

Medvedev Says Modernization Requires Increase in Spending

By [The Moscow Times](#)

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NIZHNY NOVGOROD —State-controlled firms should boost their spending on research and development, a government document showed on Monday, proposing R&D investment targets as a percentage of annual sales.

The document, drafted by the Economic Development Ministry, is part of President Dmitry Medvedev's plans to modernize and diversify the economy away from oil and gas and resources.

It sees R&D spending by oil firm Rosneft rising from 0.21 percent of sales in 2010, projected by analysts at \$62.8 billion, to 0.38 percent in 2011.

Medvedev chaired a meeting of his modernization committee in the industrial city of Nizhny Novgorod on Monday at which senior officials discussed the proposed targets.

Medvedev's aide on economy, Arkady Dvorkovich, was quoted by Interfax ahead of the meeting as saying that only one-third of the companies on the list have prepared their R&D investment programs.

Gas monopoly Gazprom will have to keep R&D spending steady at 0.2 percent of its 2011 sales while RusHydro, the country's largest hydroelectric power producer, will have to raise it to 3.2 percent from the current 0.02 percent.

Russian Technologies, a diversified holding which has a stake in carmaker AvtoVAZ, will need to raise R&D spending to 1.3 percent of sales by 2013 from the current 0.4 percent.

The documents compare Russian firms with their foreign peers, effectively seeking to bring R&D investment in line with internationally accepted levels.

Other firms mentioned are state pipeline monopoly Transneft, flagship airline Aeroflot, communications holding Svyazinvest and diamond miner Alrosa. Twenty-two firms are on the list.

Some of the companies such as railway monopoly Russian Railways, shipper Sovkomflot, grid firm FSK and Rosneft are also part of the \$32 billion privatization program announced by the government.

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