

America and Russia need trade not tirades

Financial Times

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June 27, 2007

Earlier this month we, with more than 2,000 delegates from 50 countries, participated in remarkable meetings at the St Petersburg Economic Forum that showcased the growing Russian economy. A spirit of optimism and co-operation prevailed among attendees, who included domestic and international business leaders, government representatives and members of international trade organisations.

The mutual understanding that characterises commercial relations between the west and Russia was in striking contrast to the disharmony of the current political debate. Such starkly differing perspectives generally do not last and the resulting correction could go in either direction.

We in the business community are, of course, mindful of the serious issues underpinning the discord between Russia and other members of the international community. We suggest that the contrast between investors' and policymakers' perceptions results from three fundamental disconnections. For companies and investors these need to be acknowledged and a clear path agreed to bring about a common understanding. We share an interest in improving governance and strengthening institutions to create a level playing field for business. Failure to align these dialogues threatens the continued flow of capital, goods and raw materials and ultimately could disrupt global growth.

The first disconnection is rooted in differing perspectives of Russia in the 1990s and the 2000s. The US sees the 1990s as a period of great change and a dramatic forward leap; for Russians, the recent stability and economic success contrasts with the economic turmoil of the 1990s.

The second emerges from a lack of consumer awareness of the growth and size of the Russian economy, because it is a market dominated by business-to-business exchange and nearly invisible commodities such as energy and metals. Although Russia is the world's ninth largest economy by gross domestic product, surpassing Italy, Russia and the US are not yet big trading partners.

The third disconnection stems from the fact that Russia, uniquely among big developing markets, is viewed typically as having a political, rather than economic, face. Western business perceptions of Russia, however, are focusing on the tremendous opportunity the country represents even as western policymakers emphasise Russia's perceived backsliding on western values.

Therefore, we recommend a new dialogue be opened, placing a greater emphasis on engagement through economic and commercial opportunities. The establishment of such a discussion between the US and Russia would be commensurate with Russia's growing economic weight and continued integration into the global financial architecture. As a critical world energy supplier with a population of more than 140m it represents an important market for US goods and services. More than 800 US companies are doing business in Russia - and the dialogue we advocate would help establish an environment that promotes more economic activity on both sides.

There are recent precedents for such an approach: consider, for example, the US's designation of India as a "strategic partner" or the commercial and trade agreements that emerged after President George W. Bush's trip to Brazil. Hank Paulson, the US Treasury secretary, has led constructive discussions between the US and China through the strategic economic dialogue in a manner similar to what we propose today.

We encourage President Bush and Vladimir Putin, Russia's president, to acknowledge the strategic importance of business and economic ties when they meet on Sunday at Kennebunkport. Meanwhile, we will work to establish a regular, formal dialogue among private industry representatives with experience and success in commercial activities between our nations - and expect to hold the first session in New York on July 9. We have had support for these ideas and this meeting from the chief executives of Alcoa, Chevron, Citi, Conoco Phillips, CV Starr, Dow Chemical Company, Ernst and Young, International Paper and Procter & Gamble; in Russia, Bank VTB, Bazovy Element, Interros, Lukoil, RAO UES, Rosneft, Renova Group of Companies, Severstal and Sistema.

Our hope is that our dialogue will support wider political efforts to reach improved relations and, ultimately, a safer and more prosperous world for our citizens.

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