

Putin Spotted At Forum In Siberia

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KRASNOYARSK — Influenza and routine work confused the plans of participants in this year's Krasnoyarsk economic forum Friday, as some government officials and entrepreneurs ignored the event that claims to be one of the biggest venues for the country's business to meet with the political elite.

While some guests canceled their trips or failed to arrive in a timely manner, government officials and business leaders who still gathered in the Siberian city located 3,400 kilometers east of Moscow discussed the prospects of Russia's economic growth after next month's presidential election.

Among those who didn't show up at the forum was former Finance Minister Alexei Kudrin.

Kudrin was expected to participate in the forum's key discussion Friday and give a lecture at the local university the following day, but he said he had come down with a cold.

"Couldn't come to the Krasnoyarsk economic forum. Caught a severe cold," Kudrin tweeted

on Thursday.

However, he promised to visit the city in the spring as a guest professor at Siberian Federal University.

Kudrin was the core speaker at last year's forum, where he called for "fair and honest" parliamentary and presidential elections in 2011 and 2012 as a necessary condition for the country's future economic growth.

Other speakers who didn't arrive Friday were Kremlin economic aide Arkady Dvorkovich and Oleg Deripaska, chief executive of aluminum giant RusAl.

Dvorkovich stayed in Moscow to participate in a meeting of the working group to form the "big government," President Dmitry Medvedev's brainchild that is supposed to consist of representatives of the country's civil institutions and work with the traditional Cabinet. It remained unclear why Deripaska ignored the forum.

But Krasnoyarsk Governor Lev Kuznetsov said the forum had no lack of prominent participants, which still included Finance Minister Anton Siluanov, Deputy Economic Development Minister Stanislav Voskresensky and Vneshekonombank chairman Vladimir Dmitriyev.

"It's not the status of the participants that matters for us, but the fact that all the participants are interested in the forum. ... We believe that our forum shouldn't be dull, it should change all the time, and the lineup of its participants should as well as," he told The Moscow Times on the sidelines of the forum.

Meanwhile, the main intrigue of the event surrounded Prime Minister Vladimir Putin, who didn't show up on Friday — the key day of the forum, as he chaired a government meeting in Novosibirsk on using information technology to ease bureaucratic procedures.

Putin, who was not on the forum's official agenda, arrived at the venue Saturday to participate in a closed-door meeting of the expert council of the Strategic Initiatives Agency, a nongovernmental organization, whose establishment was initiated by Putin last year to support medium-sized business and improve the country's business climate.

Despite the fact that Putin didn't participate in the public discussions, his name was on everyone's lips as forum participants dwelled on the challenges facing the country's new government, to be formed after next month's presidential election.

Putin is running for the presidency in the March 4 election and is widely expected to return to the Kremlin for a six-year term. A group of experts is working on his policy program called "Strategy-2020," outlining major points of the country's social and economic development till 2020.

Major priorities for the new government that were outlined by forum participants included improving public administration mechanisms, creating a favorable investment climate, reducing red tape, ensuring the transparency of political decisions and strengthening rule of law.

Russia needs to seriously improve institutions of public administration that would pursue a policy of tough fiscal restrictions, thus allowing for more effective use of the country's resources, MDM Bank chairman Oleg Vyugin said.

The government encouraged entrepreneurs 10 years ago by setting a number of goals, which included ensuring competition in the economy, strengthening rule of law, pursuing well thought-out fiscal and tax policies and stimulating business initiative, but "we have moved away from a number of these principles for various reasons," he told a panel session Friday.

"Now it's important to choose whether we place our bets on ... developing the private sector or whether the government will try to regulate economic growth through its institutions," said Vyugin, who was head of the Federal Financial Markets Service from 2004 to 2007.

Both options are possible from the point of view of world practice, but stable economic growth can be ensured only if the authorities start to take into account entrepreneurs' opinion while setting economic policy, he told *The Moscow Times* on the sidelines of the forum.

In another move, the government should focus on creating favorable conditions for foreign investors, said Vladimir Drebentsov, chief economist for Russia and the CIS at BP.

He indicated that Russia lags behind other countries in the level of "transparency of making political decisions" and the independence of its courts, which can't ensure full protection of entrepreneurs' rights.

"This makes work to improve the state regulation [mechanism] in Russia more crucial than in other countries," he said at a panel session on the investment climate.

Russia's position in the World Bank's ranking of the most attractive countries for doing business improved slightly this year, as the bank's experts upgraded Russia from 124th place to 120th place, said the Economic Development Ministry's Voskresensky, who spoke at a different session.

But, he said, Russia made it onto the bank's list of the 25 countries with the best regulation base for improving the business environment.

Putin said earlier this month that Russia needs to make "100 steps forward" to reach 20th place in the ranking of the most attractive countries for doing business and proposed a number of measures to improve the investment climate.

The task is realistic, Voskresensky said, but for the country to move forward government officials should have a clear understanding of who will implement the development strategy and how they will do it.

He echoed the thoughts of Kirill Androsov, managing partner of investment fund Altera Capital, who said the major challenge for the next government will be to walk the talk and bring to fruition ideas about how to stimulate the country's economic growth.

The structure of the next government will indicate whether Russia will succeed in developing over the coming years, with both domestic and foreign businesses looking closely at who will form the government and whether officials have enough competence to implement

the current plans, he said in an interview on the sidelines of the forum.

Meanwhile, Siluanov, who accompanied Putin in Novosibirsk and attended the forum on Saturday — a day later than planned in the event's schedule — said the major challenge for the next government will be to ensure higher growth rates of the country's economy, since 3 percent to 4 percent a year is not sufficient.

For this to happen, the government should boost investors' confidence by carrying out structural reforms in fiscal and tax policy, he said at a panel session, elaborating later that the government shouldn't raise taxes as a source of revenue to help eliminate the budget deficit.

As part of the tax reform to be undertaken between 2013 and 2015, the next government could consider deriving additional revenue from the gas industry by evening out domestic and export prices, improving property tax policy and redistributing taxes between the federal and regional budgets, he told reporters at the forum.

Russia has a competitive advantage amid the strained economic conditions in many countries, Siluanov said. But its development prospects will depend on whether the government will be able to determine priority industries for investment and create favorable conditions for investors.

Participants in the forum will make recommendations to the government based on the outcome of the discussions, which will be sent to the Economic Development Ministry, and there's hope that the government will take these recommendations into consideration, Alexander Ivlev, Ernst & Young's managing partner for Russia, told The Moscow Times on the sidelines of the forum.

New migration rules for expatriates were introduced in Russia based on the recommendations after last year's forum, making the work of foreign investors easier, he said.

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