

Investors Scared Over Crimea? Minnesota Secretary of State Doesn't Care (Video)

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Minnesota Secretary of State Mark Ritchie

It was the height of the Crimea standoff. Unidentified camouflaged men had occupied military units in Crimea as residents prepared to vote on seceding from Ukraine. The West and Russia were threatening sanctions against each other. Investors watched on in horror.

In Minnesota, a top official fired off invitations for a three-day conference aimed at expanding investment between Russia and his U.S. state.

"We are excited about the large number of participants that will be coming from Russia [and] who know this will be an invaluable opportunity to deepen relations with Minnesota's innovation leaders," Minnesota Secretary of State Mark Ritchie wrote in a March 7 invitation addressed to "companies, agencies, nonprofits and community groups."

Contacted last week, Ritchie stuck by his determination to host U.S. Russia Innovation Week in the city of St. Paul starting Monday, even though the White House was advising investors against buying Russian equities.

"Attendance is above what we had expected," Ritchie said by e-mail. "There is no way to determine the precise impact [of the Crimea crisis], but it appears that business, academic and community leaders in both countries are strong supporters of collaboration to spur innovation and are looking for more opportunities to establish relationships and working partnerships."

Asked how Washington should approach the Crimea crisis to minimize impact on international trade, Ritchie replied: "Washington D.C. is a city. I do not comment on what other people in other cities should do."

While Minnesota refused to retreat, a question mark hangs over all Russia-oriented business conferences after the showdown on Crimea spooked investors. At least two conferences have been postponed, while organizers are pushing ahead with several others, including the annual St. Petersburg International Economic Forum and the one in Minnesota.

Minnesota's event, however, has been affected by the political turmoil. The conference was to take place on the margins of the fifth meeting of the U.S.-Russia Innovation Working Group, a bilateral government task force. But the working group's meeting was postponed by the State Department as part of a White House decision to suspend bilateral trade negotiations with Russia.

Still, Minnesota's Russian Innovation Week will feature panels on health care, medical technology, oil and gas, robotics, and cyber security. Russian panelists will include representatives of Kaspersky Labs, the Ryazan regional government and the rector of Lobachevsky State University in Nizhny Novgorod. On the U.S. side are executives from FedEx, 3M and the U.S.-Russia Business Council, which are all co-sponsoring the event.

Highlights of the conference include a "behind the scenes" tour of the Mall of America, the most-visited shopping center in the world with 40 million visitors annually, and a walk down a Minnesota Zoo trail named "Russia's Grizzly Coast" where visitors can get a closer look at a symbol of Russia's might.

Participants of U.S. Russia Innovation Week will be able to visit these three Russian grizzly bears at the Minnesota Zoo, seen here in a zoo video destroying pumpkins after Halloween last fall.

Investors understand they are at the mercy of feuding governments, but they nonetheless have implored authorities not to let political spats tarnish trade relations.

Major trade groups such as the American Chamber of Commerce in Russia and the Association of European Businesses, which together represent more than 1,300 companies in Russia, have called for diplomacy. The Canada Eurasia Russia Business Association, or CERBA, which represents more than 150 companies engaged in bilateral trade worth more than \$3 billion annually, has urged the governments of Canada and Russia to "bear in mind the damage that would be inflicted on the excellent and growing economic relations between the two countries by punitive measures taken by either side."

"The business communities are not party to any conflicts, and they have a desire to continue to invest," CERBA chairman Lou Naumovski said by phone.

As such, Naumovski, who also is vice president and general director of the Moscow representative office of Canada's Kinross Gold Corporation, intends to attend the St. Petersburg International Economic Forum in May as he has in previous years. Kinross, which owns a mine in the Chukotka region, has been invited to participate in a panel discussion devoted to the development of the Russian Far East.

The May 22 to 24 forum, which is Russia's premier business event and held under the auspices of President Vladimir Putin himself, is also going ahead with its plans. Curiously, the annual conference is being held a month earlier than usual to allow Russia to host a Group of Eight summit in Sochi in June. But with other G8 members suspending their participation to protest Crimea, the summit looks unlikely to go ahead.

More than 6,000 business leaders from 81 countries participated in 103 events at last year's edition of the St. Petersburg forum. This year, organizers have asked world business leaders to participate in sessions with names like "Sustaining Confidence in a World Under Transformation" and "Winning Strategies in the Global War for Talent." Among the confirmed participants listed on the forum's website are BP CEO Robert Dudley, ABB chairman Hubertus von Grunberg, Telenor CEO Jon Fredrik Baksaas, PepsiCo CEO Indra Nooyi and Visa CEO Charles William Scharf.

Forum organizers did not respond to an interview request sent early last week about the challenges of hosting an international conference after Crimea.

Investor unease also has not halted the sixth annual Russia and CIS Summit on Anti-Corruption, a three-day event that opens Tuesday in Moscow's Lotte Hotel and seeks to address how foreign and domestic companies can fight Russian corruption.

But state-owned Sberbank, Russia's largest bank, has pushed back its annual Russia Forum from April to the fall because of "uncertain economic dynamics and elevated volatility in capital markets" caused by Crimea.

State-owned VTB Capital, the investment branch of Russia's second-largest bank, has cancelled an April investment forum in New York to ensure "the availability of keynote speakers" and to confirm dates that "will be convenient for the forum's target audience."

Such disruptions should only be temporary, said Stephen O'Connor, a U.S. consultant who works as adviser to the Tatarstan government and had initially planned to attend the Minnesota conference this week.

"I am not attending the Minnesota conference as an official rep of Tatarstan as previously planned as it appears no one is going in an official rep capacity" from the Tatarstan government, he said.

Speaking of conferences in general, he added: "Yes, the international conferences will be adversely affected [by Crimea] but I hope a year from now it will have blown over."

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