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Putin Courts Medium-Sized Business With New Agency

By Anatoly Medetsky

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Prime Minister Vladimir Putin moved to create a role for himself as a supporter of medium-sized business by formally starting a group Wednesday that aims to take care of the segment's problems at the highest level.

As Putin touted his idea to create the Agency of Strategic Initiatives to a selection of successful businesspeople during a meeting at the Cabinet building, he announced that he would chair the board of the nonprofit organization. He also opened a competition for the job of the agency's chief.

Political observers said the agency is part of an effort to consolidate supporters around Putin, ahead of coming parliamentary and presidential elections. Midsized businesses have been identified as a major source of donations to alternative political forces, including the Communists.

Putin said Wednesday that the idea, which he first mentioned at a United Russia congress earlier this month, was not politically motivated but intended to provide a powerful backstop for businesses that want to expand.

"The key task is to support those who have already done something," he told a handful of assembled entrepreneurs that included the owner of Splat, a toothpaste maker. Putin said he wants to favor "those who have achieved certain results ... but propose new projects."

The agency will complement the efforts of lobby groups that target midsized business, like Delovaya Rossia, but will stand out by offering a quicker channel of communication with the prime minister.

The Putin-chaired group will be funded by private and corporate donations — expected to total about 100 million rubles ($3.5 million) a year — and include business representatives and governors in its ruling bodies. It could serve as a bridge between businesses and banks, shepherd projects through red tape and help educate the type of professionals the market needs.

It will start creating regional branches in the fall.

The closing date to apply for the general manager position is June 13.

After a brief introduction, Putin read names from a list, and business people in the room — or virtually present via a video linkup to several regional cities — spoke about their companies and invariably ended their presentations by asking whether the new agency would pursue this or that particular goal. Putin typically answered positively.

Alexander Kurganov, director and co-owner of Sibex, a Tomsk-based Russian-Australian venture, pointed out that the value of Putin's involvement couldn't be overestimated. Kurganov submitted his proposals in a letter to Putin during the prime minister's trip to Tomsk in March. The letter received Putin's stamp of approval and since then has been a powerful argument with local officials.

"The letter really works and helps to promote our products," he said.

The firm produces pine needle oil for food, drinks and use in the banya.

Another speaker, Vladimir Mikhalyov from Volgograd-based Yevropa Biofarm, complained about the dominance of imported medicine, drawing a sympathetic remark from Putin.

The subject of foreign made health care products emerged again when the prime minister learned that Splat was a domestic toothpaste brand. Putin made it clear that he had never heard of the product.

"They don't advertise anything but Lacalut," he said, referring to the German rival brand, whose television commercials have become a staple on many channels.

The Agency of Strategic Initiatives comes as an addition to the new All-Russia People's Front political movement in the effort to promote Putin across a broad swath of society, said Pavel Salin, an analyst at the Political Research Center think tank.

"It will be another outlet for government handouts," he said.

The underlying goal is to prevent midsized businesses, which have enough money to donate to political causes, from backing the opponents of Putin and his United Russia party, Salin said.

Lev Gudkov, chief of the Levada Center pollster, agreed that the new agency represents a bid to buy loyalty.

Levada research has not found any significant difference in the level of support that business people show for the ruling tandem versus other strata of society, he said.

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