

# Germans Get to Business With Putin

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German business executives sought to improve their chances at Russian tenders and saluted Prime Minister Vladimir Putin's intention to run for president again as they met with him Wednesday.

This was the first of the annual meetings to take place since Germany ceded the rank of Russia's biggest trade partner to China last year.

"Of course, German investors want more chances in tenders in Russia," Eckhard Cordes, chairman of the Committee on Eastern European Economic Relations, a lobby group of German companies, said in opening remarks.

The 20 visiting executives represented companies ranging from giants like energy company E.On, industrial conglomerate BASF and building material group Knauf to mid-sized businesses.

Germany is unlikely to regain its status as the biggest Russian trade partner this year.

The countries will likely exchange goods worth close to \$70 billion by the end of December, Putin said.

Trade with China will climb to \$80 billion or more, he said.

In a policy paper released in October last year, the Committee on Eastern European Economic Relations noted that Chinese activities in Eastern Europe follow the same pattern that forced German construction companies to pull out of Africa before. Competition from China involved bids "far below the usual ... costs" made possible, in part, by hidden state subsidies, the report said.

One of Germany's largest companies, Siemens, said earlier this week that Russia accounted for only a fraction of its global sales — 1.4 billion euros (\$1.89 billion) out of 73.5 billion euros — in the financial year that ended Sept. 30.

Nikolaus Knauf, chairman of the Founders Council of the company that bears his name, downplayed talk that German companies wanted better chances at tenders. There was no further discussion of the subject at the meeting, he said.

"Why should we think it's possible that German industry has a better chance of winning?" he said by phone. "The best company with the best quality should have the best chances."

Knauf said he was happy to hear that the government earmarked large investment — 30 billion euros over the next three years — to expand and improve the railway system. The company transports 5 million tons of its products in Russia by rail every year, he explained.

He drew encouragement from the government's other plans, he said, without identifying them.

"It was good to hear that the government is ready to do its best to take the economy forward," he said.

Knauf said he also supported Russia's now-imminent entry into the World Trade Organization and the economic reintegration of the former Soviet republics into what could become the Eurasian Union in the longer term.

In the opening remarks, Cordes also wished Putin, who already served two terms in the Kremlin from 2000 to 2008, success in the presidential election in March.

"It was a very gratifying news for the German economy to know that you decided to run for the post of Russian president in 2012," he said.

Incumbent President Dmitry Medvedev proposed in September that the pro-government United Russia party nominate Putin as its candidate, a nomination expected at the party congress later this month.

Cordes also proposed in a statement before the meeting that after Russia joins WTO, the European Union should start negotiations about a new free-trade zone between Russia and Europe, independent of the ongoing talks about a new partnership and cooperation

agreement. He argued that a free-trade agreement should be modeled on the European Free Trade Association, a group founded in 1960 that comprised states that did not want to join what was then the European Economic Community (later the EU).

Commenting on Cordes' suggestion, the EU Delegation's spokesman in Moscow, Soren Liborius, said it would be difficult to open new separate talks. "We fully support promoting trade, but for now we should stick to the format that we have agreed between each other," he said.

Putin, in his only public remarks at the meeting, stressed the government's current robust outlook for the economy and outlined some of the joint projects that German and Russian companies are doing or considering, including the Nord Stream pipeline to carry Russian natural gas to Germany under the Baltic Sea.

Staff writer Nikolaus von Twickel contributed to this report.

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