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As Business Becomes More Civil, So Do Its State Relations

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Roman Abramovich **Olivia Harris**

Suitcases of cash and blazing guns were the calling cards of government relations professionals in the 1990s, as exposed by the recent multibillion-dollar London trial between exiled mogul Boris Berezovsky and metals tycoon Roman Abramovich.

But today, a government relations professional is more likely to be either a young worldly technocrat, preferably with good connections based on family or professional experience, or a former government official, without criminal connections or an extravagant lifestyle.

He — the profession is dominated by men — is likely to wear a suit and be officially employed by a company specifically to promote its interests and conduct its relations with the state, such as organizing investments, favorable tax arrangements and partnerships.

The government relations, or GR, professional is also tasked with closely monitoring

developments in the government, guiding companies through the tangled web of ministries and agencies and making sure the company is filing the right documents on time.

"They deal with documents," said Vladimir Ruga, who assisted with public relations for Berezovsky during the 1990s. Ruga is now the public relations vice president for Magnitogorsk Metallurgical Plant. Public relations is often a tool used by *GRschiki*, as the role is called in contemporary corporate Russian.

It is common to find former high-ranking officials running the GR programs of major corporations. Vyacheslav Poltavtsev, deputy general director for Norilsk Nickel responsible for government relations and social policy, held several government posts, including a senior position in the president's property management department.

Poltavtsev has three main goals — organizing conditions for business development, preventing conflicts of interest and developing cooperation between Norilsk Nickel and the government, he told The Moscow Times in an e-mail.

Poltavtsev spends most of his time analyzing the business environment, studying previous cooperation with the government and consulting with experts.

Norilsk and other companies work with the government directly or through various business organizations and associations, such as the Russian Union of Industrialists and Entrepreneurs and the Russian Chamber of Commerce and Industry.

Experts agree that GR professionals are necessary because the government has become a more complicated body with new structures, such as the Audit Chamber, that have a myriad of increasingly complex rules. Today, a phone call from a top manager to an official acquaintance is less likely to solve a company's problems than in the Yeltsin era.

Business decisions are much more systematic, a government relations officer from a multinational company said. He asked to remain anonymous because he is not authorized to comment on the issue. Managers at different levels monitor every step and finances are audited, he said.

GR personnel are managers that work at several levels to increase the company's revenue, said Pavel Tolstykh, director of the GR Research and Consulting Center.

During the recession, governments — not just in Russia — stepped in to help failing businesses. GR personnel became more important and more companies began to give this responsibility to their lawyers or hire people specifically for the task, experts said.

There are two ways that government relations works, according to Tolstykh. Company representatives try to convince the government to compromise on issues such as tariffs by holding meetings, round tables, finding experts, publishing reports and appealing to the press.

Another way a company gets things done is to try to force the government to consider the business's needs by using tactics such as helping organize strikes, leak compromising information to the press, or complain to a superior official, Tolstykh said.

Money is not likely to be exchanged between a company's government relations staff and government officials, Tolstykh and other industry players said.

During the perestroika era and the "wild '90s," some businessmen "hired" individuals to take care of relations with a variety of government institutions, including the police. Termed a *krysha*, which literally means roof in Russian, they were usually paid in cash and given freedom to obtain results in any way they saw fit.

The people responsible for a company's relations with high-level officials were sometimes called *pechenochniki* — loosely translated as those with liver problems — because they had to drink copious vodka with their counterparts as a part of the process of finding a common language, said Yuly Nisnevich, a political science professor at the New School of Economics.

What remains of the krysha of the 1990s, perhaps, is the importance of relationships. "Personal connections still play a huge role," Ruga said. The line between business and government has blurred in the last decade, with many former officials becoming businessmen and vice versa, he added.

Giving out bribes is not a good problem-solving strategy for a company that wants to work in Russia long-term, experts said.

"People will see you as a bag of money and will milk you like a cow," Ruga said. "It is better to work clean, although sometimes you may run into problems."

Since so many people are involved in decision-making today, paying off everyone is impossible, Tolstykh said.

GR specialists pave the way for lobbying and often lobby the government themselves. There are about 10 lobbying firms in Russia, Tolstykh said.

But there is still no official lobbying law in Russia. A bill outlining the process and rules has been hung up in the State Duma for several years. However, the level of professionalism in cooperation between the government and business is still growing.

In addition to stricter tax regimes, businesses have increasing corporate social responsibilities and interactions with communities, professional associations and unions, government relations experts said.

"Lobbying, after going through the development stage, has been settled in Russia and has become a legal and mutually beneficial process of cooperation between government and business," Poltavtsev said.

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