

# 20-Point Plan Stokes French-Russian Cooperation

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French Prime Minister Jean-Marc Ayrault during the presidential election campaign for François Hollande in March 2012. **jmayrault**

Twenty areas for improving political and economic cooperation between Russia and France were unveiled Monday ahead of a French prime ministerial visit this week that may indicate a warming in the relationship between the two countries.

The list was published by the Russian International Affairs Council, or RIAC, and French-Russian think tank Observo ahead of French Prime Minister Jean-Mark Ayrault's visit Thursday and the impending arrival of a new ambassador to replace Jean De Gliniasty, who has been in Moscow since 2009.

The French and Russian Prime Ministers plan to discuss cooperation in the rail transport sector, nuclear energy and the aerospace industry — areas that Observo and RIAC highlighted as the most promising for potential partnership.

Attracting Russian investment to France was one of the key points of the 20 on the analysts' list. France could be promoted as a target for Russian investment at the presidential level, they said, if the French president invited Russian businessmen to the country in the same way he invited Chinese entrepreneurs in June 2013.

According to Observo, Russia is France's third-largest export market after the U.S. and China. Trade turnover between the countries has grown fivefold since 2000 and surpassed 21 billion euros (\$29 billion) last year.

"For Russia, France is ranked as its third European trading partner, coming after Germany and Italy," said Frank Schauff, CEO of Association of European Businesses, a lobby group in Moscow. "But direct investment is also something that plays an important role, and French companies have invested heavily in Russia over the last years."

Numerous large French companies have set up localized production or opened joint ventures with Russian companies in many sectors of the economy, among them the transport, aerospace, energy, banking and automobile industries.

But while the Russian market is important for French companies, the reverse is not necessarily true.

Whereas accumulated French direct investment in Russia has reached 12 billion euros, Russian investment in France amounts to only 1 billion euros. And of this, 800 million euros is accounted for by Russian Railways' purchase of 75 percent of French logistics company Gefco from PSA Peugeot Citroen last year.

Partnership in the 20 key areas mentioned by Observo and RIAC, which also included university and science cooperation, economic ties between the French and Russian regions, and joint military operations, could improve a bilateral relationship that has cooled in recent years, analysts said.

In particular, presidents Francois Hollande and Vladimir Putin hold opposite positions on the Syrian conflict.

"There is really nothing to boast about as far as the French-Russian relationship is concerned," said Andrei Kortunov, general director of the Russian International Affairs Council.

There has been a diplomatic stagnation in Russian dealings with the EU as a whole, he said.

Besides different viewpoints on Syria, the perception that Europe is integrating Ukraine adds fuel to the fire, and the upcoming EU summit in November is unlikely to have any positive impact, Kortunov said.

However, although trade partnerships are an important part of intergovernmental relations, they do not automatically improve diplomacy, Schauff said.

"Germany is a major trading partner for Russia, but as a German citizen I have not observed that the relationship between the two countries has become better if you look at the last 12 to 18 months," Schauff said.

But while relations could be chilly at presidential level, regional governors are what investors encounter first, and the climate on this level has seen improvement in Russia over the last years.

In Russia "there has been a significant improvement of quality of governance in major regions in terms of understanding what investors need," Andrew Somers, president of the American Chamber of Commerce said.

He also said that as far as the Moscow city government is concerned, it has become more transparent and members of the chamber are invited to meetings where vital issues are discussed.

This has led to the country becoming more attractive for American investors, he said.

"For those U.S. companies that have invested in Russia, it is ranked number one, and it is number four for those that have not," Somers said.

The chamber has its own "to do" list, he said, but there is only one item on it — expanding American investment in Russia and continuing to support the Russian government's efforts to welcome investment, particularly in the regions.

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