

A welcome step forward

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STEPHEN DALZIEL graduated in Russian Studies from the University of Leeds. He began learning Russian at school in 1971, visiting the USSR for the first time in 1974, and spent a year at Kiev State University as part of his undergraduate studies. After graduating, Mr Dalziel served for one year in the British Army before joining the Soviet Studies Research Centre at the Royal Military Academy, Sandhurst. In 1988 he moved to the BBC, where he spent 16 years as the Corporation's Russian Affairs Analyst. He was appointed Executive Director of the RBCC in 2007.

HRH Prince Michael of Kent, Patron of RBCC, with Stephen Dalziel

Foreign policy, as a rule, doesn't win elections. But when foreign policy moves can be seen to bring tangible benefits to a particular part of society, they can create a great deal of goodwill. If the British Prime Minister, David Cameron, has the interests of business uppermost in his plans when he visits Moscow this month, he can give a real boost to Britain's business relationship with the Russian Federation.

It's no secret that political relations between London and Moscow have varied from deeply frozen to chilly in the last five years, following the murder of Alexander Litvinenko. They rose to "chilly" late last year, when the Foreign Secretary, William Hague, visited Russia. Subsequently, the Business Secretary, Vince Cable, and the Minister for Europe, David Lidington, have also been on official visits to the Russian capital. But there's long been a feeling that it would take a Prime Ministerial visit to bring any warmth back into the relationship.

So Mr Cameron's visit is a welcome step forward as far as business is concerned. And it is to be hoped that the Prime Minister will take with him a significant business delegation, representing not only big companies, but some of the small and medium enterprises (SMEs) which are doing very successful business in Russia.

Whilst issues involving companies such as BP tend to hit the headlines and give the impression that doing business with Russia is one long headache, the reality is that hundreds of British SMEs are carrying out very good business in Russia. Companies such as Sly Filters, a manufacturing firm based in Leicester which produces high-quality anti-pollution air filters, and has been selling to Russia (and not just Moscow and St Petersburg) for nearly ten years. Or the Oxfordshire company, JSP, producers of personal protective equipment such as helmets and face-masks, and winner of two international awards for quality and sales in the past 12 months. Russians are prepared to pay for quality products, and Sly Filters and JSP give them that quality; and give the lie to the myth that Britain is no longer a manufacturing economy.

Another aspect of Britain's "exports" to Russia which is looking very healthy is financial services. When the Lord Mayor of the City of London, Alderman Michael

Bear, visited Moscow in June, he took part in the first meeting of the City group which aims to assist Moscow in its bid to become an international financial centre. Despite the challenge presented by other international stock exchanges – notably New York, Frankfurt and Hong Kong – London still tends to be the centre of choice for Russian companies looking to make an Initial Public Offering (IPO) on a world stock exchange. Far from being complacent, London is aware of the challenge presented by these other centres, and it is hoped that a memorandum of understanding between London and Moscow will be signed during the Prime Minister's visit.

What is likely to be lacking from the visit, as far as business is concerned, is much reciprocation from the Russian side. Aside from the companies looking to do an IPO – necessarily large Russian companies – there is still far too little involvement, or even prospect of involvement, in the UK market from Russian SMEs. Next time you are in your local supermarket, take a look around and see how many Russian brands there are on the shelves. Not a lot.

The fact of the Prime Minister's visit is a sign that the British government is looking to improve the political relationship with the Kremlin. Politicians shouldn't "use" business as a tool of foreign policy. But sensible promotion of British business interests in Russia by Mr Cameron could ease the way to a win-win situation for Britain, in terms of politics and business, and the Russian consumer, too. **F**

