vladimir Sorokin, Anna Starobinets, Ludmila Ulitskaya and the Armenian-born Mariam Petrosyan. Kaufman explains that, "Using audio-visual and online resources are key to promoting Russian literature abroad, and of course the German market is a core focus for this."

The Institute of Translation, which is one of a number of organizations providing funding to the Read Russia project, has also offered several grants to translate more

novel "Buried in Oblivion" has established him as an up-and-coming author.

#### RUSSIAN BOOKS IN GERMANY

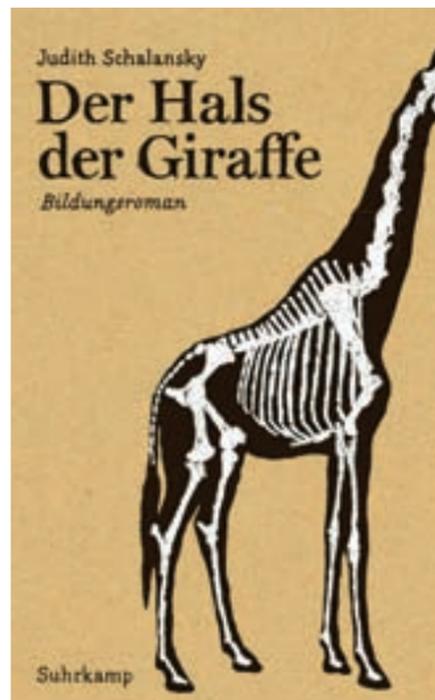
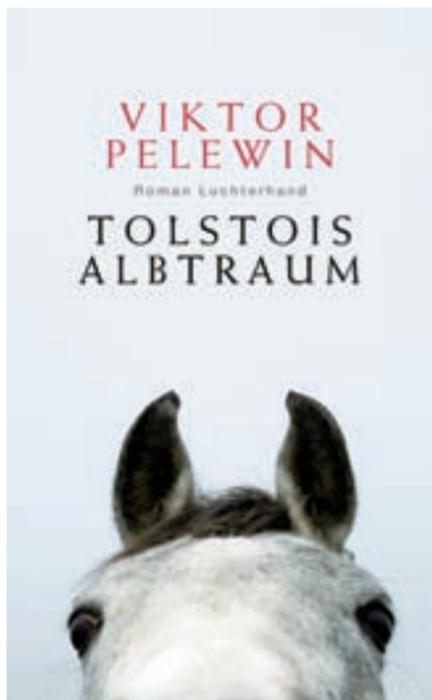
In order to spark a new generation of young Russian authors that are in tune with the German market's current trends, there must be more reciprocity between the countries. Litrix.de, an online portal and translation program that is run under the auspices of the Goethe Institute, has recognized this need and made Russia its special language focus for 2012-2014.

According to Shoshana Liessmann of Litrix, "There is a definite literary gap between Germany and Russia." At the 2013 Leipzig Book Fair, her organization hosted a panel called "Do Russians love German books?" where they discovered that Russian readers could only name the same classics as their parents, such as Erich Maria Remarque, Heinrich Böll, and of course, Goethe.

Litrix has offered numerous grants to bring contemporary German authors to the Russian market. This has led to the publication of works such as Michael Happe's "Tunguska oder das Ende der Natur," (Russian: Tunguska, ili Konets Prirodi), Jochen Schimmang's "Neue Mitte" (Russian: Noviy tsentr), and Andreas Tönnemann's "Monopoly. Das Spiel, die Stadt und das Glück" (Russian: Monopoliya).

A book to watch out for currently is Judith Schalansky's "Der Hals der Giraffe" (The Giraffe's Neck), which has already been translated into several languages and will be presented at the Non/Fiction Book Fair in Moscow.

However, the Russian book market needs reform and a change in attitude from the



contemporary Russian fiction into German. This will contribute to an upswing in Russian literature on the German market moving into 2014.

However, there is still work to be done in order to safeguard sustained, long-term interest. Many Slavic departments have closed down in Germany in recent years, and there is a need for the next generation of translators to emerge.

Thomas Wiedling believes that this can be done by setting up translation workshops and bringing writers to Germany in order to inspire the public directly. He said, "I'd like to see a situation where there is an actual stipulation to use half the money to bring the author over and present him or her to the readers."

Galina Dursthoff added, "Sometimes Russian authors try to follow trends that are already over in the West — what we need is new young authors that are in tune with what German readers currently want." She cites Sergei Lebedev as an example, whose

larger publishers if these gains are to be maintained once Litrix shifts its focus again for 2015.

Russia still does not have a very highly developed book distribution network, which means that it is incredibly costly to distribute books outside the main urban centers. Yulia Dobrovolskaya explained: "Smaller publishers who may be interested in finding new, contemporary authors simply do not have the financing to buy the rights, translate the book to a suitable standard, print it and then guarantee good distribution." She continued, "Well-established publishers think we need to offer the readers fashionable books — bestsellers."

Litrix has shown that there is an appetite for contemporary German literature in Russia, but now there must be a change of attitude from the larger, financially independent publishers. Otherwise, the next generation of Russian students may still only cite Remarque, Grass and Goethe as their favorite German authors. **XXI**



**Germany**  
*The travel destination*



**Shopping in Germany:  
try it on for size**

**Shop 'til you drop in Germany:** An invitation to all those who find the urban buzz as exciting as the latest fashion. Especially now, when Germany's cities are at their most magical — a festive winter wonderland for a fairytale shopping tour.

**Holidays in Germany:  
[www.germany.travel](http://www.germany.travel)**



© Getty Images

Supported by:



Federal Ministry  
of Economics  
and Technology

on the basis of a decision  
by the German Bundestag

**Travel Destination Germany**  
© German National Tourist Board

# Top German Destinations for 2014

THE COMING YEAR IS A GREAT TIME TO VISIT OLYMPIC DESTINATIONS LIKE MUNICH AND REDISCOVER GERMAN ROMANTICISM WITH A NEW TOURIST TRAIL

By Vladimir Kozlov

**F**rom the skiing paradise of the Bavarian Alps, the splendor of Munich, buzzing of Berlin and salty air of Rostock, Germany has something to offer to just about any visitor.

## MUNICH: BAROQUE AND BEER

When it comes to specific parts of the country, Bavaria is certainly the tourism champion with attractions ranging from mountain resort towns in the Alps to the quiet splendor of the federal state's capital, Munich, which is a good place to start an exploration of Bavaria. First mentioned in 1158, Munich became the seat of the dukes of Bavaria a century later. It was an imperial residence beginning in 1328 and became the sole capital of Bavaria in 1506. Today, the city's historic heritage can be felt on its central square, Marienplatz, which is home to the Old and New Town Halls.

Munich's other best known sights are the Church of Our Lady, with its green dome-crested towers, the Hofbräuhaus beer hall and the Viktualienmarkt, a famous food market offering a range of products, from traditional Bavarian specialties to exotic delicacies.

Among the city's museums worth checking out are the Deutsches Museum, which is



Munich: the towers of the Church of Our Lady and the New Town Hall.

the world's biggest science and technology museum, the art museums Alte Pinakothek and Neue Pinakothek, and the BMW Museum.

Sport plays an important part in the life of the city, which hosted the 1972 Summer Olympics and is home to Bayern Munich, the current European football champion. Even if you are not a football fan, you could still derive some pleasure — and goosebumps — from the atmosphere at Bayern's home game at the Allianz Arena.

Spending some time at Munich's beer gardens or beer cellars — “kellers” — is an integral part of any visit to the city. “Weissbier” (or wheat beer) is a Bavarian specialty. The Weißwurst (“white sausage”) is a Munich specialty, and although locals say it should be eaten only before noon — under a tradition dating back to an era before refrigerators — these days, the rule is often broken for the sake of tourists. Another gem of the local cuisine is Leberkäs, Bavarian baked sausage loaf, often served with potato salad.

## BAVARIA: MOUNTAINS AND LAKES

The Bavarian part of the Alps is one of Europe's most popular mountain skiing destinations. Tourists who come to Germany for alpine skiing normally choose between Garmisch-Partenkirchen, Berchtesgaden and Oberstdorf.

Located on the border with Austria, Garmisch-Partenkirchen was the site of the Winter Olympic Games in 1936 — the first Games to feature alpine skiing. These days,

## Germany Offers Travelers a Wealth of Different Attractions

### PETRA HEDORFER, C.E.O. OF THE GERMAN NATIONAL TOURIST BOARD, ON THE LATEST TRENDS IN RUSSIAN TOURISM TO GERMANY

rise of almost 26 percent in overnight stays by Russian visitors.

The number of nights spent in Germany by people travelling from Russia has risen by more than 188 per cent since 2003, and the German National Tourist Board predicts that overnight stays by visitors from this important market will have grown to around 2.5 million by 2020.

**Which places in Germany are currently the most popular among Russian tourists? Which cities and other places are best for short breaks in winter and which are suitable for other times of the year?**

In 2012, the federal states of Bavaria and Berlin were the most popular among visitors from Russia, accounting for 31.7 percent and 18.5 percent of overnight stays, respectively. The cities most favored by Russian visitors were Munich, Berlin, Düsseldorf and Frankfurt.

According to the 2013 Quality Monitor survey of the German tourism industry, sightseeing is the most popular activity for Russian visitors, with 77 percent saying

they go sightseeing while visiting Germany. Shopping is also very important — cited by 68 percent of respondents — and it is especially popular in the winter months. According to financial service provider Global Blue, visitors from Russia were the source of around 27 percent of the tax-free revenue generated by German retailers in the first six months of this year, which put them in second place behind China.

Overall, Germany in all its diversity is a year-round destination that offers travelers a wealth of different attractions in winter as well as summer. While Russian visitors flock to Germany's ski regions and multifaceted cities in winter, they are attracted by places of interest, cultural treasures and outdoor activities in summer.

**Have the priorities and interests of Russian tourists visiting Germany changed in recent years, and if so, how have they changed?**

Holidays accounted for over half (54 percent) of travel to Germany by Russian visitors in 2012, while 30 percent of travel was for busi-

ness. Furthermore, 44 percent of all holidays in 2012 fell within the category of sightseeing — these included multi-destination tours, city breaks and attendance at events. In terms of the changes noticed in the travel patterns of Russian visitors, there has been a decline in multi-destination tours, while the number of city breaks has risen sharply. In 2012, around 34 percent of all travel to Germany by Russian visitors was in this sector but there was also encouraging growth in health and fitness holidays.

**Which cultural attractions in Germany might appeal to visitors from Russia?**

Germany's UNESCO World Heritage sites have a special appeal for Russian visitors. They are a great incentive for travel to Germany, especially in the cultural tourism and sightseeing segments. Germany has 38 UNESCO World Heritage sites, the third highest number of any country in Europe, which is why we have made it a theme for 2014 under the banner “UNESCO World Heritage — sustainable cultural and natural tourism.” We will also be placing it center stage in our worldwide sales and marketing activities.

The celebrations marking the fall of the Berlin Wall and 25 years of German unity are also of interest to Russian visitors. Starting in 2014, there will be various events throughout Germany commemorating this important milestone in the country's history. **XXI**

Interview by Vladimir Kozlov

**How many Russian tourists travel to Germany each year? Has this number changed in recent years?**

Around 2.3 million trips to Germany by Russian visitors were recorded in 2012. This volume puts Germany in fourth place in the IPK International league table of international destinations for Russian visitors in 2012. For 2012, the German Federal Statistical Office recorded a year-on-year



Bavarian Alps: Snowboarder in mid-air.

## Even if you've already strolled down Unter den Linden, had a good time at Munich beer garden and skied through Bavaria, Germany still has much to offer.

many winter sporting events take place on local mountain slopes. Nearby stands Germany's highest mountain, Zugspitze.

Berchtesgaden is located near the Austrian border, some 20 miles south of Salzburg. Often associated with the Watzmann, the third-highest mountain in Germany, Berchtesgaden also attracts rock climbers to its Ostwand (East Face),

and a deep glacial lake by the name of Königssee.

Oberstdorf's main assets are the nearby summits of Nebelhorn and Fellhorn, which provide dramatic panoramic views. Thanks to its well developed skiing infrastructure, Oberstdorf attracts downhill skiers of all ages and experiences.

Predictably, Germany's second most vis-

ited city after Munich is its capital, Berlin. Tourists are lured to the city by its rich history and an incredible assortment of sights, which reflect the dramatic events of the 20th century.

### BERLIN: PAST AND FUTURE

Berlin's most emblematic landmark is the Brandenburg Gate, which was the physical and symbolic divide between East and West Germany for more than four decades and now represents the new Germany. The neighboring Reichstag is a somber reminder of World War II. A stroll down the well-known boulevard Unter den Linden is a must for tourists. The road, which links the Brandenburg Gate with Alexanderplatz, passes Museum Island, Berlin Cathedral, the Neue Wache and the baroque Zeughaus (armory), currently home to the German Historical Museum.

Those looking to explore an area that is a little more relaxed should check out the Hackesche Höfe neighborhood, located within the central Mitte district. And those looking for something bohemian might visit the Kreuzberg, Prenzlauer Berg, Neukölln and Wedding neighborhoods, which are home to more than 20,000 artists.

Among Berlin's culinary specialties are Currywurst, Eisbein, donut-like Pfannkuchen, known elsewhere as the Berliner, and Leber Berliner Art (Berlin-style liver).

### GERMAN ROMANTICISM

Given Germany's rich cultural and historic heritage, cultural tourism is what attracts many visitors to the country. Today, German Romanticism, the 19th century period that is associated with some of the country's best-known cultural figures, is being popularized by "the Romantic way," a 250-mile-long tourist route across the country.

Among the route's highlights are water meadows alongside the Danube, the Wuerzburg residence, medieval cityscapes in Rothenburg ob der Tauber and Dinkelsbuehl, the old town of Landsberg am Lech, the Wieskirche church and the legendary castle of Neuweinstein, erected during the reign of Ludwig the Second.

Even if you've already strolled along Unter den Linden, had a good time at one of Munich's beer gardens and skied through Bavaria, Germany still has much to offer. Tourists looking for off-the-beaten-track destinations might consider Rostock, Freiburg or Muenster.



Münster in Westphalia: Prinzipalmarkt shopping arcades with town hall and wine tavern.



DEUTSCHE ZENTRALE FÜR TOURISMUS E.V.

Alla Belikova, head of representation of the German National Tourist Office, Russia, offered a few tips about traveling to Germany this winter and in 2014.

### On Munich:

Munich and the surroundings are nice at any season, but the Christmas season is totally unforgettable. For Catholics, who are the majority in south Germany, Christmas is one of the year's most important holidays, and they can celebrate it — in a fairy-tale style, tastily and beautifully — like nobody else.

But remember that on Dec. 24, as if by work of a majestic wand, all Christmas markets in Munich close and the city becomes empty," she added. "On that day, school vacations begin in Bavaria, and everyone goes away for a ski holiday.

### On the Bavarian Alps:

Berchtesgaden is also an excellent place for vacationing with children. Kids are happy to visit Salzbergwerk, an old salt mine. The adventure starts with putting on miners' attire for a 650-meter train ride into the deep of the mine. The highlights of a guided tour there are a mirror lake and wooden climbs that miners had used to get from one level to another since Middle Ages.

### On Berlin:

Each of Berlin's neighborhoods has its own park, and every morning, scores of Berliners run in the park closest to their home. Berlin is also known for its lakes. On summer weekends, huge crowds of the city's residents travel to Wannsee, Schlachtensee, Nikolassee and Krumelanke, located in the southern section, or to Spandauersee, Ploetzensee or Tegelersee in the northern direction.

Currywurst is a truly Berlin product, I would even say a symbol of post-war Berlin, which easily jumped over the Berlin wall, totally ignoring the difference in the political system. [At the museum of Currywurst], you can take picture of yourself standing with a frying pan in front of an oven, which used to belong to Herta Heuwer, the inventor of Currywurst.

### On other destinations:

Schwarzwald, which is one of Germany's most beautiful regions, has not yet been fully appreciated by Russian tourists, [But] it has stunning nature, lakes, excellent cuisine and striking architecture.

**ROSTOCK AND MÜNSTER:  
GOTHIC STYLE AND SALT AIR**

Located on the Baltic Sea coast, Rostock offers visitors a refreshing mix of salty air and North German Gothic style buildings. One of Rostock's highlights is its seaport, which will celebrate its 800th anniversary in 2018. Rostock is also home to one of the oldest universities in the world, the University of Rostock, founded in 1419.

In the late Middle Ages, Rostock was the most important member of the Hanseatic League, a Northern European confederation of merchant towns. During this period,

Forest, Freiburg is a vibrating university town with southern flair.

Freiburg's main sight is the Freiburger Münster (Freiburg Cathedral), a masterpiece of Gothic architecture dating back to the 16th century. Those who like spectacular views and are not afraid of stairs, should climb its 381-foot-high tower. The Old Town features numerous meandering Bächle (little waterways), something unique to Germany.

One of the regional cuisine's specialties is Schäufele (roasted pork shoulder), which goes with fine white burgundy.

Muenster's name made history back in 1648, when the Treaty of Westphalia was

“One of the regional cuisine's specialties is Schäufele (roasted pork shoulder), which goes with fine white burgundy.”

the city acquired great wealth, which is still visible in its gorgeous gabled houses, impressive churches, enormous cellars and massive dams.

The most typical local fare includes Mecklenburger Rippenbraten (Mecklenburg-style roast ribs) and Rostocker Doppelkummel (caraway seed schnapps).

Lying on the outskirts of the Black

signed in its Town Hall. Westphalia's first university was also founded here in 1773.

The city's main sights are the Prinzipalmarkt (Principal Market) St. Paul's Cathedral, situated to what many believe to be one of Europe's most beautiful farmer's markets. Among the most popular local drinks is Altbierbowle, a mixture of top-fermenting beer, fruit syrup and fruit. **XXI**



Berlin: the Berlin cathedral beside the Spree.

## Kaliningrad: The Most German Place in Russia

RUSSIA'S BALTIC EXCLAVE CAN TRACE ITS UNIQUE CULTURE TO ITS ORIGINS AS A GERMAN CITY

By Vladimir Kozlov



**T**he exclave of Kaliningrad, sandwiched between Poland and Lithuania and separated from Russia in all directions by at least two countries, could be called the most German place in Russia.

Formerly known as Königsberg, it was a German city for most of its history before being transferred to Soviet rule as part of a peace settlement with defeated Nazi Germany. Following the takeover of the city by the Soviets, Königsberg was renamed Kaliningrad after Soviet official Mikhail Kalinin.

Founded in 1255 by the Teutonic Knights, Königsberg was part of East Prussia for nearly seven decades. Its name literally means “King's mountain” — it was named in honor of Ottokar II, the King of Bohemia. The region does have an historic connection to Russia, though. For a brief period during the 18th century Seven Years'

War, Russian troops occupied East Prussia, and Empress Elizabeth I issued an edict under which Königsberg was incorporated into Russia. In 1763, however, the Russians abandoned the city.

Today, Russians account for 87.4 percent of the city's population of around half a million and Germans for only 0.4 percent, according to official statistics. However, 50 percent of the tourists visiting the city come from Germany, say city authorities.

Today, a first-time visitor to Kaliningrad might be surprised that the city's contemporary center bears few traces of its German heritage. World War II and the Soviet era substantially changed the look of the city.

Kaliningrad's historic center was mostly destroyed during the war. It was rebuilt with the five-story residential buildings known as “khrushchovkas” and later nine-story residential buildings. The only remarkable building from the Communist era, the Palace

of the Soviets, took literally decades to complete: construction began in 1970, but was finished only in the early 2000s.

Königsberg Cathedral, located on Kneiphof Island, is one of the city's main attractions. Erected in 1333, it was the city's main church until 1945. The cathedral was bombed during the war, but was restored in the late 20th century. The grave of philosopher Immanuel Kant, a native of the city is located next to the cathedral and the building features exhibitions focused on Kant as well as Orthodox and Lutheran chapels.

Kaliningrad's oldest building, however, is the Juditten Church, which was built before Königsberg was founded. Originally Roman Catholic, it was later converted to a Protestant worship space and is currently a Russian Orthodox church.

Among other buildings in the city that are worth a visit are the former Stock Exchange building, which is now home to-

several clubs, the Dohna Tower, which houses the Amber Museum, and the Wrangel Tower, which remains as a reminder of the former Königsberg city walls. Around the central part of the city, several old gates still stand, including the Sackheim Gate, King's Gate, Rossgarten Gate, Attack Gate and Railway Gate.

Those looking for authentic pre-war buildings should go to neighborhoods outside the central part of the city, such as Amalienau, Ratshof or Marunenhof. Even though often dilapidated, they feature some fine examples of the German Art Nouveau style known as Jugendstil.

Over the last 10 years or so, local authorities have focused on restoring the city's historic appearance when possible. For Kaliningrad's 850th anniversary, Hansa Square in the city's heart was renovated. There are plans to recreate the pre-World War II look of the neighborhoods Altstadt and Kneiphof and to rebuild Königsberg Castle on its original site. Future tourists to the city are likely to see more and more buildings linked to Kaliningrad's past.

Visitors who spend more than a few days in Kaliningrad may want to take trips outside the city limits. One of the top destinations is the village of Yantarny, where the world's sole amber extracting and processing plant is located. The main tourist attraction of Baltiysk, former Pillau, is its 16th century fortress. Among other highlights of the Kaliningrad region are castles of East Prussian knights, including Insterburg and Georgenburg.

When it comes to food, Königsberg was always known for its unique regional cuisine, and that tradition wasn't completely lost during the decades of the Communist rule. Some of the city's restaurants still offer Königsberger Klopse (meatballs in a white sauce with capers) and Königsberger Marzipan. The best known local drinks are Kopskiekelwein (currant wine) and Ochsenblut, a champagne-burgundy cocktail whose name translates literally as “ox blood.” **XXI**



With us, you get the right partner for each of your needs.

We love your problems.

For every surface problem we have a solution – the creative power of our people. Evonik's experts work hand in glove with our customers across all disciplines. That saves time and opens the door to more ideas. The result? Exceptional solutions for exceptional applications.

**Evonik. Power to create.**



**EVONIK**  
INDUSTRIES



Deutsch-Russische  
Auslandshandelskammer  
Российско-Германская  
внешнеторговая палата



Deutsche Auslandshandelskammern 

# «...You are having an interview with Vyacheslav Lechishchev!»

**Planning to do business in Russia and couldn't read  
this on the first try?**

**This means you need us.**

We carry out staff recruitment  
for any position.

Informationszentrum  
der deutschen Wirtschaft

[www.DEinternational.ru](http://www.DEinternational.ru)

Deutsche Standards. Russische Erfahrung.

