

Putin Offers Germany Industrial Cooperation

by Rainer Apel

On Oct. 10, Russian President Vladimir Putin and German Chancellor Angela Merkel had their fifth meeting this year, this time in the context of the “Petersburg Dialogue” in Dresden. The Dialogue’s meetings alternate between Germany and Russia, with a focus on culture, science, and “civil society”; but discussion also increasingly deals with questions of economic and technological cooperation. Although press coverage focussed on the assassination of Russian dissident journalist Anna Politkovskaya, numerous German and Russian politicians addressed the economic issues between the two countries.

A number of documents were also signed during Putin’s three-day visit: 1) a cooperation agreement between Russian Vneshekonombank and the Bank of Dresden in the context of a public and private partnership; 2) a framework credit agreement between Vneshekonombank and Kreditanstalt für Wiederaufbau devoted to financing, renovating, and expanding the passenger terminal of the Khrabrovo Airport in Kaliningrad; 3) a cooperation protocol between the I.I. Mechnikova St. Petersburg Medical Academy, the Russian Academy of Medical Sciences, the Berlin Medical Society, and the Berlin Charity Clinic; and 4) a memorandum on establishing a permanently functioning Russian-German forum that will examine various issues linked to raw materials and be based in the St. Petersburg Mining Institute and Technical University and the Freiburg Mining Academy.

In Munich, the troubled European aerospace company EADS and Russia’s Irkut signed an agreement on the serialized conversion of Airbus A-320 passenger airliners into air freighters, to be carried out at the Irkut aircraft works; also, Siemens and Renova will cooperate in the development of information and transport infrastructure in Russia, in the range of 450 million euros.

More agreements are said to be in the works, as indicated by the fact that Putin was accompanied by several CEOs of leading Russian industrial firms, including Severstal, Sistema, Transmash, and RUSAL, as well as bank directors of Vnesheconombank, Sberbank, Bank of Moscow, and Alfa Bank.

Real Potentials Not Yet Tapped

President Putin spoke repeatedly about the untapped potential of cooperation, saying that trade as such is doing fine, but direct German industrial investments in Russia are still

very much underdeveloped. Speaking with reporters in Munich on Oct. 11, Putin underlined that “one of the most important tasks of the Russian economy in the short term is its diversification. Germany can be a special motor here for investment.” He called for strengthening European and Russian cooperation in the aerospace industry, for example.

German Deputy Foreign Minister Gernot Erler, in an interview with Bloomberg.com during the Dresden Dialogue, said that the Berlin Foreign Ministry “is considering a program of intertwined companies” with Russia. “We hope to develop a win-win situation based on mutual dependency.” Germany hopes to persuade the European Union next year to set up a “special free-trade zone” with Russia, he added.

Russian-German trade reached about \$49 billion in 2005. Germany imported 15.6 billion euros worth of goods from Russia in the first half of 2006, an increase of 50% over the previous year, the German Federal Statistics Office announced on Oct. 6. Gas and oil imports formed 78% of the total. German exports to Russia during the same period grew 25%, to 9.6 billion euros.

Russian Foreign Minister Sergei Lavrov addressed the special role of cooperation between Russia and Germany, in an article in the daily *Frankfurter Allgemeine* on Oct. 9. He wrote that continued “enemy imagery” in the West (an indirect reference to the Bush Administration), a bad legacy from the Cold War, is still hampering the chances of cooperation and development. The foreign policy independence that has been achieved by Russia, is “not welcomed by everybody,” Lavrov wrote, adding that it is therefore all the more important to have cooperation between states that do not proceed from national egotism and cultural arrogance—such as Russia and Germany. The Russians have high expectations as to the role of Germany in its dual presidency of the EU and of the G-8 in 2007, and they hope that the impulse from the July 2006 St. Petersburg G-8 summit, which rated energy security, education, and the struggle against epidemics as the top three priorities, will be carried on by the Germans, Lavrov wrote.

Natural Partners

Former German Chancellor Gerhard Schröder used the occasion of an economic seminar in Moscow on Oct. 8, to call on German and European industrial firms to invest more in Russia. He said that many have yet to recognize the great opportunities which the Russian economy offers to Western exporters and investors. A future for European industry without Russia is not possible, Schröder said, because continued industrial development depends on cooperation with the East. Schröder spoke as a representative of the joint German-Russian gas pipeline venture Nord Streaan—the new name for the North European Gas Pipeline project in the Baltic Sea.

Klaus Mangold, chairman of the Eastern Trades Division of German Industry, said in a series of radio and newspaper interviews, that Russia is making enormous efforts to rebuild



Russian Presidential Press Office

Russian President Putin and German Chancellor Merkel at the St. Petersburg Dialogue meeting in Dresden, Germany, on Oct. 10. Both sides recognize that there is no future for Eurasia without cooperation of their two countries.

its industry, especially auto manufacturing, but also the transport and power sectors. In the power sector alone, Russia will have to invest 100 billion euros over the coming eight years, and with the technological edge that German machine-building has, that implies options for exporting up to 30 billion euros worth of German machines and equipment. Mangold attended the meeting in Dresden, as well as another one in Munich on Oct. 11, between Russian and German industry representatives.

At the Dresden meeting's workshops on science and economics, Prof. Tatyana Ilarionova of the Russian Academy of Sciences declared that what is most important for future economic cooperation are "new ideas" about how to reach more intense levels of cooperation between Germany and Russia. Germany's and Russia's genuine interests in development may often look somewhat different at the moment, but they will meet on a higher level, and there are potentials that have not yet been tapped, she said.

Revive Nuclear Industry!

What will such "new ideas" consist of? Certainly, "free-trade zones" won't do the job. The LaRouche movement, organizing in Germany and elsewhere, is calling for a shift to a global "isotope economy," in which nuclear fission and fusion will play a vital role (see *EIR*, Oct. 6, 2006).

In Germany, nuclear power has been a taboo for many years, since a Social Democratic-Green Party government legislated a ban on further nuclear plant construction, and voted to phase out all existing plants. But in the context of the global increase in nuclear power, there are signs that a change could eventually come in Germany, too.

At a national energy summit on Oct. 9, held at the Chan-

cellery in Berlin, the main focus was on "energy efficiency"—technologies to reduce energy consumption. But Chancellor Merkel announced that the next national summit will deal also with nuclear power. While she noted that the platform of the Grand Coalition government (including her party, the Christian Democratic Union [CDU], and also the Social Democratic Party) ratifies the "exit" from nuclear power, she also took note of the fact that throughout the world, there is a revival of atomic power.

The public debate on nuclear energy is broadening, outside of the national government: Several CDU state governors have come out against shutting down any nuclear power plants, but instead keeping them operating as long as technically possible. Although none has called for construction of new plants, the state government of North Rhine-Westphalia does plan to restore nuclear research, breaking with the rule that research is only funded if it serves the shutdown of nuclear technology. Three university chairs will

be established at Aachen Technical University, serving prominently the resumption of research into the state-of-the-art high-temperature reactor (HTR). State Economics Minister Andreas Pinkwart has repeatedly praised the Pebble-Bed Modular Reactor (PBMR) development in South Africa, which is an HTR, saying that this is a technology that deserves further research and development—which should be carried out in Germany.

The *Frankfurter Allgemeine Zeitung* on Oct. 8 carried a full-page article on the PBMR and the role that Germany's Jülich Research Center had in developing it, 40 years ago. The article reported that researchers such as Milan Hrovat, who worked with enthusiasm on HTR technology 40 years ago, are continuing with the same enthusiasm today—only, outside of Germany. For researchers in their 60s, nuclear research outside of Germany is at present virtually the only chance to keep active in their profession.

The LaRouche movement brought the campaign for nuclear power to Dresden, during the sessions of the Petersburg Dialogue, displaying a big banner saying "German-Russian Energy Alliance: Yes to Nuclear Power!" The organizers met mostly positive responses from the local citizens, as well as many of the 200 Dialogue participants. It turned out that the idea of expanded cooperation between Germany and Russia in the pioneer technologies like nuclear fission, thermonuclear fusion, maglev transportation systems, and space technologies, is quite popular. Especially in an eastern German city like Dresden, the popularity of a Eurasian perspective for production and jobs comes as no surprise, because many people there still recall the intensity of industrial cooperation that existed between East Germany and the Soviet Union, until 1991.