

Medvedev's Financial Center Gets Top Guns

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Nineteen foreigners will become members of a committee of 27 advising President Dmitry Medvedev on how to turn Moscow into a center of international finance.

The lineup features top names from Wall Street and the City of London including JPMorgan Chase's Jamie Dimon, Citigroup's Vikram Pandit and Goldman Sachs' Lloyd Blankfein, Bloomberg reported.

Medvedev has made improving Moscow's status in the world of finance one of the central planks of his modernization platform.

"A lot of the building blocks are already in place," Jeffrey Costello, president of JPMorgan Russia, told a conference hosted by the American Chamber of Commerce on Thursday, but things must be "bigger, better, faster, smarter and cheaper."

The new presidential advisory committee joins a plethora of other groups exploring the issue.

There is already a "Committee for the Development of a Financial Market" reporting directly to Medvedev, and a series of working groups on the subject led by Alexander Voloshin — who was Kremlin chief of staff under the late President Boris Yeltsin and his successor Vladimir Putin. Voloshin was also named as a member of the new committee Thursday.

In addition, there are several "project groups" examining specific issues, including legislation, administrative procedures, taxation and infrastructure.

Other foreigners named as members of the new committee come from Bank of America, Morgan Stanley, Deutsche Bank, Blackstone Group, PricewaterhouseCoopers, KPMG and Ernst & Young, Bloomberg reported.

Russians who made the cut included Sberbank chief German Gref and Andrei Kostin, head of VTB Group. Troika Dialog's Ruben Vardanyan and billionaire lawmaker Suleiman Kerimov will also join the effort.

"We believe it is very important to participate in the committees advising President Medvedev on how to transform Moscow into a financial center," said Dimitri Agishev, a Deutsche Bank spokesman, Bloomberg reported. "Russia continues to be a key market with ample opportunities."

Andrei Sharonov, a deputy Moscow mayor, identified three major "questions" Thursday that Moscow will have to address to achieve its goal of becoming a major international financial center.

These consist of a tight and effective financial structure with appropriate institutions including a central depository; an attractive entrepreneurial climate with a fair judicial system and best practices in the corporate sphere; and, finally, the necessary "hard" and "soft" infrastructure — meaning transportation, health services, accessibility for foreigners, education and culture.

Referring to the success of the Kaluga region in attracting foreign investment, Sharonov said "money brings money, and business brings business."

The creation of a \$10 billion fund by the government for joint investments with international private equity firms was reported Sunday by Financial Times.

Richard Sobel, CEO of Alfa Capital Partners, said Thursday, however, that simply throwing money at the problem would not be enough — that conditions for investment are ultimately the most crucial element of success.

"The government is going to have to do more," he said.

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