

# 5 Reasons for Investors to Cheer Putin's Return

By [The Moscow Times](#)

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It's easy to criticize Prime Minister Vladimir Putin. Over the years, these pages have readily — and we believe rightfully — called Putin to task on issues such as growing corruption, selective justice and his rollback of democracy.

Putin's announcement Saturday that he would run for the presidency in 2012 cracks open the door to new worries about the fate of Russia's democracy and civil society, since Putin is all but certain to return to the Kremlin for a six-year term, and possibly another six-year term after that.

But a third presidential term for Putin is far from all doom and gloom. Here are five reasons for foreign investors to cheer Putin's announcement at the United Russia convention and his economic-related remarks a day earlier at the same event.

1. The uncertainty has ended over who will run in 2012. Although Putin has long been seen as the captain at the country's helm, the lack of clarity from Putin and President Dmitry

Medvedev on who might run has bewildered investors for months, if not years. Repeated promises of a continuation of current policy clashed with what seemed to be conflicting statements from Putin and Medvedev about domestic political reforms, foreign policy and even when an announcement might be made on who would run for president. With just five months left until the election, the 2012 riddle was erecting a potential hurdle to ongoing investment and looked positively embarrassing, especially in contrast to a developed democracy like the United States where opposition hopefuls are already jostling to take on President Barack Obama more than a year before the vote.

2. The U.S.-Russia “reset” will continue. While Medvedev and his perceived more liberal policies have been credited widely with improving ties with Washington, it is now clear that Putin has been in charge the whole time, and thus engineered the reset. Medvedev indicated Saturday at the United Russia convention that he and Putin had tentatively agreed on Putin’s return when they first settled on their “ruling tandem” arrangement in 2007. The good news for investors is that the political reset appears to have been a resounding success and will remain in place because of the two sides’ many strategic interests on everything from Afghanistan to the Middle East. Under Putin, both sides will be able to push forward with their agenda to move the reset into the economic arena. The economic reset already appears to be bearing fruit — first and foremost with an agreement for Russia’s entry into the World Trade Organization just around the corner. A reset of sorts has also taken place with the European Union, and there is reason to expect economic relations to continue to improve and flourish during a Putin presidency.
3. Stability. If Putin has proved anything during his 11 years in power, it is that he is a strong leader interested in bringing stability to Russia. His means of ushering in stability and maintaining it have bred corruption and raised worries about the state of democracy and civil society. But at the same time, the investment climate has markedly improved from the chaotic 1990s, with, among other things, the passage of key legislation and regulations that allow investors to work within an understandable — if often violated — legal framework, a demonstrably greater effort by the authorities to consider and act on investors’ concerns, and a steady increase in the standard of living that has led to growing consumer demand. Incidentally, an important part of stability is predictability, and Putin is reliably conservative on political and security issues, and patriotic and fairly pro-business on economic issues.
4. The Yukos takeover won’t be revisited. Many investors have long ago stopped fretting over the merits of the state’s legal assault on former Yukos CEO Mikhail Khodorkovsky and its takeover of his Yukos oil company. But a shadow of doubt has hung over the affair, fueling worries that the scandal might be revisited and the assets might be redistributed again. A Putin presidency promises to lay lingering investor jitters to rest. The assets that were seized from Yukos and awarded state-owned Rosneft will stay put. One wonders in retrospect whether Putin gave U.S. energy giant ExxonMobil a heads-up on his plan to return to the Kremlin when he blessed its multibillion-dollar deal with Rosneft on Aug. 30. For the U.S. company, the strategic agreement was purely business; but for the Russian company, it was purely politics. The agreement gives legitimacy to Rosneft, and by extension to Putin, in its ownership of former Yukos assets. Incidentally, it is also clear now that Khodorkovsky will remain in prison for years to come.

5. Hope is growing for further improvements in the investment climate. Putin suggested Saturday that he and Medvedev would swap hats next year, with him returning to the presidency and Medvedev replacing him in the White House as prime minister. Pundits are debating whether Medvedev would make a better prime minister or, perhaps, chief justice in the Constitutional Court or State Duma speaker. But no matter where Medvedev lands, investors can hope that he will be in a position to push ahead with the modernization, anti-corruption agenda that he has made the hallmark of his presidency. More important, Putin stressed at the United Russia convention that he would oversee the modernization, anti-corruption campaign by, like Medvedev, working to reduce the economy's dependence on energy exports and to tackle key investment hurdles like corruption and the weak court system.

“We must speak openly about the dependence of our economy on raw materials, about the dangerous level of social inequality, violence, corruption, about the feeling of injustice and vulnerability that people feel when they are dealing with government bodies, courts and law enforcement,” Putin said.

“All this, unfortunately, continues,” he said. “We can and must overcome these problems.”

We may never know whether the Medvedev presidency was little more than a charade. But it's now obvious that Putin deserves to sit in the Kremlin. He has always called the shots and made the decisions, and the only place for the CEO of Russia is in the CEO's office overlooking Red Square.

*The views expressed in opinion pieces do not necessarily reflect the position of The Moscow Times.*

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