

SPEECH BY PRESIDENT MEDVEDEV TO EU-RUSSIA INDUSTRIALISTS ROUNDTABLE

15 December 2011

PRESIDENT OF RUSSIA DMITRY MEDVEDEV: Good afternoon, colleagues,

Once again, I greet my colleague, President of the European Council Herman Van Rompuy.

First of all, I am pleased that these meetings have already become a tradition. I am ready to exchange views with you on the current situation, on the developments in the global, European, and Russian economies uppermost in our minds today, on how we can work together to overcome the crisis, and on what we can do and what policies we can follow in order to avoid slipping back into recession.

The problems we see today in the global economy and in the European Union's economy, especially in the Eurozone, shaped the direction our discussions took last night during the dinner with my colleagues and during today's exchange of views too.

We discussed a range of issues. We understand the difficulties our colleagues face at this moment. We hope they will show solidarity with each other, because as I said at the news conference just before, the situation in Europe is vital for the situation in the global economy in general and for the Russian economy's stability too.

In the plane on the way here, I was even a bit surprised to learn that Russia's trade with the European Union will probably come to USD 400 billion this year. This is no doubt a record figure. We hope that this trend will continue. We want to see calm and steady development in Europe and see the Eurozone remain intact, because as I have said a number of times, I think that, for all the contradictions within the model that was chosen at one point, it nonetheless helped us all to get through the crisis' first wave, and by 'we' I mean all of the global players and the global economy in general. Ultimately, the euro became a currency of solidarity, if you will, a currency symbolising European identity. I am therefore totally sincere in wishing our friends success in this difficult work. Of course, much here will depend on the big European players, on the position the big countries take.

Russia will do its part to help strengthen the Eurozone's financial stability. We will do so, as I said at the news conference, primarily through the International Monetary Fund in accordance with the decisions made at the G20 summit in Cannes. We want a stable and predictable situation in Europe because, as I said, Europe is our biggest partner.

Let me say a couple of words now about developments in Russia. Our economy stabilised somewhat in the second half of the year and many strategic indicators returned to their pre-crisis levels, which makes us happy of course. We expect GDP growth of 4.1-4.2 percent this year. The agriculture sector is showing a positive trend with growth of up to 12 percent. We have increase of 10 to 12 percent in industrial output, and our unemployment level is at its lowest point now over recent years, lower even than before the crisis, and is down to 6.8 percent as measured using the International Labour Organisation's calculation method.

We need to continue diversifying our economy. As I have said before, the biggest problem facing our business and economy today is the difficult investment climate. To be honest, the measures we have taken so far have not significantly improved the situation. Of course, the general global situation also affects the investment climate, as do various domestic problems, economic and

political issues at home, and we cannot close our eyes to these things. Overall, we have yet to find the key that will enable us to resolve this problem, if not for once and for all, then at least to the extent that we can raise our investment climate to a completely new level. This is thus a task we must continue to work on.

At the same time, I think that Russia's accession to the WTO is a real victory. It was a victory that took us a long time. I have thanked our European Union partners, thanked our American partners and the President of the United States personally, and thanked our Swiss partners too, for the help and support they gave us over this recent period.

Everyone worked very hard. The result, which I hope we will see tomorrow, will take our country into a different league. The situation had become intolerable after all. There we were, a member of the G20, one of the world's biggest economies, the sixth-biggest economy in terms of purchasing capacity parity, but we were not a member of the World Trade Organisation. I hope this will be a good driver for helping us to change our investment climate.

Such is my assessment of the current situation. I just want to add that on November 18, together with the presidents of Belarus and Kazakhstan, we signed the Declaration on Eurasian Economic Integration. We discussed this subject too at today's summit. I am happy that our partners see new markets and new economic opportunities in this new group, this new customs zone, and later, in the union we will create. We will be happy to work together with our partners in these areas. The establishment of our Customs Union also means unification of our customs tariffs and administrative procedures, which is always positive for investors and useful for business.

There are two other subjects I must mention today. One is a subject we discuss on a regular basis, but I will keep raising the issue until the problem is resolved. I am referring to visas. We have taken a good step forward by signing a roadmap of the steps we will follow towards a visa-free space between our countries. I thank our colleagues for this too. Various visa procedure simplification measures have been taken, but we must do everything possible – and I think the businesspeople here today will support me in this – to enable Russia's citizens to be able to travel to the European Union visa-free in the immediately foreseeable future.

Last but not least is the Partnership for Modernisation idea. This idea is now taking concrete form through the cooperation between Russia's Vnesheconombank, the European Bank for Reconstruction and Development, and the European Investment Bank. We plan to allocate up to 2 billion euros in loans for financing investment projects under this partnership. I hope this is just the beginning. The main thing is that this idea is alive and that our European partners see in it a framework for continuing and developing their contacts and relations with our country.

I remind you that 22 countries have now signed declarations or memorandums on the Partnership for Modernisation. I think this is a symbol of our cooperation today.

Thank you.