

**THE ST. PETERSBURG INTERNATIONAL ECONOMIC FORUM – 2009**  
**4–6 JUNE 2009, ST. PETERSBURG**

**OPENING DAY**

**RUSSIA – ARAB WORLD BUSINESS DIALOGUE: Business To**

**Government Dialogue in the Global Crisis Conditions**

**June 4, 2009**

**(13:00-14.30, Pavilion 4, Hall 4.1)**

**St. Petersburg, Russia**

**2009**

**Description:**

Lately, business contacts between Russia and Arabic countries have developed considerably, mainly due to the favourable political climate. Russian-Arab trade turnover in 2009 approached 8 billion US dollars. The formation of institutions and mechanisms for the realization of bilateral potential is currently the key to collaboration between Russia and the Arab and Muslim world.

Moderator:

**Vladimir Evtushenkov**, Chairman AFK "Sistema"

Panelists:

- **Igor Shuvalov**, First Deputy Prime Minister of Russian Federation
- **Youssif Hussain Kamal**, Minister of Economy and Finance of the State of Qatar
- **Amr Aldabbagh**, Governor, Saudi Arabian General Investment Authority; Chairman, Saudi Arabian Part of Russia-Saudi Intergovernmental Commission on economic and scientific cooperation
- **Aleksandr Saltanov**, Special Representative of the President of the Russian Federation for the Middle East, Deputy Foreign Minister of the Russian Federation
- **Abdullah Z. Alhussni**, Extraordinary and Plenipotentiary Ambassador of the Sultanate of Oman, the Republic of Sudan in the Russian Federation
- **Ahmad R. A. Alharoun**, Minister of Commerce and Industry of the State of Kuwait

Participants:

- **Kamel Iskhakov**, Russia's Permanent Representative at the Islamic Conference
- **Khaled Bin Zaed Al Nahayan**, Chairman, Bin Zayed Group (UAE)
- **Awad Ahmed Eljazz**, Finance and Economy minister of Sudan
- **Viktor Vekselberg**, President, Renova Group of companies
- **Aras Agalarov**, President, Crocus International
- **Mohamed Ben-Youssef**, Director General, Arabic Industrial Development And Mining Organization, Arab States League
- **Vladimir Katenev**, President, Saint-Petersburg Chamber of Commerce and Industry
- **Mazen Batterjee**, First Vice President, Jeddah Chamber of Commerce and Industry (Saudi Arabia), Deputy CEO, Batarji Group

## **Transcript:**

### **V. Evtushenkov:**

Dear ladies and gentlemen, allow me to open the Russian-Arab Forum within the framework of the International Economic Forum in St. Petersburg. By the way, this is the first plenary session, with which we open the Forum today, all the rest will follow us, which in itself is symbolic, and the number of people in the hall evidences that the interest in the development of Russian-Arab relations is enormous. A very representative delegation on the Arab part is gathered here in the hall (I believe that most of them will represent themselves later; they are both ministers and major industrialists representing their states). Representatives from virtually all Arab countries are present here. I want to say that our today's meeting is the result of sufficiently major efforts, which have been performed both by the Russian-Arab Business Council, and by the Government of the Russian Federation, and by the governments of Arab countries. I am sure you quite understand that as long as 5 years ago it was impossible to speak of joint forums, round tables and discussions on joint investments, business development, etc. At present the volume of Russian-Arab trade turnover has already approached 8 billion US dollars, which, I believe, is very little but the dynamics allow to optimistically look forward. Currently 16 business councils with each country are functioning within the framework of the Russian-Arab Business Council – they are Russian-Saudi as well as Russian-Qatari, Russian-Bahraini, Russian-Egyptian, etc. Today it would be desirable to discuss how we could contribute to the development of relationships between our countries so that the trade turnover should be 16-20 billion dollars and more rather than 8 billion dollars; so that we could trust each other much more because there is no business without trust; so that our mutual participation in projects would not be on the territory of the Russian Federation only but also on the territory of Arab countries. It would be desirable to discuss what additional institutes we are to establish apart from business councils and joint exhibitions of Arabia-EXPO type, which was held last year in Moscow, apart from establishing consulting firms and the Russian-Arab investment bank. It would be desirable to discuss what institutions we are to invent so that the Arab business should find itself to be comfortable, protected, and free in Russia and should perfectly understand those laws, which regulate business in our country. Of course, we, in turn, would like to reach clarity, transparency and understanding as to how Russian business could work in Arab countries, because I know that Russian businessmen have a huge interest in doing business in Arab absolutely complete, clear, understandable and should protect our mutual investment not only at the business level but also at the legislative level. At that I would like to finish my brief introduction and suggest that we should proceed to the discussion on the topics mentioned above. Emirates, Qatar, Egypt, Saudi Arabia as well as in other countries. Therefore, today it would be desirable, that our discussion should be of

informal character and that we could generalize everything after the discussion as well as understand what we are to create additionally, what we are to ask from the Government of the Russian Federation and from our colleagues from Arab countries so that the whole basis for the development of business relationships between Arab countries and Russia should be

So there are two versions of how to conduct the round table discussion today: either call upon according to the list, which I would not prefer, or conduct the discussion informally as a conversation so that everything should occur in more liberated surroundings. I propose to do it as follows (taking into account that representatives of both the Russian side and the Arab side are present here): alternate talks from different sides. And to sound the keynote, I would like to call upon Mr. Agalarov, a representative of the Russian side. He is one of most actively working council chairmen, and I believe that he knows what to say.

**A. Agalarov:**

As the co-chairman of the Russian-Tunisian Business Council I should say that the most significant event was the exhibition held in October 2008. The interest in the exhibition on the part of the Arab world and on the part of Russia was significant. 14 Arab states have taken part in the exhibition, 190 companies have presented their products and I am to say that the successful organization of this exhibition was caused by the tremendous operating experience of the Russian-Arab Business Council in the cooperation with countries from the Arab region. A high significance of this event is evidenced by the fact that ministers and chairmen of Commerce and Industry Chambers headed the delegations from many Arab countries in Moscow. The organizational assistance on the part of the Chamber of Commerce and Industry, Ministry of Economic Development, League of Arab States became a major help for successful conduction of the exhibition. I would like to note an active assistance of extraordinary and plenipotentiary ambassadors of Arab states in Moscow and embassy staff members in organizing the exhibition activities. More than 10 00 businessmen and representatives of various companies on the Russian side have visited the exhibition. The expositions presented by the Arab side have allowed to directly make proposals relating to particular consumer goods and agricultural products as well as the participation in major investment projects. Virtually all sectors in the sphere of construction, real estate, agriculture, textile industry, water resources and, of course, oil, gas and petrochemistry have been presented. Round table discussions have been held within the exhibition framework. The exhibition was a success, a great success. A new exhibition is scheduled for April 2010. I strongly hope that this exhibition will be at least two times as large as the previous one and that the representation of Arab countries at this exhibition will be much more significant. By the results of the first exhibition, I can mention a small example: many goods purchased according to the contracts entered into at this exhibition are being

sold now in the Crocus retail chain. And today it is even a question of furniture supply from Arab region countries. Therefore, taking the opportunity, I'd like to call once again to take part in this exhibition, and I have no doubt that it will lead to further development and increase of the trade turnover. Thank you for your attention.

**V. Evtushenkov:**

Thank you for the information about the exhibition; the more so because we are going to hold another exhibition this year, being more extensive and having a larger number of participants. And now I would like to call upon Mr. Youssif Hussain Kamal, Minister of Economy and Finance of the State of Qatar.

**Y. Kamal:**

In the first place, I would like to welcome all and thank the Ministry of Economic Development of the Russian Federation for an opportunity to take part in this meeting and in the meeting of the Russian-Arab Business Council. Mr. Evtushenkov, I would like to address to you as to the head of this Council and chairman of today's meeting with the following question: how could we improve the Russian-Arab business relations so that they should be more developed and continue actively developing in the future? I personally and the representatives of Russian and Arab business circles being present here perceive some problems in our relationships. This morning I have read the information that the volume of turnover and trade between Russia and the Arab world does not exceed 8 billion dollars. I would like to say that the turnover between the Russian Federation and the state of Qatar is much greater than this figure. Would we like that the turnover between other Arab countries and Russia should also exceed this figure? It is necessary to note that various stages took place in the history of Russian-Arab relations. There were stages of intensive development of relationships but one can say that by the present time they have somewhat cooled down. I would also touch a matter of development of article: all foreign investments received in our country in the field of power engineering, oil and gas are entered into with a state-owned petrochemical company, and such agreements sometimes are even operated in excess of the law. As to relationships between Qatar and Russia, we are conducting active negotiations with Gazprom, I also took part in these negotiations. We are working on signing contracts in the oil and gas sphere and in the field of power engineering; we are also discussing issues relating to joint investment to third countries. Therefore, the matters, which you have posed today as the chairman of the meeting, are most of all directed to the guests present in the hall. I would like to know what they feel, what problems they perceive in the sphere of Russian-Arab relations. I would like to listen to them. Thank you very much. investment relations between Russia and the Arab world in the following three directions.

First, it is the development of investment between Russia and the governments of Arab countries; in particular, I mean the state of Qatar. At present, 10-15 Arab countries offer various investment portfolios. In particular, they include joint investment either on the territory of Qatar or on the territory of a third state. In such case, it is possible to use a sufficiently vast Russia's and Qatar's experience, which these countries have gained with respect to investment in third countries. I believe that Russia and Qatar have large opportunity in this sphere of investment business development. In addition, there exist joint intergovernmental foundations, which also have private capital. These foundations are dealing with searching new opportunities for capital investment with the attraction of private sector, too. Such activity allows to guarantee that this investment will be used successfully. There is one more issue: a large number of businessmen do not know the legislative framework in the states, in which they are going to invest. Existing laws relate to the infrastructure and character of investment. If these laws are not clear to investors or if any problems with investment arise, we would like that some mechanisms of clarification of laws' operation should be developed in order to avoid any problems in the development of investment. I would like to give an example with respect to the state of Qatar – all foreign investments that have been received in our country during 10-15 years, in particular, in the field of power engineering and other spheres, were operated on the basis of the law, which contains such an

#### **A. Alharoun:**

It is for the second time that I take part in this event, which is organized by the Russian-Arab Business Council. First, I would like to pass my gratitude to the organizers, the Ministry of Economic Development for the excellent organization of the forum. I would like to note the depth of relations between Russia and Kuwait. It is necessary to note that it is my first trip abroad after the appointment to my present position. I am very glad that the first task set me by the leadership of our country was to visit your country within the framework of this forum. The Kuwaiti-Russian relations have a rich history: they began more than 100 years ago. In 1904 the first Russian delegation visited our country. And since 1936 we have been maintaining diplomatic relations. The Kuwaiti minister of finance made his first business visit to Russia in 1946. The agreements in the sphere of economics and culture were signed during that visit. I feel that there are many things and issues, which we abandoned and which are in a somewhat unclear state now. As to the trade turnover between our country and such a great country as Russia, then 8 billion is far from the value, which we are to aim at. We are to aim at strengthening the trade and economic ties between our countries. Last year 168 delegations from all over world visited Kuwait. But, unfortunately, nobody came to us from Russia. We are also interested in Russian investment in Kuwait because such opportunities exist, the same as the opportunities to increase the trade turnover between our

countries. Kuwaiti businessmen, on their part, are also seeking possibilities for investment, and Russia just meets their requirements. It is necessary to organize meetings and discussions concerning investment laws and lifting of restrictions for investors. There are a lot of tasks facing us, and I hope that the cooperation between our countries will be expanding. On behalf of Kuwait, I do declare that our doors are widely open, we are ready to accept any delegation, and we have everything that is necessary for the organization of sales and marketing. In your country, there are big opportunities in such areas as education and tourism. I believe that it is necessary to develop not only these directions but also some other ones. There is a hope that new steps for cooperation will be undertaken. Welcome to our country! Thank you for your attention.

**V. Evtushenkov:**

Thank you very much, Mr. Minister, I fully confirm that Kuwait is open for a joint dialogue with Russian business. I was very much surprised to find out the Kuwaiti prime-minister knows the history of the Russian state very well and likes St. Petersburg. The relations between Russian business and Kuwaiti businessmen have activated rather strongly during the last year, we are friends with many businessmen and I believe that the result will surely be achieved.

Now I would like to call upon Mr. Amr Aldabbagh, Governor of the Saudi Arabian General Investment Authority, Chairman of the Saudi Arabian Part of the Russia-Saudi Intergovernmental Commission on economic and scientific cooperation.

**A. Aldabbagh:**

Thank you for the introduction. I am so privileged to be here this afternoon in the beautiful city of St. Petersburg. And I am privileged to be sitting next to this distinguished panel of leaders from the Arab world and Russia. I was asked to deliver my speech in English, so I'll share my remarks with you in English. I would like to start with thanking the Ministry of Economic Development and the organizers for hosting us and organizing this important forum. I would like to touch upon the relation between Russia and the Arab world in light of today's global economic slowdown because today's global economic slowdown certainly introduces opportunities that could fast track the economic development between Russia and the Arab world. The business community at a time of economic slowdown typically look at three areas: how to cut costs, how to increase sales, and how to finance business. And these three areas are very well dealt with in countries like the GCC. Today most of the GCC countries are increasing their spending, providing debt finance and the strategic location of the GCC can be leveraged as a launch pad for securing business in the surrounding market so that part of the world should be looked at as a 250 million-strong consumer market. Now Saudi Arabia is certainly open for business like the other players in the region. Saudi Arabia is

paying lots of attention to the competitiveness of its business and the investment environment. Today Saudi Arabia is ranked by the Ease of Doing Business Report of the IFC of the World Bank as the 16th most competitive nation in the world. And as a result of that, our ranking in the UNCTD Report, the United Nations Conference for Trade and Development Report, that audits the FDI flow around the world, ranked Saudi Arabia the 18th biggest recipient of foreign direct investments in the world, despite the fact that Saudi Arabia is a big exporter of capital as well as oil. His Majesty the King announced in the G20 Summit in Washington that Saudi Arabia would be spending 400 billion dollars on infrastructure projects over the coming five years. That's an 80 billion dollar annual spending. Our budget has been increased by 19% in 2009. So the question here: what is the share of corporate Russia in such massive contracts and potential? Certainly the 8 billion dollar trade balance between the whole Arab world and Russia does not reflect the core competencies and the competitive advantages available in both Russia and the Arab world. Russia has a great deal of centres of excellence, natural resources, intellectual capital, human resources, and so forth. And that can certainly be leveraged for tapping into these opportunities available in the region. Saudi Arabia has dealt with the global economic slowdown by increasing the government spending by spending more on infrastructure projects, by providing alternative debt finance to fill the vacuum created by the departure of international project finance and long-term debt finance. For instance, Saudi Arabia has increased the grace period and the payback period for all mega infrastructure projects. The government today has stepped in, through the public investment fund, to provide alternative long-term debt finance and project finance to fill the vacuum created by the absence of international projects and long-term debt finance. So with all these opportunities and availability of debt finance and the high liquidity of the market in Saudi Arabia, there are certainly lots of opportunities for corporate Russia. And corporate Russia today should look at our part of the world as an opportunity to generate revenues and sales, to compensate for any loss of business in other typical markets for Russian corporations that are going into an economic slowdown. The other missing opportunity is the outflow of capital from the Gulf countries. The Gulf countries collectively are among the top exporters of cash to the world. A question here: what is the share of Russian corporations and Russian industries of that capital outflow coming out of the Gulf countries? The answer: it is marginal. Despite the fact that there are lots of great investment opportunities in Russia. So I think we can work on a number of levels. The first: I think Russian corporations, through chambers of commerce, investment agencies, and so forth and so on, should spend more time and energy in promoting these opportunities in our part of the world. Because there is significant capital outflow taking place and corporate Russia and the Russian markets aren't getting a fair share of that capital outflow. The other area is that it's important for corporate Russia to expose its core competencies and competitive advantages and centre of excellence, to benefit from the many hundreds of billions

of U.S. dollars of contracts available in the GCC countries today. I gave Saudi Arabia as an example. We are spending 80 billion dollars annually on infrastructure. We are spending 400 billion dollars over the coming 5 years. We've increased our spending by 19 percent as a government and we are big exporters of capital as well. How much of that are Russian corporations securing? I think corporate Russia and the chambers need to pay close attention to all these opportunities and consider them as engines of growth. Engines of growth that could fuel the growth of Russian corporations at a time of global economic slowdown. These are the messages I wanted to get across. I'd be very happy to answer any questions in the Q and A session. Thank you very much.

**V. Evtushenkov:**

I'd like to say that both the Russian-Saudi Business Council and Russian official circles have done a tremendous work for the last 5 years establishing relations with the Kingdom of Saudi Arabia. Now we have joint projects but many of them have not reached their completion yet, that is no contracts are signed on them. I would like to ask, if possible, that general investment organisations should undertake a sort of supervisory control over similar projects; moreover, we know exactly the condition, in which these projects are now, and sometimes just a little help from officials is needed. And now I would like to pass the floor to Aleksandr Saltanov, Special Representative of the President of the Russian Federation for the Middle East, Deputy Foreign Minister of the Russian Federation, a person who really loves the Middle East.

**A. Saltanov:**

Thank you very much. First of all, I would like to thank the organizers of both the St. Petersburg Forum and this round table discussion devoted to the Russian-Arab cooperation, for the invitation to take part in talks and discussions. I am deeply convinced that the issues, which have been brought up in the course of presentations held, are of serious significance not only for the current situation but in the future perspective. All of us recognize that the potential, which is available for a more dynamic and large-scale economic cooperation between Russia and the Arab world, is not used, maybe, even by three-fourths. And Vladimir Petrovich as well as all the rest poses the question correctly: what is to be done in order to overcome the current situation? There are a lot of ideas. They are being discussed and, unfortunately, during a rather long period of time; however no practical results can be seen yet. Vladimir Petrovich knows, as many other participants know, that discussions on the establishment of a joint Russian-Arab investment fund have been taking place for a long time. There are some other proposals, including those from the Arab side, to establish bilateral funds or joint banks being intergovernmental, with participation of private capital or in any other form. But as for now only ranging conversations are being held, and in this connection, there

is a somewhat other pleasant fact, in spite of such pessimistic picture. Namely, it is the fact that our companies and financial structures have ceased to wait for the state institutions to formulate their attitude and have begun to establish (and these are only first steps yet) joint financial structures aimed at joint investment activity. It was said here earlier that the whole volume of economic relations between Russia and the Arab world equals to 8 billion dollars. Perhaps this figure is slightly larger if the whole re-export and services are taken into account but, nevertheless, the figure is really very small. As far as I understand, only the trade turnover between Saudi Arabia and Brazil is about 5.5 billion dollars.

It is a pity that there are spheres where joint investment and joint activity are possible; these are spheres related to both the future and the current state of affairs. Of course, we have a slowdown now but the crisis will end sooner or later, and serious problems are waiting for us in the future. It is the deceleration of investment in the oil and gas sphere, which will inevitably cause certain problems on energy markets; this is one of the areas where we could work together on the basis of modern technologies; it is nuclear power engineering... There are serious challenges such as the forthcoming or expected crisis in the sphere of water safety. Russia has well-developed water desalination technologies with the use of atomic energy. Or it is a matter of food safety. Look what is happening: many western countries, and not only western ones, by the way, begin buying up lands, for example, on the African continent in order to manufacture biological fuel. As a result, the cultivated areas for food products are getting reduced, etc. And it will influence not only upon African countries but also upon the whole situation with food in the world. Russia has excellent climatic conditions in a number of regions in order to intensively develop agriculture. In the end, these products can be manufactured jointly, with the attraction of Arab investment, and later it could be possible to offer these products not only to the Arab states but also to other countries. There are many other spheres, in which we could work together. At present we have established an intergovernmental working group, which is coordinated by the Ministry of Economic Development. Its objectives include, in the first place, the selection and promotion of projects, which could be attractive for Arab investors. It is one side of the problem. There is another side of the problem being equally important – it relates, as I said earlier, to the mechanisms of initial financing. And here, of course, it will also be difficult to develop mechanisms without interaction between the state and the private business. Why do we actively interact in the Ministry of Foreign Affairs with the Russian-Arab Business Council as well as with the Ministry of Economic Development and with private companies? We still hope to find such optimal versions together, which, within the framework of our cooperation, could improve this most prospective sphere, I mean the investment sphere. Thank you for your attention.

**Vladimir Evtushenkov:**

Thank you very much, Aleksander. I would like to call upon the last speaker. It is Abdullah Zahir Al-Hussni, Extraordinary and Plenipotentiary Ambassador of the Sultanate of Oman in the Russian Federation.

**A. Al-Hussni:**

Thank you very much, Mr. Vladimir, the Chairman of the Russian-Arab Council, ladies and gentlemen, heads of delegations, leaders of business councils, friends on the Russian and Arab sides. As you see, we do not adhere to preliminarily prepared texts, and it is a very good indicator. It is for the third place that the Sultanate of Oman takes part in this important International Economic Forum. I am very pleased to pass you the message and welcoming address from the leadership of the Sultanate of Oman. I would also like to congratulate the Ministry of Economic Development of the Russian Federation as well as the Russian-Arab Business Council on good preparation and conduction of this part of the International Economic Forum. I mean the meeting of the Russian-Arab Business Council. As to the figure of 8 billion dollars that has been mentioned today at this meeting, I would like to say that the figures of our bilateral cooperation are more optimistic and equal to 11 billion dollars. I would like to be given an opportunity to explain why our cooperation is developing through a third party. What does the third party mean? There are many countries, which have not yet ratified the agreement in the field of investment and tax policy. These countries are afraid to work directly because they have no legislative framework for such cooperation. There is no such question with us in Oman, we are actively cooperating in Kazakhstan and in the area of the Caspian Sea. This year we have also committed a transaction on selling a large part of our companies to the Russian Federation. I am to recognize that we have a good legislative framework and basis for cooperation. As Mr. Saltanov noted, we have a very important and very fruitful cooperation in the development of various business areas. In addition, I would like to say that Russia is not only a friendly country for the Arab world, it is also our neighbor. A flight from Riyadh to Moscow takes about 4 hours. Moreover, the majority of Arab countries neighbor the Russian Federation not in terms of borders but in the context of, let us say, religion. And we also would like to get benefit from this so-called "neighborhood". We have good opportunities for the development of cooperation. The Russian reserves, even before the crisis and after the crisis, exceed 150 billion. And this figure is considerable. All these indicators, which were also noted in the talk of Qatar's minister of finance, evidence that the countries that really surround the Russian Federation – it is about 15 states – could become the basis for the development of cooperation. We have touched those issues here, which we, the Arab countries, are interested in. They, in particular, include the granting of a guarantee of investment in the economy. The Russian region is

very important for us. We have almost finalized the signing of an agreement on the establishment of an economic zone between the Russian Federation and the Persian Gulf countries. As I already said, the opportunities for our bilateral cooperation are extensive. We are sure that representatives of the Russian business will work for the promotion of our cooperation, in particular, in the sphere of agriculture, as our region is favorable for investment in this sector. In addition, the sectors of energy and peaceful use of nuclear energy are favorable. These are prospective and rather promising areas of cooperation. We would like to use these opportunities and obtain mutual benefit. Once again I address to the Chairman of the Business Council, to all those being present. Ladies and gentlemen, it would be desirable that by the next meeting of the Russian-Arab Forum in 2010 the volume of trade turnover between Russia and the Arab world should be much bigger. We have resources, we have tremendous opportunities for the development of both the private and the governmental sector. Let us use them so that next year, that within the framework of the next Council meeting we should reach higher indicators. Thank you once more for the good organisation, thanks for your care and attention, which you render to the development of Russian-Arab cooperation. It is necessary to seek to the situation when the indicators of our cooperation will equal to 700 billion dollars, like it has already taken place, as you know, in the cooperation between the Arab world and China. Once again, thank you very much and once again I am passing our congratulations and greetings from the leadership of the Sultanate of Oman.

**V. Evtushenkov:**

Dear colleagues, I believe that the main comments have been made and would like to open up the debate to the matters under discussion. I'd like to give the floor to the Permanent representative of the Russian Federation to the Islamic Organization, Kamal Iskhakov.

**K. Iskhakov:**

Thank you very much for the invitation to participate in this conference. I would like to inform all the representatives that I'm here as the permanent representative of the Russian Federation to the Islamic Conference Organization. I'm pleased to inform you that such a representation, such a permanent mission has been established in Jeddah and we're actively developing cooperation with the Organization.

We are always open for cooperation on the improvement of economic relations between our countries, and we are ready to render comprehensive help to businessmen from any country in order to develop relations. We stand for deepening the relations, and not only in the economic sphere but also in all other spheres. Starting our activity, we see great prospects in the development, which the speakers have already mentioned today and it means that we are ready to find in all this those

magnificent opportunities, which are still concealed from us and do not help our partners yet. Big works are being executed in each of the Arab countries on developing our relations. A lot is being done now directly in Saudi Arabia. We have not mentioned it today but at the present time the king is developing a new economic city there, which construction has begun and which attracts many businessmen from all over the world. An excellent free economic zone will be established there; and new legislative opportunities will be created there in order to develop business. We will be happy to deal with these matters and render you assistance in all aspects. I invite you to cooperation. Thank you for your attention.

**V. Evtushenkov:**

As you see, ladies and gentlemen, the Russian Federation is paying a great attention to the Russian-Arab relations; therefore, even the governmental presence is permanently getting stronger. Mr. Iskhakov is the former Plenipotentiary representative of the President for the Far-Eastern district. Now he has also headed this activity. I would like to call upon Sheikh Khaled bin Zayed Al Nahayan, Chairman of Bin Zayed Group from the United Arab Emirates.

**K. bin Zayed:**

I'll speak in English, so more people will understand my speech. I think for any relationships between any two countries there are a few elements that need to be resolved and focused on. The first one I think is the issue of regulation and legislation. I think a lot of investors in the Arab world are still not familiar with what's happening here in Russia. And we need to build the confidence level and the familiarity with legislation that pertain to investment in Russia to encourage more people in investing in both sides really, between Russia and the Arab world and vice versa. The other element really pertains to the issue of discovery or perception. Both of them are very important. I think perception about what's happening in both of our parts of the world is still lacking. Mr Aldabbagh mentioned the growth in Saudi Arabia, and in the Gulf states there's more than trillion dollars of projects in the GCC alone, not to mention the Arab world. Similarly, in Russia I think today with the surpluses that the country has I think there are a lot of projects that are being developed here. I'm not sure if it's as open for the Arab world to tap into. But there is, I think, one industry that we share, which is the oil and gas where we have to find opportunities of cooperation in this field, because our destiny at least for the next thirty to fifty to a hundred years will be joined in that industry. And we need to really preserve the value that is being generated from this industry; rather than getting into a competitive environment, I think we should switch it to a cooperative environment whereby the price of these products, not only the price of crude but also of any the relatives of this industry as well as those industries that are related, that are energy-

intensive, whether it's steel, aluminum; you name it, are benefiting from this cooperation because that's going to generate, maybe not directly, but it'll generate intertrade between the two parties, and it will generate more revenues for both countries. And I'd like just to put this idea to the floor.

**V. Evtushenkov:**

Sheikh Nahayan has touched very important problems and I suggest that all of us should comprehend them and after completion of the discussion, if there are any questions, we will exchange our opinions. Now I would like to give the floor to Awad Ahmed Eljazz, Finance and Economy Minister of the Republic of Sudan.

**A. Eljazz:**

Dear ladies and gentlemen, first, I would like to thank all for the invitation to be present here. I would like to discuss a matter of how we can develop the cooperation being beneficial both for Russia and for the Arab world. I would like to highly appreciate the aspiration of Russia to develop this cooperation as well as to hail ministers from various countries who are present at this meeting, as their presence confirms the readiness of many Arab countries for the development of cooperation. This meeting evidences that we are interested in the development of our relationship. The matter, which I would like to discuss, is as follows: how we could strengthen confidence between Russia and the Arab world. I would like to say that, first of all, it depends upon officials of Russia and Arab states. They should develop relations and contacts at the governmental level as people say that in any business everything depends upon the head; therefore the development of interstate contacts, granting of new opportunities for the exchange of delegations, exchange of visits are important factors in the successful development of our relations. I would also draw your attention to the fact that we, the ambassadors being present in this hall as well as the ministers who participate in this meeting, have good opportunities for promotion of just these interstate contacts so that the leaders of other states should get familiarized with our states, our peoples. Of course, the relations between Russia and the Arab world are very old, the same as the relations between Russia and Sudan, and we are developing the cooperation in many areas. A lot of representatives of the Russian Federation are working on the territory of Sudan. The level of development of the relations between Russia and the Arab world has all prospects for further development, as there are great opportunities and prospects in the Arab region.

It is remarkable that, in spite of the global economic crisis, we all the same could gather and discuss the prospects of our development. We hope that we will be able to achieve a new modern level of the development of relations, in particular, in the field of business, and we believe that the invitation and call to organize this meeting is very timely in this context. Before the occurrence of global

economic crisis we were dealing with the development of our oil and gas sphere, and Russia took a very active part in it. However the South-Eastern countries, in particular, China, Malaysia, South Korea, Vietnam, have also come into this activity, and Russian companies, in the end, are working only in the area of providing services of certain type in this sphere. Of course, we would like to have a more extensive, more active participation of Russian companies in the development of Sudanese oil and gas industry.

We would also like to see Russia as a partner in the development of cooperation in the sphere of agriculture and irrigation of territories. The law on investment, which is in force in Sudan, encourages and stimulates various types of investment and capital expenditure in the development of our economy. We would like to see a similar aspiration to develop the cooperation with our country from our Russian colleagues. I am speaking not only on behalf of Sudan as the country but also on behalf of the whole Arab world. Once again we confirm our call and our aspiration to develop relations with representatives of Russian business. Once again I repeat that we have tremendous opportunities, in particular, in the development of infrastructure, construction of airports, railway terminals. Sudan is ready to become a centre for the production of food products.

As I already said, the law on investment, which is in force in Sudan, encourages and stimulates various investments. In addition, it would be desirable to see not only the bilateral cooperation between Russia and Arab countries but also the multilateral cooperation between Russia and several Arab countries, establishment of multilateral joint companies and multilateral projects. We hope that in the end we will be the winners, in spite of the world economic crisis.

I would like to underline once more that the opportunities, which we provide for the development of joint business, should be used, otherwise they will be lost. Therefore, I repeat once more that I urge to pay attention to the development of cooperation with us, to our region. We invite representatives of Russian business to visit our country with "reconnaissance" visits. Sudan is the country, which treats Russia decently; we have many citizens who speak Russian. A number of free trade zones are functioning in Sudan, and we would like to see representatives of Russian business in these zones. Once again I would like to thank you for the opportunity given to me to take part in the meeting of the Russian-Arab Business Council as well as in the International Economic Forum. Let me pass greetings to you from the Sudanese people and the leadership of Sudan, and please do use those opportunities, which we provide for Russian business, for our joint benefit, for the development of our joint business. Once again, thank you very much for the invitation to visit St. Petersburg. Thank you for your attention.

**V. Evtushenkov:**

And now I would like to call upon Mr. Vladimir Katenev, President of the St. Petersburg Chamber of Commerce and Industry.

**V. Katenev:**

Dear Vladimir Petrovich, many thanks for your activity. I would like to say that the activity of bilateral representatives. We hope that the agreement, which we have prepared, i.e. the Agreement on councils in many respects depends upon the activity of their leaders. The Chamber of Commerce and Industry is the founder of a number of business councils but the Russian-Arab Business Council is notable for its highest degree of activity. In confirmation of these words, I would like to say that yesterday we held in the city a presentation on the activity of the Russian-Arab Business Council and saw that the interest on the part of St. Petersburg enterprises is very high. However I would like to join up as to the figure of 8 billion dollars: it is a colossal amount of money from the point of view of a simple businessman. A few of us, except, maybe, our moderator, have ever kept such an amount in hands or managed it. In fact, it is the production volume of 2-3 our major companies in St. Petersburg. At the same time, the figures of trade turnover between St. Petersburg and Saudi Arabia were noted yesterday; totally the bilateral trade turnover equals to 50 million dollars. It is a little, even taking into account the consumer goods basket in our city, more exactly, the buying power: every day the dwellers of our city spend 20-30 million dollars just on bread, water, milk. In other words, the volumes are absolutely small. But I want to recognise and maybe draw some attention to the fact that the role of business community in this figure of 8 billion is very low, as it mainly includes big infrastructure contracts related to gas, oil, some major projects, and our small, middle and just major territorial business does not occupy a very active real position in it. Today much emphasis was on the difficulties explaining why they take place. I will give an example why, in many respects, the trade turnover between Arab countries and Russia is passing through third countries: for example, there is a practice in the USA when goods from Arab countries first come to the zones of free economic trade, they do not get customs cleared there but are kept on interim storage, from there they are distributed either inside the country and in such case their complete customs clearance is performed, or they are sold to third countries, in particular, our businessmen prefer buying these goods either in Germany, or in the USA. Today Brazil was mentioned: even Brazilian wine is delivered to St. Petersburg via European countries because according to our laws the gluing of excise stamps should take place outside the territory of the country, which buys these goods. Yesterday we were grateful to the Saudi Arabian ambassador who promised to render all kinds of assistance to Russian businessmen in obtaining visas and maybe organise any simplified visa scheme. For example, in St. Petersburg we are very grateful for the fact that we are given an

opportunity to receive foreign tourists coming by water for a period up to 72 hours without execution of official visas; of course it contributes to the development of mutual interest, mutual tourism. All of us are preparing for October when the biggest investment exhibition will be held in Jeddah. We will form a large Russian delegation including St. Petersburg cooperation with the Jeddah Chamber of Commerce and Industry, will give an informational, marketing, branding momentum to the development of our relations, and we will work with our colleagues on implementation of this agreement. Thank you.

**V. Evtushenkov:**

As you see, the applause evidences that these are right words. And now I would like to call upon Mr. Mohamed Ben-Youssef, Director General of the Arab Industrial Development And Mining Organization at the League of Arab States.

**M. Ben-Youssef:**

First, I would like to hail and thank the organizers of this meeting as well as the Ministry of Economic Development of the Russian Federation; my words of gratitude are also addressed to the ministers and delegation heads who are present at this meeting. I would also like to congratulate the Minister Ahmad R. Alharoun on the appointment to the position of minister of commerce and industry of the state of Kuwait. This person is well-known as the head of the Kuwaiti Chamber of Commerce and Industry in the past, he is a great expert and notable figure in the sphere of business. I would like to touch two issues in my talk. The first issue relates to the successful promotion of joint projects as well as the development and use of the opportunities of development between Russia and Arab states being given. The second aspect, which I would like to draw your attention to, is that this meeting reflects the changes, which take place in the Arab world. At the present time the Arab world is suffering changes and aims at diversification of its economies in the light of global economic crisis. We diversify the sources of cooperation from the point of view of financing, mechanisms of financing of our economies, and in general it is a very qualitative and key turn in the development of Arab world economies. Of course, we are observing the development of situation in the whole world, in the economies of other countries. The issue, which I would like to touch, is as follows: why our Arab organization takes part in this forum. As the head of this organization, I noticed that there is an acute need of the activation of cooperation and contacts at the state level between our countries, between our regions, in particular, for development of the investment sector with the attraction of private capital. We are dealing with the development of strategy of attraction of the private capital; at present we are implementing five basic projects. The first project consists in the implementation of opportunities of electronic data exchange between Arab countries in

various directions of economic development. One of the English proverbs says that information is the intellectual power, and we believe that the exchange of information, to note that these sectors are of strategic character. We also have a club of investors, which carries out various kinds of activity in the form of research, analysis as well as elaboration of proposals on the development of various small business sectors and directions. It also performs the exchange of information and encourages as well as advertises various branches of small business in order to attract investors. Another project, which was initiated by our Arab organization, is the project on the convocation of a meeting in Doha being the meeting of major businessmen and persons that make decisions in the field of economics. Its participants will be representatives from various Arab countries, and the meeting agenda will include the issues of counteraction of the consequences of economic crisis as well as the ways to overcome the crisis and particular steps, which are to be taken by various economy sectors, including the real sector of Arab world economy, for further development. By all means, as you know, there are certain economy sectors in the Arab world, which are poorly advertised; and therefore, we also aim our activity, in particular, at encouraging and promoting various economic sectors of Arab countries. We provide information about the character and indicators of development of these economic sectors so that they could be at hand with various business representatives and investors and so that they should obtain this information with operational efficiency and could consider a possibility of investment in these sectors. We also think about future prospective sectors of economic development. We hope that as a result of international economic crisis a qualitative revolution will take place not only in the Arab countries but all over the world. New mechanisms of regulation and mechanisms of relationships between different economies have already shown themselves, and we hope that they will get established and obtain a more clear form just as a result of changes being the consequences of global economic crisis. Now let us speak about those areas of cooperation, which exist between the Russian Federation and our Arab organization, both in the public exchange of exact data and indicators of the development of our economies are important factors for the successful development of cooperation and implementation of various projects; moreover, it is the question of the exchange of information not only between Arab countries but also between Arab countries and other states. The second project of these five ones, which I mentioned earlier, is the development of institutional projects, in particular, in the private sector. We aim at providing easy credits, in particular, for those sectors of economy and business, which need such credits, so that they could continue existing in the given conditions. We are engaged in the establishment of a special fund, which will grant credits to small businesses on eased conditions. These credits will serve as a help for the development and preservation of small business in Arab countries; in this connection, I would like sector and in the private sector. In the first place, as I said earlier, it is the development of cooperation in small and

middle business. We also have prospects of cooperation in the areas of high technologies, and in addition we are dealing with matters of studying the prospects of cooperation in the sphere of a more pure production. Of course, we are ready for cooperation, we are ready to discuss these prospects and would like to use an opportunity to thank you for participation in this forum.

**V. Evtushenkov:**

Thank you very much. And I would like to call upon Mr. Mazen Batterjee, First Vice President of the Jeddah Chamber of Commerce and Industry (Saudi Arabia).

**M. Batterjee:**

Dear participants! We are grateful to you for an opportunity given to us to speak to you on the following topic: "Cooperation between Russia and Arab countries". You have selected me as the last speaker; therefore there is a lot of information that you have already heard. We have good relations between our countries. 50 years ago, for example, Russia had the position with respect to the Islamic world and to the Arab world in the North, which was nothing like so good; and, therefore, sad memories have preserved up to now. Russian politicians should know it both in order to work in the interests of solving Arab problems at the international level, and in order to achieve a considerable progress in the field of investment between our countries. It is in the first place.

Secondly. There is a great opportunity to obtain benefit at the cooperation with Persian Gulf countries, especially nowadays when the global economic crisis takes place. Our revenues in the Persian Gulf area have been very large for the recent years. Russian investors operate in the field of innovations, and Russia has intentions to work in hot and warm regions but Russia has not transferred this intention to the practice yet. I mean the attraction of Russian investment here. European and American companies are operating here. I should say that the Russian experience can break all barriers and open the doors for cooperation. Some Russian companies have already begun the operation and proceeded to investment in the of oil and gas sector. On October 20, an exhibition will be held in в Jeddah, which participants will be about 30 Russian companies. But we know that delegations from other countries always visit these exhibition, and there they familiarise themselves with Russian products and study the opportunities for investment in Arab countries, in particular, in the Persian Gulf countries. And at present we are going to sign a cooperation agreement with the St. Petersburg Chamber of Commerce and Industry. There are a lot of similarities between us. St. Petersburg is a major Russian port, at the same time Jeddah is the only sea port in Saudi Arabia; St. Petersburg is located on the Baltic Sea and Jeddah – on the Red Sea. We have great opportunities; it is necessary to transfer these opportunities to practice.

**V. Evtushenkov:**

And in conclusion I would like to give the floor to the First Deputy Prime Minister of the Russian Federation Igor Shuvalov who, in spite of the pressure of work, has found time to be present at our round table discussion. It evidences that the Russian-Arab relations lie in the sphere of key interests of the Russian Government. Please, Igor, you may begin.

**I. Shuvalov:**

Thank you. Dear ladies and gentlemen, in the first place, allow me to welcome you on behalf of the Russian Government and thank you for your participation in the activities of the 13th Petersburg Economic Forum. You know that the leadership of the country has done a lot for this Forum to become a truly significant venue at the international level where investors and politicians could discuss most important issues, relating to both the current situation and the prospect for the future. Vladimir Petrovich cunningly joked about the fact that I have found time to visit today's session of the Russian-Arab Business Council but in reality we planned this event beforehand. We really believe that this event, like tomorrow's event devoted to the prospects of CIS development and the agenda which will join us within the framework of the Commonwealth, are most important formats, regional formats, and we are paying special attention both to this event and to the tomorrow's event. The same as tomorrow within the framework of CIS forum, we will speak of integration, of those mistakes of external economic strategy, which were committed in the Russian policy, as well as of mistakes committed in CIS states, in our opinion. We believe that a lot has also been missed in the Russian-Arab business partnership.

This year, as you know, we celebrate, if it is possible to say "celebrate", the 18th anniversary of the collapse of the Soviet Union. In various countries the age of majority is set according to the law or due to a custom at different times. In Russian the age of eighteen years is when the person becomes completely adult and is granted the whole completeness of political rights including the elector's right. If one can draw such analogies, then we would like that with this date, with the entry into the adult life, some absolutely clear guidelines should appear in our external economic relations specifying how to form our joint policy and how to adhere certain principles over a many of years. You know that before 1991 the Soviet Union maintained very close relations with the Arab world. The Soviet Union was implementing huge investments in Arab countries, was building industrial enterprises, hydro and thermal power plants, was an investor in the establishment of irrigation systems but unfortunately some of these investments bore the ideological character.

Everybody knows that the USA and their allies, on the one hand, and the USSR and its allies, on the other hand, invested at that time in different countries of the Arab world pursuing certain strategic

interests, which sometimes were absolutely far from the interests of simple people who worked and wanted to improve the life of their families. Then we tried to establish our own national systems on the CIS space, we tried, with a certain degree of success, to integrate within the CIS framework. Individual states of the former Soviet Union began the process of integration with the European Union or the interaction with our closest neighbors that are not CIS members but also were our traditional partners, such as India, China, Asian and Pacific countries. However, on the whole, it has become clear by the present moment that the conventional relations, which were developed for many decades, both inside the Commonwealth of Independent States, and with our traditional partners, can create new dynamic economic ties, which will orientate us to establishment of the common economic space for the movement of goods, capitals, services, establishment of new reserve currencies, i.e. the creation of what will help our economies to become more powerful and more sustainable. We in Russia, unlike the countries as, for example, European Union members, address the matters of integration with such a high degree of intensity each time when a crisis occurs. In other countries, vice versa, when the conjuncture is sufficiently favourable and the economic situation is stable, then certain plans are prepared, they are being implemented and when crisis phenomena occur these plans could slightly slow down. We do everything the wrong way round. As you remember, since 1991 and up to the present moment the crisis has made us address to potentially new integration schemes, new cooperation in order to come out of a heavy situation, and it is the difference of our economy and our political system, which shows, in particular, to our partners from the Arab world that we just hope to be able to come out from the heavy situation only together, jointly, creating both new cooperative ties, and new economic models. The same this year, after the crisis, which began in 2008, we are actively seeking for new interaction formulae. We are not going to change our strategic guidelines, all of them are also designated by the higher leadership of the country, you know, in the country's development plans until the year of 2020. And in our first four-year period until 2012 we have clearly designated our priorities of both the intra-Russian development and the development of relations with our traditional partners. At the same time, it has become especially clear to us in 2008 that the potential, which the Russian-Arab interaction has, has not been exhausted; as a rule, it is limited by general expressions and words. Even those minimal practical steps, which we agreed upon, have not been implemented. Unfortunately, we have not established a Russian-Arab house in Moscow so far though a lot was said about it and the corresponding instructions were given; no joint exchange sites are operating with us though we are permanently speaking that oil and gas are those goods, for which both Russia and Arab countries have market.

So, unfortunately, many things declared have not been implemented by the present moment, and we understand, and, by the way, many people are looking at Arab world states as at a potential donor,

as countries where enormous gold and currency reserves have been accumulated, as countries, which can help other states that have got into a tight situation. But we cannot just be classified as such countries, and we believe that our reserves will be sufficient in order to survive heavy times due to the fact that we are losing considerable revenues with the downturn of prices for oil, metal, gas, main export groups of our products. But nevertheless we believe that we are conducting a rather thought-out budget policy, and everything is OK with our reserves, but on the whole we would like to establish such relationships with the Arab world, which would enable us, on our part, to promote this strategy, the strategy based on expertise; we have tremendous reserves of oil, gas and other mineral resources but at the same time we have a huge scientific, educational and cultural potential in Russia. It is the factor, which we can offer as a topic for interaction, and it can promote our joint projects with Arab countries so that we could be able to conduct a coordinated policy at the international level in regions where oil and gas are available, we can establish joint sales areas and do it with no prejudice of the countries being consumers of these goods; rather for a more balanced behavior between consumer countries and manufacturer countries, we can establish such a joint system here, execute it by means of international legal documents and act consistently in the international arena. As to the states, which, vice versa, need a capital inflow and establishment of industrial capacities and where Russian know-how and Russian technologies can be perceived positively, and where we can establish industrial enterprises or render help in the development of agriculture, there exists a tremendous potential for Russia. Unfortunately, there is no infrastructure suitable for implementing mutual investments, both on the part of the Arab world in Russia, and, vice versa, from Russia in these countries. We understand that Russia is a complicated state but it is not less complicated than all the rules, according to which the investments in Arab countries are performed. All these countries are rather different; therefore, we can simply say that there is a large number of contradictions, own traditions and so on inside the Arab world. On our part, we want to learn to position ourselves so that a Russian investor in these countries should be more attractive, so that people who live in these countries should know that Russian investment, Russian money or Russian specialists mean a better welfare for this country. In other words, Russians have come in order to bring new wealth and establish a new product by means of joint efforts rather than to take the wealth of this country. It is just that our strategy means at the present moment. I believe that we have all necessary political capabilities for that at the highest level. You know, a diplomatic activity is intensively being carried out in recent years, and the visits and meetings are committed both by the lower-level bureaucracy as well as tools of commerce and industry chambers and everything that should contribute, seemingly, to the development of these relations, are getting hindered. Therefore, in the nearest years we should establish such infrastructure and the success of this infrastructure will depend upon how successful the Chamber of Commerce and Industry and RUIE

(Russian Union of Industrialists and Entrepreneurs), other business forums, for example, and Vladimir Petrovich, the forum, which you are heading – we will also render comprehensive assistance to it - will be operating on the Russian part, because we understand that no business will be set in motion by simple diplomatic missions, which take place once a year and by promises that we will render help. President of the Russian Federation and the Prime Minister, but the efforts, which are passing through

We need real major investment projects, according to which the Arab world will really come to Russia as an investor, we are ready for it, it is a coordinated position. And, on the other hand, we, the Russians, will be waited for in the Arab world as good reliable investors. We should do this work jointly with you and pass this road together. It does not mean that we abandon our plans for integration within the framework of WTO, it is one of our priorities: a customs union within the framework of EurAsEC (Eurasian Economic Community) and CIS format, whereof we will speak tomorrow, but investments in the Arab world and investments in Russia are a separate, very important direction, in which we will be working from the point of view of our priorities. In addition, I would like to note or make some remarks that Russia sometimes conducted weighted anti-Arab, as it was mentioned, policy. We have never conducted such a policy. Russia by definition could never take any anti-Arab positions, as both in the Soviet time and in the post-Soviet time we sometimes, in most difficult periods, perceived the support from the League of Arab States and from other Arab associations, in particular, when we suffered a difficult situation in the Chechen Republic. Therefore, if such an impression was developed, we sometimes cannot in fact take a real pro-Arab policy, as you know that Russia is a multinational country, multi-confessional country, and the matters of our domestic policy consist in finding a balance of interest all the time, and of moving forward being based upon it. But I can answer you that the Russian policy could never bear and did not bear an anti-Arab character. We always considered the Arab world as a strong, potentially significant partner and a partner, which we can rely upon; therefore, my call to you within the framework of bilateral contacts, which will be performed here and later, is to think that all these political calls should be converted into particular dealings. On our part, we are ready for such work, we are ready for those investments, which you are ready to make in Russia, and please be waiting for us, we will do everything for it.

**V. Evtushenkov:** Thank you very much, Igor Ivanovich, for your meaningful speech. It is not often that one is to meet the First Deputy Prime Minister. If you have any questions to Igor Ivanovich, please ask.

**From the floor:**

Thank you. Mr. Shuvalov said in his message about a strong legislative framework for the development of investment cooperation and establishment of new more modern laws. The lack of legislative framework for the development and exchange of investments negatively influences upon the development of our business. My second question is as follows: The relations between Russia and the Arab world bear a historical character in the cultural, military, political aspects, and as to the economic development, especially relating to the development of small and middle business, the relations between Russia and the Arab world have not shown themselves adequately. We believe that this cooperation is worthy of development. Is the Russian Federation going to take any decisions, any laws on the development of investment exchange with Arab countries and can it be that such decisions will negatively influence upon such development? We in the League of Arab States are actively dealing with a search and exchange of experience in the light of development of small and middle business, in the light of legislative framework and we would like to obtain a certain experience on the Russian part. Are the Russian Government and Russian authorities going to help us in this aspect? Thank you very much.

**I. Shuvalov:**

Such laws are being elaborated and adopted in Russia. In principle, we believe that the legal framework in Russia is really modern. The problem relates to law enforcement, to how this legislation is being implemented in Russia now, is implemented in practice, is used, and how this legislation is used in Russian courts at resolving disputes.

And we often conduct such discussions in the Government and with the expert community, and on the whole all note that the problem relates more likely to the law enforcement rather than to the availability of laws. There are many legislative and regulatory legal frameworks in Russia and they are very up-to-date, but if anything is to be corrected from the point of view of investors, we are always in the state of dialogue and are ready to correct the laws. Our President, Prime Minister all the time meet the businessmen circles, I myself carry out such meetings, and at such meetings the participants all the time address us and ask to correct certain provisions of law. When we believe that it is correct, we, in most cases, consider these amendments, which are proposed, to be correct, the laws are changed by the State Duma, our parliament adopts such amendments. As to a more favourable legal framework for Arab investments, I have not heard such proposals. Though my contacts, for example, with businessmen from United Arab Emirates, from Qatar, from other states say about the following: they do not perceive a comfort being sufficient for making investments in Russia in a large volume, as certain rules of business etiquette differ from our rules, in particular, at granting the capital, it bears more likely an investment character rather than borrowing character. If

it is necessary to execute it at the legislative level, then we, in principle, are ready to such provisions, we will discuss it at the parliament level, with our expert groups, and here there are no restrictions. The most important thing is that these provisions should fit well into the business management regulations, which exist in the Russian Federation and are understandable for our western partners. On the other hand, as to the activity and help to you in supporting small and middle business, I should say that this support at our national level is not sufficient, and small and middle business in our country is not so developed as we would like. We wish the ratio of the middle class in Russia to be at least 50-60% by 2020. And a greater part of those who will attribute themselves to the middle class is the small and middle business. And the level, at which small business is working today, what conditions the small business has for establishing and implementing its projects, does not satisfy us though we are carrying out an active work.

**H. Moharram:**

Mr. Chairman, your Excellencies, ladies and gentlemen, thank you very much. I am Herish Moharram, Minister of Investment for the Kurdistan Regional Government, Iraq. Actually I would like to introduce Kurdistan to this event and use this opportunity to pass the gratitude of my government presented by Prime Minister Barzani whom I am representing here now to pass on his gratitude for inviting Kurdistan as a government to this event. Being a part of Iraq, we have started developing a new methodology to initiate activities and business management in this region. According to the constitutional framework within Iraq, we are now widely working to extend connections and relationships with many countries. So far we have been able to license projects worth 16 billion dollars, out of which 48 percent is coming from Arabic countries. We have a joint council for business activities and economic activities with Russia. After the visit of Mr. Primakov to Kurdistan and his meetings with President Talabani and President Barzani the suggestion was to have that set up and now it is under operation. We have a joint committee with Qatar and with Kuwait. We have been visiting these countries and now we are trying to develop opportunities in the area that will benefit all of Iraq. The Russian companies and Russian business communities were aware of the opportunities of Iraq because of their experience in that area. So far we have used some connections and some joint meetings with different companies in Russia to give them opportunities to involve themselves in Kurdistan. I would like to use this opportunity to invite you all to take the opportunity to redevelop all of Iraq through Kurdistan. We would welcome all potential investors who want to be a part of Iraq. Thank you very much.

**V. Evtushenkov:**

There is no further business on the agenda of today's round table discussion. We have worked in good faith for several hours. The signing of a joint agreement between the Jeddah Chamber of Commerce and Industry and the St. Petersburg Chamber of Commerce and Industry will also be held today. We would like to wish them all the best in this joint activity. I am pleased that no one of you has left the hall, made any noise, that all listened very attentively, and it is a rare case in our practice. Have a nice day!