



Press release

The economy should play the proactive role of intermediary between Russia and the West

Moscow, 29 January 2015 – On 26 January 2015 the Chamber of Commerce and Industry of the Russian Federation was the venue for the panel of the Moscow Economic Forum entitled: “Interaction of Russian and German business in the new environment; Economic consequences and ways of preserving partnership relations.”

The work proceeded in the format of two panel discussions: “Role of the economy in the establishment of Russian-German relations”, and “Russian-German economic relations: how to preserve and develop them – as perceived by business representatives.”

The event was attended by more than 200 people, including Konstantin Babkin, President of the Industrial Union New Commonwealth and the Rosagromash Association, Wolfgang Clement, former Minister of Economics and Labour of the Federal Republic of Germany, Boris Titov, Russia’s Ombudsman for Business Rights, Doctor Gerd Lenga, member of the management board of the Association for Economic Cooperation with Countries of Eastern and Central Europe, Michael Harms, Chairman of the Management Board of the Russian-German Chamber of Commerce, Dmitry Kurochkin, Vice-President of the Chamber of Commerce and Industry of the Russian Federation, Vladimir Gutenev, First Deputy Chairman of the Committee of the State Duma of the Russian Federation for Industry and First Deputy Chairman of the Russian Engineering Union, Andreas Lommel, Deputy Chairman of the Committee for Economic Affairs and Energy of the Bundestag, Ruslan Grinberg, Director of the Institute of Economics of the Russian Academy of Sciences, Matthias Platzeck, Chairman of the Russian-German Forum, Frank Schauff, CEO of the Association of European Businesses, and many others.

Panel speakers agreed that business has been undermined by politics. No single country has benefited from the sanctions regime. Today, millions of people in our countries are concerned about the issue of the alignment of the mutual relations of Russia and other countries. The current situation cannot continue for long.



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Industrialist Konstantin Babkin believes that the slowdown in the growth rates of the economy, first and foremost the German economy, is attributable to the imposition of the sanctions: "According to the estimates of German experts, exports from Germany to Russia contracted by EUR 6 billion last year, in other words by 18%, while 60,000 jobs were lost – and these are only the initial consequences".

In his speech, Matthias Platzeck, Head of the German Russian Forum and former Premier of the Federal State of Brandenburg, expressed his view that: "At present the world is confronted by a major threat, countries are facing far-reaching challenges, while the issue of the potential disappearance of certain countries has come to the fore, — we must resolve all these conflicts, we must act wisely and with the utmost care".

In the opinion of the Former Minister of Economics and Labour of the Federal Republic of Germany and the former Premier of the Federal State of North-Rhine-Westphalia Wolfgang Clement, our countries face the most serious crisis in mutual relations to have emerged during the past 10 years. However, we have experience of international cooperation and the strength to overcome the crisis. Life is setting us new objectives: policies on energy and the climate. We need to look for new forms of cooperation: create associations, economic unions, chambers of commerce – each crisis has economic reserves.

Vladimir Gutenev, First Deputy Chairman of the Committee of the State Duma of the Russian Federation for Industry and First Deputy Chairman of the Russian Engineering Union, is also convinced that politics is affecting our economic relations: "The politics of the bureaucrats in Brussels, and also certain leaders of the European Union, is not aimed at protecting the interests of their own voters, and unfortunately is not intended to protect the interests of their own businesses."

Mr Gutenev proposed considering the actual level of trade and economic relations based on the example of the high-tech industry: "We assess the resulting contraction in supplies of plant and equipment by approximately 15-20%. And I can assure you that this fall could reach 45-50 if existing trends continue. Furthermore the Russian state authorities will not be responsible, as there have been virtually no retaliatory sanctions. We did not leverage any mechanisms to affect the German car industry, although this would have been fairly easy to



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do. We are not using any other mechanisms.”

Falk Tischendorf, the panel moderator, lawyer and Managing Partner of the Moscow office of BEITEN BURKHARDT, declared: “Today the need for the modernisation and diversification of the Russia plays an even more important role, above all in connection with the difficult economic situation. And, notwithstanding certain changes in relations between some countries in the West and Russia – I myself – after talking to numerous German and Russian businessmen, colleagues and friends, have become convinced that today businessmen are not only interested in developing cooperation, but are also focussing on this area.” Speaking about the problems facing the modern world, he added: “If we have always talked over the past few years about the successful development of economic relations between our countries and have noted that Russian-German cooperation in general has increased and strengthened in large part thanks to these relations, now we need to find answers to the questions confronting us: what challenges can these relations withstand, what is the responsibility of business today, and should the business community in this difficult environment play a proactive role in the search for joint solutions to the problem? In actual fact, if we don’t start taking action now, there is a risk that we could end up losing the relations that we have built up through painstaking efforts and at the same time miss out on opportunities to overcome the crisis ”.

German businessmen believe that we have a very good joint past and we are looking to the future, but are facing problems in the present. They believe that business activity in Russia is adversely affected by a number of factors, namely: economic stagnation, the low level of investment activity and devaluation, and that the reciprocal sanctions play by no means the key role among these problems.



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- BEITEN BURKHARDT is an independent international commercial law firm with a focused range of services and some 270 lawyers working in 10 locations.
- Through our long-established offices in Germany, Brussels, China and Russia we advise large and mid-sized companies and corporate groups from various industries, banks and financial institutions as well as the public sector.