

Medvedev Slams Terror, Touts Internet

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January 26, 2011



Medvedev and World Economic Forum founder Klaus Schwab standing Wednesday for a moment of silence in Davos for Domodedovo blast victims. **Michel Euler**

President Dmitry Medvedev blamed terrorism for hindering economic recovery, touted Internet freedom and urged governments to work together to respond to natural disasters in a speech before global political and business leaders at Davos on Wednesday.

He also painted a promising picture of Russia's future but seemed to miss a few opportunities to make a stronger case for investing in Russia during his appearance at the opening session of the World Economic Forum.

The president didn't face questions — at least during the opening session — about the recent second conviction of former Yukos chief Mikhail Khodorkovsky, which some observers said could dampen Russia's appeal with investors.

Medvedev, who cut his attendance at the forum to a few hours because of the Moscow airport bombing on Monday, opened the forum with a condemnation of terrorism.

One of the other things at the top of his speech was climate. Medvedev recalled the volcano eruption in Iceland, the Gulf of Mexico oil spill and the severe drought that hit Russia last summer before proposing a new global system of fighting such disasters.

“All this makes you realize the fragility of human might on Earth,” he said.

Medvedev, an avid user of electronic gadgets and the Internet, went on to admire the power of online communication, saying that Russia would never support restrictions in that realm.

“One billion people use social networks now,” he said, with his black iPad lying a few steps away from him on a podium desk. “It’s amazing.”

In the Internet era, Medvedev continued, it is difficult to protect intellectual property rights. The Group of 20 is expected to address the subject of changing regulations in the area at its next session this year. Russia — where infringement of such rights is widespread — will make its own proposals, Medvedev said.

In another goal for Russia, Medvedev said it would work to strengthen the clout of the leading emerging economies, which are known as BRIC, in global decision making. South Africa has joined Brazil, Russia, India and China in the bloc recently.

Medvedev cautioned partners from lecturing Russia on democracy, but reiterated that the government was open to friendly advice to improve things. Democracy will develop in Russia with economic modernization, he said.

He gave the attendees a quick overview of the country’s efforts to create a knowledge-based economy, including plans to develop the Skolkovo innovation hub, turn Moscow into a high-profile financial center and set up a sovereign fund to share risks with investors who bet their money on high-tech projects. Huge construction projects to allow Russia to hold the 2014 Winter Olympics and 2018 football World Cup are also part of the modernization drive as they will improve the infrastructure, he said.

Medvedev answered six questions asked on the forum’s web site and from Klaus Schwab, the forum’s founder, which ranged from the riots in Tunisia and Iran’s nuclear program to what perceptions of Russia he disliked most and how Russia protects investors from corruption.

Medvedev said he often got upset when reading news online about Russia in the mornings — fiddling with his iPod to show what device he uses — but concluded that stereotypes would die over time.

“The truth will always find its way through,” he said.

On corruption, he said the government is now armed with the right laws and has to learn to enforce them.

In answering about the perceptions and investors, Medvedev missed opportunities to cast the country in the best light, said Lilit Gevorgyan, a Russia analyst at IHS Global Insight in London.

“He wasn’t very convincing on the defense of investor rights,” Gevorgyan said. “The question

hung in the air.”

His answer on the wrong perceptions of Russia was a “missed opportunity” to dispel fears about high risks of doing business in the country, she said.

Medvedev also spoke with corporate leaders behind closed doors before the address at the forum’s opening session.

Medvedev said he would skip a reception Wednesday night to return to Moscow, still reeling from the airport bombing.

That means he will also not show up for a session on modernizing the Russian economy on Thursday morning. First Deputy Prime Minister Igor Shuvalov was to substitute Medvedev at both events, Kremlin spokeswoman Natalya Timakova said.

Russian business people in Davos had to field questions from reporters and other executives about the effect that Khodorkovsky’s conviction might produce on foreign investment. Khodorkovsky urged Medvedev to rigorously defend democracy and the rule of law in an interview with four European newspapers that appeared Wednesday.

Nevertheless, BP chief Robert Dudley, whose company signed an extension Wednesday to its landmark deal with Rosneft earlier this month, said in Davos that he was confident about investing in Russia.

BP agreed Wednesday to seek joint projects in international markets with the state-controlled oil industry leader, Rosneft said in a statement. The companies already committed to joint exploration and production in the Arctic waters off the Russian coast.

Sistema chairman Yevgeny Yevtushenkov said the prosecution — which is believed to be politically tinged — was not the only potential stoplight.

“I am probably very sorry for him,” Yevtushenkov said, Interfax reported. “I regarded him very kindly and do so now, but it doesn’t quite mean that we have to look at any process through the prism of the Khodorkovsky trial.”

He named corruption, red tape and lack of skilled employees as some of the problems that dampen the investment climate.

The forum is taking place just weeks after a Moscow court on Dec. 30 handed down a controversial guilty verdict in the case of Khodorkovsky.

VTB chief Andrei Kostin said foreign investors were asking fewer questions about Khodorkovsky than political leaders. The business community is more interested in the practice of commercial courts and the protection of minority shareholder rights, he said.

The Russian delegation was likely to face less criticism over the Yukos case and endemic corruption in the wake of international sympathy after the Monday bombing that killed 35 people in the arrival section of Russia’s best and busiest Domodedovo airport, Gevorgyan said.

Dudley told reporters Wednesday the bombing saddened him, but added that the attack would

not BP's approach to Russia. "It doesn't change our view specifically about Russia and risk," he said. "It's just a terrible, terrible tragedy."

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