

## VEGAS LEX DISCUSSES ATTRACTING PRIVATE INVESTMENT TO DEFENCE INDUSTRY AT ARMY 2016 FORUM

**On September 7, 2016 VEGAS LEX organized a roundtable on Private Investment and PPP in the Defence Industry: Participants, Mechanisms and Prospects as part of the ARMY 2016 international military technical forum.**

On September 6–11, 2016, Moscow's western suburb of Kubinka hosted the second international military technical forum ARMY 2016, with the VEGAS LEX law firm acting as its legal partner for the first time.

On September 7, VEGAS LEX led a roundtable discussion on *Private Investment and PPP in the Defence Industry: Participants, Mechanisms and Prospects*. Deputy Defence Ministry **Timur Ivanov** opened the event with a written address to the meeting participants, which was followed by the opening remarks of the roundtable moderator, VEGAS LEX Managing Partner [Alexander Sitnikov](#).

The first session was devoted to the possibility of using public-private partnerships in the defence industry and attracting investments to the sector.

Development Director of GUOV company **Alexey Tulikov** spoke about ongoing development of the Russian Defence Ministry infrastructure with private investment. He drew attention to the areas where PPP projects are applicable in the defence industry, the legal framework for implementing the Defence Ministry's concession agreements, especially the Armed Forces infrastructure development through PPP.

Managing Director of Gazprombank's Public-Private Partnership Center **Yelena Bardasheva** made a presentation on *Opportunities for PPPs in the Defence Industry Such as Development and Operation of Production and Logistics Centers (PLC) of the Armed Forces*.

Head of VEGAS LEX PPP and infrastructure practice [Denis Shtirbu](#) further described the possibilities, potential application and specifics of concession agreements in the defence industry using existing concession projects as models.

The participants then discussed a fairly new instrument of state support for investors, the Special Investment Contract (SIC), specifically, at what stage of the life cycle of weapons, military and special equipment this type of contract could be used. According to VEGAS LEX Partner, Head of special projects [Maxim Grigoryev](#), SIC is potentially applicable at the stages of production, supply (deployment) and modernization of weapons. However, the use of this tool in the defence industry still requires serious changes to the legislation.

At the second session, the participants discussed the possibility of applying research results and programs in the defence industry and the barriers that now hinder the introduction of innovative projects, products and technologies for the defence and security of the state.

Member of the Russian Society of Inventors and Innovators (VOIR) board **Oleg Vashchenko** presented the Technological Cooperation 2016 program aimed at promoting innovative projects for the Defence Ministry, organized by the Polygon Support Center of Initiative Development and Innovation. The program will help select and develop projects (technology, components, and samples) for building or modernizing promising models of weaponry and military hardware.

VEGAS LEX Partner, Head of Technology and Investment group [Alexandra Vasyukhnova](#) spoke about the R&D projects for the defence industry financed with private investment. She listed major risks for the contractor and the private investor, and options to minimize them while fulfilling government contracts in the defence industry; discussed the possibility of introducing life-cycle contracts and PPP agreements, and pointed out the need to improve the legislation to attract private investment to the defence industry at the R&D stage.

The second session ended with the report by senior researcher of Krylov State Research Center **Nikolay Sharkov** on scientific and technical issues of building the system for managing the ship's life cycle.

After the roundtable, the participants confirmed the need to organize more such events, considering their relevance and need to attract investment to the defence industry, and to implement R&D projects at the Defence Ministry's enterprises and leading research institutes.

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*\* This year's forum attracted more interest both in Russia and abroad. The number of participants increased, while their geography expanded. Thousands of Russian firms and companies displayed their products, and more than 80 countries sent their delegations to participate.*  
<http://www.ntv.ru/novosti/1658729/>

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*For more information on VEGAS LEX's public-private partnership projects in the defence industry, please go [here](#).*