

Business Leader Champions Reform

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March 12, 2012

The  Moscow Times

The outgoing president of one of the country's biggest foreign business associations has advocated democratic reforms as the only way to improve the economy and business climate.

"Political freedoms, especially press freedom, are decisive for the country's future economic well-being," Heinrich Weiss, of the Russo-German Chamber of Commerce, said at a round table with reporters Monday. He added that only with free media could a real multiparty system emerge.

Weiss also singled out corruption as the single biggest headache for business and called upon President-elect Vladimir Putin to make fighting graft in the regions a hallmark of his third presidency.

The German chamber, which has about 800 member companies, raised eyebrows in December when it embraced the massive protest movement that followed the State Duma elections as a signal that a growing number of people want more economic and entrepreneurial freedoms.

Russians want to move "away from the stable but stagnant system, a retreat of the state and its bureaucrats from the economy and a choice between real alternatives," the chamber said in a statement, released in [German](#) and [Russian](#) on its website.

Such comments represent a rarity, as foreign business representatives usually prefer to remain outside politics.

Frank Schauff, chief executive of the 650-member Association of European Businesses, explained Monday that "it is not our job to comment on protest movements."

He merely said that while "the political structure seems stable, the new leadership will face social and economic challenges."

Representatives of the American Chamber of Commerce, which has more than 800 members, could not be reached for comment Monday.

Weiss denied that the German chamber's stance represents a political about-face. He argued that foreign businesses had not openly expressed sympathy with the opposition in the past because that would have been perceived as lecturing the government and because nobody had foreseen the protest movement's size before last December.

"Once we saw that this was a broad movement, we understood that younger people want to express their opinion," he said.

Weiss also noted a growing discrepancy between big business and small and medium-sized businesses.

"Big business is becoming like politics in that decisions are more orientated toward public opinion than to companies' well-being," he said.

Most of the German chamber's members are small and medium-sized businesses, while large German corporations are also represented in the Committee on Eastern European Economic Relations, which has not commented on the protests so far.

Weiss also made it clear that sympathy for the protesters should not be confused with supporting subversive activities to overthrow the government: "Russians do not want a big revolution," he said.

But he argued that Putin should devote his upcoming third presidency to fighting lower-level corruption and corrupt practices in the regions because that was what hurt the economy most.

"There is huge demand for small enterprises, but so many potential entrepreneurs are put off by the level of corruption," he said.

Weiss added that Putin could shore up political support by fighting corruption in the regions. He did not deny that the problem originates at the top of the state, but argued that it only affects "a few individuals" there, whereas lower-level corruption was much more widespread and more people suffer from it.

However, an anti-corruption initiative kicked off by Weiss' chamber two years ago has not

really taken off.

Michael Harms, the chamber's chief executive, said Monday that the number of member companies who had signed the Compliance Initiative still stood at about 100 of the organization's roughly 800 members — unchanged since May 2011.

Asked why so many companies had decided against taking part, Harms said most argued that they already had their own corporate compliance rules.

"They do not want to confuse their staff by signing yet another set of rules," he said.

Weiss, who is chairman and chief executive of SMS Group, an engineering and metallurgy conglomerate, said he decided to step down as the chamber's president because at 69 he felt too old for a second four-year term.

He will be replaced by Rainer Seele, chief executive of German energy group Wintershall. Seele was voted into office unanimously at a members' convention Monday, chamber spokesman Jens Böhlmann said.

Germany is Russia's second-biggest trading partner after China, and the countries' exchange of goods reached a record \$91.8 billion last year. Weiss said more than 6,000 companies with German ownership are currently active in Russia.

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