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Expert Invokes Italian Economic Miracle as Model for Russia

By Guennadi Moukine

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Removing obstacles that inhibit the development and operation of small- and medium-sized enterprises in Russia is the key to economic recovery, an Italian expert said.

Small businesses were instrumental in rebuilding the Italian economy and transforming a mainly rural nation into an industrial powerhouse in the 1960s, a period known as the Italian economic miracle, Vittorio Torrembini, president of the Russian branch of Confindustria, an organization representing Italian manufacturing and services companies, said in an interview with The Moscow Times.

"Small businesses are just as important for Russia as they have been for Italy," he said. "But there needs to be a structure, entrepreneur culture and favorable conditions for small businesses to survive."

According to data available from the Federal Tax Service, in May 2013 there were about 25,000

sole proprietorships run by foreigners, some of whom see Russia as a land of opportunities.

"Why did I decide to start my business in Russia? Here, unlike in the EU member states, no one complains much about the global crisis, and the taxation system is more or less moderate," says Marouan Sbai, an architect from Morocco, Russia Beyond the Headlines reported.

Despite the increasing numbers of small businesses owned by foreigners, bureaucracy, corruption risks and excessive red tape prevent many others from entering the market.

"Unfortunately, it is difficult for a small company to operate in Russia," Torrembini said. "There is insufficient infrastructure and small firms are not seen as important as the large ones. But we can offer our experience to change that."

He said the mission of his organization is to make the Russian market safer and more accessible for Italian businesses. On Wednesday the association welcomes its head, Giorgio Squinzi, who will come to Moscow to meet with Russian bankers and government officials and discuss business opportunities beneficial to both countries.

Small business needs support and freedom to develop, Torrembini said. "They often ask me, what was the secret of the economic growth in Italy in the 1960s? I answer them — it is the absence of red tape and other obstacles that would otherwise slow down business operations."

The business climate in Russia is patchy like a leopard skin, Torrembini said. A company's success in different regions depends on how effective the local government is and how approachable people in authority are. "It is not about cutting corners, it is about receiving timely help when business needs it."

The issue of small business survival was discussed at the St. Petersburg Economic Forum in June. Some of the forum's participants said startups and sole proprietors need consistent support with taxation, finance and business administration, rather than single hand-outs, Rossiiskaya Gazeta reported.

A recent survey conducted by state-run Russian Public Opinion Research Center, or VtsIOM, identified prosecution of white-collar crimes as the main deterrent from starting a small business in Russia.

Personal experience, prejudice against small business owners and the absence of an appropriate training system are the reasons why people prefer to work for someone else, as opposed to starting a business, Valery Fedorov, head of VTsIOM explained, as reported by Kommersant.

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