



**Introduction by
Rt Hon William Hague MP,
Secretary of State
for Foreign and
Commonwealth Affairs,
United Kingdom**

This September I will accompany the Prime Minister and a delegation of business leaders to Russia. While this trip signals an important moment in our strengthening relations its precedent was in fact set as far back as the 17th century when Peter the Great visited England. On that trip the Tsar and his delegation travelled to Manchester where they observed the techniques of city building that would later be used to great effect in the magnificent architecture of Saint Petersburg. The topics for discussion on this visit may be quite different but the principle holds as true now as it did over three centuries ago; that our two countries, despite our differences, have much to gain from the mutual exchange of ideas and dialogue.

Today economic power is shifting east and south. Russia and the other members of the BRIC countries are collectively predicted to match the G7's share of global GDP by the middle of the century. Along with its burgeoning economic influence, Russia continues to be a serious international player: in the Middle East Quartet; as a permanent member of the Security Council; and as a G8 and G20 country.

As such Russia is a key partner and we work together in many areas; we are cooperating in a whole range of practical ways in the run up to the respective Olympic Games our countries are hosting in coming years and we have begun engagement on the complex issue of cyber security.

Furthermore, in terms of economic cooperation we are strong partners and have much to offer one another. Britain is already one of the largest foreign direct investors in Russia, while Russian companies account for approximately one quarter of all foreign intellectual property offerings on the London Stock Exchange. We also enjoy good trade and investment links and our bilateral trade is back on track after falling during the global recession, with exports up 51 per cent last year and a further 61 per cent in the first half of this year.

But we can and should do more. We want to attract even more high-quality Russian business into the UK as well as support UK investment into Russia. The UK offers attractive investment opportunities; the World Bank, Economist Intelligence Unit and OECD have all found the UK to be the easiest place to do business in Europe, with the strongest business environment on the continent and the lowest barriers to entrepreneurship in the world. Russia in its turn is an attractive opportunity for any UK business; as a huge country; rich in natural resources; home to an abundance of international home grown businesses; holding important regional influence; with strong growth predicted for the coming years.

British business needs no convincing of the opportunities that Russia has to offer, with many British companies already experiencing considerable success in-country. This has come in the guise of both sectors one might expect, Shell and BP both having invested extensively in oil and gas extraction, and in other less obvious areas such as English law and pharmaceuticals. In fact English law is one of the UK's most important exports to Russia, with several British law firms located in the country. British pharmaceutical companies AstraZeneca and GSK recently announced major investments in Russia's growing market and the glass manufacturer, Pilkington, has its biggest factory outside the UK located there. Furthermore growing Russian appetite for UK consumer goods has led to several UK companies such as Marks & Spencer, Cadbury, Monsoon and Kingfisher (B&Q) investing in Russia.

We want to see Russia's economy continue to go from strength to strength. As such we welcome President Medvedev's personal commitment to tackle corruption, as set out in his modernisation agenda. The challenges regarding transparency and governance in Russian business should be addressed to prevent them hampering development and discouraging investment. As I recently

wrote when the UK Bribery Act came into force, bribery is a modern day scourge on international trade and I call on other countries, such as Russia, to look hard at their own laws and regulations on bribery and to take tough action against it.

We also wish to see Moscow establish itself as a lucrative, successful and well-regulated financial centre. The changing economic global landscape will create a new wave of financial centres and will bring tremendous opportunities for cities such as Moscow. We will look to share London's experience as a leading financial centre with the relevant Russian authorities, work which was begun during the visit of the Lord Mayor of the City of London last year.

This September's visit will put our relationship with this important trading partner on a stronger footing but it is not the first Coalition Government engagement with Russia. When I visited Moscow in October I enjoyed constructive talks on a range of issues; a dialogue which was continued when I welcomed Foreign Minister Lavrov to London in February.

As part of the UK Government's work to actively promote trade and investment with Russia, the Business Secretary, Vince Cable, visited Russia in November accompanied by the biggest ever UK business delegation to visit the country. This was followed by a return visit by Russia's Finance Minister, Alexei Kudrin, to London in July. The two ministers discussed ways in which the UK and Russia can work together to fulfil the economic agenda of both countries; from financial services, innovation and high technologies to how to develop a successful partnership in knowledge-based industries, which addresses Russia's modernisation agenda. They also discussed the 2014 Sochi Winter Olympics which have already been something of an early success for our country: with UK companies having won, or currently bidding for contracts in sectors covering architecture, event delivery,

catering, hospitality and security; in fact more firms from the UK are involved in the construction of the Sochi Olympic site than from any other country.

Elsewhere too we are developing excellent working relationships. Lord Green, the UK Trade and Investment Minister, visited Russia's International Economic Forum in June and met heads of Russian companies to discuss UK business opportunities. Soon afterwards, Russian Railways hosted a mission of UK companies to discuss station modernisation contracts. Lord Green also visited Russian catering firm Concord to celebrate the installation of around £8 million of UK catering equipment and encourage use of UK equipment in future factories.

But it is not all about high-level visits. Behind these visits is the day to day hard work of the British Embassy in Moscow and Consulates in St Petersburg and Ekaterinburg to support British Business and organise inward and outward trade missions each year to support companies across all sectors.

We can and should put our energy into further building on the successes over the last year. Whilst a number of bilateral differences remain, and the UK will promote its interest and values vigorously, our differences do not and should not stop us working together to advance our mutual interests. I look forward to the firm foundation for our relations which this visit will proffer and to the ensuing benefits for both our countries. P



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