

# Ongoing Russia-France Business Relations Despite EU Sanctions

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*On April 29, Russian **President Vladimir Putin** held videoconference with leaders of several French companies-members of the Franco-Russian Chamber of Commerce and Industry (CCI France-Russia) to discuss some aspects of Russian-French trade, economic and investment cooperation, including the implementation of large joint projects as well as the prospects for collaborative work.*

Putin noted that the Economic Council of the Franco-Russian Chamber of Commerce and Industry is still operational in spite of difficulties, and the late April meeting was the fourth time since 2016. From the historical records, France has been and remains a key economic partner for Russia, holding a high but not sufficiently high, 6th place among EU countries in the amount of accumulated investment in the Russian economy and 5th place in the volume of trade.

Despite a certain decline in mutual trade in 2020 (it went down by 14 percent compared to 2019) the ultimate figure is quite acceptable at \$13 billion. French investment in Russia is hovering around \$17 billion, while Russian investment in France is \$3 billion.

Over 500 companies with French capital are operating in various sectors of the Russian economy. French business features especially prominently in the Russian fuel and energy complex, automobile manufacturing and, of course, the food industry.

“It could have been more if the French regulatory and state authorities treated Russian businesses as Russia is treating French businesses. We appreciate that in a difficult economic environment, French companies operating in Russia have not reduced their activity,” Putin pointed out.

The Russian Government established the Foreign Investment Advisory Council, which includes six French companies. Further, there is an opportunity to discuss specific issues related to the economic and investment climate in Russia, and that opportunity is traditionally provided at the St Petersburg International Economic Forum, which will be held on June 2-5.

French companies are involved in the implementation of globally famous landmark projects, such as the construction of the Yamal LNG and Arctic LNG 2 facilities and the Nord Stream 2

gas pipeline project. This, Putin regrettably said “We are aware of and regret the amount of political speculation concerning the latter. I would like to point out once again that it is a purely economic project, it has nothing to do with present-day political considerations.”

Russia intends to increase assistance to the development of science and technology. Funds will be directed primarily to innovation sectors such as pharmaceuticals and biotechnology, nuclear and renewable energy, and the utilisation of carbon emissions.

“We are interested in involving foreign companies that would like to invest in Russia and in projects we consider high priority. In order to do this, we will continue to use preferential investment regimes and execute special investment contracts, as you know. A lot of French companies successfully use these tools on the Russian market. For example, more than one third of 45 special investment contracts have been signed with European, including French, partners,” he explained during the meeting.

He also mentioned continuous efforts to attract foreign companies to localise their production to state purchases and to implementing the National Development Projects, as well as existing opportunities for French businesses in special economic zones. Today there are 38 such zones created throughout the Russian Federation.

Russia pays particular attention to attracting high-quality foreign specialists. Their employment is being fast-tracked, and their families can now obtain indefinite residence permits. There is a plan to launch a special programme of ‘golden visas’ whereby to issue a residence permit in exchange for investment in the real economy, a practice is used in many other countries.

Taking his turn, Co-Chair of the CCI France-Russian Economic Council, **Gennady Timchenko**, noted that the pandemic has changed the world, people and business, and that French companies in Russia are responsible employers and socially responsible members of Russian society.

Despite the crisis and the geopolitical situation, a number of French companies have launched production in 2020-2021. Companies such as Saint-Gobain and Danone have renewed their investments. French companies have increased their export of products manufactured in Russia; they are investing in priority sectors of the Russian economy. For example, this year the French company Lidea is launching a plant called Tanais to produce seeds. Russia is dependent on the import of 30 to 60 percent of these seeds, according to various estimates.

Despite the current geopolitical conditions and information field, there are important signals for French business and the Russian side to strengthen economic cooperation, attract investment, and create partnerships on a new mutually beneficial basis.

Co-Chair of the CCI France-Russian Economic Council, **Patrick Pouyanne**, noted that the meeting has become an excellent tradition, the presence of 17 CEOs and deputy CEOs of French companies shows the importance of these joint meetings, and further reflect the deep interest of French business in Russia.

In addition, Patrick Pouyanne further offered some insights into Russia-French cooperation. By 2020, twenty members of the Economic Council invested a total of 1.65 trillion rubles,

supporting 170,000 jobs. These companies have operated in Russia for decades and continue investing in the Russian economy despite the sanctions and the epidemic. These companies help France maintain its status as the second largest investor in Russia. In 2020, France invested over \$1 billion in Russia despite the economic difficulties caused by the pandemic.

Concluding his remarks, Patrick Pouyane stressed that the economic operators believe everyone will benefit if Russia, France and all of Europe are not divided or isolated. This is the challenge today. Indeed, diplomacy has to continue playing an important role in settling differences, and businesses are convinced that meetings like this create bridges between Russia and France to strengthen investment and economic cooperation.

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***Kester Kenn Klomegah*** who previously worked for Inter Press Service (IPS) is now a frequent and passionate contributor to Global Research.

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