

# From Post-Soviet Shindig to Don't-Miss Event

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June 15, 2011



Putin speaking at the St. Petersburg forum in 2007, the year that the Kremlin started promoting it as Russia's key economic event. **E. Stetsko**

Belarus won a 500 billion ruble loan from Russia at the first gathering 15 years ago of what has evolved into the St. Petersburg International Economic Forum.

But Minsk, currently mired in a financial crisis, is unlikely to get similar treatment at the forum this week.

The annual event, sometimes referred to as the Russian Davos, has come a long way from its roots as a get-together of former countries of the Soviet Union to discuss problems of integration after the Soviet collapse.

This week, Presidents Dmitry Medvedev and Hu Jintao of China will headline the three-day event, where the best from the world of business will have an opportunity to rub shoulders

with powerful Russian politicians and business leaders.

“The forum provides a good communication opportunity,” said Deputy Economic Development Minister Stanislav Voskresensky, who is co-organizing the forum for the third time this year.

“There’s much uncertainty in both developed and developing countries,” he said in an interview with The Moscow Times. “It’s important to coordinate our positions on global problems from time to time.”

The forum has a tourist angle as well. Voskresensky said many participants are drawn by the chance to see St. Petersburg’s famous white nights, when the sun never seems to go down.

Indeed, thousands of tourists visit St. Petersburg every summer, attracted by the white nights and the view of bridges rising over the Neva River. But only for three days this week will they also likely come across senior government officials and the heads of foreign companies walking along Nevsky Prospekt.

## **The Beginning**

It wasn’t always this way. The forum, which is overseen by the Economic Development Ministry, was first held under the auspices of the Federation Council and the Inter-Parliamentary Assembly of the Commonwealth of Independent States Member Nations.

According to the forum’s web site, the agenda of the first gathering in 1997 — then known as the Nevsky Summit — focused on problems of integration after the Soviet collapse as well as economic cooperation with Russia to ensure foreign investment in other CIS countries.

As an indication of partnership, Russia agreed to provide a loan of 500 billion rubles (worth about \$100 million at the time) to Belarus, signing an agreement at the forum, which took place in St. Petersburg’s Tavrichesky Palace.

The following year, then-President Boris Yeltsin signed a decree to hold the forum annually. Forum participants, including Prime Minister Sergei Kiriyenko and Belarussian President Alexander Lukashenko, gathered on June 17, two months to the day before the Russian government defaulted on its debt and the country lurched into a financial crisis.

Ways to overcome the crisis — the worst in Russia’s post-Soviet history — topped the agenda at the 1999 forum, with the participants giving Russia specific recommendations on how to tackle its problems.

In its first years, the forum was a political event rather than a venue for making business contacts, and it was attended by senior government officials from both European and CIS countries.

Most foreign businessmen didn’t include it in their annual schedules. The world business elite was represented at the Nevsky Summit in 1999 by Siemens board member Roland Koch, and in 2000 by the heads of the International Monetary Fund and the European Bank for Reconstruction and Development. The EBRD president attended again in 2003.

Vladimir Putin, who became president in 2000, first visited the forum in 2005, signaling a significant change in its status. Putin and his successor, Dmitry Medvedev, have attended the forum annually since 2006 — the event's 10th anniversary — and have overseen it shift away from the CIS and toward global issues and Russia's economic development.

## **Priorities Change**

In 2006, the Economic Development Ministry began organizing the forum and moved it to its current venue at the Lenexpo Exhibition Center on the bank of the picturesque Gulf of Finland.

German Gref, who worked as economic development minister at that time and chaired the organizing committee, declared that a decision had been made “to bring the forum closer to Davos” — the Swiss resort that hosts the annual World Economic Forum.

The Kremlin turned to the organizers of the World Economic Forum for assistance when it started promoting the St. Petersburg forum as Russia's key economic event in 2007. Previously, the privately organized Russian Economic Forum in London had been the largest venue for Western businessmen to meet with the Russian elite, and the London event folded after senior government officials and businesspeople skipped it in favor of St. Petersburg.

Amid criticism from the London forum organizers that the Russian government was sabotaging their event, Gref insisted that there was no competition between the two gatherings. “St. Petersburg is the main venue for us, and it is gaining popularity,” he told the St. Petersburg newspaper Nevskoye Vremya in 2007.

The forum that year saw a number of prominent guests, including Sun Group chairman Nand Khemka, Total CEO Christophe de Margerie and former World Bank president James Wolfensohn.

Notably, the forum — the last one attended by Putin as president — became a venue for setting major priorities for Russia's future economic development.

The key goal for the next president was announced by then-First Deputy Prime Minister Sergei Ivanov, who said Russia would become one of the world's five largest economies by 2020. Major highlights of Ivanov's speech at one session, including focusing on innovation and diversifying the economy away from the exports of natural resources, later appeared as part of Russia's 2008–20 development strategy presented by Putin the following February.

Incidentally, at the time of the 2007 forum, Ivanov and then-First Deputy Prime Minister Medvedev were widely seen as the leading candidates to succeed Putin. The forum served as Ivanov's introduction to foreign investors, while Medvedev had his own coming-out party at Davos five months earlier.

## **Today's Forum**

Voskresensky, the deputy economic development minister, said the forum aims to demonstrate Russia's potential to foreign investors, some of whom know little about the country, and explain key issues of government policy such as immigration rules and customs union regulations.

In recent years, the event also has become a venue for signing deal agreements, some of which have amounted to billions of dollars. According to the forum's web site, last year's event saw 47 agreements totaling 338 billion rubles (\$12 billion), including 275.6 billion rubles in investment contracts.

Among the biggest deals were an agreement with French energy company GDF Suez to join the Nord Stream project and a merger between Danone and Unimilk.

The agreements, however, only partly indicate the forum's significance, Voskresensky said, because meeting potential business partners is no less important. Among those who attend the event annually are Deutsche Bank chairman Josef Ackermann, Telenor chief executive Jon Fredrik Baksaas, Citigroup chief executive Vikram Pandit and Siemens chairman Peter Loescher.

"We don't measure the forum's success by the number of agreements, but it's important that partnership ideas appear during the forum," Voskresensky said.

He said, however, that it would be wrong to compare the St. Petersburg forum with Davos.

St. Petersburg focuses on the prospects of Russia and other developing countries whose role in the global economy is increasing, Voskresensky said, adding that the presence of Chinese leader Hu at the forum's opening ceremony Friday indicates the event's focus on the BRIC nations.

He said participants also appreciate the forum as an opportunity to combine business with pleasure, with the chance to see white nights and take in St. Petersburg's rich heritage. The organizers also fly in international music stars to perform for the forum, with previous acts including the rockers Duran Duran and the Scorpions and the British electronica band Faithless. This year, British rocker Sting is scheduled to perform on Dvortsovaya Ploshchad on Thursday evening.

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