

Economic cooperation

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SIMAN POVARENKIN holds a Degree in Chemistry and Petroleum Chemicals from Omsk State University, Russia. Previously he was Chairman of the Board of Industrial Investors Group, FESCO, Russian Industrial Bank and First Vice President and Head of Investment Management Business at Incombank. He has been Chairman of the Board of GeoProMining Group since its foundation in 2001.

Britain is one of Russia's leading trade and investment partners. Our bilateral business links are strong and removed from politics. It is in fact this economic cooperation that has served as an important stabilising factor in our relationship overall.

When Prime Minister David Cameron travels to Moscow in the autumn with a group of UK business leaders, this will be the first visit by a British Prime Minister for years. I am confident that the visit will lead to specific and tangible gains for our bilateral relations, by creating new opportunities and setting new priorities. Though this is not to undermine what has already been achieved.

Although this is not always recognised, there are actually many British companies operating in Russia today, and indeed very successfully. The economic opportunity is significant, with GDP growth this year expected to exceed 4 per cent, while unemployment is falling, consumer demand is growing and regional markets are expanding. The budget deficit, which is already at a relatively comfortable level, could be eliminated fairly quickly, within the next few years. All of this, on the back of economic modernisation and the development of innovative industries, will decrease Russia's dependence on natural resources and support the diversification of its economy.

Last year saw a number of new and promising bilateral projects. Pharmaceutical giants GlaxoSmithKline and AstraZeneca are investing in joint production of innovative vaccines and medicines in Russia together with their Russian partners. Rusnano is working together with high-tech companies in Cambridge. Thomas Cook, one of the best-known UK travel agencies, is collaborating with JSFC Sistema and its affiliate Intourist, a symbol of the Russian travel industry. Cooperation within financial services is expanding, including in support of the Moscow as an international financial centre.

Energy cooperation is also a critical part of our economic cooperation. Russia as a leading global carbon energy resources provider is firmly on the radar of most international, including British, energy companies. Shell and BP have a long history of successful joint projects with Russian companies both inside Russia and abroad. This type of cooperation continues to this day and will undoubtedly continue well into the future, as companies

seek to gain access to an enormous market and an even larger resource base.

In addition, several Russian oil and gas companies have offices in the UK, including Gazprom, LUKOIL and Novatek. And what is important is that Russian and UK companies are working together not only to pump and distribute oil and gas. They are also working together to develop new upstream and downstream technology, and to promote energy efficiency.

The bilateral intergovernmental Joint Steering Committee ("JSC") on Trade and Investment, re-launched in 2009, also gives considerable impetus to our cooperation, thanks to the active participation of our two countries' business communities. The JSC has identified energy and energy efficiency among the six priority areas for additional governmental support.

When Russian Deputy Chairman of the Government and Minister of Finance Alexey Kudrin and the UK Secretary of State for Business, Innovation and Skills Vince Cable, the two co-chairs of the JSC, met in Moscow in November 2010, they welcomed the bilateral Memorandum of Understanding to broaden the two countries' economic cooperation by providing additional support to SMEs. This commitment was reinforced at their last meeting in London in July 2011.

In the post-crisis world, we have a number of common goals, such as the need to diversify our economies, to seek new sources of growth including by encouraging export-oriented production, and to increase inward investment flows to support innovation. It is these shared goals that will help to create a solid foundation for the continued development of our bilateral economic ties.

I hope that by the time of the next full JSC session in London in November, we will already be able to see concrete results from the upcoming meetings in Moscow around the Prime Minister's visit. **E**

UK-Russian Common Goals

- Diversification of economies
- Promoting exports
- Increasing inward investment
- Supporting innovation