

# Plenary session of RSPP Congress

18 hours ago



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Plenary session of RSPP Congress. Photo: Sergei Bobylev, TASS

**President of Russia Vladimir Putin:** Mr Shokhin, colleagues, friends,

Thank you for the invitation. I would like to welcome the participants of the congress of the Russian Union of Industrialists and Entrepreneurs.

Mr Shokhin has just said that you have been working for a couple of days here, and all the key members of the Government spoke today. I hope that the dialogue has been rewarding and many things have become clearer and more understandable. And in general, it is good that you have an ongoing dialogue.

I would like to thank you, as well as the thousands of companies you represent, for your work and your contribution to the country's

development.

The RSPP is a highly respected organisation that brings together major companies that hold leading positions in many sectors of the Russian economy and play a key role in the economy as a whole, in industry, agriculture, finance, transport and other sectors.

It is also important that the RSPP remains engaged with the national agenda. The organisation has its own views and proposals to offer – what needs to be done to increase the pace and sustainability of economic growth, how to support the development of Russian regions, enhance their industrial, technological, infrastructure and human resources, and in a broader sense, how to make our country stronger, more successful, and more competitive.

This active and creative position taken by the RSPP and the business community as a whole is particularly relevant today. I mean, it has always been relevant, but today it is particularly relevant for obvious reasons, and most especially now that the Russian economy is acquiring a fundamentally new quality and beginning to develop under a new model, something I spoke about recently in my [Address](#) to the Federal Assembly.

Let me remind you that Russia's maximum GDP decline was recorded last June; I believe it was 4.7 percent. The reasons for this are well-known: the sanctions war and the unprecedented challenges in the global economy and trade as well as in the system of international relations as a whole, and it was not us, as you know, who was creating these problems. These are challenges that neither Russia nor probably any other country in the world has yet faced in modern history. All of this lies at the base of and is the reason for what I have just said.

Since then – starting last July – our economy, nevertheless, has transited to growth. Standing behind these achievements is the hard work of thousands of companies and many millions of specialists, their

responsible and professional attitude towards business, their striving for progress, for protection, and for their own country's development.

We see the positive trends in the Russian economy gaining strength; in the second quarter of this year, we expect a significant increase in GDP over last year.

What is it that determines the current state of domestic industries and is shaping this new economic trend?

First, we have managed to compensate for the actual closing of Western markets to us and to expand Russia's foreign trade contacts with nations in the world's fastest growing regions. You know that in previous years – before all these crises and special operations – we were orienting ourselves, step-by-step, towards rapidly developing markets anyway.

Today, a different situation has taken shape, where it turns out that we were not doing this in vain. Moreover, we were doing it at an even slower pace than we should have. But this is fine, we continue making strides. Over the past year, our trade with these regions, with these countries has been growing at double-digit rates and it continues to grow.

Incidentally, I would like to add for reference that, on the whole, Russia's 2022 foreign trade surged by 8.1 percent to \$850 billion, including exports – by almost 20 percent, 19.9, with imports declining by almost 12 percent (11.7). The trade balance surplus was \$332 billion, or 70 percent more than in 2021. We are now with you at the House of Music – this is such good music.

I would like to mention at this point Russian business executives and their management teams. In a short span of time and in the difficult conditions of external pressure, they managed to rebuild investment and trade chains, develop logistics routes, and open up new areas of cooperation with predictable and bona fide foreign partners.

I must say that credit for this goes, of course, to you and your teams, but we know – and I will tell you like family – there are people who are advising our ill-wishers on how and where to hit us harder, but those who have stayed here and are really working have proved to be smarter, more vigorous and effective than those who left and are giving such advice to our ill-wishers. Their success is obvious, as I have just said. It is also obvious that the state will continue doing everything necessary to strengthen this interaction.

The second point. Domestic demand is growing fast. Experts estimate that in April, our retail growth rates will be at least 5 percent, and this is a figure in real terms.

As for what is important here and where I would like to draw your attention. This is not some accidental spike. Experts note that domestic demand has entered a trajectory of sustainable, long-term growth. It is based on our stable labour market, higher salaries and incomes of the people, and reduced inflation.

By the end of March, inflation is supposed to be under 4 percent. Different experts have different opinions, including those present here. Some of them say it will be 4 percent, others say less, and still others say five. The figures are in this ballpark. That said, it is clear that this will be the target inflation.

I will mention for comparison's sake that inflation here will be lower than in the Eurozone countries, which are endlessly waiting for the collapse of the Russian economy and trying to convince themselves and our partners of it. Let us recall again a famous American writer who said that reports of his death were greatly exaggerated. The same applies to our economy. On March 13, inflation was 7.6 percent and will reach the target figures by the end of the month, in early April.

Now the third point to which I would like to draw your attention. A year

ago, Western authorities were twisting the arms of their companies and compelled some of them, many of them to leave the Russian market. At that time, foreign analysts predicted a depression and a decline in the consumer sector for us. They promised us empty shelves in shops. Massive shortages of goods and the collapse of the services sector.

However, life took a different turn. Now the Western countries themselves have faced these problems in full measure. It got to the point where their leaders suggested that their citizens eat turnips instead of lettuce and tomatoes. Turnips are good produce, but to get them, they will have to come to us because our harvest is much bigger than that of our neighbours in Europe.

True, this may not be their fault. They had a drought and the like, but they can hardly do without our fertilisers if they want to increase their crop yields. At any rate, this calls to mind a Russian proverb: "He who digs a pit for others falls in himself." It seems that this is exactly what is happening.

In Russia, domestic companies began to fill vacated market niches after the withdrawal of certain European and American companies.

The situation is similar to the food market eight years ago, when we introduced our own restrictive measures in response to sanctions, and that triggered rapid growth in domestic agriculture and food processing.

Now there are even more opportunities and better prospects for business development and expansion, and Russian business should not overlook them, otherwise, you never know – some of those foreign players might want to return. The situation is, without exaggeration, unique for many of our companies. A timely investment decision today will surely pay off handsomely tomorrow. This applies to the manufacturing industry as well as to domestic tourism, Russian consumer brands, and so on.

There is something else I would like to note about this new model

of economic growth.

We must primarily rely on our own technological resources, as well as partnerships with friendly countries to increase production capacities, open new facilities, and create jobs throughout the country. I am well aware of the threats that are arising; I know what the ill-wishers are pointing out to us, that Russia will face problems in the medium term.

Yes, this is a threat to be reckoned with. But I am absolutely confident that we will overcome it, because this is a medium-term outlook, and I urge you not to wait for the negative consequences of this medium-term threat. To prevent this from happening, you need to act right now. The audience in this room understands what I am talking about, and I am sure that they will continue to work like this.

To help you with this, the Government has launched mechanisms like industrial mortgages and the cluster investment platform. I ask the Government to keep their work under review at all times with feedback from businesspeople and the regions. An ongoing dialogue is in place to get their feedback, and there is no sign that the dialogue might fall apart. On the contrary, I think our interaction at the business level and at the level of administrations at all levels – pardon the repetition – will only grow. Dialogue is the only way to realistically assess how effective and necessary these tools are.

And of course, the main criterion that the mechanism is working is the volume of investment decisions made and the funding raised. These parameters will also be closely monitored. Due to modern digital technologies and big data-enabled analysis, the Government can do this almost in real time. We must give credit to the Government: our colleagues have learned how to do this, have learned to work in this mode and use these tools.

In this regard, here is one more task for us: the efficiency of management

must be raised to a qualitatively new level, both in business and in the government system. We need to develop digital platforms, and use data-based management models, models based on big data. Obviously, modern technologies, including the so-called lean technologies, need to be implemented across the board, in all sectors of the economy and the social sphere.

In this regard, I would like to remind you of the work we began in 2019 as part of the national project to increase labour productivity at small and medium-sized companies throughout the country. The effort has yielded tangible results, and these results are being recorded at the national level.

I know that many large companies, such as Rosatom, Gaz, Kamaz and many others, also use these approaches in their production processes.

A significant effect from the introduction of lean manufacturing was also noted in the defence industry; that enabled us to quickly scale the output of the products we need. I would like to thank my colleagues for their work.

And one more thing – you certainly know about this –the introduction of new technologies in manufacturing and management should definitely be accompanied by an influx of qualified personnel. This cannot work otherwise. Much needs to be done to increase the efficiency of training young people and the professional development of accomplished specialists.

Here I would like to note the joint initiative between business and the Government – the Professionalism federal project. As I said in my Address, we will intensify work in this area so that the project will reach at least a million young people in the next five years. They will receive an up-to-date and high-quality education, gain skills

and qualifications that would guarantee them an interesting, good and well-paid job.

I would like the Government and our colleagues from business in this room to note that these plans will require additional investment, both from the state and from the business community, of course. I count on there being unanimity in approaches to this matter and a shared interest in the results of this work.

Colleagues,

As I have said, today vast opportunities are opening in Russia for almost every endeavor, every business, for launching promising long-term projects in the consumer market, the high-tech sector, in tourism and many other industries.

Yes, of course, we still have to resolve a number of systemic issues related to logistics, financing, infrastructure and technology. But the number of outstanding problems never goes down because the number of goals increases with the growth of our state and our economy. This is a natural process.

We will certainly discuss progress in every key area at the meeting with our government colleagues today.

As I have already said twice today, additional initiatives in this respect were voiced in my address. I am sure that we will definitely carry them out, overcome systemic challenges and achieve the desired results through the concerted efforts of the authorities, business circles and citizens.

As far as I know, we have planned our traditional discussion during a plenary session – Mr Shokhin has just mentioned this. I hope to hear your opinion on how to make the development of the domestic economy more dynamic with a view to tangibly improving the quality of life



in the entire country.

Here is what I would like to add in this context. Businesspeople in Russia have always played a big creative role – and I would like to emphasise the word “always” – in both the pre-revolutionary era and in the past few decades. They have assumed huge responsibility for the progress and development of territories, social support, education, healthcare, infrastructure, and charity, and have been rightly proud of that. Many of them have gone down in history, and the names of some are still heard today.

Today, we are also seeing examples of great attitudes to this effort, to the lofty mission of the businesspeople who care for the conditions in which their companies, their people and their specialists are working. They are using their entrepreneurial talent – and this is a talent – not only to derive profit and engage in overconsumption but also for the public good. Instead of working offshore and withdrawing the money made here for what can hardly be called basic necessities, they are launching special programmes to support their employees and their families. Along with the regional authorities, they are channeling funds into the construction of roads, hospitals, sports and cultural facilities. In a word, they are making life better for all the people around them.

We should have more initiatives like this that bring real benefits to our people. Naturally, big, medium and small businesses alike, as well as the regions, should be interested in such projects. They should be feasible if they are implemented through a concerted effort.

The state will do all it can to support domestic companies, those who are ready to fight for their business, for the welfare of their teams, the people who work for them and for the good of all Russian citizens.

Here is what I would like to add in this regard.

First, companies that focus on steady operation for years to come, rather than short-term gains, which invest in research and design and create proprietary technology platforms and trademarks should and will be supported. For these companies, a lasting reputation and their good name are not an empty phrase, but a great value. These companies have a strategic outlook on the future.

As I have said earlier, we need businesses that care about staff and employees and create comfortable working conditions for them, invest in their employees' knowledge and skills, take care of their families and children, and understand that family welfare is the foundation of demographic development, higher birth rates and longer life expectancy. Ultimately, this helps cut corporate costs, to put it in primitive terms, improves the operating environment and leads to bigger and better results.

Responsible businesses do not disassociate themselves from the locality or the region where they are based. They take part in their development and, in conjunction with the state, invest in schools, universities, the education system, public health and all areas that are critically important and sensitive for the people, and support social programmes as well.

Of course, business is first and foremost about business, not a social institution, which we are all well aware of. But you know what I am talking about as well.

Truth be told, taking care of the environment is the undisputed priority. We must not only improve the environmental safety of factories, but also reduce the accumulated harm to nature and assist regional authorities as they strive to implement environmental projects.

Most importantly, a responsible Russian entrepreneur is a true citizen of Russia who understands its interests and acts in its interests, does not

hide assets in offshore accounts, but registers companies here, in our country, and does not become dependent on foreign authorities.

You know, I often – I have known many people in the audience for many years now, and I often heard them say, "It is safer there." How about now?

We must understand that the foundation of our existence and the future of our families and our children are here. Only with this understanding will business projects bring satisfaction, and a person will have a chance to rise to their full potential.

I am sure that the greater number of our businessmen share these values; the stronger Russia will be, the stronger our economy will become, the faster life around us will improve, and, of course, the greater standing in society and respect entrepreneurs will enjoy.

I propose establishing a special award for the most trustworthy domestic companies and to present it to the first winners during the next RSPP congress.

In addition, I propose considering the annual publication of non-financial reporting by major enterprises, which will focus on what a particular company has done for society, for a particular village, town, region, or the country. I am aware of the fact that the vast majority, almost all companies, have such social programmes, but they are known to a limited number of people. Let all of society learn about them. This will benefit everyone and will be a good example for everyone.

Widely sharing this information and these stories about creative work will improve the image of the Russian business and, ultimately, its market and social positions.

That concludes my opening remarks. Thank you.

