

Putin Offers No Change at Russia's Flagship Economic Forum

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Russian President Vladimir Putin speaks during a session of the St. Petersburg International Economic Forum 2015 (SPIEF 2015) in St. Petersburg.

ST. PETERSBURG -- President Vladimir Putin on Friday failed to announce any decisive action to spur Russia's economy and ignored calls for comprehensive reform of the country's weak institutions.

In his keynote speech on economic policy at the St. Petersburg International Economic Forum, Putin admitted that the Russian economy is shrinking, but radiated confidence that the country would weather the storm.

"We have stabilized the situation, absorbed the negative short-term fluctuations, and are now making our way forward confidently through this difficult patch," Putin told an audience of Russian and foreign business executives, government officials and experts, who came to

the annual forum to discuss the country's economic future.

Russia's economy shrank by 2.2 percent year-on-year in the first quarter of 2015, weakened by sanctions and counter-sanctions imposed over the crisis in Ukraine and a sharp fall in the price of oil, the country's main export. Analysts expect a contraction of around 3 percent this year and a weak recovery to follow.

Putin used his pulpit to try to drum up investment: "We are responding to the restrictions imposed from outside not by closing off our economy, but by expanding freedom and making Russia more open. This is not a slogan; this is the substance of our actual policies," Putin said, without listing any specific measures to make this scenario more likely.

Putin's message to the country's economic elite was that the government has the situation under control and Russia is bound to recover and become more prosperous in the longer-term.

It is a diagnosis not shared by everyone. During the forum's opening session on Thursday, Alexei Kudrin, a Former Finance Minister and a critic of Putin's who is nonetheless loyal to the president, said Russia was in the midst of "a fully-fledged crisis" that would require significant reform to overcome.

German Gref, head of Russia's largest lender Sberbank, said Russia must work toward a vision of its future economy rather than look back to past economic models.

Kudrin also floated the idea of early presidential elections to give a future president a mandate for comprehensive reform – prompting a buzz of discussion at the forum and accusations from some pro-Kremlin lawmakers of attempting to destabilize the country.

A question and answer session with Putin following his speech was dominated by Russia's confrontation with the West over Ukraine. Repeating well-worn mantras, Putin insisted that Western countries must influence the Ukrainian government in Kiev to negotiate directly with the self-proclaimed authorities in the country's breakaway regions.

Russia's policy is not aggressive, Putin bristled, but is a reaction to pressure exerted on it by Western states.

"They [the United States] tell us they know better what we need. Let us decide what our interests and needs are by ourselves, given our own history and culture," Putin said, earning applause from the audience.

Putin went on to specify that the U.S. is attempting to influence Russia's internal politics by financing non-government organizations operating in the country.

The St. Petersburg forum is touted as a symbol of Russia's integration into the world economy, but with sanctions buffeting its economic relationship with the West, many looked for signs in this year's event that Russia was pivoting toward Asia.

But both Government officials and Putin himself denied that Russia was seeking to boost trade with the East as a replacement for the West.

“Not only Russia, but the whole world is looking on Asia. Europe is also trying to develop these relations, while we are neighbors [with China]. This is a natural movement,” he said.

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