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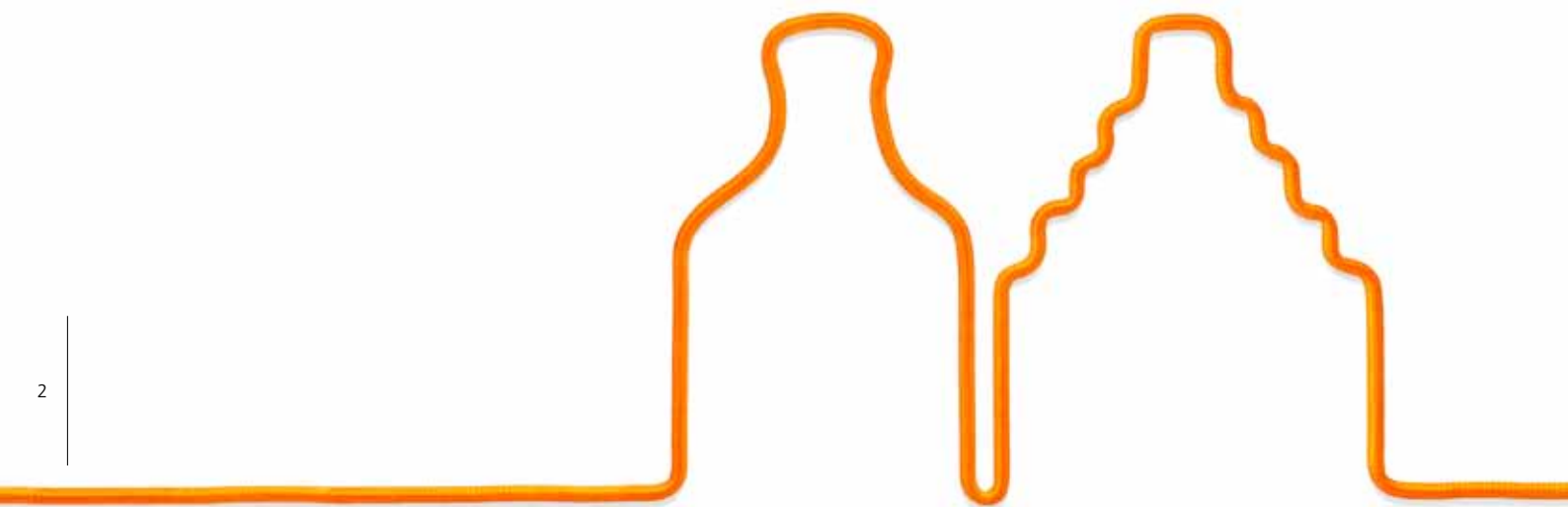
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"When the *Holy Prophecy* ship anchored at Archangel, the great red-white-blue banner of Holland floated from her stern. Peter, admiring the ship and everything about her, immediately decided that his own naval flag should be modeled after it. Accordingly, he took the Dutch design -- three broad horizontal stripes, red on top, white in the middle and blue on the bottom -- and simply changed the sequence. In the Russian flag, white was on top, then blue, then red. This naval flag quickly became the flag of the Russian empire and remained so until the fall of the dynasty in 1917."

(From the book '*Peter the Great*' by Robert K. Massie)

Netherlands-Russia, a relationship to celebrate

Rich heritage, promising future

The Netherlands-Russia year 2013 celebrates the long standing relationship between these two countries. This occasion will be highlighted with a variety of economic, cultural and social events throughout the year. ING is taking part in many of these celebrations and would like to invite you to join us. This digital magazine aims to provide you with more information about the bilateral year, the history of the Dutch-Russian relationship, business opportunities and upcoming events.

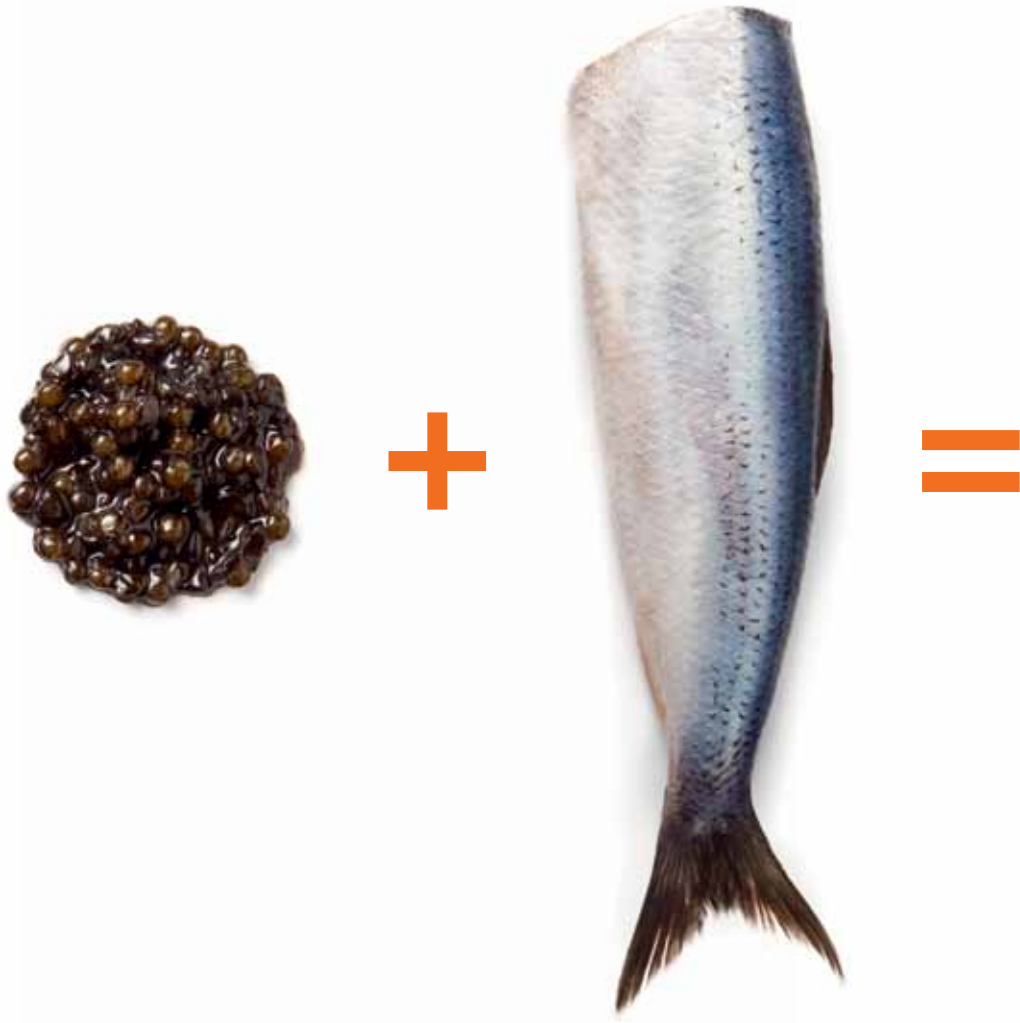
Russia and the Netherlands share a rich history which dates back to the days when Tsar Peter the Great first visited the Netherlands. During the Netherlands-Russia year 2013, the two countries will highlight and celebrate their strong ties. Trade has always been an important driver of this relationship and has resulted in the share of knowledge and expertise amongst Dutch and Russian entrepreneurs. This in turn has grown substantial business cooperation between the pair, with trade and investment volumes nearly quadrupling in the past decade.

As a provider of financial services, ING has a long track record in facilitating these commercial ties. ING officially entered the Russian market in 1994, but the bank's unofficial history dates back more than 200 years through its predecessor companies. The first bank account opened at Barings, now ING, was by a Russian client in 1775. Barings financed Russian trade from the eighteenth century onwards, trading as a merchant bank in a wide variety of Russian goods. ING now partners with many large Russian corporates and in doing so contributes to the growth of Russian business both locally and internationally. As the main bank for many Dutch companies, we serve the needs of these clients as well as help them identify opportunities abroad, such as in Russia.

The future for both sides looks promising. The Russian market is growing and becoming more open, whilst at the same time the Dutch business environment is becoming more attractive for Russian entrepreneurs. We hope that the Netherlands-Russia year 2013 will strengthen these ties even further and bring about new business opportunities for both countries. We hope to facilitate all this further by co-organising the Netherlands-Russia Business Meet, one of the key business events this year. This event plans to enhance and intensify economic relations between the two nations by bringing together key figures from the world of Dutch and Russian business.

Tsar Peter the Great often preached opportunities only occur when we go out and meet new people.

William Connelly CEO ING Commercial Banking



The Netherlands and Russia enjoy a strong relationship when it comes to doing business, creating a growing number of opportunities for both these parties. After all, the Russian market is growing and becoming more open, whilst at the same time the Dutch business environment is becoming more and more attractive for Russians. Alexander Pizaruk at ING expects these ties to expand furthermore as we continue through “the Netherlands-Russia Year” in 2013. In this article he shares his insights on the strong combination of Russian resilience and Dutch flexibility.

An ocean of opportunities

The Netherlands may be a small country, but nonetheless in 2012 the Netherlands was the most important investor in Russia. This is also due to the fact that many international companies established themselves in the Netherlands to manage their overseas operations. The country has even surpassed Germany, thanks to its pivotal role in the gas distribution, as Russia's main European trade partner. These two facts are testament to the strong links these two countries hold.

“It is safe to say that the two countries are a good business match,” says Alexander Pizaruk, Head of Central & Eastern Europe at ING Commercial Banking. “They share a long history in trade and know-how dating back to the time that Peter the Great visited the Netherlands.”

Alexander, who is of Ukrainian descent, knows the Russian and Dutch business communities very well and therefore is able to explain why the two are such a good match. One important explanation is the comparable style of communication. “The Russians and the Dutch have the same direct, no-nonsense way of communicating. They usually tell it like it is. They are direct and to the point. A notable difference however is the fact that it is more normal for Russians to show emotions, whereas the Dutch tend to be more subdued in this respect.”

Another difference is the way that plans are made Pizaruk explains. “The Dutch are good at organising. They plan in a procedural and step-by-step way according to a set agenda. Russians are less structured. The way they plan is also more emotional. They often do not meet intermediate targets and suddenly change their plans along the way. But as soon as they have committed to an ultimate goal, they join forces and see to it that everything gets done on time. That is typically Russian.” Pizaruk adds that Russians and Dutch people get along well and are capable of achieving a great deal if they accept

the emotional differences they have. “Russians appreciate it a lot if you take the time to learn about them and accept them for who they are. If you do that you are likely to make friends. Relationships are very important to Russians.”

One of the less-known reasons behind the successful cooperation is the fact that the Dutch are able to adapt well to the whims of the Russians. “As a small group of people, the Dutch are used to having to be flexible. They are able to do this better than most business people from large surrounding European countries. Russians really appreciate this trait.”

Russian economy

The Russian economy is becoming more and more attractive to foreign players. On average more than 141 million Russians have seen a significant rise in their disposable income in the past 20 years (see inset: Russian growth 2001-2017). And the economy is now picking up after the financial crisis which hit Russia relatively hard in 2009. In 2010 and 2011 the Russian economy grew 4.3 percent. Even though this growth dampened somewhat in 2012 (3.4 percent), continued prospects of growth remain relatively favourable. ING expects growth figures comparable to 2012 for the coming years. Pisaruk explains that the Russian economy is sensitive to external shockwaves due to its dependency on energy and natural resources. “But the Russian economy has also proved it can weather any crisis well. The economy tends to rebound quickly, quite like the Russians themselves. The big secret of the Russian people is their resilience. Russians are good at bouncing back. This is the result of a history full of ups and downs. Russians were put to the test heavily after the fall of communism, the rouble crisis (1998) and the financial crisis (2008/2009). These were tough lessons for these people, who often had to keep their heads above water by using their savings or restructuring their family finances. They also had to quickly learn how to be enterprising or suddenly switch careers. As a result, the mentality throughout Russia is to take opportunities as soon as they present themselves.”

Opportunities for the Netherlands in Russia

Despite being sensitive to external shockwaves, Russia remains an up-and-coming economy. Depending on the sector, the country offers great opportunities, Pisaruk says. Particularly in these times where there are ample opportunities to enter the market. Not only during “the Netherlands-Russia” year in 2013, but also the Winter Olympics in 2014 and the World Cup in 2018 are on the horizon. “Events like these are a matter of national prestige. The Russians will put on a perfect show and will find the best partners for the job. Now is the time to try and jump on the train,” Pisaruk advises to newcomers. “Anyone who becomes a supplier or investor now, will be in the spotlight and build up a strong network for the future because nearly all important Russian players are involved in the organisation.”

ING’s Head of Central & Eastern Europe does however warn newcomers about the bureaucracy and unfair dealings. “This remains a risk despite the many improvements in this area.” Pisaruk adds that investors should expect large regional differences. “Some regions are excellent at facilitating investment with extremely helpful local authorities while others are less accommodating.”



Russian growth 2001–2017

After the crisis of 1998, the Russian economy has rapidly grown.
Its consumer market has developed to one of the largest in the world.

Source:
International Monetary Fund World Economic Outlook Database
GDP per capita (US \$ at PPP)

2017
23.644



2013
18.683



2001
8.273



2005
11.882



2009
14.918



The success of a company also depends on the further liberalisation of Russian markets. One encouraging development has been Russia's membership to the World Trade Organisation since August last year. Pisaruk calls this a milestone and expects it to have positive effects. "As a result, in time, import tariffs are expected to drop from around 10 percent to 7.8 percent. One third of this has already been achieved and the rest is yet to come. It is a gradual transition. I expect that the Russian economy will also benefit from this. The WTO membership is an incentive to modernise the economy and become less dependent on energy and natural resources. It forces the Russians to allow foreign investment. Industrial sectors that are currently still heavily subsidised will have to be restructured, however painful that may be."

"Russians could really use the Dutch know-how when modernising their own economy" Pisaruk insists. A good example is food processing. "It is however important that the Dutch don't act like know-it-alls. Russians are proud people."

Opportunities for Russia in the Netherlands

The prospects are not only favourable for Dutch companies with Russian ambitions. The same applies for Russians with aspirations in the Netherlands. Even though the open Dutch economy has been struggling due to problems in the Eurozone, it is continuing to develop into one of the most competitive economies. In its latest Global Competitiveness Report the World Economic Forum (WEF) again commended the competitiveness of the Netherlands. The country climbed from seventh to fifth in the overall ranking (see inset: Competitiveness of the Netherlands 2008-2013). According to the WEF, the improvement reflects a continued strengthening of its innovative capacity as well as the heightened efficiency and stability of its financial markets. The report also praises the country's efficient markets, especially its goods markets, and its sophisticated companies and infrastructure.

These Dutch qualities are no longer a secret to Russian businesses. It is in fact these reasons cited by the WEF that the Netherlands is an interesting place for Russian businesses to set up office. "Russian companies are drawn to the good breeding ground for business. Another impressive reason is the attractive tax climate for holdings. Proof of this can be found in the fact that three of the five largest Russian multinationals have their European headquarters in the Netherlands – take for example a company like mobile provider Vimpelcom," Pisaruk states.

Both economies will become more intertwined, slowly but surely. Russians are investing increasingly in Dutch companies. An example is Argos Oil that was recently acquired by the Russian conglomerate Sistema. Pisaruk is expecting more deals like this in the future. "ING is eager to assist companies with this, being the number one investment bank in the Benelux with a strong position in Russia."

Cultural ties

Pisaruk expects "the Netherlands-Russia Year" in 2013 to further strengthen the economic ties between the countries as Russian and Dutch business people will meet on many occasions, hopefully resulting in further commerce between the nations. ING's Head of Central & Eastern Europe stressed how important it is for the countries to become even closer from a cultural point of view and to learn to understand each other even better. Pisaruk concludes "Right now China mainly comes to mind as an upcoming country, but Russia may have more to offer the Netherlands in the long term." ■



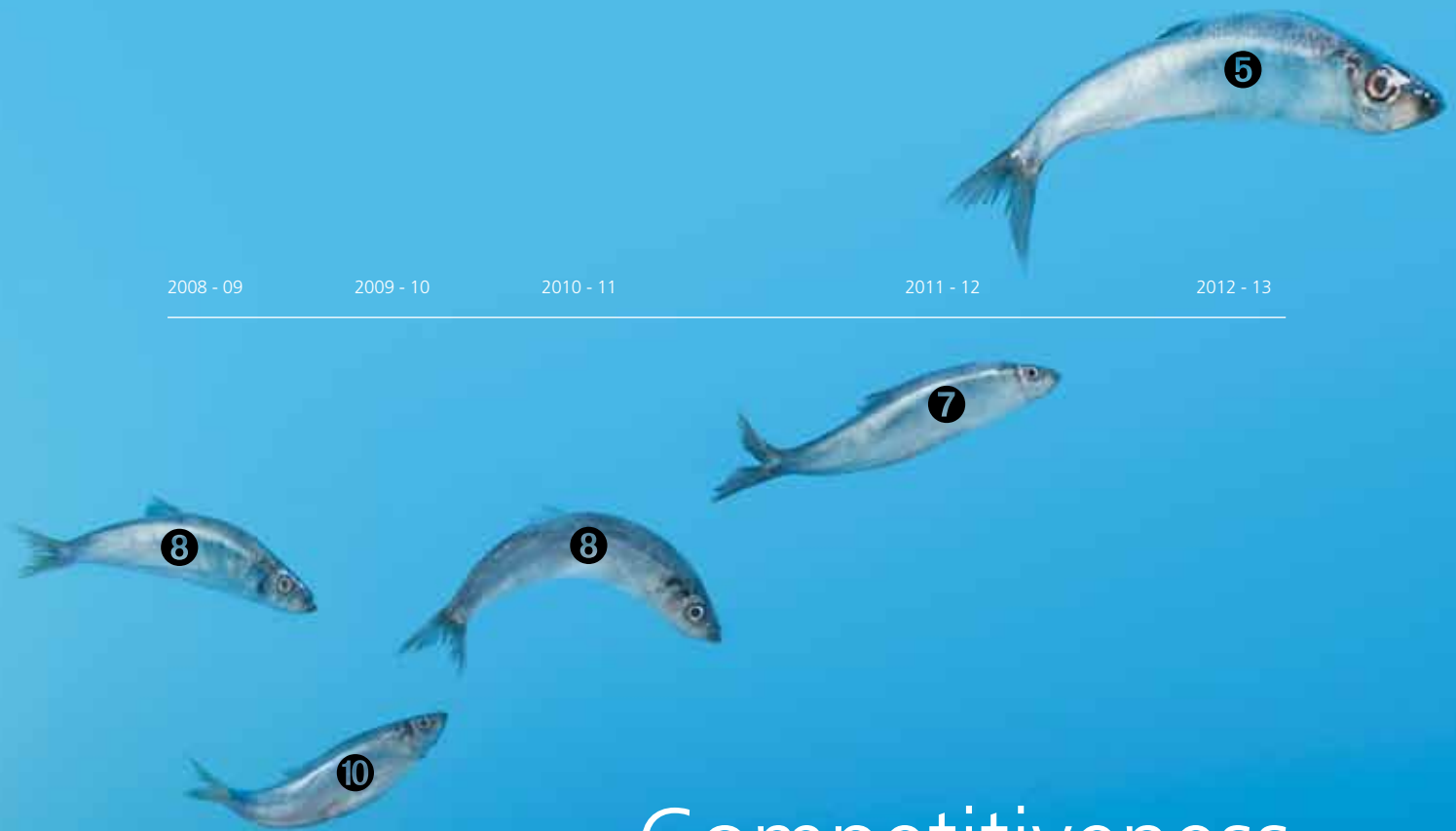
2008 - 09

2009 - 10

2010 - 11

2011 - 12

2012 - 13



Competitiveness of the Netherlands 2008–2013

The Netherlands continues to progress in the competitiveness rankings of the World Economic Forum (WEF). After the 8th and the 7th place, it moved up to the 5th place in the last ranking. There are now only four countries that are more competitive: Switzerland, Singapore, Finland and Sweden.

Source: Global Competitiveness Report 2012-2013, WEF.



CV Frans Timmermans

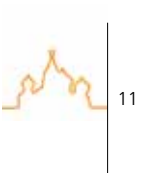
Frans Timmermans began his career **in 1987** as an official at the Ministry of Foreign Affairs in The Hague, where he participated in the induction course for diplomats. He subsequently worked as a policy officer in that ministry's European Integration Department from 1988 to 1990. That year, he was appointed Second Embassy Secretary at the Dutch embassy in Moscow.

After a brief period back in The Hague, as deputy head of the Minister for Development Cooperation's EC Affairs Section, Timmermans became a member of the staff of European Commissioner Hans van de Broek. He later became adviser and private secretary to Max van der Stoep, the High Commissioner on National Minorities for the Organization for Security and Co-operation in Europe (OSCE).

From 1998 he was a member of the House of Representatives for the Labour Party (PvdA). In the fourth Balkenende government, from February 2007 to February 2010, Timmermans was Minister for European Affairs. After the fall of that government he returned to the House as the PvdA's spokesperson on foreign policy.

On 5 November **2012** Timmermans was appointed Minister of Foreign Affairs in the Rutte-Asscher government.

Ten questions for minister Timmermans



'Dutch top sectors match Russian demand'

Minister of Foreign Affairs for the Netherlands, Frans Timmermans, knows Russia and can even speak the language fluently. This acquaintance with Russia can be owed to the time he spent working in Moscow during the excitement of the 1990s. Since then the relationship between the Netherlands and Russia has matured, with the two nations becoming closer trade and investment partners. Here we interview Timmermans on his expectations of "the Netherlands-Russia Year 2013" as well other useful insights he has on these two countries.



1 You worked at the Dutch Embassy in Moscow from 1990 to 1993, just after the fall of the Communist regime. Can you tell us something about your experience?

"During my recent visit to Moscow in February, Foreign Minister Sergei Lavrov and I recalled the coup of August 1991. I told him how I had visited the White House, the seat of the Russian Federation parliament, and seen then-President Boris Yeltsin climbing the tank out front. I remember Yeltsin shaking hands with a surprised, shy soldier; I remember Yeltsin reading his statement from the tank. At the time it all seemed very chaotic; I even felt a bit awkward. But when the images of President Yeltsin were sent around the world, I realised I had witnessed history in the making."

2 You speak Russian. Why did you learn this language and how did it help you?

"I had the opportunity to learn Russian when I was in the army. Languages are an important tool in building bridges between people. They help us understand other cultures and societies. And my knowledge of Russian has helped me deepen my understanding of Russian society, which is very interesting but very complex."

3 What do you think Dutch and Russian business people have in common?

"Dutch and Russian business people alike understand the importance not only of doing business, but also of investing in personal relationships with our partners. We think long-term, and don't just aim at quick profits."

4 What can they learn from each other?

"After the energy crises in the Netherlands in the 1970s, we learned how difficult it is when you depend largely on one source of income, in our case natural gas. We needed to reform our economy – to innovate, to diversify – and we did. The need for diversification is a hot topic nowadays in Russia. Because Dutch businesses are innovative, they can have a lot of added value for Russia."





5 It has been twenty years since you worked in Russia. What do you think are the most important changes in the Netherlands-Russia relationship?

"On the economic side, I think business relations between the two countries have matured since the early 1990s. When the Soviet economic structures fell apart and the whole system had to adapt to new conditions, Dutch activities in Russia were all to a certain extent in support of that transition. Nowadays, Russia is a self-confident economic partner, which knows what it wants and needs and under what conditions. In that respect, Russia and the Netherlands have become more equal trading partners. Russia's recent admission to the WTO was also a crucial moment in multilateral trade, which is bound to yield significant results over the course of the next several years. As for our political relationship, it has always been good. The current bilateral year is a clear sign of this, and I'm looking forward to the many events we're organising jointly. The Netherlands and Russia may not always agree on everything, but there is always room for frank and open discussions. I think it is important to understand that every country, especially Russia, has a unique history and needs to be assessed on its own merits. At the same time, Russia is a partner in the international community, with international obligations and commitments, so we call Russia to account on these points."

6 Russia and the Netherlands have become close and intense trade and investment partners. What is the key to this fruitful relationship?

"I think this is a good example of supply meeting demand. Russia needs to diversify its economy and modernise a number of sectors like agribusiness, health care, infrastructure in general, the maritime and transport sectors and so on. These sectors largely match the Netherlands' top sectors, for which the Dutch government, business sector and knowledge institutions are developing special policies focused on innovation and internationalisation. At the same time, Russia's energy resources are still vital for the Netherlands and for the EU as a whole. So we and the Russians have common ambitions and common goals. That makes for a good match."

7 You have recently taken up the position as Minister of Foreign Affairs. What are your main priorities, with respect to the relationship?

"The Dutch government greatly values our close political contacts with Russia at both federal and regional level. We have a healthy and open dialogue with Russian politicians. That allows us to discuss any relevant topic, whether it concerns foreign policy, bilateral issues, human rights or business. If there are business-related problems that can be solved through discussion at governmental level, the discussion will happen. In this respect, the bilateral year will be no different from other years: the Dutch government aims to support Dutch companies all over the world, in Russia as elsewhere."



**8 Can you tell us why the Netherlands-Russia Year 2013 is important?
When would you consider this to be a success?**

"For the Dutch government the Russian-Dutch Bilateral Year is a useful tool to further strengthen and deepen our relations with Russia. In 2013 there will be a wide range of meetings, more than usual, between Dutch and Russian government officials and businesses. It will provide plenty of opportunities to profile our country as an important Russian partner for economic cooperation and cultural and social exchanges. We hope and trust that this will give a boost to Dutch-Russian economic, cultural and other ties in the longer run."

**9 Are there new or unexplored business opportunities for both sides?
How can financials, like ING, contribute to that?**

"To cite a few examples: the healthcare sector in Russia is growing quickly nowadays, and Russia is deliberately turning to foreign partners like the Netherlands for help. Dutch business can also contribute to the development of regional airports and aviation safety. We also hope that Dutch companies can help with the preparations for the FIFA World Cup in 2018. The involvement of reliable financial institutions to back up these business opportunities will be crucial. Recent developments have shown that more and more Russian companies are finding their way to the Netherlands. We have welcomed a number of Russian investments, and we look forward to welcoming more."

10 Imagine it is four years from now. We have invited a panel of internationally active companies. We ask them to look back at your tenure as Minister. What do you hope they will say?

"I hope they will say that I revived a more balanced and respectful dialogue with Russia, which opened up opportunities for the business community and others. I hope our cooperation will contribute to a more open, modern Russian economy, a more transparent and reliable legal system, and the consolidation of the rule of law. This will not only make it easier and safer to do business with Russia, but also ensure that we live up to the international commitments we have made in the interest of our societies and our peoples."





Meet the Players

Showing their hand.

Who better to explain how the Dutch and Russians can make the most of business opportunities together than the players who know the playing field well - like Erik Loijen of Kuijken Logistics Group (KLG), and Bert Panman of Project Delta Group

Bert Panman

'Pooling resources makes for a better connection'



The objective of Project Delta Group (PDG) is to facilitate intensive business cooperation with Russia in the field of Energy and Energy Infrastructure. The foundation was established in 2009 to showcase the knowledge and expertise of Dutch businesses. PDG is the panacea in the cooperation between the two countries, operating under the auspices of its executive director Bert Panman. A Gasunie veteran, Panman has extensive experience in doing business with Russians.

Bert Panman: "A showcase for businesses, that is an excellent way of describing Project Delta Group. We present a carefully selected range of Dutch companies that use state-of-the-art innovative findings to operate in and around energy and energy infrastructure, including Shell, Van Oord, Boskalis and Mammoet. Our members currently include 14 companies and six knowledge organisations. This allows the Russians to see at a glance precisely what our country has to offer.

"We are not a consortium but a network. I sometimes refer to our organisation as a 'sectoral business opportunity initiative'. We see to it that the Russians know what the Netherlands has to offer in terms of knowledge and expertise. If companies subsequently wish to enter into agreements, they must approach each other themselves. We step aside once the rubber hits the road. We are one of the options available to companies to further strengthen and deepen their ties with the Russians. But of course businesses are free to have more than one iron in the fire.

"PDG showcases the Dutch companies and knowledge organisations at several bilateral meetings. The Netherlands-Russia year in 2013 is a harvest year for us, offering wonderful opportunities for making or reinforcing contacts. And that is precisely what is needed. People on both sides first have to meet each other. This gives us the opportunity to explain exactly what the added value of Dutch business and knowhow is, and makes it easier for Russian and Dutch parties to form often highly complex partnerships for vast energy projects.

"One of PDG's trump cards is that under our guidance businesses, organisations and the government pool their resources. In addition to companies, research institutes, universities and [the Dutch employers' federation] VNO-NCW our membership includes the Dutch ministry of Foreign Affairs. The ministry is very pleased with our initiative because the sitting cabinet wants to devote more time and attention to promoting trade. They can use us to do so. The public-private cooperation embedded in our organisation makes for a better connection with the Russians. Because



in Russia – as is also the case in other BRIC countries – the public and private sectors are more closely intertwined than here. This mixture of businesses and governments on both sides makes it easier for delegations to get on the same wavelength. It's nice to be able to raise the flag if it's also flying on the other side.

“In dealing with Russians it is important to always explain honestly and at length what your position is. I learned this in the period that I was negotiating on behalf of Gasunie with Gazprom regarding the Nord Stream gas pipeline, from 2004 to 2007. At the time there were issues we did not agree on. That wasn't a problem; just as long as it is clear that the situation is that we agree to disagree, everything's fine.

“I believe that Russia offers great opportunities for Dutch businesses. We have enjoyed excellent trade and business ties for a very long time. And this huge emerging country has a need for our advanced knowledge in order to modernise. An example is the issue of energy efficiency. Russia consumes 500 to 600 billion cubic metres of gas a year; they could cut this by 15 to 20 per cent. We Dutch have a major role to play in this, with our knowledge of energy infrastructure and for example efficient central heating boilers. What is important is that in doing so we do not come across as know-it-alls. Russians have plenty of abilities of their own and are rightly proud of them. It is precisely the understanding and flexible Dutch attitude to forming business relationships that they find appealing.” ■



Rules for doing business with Russians

- 1 “Russians can come across as a little cold to start off with, but they are in fact anything but, as you will find out once you get to know them better and meet them in an informal setting. Then they may surprise you by how emotional they are. You will notice how rooted they are in their own culture. For example, once a business contact of mine suddenly started passionately declaiming a poem by Pushkin - for ten minutes, all off by heart! You won't catch a Dutch person doing that in a hurry. Our cultural awareness is somewhat lower. We are also somewhat flatter in our emotions, just like our neat and tidy little country. I love that exciting, unpredictable side of the Russians. They show huge appreciation if you are able to value their character traits and cultural heritage.”
- 2 “Say what you do and do what you say. That is important to Russians. They like their contacts to be solid. You have to be reliable and stay so in the long term.”
- 3 “What the Russians and the Dutch share is a direct style of communication. They like things to be no-nonsense, and are not sticklers for decorum. Once you know a Russian, it's fine to tell it like it is, without this necessarily ruining the atmosphere. Russians are tough, they do not upset easily.”
- 4 “Be patient and be flexible. One of the reasons why Russians like doing business with the Dutch so much is the fact that they are adaptable. The Dutch are not dogmatic. We have a history of wheeling and dealing with other nations.”

Erik Loijen



'It helps that we are a family business with a long-term vision'

Constantly investing in your contacts is the key to success in Russia, according to Erik Loijen, general manager of Kuijken Logistics Group (KLG). Russia is one of the sixty countries in which this family-owned all-round logistics business with its staff of 700 and annual revenue of 105 million euro operates. And an important country that is a strong but tricky growth market. Nowhere is optimum document management – one of the group's specialities – as vital as in Russia.

Erik Loijen: "Of course Russia is a growth market. Nobody doubts that. But that does not mean that it's a walk in the park. Absolutely not. Nearly six per cent of our revenue is currently generated in Russia. We have to work hard for it and accept that growth in Russia might not be as rapid as we might have hoped. But I am very optimistic about the future. Demand in Russia for Western products will grow, especially now that consumers are having more to spend."

"Doing business in Russia and neighbouring countries requires a long-term vision and perseverance. For example, we have already invested a lot of time and money in the development of a warehouse and national distribution centre in Belarus. And we commissioned a study by a university and spoken to the authorities. But we still haven't received the final green light."

"We remain full of confidence and are going for it. I think that's the only mentality that will bring you success in the region. Be patient, continue to invest, and always look for new solutions. As a family business we are financially able to have a long-term vision. We can focus on the future but also make snap decisions if we have to. That is an unmistakable advantage."

"One of the characteristics of Russians is the way they value personal contact. They have to know you and there has to be a relationship based on trust. This is not something you achieve by calling a couple of times and then emailing the contract. Russians want to look you in the eye. Negotiations take longer than we are used to. You have to keep investing in that personal contact. And be sure you are talking to the real decision-makers. Once I found myself talking to someone from the government for hours, which in itself is quite an honour of course, but it led to no specific actions."

"I build new relationships by taking part in trade missions and going to trade fairs. Never assume that they know you after a while. Keep in mind that the hierarchy is more important than it is in the Netherlands. And never hurt a Russian's pride by assuming that you know it better. I personally have



never made a major faux pas. But I did once make the mistake of wanting to move too fast. Patience is not a virtue in Russia, it's a necessity.

"Another characteristic about doing business with Russia is the bureaucracy. It means that documents have to be 100% in order. Rules and taxes also change from time to time. That's why we have native speakers at our head office. They speak the language but also know the law in Russia. We have devised a separate protocol for our transports to Russia in order to make the process as reliable as possible. This is where I can see the added value of KLG. Another thing we do well is to think outside of the standard scope of logistics services. We don't do 'No' and I'm not just saying that. There is always a solution and it's up to us to find it. If necessary for a higher price, but customers have to know that we have gone the extra mile for them. Russians in particular really appreciate that attention. That's what wins them over.

"The added value of Dutch logistics services providers is their knowledge of automation. But it's also their approach and mentality. Russians think big, often too big. The Dutch are used to starting off smaller and growing once the concept has proved successful. Russians can think big but the business world is actually remarkably small in that enormous country. That's just as well; it makes it easier to know who to do business with and who to avoid." ■

writer: Rutger Vahl



Rules for doing business with Russians

- 1 "The customs union between Russia, Belarus and Kazakhstan (from 1-1-2012) enables Dutch businesses to be close to the Russian market at much lower costs. Keep an eye on this development. The import duties have been virtually aligned but a lot still needs to be harmonised. Various other countries in the region are considering joining the union (similar to the EU situation)."
- 2 "Always be sure to have the correct documents. Russia is a bureaucratic country. If one detail does not meet their approval, it can result in huge delays and problems. Check and double-check to ensure that everything is correct and done completely according to the rules."
- 3 "Russian business people are more focused on the short term than the Dutch are. They live in the here and now. It is therefore difficult to reach agreement on long-term contracts or prices, even though these can be attractive for both parties due to currency and price fluctuations. Accept the fact that Russians think differently about this."
- 4 "Even though a Russian may speak English or German well, he or she may feel more comfortable working with an interpreter. Don't make too much of this and don't be surprised if the translation provided by the interpreter is much longer. Sometimes more words are needed in Russian."



Russia & the Netherlands Meeting of minds

When great minds meet, it can lead to great things. For example, Dutch-Russian trade relations kicked off with a meeting between Peter the Great and Nicolaes Witsen who both were not averse to playing the political game. Another memorable Russo-Dutch meeting of minds took place in the 1930s with the mental contest between the talented chess players Max Euwe and Alexander Alekhine; a showdown between two completely different personalities in a time of great contrast. These days relations between the two countries are on a more equal footing and less politically charged, as can be seen in the most recent Russo-Dutch meeting of minds between astronaut André Kuipers and cosmonaut Oleg Kononenko; two men with a dream who worked together closely and with mutual respect at the International Space Station.



1697 Peter the Great & Nicolaes Witsen

If you want progress, you need to get out and discover new worlds and meet people. Peter the Great understood this well and so set off on a tour of the countries of Europe. Travelling incognito, as Peter Mikhailov, he visited the Netherlands in 1697. In Zaandam he rented half of a small wooden house and set to work as a carpenter in the flourishing local shipbuilding industry, hoping to gain mastery of this craft. However, standing two metres tall and with a conspicuous wart, the tsar did not manage to remain in obscurity for long. Once his true identity became known, Peter attracted a lot of attention and, finding this tiresome, he decided to set sail for Amsterdam.

So far this is all standard Dutch history book material, however what is less known is the role played by the mayor of Amsterdam, Nicolaes Witsen. It was he who arranged for Peter to work on the frigate *Petrus en Paulus* in Amsterdam, which earned Witsen a further good reputation with the tsar. In addition to his administrative duties, he was a scientist who wrote a standard work on shipping. Witsen was also a cartographer, and it was he who had produced the first serious map of Siberia in 1687. He was able to do so partly thanks to his cousin Andries Winus, an interpreter at the Russian court and a confidant of Peter the Great - although the tsar was unaware of the link between Andries and Nicolaes.

The meeting between Peter the Great and Nicolaes Witsen in Amsterdam sparked a close commercial relationship between the two countries. Witsen was to become the tsar's leading 'agent' in the Netherlands, in exchange for which he was issued with 'ukases' for the conduct of trade with the Russians. To this day ukase – derived from the Russian word for an imperial edict – remains a familiar term in the Netherlands. Conversely, Peter's visit to the Netherlands led to the introduction of Dutch shipping and other terms into the Russian language, including the words for cabin, sideburns and jack. ■



Tsar Peter House, Zaandam The Tsar Peter House is one of the oldest wooden houses in the Netherlands and is where Peter the Great stayed in the summer of 1697. A brick construction has been built around the monument to protect it from the elements. The house, which recently underwent restoration work with the support of sponsor Summa Group, can be visited as part of the Zaans Museum. In combination with the nearby windmills of Zaanse Schans, the museum gives a good picture of the Low Countries' past. www.zaansmuseum.nl



PHOTO: Rob Meirissen

1935 Alexander Alekhine & Max Euwe

A century ago nobody could have imagined that Dutchman Max Euwe would become a hero. He was an ordinary, hard-working maths teacher whose one great passion was chess. However, he was so good at it that as an amateur he gradually joined the ranks of the world's best players. In 1926-1927 he attracted attention by narrowly losing a match against Russia's Alexander Alekhine (4½-5½). Euwe, who came across as being very ordinary, was in every way the opposite of the controversial Alekhine, who liked to smoke and drink. Their style of play was also very different. Alekhine was a chess genius, a technical virtuoso; Euwe, by contrast, was a man who relied more on logic and organisation.

In 1933 reigning world champion Alekhine challenged Euwe to a match for the title. Initially Euwe had his doubts. As a teacher at a girls' school he considered he was unable to free up enough time for chess. However, in 1935 he accepted the challenge. His preparations were very thorough, not just mentally but also physically: Euwe took up boxing and took a cold shower every morning. At first it looked as if this was all going to be to no avail as odds-on favourite Alekhine took a 6-3 lead. But after 30 games in 13 Dutch cities and villages – which raised the funding for the match – the tables turned. Euwe won an unexpected 15½-14½ victory and became world champion, the only amateur player ever to achieve this. The victory was a huge boost for the crisis-struck Netherlands and chess clubs saw their membership treble.

Euwe was not able to enjoy his title for long though: two years later he lost again to Alekhine in a revenge match in which he was outclassed (9½-15½). Euwe paid his starting money into a fund for the promotion of chess and carried on working hard. He later became the first Dutch professor of Information Science and president of the World Chess Federation, FIDE. ■



Max Euwe Museum, Amsterdam Following Max Euwe's death, the Max Euwe Centre was established. This foundation's objective was to keep alive the Dutch world champion's work and significance to the game of chess and to promote the sport. Photographs, documents and memorabilia are on display in a small museum in the centre of Amsterdam. The centre also traces the history of the game from its earliest origins in India and the Arab world to the present day. www.maxeuwe.nl

in

5



2012 André Kuipers & Oleg Kononenko

If anything symbolises changing world relations, it is space travel. Where once countries were engaged in a veritable race, they now cooperate, for example in the International Space Station. This is where Dutchman André Kuipers and Russia's Oleg Kononenko met during the Soyuz TMA-03M mission, which departed for the ISS on 21 December 2011 and returned to Earth on 1 July 2012.

During the preparations for the mission Kuipers got to know Russia well. He underwent extensive training in Zvezdny Gorodok (Star City), in the woods to the northeast of Moscow. In his book *Droomvlucht* he describes how this became his second home. He writes of his relationship with the Russians: "At first they come across as a little gruff, but they are in fact very friendly and easy to get along with. What you see is what you get – same as with the Dutch." In the same book Kuipers also talks about his space mission of 193 days, the longest ever by a European astronaut. He explains how the Russian language and traditions are reflected in the ISS, for example describing the picture of cosmonaut Yuri Gagarin and rocket engineer Sergei Korolev in the service module. And he talks about the 'kajoetas' (derived from the Dutch word 'kajuit') – the two sleeping cabins for Russian cosmonauts. However, his favourite spot was not a kajoeta but the 'cupola', where he could observe planet Earth in all its glory.

In addition to his scientific work Kuipers attached another objective to his trip. He wanted to promote space travel, for example through the pictures he sent out via social media. Kuipers believes that space travel not only brings nations closer together, but also builds awareness of the importance of treating the planet responsibly. "Ideally everyone should have this experience. It is only in space that you really realise that we live in a vulnerable oasis in an inhospitable universe." ■



Space Expo, Noordwijk Space Expo is the official visitors' centre of ESTEC, the Dutch arm of the European Space Agency (ESA). The museum features interactive displays to introduce visitors to space and space travel. Space Expo is home to the permanent exhibition Spaceship Earth about André Kuipers and the ISS. A tourist train is now also running to take visitors to the Information centre for the International Space Station (on the ESA site). www.spaceexpo.nl





Journalist Peter d'Hamecourt on the Russians and the Dutch

'Russia is a world in itself'

If anyone can paint the Dutch image of the Russians, it is Peter d'Hamecourt. The former television journalist covered Russia from 1989 to 2008. He lost his heart to the country, and continues to observe it as a theatregoer. "Russians find the domesticity of the Dutch endearing. And the Dutch envy the Russians for their passion."

The Dutch are held in high regard by the Russians, there's no denying that. What is less clear is what the origins of these warm feelings are. One man who can cast a light on this is Peter d'Hamecourt. The journalist has been watching the country closely for the past quarter of a century, first as a commentator for the Dutch national TV news, nowadays more in the background. Russia held so much fascination for him that he stayed on after his correspondent-ship. He has a "dacha" (country home) in the Kaluga Province of Russia. The journalist has just completed a book about the Netherlands and Russia. "There is absolutely no doubt that the two get along," said d'Hamecourt. "Russia does not have many friends in Europe, but the Netherlands is an exception. Russians want things to be right and the Dutch are the same. So there's no stopping them."

D'Hamecourt finds it difficult to explain exactly where these close relations stem from. The visit to the Netherlands of Peter the Great is often mentioned in this context. But he has doubts as to whether relations were that close from the outset, pointing out that diplomatic ties were initially ruffled. And he does not believe that the Netherlands made that much of an impression on the legendary tsar. "I think that's mainly myth-building. Because Peter is likely to have found the Netherlands pretty dull and bare. There were no splendid palaces such as the ones in Paris that he visited during his infamous carousing sessions. 'What they call a palace in the Netherlands, we would call a pigsty,' as Anna Paulowna, the Russian wife of King William II, put it later in a letter to her mother."

"After a three-week winter sports holiday the Dutchman gets a welcome-home worthy of a pole explorer"

Endearing domesticity

D'Hamecourt believes that the good relations stem from cooperation in trade and shipping, which fostered a mutual respect and admiration for each other's rich culture and know-how. Furthermore the two nations have a certain connection, underpinned by an appreciation of differences, according to the writer and journalist. "The Dutch envy the Russians and their passionate, disorganised lives and also their penchant for the extreme. While the Russians are charmed by the neat and tidy open-air museum that is the Netherlands. Russians find the Dutch endearing, because



they are very domesticated and have a genuine home. When Dutch people return to their country, they do not just go back to their fatherland but 'go home'. 'Welcome home,' read the big letters on the banners at Schiphol airport. After a three-week winter sports holiday the Dutchman gets a welcome-home worthy of a pole explorer."

This feeling of returning to a comfortable nest is unknown to most Russians, says d'Hamecourt. The journalist believes that the fact that there is nowhere they feel really at home is linked to the turbulent history of their displaced and mixed people. "Instead of a 'home nation' Russians have 'a fatherland'. Patriotism is even taught as a subject in school. That would be unthinkable in the Netherlands." What unites Russians is not a home but their rich culture and love of nature. "Parents take their children to the Tretyakov gallery to instil the new generation with the love of the boundless Russian landscape, as depicted in the wonderful paintings of Ivan Shishkin. Russians cherish their culture. Shishkin, Pushkin, Gogol, Scriabin, Tchaikovsky and Tolstoy - this what unites Russia. That and nature. They love their forests and their fungi: in mid-August gathering these is a kind of national madness."

The Russian's lot

If you want to do business with a Russian, don't try to rush things, says d'Hamecourt. Russians are not as time-conscious as the Dutch. "First you have to work on building a relationship. That takes time. In addition it is crucial to show an interest in Russian culture." The journalist further specified this by saying 'you have to show an understanding of the Russian's lot'. "Russians want acknowledgement for the long and hard road they have had to go. If you take a genuine interest in them, they hugely appreciate it. Russians are grateful – overcome even – if you speak their language. They really don't care if you make mistakes. It is unthinkable that a Russian would ever correct you."

In order to illustrate how hospitable and receptive Russians are to those who show an interest in them d'Hamecourt told the following anecdote. Once he stepped in for a Dutch professor scheduled to give a lecture to an audience of businesswomen in the agricultural sector. He used the long journey to the country to master the speech by the expert. Once he had arrived d'Hamecourt did not mention that he really was not knowledgeable on the topic. "My speech about the blessings of agriculture and livestock production in the Low Countries was well received. But answering the questions was tricky. Could I say how much milk the average Dutch cow makes? No. Not that this was held against me in any way. On the contrary: the ladies were very grateful to me for turning up. They still invited me along to a major agricultural exhibition as an 'agriculture expert.' Nobody blames me for not being quite what I purported to be. Once a Russian has taken you into their heart, it really doesn't matter."

"If you see how quickly trends can move in Moscow, you won't believe your eyes"

‘Russki avos’

When doing business d’Hamecourt says it is important to bear in mind that the Russians are of a different nature. “The Dutch are down-to-earth and practical. They first create the conditions before going any further. For example: first roads, then business parks, then businesses. Russians may well do things the other way around. They like to philosophise and make ever more elaborate plans. In doing so they sometimes lose touch with reality. This is offset by the fact that they are good at improvising in a crisis. They have the ability to achieve a great deal in a short time. If you see how quickly trends can move in Moscow, you won’t believe your eyes. There are lots of good examples of this in the catering sector; one day you simply can’t get a decent cup of coffee, the next a thousand exclusive coffee places have sprung up. The same thing happened with trends such as sushi or lounge bars.”

Another trait you have to understand when doing business in Russia is ‘the Russian maybe’, says d’Hamecourt. “In Russia this is known as the ‘Russki avos’. The term derives from ‘avoska’, a knotted string shopping bag dating from the Communist era. People always carried one of these ‘maybe bags’ with them in case they happened to come across something.” As a country, Russia is more theatrical than the Netherlands, according to d’Hamecourt; people play parts and accept this of each other that this is so. They treat the truth with a certain degree of flexibility. “For example, I know a foreign businessman who complained about a landlord who kept pushing up the price of the rental contract. With no explanation. In cases such as this you must always stay polite, however unreasonable the proposal sounds. If you remain friendly, you have a good chance of reaching a reasonable agreement after all. The high ‘maybe’ content of the initial proposal is never discussed.”

Those willing to accept the cultural differences can expect a whole new world to open up to them, according to d’Hamecourt. As far as he is concerned we should stop our desperate attempts to see Russia as an eastern part of Europe. “You really need to look at Russia as a different continent. A world in itself. Completely different from the rest of Europe. Just do as the Russians do. It is not Russia in Europe, but Russia and Europe. And that doesn’t matter at all. We really need to start letting this sink in.” ■



Book: *In the mirror* The book *In de spiegel, Nederlanders over Rusland en Russen over Nederland* ('In the mirror, the Dutch on Russia and Russians on the Netherlands') will be published shortly to mark the Netherlands-Russia year in 2013. The book, which will appear both in Dutch and in Russian, sets out dispel tired clichés on both sides. The two sides hold up a mirror to each other with no topic being shunned, and holds contributions from seven Dutch and seven Russian authors. In addition to chief editor Peter d’Hamecourt, they are Vader Sergi Ovsjannikov, Jeroen Ketting, Nina Targan Mouravi, Aai Prins, Sasha Ourikh, Michel Krielaars, Sana Valiulina, Geert Groot Koerkamp, Leonid Zlobinski, Pieter Waterdrinker, Dr. Olja Tielkes, Ellen Verbeek/Derk Sauer and Lilja Zakirova. The book would not have been possible without the support of ING and other sponsors.



First account of a
Russian client at Barings

1775

Barings markets Russian
government bonds in
international markets

1817

Barings involved in
financing Russian railways

1850

ING in Russia

Moments in time

ING: banking pioneers in Russia

ING entered the Russian market in 1994. Within less than twenty years it has become one of the most experienced foreign banks in the country. But it enjoys even longer historical associations through its predecessor businesses, the most important being Barings, which was acquired by ING in 1995. This bank's ties with Russia date back well over two centuries.



Sir Francis Baring

Established in London in 1762, Barings rapidly emerged as the world's leading merchant bank. The firm undertook prestigious transactions worldwide and the first account of a Russian client was opened in 1775. From the eighteenth century Barings also financed Russian trade. As merchants, the firm traded in a wide variety of Russian goods through the ports of St Petersburg and Rostov. Timber was of special importance but hemp, tallow, flax, hides, linseed and grain also figured.

Barings also acted as an agent for merchants based in the international markets. This merchant function was soon complemented by banking. As bankers Barings started providing merchants and other clients with acceptance credits and advances. These were used to finance the production of timber products and other commodities for export from Russia to the UK.

Working for government and businesses

From as early as 1817 Barings marketed Russian government bonds internationally. Barings joined forces with Amsterdam bankers Hope & Co and together they marketed small batches of government bonds in both London and Amsterdam. The involvement of the Dutch bank was vital because of the long-standing enthusiasm of Dutch investors for Russian securities. Furthermore Amsterdam bankers were widely recognised for their expertise in issuing them.

Barings' association with Russia was stepped up in the 1850s with the firm's appointment as financial agent in London for the Imperial Russian government. From then on Barings maintained the government's bank accounts in London, undertaking a wide range of banking functions. This appointment as financial agent coincided with major growth in bond issues by the Russian government and later by Russian businesses in the international markets.

Financing railways and tramways

From the mid-nineteenth century another association developed through the provision of finance for the construction of Russia's first railways. This new transportation system

Prospectus for the issue of Russian railway shares with map, 1857

This prospectus relates to Barings involvement in financing the construction of 100 miles of railway radiating from St Petersburg.

Director's railway token, 1858 The token was given to Thomas Baring by the Grande Société des Chemins de Fer Russes. Thomas Baring was a Director of that company and the token afforded him free travel on their lines.



Barings leads bond issue to finance tramways in Moscow

1908

NMB Postbank and Nationale-Nederlanden merge to create ING Group

1991

ING starts commercial banking operations in Russia

1994

ING acquires Barings Bank for the nominal sum of £1

1995



formed the keystone of a modern industrialising economy. Railways were, however, vastly expensive to build and could often only be financed by borrowing in the international markets. This was achieved through issues of Russian government bonds, the proceeds of which were lent on to railway companies. Or through the issue of government-guaranteed bonds by the railway companies. Barings was first involved in financing Russia's railways in 1850. Bonds were issued to finance the construction of part of the St Petersburg to Moscow Railway. From 1857 Barings became involved in a massive scheme to finance the construction of over 1,000 miles of railway line to create Russia's first railway network. Barings was also involved in the financing of the development of the city of Moscow. In 1908 the firm led a bond issue to finance various projects including the construction of tramways. Barings' association with Imperial Russia ended with the Russian Revolution in 1917. The Imperial Russian government's accounts in Barings' books were then frozen and remained so until 1986 when the British and Soviet governments reached agreement on the settlement of mutual claims.



Prospectus for the City of Moscow Loan, 1908

The prospectus relate to the 5% loan of 1908, funds from which were used (among other things) to finance five infrastructure projects including the construction of municipal electric tramways.

Expertise in emerging markets

The 1990s marked the start of a new era with the fall of the Berlin Wall. Not only for the countries in Eastern Europe, but also in the banking business. ING continued as a single entity in 1990 when the legal restrictions on mergers between insurers and banks were lifted in the Netherlands. This prompted insurance company Nationale-Nederlanden and banking company NMB Postbank Groep to enter into negotiations and eventually merge into Internationale Nederlanden Groep (ING) took place in 1991. From that moment ING developed to a strong multinational bank through a combination of organic growth and various acquisitions.

ING opened its own office in Russia in 1994. And in 1995 it took over Barings Bank. This acquisition increased the brand recognition of ING around the world. Ever since ING has consistently strengthened its position as a corporate investment bank in Russia with a focus on multinational and blue chip companies. ING survived the Russian crisis of 1998 because of its stable and resilient core business. The corporate lending portfolio suffered barely any losses during the crisis.

Today ING is highly regarded for its expertise in emerging markets in Eastern Europe. It has offices in Russia, Bulgaria, the Czech Republic, Hungary, Kazakhstan, Poland, Romania, Slovakia and Ukraine. The bank offers a wide range of financial services, with its main focus on cash management, financial markets, lending and structured finance. ■

Imperial Russian Sterling Treasury Bill, 1915 These were issued through Barings during the First World War. The proceeds were used to finance Russia's purchase of munitions in foreign countries.



Netherlands-Russia year 2013

Agenda

April 8 Official opening of Dutch-Russian Bilateral Year; location: Peter the Great exhibition, Hermitage, Amsterdam; official dignitaries at the event include Her Majesty Queen Beatrix, President Putin

April 8 Netherlands-Russia Business Meet; Beurs van Berlage, Amsterdam

April 8 CEO Round Table with President Putin and Prime-minister Rutte

May 30 – 31 European Business Forum; location Okura Hotel

June – November Dutch programme in Russia (Moscow, St Petersburg and other Russian locations).

19-22 June St Petersburg International Economic Forum, with Guest of Honor Netherlands. Delegation of Dutch CEOs headed by the Prime Minister. The Forum starts with a Dutch Business Meet (Dutch Splash)

1st half of September Dutch Cultural Festival in Gorki Park, Moscow, opened by the Dutch State Secretary for Education, Culture & Science

24-27 September Maritime programme at the NEVA Trade Fair in St Petersburg. Broad-based business delegation headed by the Minister of Infrastructure & the Environment, combined with a visit by the Dutch fleet attended by the Dutch Minister of Defence

1st half of October Agricultural programme in Moscow and another city. Agribusiness delegation headed by the Dutch State Secretary for Agriculture

1st half of November Official closing of the Dutch-Russian Bilateral Year in Moscow, St Petersburg and another city. Broad-based business delegation headed by the Dutch Minister for Foreign Trade and Development Cooperation. **The Royal Concertgebouw Orchestra will take part in the official closing**

8-10 November The Royal Concertgebouw Orchestra tour of Russia. Concerts in St Petersburg (8 November), Moscow (9 November, the Dutch royal family to attend) and again in Moscow (10 November)

More information on the activities in The Netherlands-Russia year 2013: www.nlrf2013.nl

COLOPHON

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The Netherlands-Russia Business Meet

The Netherlands-Russia Business Meet is one of the key events in the Netherlands in the economic program of the bilateral year. It aims to enhance and intensify bilateral economic relations between Russia and the Netherlands and brings together businesspeople, entrepreneurs and public sector representatives from both countries.

We are proud to welcome a high level official Russian delegation and an extensive Russian business delegation at the Netherlands-Russia Business Meet on April 8th in Amsterdam. It features industry-sector sessions and plenary sessions with Public and Private sector keynote speakers. A Matchmaking area with Meeting-Points per sector will be set up to help you to get in contact with interesting business partners.

Opening

Opening by Ewout Michels, Partner of KPMG

Welcome speech by Henk Kamp, Minister of Economic Affairs of the Netherlands

Key note by Frans van Houten, CEO of Philips

Key note by Gazprom

Sessions

- 1 Innovation is our inspiration (Technology, Media & Telecom)
- 2 How to create sustainable, accessible and affordable healthcare (Healthcare)
- 3 Integrated infrastructure development and vibrant cities (Infra and Logistics)
- 4 Enhancing the quality of life (Agri & Food)
- 5 Innovative, successful and sustainable energy co-operation (Natural Resources)
- 6 Business opportunities in Russia and the Netherlands

Closing session

Key note by Lilianne Ploumen, Minister for Foreign Trade and Development Cooperation of the Netherlands

Key note by Arkady V. Dvorkovich, Deputy Prime Minister of the Russian Federation

Closing remarks by William Connelly, Board member of ING

