

Commerce Chamber Sees Positive Changes

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The outcome of the parliamentary elections in Russia is expected to be beneficial for domestic business because the new State Duma structure will provide a democratic environment for discussing new legislative initiatives, Sergei Katyrin, president of the Chamber of Commerce and Industry, said Wednesday.

"It's a new format of the Duma today, and it's a different format of discussions and decision making," he told a news conference.

Although United Russia received the most votes at 49.3 percent, the weight of other political parties in the decision-making process is expected to increase.

"This will provide a more democratic base for discussing bills," Katyrin said.

The business lobby group, which will get part of United Russia's seats in the new State Duma

as a member of the All-Russia People's Front, plans to push for a number of legislative initiatives, including government support for small and mid-sized businesses, providing tax breaks for entrepreneurs investing in developing their businesses, and support for domestic exporters.

Although the country's recent trade balance figures are encouraging, the government should focus on supporting domestic exporters, especially amid the high uncertainty in Europe struggling to fight its sovereign debt crisis, Katyrin said.

Russia's trade surplus increased 21.8 percent in January to October from the first 10 months of last year to reach \$170.1 billion, with export and import volumes amounting to \$418.9 billion and \$248.8 billion, respectively, the Federal Customs Service said last week.

But Economic Development Minister Elvira Nabiullina said late last month that the trade surplus increased 31 percent in the first 10 months to reach \$164 billion.

Katyrin said concerns remain about the country's export structure, with natural resources being the major driver of the growth.

"It's distressing. ... The share of machinery in our exports is meager," he said.

Natural resources and energy accounted for 73 percent of the country's exports in January through October, according to the Federal Customs Service.

Given the dependence of the domestic economy on natural resources, Russia could see a decline in overall export volumes next year if the economic situation in the euro zone deteriorates, as Europe is a major consumer of Russia's oil and gas, Katyrin said.

But he said the latest weather forecast for European countries encourage optimism, with extremely cold winter expected in the region.

"Meteorologists are promising us a bright future, they forecast a super-cold winter in Europe, and ... our gas producers are rubbing their hands," Katyrin said.

However, it's unclear whether these expectations will come true.

"There's not a single snowflake there so far. I was on a business trip recently, the sun is shining there," Katyrin said jokingly.

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